

The Conference Board Special Webcasts

Solving the Labor Shortage Crisis: Expanding your Hiring Pool
July 30, 2019



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Today's Presenters



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Today's presentation

- The labor shortages problem
- Expanding recruiting efforts to underrepresented demographic groups:
 - ✓ Women in blue-collar jobs
 - ✓ Minorities
 - ✓ People with less formal education
 - ✓ Mature workers
 - ✓ Disabled workers



Expanding recruiting efforts to underrepresented demographic groups



Identifying the problem – national level

- The US labor market is very tight
- Part of a larger global trend
- How did we get here?
 - ✓ Massive retirements and low WAP growth
 - ✓ Weak productivity growth – rapid employment growth
 - ✓ Longest expansion in US history
- Labor shortages are more visible in blue-collar and manual services occupations



Impact on businesses

- Recruiting is becoming difficult – long time to fill positions
- Retention rates are dropping
- Labor quality is becoming a major concern – especially among blue-collar workers
- More from member survey outcomes- unfilled positions, overwork, lower morale, low conversion rate, Ghosting interviews, turning down business
- Wage growth is accelerating – especially for blue-collar and manual services
- Corporate profits are under pressure



Labor shortages solutions overview

- Macro level:
 - ✓ Immigration
 - ✓ Labor force participation
 - ✓ Other policy
- Company level
 - ✓ Recruitment solutions
 - ✓ Retention solutions
 - ✓ Automation
 - ✓ **In a tight labor market, employers look beyond the demographic groups they traditionally hire from**



In a tight labor market, employers look beyond the demographic groups they traditionally hire from

- The tightening labor markets is leading to an increase in labor force participation.
- In recent years, the share in employment of underrepresented demographic groups has increased: **minorities, mature workers, disabled**. In the case of blue-collar jobs also **women**.
 - ✓ **Changing demographics** explain part of this trend.
 - ✓ **Labor shortage** is another reason.
- Those with **lower education levels** also benefit from a tightening labor market.
- The Conference Board Labor Shortages Survey suggests **companies have intentionally widened and diversified their recruitment efforts**.



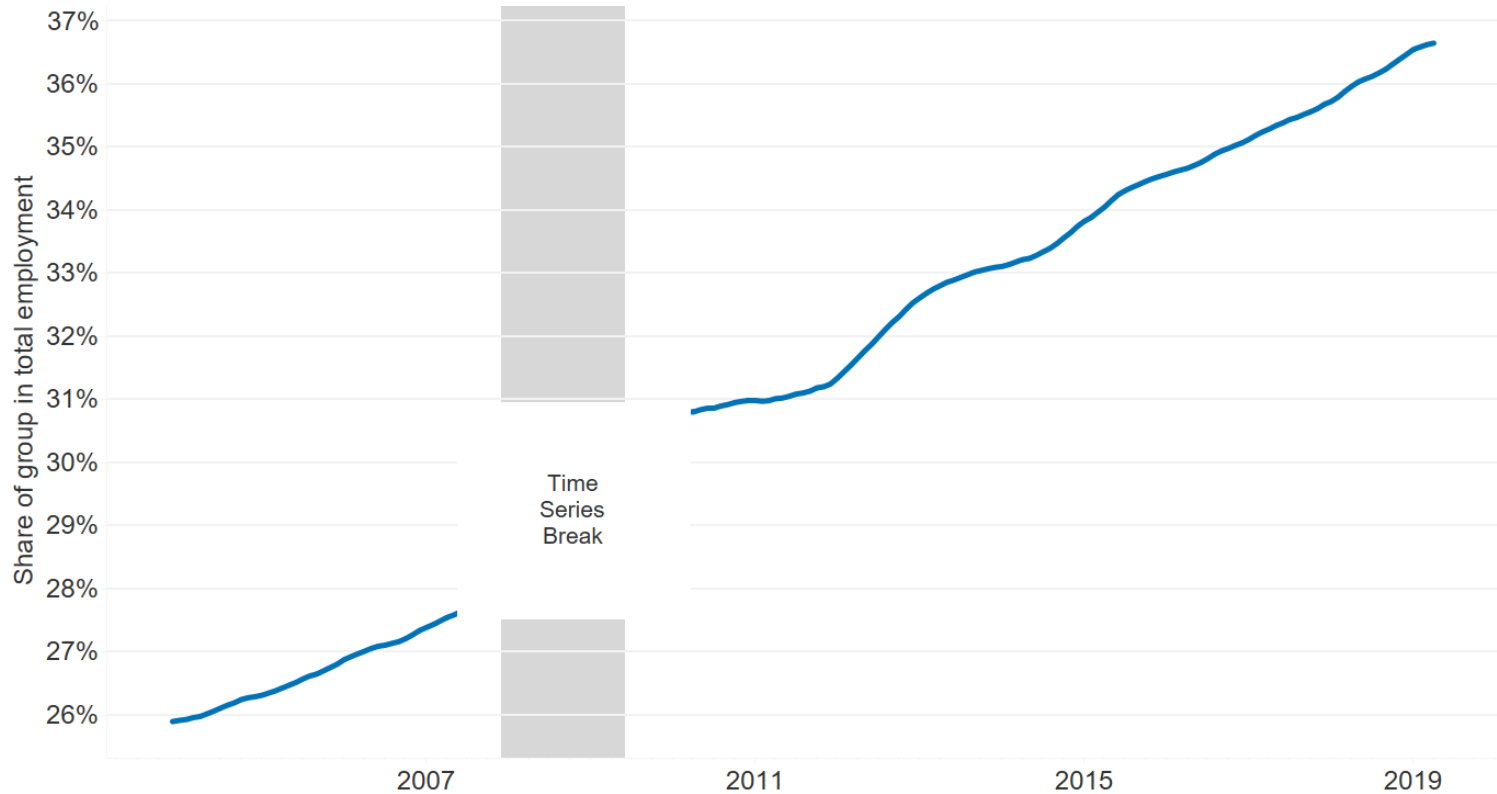
Participation and employment growth have accelerated for underrepresented demographic groups

- Some of the main takeaways:
 - ✓ There are more **women working in blue-collar occupations**, especially in transportation and material-moving occupations.
 - ✓ **Mature workers** are making up a larger share of the working force, driven by **demographics** but also because of **delayed retirement**. Especially the **blue-collar** workforce is aging fast.
 - ✓ Despite the above, the increase in labor force participation of women and mature workers in the US is **relatively small**.
 - ✓ Employers are **lowering educational entry requirements**, attracting more high school graduates and drop-outs.
 - ✓ The unemployment rates for **blacks and Hispanics** have reached a historically low point. Their share in employment has risen across all occupations with transportation standing out.
 - ✓ The **share of disabled in employment** has started to increase, most visibly in government occupations.



There is a long-run trend towards a more diverse workforce

Share of disabled, blacks, Hispanics, and people aged 65 and above in employment, 2001 to May 2019, 12-month moving average.



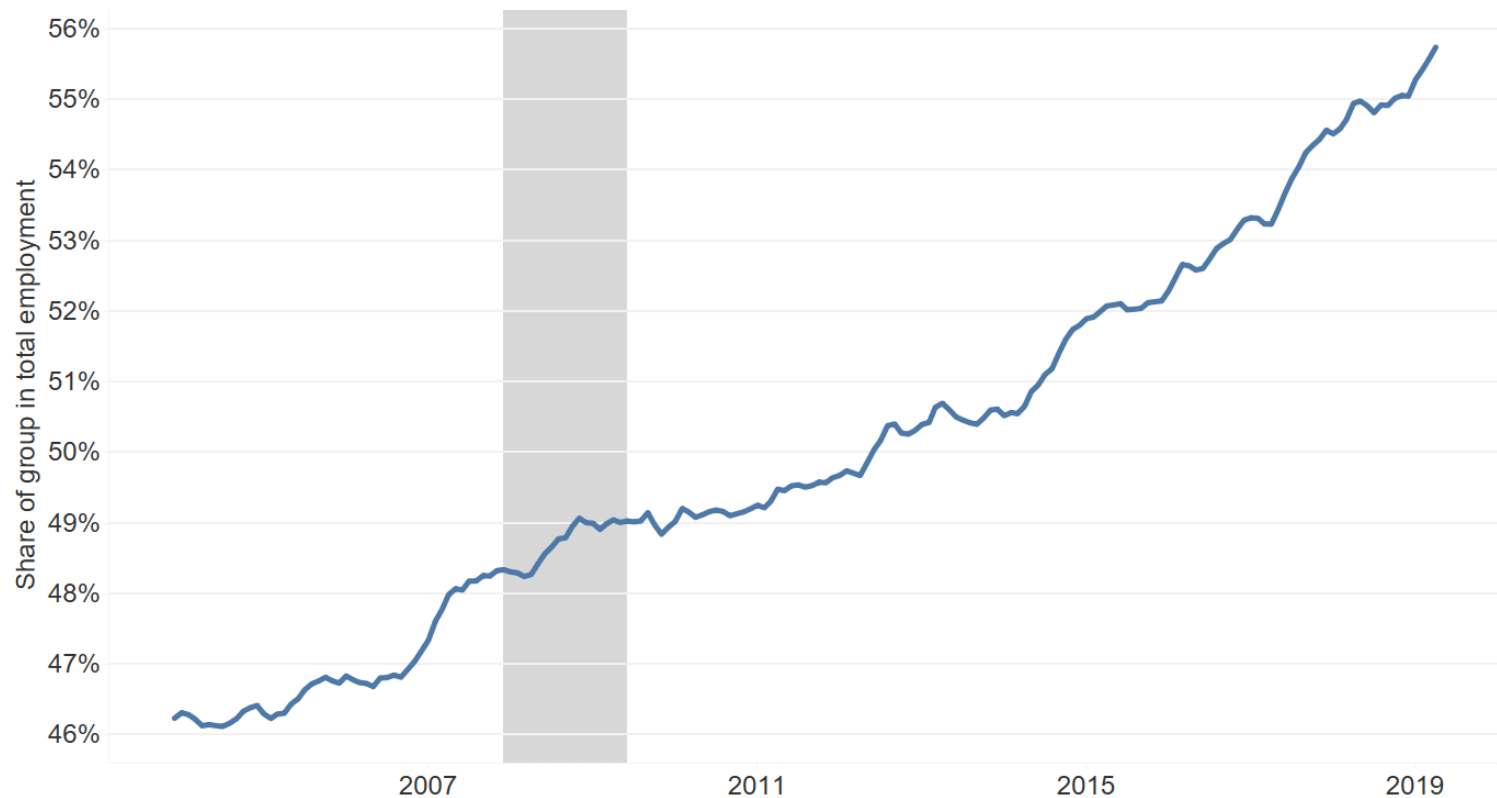
Note: The disabled population is added to the line chart in May 2008.

