

# Competitiveness & Collaboration: Building Talent Pipelines

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Harvard Business School

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# What is Competitiveness?

- A location (city, region, country) is **competitive**:
  - When businesses operating in that location can grow and succeed globally
  - AND**
  - The average worker in that location can aspire to higher wages and better living standards
  
- Competitiveness depends on the long-run productivity of a location as a place to do business:
  - The **productivity** of firms and workers
  - The ability to achieve **high participation** in the workforce



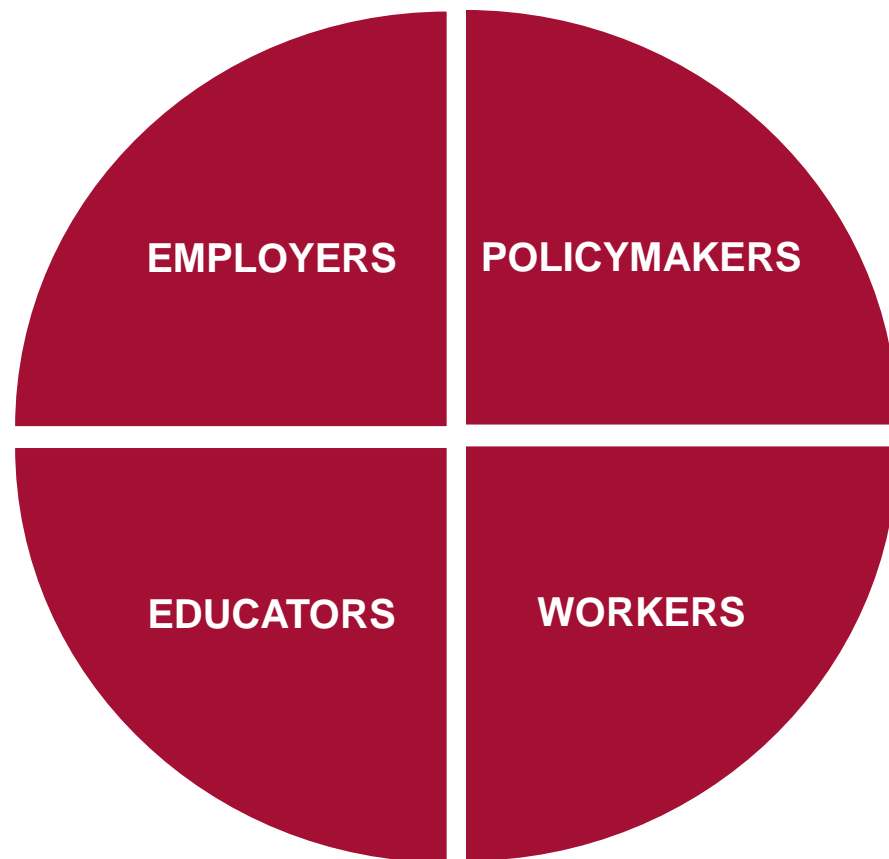


## Multiple Forces of Change

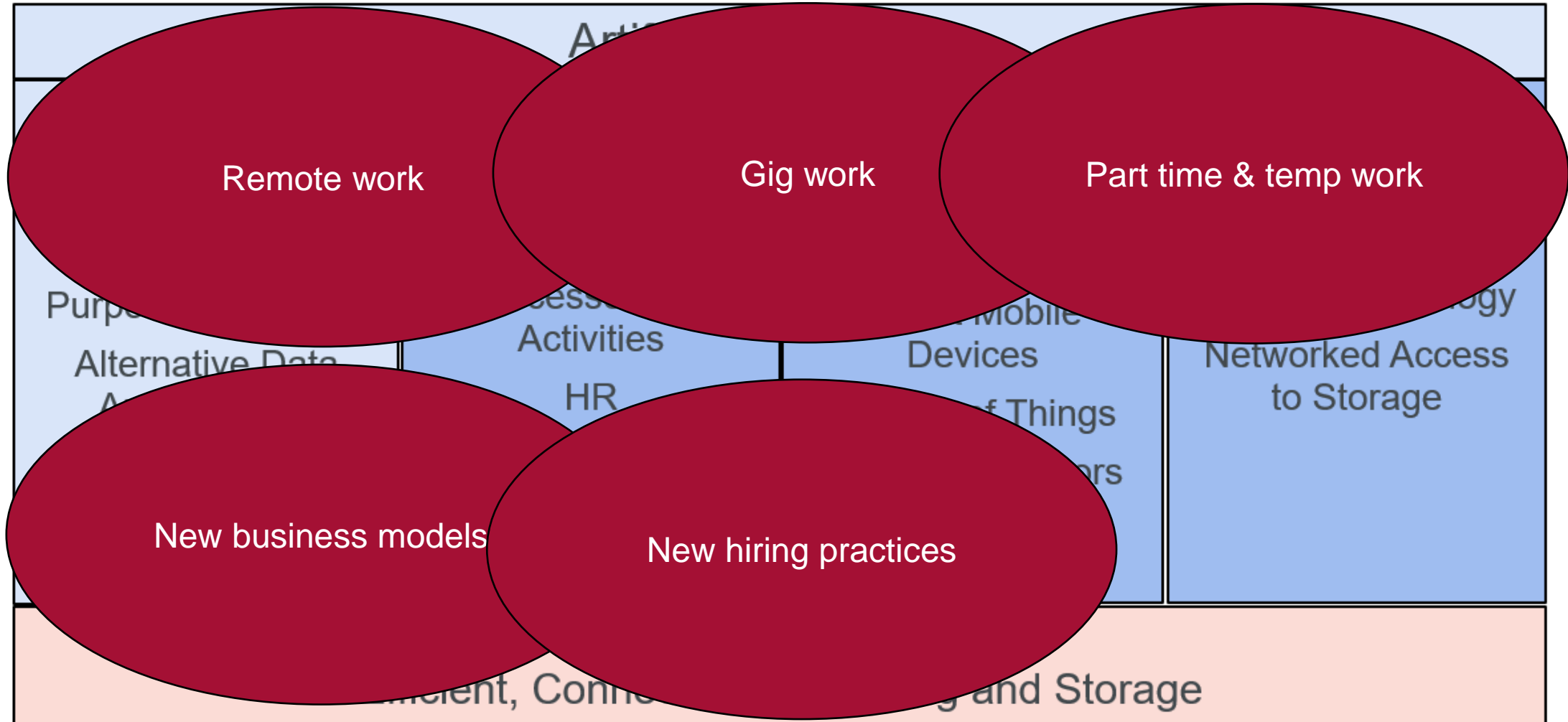
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# The Skills Ecosystem: Perfect Equilibrium

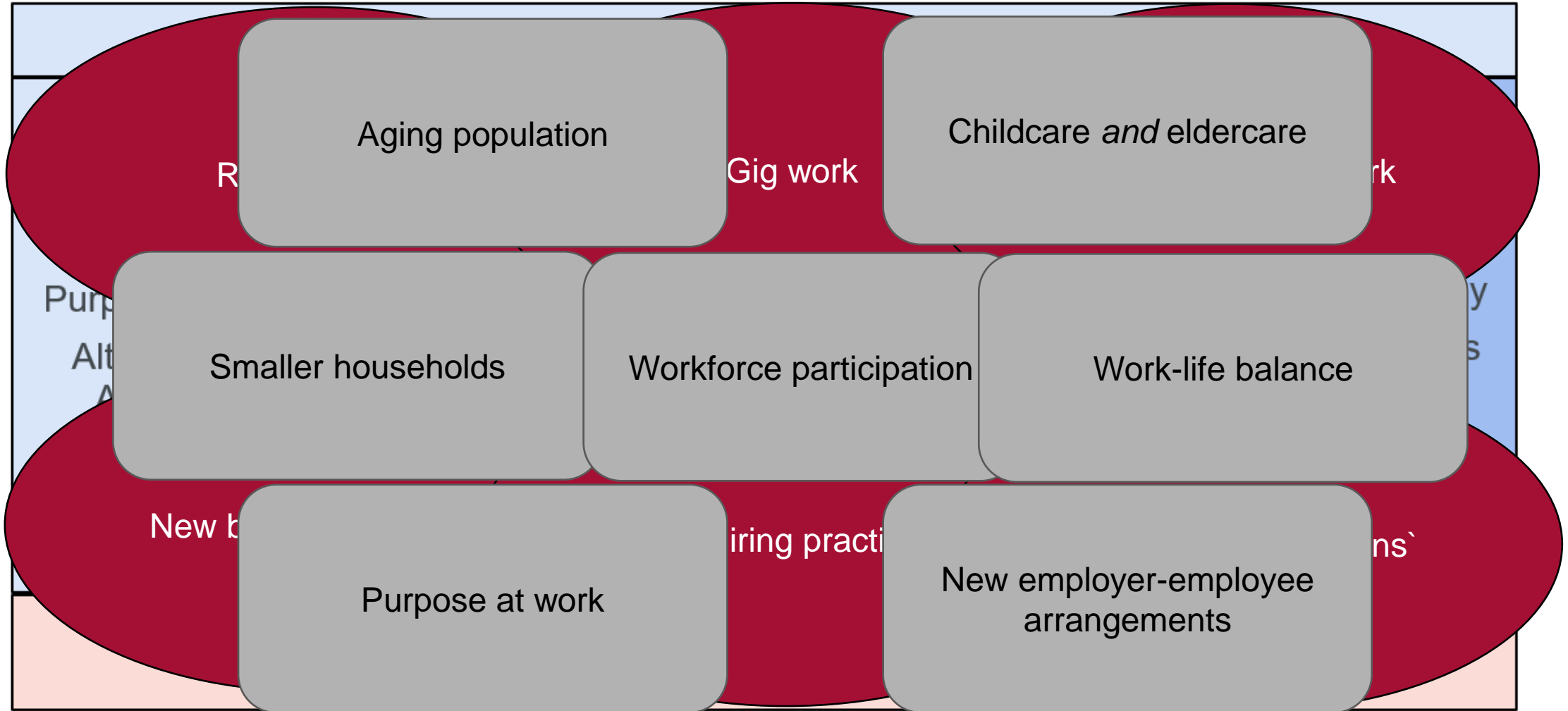


# Waves of Disruptive Technology... Changing HOW we work



Source: Managing Future of Work. Gregg Gordon.

