

ECONOMY

It's never been this hard for companies to find qualified workers

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KEY POINTS

About 7 in 10 companies reported talent shortages in 2019, the worst level ever, according to Manpower Group.

The level is more than three times higher than a decade ago.

Job placement professionals say companies need to pay more and provide better training.



Job seekers line up to meet with recruiters during the Job Hunters Boot Camp in San Mateo, California.

Getty Images

The gap between open jobs and unemployed workers is about as wide as the one between the kinds of available positions and the qualifications that the workforce collectively has to fill them.

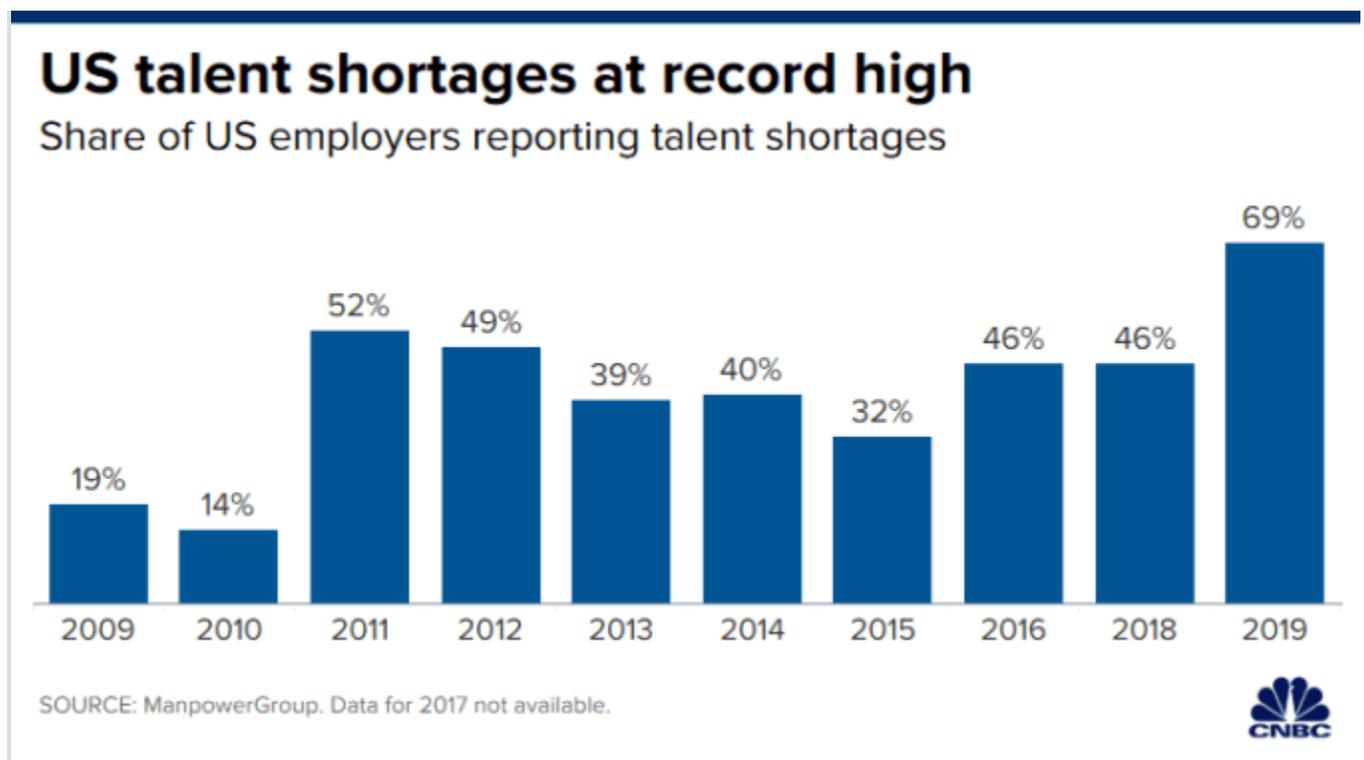
A recent survey from the Manpower Group, a job placement firm, exemplifies the chasm: Nearly 7 in 10 employers reported talent shortages in 2019, the worst level ever and a jump of 17 percentage points from just a year ago. It's also more than three times higher than a decade ago.

