



Rethinking the Skills Gap

LaSalle Network
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What is the skills gap?

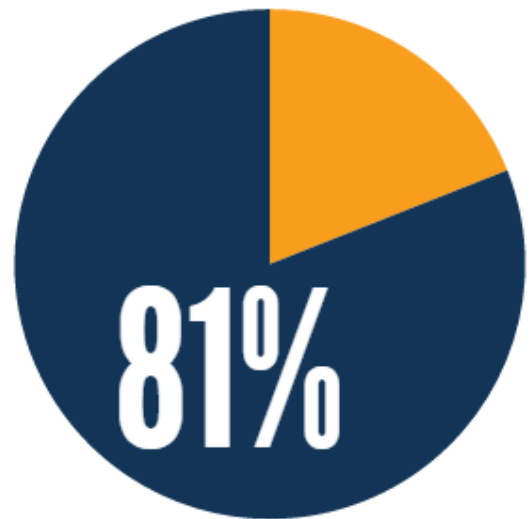
As of this January, there are five million job openings in the U.S., and about nine million people looking for work.¹ Despite the large pool of candidates nationwide, however, 81% of employers still claim it's at least somewhat difficult to fill job vacancies.² Companies are struggling to find candidates with the necessary skills to meet the job description; they are struggling with the skills gap.

Evidence of the skills gap has come into sharp relief recently as the pool of candidates steadily expands, yet companies remain selective and refuse to hire candidates who don't have *all* the necessary skills.

If this gap persists, companies will suffer.

On average, a company loses more than \$14,000 for every vacant job open for three months or longer.³ According to a 2014 CareerBuilder survey, one in four companies report experiencing revenue loss because positions remain open so long.⁴

The skills gap can hurt current employees as well. With fewer people to share the workload, often employees take on larger workloads to compensate, their stress increases, and they can feel less motivated at work. Together these stressors may eventually lead to higher employee turnover for the company.



According to a recent CareerBuilder survey, 81% of employers say it is at least somewhat difficult to fill job vacancies.

¹ "The Employment Situation – January 2015" Bureau of Labor Statistics.

² "The Shocking Truth about the Skills Gap," CareerBuilder. March 6, 2014.

³ "Companies Losing Money to the Skills Gap, According to CareerBuilder Study," CareerBuilder, March 6, 2014.

⁴ <http://www.careerbuilder.com/share/aboutus/pressreleasesdetail.aspx?sd=3%2F6%2F2014&id=pr807&ed=12%2F31%2F2014>

⁴ Ibid.

Rethinking the Skills Gap

The skills gap stems from a multitude of economic and cultural factors, so no one solution will be able to fix it. Candidates and companies alike will have to change in order to successfully develop a more qualified pool of job seekers and build a happy, productive workforce.

In this white paper, we will focus on what companies need to do to alleviate the skills gap. Companies should stop thinking of this gap as a vast, unconquerable divide. Instead, they should think of the skills gap as a problem to be tackled with creative solutions so they can begin hiring and developing great employees. Companies should take proactive steps to rethink the skills gap. Here are a few ways to do just that:

Solutions

Seek Soft Skills	Temp & Temp-to-Perm Hiring	Job Skills Training
While hard skills are important, value the soft skills candidates offer. These skills will help them learn quickly and produce effectively.	Hire on-the-fence candidates on a temporary or temporary-to-permanent basis to lower the risks and costs associated with permanent hires.	Provide job-specific training to employees to build an internal talent pipeline.

Seek Soft Skills

Companies can rethink the skills gap by adjusting how they assess prospective candidates. When discussing the skills gap, many hiring managers lament the lack of hard skills; far fewer discuss a skills gap in candidates' soft skills such as problem solving and strong communication.

Despite a majority of employers reporting they prefer soft skills⁵, hard skills and job-related experience are still driving most hiring managers' decisions.⁶ Yet strong soft skills such as critical thinking and teamwork are much harder to find in a prospective candidate, and they should be equally valued.

Soft skills can be difficult if not impossible to teach, but they help candidates close the skills gap faster. A strong work ethic, initiative, independence, and collaboration will help a new employee succeed at their job.

Look for candidates who are strong critical thinkers, who take initiative, who are dedicated, and who are ready to learn or teach themselves what they don't already know. Not only will these candidates catch up, but these positive qualities usually lead to more engaged, productive employees. Qualifying candidates based on their character and their *potential* for growth will likely result in higher-caliber employees down the line.

⁵ "Overwhelming majority of Companies Say Soft Skills Are Just as Important as Hard Skills, According to a New CareerBuilder Survey," CareerBuilder. April 10, 2014.