# Waves of Demographic Changes ...Changing WHO works



Source: Managing Future of Work. Gregg Gordon.

# The Skills Ecosystem: Perfect Storm

- Weak market signals
- Lack of workforce planning
- Unaware of cost of unfilled jobs

**EMPLOYERS**

- Fad-based initiatives
- Act independent of employers and educators

**POLICYMAKERS**

**Limited collaboration**  
**Low employer engagement**

- Not responsive to needs
- Not connected with employers as customers

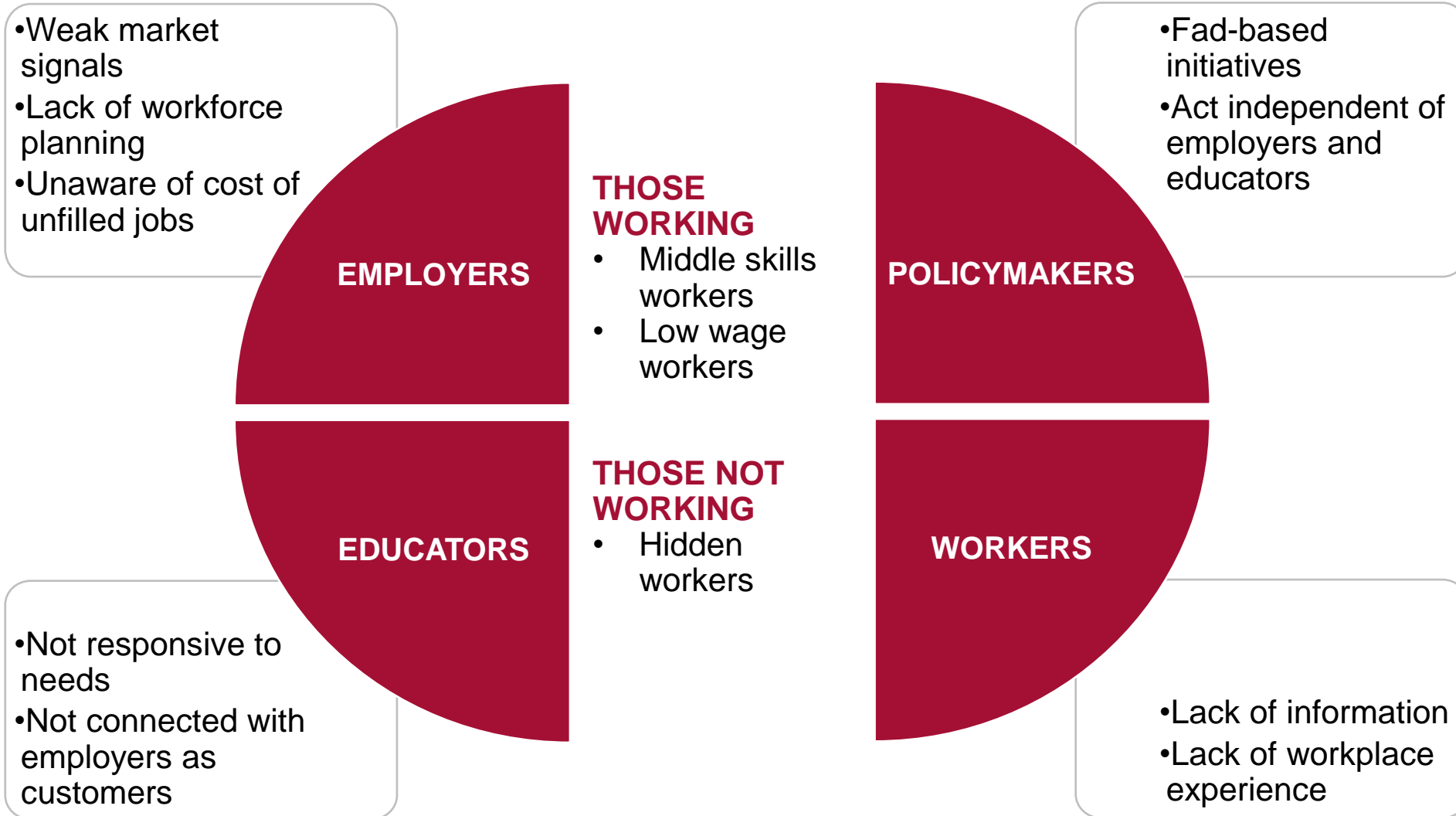
**EDUCATORS**

- Lack of information
- Lack of workplace experience

**WORKERS**



# Who are Most Vulnerable to These Changes?







## Middle Skills Workers

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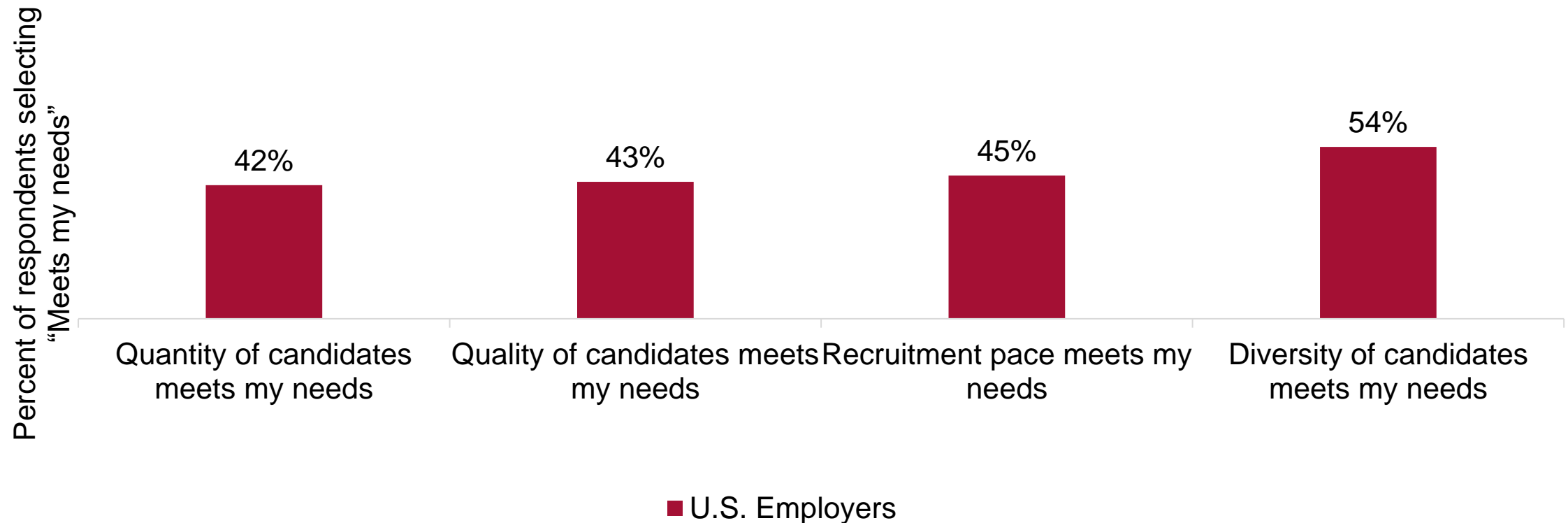
## America's Growing Skills Gap

- Since June 2018, the U.S. economy has had more available jobs than job seekers.
- Pre-Covid, in Feb 2020, 5.8 million Americans were unemployed...with **6.9 million job postings** open.
- As of May 2023, 6.1 million Americans are unemployed...with **10.1 million job postings** open.



# Only Half of U.S. Employers can Find the Talent They Need

Can you find the quantity/quality/pace/diversity of candidates your organization needs to ensure the success of your business?



Note: Respondents were given the options of "quantity (or quality, pace, diversity) meets my needs," "quantity is less than what I need," or "quantity is much less than what I need." The chart above shows the percent of respondents selecting the "meets my needs" option.

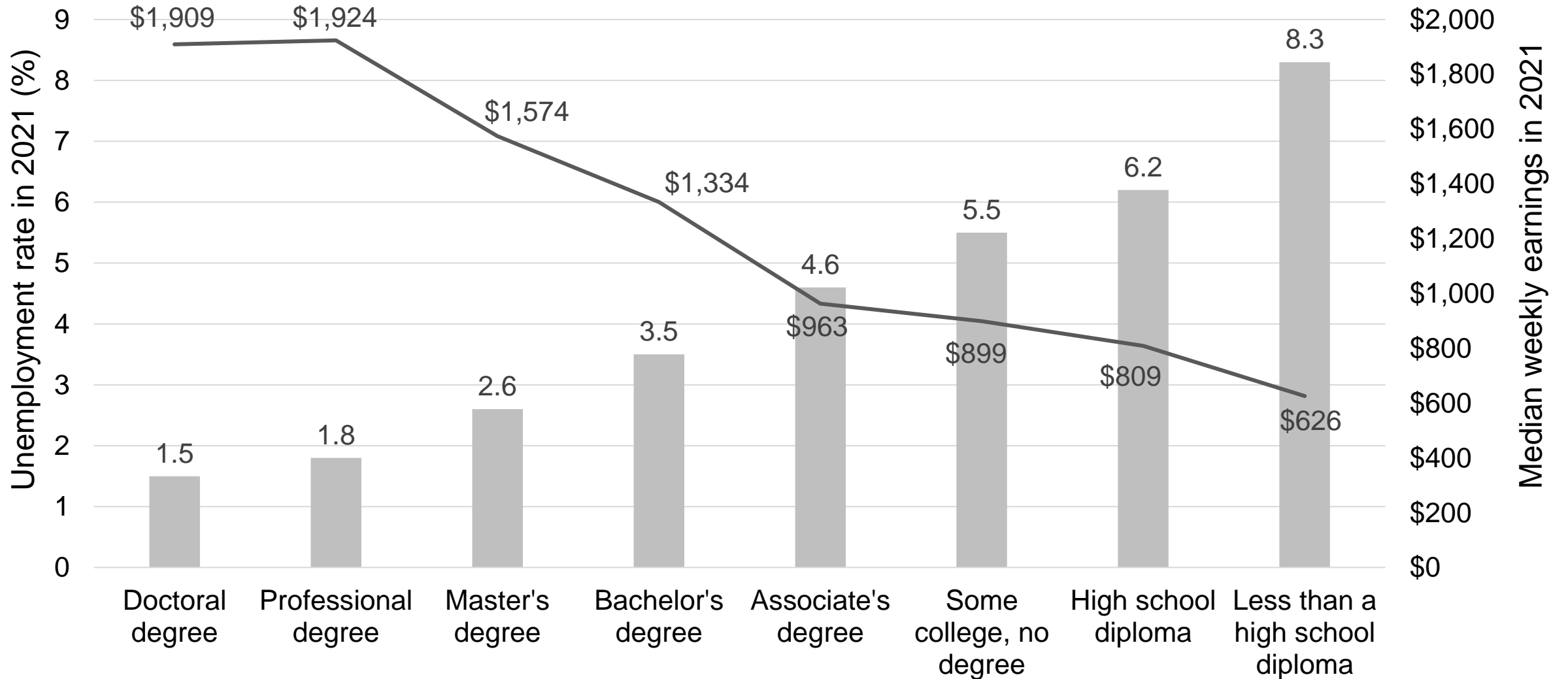
Source: "Hidden Worker – Employer Survey," Accenture and Harvard Business School's Project on Managing the Future of Work, January-February 2020



