

# Skill Shortages

Hot Topic



## A skilled workforce is vital for meeting the challenges of the global economy.

Representatives of companies need to think strategically to minimise skill shortages and to put a process in operation to engage in such shortages. Investment in training and developing skills is compulsory to re-balance the deficiency in major industries where the absence of expertise skills is increasing, which will ultimately affect productivity.

Now is the time more than ever for governments globally to co-operate and work with firms to prevent skill shortages and to identify key areas where certain industries are lacking the essential skilled worker.

## Recruitment Difficulties

A recent survey from the Chartered Institute of Personnel (CIPD), recruitment difficulties have risen over the 12 months. Three-quarters of organisations with vacancies reported difficulties in filling at least some vacancies. This is an increase on last year (2011:68%) and may reflect the decrease in unemployment for the first few months of 2012.

Organisations experiencing difficulties recruiting for one or more category of vacancy, by organisations size (% of those have had vacancies to fill)

	All 2011	Manufacturing and production	Private sector services	Public services	Voluntary, community and not-for-profit
Difficulty filling one or more vacancies	75	88	77	66	62
No difficulties experienced	25	12	23	34	38

The private sector, particularly manufacturing and production organisations, are most likely to have difficulties filling vacancies. Organisations in this sector have difficulty filling technical vacancies and may reflect the skill shortages in the UK. The most difficult category of staff to recruit in other sectors is managers and professional/ specialists, as was the case last year. In general, there is little change in the categories of vacancies that are most difficult to recruit compared with last year.

### Categories of vacancy that proved particularly difficult to fill (% of respondents)

	All 2011	Manufacturing and production	Private sector services	Public services	Voluntary, community and not-for-profit	All 2010
Other managers and professionals/specialists	34	41	33	27	34	37
Technical	30	53	29	20	16	28
Senior managers/ directors	14	13	16	10	16	16
Services (customer, personal, protective and sales)	7	6	8	3	5	5
Administrative, secretarial	4	3	4	4	4	3
Manual/craft workers	4	11	3	1	0	2
Other	6	5	3	10	11	4
No difficulties experienced	23	12	22	30	38	25
No vacancies to fill	6	3	7	10	1	6

The table below highlights the reason respondents of the CIPD survey cited for their recruitment difficulties.

	All 2011	Manufacturing and production	Private sector services	Public services	Voluntary, community and not-for-profit	All 2010
Lack of necessary specialist or technical skills	72	82	69	80	59	67
Look for more pay than you could offer	46	47	48	34	52	39
Lack experience	40	42	43	27	41	36
Reluctance to move in current economic climate	19	24	18	17	15	26
Lack of interpersonal skills	16	9	19	10	20	12
No applicants	15	9	16	22	20	15
Image of sector/ occupation/organisation	13	7	12	22	11	12
Relocation difficulties	9	19	6	10	7	8
Lack of formal qualifications	7	7	7	5	7	4
The impact of the immigration cap*	3	2	4	3	4	-
Other	4	3	3	8	7	7

The findings are similar to previous years. Lack of necessary specialist or technical skills remains by far the most frequently cited cause of difficulties, reported by nearly 75% of respondents.

## Train to Gain

The government needs to recognise a long-term policy on filling the skill shortages, in order to ensure global healthy competition. Some companies sadly remain oblivious to the advantages of taking on apprentices and retaining their workforce.

Apprenticeships are a proven method of dealing with both current and future workforce matters. Apprenticeships allow employers to attract high-quality recruits and enhance the skills and productivity of a company's present employees.

Organisations should also appreciate the favourable benefits of apprenticeships, such as recognising local talent within their area instead of having to look further a field (allowing young people to flourish) and at the same time establishing a healthy workforce appropriately furnished to meet increasing demands.

The CIPD survey highlighted that 39% of organizations surveyed are concerned that the increase in university tuition fees will have an impact on the number of graduates in the marketplace.

Perhaps in order to address this deficit, or in response to additional government support to boost apprenticeship schemes, organizations are considering increasing apprenticeship schemes.

## Activities organisations are considering

	All respondents	Manufacturing and production	Private sector services	Public services	Voluntary, community and not-for-profit
Increasing apprenticeship schemes	30	48	24	33	27
Increasing your use of internships	22	27	23	12	27
Sponsoring students through university	10	20	8	12	1

About a quarter of organizations overall are considering increasing their use of internships. Overall, one in ten organisations are considering sponsoring students through university, but the proportion doubles in manufacturing and production, where the lack of appropriate skills is a common cause of recruitment difficulties. Overall, just over a quarter of organisations operate a structured graduate recruitment programme.

The operation of these programmes is most common in the manufacturing and production sector. It appears that this sector is investing in the development of skills to address their deficit in the workforce generally. It is clearly evident that skill shortages threaten productivity, decrease competitiveness and de-moralise a workforce.

A company should recognise and assess their current and future training requirements. It is accepted that technical progress has raised the demand for the average skilled worker and skill shortages are more apparent in companies that use the most advanced technology in their production process.

Therefore, an organisation should accommodate their staff individually to the most suitable training programme, this will encourage staff retention, eliminate wasted time and interference of production. Consistent development in training will increase the level of skills within a company. Also a company will be protecting and promoting their employment branding, as being regarded as a considerate and caring employer.

#### Ageing Workforce

Participation and engagement of the more mature, older worker is an essential objective of the UK labour market. Companies need to start thinking about offering that experienced key worker flexibility in order to offer first hand knowledge to the unskilled worker, thereby prolonging positive productivity and challenge competition.

An organisation should be open and informal with their employees (as they approach retirement) to any necessary adjustments, which could encourage their retention. Many firms are quite willing to allow staff to remain after the normal retirement age of 65.

The economic powers of China, Russia, India and Brazil have rapidly developed and with a decrease in the birth rate in the UK and an ageing workforce, the competition for skilled workers will continue to increase, especially as the trend for students preferring non-technical degrees escalates.

In conclusion, emphasis must be placed on the need to train, failure to appreciate such an approach, will consequently have the effect of alienating certain sectors of a potential workforce.



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