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Job Training and the Skills Debate: A Road to Nowhere?

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Abstract Training programs have been largely unsuccessful in providing jobs for the unemployed or those employed in low-level jobs. Yet public support for these programs has remained high. This seeming contradiction is explored by reviewing evidence suggesting that what has been created are not policies to train people for jobs, but a thriving “training industry” that only marginally assists individuals in finding employment or in developing skills that allow for career advancement

The economy and the skills gap

In order to understand the role training plays, it is first necessary to briefly review the reasons for this so-called skills gap. Globally, the United States ranking on a scale of inequality is troubling. The Central Intelligence Agency’s World Factbook (2009) notes that the United States ranks 91 (out of 136 countries) on the equality scale, leading many to wonder if the so-called “American Dream” of achieving economic stability has died. The question of what happened and what or who was responsible for this steep decline has occupied the popular press and conservative commentators since before the Great Recession of 2008. According to these commentators, one of the major causes is that American workers are deficient in the skills required to meet the demands of the new global economy.

Reinforcing the idea that there is a skill gap popular media have reported that there are more than 3 million jobs (a few put the figure at 5 million) that cannot be filled because there are not enough skilled workers to fill them. Manyika et al. (2011) states: “There’s a tremendous mismatch in the jobs market right now, it runs across skill set, gender, class and geography.” The study found that nearly two-thirds of business executives say they routinely have difficulty filling certain positions. The top reason they cite is lack of specific qualifications or experience. This skills/experience mismatch is a potentially an even bigger problem in the future. Although half of the companies in the report stated that they would expand employment in 2011, 40% say they have also had positions open for six months or more because they cannot find the right candidates. The reason for these sobering statistics are, according to some, is that the globalized economic reality and a lack of certain skills required in this new reality have lead to these discouraging developments. Some have also blamed the high unemployment rate, at least partially, on an overly dependent work force. Extending jobless benefits to 99 weeks, an article in the Wall Street Journal argues, gives the unemployed less incentive to search out new work (Barro, 2010). There is no evidence that extending jobless benefits result in less incentive to seek work.

One of the most prominent proponents for this view has been Anthony J. Carnevale. For over twenty years, Carnevale has held prominent government, business, and academic positions dealing with workforce development and education. Carnevale summarizes the consequences of the “new economy” this way (p 3) as the structure of the U.S. economy has shifted from an industrial economy to a postindustrial service economy, new skill requirements have emerged. In general, the demand for specific academic and vocational skills has been augmented with a growing need for general skills, including learning, reasoning, communicating, general problem-solving skills and behavioral skills (p.3). This discourse is a troubling one, but the question remains: Is there evidence that supports the notion of a skills deficiency? In order to understand the current debate over skills, it is necessary to place the debate in context. The entire debate over workers’ skills has a curious history. Handel (2003,2004) in the most thorough analysis of the skills debate points out that in the 1970s scholars claimed that the American labor force was overeducated relative to labor market needs. From this perspective, American workers faced a difficult future in which their rising educational levels coupled with the desire for meaningful work had outstripped the jobs available. By the 1980s the skills glut had become the skills deficit. Prominent scholars such as Daniel Bell (1976) and William Julius Wilson (1987), among others, argued that the same labor market changes were contributing to the problems of the underclass, as skills of minority workers lagged behind rising employer requirements. They argued that this skills mismatch would only grow worse as the pace of globalization increased. An increased demand for literacy and technical expertise would lead to the demand for workers with higher levels of education, greater flexibility and more receptive to change. The best known and probably most overblown account was the 1983 National Commission on Excellence in Education report, which declared in its most famous statement: “Our nation is at risk.... If an unfriendly power had imposed on America the mediocre education that exists today, we might well have viewed it as an act of war.” Though not accepted by many labor economists, the skills deficit argument became the battle cry for educational reformers, leading to the call for lifelong learning in the 1990s (U. S. National Commission on Excellence in Education, 1983 p. 1). The problem with the skills deficiency argument has always been in the specifics. Namely, who lacks what skills? At various times, those cited as lacking in work skills included individuals educated since the 1960s, those unwilling to follow directions, young workers, older workers, minorities, job-seekers with high school education or less, and college-educated without a technical background. The range of skills identified as deficient is similarly vague and wide. They include inadequate reading, writing and math skills, reasoning skills, undefined “problem solving” skills, computer skills, soft skills such as interpersonal skills and teamwork, work related attitudes, poor worker demeanor, and so on. Many of these, of course, are attributes rather than skills with very little empirical research to support such claims. Employers do complain about the difficulty of meeting their labor needs with the workforce available to them, but it is not clear if the concerns are more with workers’

attitudes than cognitive skills and whether the complaints apply to many groups beyond young workers, for whom many of the problems may be transitory. There is no historical data against which to benchmark the current levels of expressed dissatisfaction.