The data comes as the Labor Department reports that [there are still about 670,000 more job vacancies](#) than there are unemployed potential workers.

The surge in demand for technical skills coupled with a drop-off in manufacturing activity has exacerbated what has become the great divide in the U.S. labor market.

[Programming note: For more on tech, transformation and the future of work, [join CNBC at the @Work Summit](#) in New York City on April 1–2, 2020.]

“The labor market just gets tighter,” said Becky Frankiewicz, president of Manpower Group North America. “There’s a talent shortage. People are realizing that it’s a bit of a crisis.”



The skills gap issue is most talked about in the U.S., but other countries are feeling the same bite.

The latest Manpower global surveys show the problem also is acute in Finland, Poland, Hungary, Hong Kong, Croatia, Greece, Taiwan, Romania and Japan, each of which reports at least 66% of companies having trouble filling jobs. Only 18% of countries surveyed are not reporting shortages. In the lowest band, with 15% to 40% of companies seeing a skills gap, include China, the U.K. and Ireland.

Of course, the flip side is that “skilled workers are calling the shots,” Frankiewicz said. “The new angle is you have to start thinking about what workers want. ... It’s more than pay, it’s benefits. Companies thought it was going to be popcorn and pingpong. People want robust benefit packages. Employees are now stakeholders in companies’ ecosystems.”

As the gap between jobs and workers persists, hiring has continued apace: Monthly nonfarm payroll growth has averaged 211,000 over the past three months, and annual wage gains have been above 3% for 18 months in a row.

The idea of a skills gap is the most often-cited reason for why those hiring numbers aren’t even better, considering the gap between openings and the unemployed. Not everyone, though, accepts that reasoning.

A matter of pay ... and treatment

Some workers are finding that employers still don’t want to up their pay even with a tight labor market and are still not treating their workforce fairly.

Clayton Brown works in the gig economy, where he’s found a way to make a living while fighting a previous employer after the paychecks for himself and fellow workers bounced. The Stamford, Connecticut, resident drives for a private car service in addition to picking up rides with Uber.

“It depends on who you’re working for or with,” Brown said. “I think there’s money to be made. I just hope that employers treat their employees better and pay them more.”

Brown, in fact, is going to be part of a worker roundtable Wednesday in New York titled “Building Power in a Time of Unstable Work.” The gathering will bring together low-wage independent contractors who are fighting for better pay and working conditions.

“We don’t get sick days, we have to do our own vehicle repairs,” he said. “Whatever check we get we have to use it to do everything.”

Long-term solutions

The Manpower surveys show that workers are looking for more than pay — they want flexibility for a better work-life balance as well as strong benefits packages. Money, though, still matters, but getting companies to shell out for workers they don’t consider qualified has been a struggle.

Wages have been on the uptick, but yearly gains are still around the 3% level that is near the best of the recovery but well behind the historical norm.

Policymakers have been wrestling with solutions to the problem and prescribe a variety of fixes.

In [an essay Tuesday](#), Dallas Federal Reserve President Robert Kaplan said the skills gap is holding back productivity and stronger growth for the U.S. economy.

“Productivity growth could be enhanced by policies that help workers impacted by technology and technology-enabled disruption to get reskilled. Dallas Fed economists believe that the emphasis on skills training programs could be dramatically increased in the U.S.,” Kaplan said.

Kaplan added that the efforts could go all the way back to early-childhood literacy as well as renewed emphasis on math, science and reading skills for the next-generation workforce.

More immediately, though, Manpower Group’s Frankiewicz said employers are going to have to do their share.

“Given what’s happening with immigration, given that population growth is at a century low, we don’t have a new tranche of people coming into the workforce,” she said. “Even if the labor market relaxes a little and gives some room, employers are going to have to face that pay is the top attracter of talent.”