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# The Middle Skills Gap is Hurting the Average American



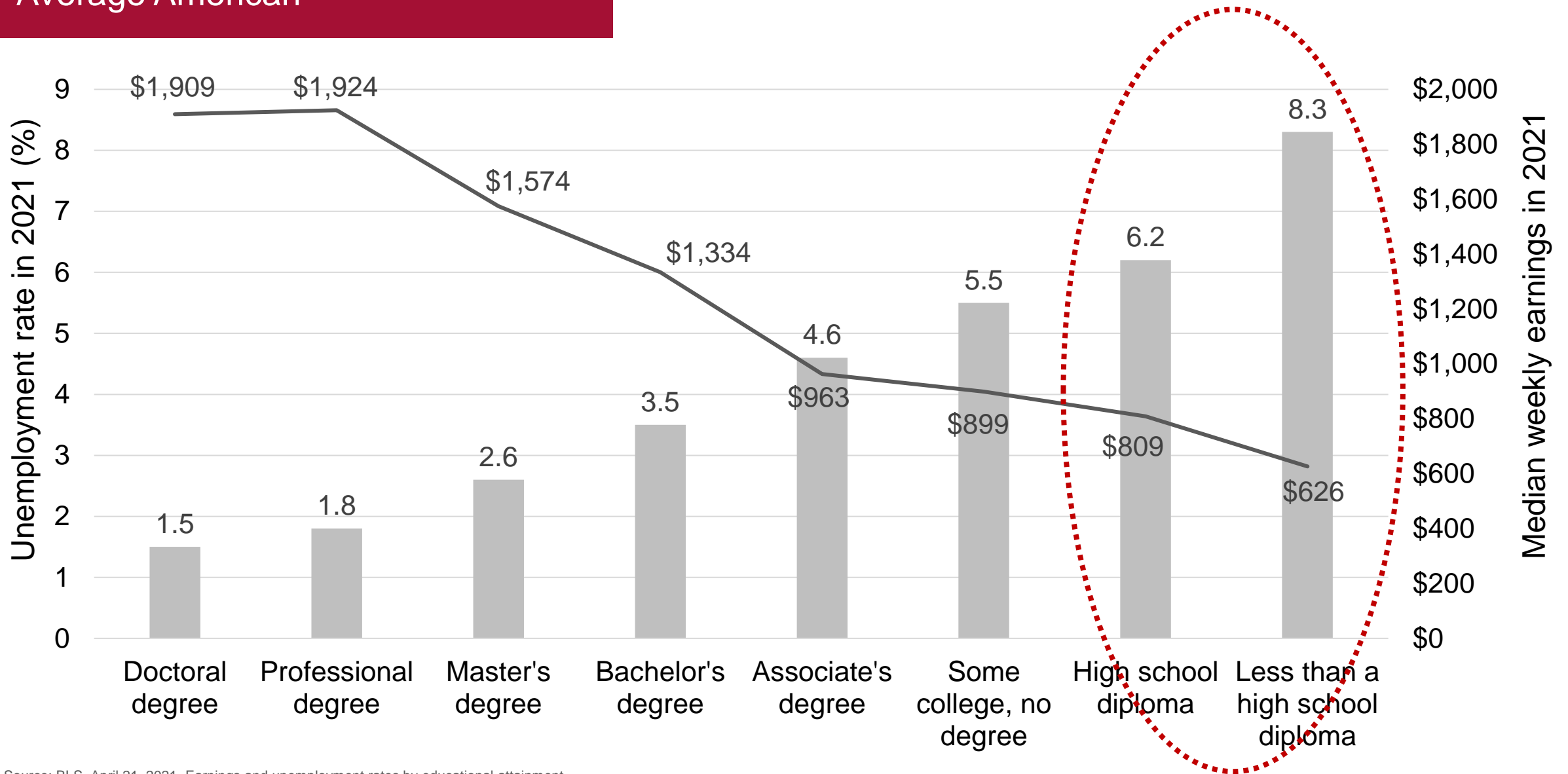
Source: BLS, April 21, 2021. Earnings and unemployment rates by educational attainment.



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# The Middle Skills Gap is Hurting the Average American



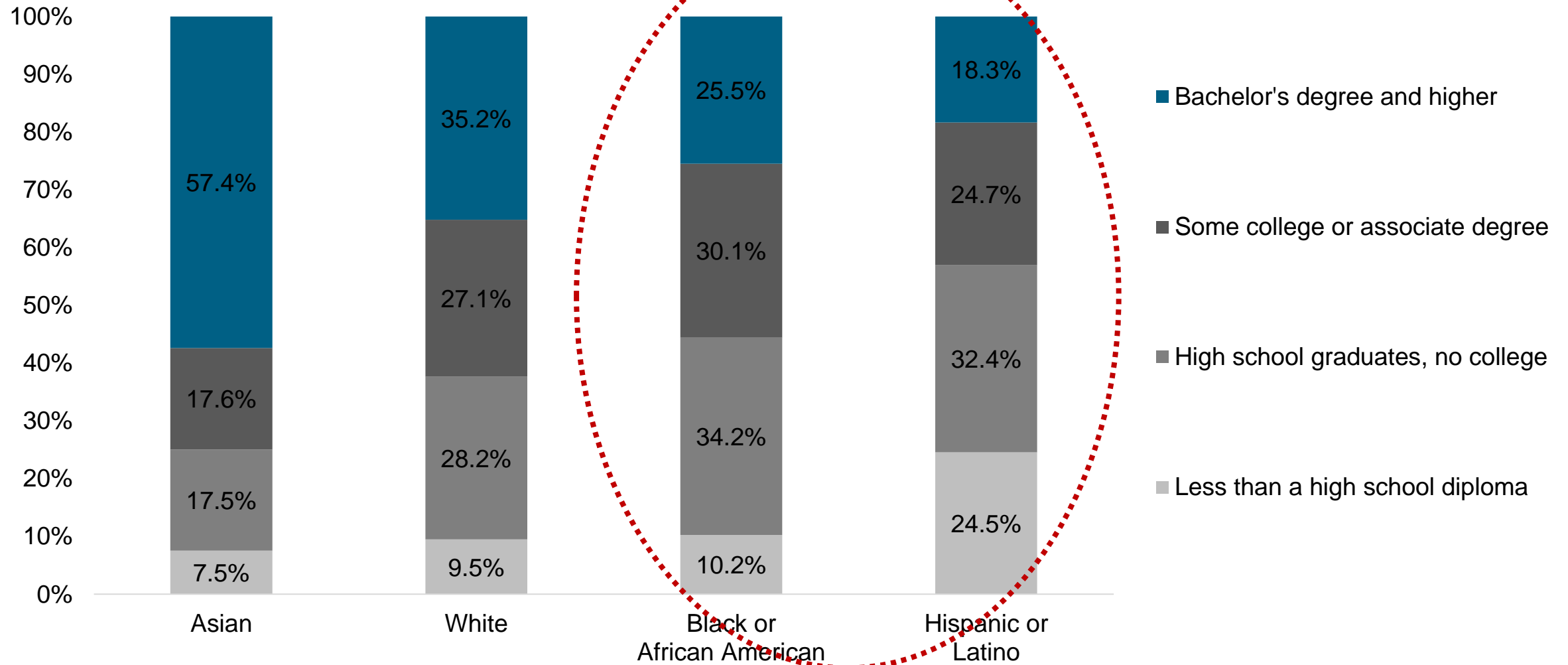
Source: BLS, April 21, 2021. Earnings and unemployment rates by educational attainment.