What then is the real status of the skills of the American workforce? In his exhaustive review of the literature, Handell (2004) arrives at this conclusion "...it appears that the skills workers can develop and for which they are rewarded are partly a function of the jobs employers offer, and that the intrinsic capacities of individuals do not operate as a hard constraint." (p.23) In other words, the problem is not so much the capacity of the workforce, as it is a lack of opportunity to demonstrate and learn new skills.

There is ample recent evidence that shows that there is no skill shortage. There is substantial evidence that there is instead a job shortage. For example, Boston Federal Reserve President, Eric Rosengren (2010) provides data that demonstrates that the net per cent of small businesses planning an increase in hiring has dropped from a pre-recession high of about 20% in 2000 to 0% in 2010. The 0% is actually an improvement over the -5% decrease in 2009. Moreover, the percentage of one or more hard to fill jobs among small businesses has declined from more than 30% in 2001 to less than 10% in 2010. In other words, small businesses aren't planning to increase hiring and, contrary to much of the popular press, there are relatively few high skilled jobs available Rosengren shows that the structural job change in virtually all industries has declined dramatically, a process that began well before the Great Recession. Rosengard concludes:

....., in this recession there has been a peak to trough loss of employment of 5 percent or greater in construction, manufacturing, retail trade, wholesale trade, transportation, information technology, financial activities, and professional and business services. To me, this does not suggest that the driver is structural change in the economy increasing job mismatches – although no doubt some of that exists – but instead I see here a widespread decline in demand across most industries.....given this far-reaching decline in labor demand, job vacancies are remarkably low (p. 4, italics added).

Even in those job sectors where a widespread skill shortage is an unquestioned, there is little or no evidence to support the notion of a skill shortage. Over the last few years there has been a widespread believe that there is shortage of Information Technology (IT) workers. Newspapers and business executives have bemoaned this crisis for years. As early as 2007 one report stated:“(t)his is a massive and devastating skills shortage, and it is coming when there is a surge in the number of projects that are required from IT.” Wadhwa, a professor in Duke University’s Master of Engineering Management Program disagrees. He states. “This whole concept of shortages is bogus, it shows a lack of understanding of the labor pool in the USA (cited in Sears, 2010 p. 2).” In numerous studies, Wadhwa and his students’ findings have so far shown no

indication of skills shortage. Wadhwa's studies are not the only studies that question the notion of an IT job shortage. In fact, the evidence arguing against an IT job shortage is overwhelming. In testimony before the United States Congress, Dr. Michael Teitelbaum, vice president of the Alfred P. Sloan Foundation stated: "...No one who has come to the question with an open mind has been able to find any objective data suggesting general 'shortages' of scientists and engineers.... The RAND Corporation has conducted several studies of this subject; its conclusions go further than my summary above, saying that not only could they not find any evidence of shortages, but that instead the evidence is more suggestive of surpluses." Titelbaum, 2007, p. 3)

In short, there is no evidence to suggest that American workers are skill deficient. On the contrary, the reason for unemployment is structural: There simply are not enough jobs to go around. The problem now turns to training programs. Are training programs part of the solution or part of the problem?

The Training Industry: Complicit in the Pretense?

In the United States, we, as adult educators, lifelong learning educators, or Human Resource Developers like to think we are engaging in an apolitical process of helping people learn so that they can improve their skills and eventually get better jobs. But is that really the case? By carefully analyzing a large number of empirical studies, Gordon Lafer (2004) shows that job training programs for the unemployed have failed. Lafer argues that since then President Reagan's passage of the Job Training Partnership Act in 1982, the emphasis of, government funding changed from job creation to job training. The result has been in effect, the creation of a welfare program, rather than a jobs program. Job training programs have been popular in that they create the impression that steps are being taken to deal with the loss of jobs. Job training programs substitute for welfare in a time when state cutbacks in services, programs, and unemployment insurance are causing severe problems for the unemployed. Politicians can argue that they are actively providing assistance, without creating a dependency on the state.

