OVERVIEW

For the past several years, U.S. employers have experienced ongoing skills shortages. Due to significant changes in the economy and a deep recession creating record levels of unemployment, the percentage of employers reporting talent shortages has fluctuated between 14 and 52% over the past 11 years. Unprecedented technological growth, constantly shifting demographics, increasing customer sophistication and the rise of individual choice continue to drive a new world of work.

ManpowerGroup surveyed more than 2,200 hiring managers in the United States for the 11th Annual Talent Shortage Survey. The survey has found that amongst the ever-changing world of work, a constant challenge has emerged—talent shortages.

ManpowerGroup surveyed employers to gain insights into the following hiring challenges:

- Compared to last year at this time, how much difficulty are you having filling jobs?
- What one job you are typically having the most difficulty filling?
- Why are you having difficulty filling this specific job?
- What strategies are you pursuing to overcome these challenges?

For the seventh consecutive year, **skilled trades vacancies are the HARDEST JOBS TO FILL IN THE U.S.** And for the fifth consecutive year, skilled trades are the HARDEST TO FILL GLOBALLY.

**TALENT SHORTAGES ARE DRIVEN BY A LACK OF AVAILABLE APPLICANTS** — this reason is cited by nearly a quarter of employers as to why they cannot fill jobs.

**EMPLOYERS ADDRESSING THE TALENT SHORTAGE**

- Nearly **HALF** are offering training and development to existing staff
- Another **44%** are recruiting outside the talent pool
- **27%** are using alternative sourcing strategies
- About **1 in 5** are
  - paying higher salary packages to recruits
  - providing additional perks/benefits to recruits
THE U.S. TALENT SHORTAGE

HOW MUCH DIFFICULTY DO EMPLOYERS HAVE FILLING JOBS DUE TO LACK OF AVAILABLE TALENT?

The talent shortage in the U.S. has increased by 14 percentage points when compared to 2015 indicating that challenges are on the rise.

Over the past 11 years, despite significant changes in the economy and a deep recession with record levels of unemployment, the percentage of U.S. employers reporting talent shortages has fluctuated between 14 and 52%. In 2011, 52% of employers were facing a talent shortage, up from only 14% of employers – the lowest number ever – reporting difficulty in 2010. When compared with 2015, the percentage of U.S. employers reporting difficulty filling jobs increased to 46% in 2016. This means nearly half of employers are experiencing difficulty filling positions.

Worldwide, the percentage of employers who are experiencing difficulties filling job vacancies also continues to rise in 2016. When compared with 2015, the proportion increases from 38 to 40%, continuing a four-year trend of steady increases. This is the highest figure reported since the global economic recession that started in 2008. In 2007, 41% of employers were facing a talent shortage, falling to a low of 30% in 2009 (Figure 1).

PERCENTAGE OF U.S. AND GLOBAL EMPLOYERS HAVING DIFFICULTY FILLING JOBS

WHAT IS THE ONE JOB EMPLOYERS HAVE MOST DIFFICULTY FILLING?

In the U.S., the hardest-to-fill jobs continue to be skilled trade roles.

Across the United States, employers report that skilled trade vacancies remain the hardest to fill, as was the case in each of the previous six years. Skilled trades have been on the top 10 list nine times in the past 11 years and have maintained the number one position from 2010 to 2016.

- Drivers have been a hardest-to-fill job for 10 of the past 11 years.
  The job remains in the number two spot for the second year in a row.
- Sales representatives, who have appeared on the list for 11 consecutive years and peaked at number one in 2006 and 2007, rose from fourth position to third where it ranked in 2014 as well.
- Teachers are now fourth on the list, down one spot from last year. They have been on the top 10 list eight times, topping out at number two in 2007.
- Restaurant and hotel staff has made a comeback to the list, ranking number five. It fell from the top 10 in 2015 after sporadic appearances as second in 2014 and sixth in 2010.

Rising three spots from number nine in 2015 to number six in 2016 is accounting and finance staff –the position has appeared nine times on the top 10 list, reflecting their highest demand at number five in 2006 and 2011-2013.
For the second consecutive year, nurses maintained their rank as seventh most in demand in 2016. Nurses have appeared on the top 10 list seven times since 2006, peaking at number two in 2009.

Laborers takes the number eight spot on the list, marking it’s fifth appearance in the top ten since 2006.

Rising one spot are engineers at number nine. Engineers have consistently been reported as one of the hardest jobs to fill in the U.S., appearing on the list for 10 of the past 11 years.

Rounding out the top ten list of the hardest jobs to fill are technicians, dropping two spots since 2015 to number ten. Technicians have appeared on the list five times in the past 10 years, peaking at number four in 2006-2008 and 2010. (Figure 2).

Not appearing on the 2016 list are administrative professionals, ranked number five in 2015 and management/executives, ranked number six in 2015.