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# Educational Attainment by Race, 2021



Source: Census Bureau, Educational Attainment of the Population 18 Years and Over, by Race (data retrieved June 2022)



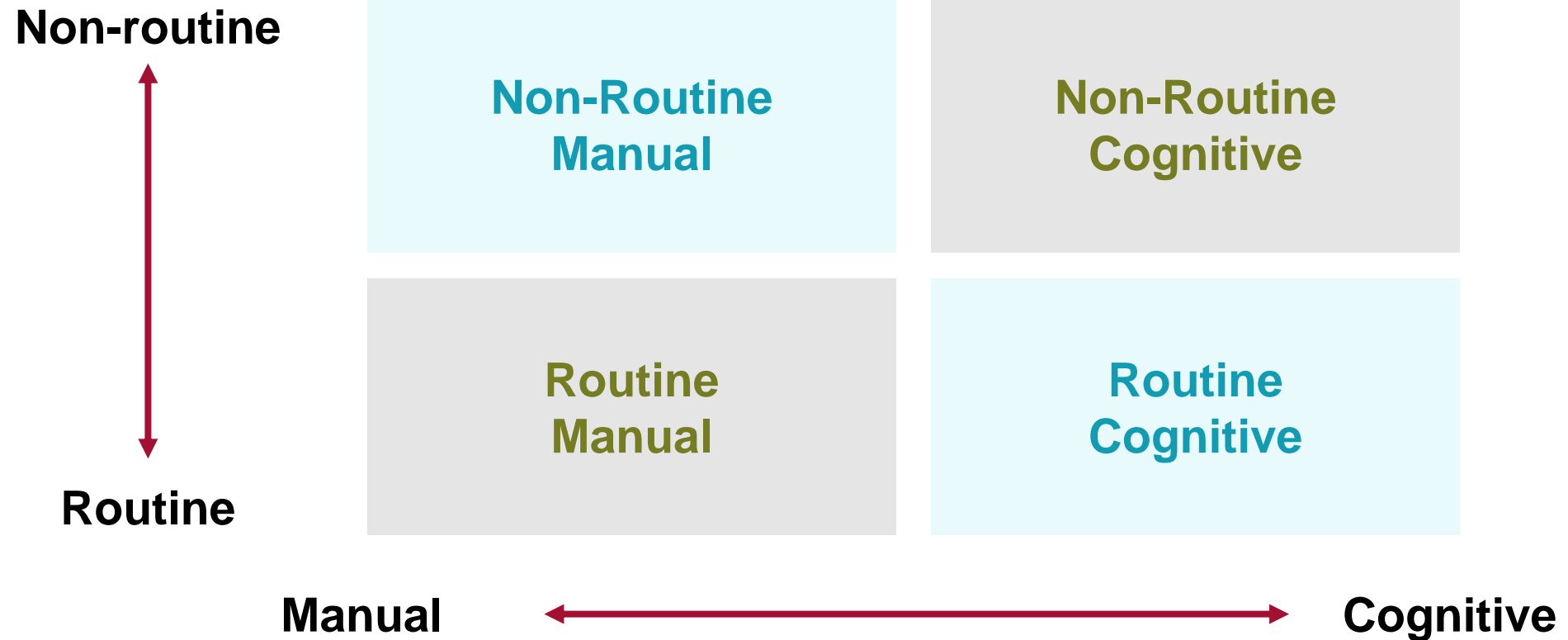
## Technology Has Changed the Nature of Middle Skills Jobs

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Current and Future Occupations can be Grouped into Four Categories Based on Work Demands

## Occupational Categories by Levels of Cognition and Routineness



Source: Source: "The Trend is the Cycle: Job Polarization and Jobless Recoveries," by Nir Jaimovich and Henry E. Siu. The National Bureau of Economic Research Working Paper No. 18334. March 2014



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Technology has Rapidly Changed the Nature of Routine and Manual Jobs — and AI is Going to Change Non-Routine and Cognitive Jobs

## Occupational Categories by Levels of Cognition and Routineness

Non-routine

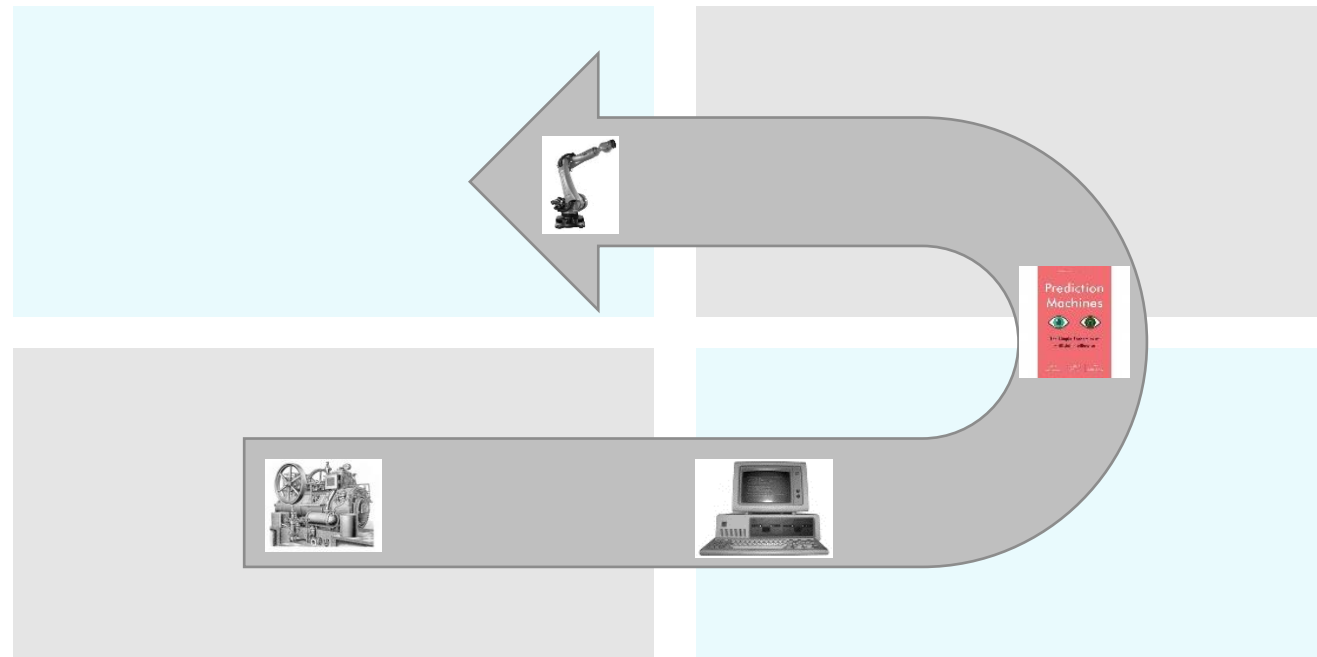


Routine

Manual

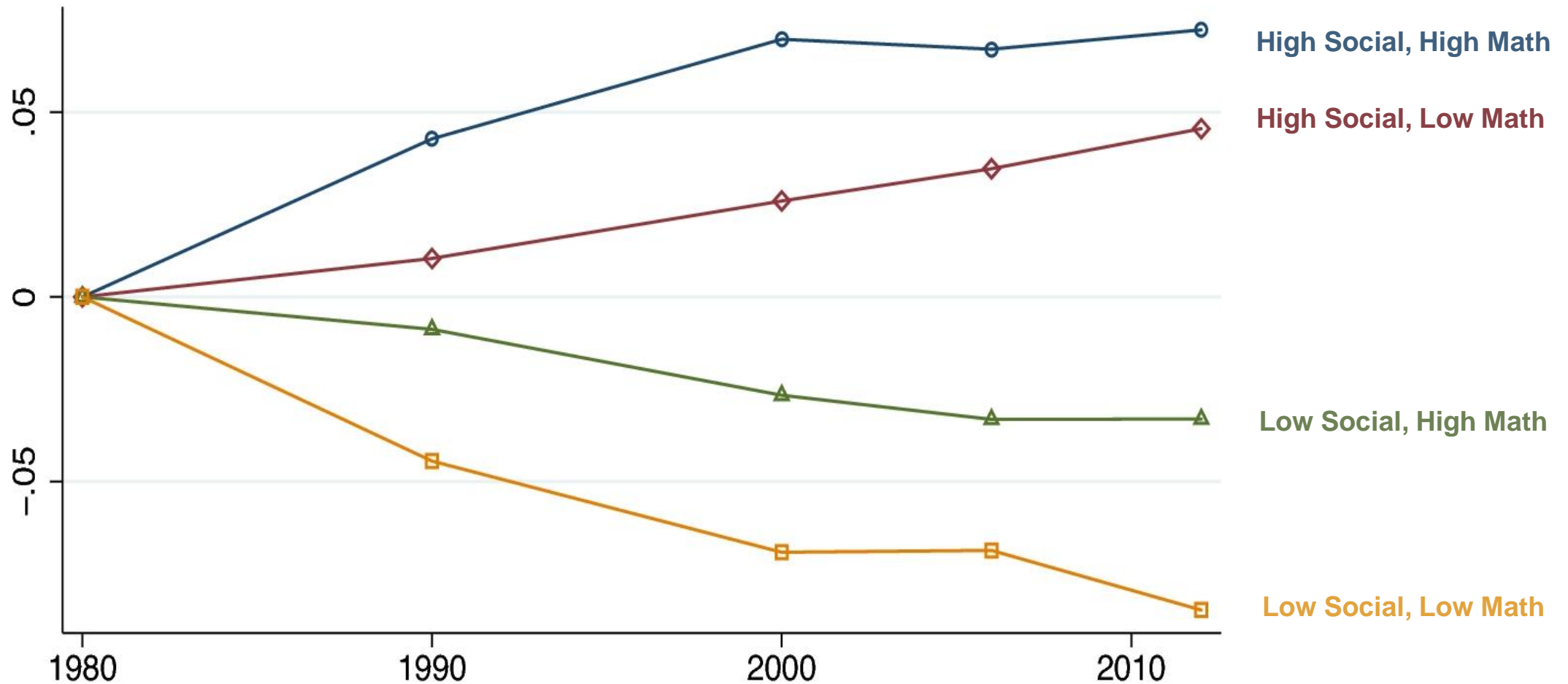


Cognitive



# Rapid Shifts in the Nature of Jobs Due to Technology

## Cumulative Changes in Employment Share by Occupation Task Intensity



\*Occupational Task Intensities based on 1998 O\*Net

Source: Deming, D. J. (2017). The growing importance of social skills in the labor market. *The Quarterly Journal of Economics*, 132(4), 1593-1640.