Source: The Conference Board using microdata from IPUMS-CPS, University of Minnesota.



In transportation jobs, there is a rapid growth in the share of underrepresented demographics

Share of blacks, Hispanics, women, and people aged 65 and above in transportation and material-moving occupations, 2001 to May 2019, 12-month moving average.



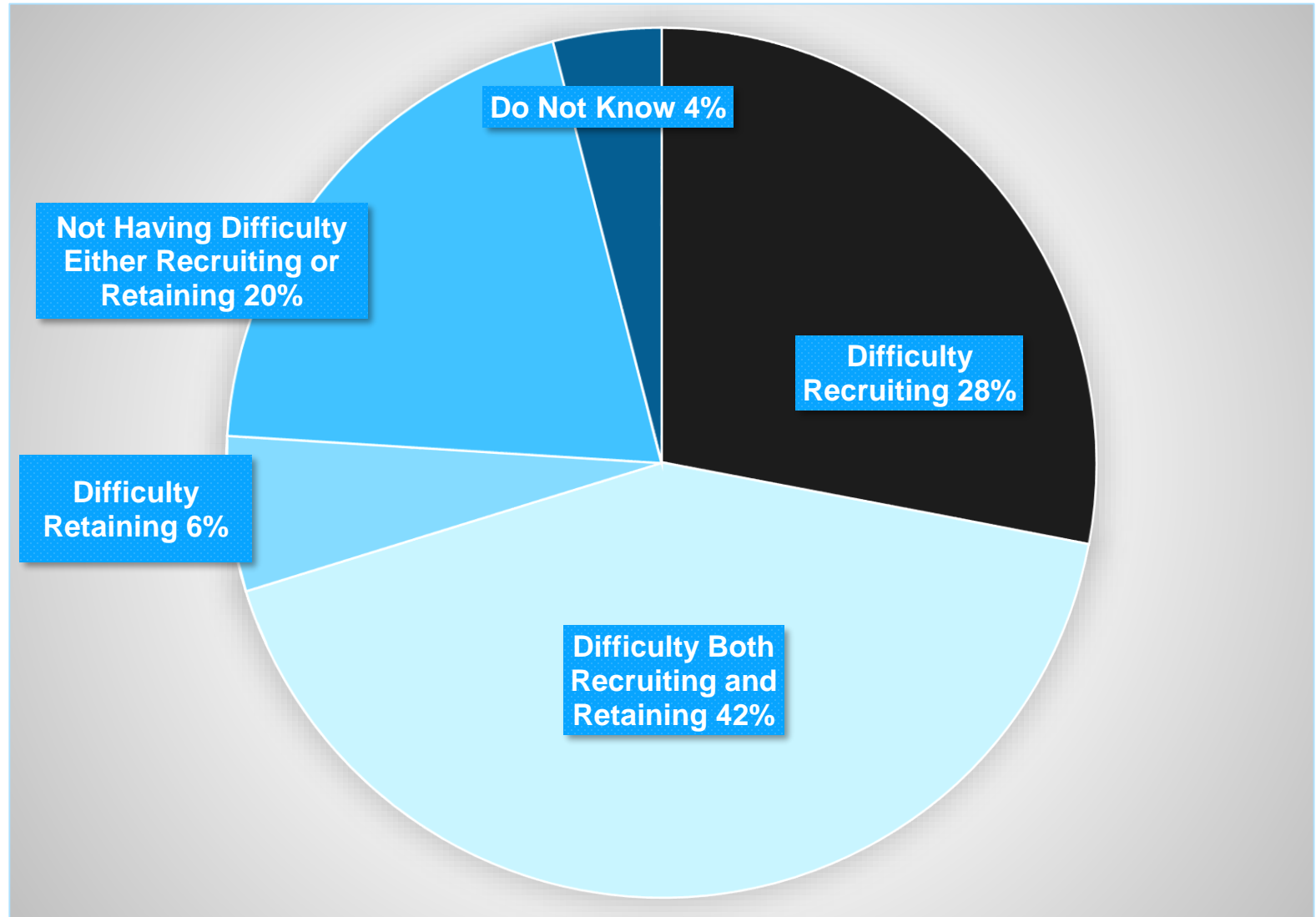
Source: The Conference Board using microdata from IPUMS-CPS, University of Minnesota.



Labor Shortages Solutions Survey



Organizations having difficulty recruiting and/or retaining workers



Source: The Conference Board, 2019



Expanded target recruitment demographic – an often-used strategy

- The strategy “Expanded target recruitment demographic (e.g. minorities, veterans, or previously incarcerated)” selected.
 - 31% of employers experiencing recruitment difficulties selected this strategy for **blue-collar** workers
 - 35% of employers experiencing recruitment difficulties selected this strategy for **white-collar** workers
- Increasing wages and salaries – most often-used strategy
- Lowest ranked retention strategy overall: Provided new incentives to retain older workers in full or partial capacity



When recruiting, companies are reluctant to compromise on labor quality

All of these were ranked low:

- Lowered requirements for **prior experience**
- Lowered **degree requirements**
- Lowered requirements for **skills/competencies**
- Accepted **alternate credentials**, such as a certification
- Lowered or eliminated **drug/background check** requirements



Companies actively tailor recruiting strategies to blue- and white-collar workers

- Popular white-collar recruitment strategies:
 - ✓ Offered or increased **signing bonus**
 - ✓ Offered **teleworking** and/or **remote flexibility**
 - ✓ Increased **work schedule flexibility**
 - ✓ Offered **moving cost** compensation
 - ✓ Offered **stretch assignments, job rotations, and/or job shadowing**
- Popular blue-collar recruitment strategies:
 - ✓ Contracted with **staffing firm** to fill positions
 - ✓ **Expanded target recruitment demographic**
 - ✓ Added or modified employee **referral program**
 - ✓ Developed **integrated work programs** with colleges, high schools and trade schools
 - ✓ Offered new perks or **benefits**
 - ✓ Shortened **recruitment process** with fewer interviews (e.g. same day hiring)
 - ✓ Created **apprentice** programs



Expanding the Hiring Pool: Women in blue-collar occupations



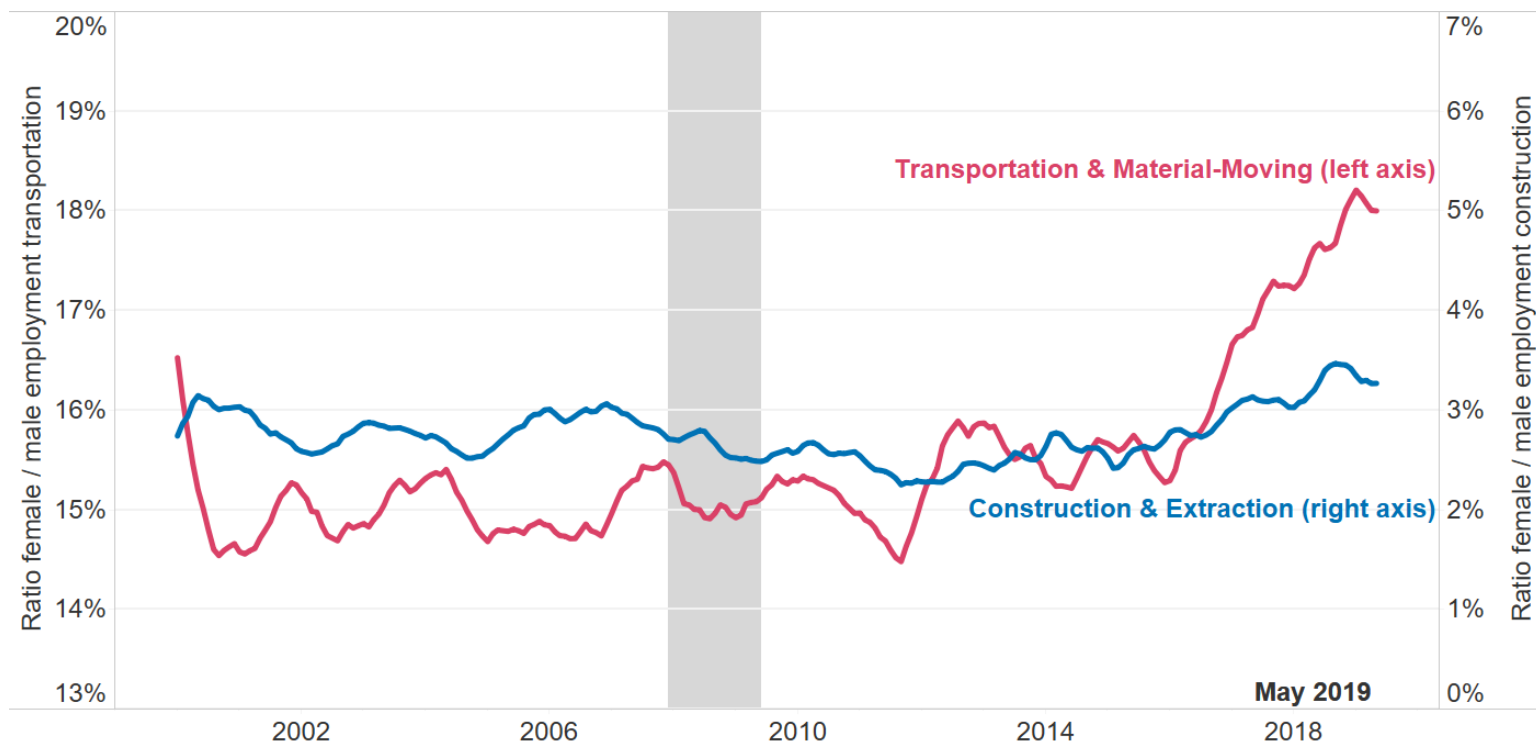
Female labor force participation is increasing but there remains potential for even higher participation rates

