

Companies Losing Money to the Skills Gap, According to CareerBuilder Study

Leading Companies Make Commitments to Help Reskill Workers

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CHICAGO, March 6, 2014 /PRNewswire/ -- Did you know that, on average, a company loses more than \$14,000 for every job that stays vacant for three months or longer? That one in six companies loses \$25,000 or more?*

Considering the fact that more than half (54 percent) of employers currently have open positions for which they can't find qualified candidates - and 35 percent of all employers have positions that stay open for 12 weeks or longer¹- those costs can add up quickly and have broader implications for business performance.

CareerBuilder's latest study on the effects of the skills gap on the U.S. labor market was conducted online by Harris Poll from October 17 to November 6, 2013, and included a representative sample of 1,025 employers, 1,524 job seekers and 205 academics nationwide. Click [here](#) to view CareerBuilder's full study.

Just how much is the skills gap costing companies? A lot.

Sixty percent of employers are concerned about the costs associated with delays in filling open positions, with one in four stating they have experienced losses in revenue as a result. Employers also reported compromised productivity and work quality and a rise in voluntary employee turnover among other consequences:

- Lower morale due to employees shouldering heavier workloads - 41 percent
- Work does not get done - 40 percent
- Delays in delivery times - 34 percent
- Declines in customer service - 30 percent
- Lower quality of work due to employees being overworked - 30 percent
- Employees are less motivated - 29 percent
- Loss in revenue - 25 percent
- Employees making more mistakes, resulting in lower quality of work - 25 percent
- Higher turnover because employees are overworked - 22 percent

Where do employers have the hardest time filling jobs?

Employers who are hiring in 2014 said that among the areas in which they are experiencing the most difficulty in filling open positions are:

- Computer and Mathematical Occupations - 71 percent
- Architecture and Engineering Occupations - 70 percent
- Management Occupations - 66 percent
- Health Care Practitioners and Technical Occupations - 56 percent
- Installation, Maintenance and Repair Occupations - 55 percent
- Legal Occupations - 53 percent
- Business and Financial Operations - 52 percent
- Personal Care and Services Occupations - 50 percent
- Sales and Related Occupations - 47 percent
- Production Occupations - 41 percent

"The skills gap is an issue that is not going away anytime soon," said Matt Ferguson, CEO of CareerBuilder and co-author of [The Talent Equation](#). "There is a growing disconnect between the skills employers need and the skills that are being cultivated in the labor market today. This causes workers and companies to miss out on realizing their full potential and, in turn, causes the economy to fall short of its potential. The onus is on businesses and the public sector to work side by side to identify where there is a deficit of talent and reskill workers to close the gaps within their communities. This is not a problem that can be solved overnight, but it can be solved."

Big business making big efforts to close the gap

Employers are taking matters into their own hands to create the talent they need. Sixty-one percent have hired someone who didn't meet all of their job requirements, helping that person to grow into the position. Nearly half (49 percent) of employers plan to train workers who don't have experience in their industry or field and hire them in 2014, up ten percentage points over 2013.²

CareerBuilder is working with major brands to support their commitments to bridge the skills gap and empower

employment. More than 50 companies have made commitments as part of this initiative, including:

- **Randstad** - In addition to their Inspiring Experts campaign - which aims to motivate, inform and educate future generations of workers to make career decisions that drive employment in high-demand industries such as STEM (science, technology, engineering and math) - Randstad also coaches university students on choosing career paths, the skills needed and building effective resumes.
- **Bosch** - In 2011, Bosch established The Bosch Community Fund which supports a variety of STEM and environmental education initiatives in the U.S. Bosch also partners with FIRST Robotics and A World in Motion (AWIM), programs involving more than 500 students annually with the intent to motivate them to pursue engineering, robotics and other technical careers.
- **Cisco** - Cisco is focused on creating the next generation of talent that will transform the world. Learning@Cisco is removing barriers to education by creating new business models, new platforms, and accelerating talent development to ensure the right expertise, in the right place, at the right time to close the global networking skills talent gap. It has grown certified networking talent for Cisco from 1 million to 2 million people in the last five years. The Cisco Networking Academy helps hundreds of thousands of people annually gain the skills needed to build, design, and maintain computer networks. These programs ensure Cisco, its customers and partners have the talent they need to transform their business through the Internet of Everything.
- **MasTec, Inc.** - Empowered by the unique skill set and recognizing the leadership potential U.S. service members possess, MasTec Advanced Technologies and MasTec Network Solutions are striving to stay ahead of the telecommunications skills gap by offering best-in-class, in-house Tower Technician, Home Security and Field Service Technician training while introducing extensive advancement and leadership opportunities for veterans through the Warriors 4 Wireless program - further strengthening their commitment to diversity and being an Employer of Choice for all U.S. veterans in America.