# Middle Skills Jobs Demand More Complex Skills

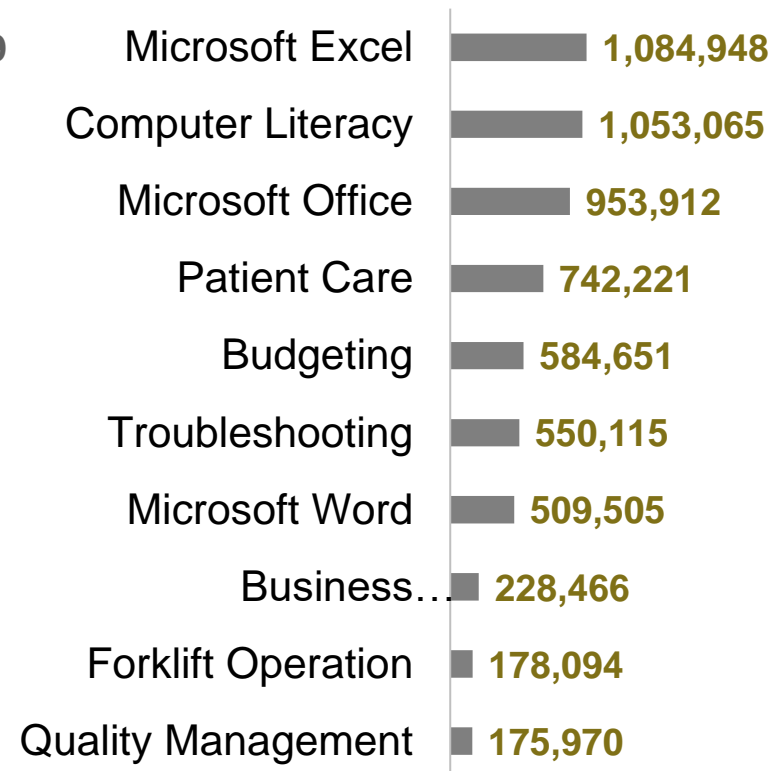
## Selected Soft Skills in Top Middle-Skills Occupations

Number of job postings seeking skill in 2017



## Selected Technical Skills in Top Middle-Skills Occupations

Number of job postings seeking skill in 2017



Note: These lists reflect a sample selection of skills reflected in job postings.  
Source: Burning Glass Job Postings Data



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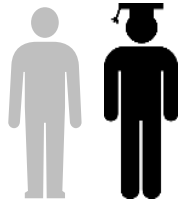
# Four-Year College Degree as a Proxy for Emerging Skills

OCCUPATION	% POSTINGS REQUIRING B.A. DEGREE	% JOB HOLDERS WITH BA+	CREDENTIALS GAP
<b>Executive Secretaries and Executive Assistants</b>	72%	22%	50%
<b>First-Line Supervisors of Production and Operating Workers</b>	58%	17%	41%
<b>Transportation, Storage, and Distribution Managers</b>	62%	30%	32%
<b>Credit Authorizers, Checkers, and Clerks</b>	65%	27%	38%
<b>Training and Development Specialists</b>	76%	54%	22%
<b>Human Resources Assistants, Except Payroll and Timekeeping</b>	45%	32%	13%

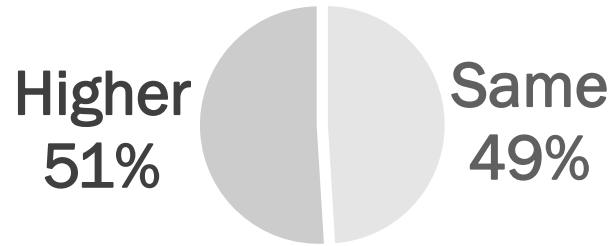
Source: Analysis of Burning Glass Data from 5/2018 to 5/2019



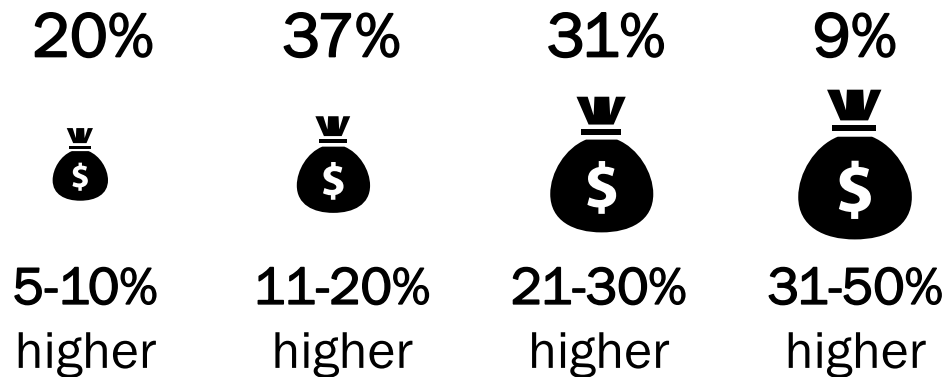
# Degree Inflation: Round Pegs in Square Holes



69% of employers think non-degree workers are **equally productive** as college graduates



Of those employers, 51% still **pay college graduates more**



Of the employers that pay college graduates more, 68% **pay premiums of 11%-30%**



## Bridging the Employer-Educator Divide

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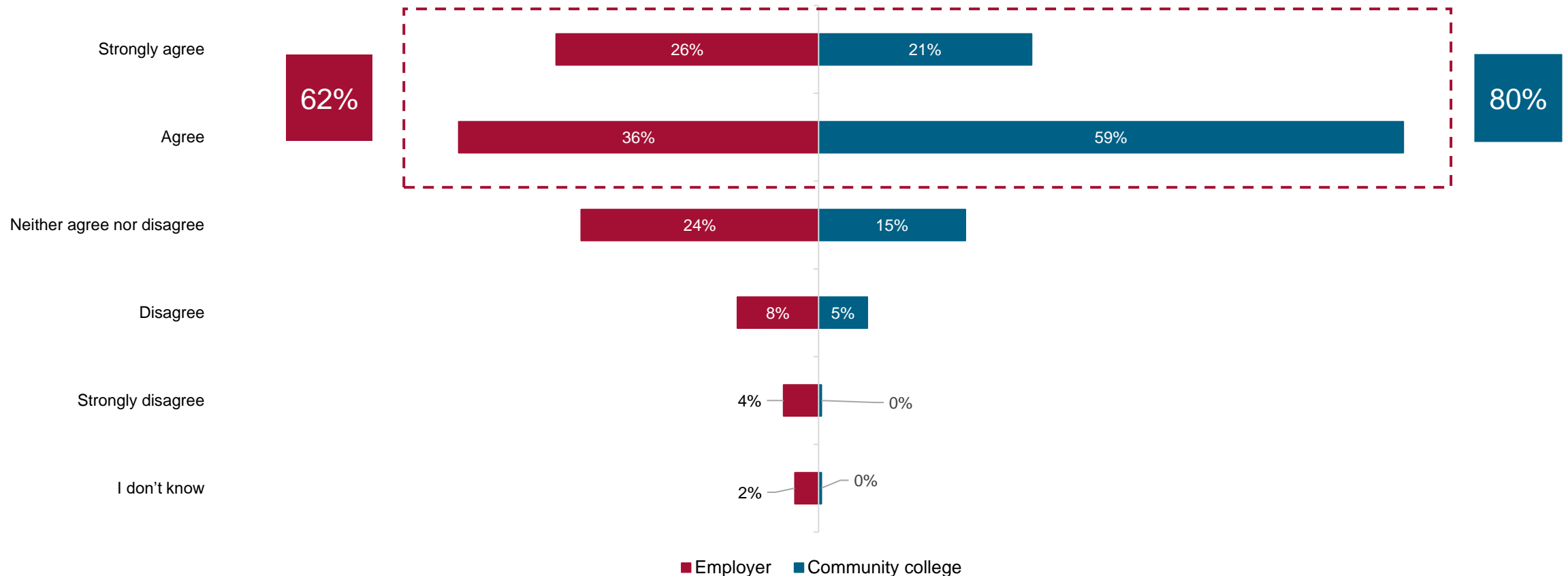


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# Employers Lukewarm About the Quality of Talent Produced by Community Colleges

To what extent do you agree or disagree with the following statement? “Community colleges (my college) are (is) producing the work-ready employees that my company (employers) need(s).”



Source: “The State of Collaboration Between Community Colleges and Employers – Employer Survey,” American Association of Community Colleges and Harvard Business School’s Project on Managing the Future of Work, November-December 2020 and “The State of Collaboration Between Community Colleges and Employers – College Survey,” American Association of Community Colleges and Harvard Business School’s Project on Managing the Future of Work, November 2020-April 2021