- Female labor force participation has returned to its pre-recession level.
- Better labor market conditions and extreme tightness in some occupations have pulled women back into the labor force.
- In recent years, the share of women in employment has especially increased in the male-dominated occupations transportation and material-moving and construction and extraction.
- Compared to Europe and Japan, there is a lot of potential for higher female participation.
- Employers should make sure they are reviewing and adapting their workplace policies to increase hiring and retention rates for female employees.



Employers are hiring more women in male-dominated occupations, most visibly in transportation occupations

Share of women in transportation and construction and extraction occupations, 2001 to May 2019, 12-month moving average.

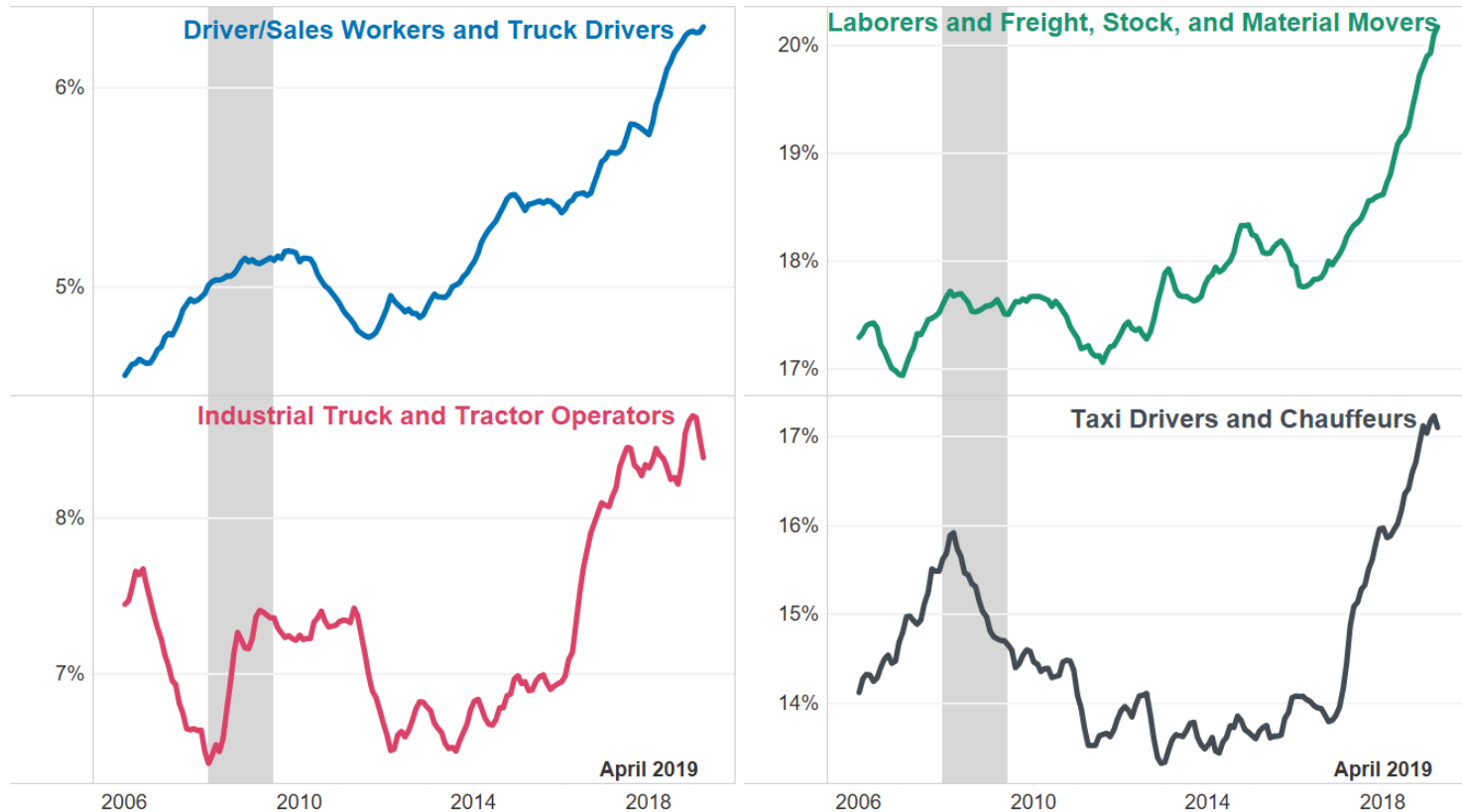


Source: U.S. Bureau of Labor Statistics.



The fraction of women in certain majority-male occupations is at a record high

Share of women working in selected transportation and material-moving occupations, January 2006 to April 2019, 36-month moving average.



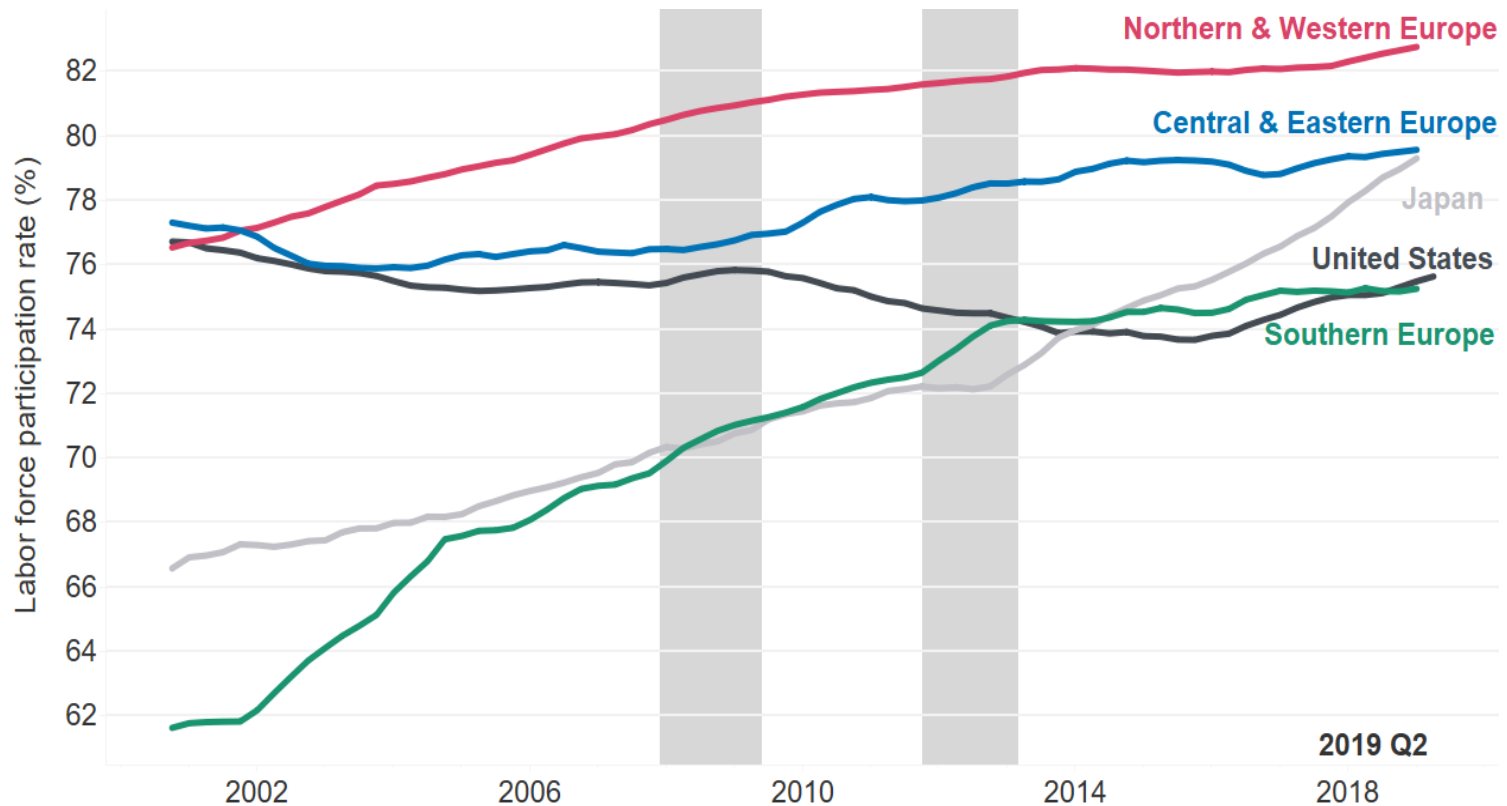
Note: Read [this WSJ article](#), “Women Wanted: Blue-Collar Fields Find New Workforce (April 29, 2019),” for a detailed analysis on our work.