Even more troubling is Lafer's contention that federal, state and private monies have created a "training industry." A large amount of training monies goes to various education and training organizations, including universities, education training consults, and individual trainers. Nowhere is this better illustrated than in Ariel Ducey's (2009) book *Never Good Enough: Health Care Workers and False Promise of Training*. Ducey tries to trace the \$1.3 billion dollars spent on retraining Health Care workers in New York City from 1996-2002. Tries because it is remarkable to what the degree it is impossible to find what, exactly, much of this money were spent on. Nevertheless, she carefully traces the expenditures, most of which were given out as grants to various agencies and organizations. Initially, over 180 million dollars was given to hospitals for retraining their staff to meet the "new market" conditions facing the hospitals. The hospitals largely spent this money on hiring vendors, including universities, consults, curriculum specialists, trainers and various educational

consulting firms to provide training using a “multiskilled” approach. The idea was that in the new market conditions, hospital employees needed to accomplish a variety of job assignments. For example, nursing assistants were now to become “patient care technicians” in which they were trained to become “multiskilled.” They were trained to perform EKGs and draw blood in addition to their other duties – with no increase in wages. In the “new economic reality” this was necessary in order to remain competitive. Subsequent grants continued this type of training. The largest amount of training monies went to “soft skill training” such as customer service, team building, communications skills and so on. Ducey argues that the purpose behind this training was to adjust workers to cost cutting measures undertaken by the hospitals. Training that increased the workload of employees and, through a constant barrage of information on the “new economy” and the subsequent push to focus on such topics as motivation, goal setting and teamwork were really about developing better attitudes (see Carnevale above). These really aren’t skills; they are an attempt to inculcate attitudes and values in time of economic crises. They also, as Ducey shows, did not result in better jobs and higher wages for the workers.

One of the biggest beneficiaries of the training fund was colleges and universities. The City University of New York (CUNY) enrolled nearly 24,000 students (p.79) in contract courses from CUNY in 2003. Many of these were noncredit courses and resulted in created of numerous outreach programs at local colleges to serve this population. The result was a great deal of income for the colleges, the hiring of staff and instructors, curriculum development specialists and so on. At the same time, other educational consulting firms were contracted, often in conjunction with universities, to provide training and curriculum development for health care employees. The training monies created a training industry that was to employ thousands of people. Whether the training provided better jobs or higher skilled workforce is less clear. However, as Ducey notes the impact of training on health care workers was minimal. Only a very few received better jobs. The training was, concludes Ducey, a way to increase the workload of employees under the name of “multiskilling” while developing attitudes that met the needs of the organization. Numerous studies have concurred with Ducey’s analysis, albeit not with Ducey’s thoroughness.

The Trade Adjustment Assistance (TAA), a government-funded program to provide job training to workers displaced because of their jobs moving out of the country, is also more of welfare program for workers, as well as providing significant amount of monies to educational institutions. In a recent study examining the TAA program Karns (2012) found that Department of Labor reported that 227,882 workers were supported by TAA at a cost of \$975,000,000. Of those supported approximately 50,000 completed the program. However, only 47% of those graduated held jobs after one year –at wages significantly less than they earned before being laid off. This from a program whose goal was to provide training in employable skills. Where did TAA monies go? Karns (2012) study of a technical school serving twenty-two TAA students from 2009-2011 provides a clue. The total amount spent by TAA at this school was \$674,495. Due to this

income the school was able to hire more staff and generate more tuition money. Yet, following the trends it can be expected only ten or so will have a job, at significantly lower earnings, one year after completing the program. One participant noted that many graduates seem to be working at places such as Home Depot. Rather than retraining, what TAA provided is a short term welfare (two years) for some displaced workers.

What can we do?

The first is to rethink the notion of workplace learning. If change is to occur, we think that learning must be connected to social movements. One example is the Justice for Janitors campaign in the United States and Canada. The campaign, developed by the Service Employees International Union, (SEIU) and active in over thirty American and Canadian cities, created a “bottom up” campaign in which low paid, overworked janitors sought better wages, better health care and increased opportunity for full time employment. Janitors had to learn about contracts, laws, rights, as well as developing organizational skills. A central tenet of the “bottom-up” approach meant that janitors had to develop close relations with their community as the campaign could only succeed with the support of churches, small business owners, ethnic clubs, and local community organizations. These contracts have helped to increase wages as well as health benefits for janitors. There are numerous projects such as this throughout the country. Several questions have been raised about such projects: 1) Doesn't this politicize education and lifelong learning? Isn't our task to provide training to help people without getting involved in politics? 2) This is an example of engaging in social change, what does it have to do with learning. The first question can be easily answered. Workplace education is, as I have tried to show in this paper, already political. The question really is how an educator can be political in a way that is ethical and helps people. A campaign such as Justice for Janitors (and many similar programs) is concerned with improved wages, better working conditions, and the development of new skills. That is exactly what traditional workplace learning seeks to achieve. The second question can also be easily addressed. There is a great deal of evidence that the best, most profound learning occurs in social movements. There is also evidence that people at all levels of society are actively engaged in informal learning. Livingston, in a large-scale study in Canada found that people have skills that go beyond what skills they are asked to use in the workplace. The problem as Livingstone notes is not underskilled workers, but employers not recognizing the skills workers already have.

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