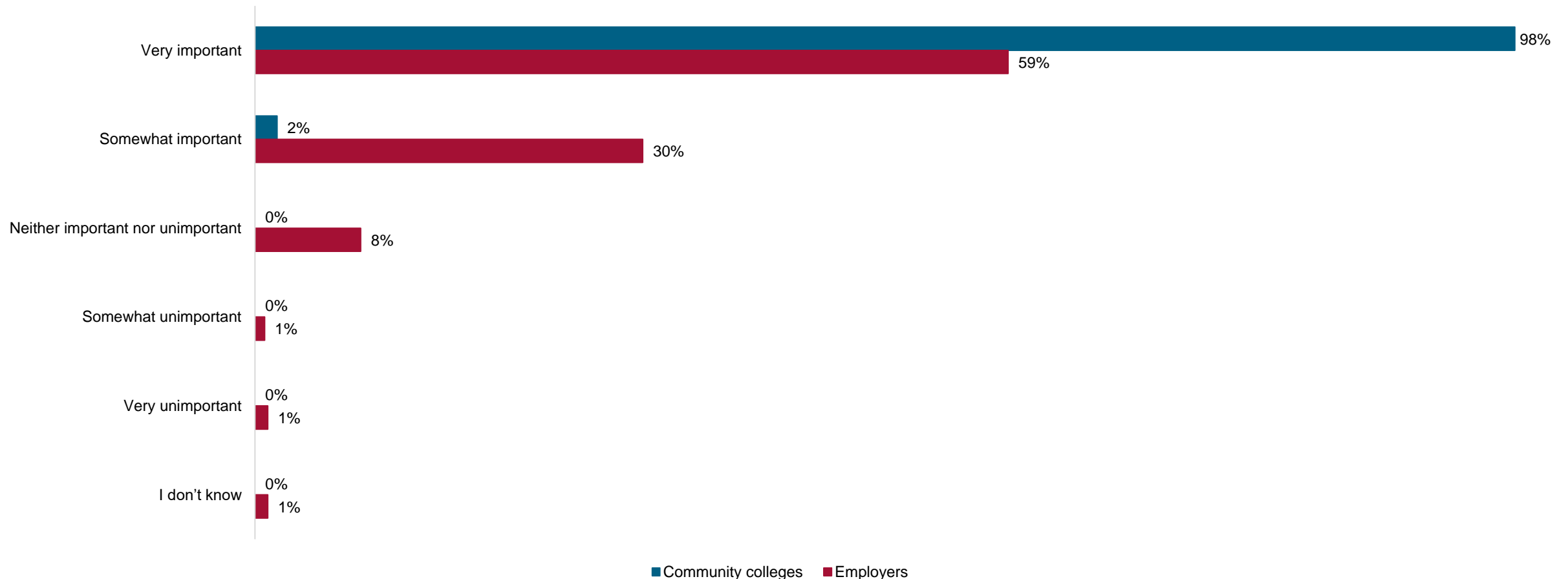


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# Employers Less Enthusiastic About the Need to Partner with Educators

Overall, how important do you believe it is for employers and community colleges to partner to produce a work-ready workforce?



Source: "The State of Collaboration Between Community Colleges and Employers – Employer Survey," American Association of Community Colleges and Harvard Business School's Project on Managing the Future of Work, November-December 2020 and "The State of Collaboration Between Community Colleges and Employers – College Survey," American Association of Community Colleges and Harvard Business School's Project on Managing the Future of Work, November 2020-April 2021



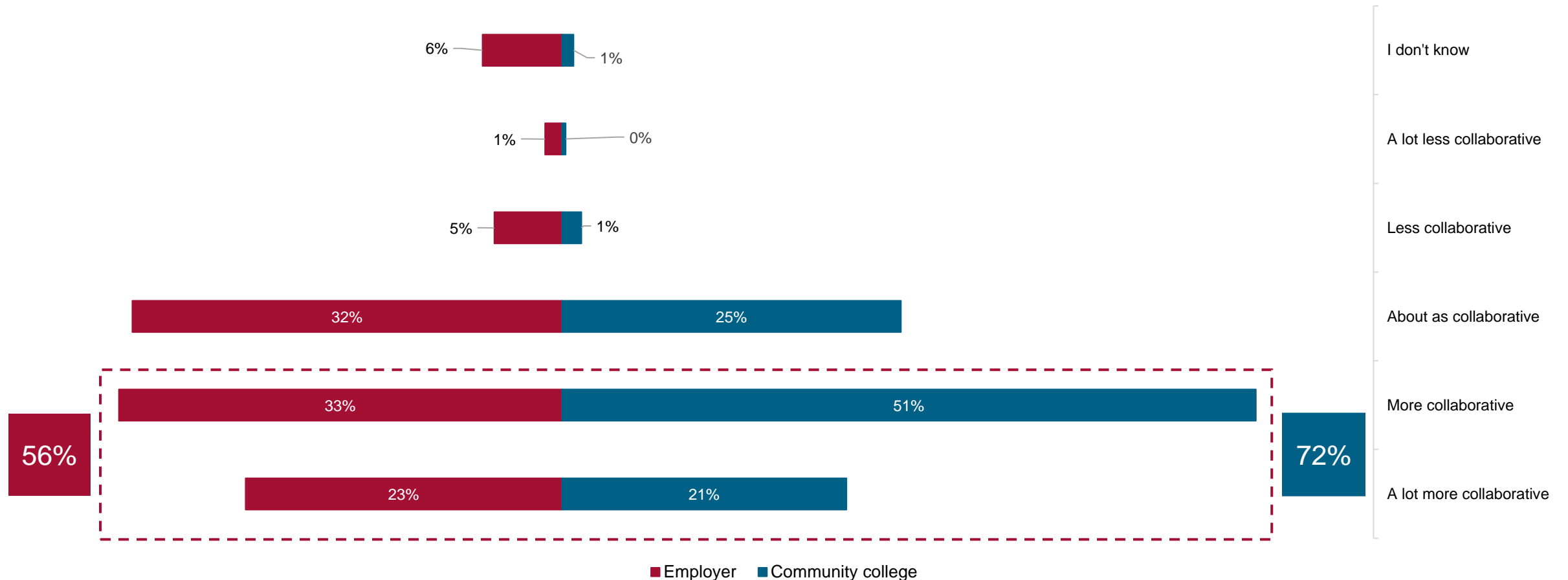
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# Employers Less Enthusiastic About the State of Collaboration

Overall, how has the state of collaboration between employers and community colleges trended over the last 3 years?



Source: "The State of Collaboration Between Community Colleges and Employers – Employer Survey," American Association of Community Colleges and Harvard Business School's Project on Managing the Future of Work, November-December 2020 and "The State of Collaboration Between Community Colleges and Employers – College Survey," American Association of Community Colleges and Harvard Business School's Project on Managing the Future of Work, November 2020-April 2021

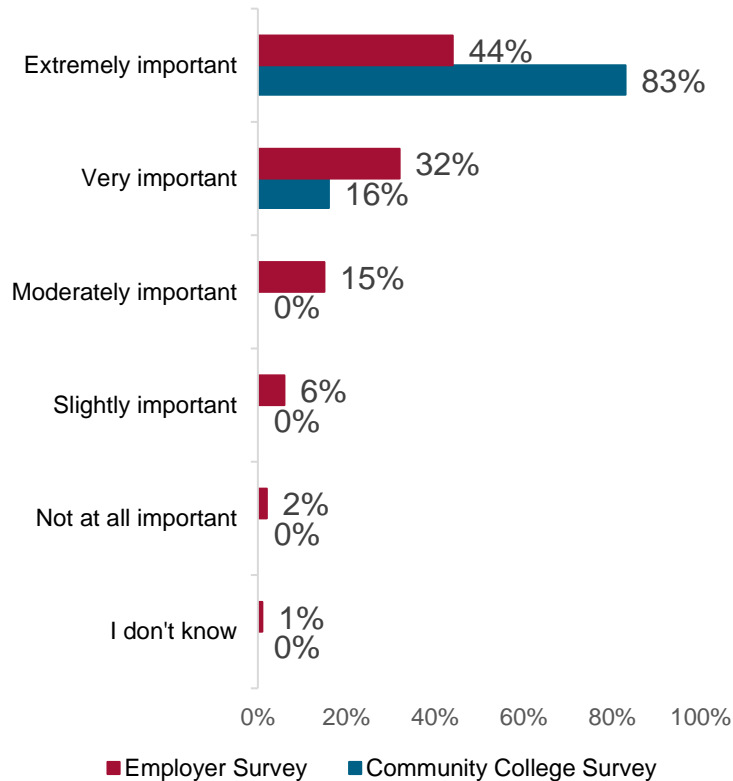
# Framework for Employer-Educator Collaboration

	GOAL 1	GOAL 2	GOAL 3
	<b>Partner with each other to offer training and education that is aligned with industry needs</b>	<b>Establish relationships with each other that result in the recruitment and hiring of students and graduates</b>	<b>Make supply and demand decisions that are informed by the latest data and trends</b>
STRATEGIES			
	<b>Co-create and regularly update college curriculum around relevant technical and foundational skills based on industry needs</b>	<b>Dedicate staff time toward managing employer-college relationships</b>	<b>Collect and share data on the local supply for talent</b>
	<b>Co-design programs that fit with students' lives and industry hiring cycles</b>	<b>Create processes for hiring community college students and graduates</b>	<b>Collect and share data on the local demand for talent</b>
	<b>Incorporate classroom experiences that simulate real-world settings and scenarios</b>	<b>Develop commitments for hiring and recruitment</b>	<b>Build mechanisms to jointly monitor and improve the supply and demand for talent</b>