Source: The Conference Board using microdata from IPUMS-CPS, University of Minnesota.



Increasing participation by women would provide an additional source of labor

The labor force participation rate for women aged 25 to 54, 4-quarter moving average, 2000Q4 to 2019Q2.



Source: OECD and The Conference Board.



Attracting women to blue-collar roles by making them feel more comfortable and included in the workplace

- Partnering with non-profit organizations focused on **minimizing obstacles** faced by women in the blue-collar workforce
- Offering **online forums** which provide a sense of community for woman in male dominated industries
- Trucking companies are offering **“female-friendly” vehicle packages**, consisting of ergonomically designed seats, and automatic transmissions
- Providing women with **work wear and Personal Protective Equipment that fits** them properly
 - ✓ Narrower work boots; smaller gloves, hard hats, safety goggles, respirators, fall protection harnesses; coveralls with leg zippers
- **Recognizing female leaders** in manufacturing to elevate role models and inspire other women to join the industry
 - ✓ The Manufacturing Institute’s Science, Technology, Engineering and Production (STEP) Ahead Awards



Expanding the Hiring Pool:
Workers with lower educational
attainment



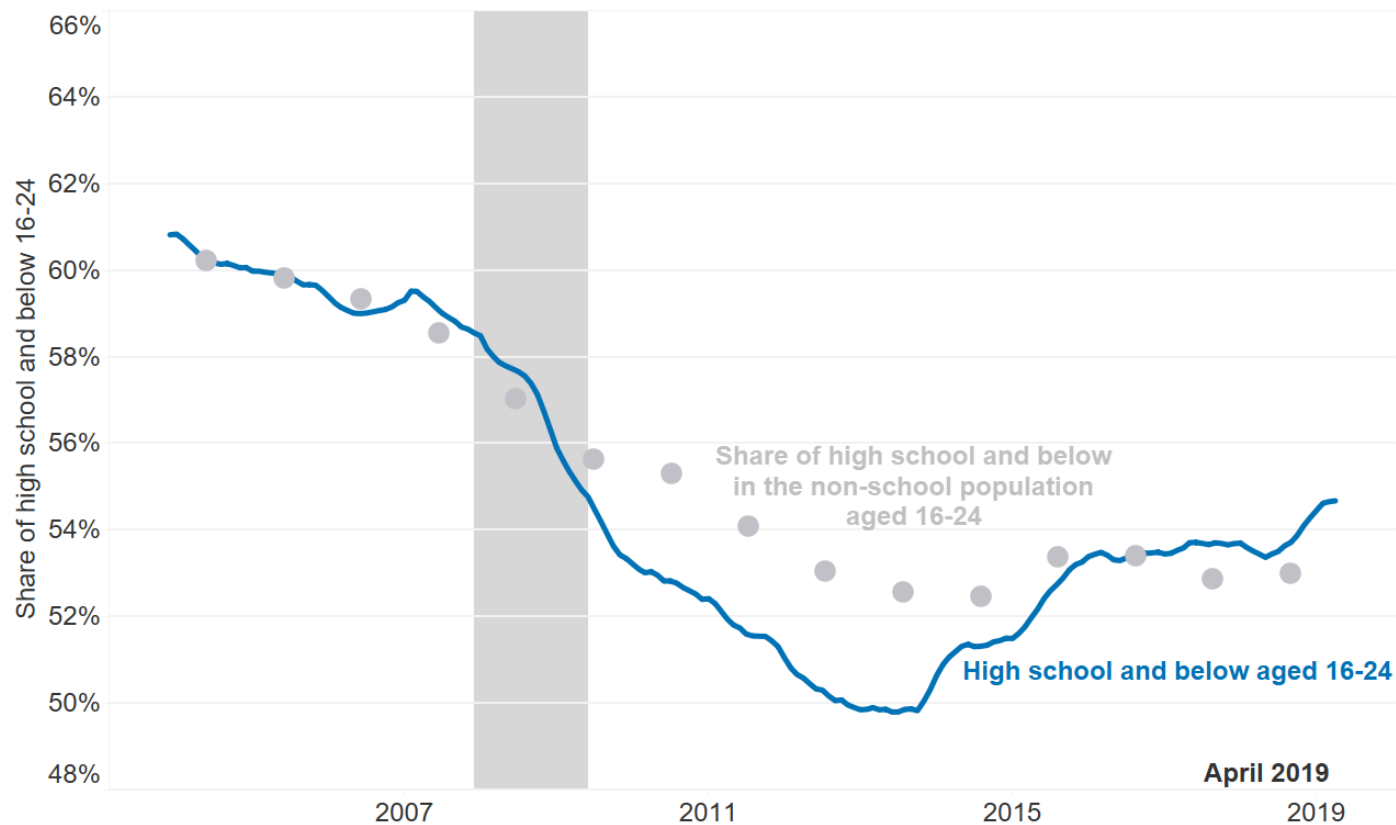
Employers are downskilling as recruitment has become more difficult

- **People with lower education attainment** experienced large job losses after the Great Recession.
- In a loose labor market, employers can choose the job candidates with the strongest backgrounds.
- However, now the labor market is tightening, employers are **hiring those with lower education levels**.
- **Certification obligations** in some occupations, like healthcare support, can complicate the recruitment process.
- While a tighter labor market is good for workers, employers report that concerns over **job quality** have increased.



Employers are lowering educational entry requirements as the labor market tightens

Share of high school and below, aged 16 to 24, working in blue-collar, low-pay services, and sales and office occupations, as share of population aged 16 to 24, December 2003 to April 2019, 12-month moving average.



Source: The Conference Board using microdata from IPUMS-CPS, University of Minnesota.



When recruiting, companies are reluctant to compromise on labor quality and are hesitant to use online labor platforms

In our survey, all of these were ranked low:

- Lowered requirements for **prior experience**
- Lowered **degree requirements**
- Lowered requirements for **skills/competencies**
- Accepted **alternate credentials**, such as a certification
- Lowered or eliminated **drug/background check** requirements
- Hired using an **online labor platform**



Recruitment efforts increasingly focused on high school—rather than college—graduates

- Establishing relationships with vocational schools and apprenticeship programs
- Redesigning or creating new roles
 - ✓ What are the skills or competencies that are actually needed to perform the job?
 - ✓ New junior roles and entry level positions with lower requirements and more training opportunities
- Engaging and educating the community about what it means to work in manufacturing
 - ✓ Toyota’s “what’s cool about manufacturing” video contest for local high school students
 - ✓ Thor Industries (RV manufacturer) facility tours for students grades 8-12 where they emphasize a well-paid, stable work environment



Expanding the Hiring Pool: Underrepresented minority groups



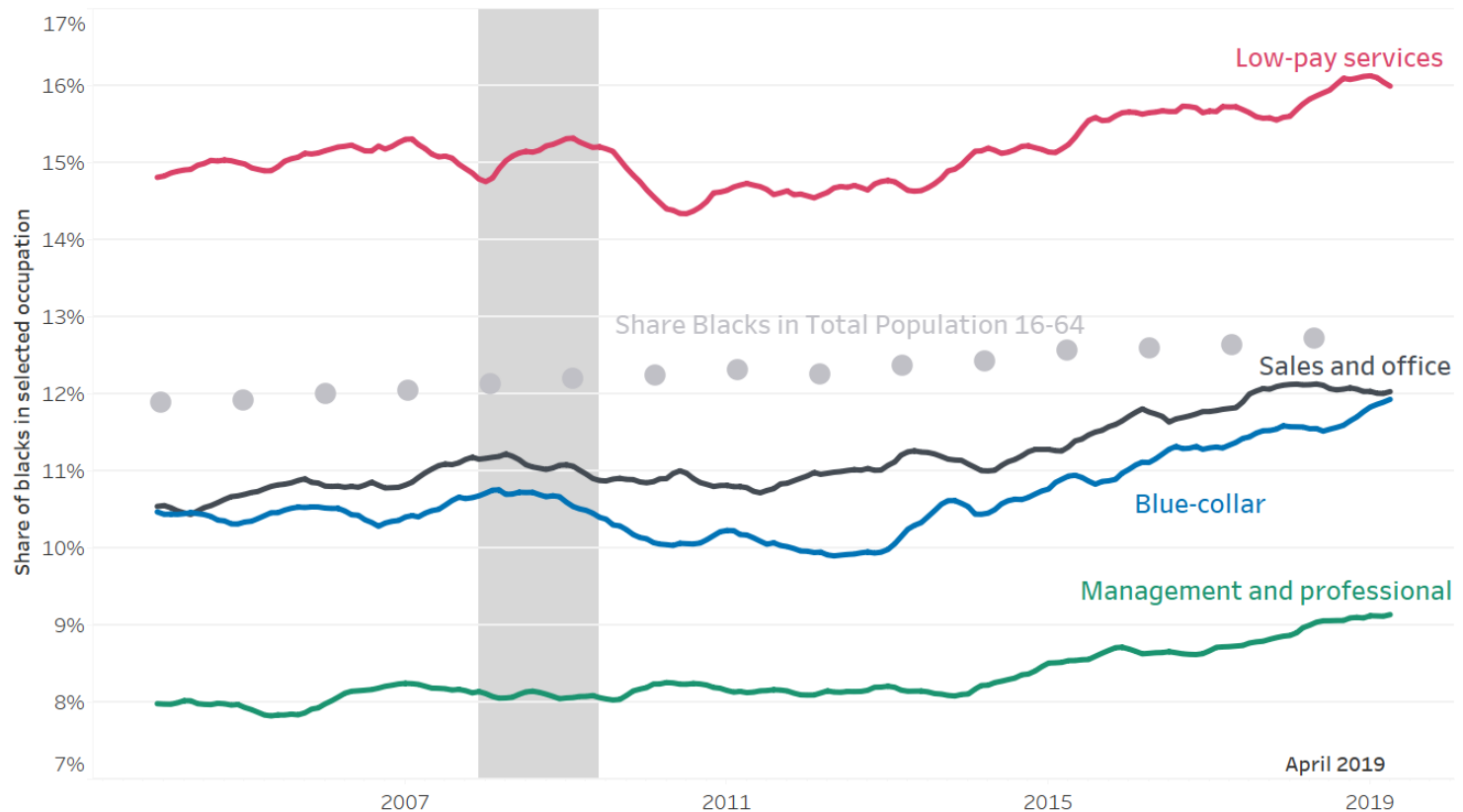
Blacks and Hispanics have become more attached to the labor market

