

BUILDING THE PIPELINE:



ASSESSING NEW JERSEY'S TALENT SUPPLY and DEMAND

Executive Summary

March 2018

Executive Summary

The New Jersey Chamber of Commerce (NJCC) is a business advocacy organization that actively supports legislation, regulation, and initiatives to foster economic growth, job creation, and prosperity throughout the state. The New Jersey Chamber of Commerce Foundation (Foundation) is the nonprofit arm of NJCC and focuses on driving current and future members of the workforce to be globally competitive, successful members of society. In late 2016, the Foundation partnered with the John J. Heldrich Center for Workforce Development at Rutgers, The State University of New Jersey to help identify, validate, and address concerns of a skills gap in New Jersey. The Foundation was hearing from New Jersey employers that they could not find enough workers with the right occupational skills for open positions.

This report presents findings from research conducted by the Heldrich Center from September 2016 to July 2017 to determine if a “skills gap” existed in New Jersey. The Heldrich Center examined what factors might be causing hiring difficulties among New Jersey employers and what public policies and workforce strategies had been adopted and implemented to address employer hiring needs.

Findings

Many economic indicators point to a gradual recovery — both nationally and in New Jersey — from the Great Recession, with job growth and national and state unemployment rates returning to pre-recession levels. However, New Jersey has been trailing the United States in economic and employment growth. New Jersey employers report hiring challenges, citing a mismatch between the supply of workers with suitable skills and the jobs New Jersey employers have available. There are several causes for these hiring difficulties, but not all of them are due to the lack of employability and/or the occupational skills of candidates. Factors that contribute to supply/demand imbalances include:

- Migration of New Jersey workers to other labor markets (i.e., New York, Pennsylvania),
- Decreasing interest in certain occupations and negative perceptions of certain tasks on the part of job seekers
- Undesirable work environments (such as shift work, unpredictable hours, inconvenient work locations)
- Low quality jobs (such as low wages and benefits and limited workplace supports like affordable child care and reliable transportation.)

As it pertains to whether a skills gap exists in New Jersey, the Heldrich Center’s research concludes that:

- **The largest gaps exist in middle-skilled jobs.** New Jersey has a highly educated labor force, with educational attainment above the national average. It also has a surplus of low-skilled workers, which leads to higher unemployment rates for workers with a high school diploma or less. However, middle-skill jobs – those that require some training or education beyond high school but less than a four-year degree – make up the largest share of New Jersey’s labor market; yet, only 37 percent of New Jersey’s workforce are trained or educated for middle-

skill jobs. As such, educational attainment for middle-skill jobs in New Jersey falls below the national average.

- **Evidence was inconclusive as to whether the supply of workers for middle-skill jobs in New Jersey sufficiently meets the demand because occupational outlooks and supply/demand gaps vary widely between industries, within industry sectors, and geographically.** For example, what may look like a shortage of workers (e.g., auto mechanics) in one region/county/town of the state, may not be a hiring challenge in another. Occupational demand for any particular occupation may be high and growing in one county or region of the state but declining in another county or region.
- **New Jersey has put in place various government policy strategies but has trailed the rest of the nation in terms of building a comprehensive system to address its middle-skills challenges.** New Jersey has implemented various publicly financed programs and strategies similar to efforts taking place in other states. However, there are significant areas for improvement including stronger governance, implementation, accountability, and being more business-led and business-driven (versus efforts largely initiated and led by government agencies and advisory committees). There is a need to revise existing initiatives to make them more responsive to local and/or employer-specific hiring challenges, especially in low-skill and middle-skill jobs.
- **The New Jersey business community has not stepped up to the plate and taken a proactive leadership role to address its own workforce challenges.** As noted, most workforce strategies in New Jersey have been government-led and funded, not business driven or widely financed with private-sector funds. For workforce efforts to be successful, strong partnerships must exist between the public and private sectors, including educational institutions. New Jersey can significantly benefit from a more actively engaged business community in workforce development policy that provides private-sector investments in solutions to the state's workforce challenges.

Recommendations

Having the right combination of talent is essential to support the growth of existing New Jersey businesses, to attract new businesses to the state, to grow new, fast-growing firms, and to ensure that all New Jersey residents at various educational and skill levels have a wide variety of job opportunities. Yet there are several areas for improvement that could better address the existing hiring challenges and labor constraints expressed by New Jersey employers. The Heldrich Center offers the following recommendations to help address the state's workforce challenges, gaps, and opportunities.

1. **New Jersey employers and business associations should take a stronger leadership role, in partnership with New Jersey state government, to develop stronger business-led and business-driven workforce initiatives throughout the state.** While New Jersey has embraced multiple talent development initiatives that include engaging employers, many of these efforts are predominantly driven by government agencies and educational institutions, without consistent and active involvement from business partners. The New Jersey business

community must play a more proactive role and provide a more substantial commitment of both time and financial resources to state and local strategies.

2. **Improve current state-led sector partnership strategies by focusing on emerging and strategic local and regional partnerships, with a priority on support for small and mid-sized businesses.** New Jersey should reexamine and evaluate the effectiveness and depth of its sector-focused “Talent Development System” (including Talent Networks and Talent Development Centers) and consider revamping its approach to supporting and incentivizing emerging local public-private partnerships that have documented hiring shortages and areas of labor need.
3. **Support and promote the use of education and workforce data to better inform students, teachers, and state policy, and to evaluate public and private investments.** In order for state policy makers to address employer hiring challenges and any skills gaps reported by New Jersey employers, better information and analysis is vital on where to make investments. New Jersey’s business community should drive efforts to make data more available and transparent for policymaking and investment decisions, and to help target public and private resources toward programs and activities that, as shown through evidence, are likely to yield successful results.
4. **Revamp and improve private-sector recruitment strategies to address how best to train and hire often overlooked populations of job seekers, including older, long-term unemployed job seekers, adults with disabilities, veterans, individuals with past convictions, opportunity youth (out of work & out of school).** Employers should utilize on-the-job training subsidies and tax incentives available through the federal and state departments of labor and community colleges to hire individuals from these underemployed, overlooked populations. Employers should also work with the state to expand opportunities for internships, apprenticeships, and career and technical education for young job seekers and “returnships” for mid-career and older workers.
5. **The New Jersey business community should support and foster the use of incentives to draw discouraged and marginally attached potential workers back into the labor market.** New Jersey employers should support federal and state policies that may incentivize potential workers who are on the sidelines to join or rejoin the labor market. These include making investments in policies that support stronger labor market attachment and retention (such as an expansion of subsidized, affordable child care), infrastructure improvements in transportation (to alleviate road congestion and long commutes), and subsidized education and training for those workers needing to refresh or enhance their skills.
6. **The New Jersey business community should encourage and consider alternative hiring strategies.** In order to encourage interest in middle- and low-skill jobs, employers can look to increase the attractiveness and quality of these positions (through increased wages, hiring incentives, and more attractive benefits), as well as explore whether various on-boarding activities (such as pre-employment testing or features of applicant tracking systems) are barriers to hiring.