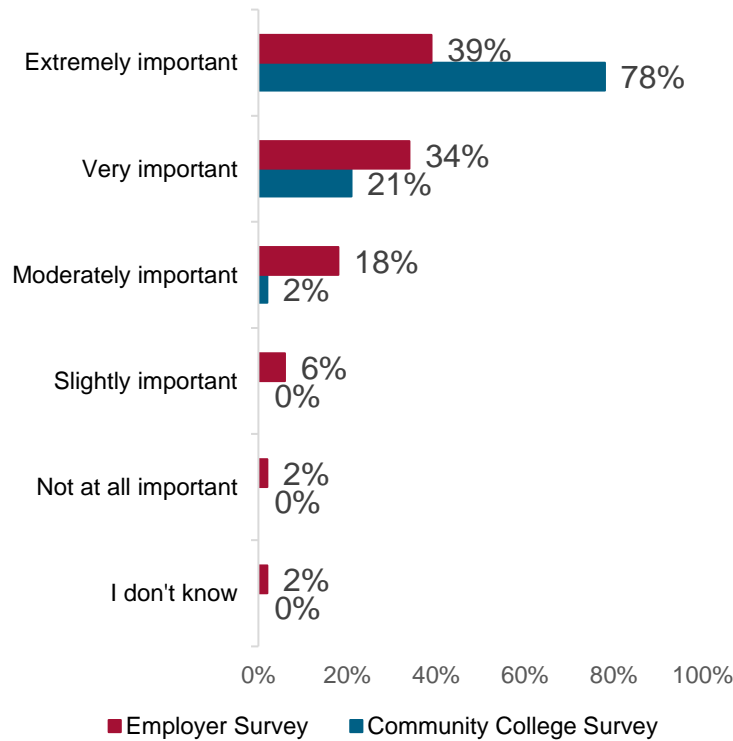


# Employers Weaker on the Need for Collaboration in all Three Areas

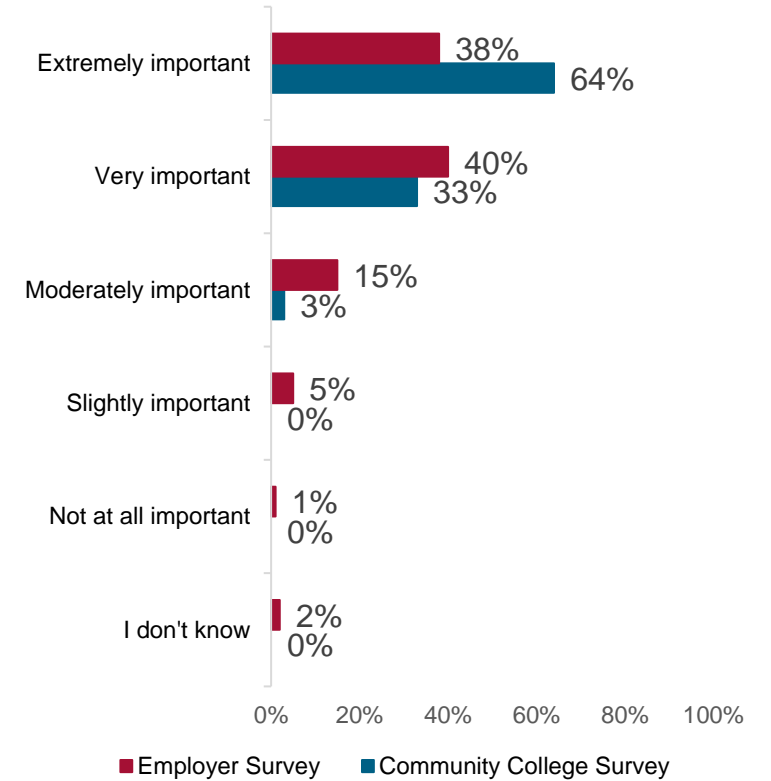
How important do you believe it is for employers and community colleges to partner to offer training and education that is aligned with industry needs?



How important do you believe it is for employers and community colleges to collaborate to establish relationships that result in the recruitment and hiring of students and graduates?

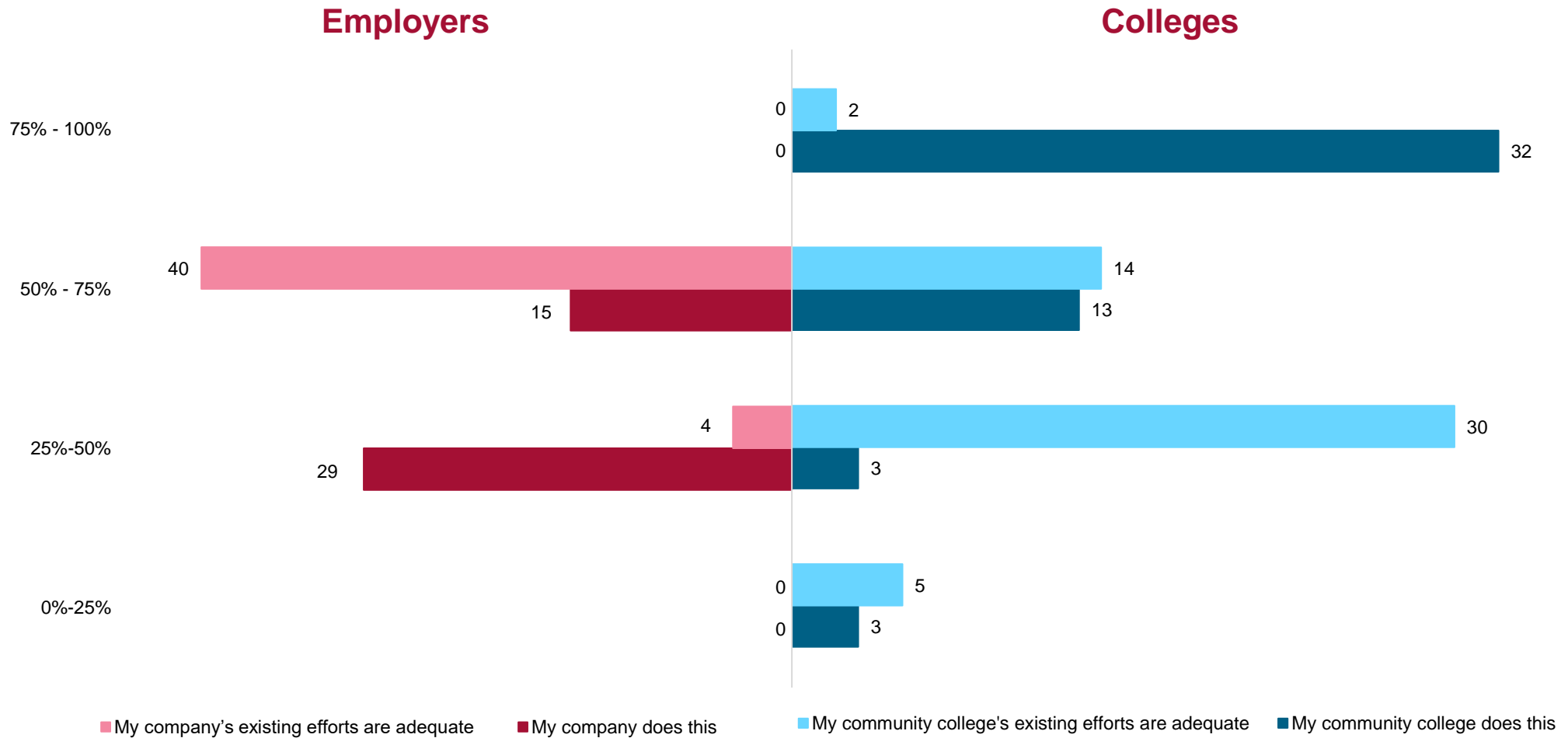


How important do you believe it is for employers and community colleges to make decisions that are informed by the latest data and trends?



Source: "The State of Collaboration Between Community Colleges and Employers – Employer Survey," American Association of Community Colleges and Harvard Business School's Project on Managing the Future of Work, November-December 2020 and "The State of Collaboration Between Community Colleges and Employers – College Survey," American Association of Community Colleges and Harvard Business School's Project on Managing the Future of Work, November 2020-April 2021

# Employers Take Fewer Actions than Educators and Believe their Efforts are More Adequate



Source: "The State of Collaboration Between Community Colleges and Employers – Employer Survey," American Association of Community Colleges and Harvard Business School's Project on Managing the Future of Work, November-December 2020 and "The State of Collaboration Between Community Colleges and Employers – College Survey," American Association of Community Colleges and Harvard Business School's Project on Managing the Future of Work, November 2020-April 2021

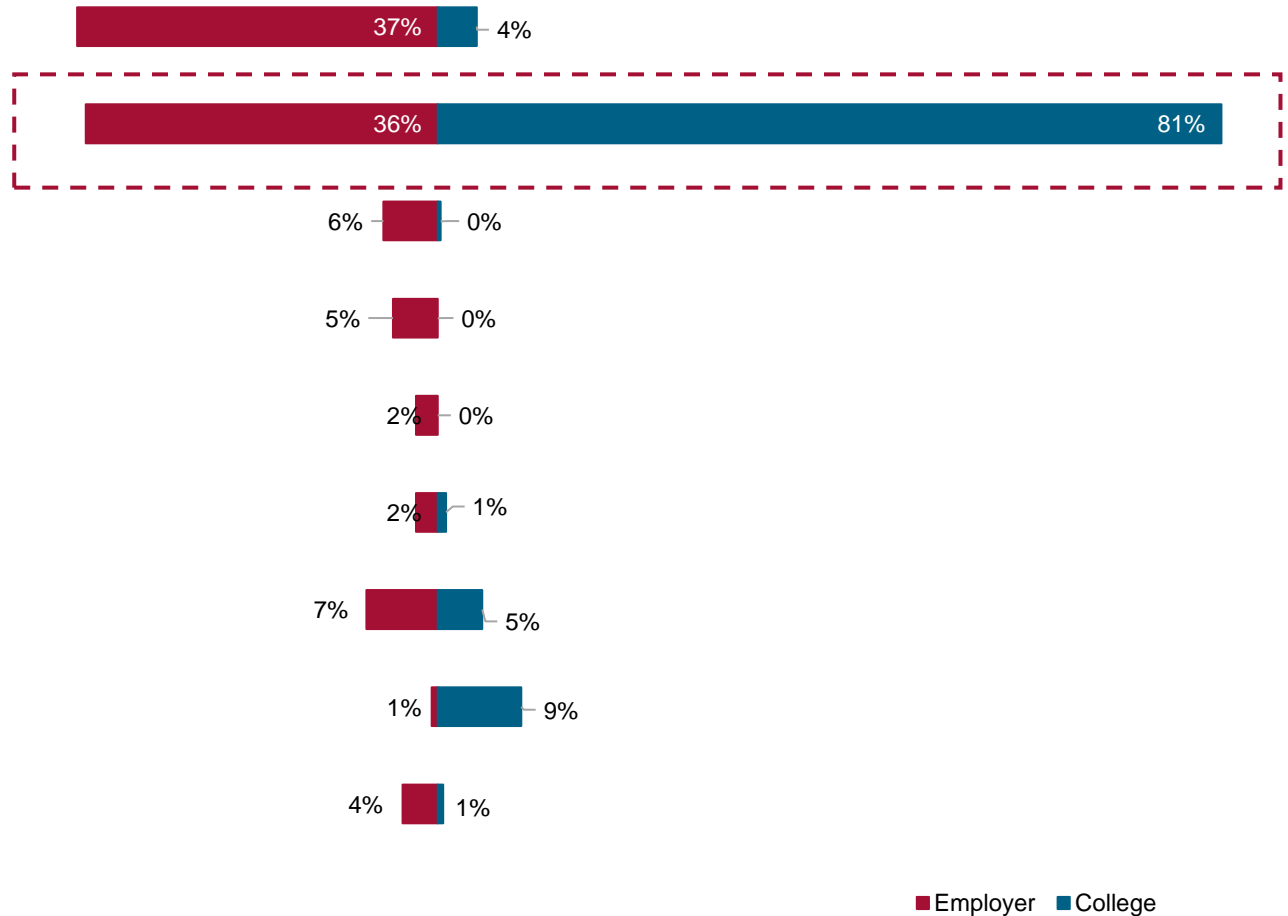


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# Burden of Initiating Partnership Foisted on Community Colleges