- Overall, there is higher participation from all minorities, resulting in a more diverse workforce.
- The labor force participation rates for blacks and Hispanics are returning to pre-recession levels.
- Unemployment rates are at an all-time low.
- Employment for blacks and Hispanics is growing faster than their demographic trends.
- Employers hire blacks and Hispanics across all occupations, but most visibly in transportation.
- Hispanics work primarily in blue-collar and low-pay services occupations, but their share in white-collar occupations is growing relatively faster.



The share of blacks in employment has increased across all occupations, outpacing their growth in the population

The share of blacks in employment by occupation, aged 16 to 64, December 2003 to April 2019, 12-month moving average.

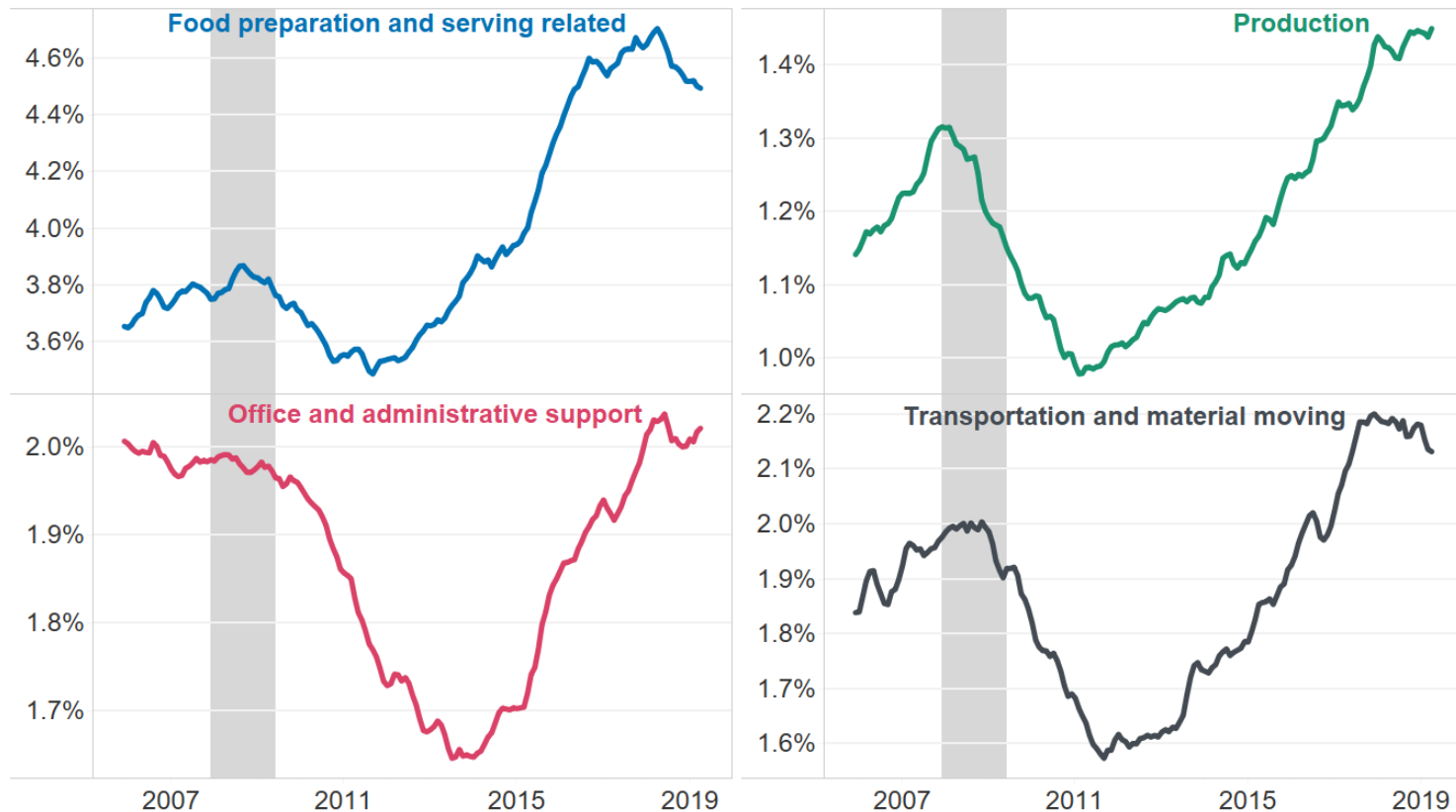


Source: The Conference Board using microdata from IPUMS-CPS, University of Minnesota.



For young blacks, their share in employment is especially growing in blue-collar, office, and food services occupations

The share of blacks aged 16 to 24 in total employment by occupation, December 2003 to April 2019, 36-month moving average.



Source: The Conference Board using microdata from IPUMS-CPS, University of Minnesota.



Expanding the Hiring Pool: Mature workers



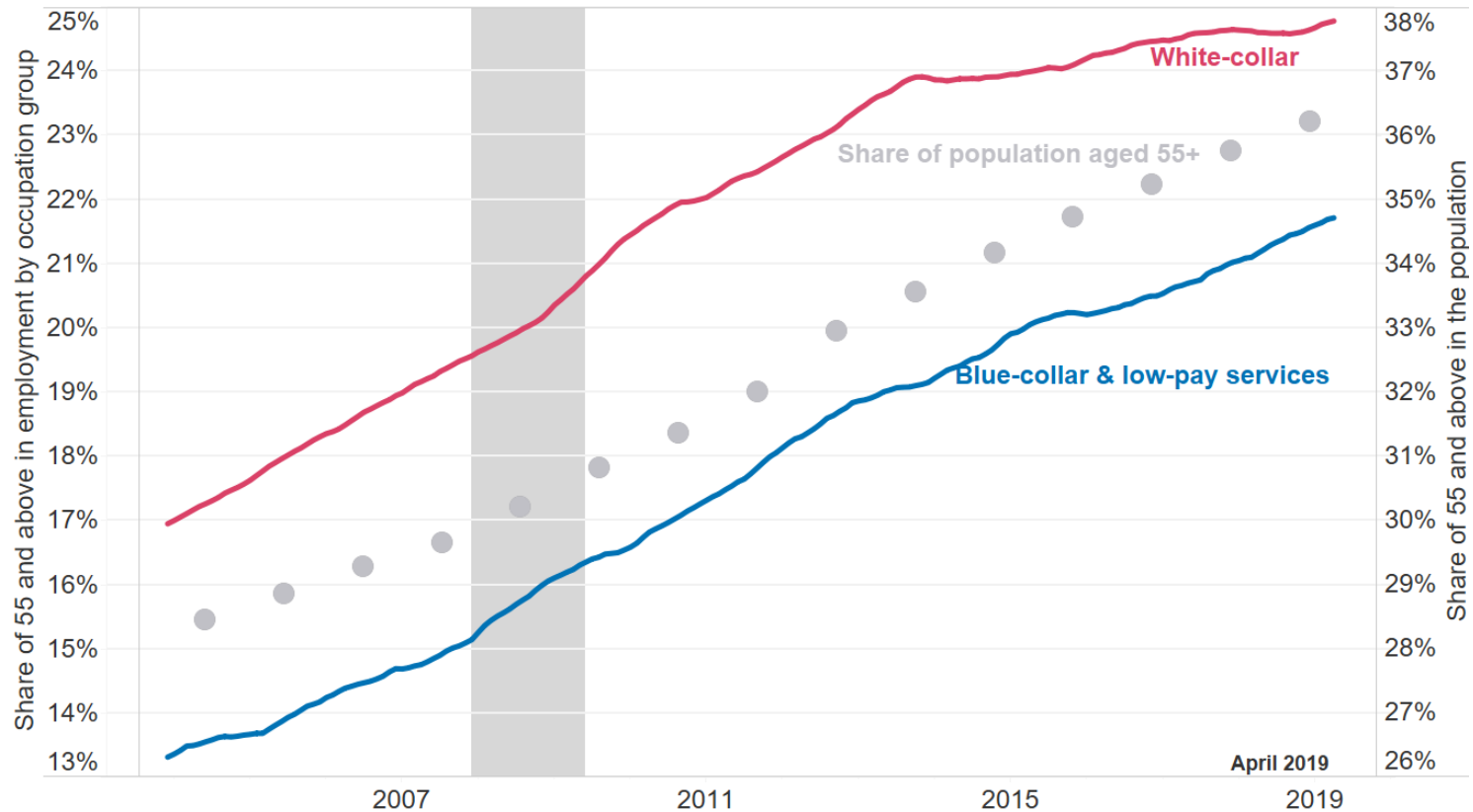
The aging of the US population means that companies will employ larger numbers of mature workers

