

The myth of the ‘skills mismatch’

by [Tamsin McMahon](#) on Thursday, July 26, 2012 2:44pm - [44 Comments](#)



(J.P. Moczulski/CP)

Politicians and corporate executives are always decrying a “skills mismatch” crisis when talking about the paradox of companies who say they are having trouble finding enough applicants to fill vacancies even with unemployment in Canada still hovering above seven per cent.

As the story goes, there are plenty of unemployed workers anxious for jobs and plenty of employers scrambling to fill a glut of jobs that could help them expand their business and therefore create even more jobs. The problem, say politicians and HR professionals, is that the people looking for work aren’t qualified to handle the jobs that are available. The answer is usually a call for governments to spend more on education and to open the door to more highly skilled immigrants.

Matt Marchand, president of the Windsor Essex Regional Chamber of Commerce, [cited a “skills mismatch”](#) this month to explain why Windsor, which has been badly hit by the downturn in auto manufacturing, still has the highest unemployment of any Canadian city. (It topped 15 per cent in 2009 and is still around 9.5 per cent.) Part of the problem, he told the *Windsor Star*, was that despite a heap of unemployed workers, many of them coming out of the automotive and manufacturing sector, companies can’t find enough people to work as welders and machinists and are therefore having trouble expanding their business.

Enter former *Times* journalist at Harvard sociologist Barbara Kiviat, who [argued this week in an essay in the *Atlantic*](#) that the “skills mismatch” conundrum is largely a myth.

According to Kiviat, the skills mismatch narrative began in the 1980s and paralleled the declining trend of on-the-job training and the rise of expensive universities and colleges, which shifted the cost and responsibility of training workers from the employers to the workers themselves.

She writes:

“...what changed was how we view the relationship between workers, skills, and jobs. For instance, at a Department of Labor “skills summit” in 2000, then-Federal Reserve chairman Alan Greenspan described a shift in thinking about who bears responsibility for developing and updating workers’ skills, explaining that over the past few decades, on-the-job training had given way to formal education programs — those that would, presumably, turn out fully qualified workers in advance of having a job. As that responsibility shifted, so might have our definition of what it means to be adequately skilled.”

The same seems to be happening in Canada, where [a study from 2005](#), which used 1999 numbers, showed that less than a third of workers were receiving any on-the-job training, with an average training time of just seven days. Yet it also found that most workers were clamouring for more workplace opportunities to upgrade their skills, with just nine per cent of workers declining training offered by their employers, mostly because they were too busy with other work.

A [2007 study](#) from McMaster University, which used 2001 data, showed that the bigger the company, the less opportunity for on-the-job training. Fewer than three per cent of low-paid and 18 per cent of highly paid employees of companies with more than 500 people had opportunities for employer-sponsored training, with manufacturing jobs offering much less training than service jobs.

After analyzing data gleaned from surveys of manufacturing employers, Kiviat writes that over-qualification has actually become a much bigger problem when it comes to labour shortages than a lack of skills. The top reason manufacturers cited for having trouble hiring skilled workers, she writes, is candidates “looking for more pay than is offered.”

The skills mismatch argument, Kiviat says, mostly serves an ideological purpose since it has given politicians on both sides of the political divide an opportunity to blame the other for high unemployment, while employers get an opportunity to demand that taxpayers and workers, not companies, bear the cost of training employees:

“The term [skills mismatch] is used to talk about technical manufacturing know-how, doctoral-grade engineering talent, high-school level knowledge of reading and math, interpersonal smoothness, facility with personal computers, college credentials, problem-solving ability, and more. Depending on the conversation, the problem lies with high-school graduates, high-school drop-outs, college graduates without the right majors, college graduates without the right experience, new entrants to the labor force, older

workers, or younger workers. Since the problem is hazily defined, people with vastly different agendas are able to get in on the conversation—and the solution.

The skills mismatch trope also offers a little something for everyone politically. Those on the right get to talk about taking personal responsibility for upgrading one's skills, while those on the left get to emphasize how we must do a better job with education, that great pathway to an egalitarian society. Between the two sit the nation's employers, who get an argument for sharing labor-training costs with government agencies, non-profits, and institutions of higher education; it would hardly be fair to expect them to bear the full burden if the American workforce itself is defective. Finally, a fast-growing industry of for-profit colleges get reassurance that their student pipeline will stay full."

Examining the real reasons driving the apparent "skills mismatch" is an important issue given the profound effect it has on public policy, everything from funding for colleges and universities, to our willingness to take on huge student loans, to immigration policy.

The real tragedy of the skills-mismatch story seems to be the economic costs of all that lost human potential generated from taking a chance on workers not 100 per cent qualified for the job, particularly highly educated ones. Think of the innovation that could be generated by hiring unconventional candidates for jobs.