

# BEYOND

## the Unemployment

# Numbers

By Leanne Hoagland-Smith, M.S.

The 2012 election is over. Unemployment for October 2012, according to the U.S. Department of Labor, was 7.9 percent, representing 12.3 million U.S. citizens.

**S**hortly after the election, many firms began to announce significant layoffs:

- Boeing will cut 30 percent of management jobs in its Defense division.
- Career Education will cut 900 jobs and close 23 campuses.
- Energizer will reduce its workforce by 1,500 employees.
- Research in Motion Ltd. (BlackBerry) laid off 200 U.S. workers.
- Hawker Beechcraft will close facilities in Little Rock, Arkansas; Mesa, Arizona; and San Antonio, Texas; and lay off 240 employees.

Unemployment happens for a number of reasons. There are still jobs to be found in this country, but we face a serious problem: a workforce that is unwilling, untrained, and unprepared to take on these positions.

### Unwilling Workforce

Employers depending upon industry must meet certain requirements. In food manufacturing, random employee drug testing is usually required to ensure the maintenance of safety and quality standards. One of my small-business clients within the food-manufacturing industry has invested thousands of dollars over the last year in finding an employee who can consistently pass a drug test. This position is not just a minimum-wage job, as it requires the ability to measure and weigh food products. My client also provides good benefits and a very clean work environment.

Her solutions have included employment agencies, the local Workforce Development Office, and even personal referrals. But usually by the second random drug test, my client must terminate the new hire. Each termination costs her profitability

and keeps her from expanding her business.

Within our township is a small, specialty third-generation family-owned lumber mill. The son of the founder shared with me that he cannot find the laborers necessary to provide enough revenue to keep the doors open. His workforce of 10 has declined to three laborers in addition to himself and his son. When potential employees arrive and learn that they must physically work, they decide that the work is too hard and opt instead to collect unemployment benefits. Again, this small-business owner is paying more than minimum wage.

Another small-business client told me of a recent attempt to hire a clerical support person. Although more than 70 people applied for the job, only three of the completed job applications indicated that the individual possessed the relatively minimal skills and work experience necessary for this entry-level position. On the day of the interview, only one of the three job finalists showed up. The person who did show was hired and then fired on the first day of work because she was spending 40 minutes of every 60 minutes in the washroom talking on her cell phone.

An unwillingness to work and to comply with organizational rules has always existed in our society. Yet with all the safety nets now provided by the government, the incentive to work has been dramatically reduced.

## Untrained Workforce

Given the looming Silver Tsunami (the retirement of the Baby Boomers), an untrained workforce is a reality. In May of this year, Manpower released its 2012 *Annual Survey*. This research revealed that U.S. talent shortages exist, specifically among the skilled trades, engineers, and IT staff. Manpower surveyed 1,300 U.S. employers, yielding these results:

- 49 percent were experiencing difficulty in filling mission-critical positions.
- Sales representatives are the fourth hardest jobs to fill in 2012.
- Talent mismatch is a global phenomenon.

In 2011, Bill Goss, manager of the world's biggest bond fund, Pacific Investment Management Company, said the U.S. workforce is "too expensive and poorly educated for today's marketplace." He went on to back mathematics and science-skill-based training instead of the all-too-common liberal arts education.

A *60 Minutes* segment that aired on November 12, 2012 discussed the three million jobs opened within the U.S. labor market. In an interview with Karl Hutter, Chief Operating Officer (COO) of Click Bond, a manufacturing firm located in Carson City, Nevada, Hutter noted that manufacturing jobs are available even in Nevada, a state with a very high unemployment rate of 11.8 percent (as of October 2012). The problem is that workers do not possess the basic entry-level skill sets of reading, writing, arithmetic, and problem solving.

The lack of a trained workforce with basic skills that should have been gained during the K-12 experience has created difficulties, Hutter said, because Click Bond wanted to expand its production to meet current demand. The Officer for Strategic Initiatives for Click Bond shared that Click Bond not only had to buy some necessary equipment from a firm in Watertown, Connecticut, but also had to buy the entire plant to keep their firm running because they could not find qualified, trained workers in Nevada.

These sorts of stories are more common than many people realize. It's reasonable to assume that employers may have to train new hires for job-specific skills, but currently the fundamental skills that should have been attained within the K-12 or even the post-secondary experience are not present.

## Unprepared Workforce

Technology and the global economy have also contributed to an unprepared workforce. Change is happening at almost the speed of light. As Ray Kurzweil, a futurist, author, and inventor, has stated, "What used to fit in a building now fits in your pocket; what fits in your pocket now will fit inside a blood cell in 25 years."

Smart phones and mobile devices are becoming the reality of the future right now. Being able to self-direct, to work remotely, and to communicate with other employees, customers, or even vendors via a monitor is today's reality.

Ongoing research from a variety of organizations and universities during the last decade has continued to confirm that young people leaving high school are unprepared for college, as well as the workforce. A 2011 study by

Johns Hopkins University and the University of Arizona suggested that two fifths of high school students graduate unprepared for traditional college or career training. Even more alarming, this study revealed that 40 percent of high school students were not on a college-preparatory track or in career-preparatory programs.

Another study, *Paying Double: Inadequate High School and Community College Remediation*, authored by The Alliance for Excellent Education, revealed that approximately one third of all community-college freshmen were enrolled in at least one remedial course. At four-year institutions, remedial-course enrollment by entering freshman is at 20 percent.

Not having basic skills that should have been mastered within the K-12 experience is expensive and contributes to college debt, decreases economic development, and places the U.S. behind in the race to have and maintain a high standard of living.

Globally, U.S. students are behind other industrial countries when it comes to international rankings. Americans ranked 25<sup>th</sup> in math, 17<sup>th</sup> in science, and 14<sup>th</sup> in reading in a 2009 study. In 2006, just six percent of U.S. students performed at the advanced level on an international exam administered in 56 countries.

Harvard University, in one of its studies, stated:

*Because rates of economic growth have a huge impact on the future well-being of the nation, there is a simple message: A country ignores the quality of its schools at its economic peril. Some would excuse the mediocre U.S. performance by claiming that it provides a more equal education to a much more diverse population than other countries do. It is claimed that test scores in the United States are lower than those in many other countries because they are not providing an education to all their students. That argument might have made some sense 50 or 75 years ago, but it is a seriously dated view of the world.*

Yes, the world has changed. Yes, economies expand and contract. Yes, to stay profitable companies have moved overseas. And yes, there

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is more behind the unemployment numbers than some care to know. However, if those within the labor force are unwilling, untrained, and unprepared, then maintaining our place as number one in the world has just become a whole lot harder. **N**

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