- Companies should get used to employ larger numbers of mature workers.
- The share of mature workers in employment increases because:
 - ✓ The US population is aging.
 - ✓ The labor market tightens.
 - ✓ Life expectancy has increased.
 - ✓ Workers are delaying retirement.
- Especially in blue-collar occupations, the demand for mature workers is high, because:
 - ✓ Labor markets for blue-collar occupations are tighter.
 - ✓ There are fewer entrants to replace the mature workers.
- However, the physical nature of blue-collar work limits working after 65.
- There is potential for increased participation of mature workers.
 - ✓ Japan and Europe have much higher mature worker participation.
 - ✓ Improve health conditions.



The share of mature workers in employment is increasing

Share of workers aged 55 and above in employment by occupation group, 12-month moving average.



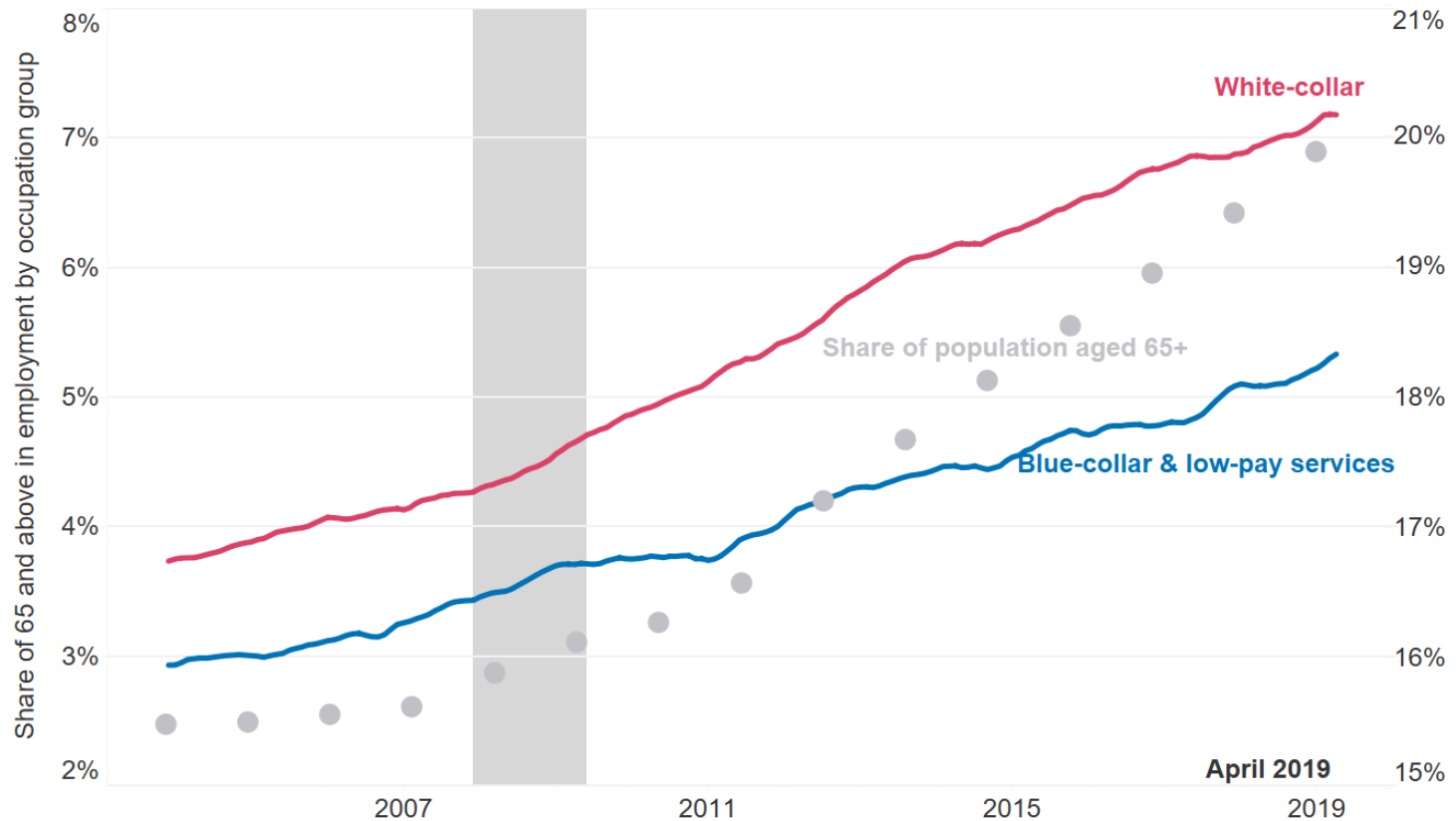
Note: For insights on what an aging workforce means, read [The Conference Board Europe Report on Turning Silver into Gold](#).

Source: The Conference Board using microdata from IPUMS-CPS, University of Minnesota.



Delaying retirement is more difficult in physically demanding blue-collar jobs

Share of workers aged 65 and above in employment by occupation group, 12-month moving average.

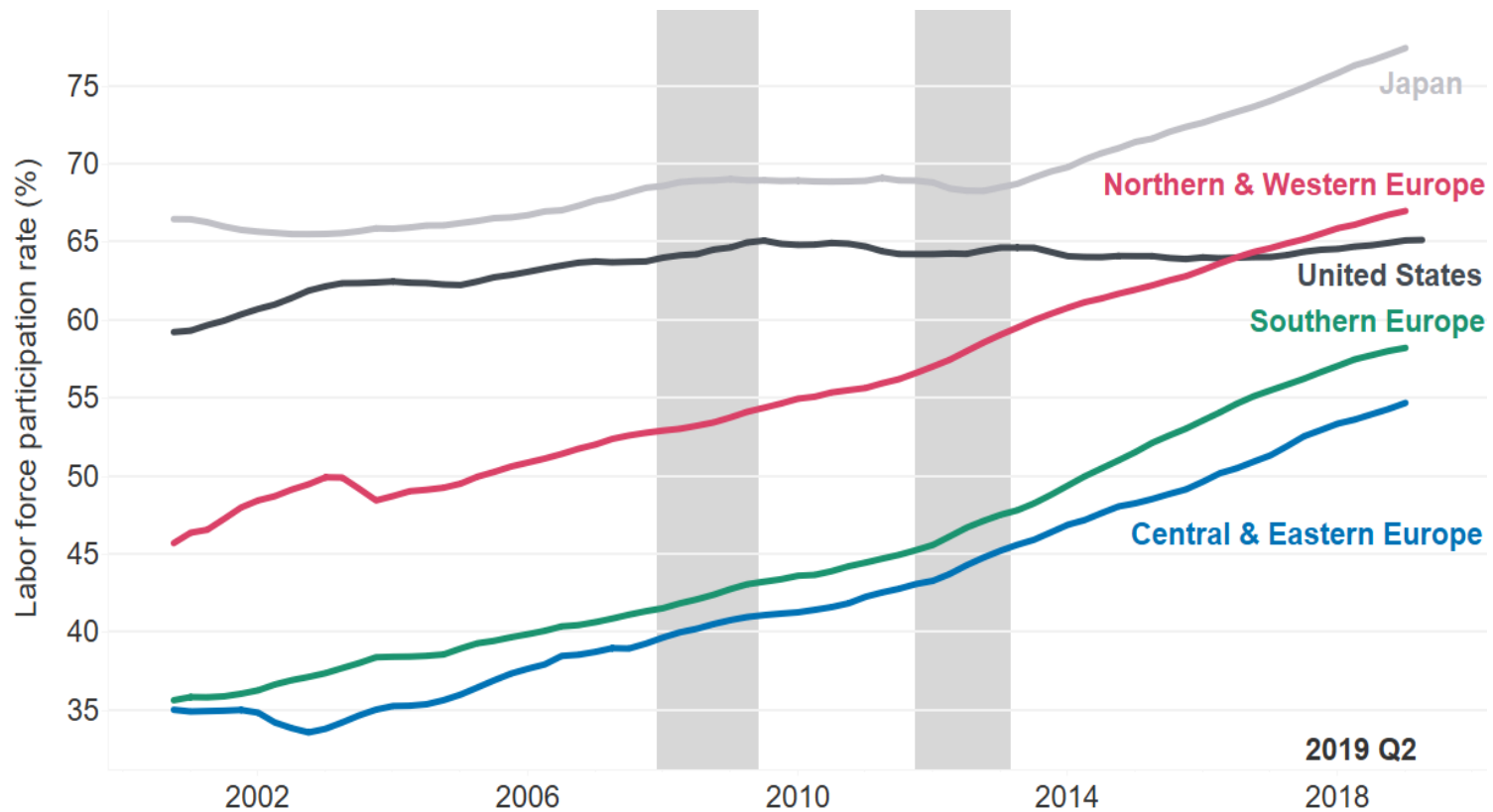


Source: The Conference Board using microdata from IPUMS-CPS, University of Minnesota.