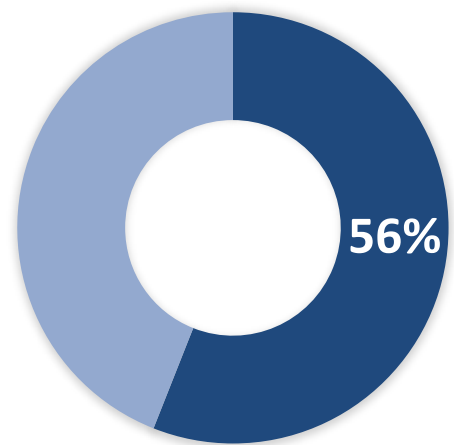
<http://www.careerbuilder.com/share/aboutus/pressreleasesdetail.aspx?sd=4/10/2014&id=pr817&ed=12/31/2014>

⁶ "The 2015 Millennial Majority Workforce" Elance-O-Desk & Millennial Branding. October 29th, 2014. <http://www.elance-odesk.com/millennial-majority-workforce>

Temporary & Temporary-to-Permanent Hiring

Companies should hire on-the-fence candidates for temporary and temporary-to-permanent positions. Doing so lessens the risk and cost of a bad hire, and it gives companies a chance to see if the candidate can learn missing skills while on the job.

Temporary and temporary-to-permanent hiring is steadily increasing: a 2015 CareerBuilder survey shows 46% of employers intend to hire temporary or contract workers in 2015, and 56% of them plan to transition temporary workers into permanent positions.⁷ These statistics show the makeup of the national workforce is changing, giving companies more hiring flexibility and giving candidates more opportunities for job-skills training and experience.



56% of companies plan to transition temporary workers to permanent positions in 2015

Companies can and should embrace the trend: offer candidates contract positions with the expectation but not the promise of hiring them on permanently. Full-time hires can be expensive, and the risk of hiring a bad fit can be costly for many companies, prompting excessive caution. Project and contract positions are a creative and productive solution without the same costs. Companies can afford to give a wider range of candidates an opportunity because the commitment is smaller. In turn, candidates who would have otherwise fallen into the skills gap have a chance to prove themselves and gain meaningful experience.

⁷ "Q1 2015 Forecast" CareerBuilder, <http://careerbuildercommunications.com/pdf/careerbuilder-q1-2015-forecast.pdf>

Temporary and temporary-to-permanent hiring also gives companies the opportunity to watch candidates in action and see their real potential: their resume may lack specific skills, but once on the job, does the employee learn quickly? Companies can hire several less qualified candidates for temporary positions, offer them training, and then hire the best once the project is complete.

These new approaches to hiring give companies more options; they don't have to choose between hiring the wrong candidate or nobody at all.

Hiring for temporary and temporary-to-permanent positions also provides an added benefit for existing employees because it reduces their individual workloads while training potential hires at the same time. Longstanding job vacancies can have a significant impact on existing employee morale because these employees have to work harder to complete the same work, which can lead to stress and burnout.⁸

⁸ "Companies Losing Money to the Skills Gap, According to CareerBuilder Study" CareerBuilder, March 6, 2014:
<http://www.careerbuilder.com/share/aboutus/pressreleasesdetail.aspx?sd=3%2F6%2F2014&id=pr807&ed=12%2F31%2F2014>

Job Skills Training

Companies should offer job-specific skills training and development as a means of alleviating the skills gap. Many candidates may be qualified for positions, but because they're missing a few key job skills, they are cut from consideration.

Hire and train these candidates instead. This may not seem like an attractive solution for companies consistently struggling to find qualified candidates, but training candidates prevents a future skills gap by developing an internal talent pipeline and teaches candidates lifelong skills. The investment of time and resources in the short-term to bring a candidate up to speed will further pay off in the long run, because providing training for staff is proven to lead to higher employee retention and engagement.⁹

Instead of always struggling to find talent externally, companies can develop and prepare their existing workforce for future roles, building a strong pipeline of talent to draw from for years to come. Doing so prevents a hiring skills gap in the future, particularly for higher-level and harder-to-fill positions.

As an employee grows and develops at a company, any gap they may have had when first hired diminishes, and because they're learning from the company, they're learning to do the job the way the company prefers it done. They become more effective employees, reducing the risk of

⁹ "Global Human Capital Trends 2014" Deloitte Consulting LLP and Bersin by Deloitte

termination, which means the company is less likely to face the same skills gap again.

Investing in professional development leads to higher employee engagement, higher satisfaction, and higher retention rates. An employee

engagement survey from the Society for Human Resource Management (SHRM) shows 84% of employees ranked “job-specific training” as very important or important to their overall job satisfaction.¹⁰ When companies commit to training, they get productive, loyal, and happy employees in return. These employees are more likely to stay, which means hiring managers don’t have to face the skills gap again.

“84% of employees ranked “job-specific training” as very important or important to their overall job satisfaction”

- SHRM

Closing the Gap

If companies don’t take steps to creatively approach and fix the skills gap, they will continue to suffer the consequences of longstanding job vacancies, overworked employees, lower revenue and higher turnover.

Companies should focus on candidates’ soft skills, hire for temporary and temporary-to-permanent positions, and invest in on-the-job training. These creative and flexible strategies, implemented in the short-term, will help close the hiring skills gap and build long-term success for the years ahead.

¹⁰ “Employee Job Satisfaction and Engagement: The Road to Economic Recovery.” Society for Human Resources Management. http://www.shrm.org/Research/SurveyFindings/Documents/14-0028%20JobSatEngage_Report_FULL_FNL.pdf

To find out more about hiring candidates for temporary positions, visit lasallenetwork.com.

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