There have been other jobs that have appeared multiple times on the top 10 hardest jobs to fill list over the years. Machinists have been on the top 10 list six times, peaking at number two in 2008. IT staff made the list five times with the top position at the third spot in 2012. Mechanics appeared on the top 10 list four times and peaked at number three in 2007.

Globally, the top four positions have remained relatively consistent; however, in 2016, IT professionals emerged on the list of the top in-demand roles globally, ranking second only to skilled trades (Figure 3). IT has jumped seven places in the global ranking since last year, the greatest change of any sector measured, pointing to strong demand for tech skills across the global economy.

There are many consistencies between the hardest-to-fill U.S. and global jobs with six of the top 10 positions appearing on both lists. Although, in 2016, fewer shared positions are on both lists than in 2015.

![FIGURE 2](image-url)

![FIGURE 3](image-url)
WHY EMPLOYERS ARE HAVING DIFFICULTY FILLING JOBS

Among those who are available, talent shortages continue to be driven by applicants who lack experience.

The lack of available applicants is the most common reason employers give to explain why they are having difficulty filling jobs. Nearly one in four (23%) employers cites this as an issue. Lack of required experience adds to the difficulty of filling jobs for 18% of employers surveyed. Likewise, 16% cite a lack of candidates with technical competencies needed as affecting their ability to find the right candidate (Figure 4).

Additionally, 16% of employers say that another barrier they face when filling positions is candidates with salary expectations that exceed what is offered. Hiring managers (12%) say that a lack of soft skills is also causing talent shortages.

STRATEGIES EMPLOYERS ARE PURSING TO OVERCOME TALENT SHORTAGES

NEARLY HALF OF EMPLOYERS ARE IMPLEMENTING TRAINING AND DEVELOPMENT WITH EXISTING STAFF TO FILL OPEN POSITIONS.

As skills shortages escalate and the demand for talent intensifies, many employers are looking inside their own organizations for solutions, with nearly half (48%) of U.S. employers choosing to upskill their own people by offering training and development (Figure 5). Incredibly, this rate has quadrupled from ManpowerGroup’s 2015 survey, when just 12% were using training and development as a solution.

“Low unemployment paired with shorter skills cycles due to the speed of technological change means employers across the United States are struggling to fill positions. We see this particularly in industries like manufacturing, construction, transportation and education,” said Kip Wright, Senior Vice President of Manpower North America. “When the talent isn’t available, organizations need to turn to training and developing their own people – and in many cases this means first identifying the skills that will be required in increasingly digital industries, like manufacturing. That’s why we’re working with organizations like the Digital Manufacturing and Design Innovation Institute (DMDII) to map future skills needs and develop tomorrow’s talent.”

Training and development programs are often an integral part of an employers’ retention strategy. The right development programs can improve employee engagement and, in return, reduce turnover. These programs also offer opportunities to up-skill existing employees into new roles, helping companies to mitigate talent shortages and providing employees with career advancement opportunities.

At the same time, employers are exploring new talent sources by recruiting outside the talent pool (44%) and exploring alternative sourcing strategies (27%) in order to tackle the difficulties they face filling jobs.

Twenty-two percent of employers are offering higher salary packages to recruits, up from 5% in 2015. In addition, 19% of employers cited offering additional perks and benefits to win over new recruits.
In 2016, several large companies announced wage increases for employees, including Starbucks, Walmart and JPMorgan Chase. The Society for Human Resource Management’s 2016 Employee Job Satisfaction and Engagement Survey\(^1\) cites the top three drivers of job satisfaction as respectful treatment of employees at all levels, compensation and benefits. “Compared with last year, compensation appears to be rising in importance in relation to other factors,” said Evren Esen, director of SHRM’s survey programs. “While factors such as respectful treatment and trust remain important, compensation is a critical job satisfaction factor—especially among Millennial and Gen X employees.”\(^2\)

Manpower’s whitepaper, “Penny High, Pound Smart: The benefits of higher wages on talent,”\(^3\) notes that increasing compensation can help employers address talent shortages when implemented with an overall strategy that aligns with HR and business strategies.

Employers should ask themselves:

- What skills are needed for the available jobs?
- What are my competitors paying for similar positions?
- What is the supply of in-demand talent in my market?

“Candidates are looking for more competitive employment packages due to the tightening labor market,” says Sunny Ackerman, Vice President and General Manager of Manpower North America. “Offering wages at or above the market average allows employers and recruiters to more quickly source and attract the best talent.”

Additionally, some employers are also changing work models (17%) or outsourcing the work (12%) to overcome talent shortages.

As talent shortages remain prevalent, hiring managers will be charged with implementing the right mix of solutions to allow their organizations to attract and retain the in-demand talent they need to succeed. This will require an acute understanding of the demands of their business, priorities of their workforce and changing dynamics of the talent market. When this knowledge is paired with innovative recruitment and retention strategies, employers can overcome talent shortages and win in the changing world of work.

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To learn more about strategies and solutions to overcome the talent shortage in order to move your organization forward, contact your local ManpowerGroup workforce expert.

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