Are job seekers open to change? Yes.

Most job seekers (72 percent) said they are willing to take a job in a different field, and employers who are making efforts to train and reskill workers are likely to see a positive impact on retention rates. Ninety-two percent of job seekers said they would feel more loyal to an employer who invests in training them.

How much are academic institutions and businesses collaborating? Not enough.

One of the biggest opportunities identified by the study is to increase the discourse between individual companies and colleges and universities. While most academics (96 percent) agree that their institutions should be talking to employers about the skill sets they require, more than half (55 percent) said this only happens a little or not at all.

At the same time, 54 percent of academics said they are adjusting their curriculum based on local demands or shifts among employers - though the speed at which they can incorporate those changes remains a challenge. More than half of those changing curriculum (56 percent) said it will take at least a year to implement changes while nearly one in five (18 percent) said it will likely take three to five years.

What is driving the skills gap?

The type of skills gap employers face will vary considerably by geography. The energy-related skills gap in Texas, for example, will look different from the production-related gap in Michigan. However, when asked to identify the main drivers behind the skills gap overall, employers pointed to a long list of causes topped by the following:

- **Education gap** - 37 percent
 - The educated labor supply in the U.S. is not keeping up with demand. For example, in 2012, around 1,600 people graduated with petroleum engineering degrees. The U.S. produces around 2,600 job openings in this area every year.³
- **Gaps in expectations around wages** - 37 percent
 - Employers may not always be able or willing to pay what their market dictates for a particular position. Thirty-five percent of employers believe they can pay people less because of the high unemployment rate. However, when it comes to hard-to-fill positions, 30 percent have reported they have increased wages and 42 percent said they are considering it.
- **Job requirements that are above entry requirements** - 35 percent
 - The roles within organizations are becoming more complex. Nearly one-third of employers now hire college graduates for positions that were previously held by high school graduates.⁴
- **New/shifting technologies** - 32 percent
 - Technology is changing so rapidly, it can be difficult to keep pace in an academic setting. According to research noted in *The Talent Equation*, it is estimated that technology skills depreciate at about the same rate as physical assets.⁵

**Based on employers who provided an estimate for the cost for keeping a position open three months or longer.*

¹ CareerBuilder commissioned study, conducted online by Harris Poll, on hard-to-fill jobs, June 2013

² CareerBuilder commissioned study, conducted online by Harris Poll, on 2014 jobs outlook, December 2013

³ Data from Economic Modeling Specialists Intl. (EMSI)

⁴ CareerBuilder commissioned study, conducted online by Harris Poll, on educational requirements, December 2013

⁵ *The Price and Quantity of IT-Related Intangible Capital* by Prasanna Tambe, Lorin Hitt and Erik Brynjolfsson, December 2011

Survey Methodology

This survey was conducted online within the U.S. by Harris Poll on behalf of CareerBuilder among 1,025 employers (employed full-time, not self-employed and have full or significant involvement in hiring decisions and work in Healthcare, Information Technology, Manufacturing, Engineering or Finance/Accounting), 1,524 job seekers (506 employed full-time who feel that their current job requires less skill or training than they currently have or employed part-time who are currently looking for full-time employment and feel that their current job requires less skill or training than they currently have, 505 unemployed seeking work and 513 full/part-time employees who are at a job not in their desired field or one that matches their unique skill set) and 205 academics (employed full-time, not self-employed and part of their daily responsibility include curriculum and planning decisions for their community college, technical school, 4 year college or university or graduate school) ages 18 and over between October 17 and November 6, 2013 (percentages for some questions are based on a subset, based on their responses to certain questions). With pure probability samples of 1,025, 1,524 and 205, one could say with a 95 percent probability that the overall results have sampling errors of +/- 3.06, +/-2.51 and +/-6.84 percentage points, respectively. Sampling error for data from sub-samples is higher and varies.

About CareerBuilder®

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