In Japan and Europe, labor force participation rates for mature workers are increasing—not in the US

The labor force participation rate people aged 55 to 64, 4-quarter moving average, 2000Q4 to 2019Q2.



Source: OECD



Attracting and retaining mature workers through training, scheduling flexibility, and accommodation

- Offering **phased retirements** or **project-based work**
 - ✓ Michelin’s “pre-retirement” program for 55+ to scale back to part-time
- Facilitating **job mobility** or **adapting the work** for mature workers facing physical limitations
 - ✓ CVS’ “snowbird” program - pharmacists from northern states are transferred each winter to pharmacies in warmer states
- Creating **apprenticeship programs** and **lifelong learning opportunities** geared toward mature workers
 - ✓ Huntington Ingalls Industries’ Shipbuilding Apprentice School
 - ✓ Fidelity Investments’ health & wellness courses such as losing weight, reducing stress, and smoking cessation
- Implementing **mentorship programs**
 - ✓ Home Depot’s “associate coaches” program to train & mentor younger workers



Expanding the Hiring Pool: Disabled



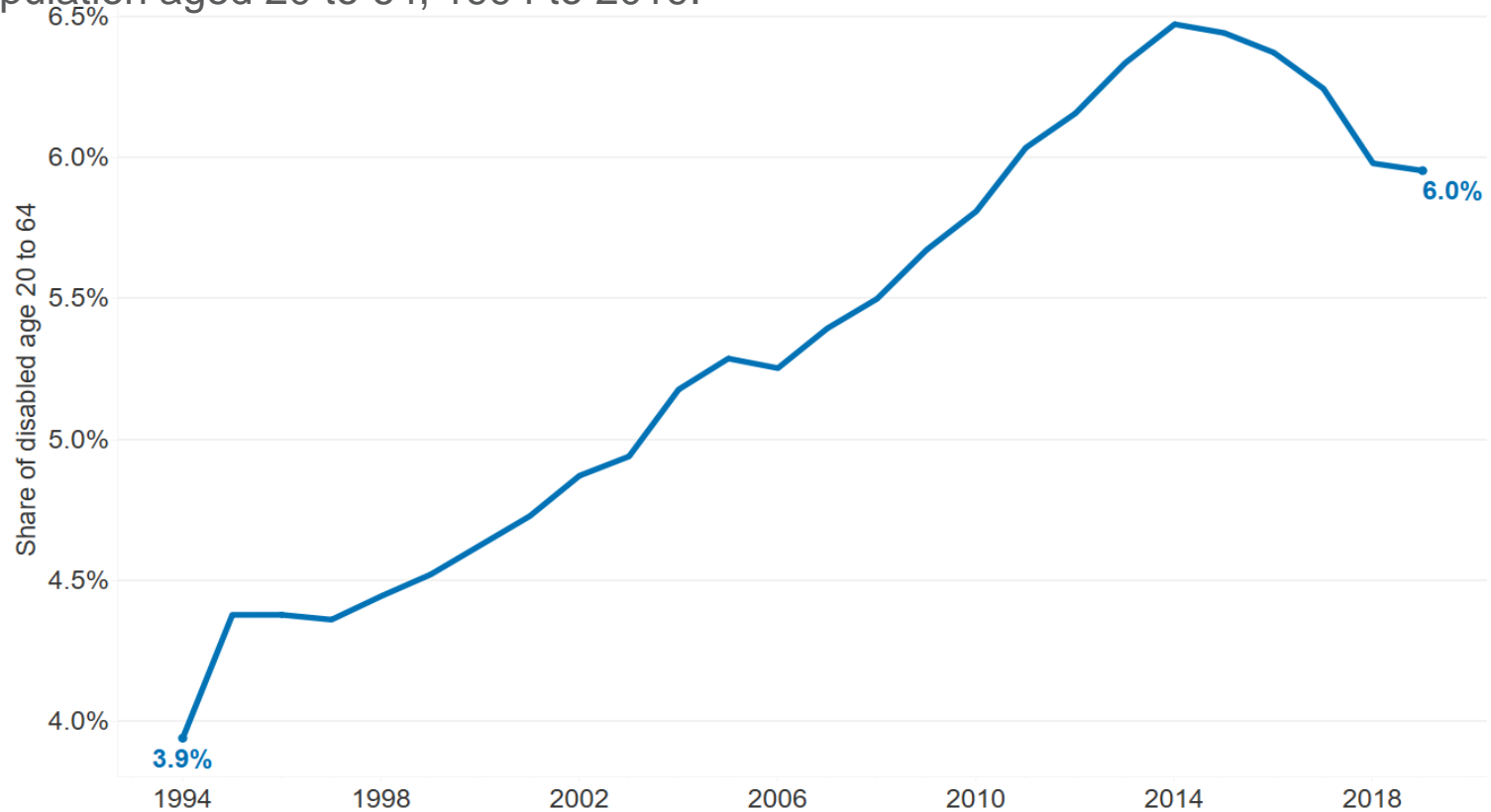
The disabled population is making a comeback into the labor force

- Especially in occupations with large shares working for the government, like **community and social services occupations**, the share of disabled has increased.
- In the last two decades, the share of **people not in the labor force due to disability** continuously increased. Potential reasons include:
 - ✓ **Opioid** crisis.
 - ✓ **Automation and offshoring** of US manufacturing jobs.
 - ✓ Change in **disability benefits** for musculoskeletal conditions.
- In recent years, **this trend has reversed**.
- Disabled people could be a potential pool of workers especially for:
 - ✓ Employers with operations in the **Rust Belt** and **Industrial South**.
 - ✓ Companies that hire workers to fill roles requiring **less educational attainment**.



More disabled people of working-age are joining the labor force

People not in the labor force due to disability aged 20 to 64, as share of the total population aged 20 to 64, 1994 to 2019.



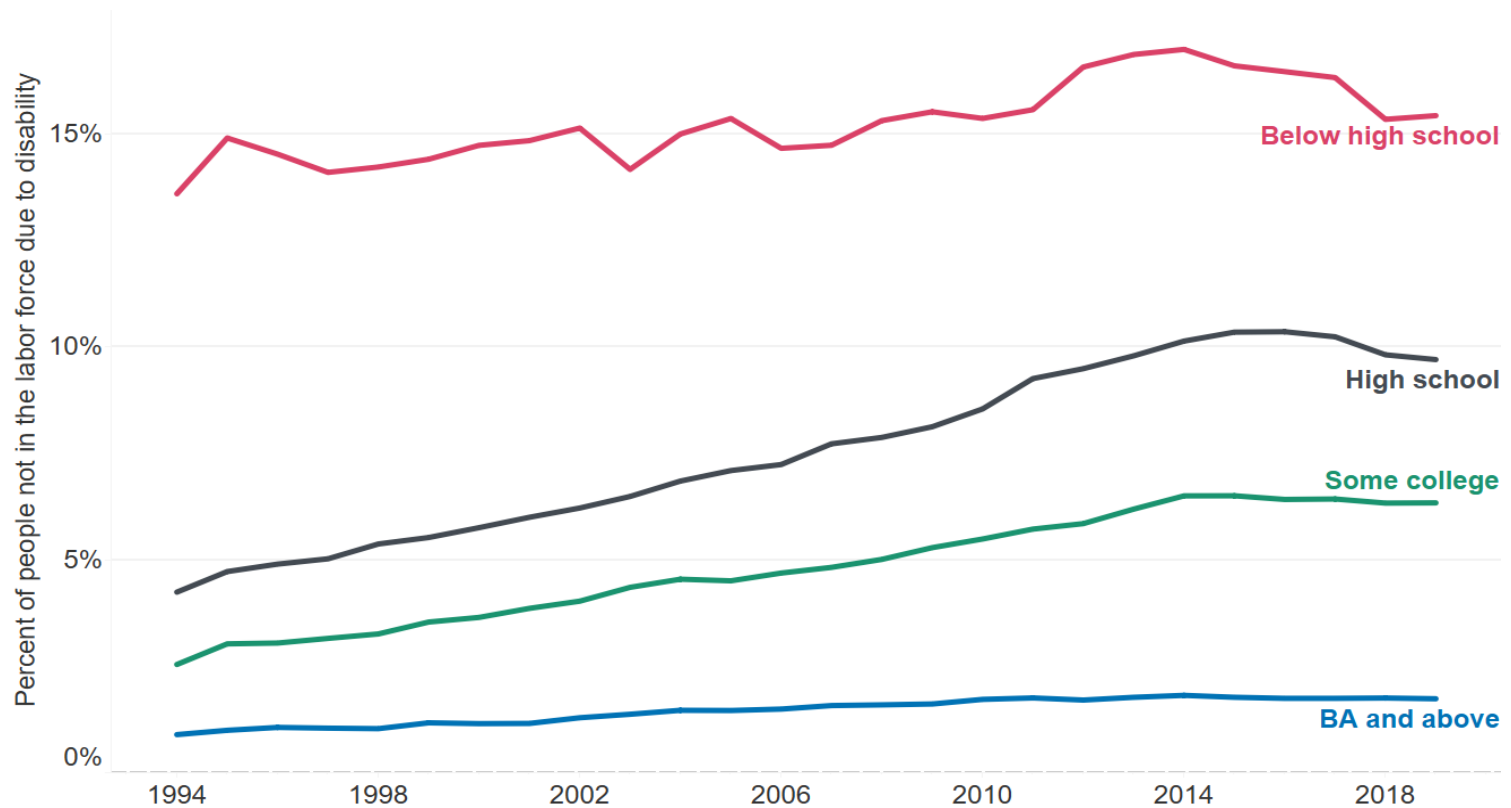
Note: 2019 represents the last 12 months, May 2018 to April 2019.

