

One Reason Why Jobseekers Aren't Getting Hired: The Decline in On-The-Job Training

Figure 1, below, developed by the Wall Street Journal,¹ depicts the U.S. "hiring gap" from the end of the Great Recession through last spring. The growing gap between the number of job openings and the number of hires shows that although millions remain unemployed and job opportunities have become increasingly abundant, employers have been slow to hire. Many commentators have placed the blame for this on the "skills gap", presenting evidence that employers simply cannot find employees with the specific skills they are looking for to fill their job openings.

Recent research² by economist Peter Cappelli of The Wharton School presents an alternative viewpoint. Rather than a skills gap caused by the failure of education and workforce systems to prepare workers with the right skills, Cappelli finds that "[t]he real issue is that employers' expectations – for the skills of new graduates, for what they must invest in training, and for how much they need to pay their employees – have grown increasingly out of step with reality."³

This edition of *Beyond the Headlines* looks specifically at the evidence for **declining investment by employers in training their employees**, which Cappelli admits is limited to just a few studies, only one of them recent.

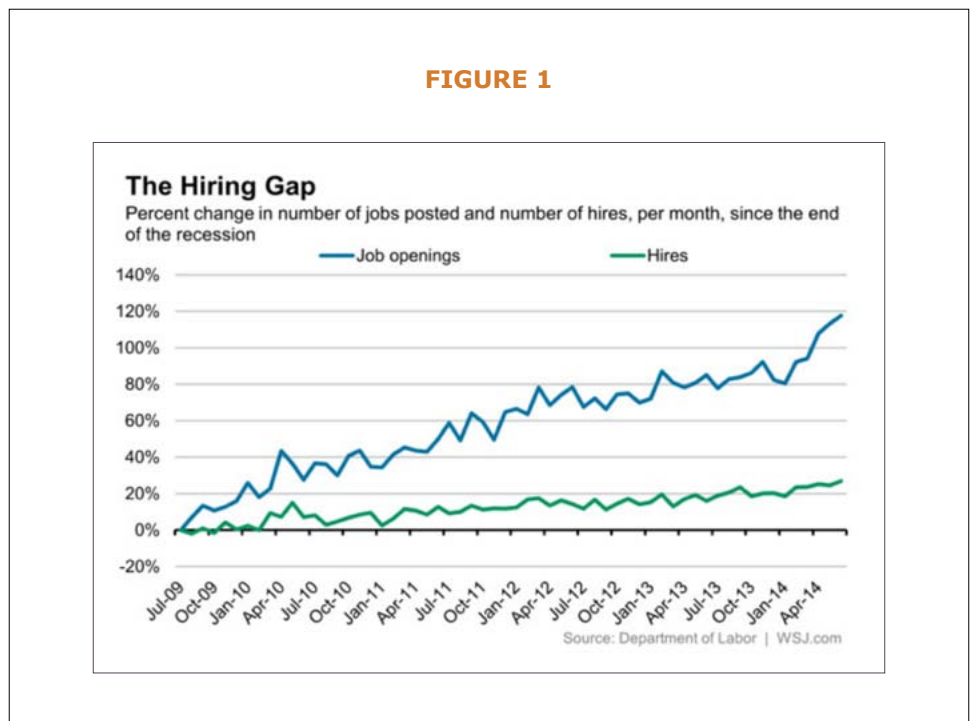
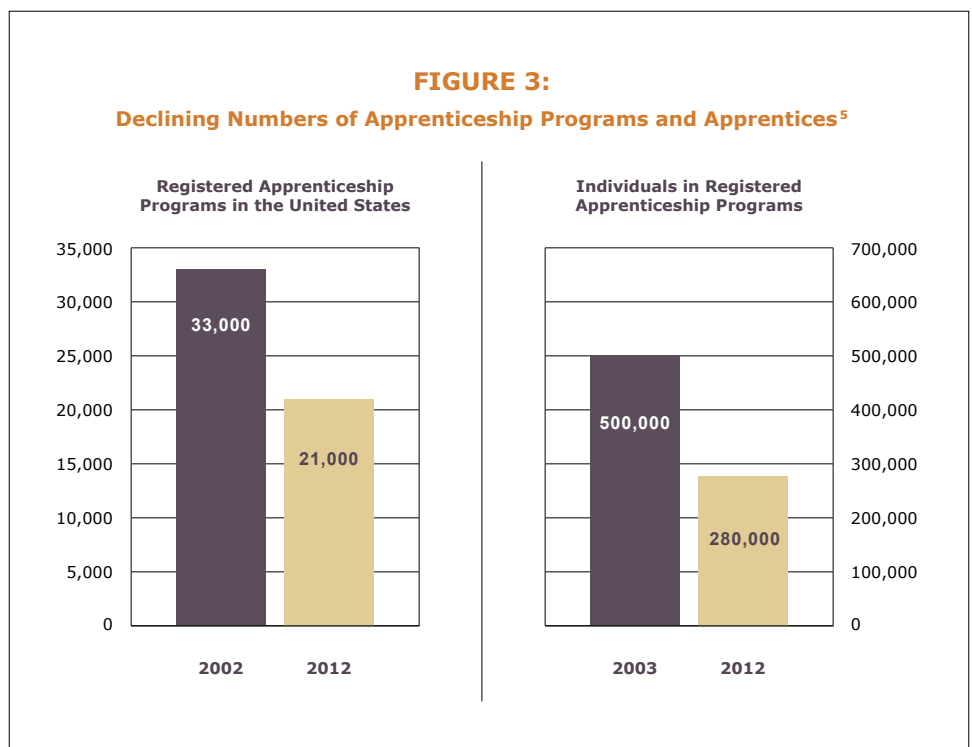
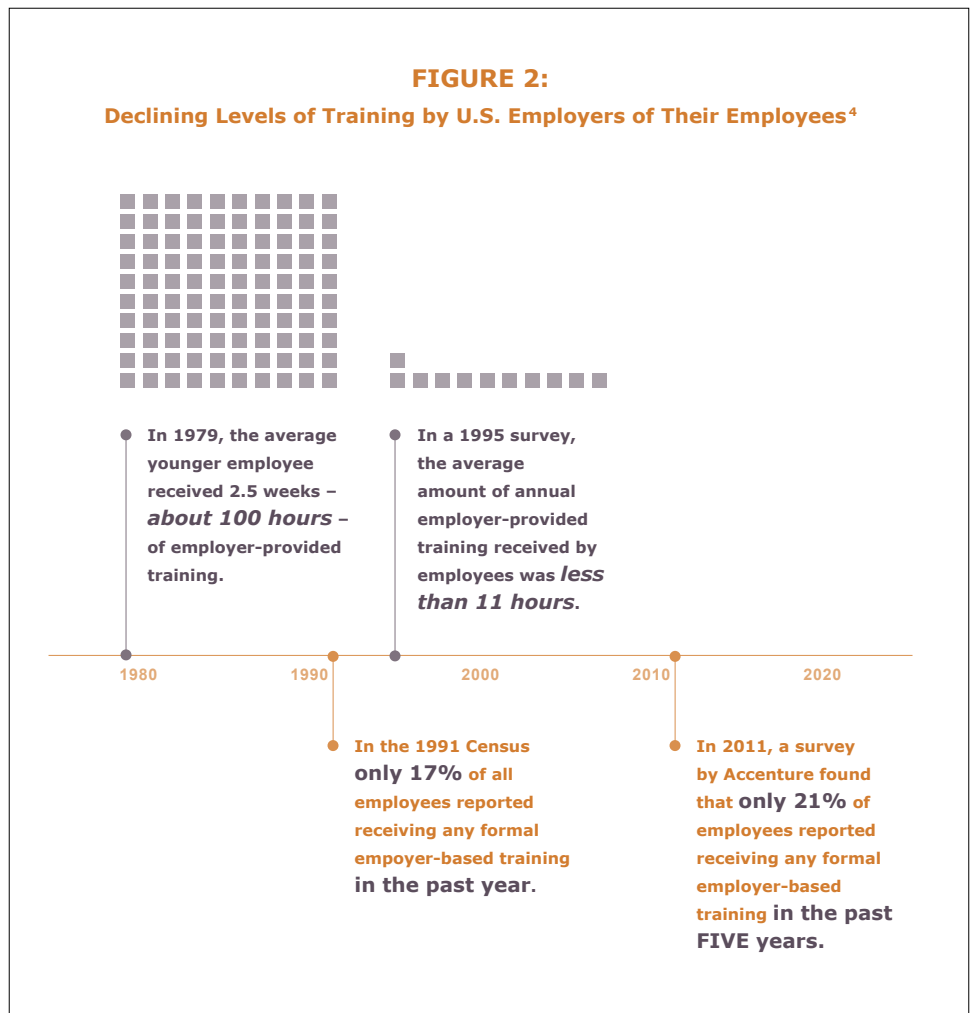


