

## The great jobs mismatch

By [Robert J. Samuelson](#), Published: June 19

One puzzle of this somber economy is the existence of unfilled jobs in the midst of mass unemployment. You might think (I did) that with [almost 14 million Americans unemployed](#) — and nearly half those for more than six months — that companies could fill almost any opening quickly. Not so. Somehow, there's a mismatch between idle workers and open jobs. Economists call this "structural unemployment."

Just how many jobs are affected is unclear; there are no definitive statistics. Economist [Harry Holzer of Georgetown University](#) thinks the unemployment rate might be closer to 8 percent than today's 9.1 percent if most of these jobs were filled. That implies up to 1.5 million more jobs. Economist [Prakash Loungani of the International Monetary Fund estimates](#) that 25 percent of unemployment is structural; that's more than 3 million jobs. A recent survey of 2,000 firms by the [McKinsey Global Institute](#), a research group, found that 40 percent had positions open at least six months because they couldn't find suitable candidates.

Let's acknowledge two realities. First, though structural joblessness is important, the main cause of high unemployment remains the deep slump. In the recession, [jobs dropped](#) 20 percent in construction, 15 percent in manufacturing and 7 percent in retailing. Only a stronger economy can remedy this unemployment.

Second, a big economy like ours always has some vacancies. People quit or get fired. Hiring procedures grind slowly. Some highly specialized jobs are inherently hard to fill: say, a transportation engineer fluent in both Chinese and English (a real-life example).

Still, the job mismatch hobbles recovery and bodes ill. The harder it is for workers to find jobs, the longer they stay unemployed — and this, in turn, worsens their prospects. "Long-term unemployment sends a negative signal to employers: What's wrong with this person?" says Holzer. Some jobs lost in the recession and the associated skills won't return. "Workers' networks [contacts] atrophy," he adds. "Their skills look more obsolete."

As more workers become less employable, some economists are raising their estimates of "full employment" — the unemployment rate consistent with stable inflation. It could be 6 percent compared with 5 percent before the recession, says Mark Zandi of Moody's Analytics. Trying to push unemployment below 6 percent with easy credit would risk higher inflation.

[Carl Camden](#), head of the temporary-employment company Kelly Services, says that skill shortages span a wide array of jobs, from electricians to CAD/CAM operators (computer-aided design and manufacturing) to PhD scientists for clinical drug tests.

"You can't find engineers to take jobs in many cities," says Camden. "We have three jobs for every candidate."

In any dynamic economy, constant changes in technologies, products and companies naturally create gaps

between skills available and skills wanted. But today's gaps seem to transcend this. A [survey](#) for the National Association of Manufacturers in 2009, near the recession's nadir, found that a third of companies still faced shortages. These were largest for engineers and scientists and among aerospace, defense and biotechnology firms.

Theories abound as to what's gone wrong. For skilled blue-collar jobs, high schools have de-emphasized vocational training, community colleges often aren't well-connected to local job markets and union apprenticeship programs have withered, says [Anthony Carnevale](#), director of Georgetown's Center on Education and the Workforce. Another theory is that Americans are less willing to move to take jobs. The McKinsey study reports that, in the 1950s, one in five Americans moved every year; now it's one in 10. "Work is more mobile than workers," says Camden.

Companies traditionally provided much training, but that may also have changed. Loyalties have weakened. Companies are more willing to fire; workers are more willing to jump ship. Training may seem a poor investment because workers won't stay long enough to earn a return. In the McKinsey survey, companies denied cutting training budgets. But Carnevale and others think the training has altered. Before, firms provided more basic training in business or technology skills; now, firms expect workers to come with these skills and focus training on firm-specific practices and systems.

"Employers are looking for people with proven skills in the right fields," says the McKinsey study. "The number one cause for difficulty in filling positions (cited by 45 percent of companies) is lack of sufficient experience."

So it's a Catch-22: You can't get hired unless you have experience; but you can't get experience unless you're hired. With technology changing rapidly, workers need to know more, even as their skills-support systems weaken. There is no instant cure for today's job mismatch, but it might ease if America's largest companies were a little bolder. Surely many of them — enjoying strong profits — could make a small gamble that, by providing more training for workers, they might actually do themselves and the country some good.