Source: The Conference Board using microdata from the Current Population Survey.



The incidence of disability is highest for those with lower educational attainment

People not in the labor force due to disability aged 20 to 64, as share of the total population aged 20 to 64, by education, 1994 to 2019.



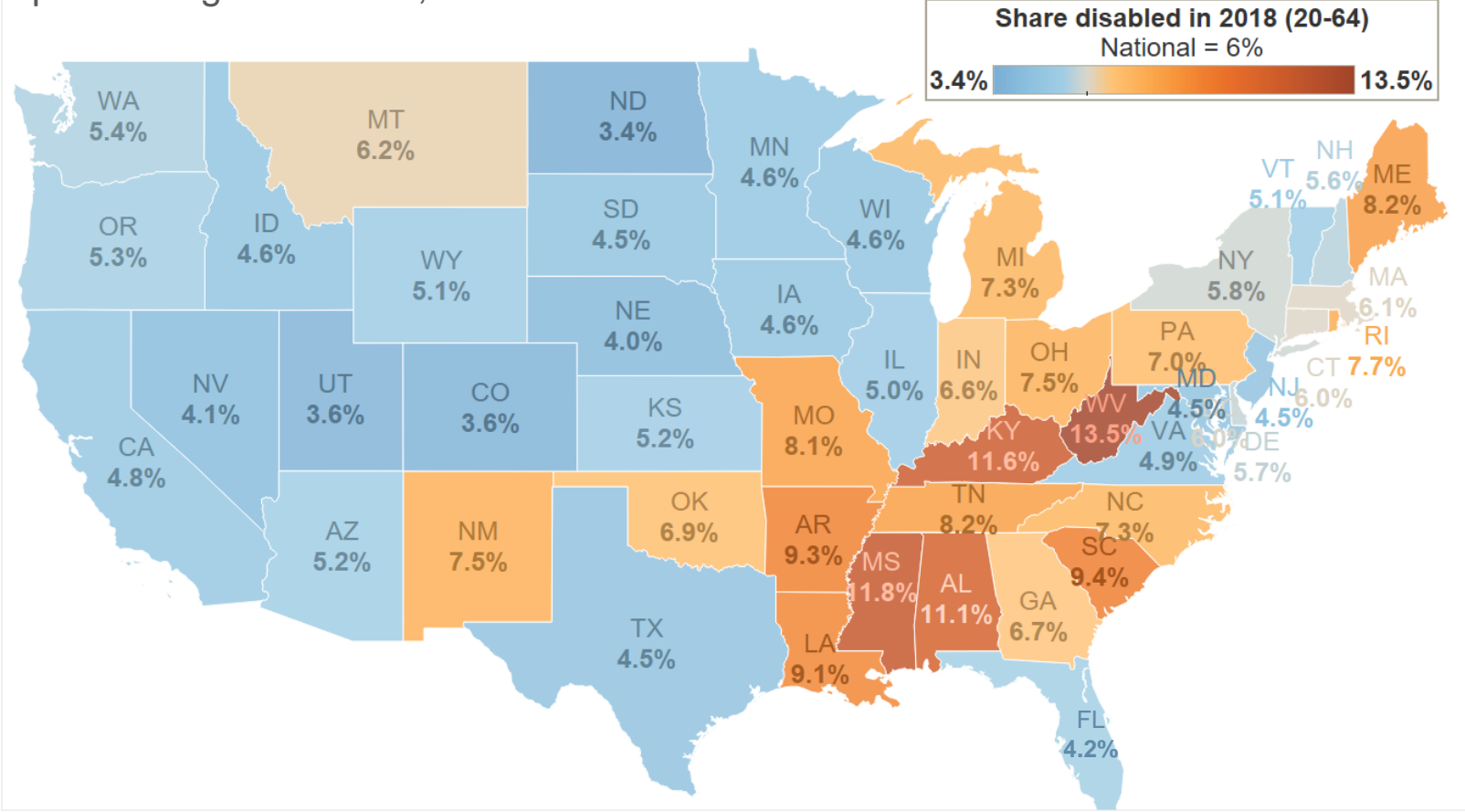
Note: 2019 represents the last 12 months, May 2018 to April 2019.

Source: The Conference Board using microdata from the Current Population Survey.



Pockets of disability in the Rust Belt and Industrial South

People not in the labor force due to disability aged 20 to 64, as share of the total population aged 20 to 64, 2018.

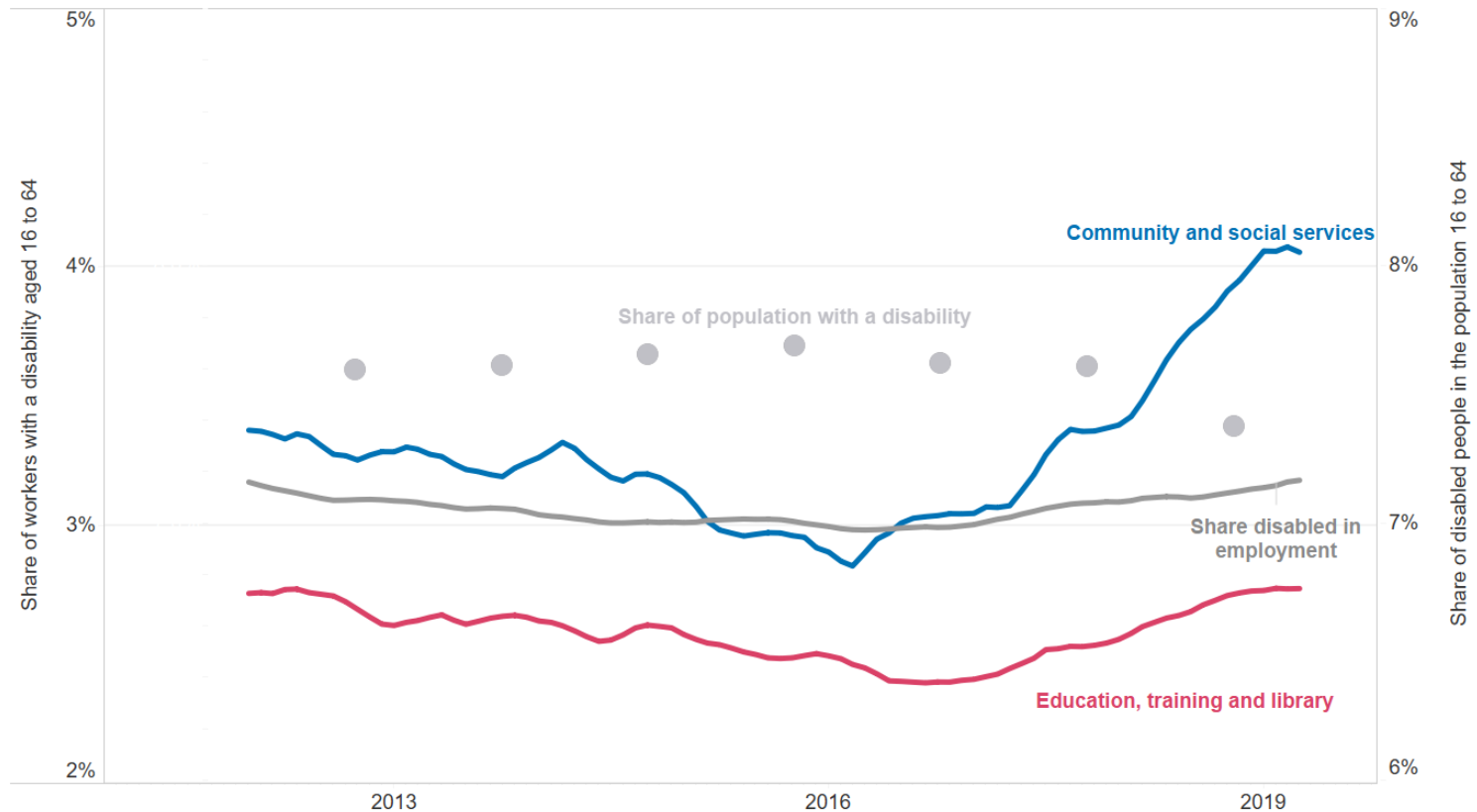


Source: The Conference Board using microdata from the Current Population Survey.



The share of workers with a disability increased in several occupations, primarily in community and social services

Share of workers with a disability by occupation, aged 16 to 64, 36-month moving average.



Source: The Conference Board using microdata from IPUMS-CPS, University of Minnesota.



Tapping into the disabled veteran population

- Building and leveraging a network of no-cost resources
 - ✓ Federal and state workforce agencies
 - ✓ Veteran service organizations
 - ✓ U.S. Chamber of Commerce Hiring Our Heroes events



Related Resources from The Conference Board



Publications

[Global Labor Market Outlook 2019: No End in Sight to Worker Shortages](#)



[The Conference Board Global Economic Outlook 2019](#)



Webcasts

[How Job Satisfaction is Accelerating in a Tight Labor Market](#)
August 14, 2019



[Window On American Manufacturing](#)
September 25, 2019