Figure 2 summarizes relevant findings of studies conducted over the past few decades on levels of training provided by employers to their employees.

Figure 3 shows the drastic reduction during just the past decade of apprenticeship programs and slots, which are a key component of employer-based training.

Prospective employees rarely have the exact skills employers want, especially straight out school, while at the same time employers are investing less and less to train employees to provide these skills (including through apprenticeships), looking instead for workers that they don't have to train. According to Cappelli, "[t]he real challenge we face is that if everyone is hiring for the ability to do a job, rather than for the potential to do it well, how does anyone get that initial experience" that employers now seem to be requiring?⁶

What might this mean for workforce development? Key for workforce systems will be to



work hard to partner directly with employers to: 1) provide work-based skills that employers truly want to fill their current and projected job openings; and 2) develop internships and other work experience opportunities for program completers to satisfy the premium being placed by employers on hiring workers with specific, relevant experience. Cappelli summarizes this point, calling for a new approach “where employers are not just consumers of skills, but are part of the system for producing them.”⁷

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1. Josh Zumbrun, “Blame Employers, Not Workers, for Any Skills Gap, Economist Says,” The Wall Street Journal, August 18, 2014, accessed January 19, 2015, <http://blogs.wsj.com/economics/2014/08/18/blame-employers-not-workers-for-any-skills-gap-economist-says/>
 2. Peter Cappelli, “Skill Gaps, Skill Shortages and Skill Mismatches: Evidence for the US,” NBER Working Paper No. 20382, National Bureau of Economic Research (August 2014).
 3. Peter Cappelli, “What employers really want? Workers they don’t have to train,” The Washington Post, September 5, 2014, accessed January 20, 2015, <http://www.washingtonpost.com/blogs/on-leadership/wp/2014/09/05/what-employers-really-want-workers-they-dont-have-to-train/>
 4. Charts utilize data from Cappelli, “Skill Gaps, Skill Shortages and Skill Mismatches: Evidence for the US,” pp. 42-43.
 5. *Ibid.*
 6. Cappelli, “What employers really want? Workers they don’t have to train.”
 7. *Ibid.*

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Seattle Jobs Initiative creates opportunities for students, workers and business to succeed by helping education and job training programs meet the demands of a new economy. We find and apply solutions for people to gain the skills they need for good jobs that create prosperity for all in today’s marketplace.

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