## Whose responsibility do you believe it is to initiate college-employer partnerships?



- Employer's responsibility
- College's responsibility
- Local government's responsibility
- State government's responsibility
- Federal government's responsibility
- An intermediary's responsibility (e.g. a chamber of commerce, a non-profit)
- I do not believe it is anyone's responsibility to initiate a partnership
- Other
- I don't know

Source: "The State of Collaboration Between Community Colleges and Employers – Employer Survey," American Association of Community Colleges and Harvard Business School's Project on Managing the Future of Work, November-December 2020 and "The State of Collaboration Between Community Colleges and Employers – College Survey," American Association of Community Colleges and Harvard Business School's Project on Managing the Future of Work, November 2020-April 2021



## Hidden Workers

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## Technology Has Changed How We Hire

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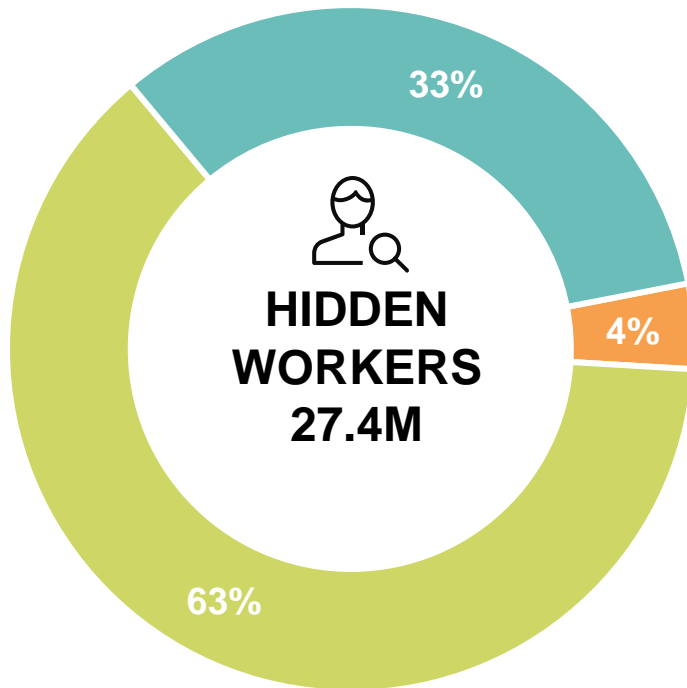


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# More than 27 Million Hidden Workers in the U.S. as of March 2020

63% are “missing hours”, 33% are “missing from the workforce,” and 4% are “missing from work.”



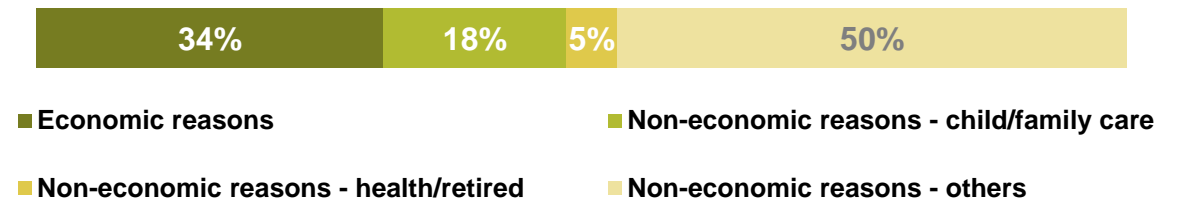
## MISSING FROM WORKFORCE



## MISSING FROM WORK



## MISSING HOURS



Note: The “missing hours” group consists of people who are working one or more part-time jobs, but could or would like to work full-time; the “missing from work” group consists of those who have been unemployed for a long time but are still seeking employment; the “missing from the workforce” group consists of those who are currently not working and are not actively seeking employment, but who could be working under the right circumstances.

Source: Accenture Research based on IPUMS CPS data from March 2020 combined with economic modeling results (based on data for 2015-2020).



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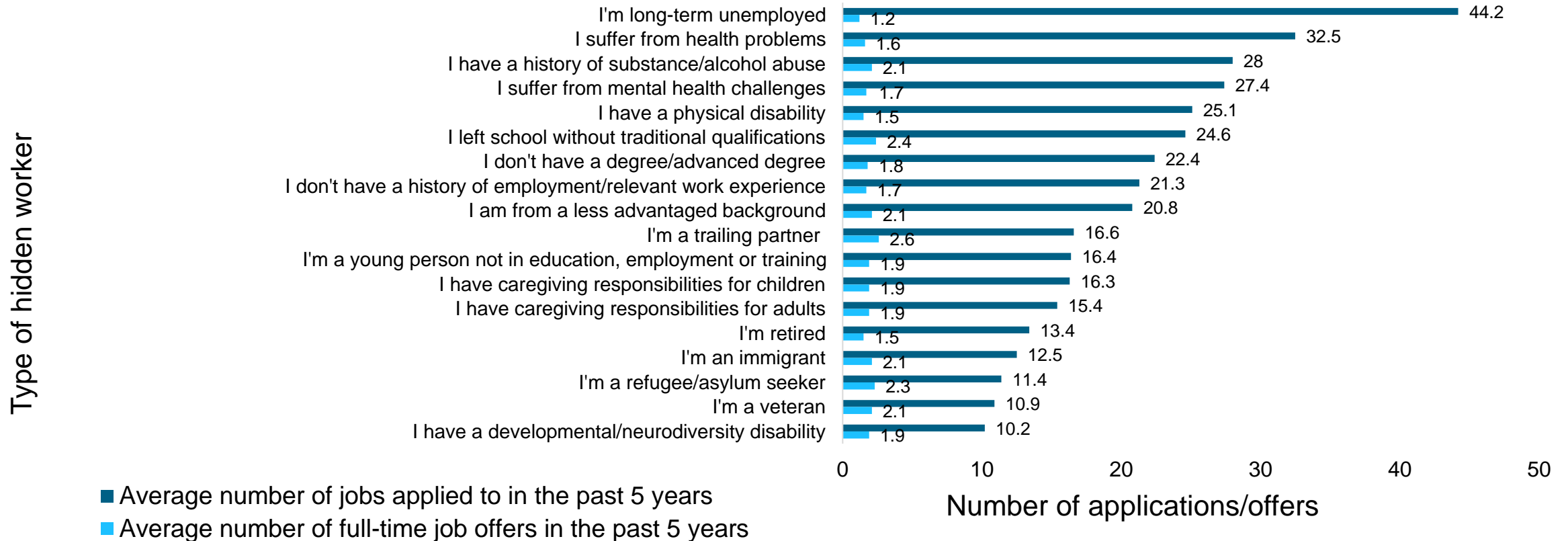
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# There are Different Types of Hidden Workers

How many jobs have you applied for in the past 5 years?

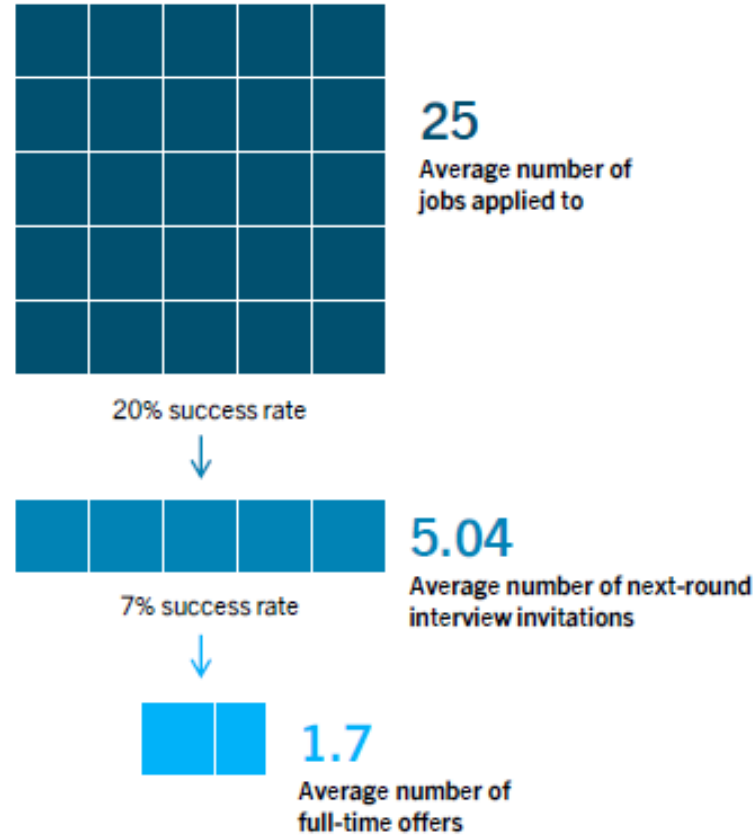
Out of these jobs you applied to, roughly how many offered you a full-time job?



Note: Only those who indicated that they have applied to any job in the last 5 years answered these questions. A "trailing partner" refers to someone who has changed locations because of their partner's work. Source: "Hidden Worker – Worker Survey," Harvard Business School's Project on Managing the Future of Work and Accenture, May-June 2020.

# Current Hiring Practices Filter Out, Not Filter In

How many jobs have you applied for in the past 5 years? Out of these jobs you applied to, roughly how many invited you for at least one further round of evaluation? Roughly how many offered you a full-time job?

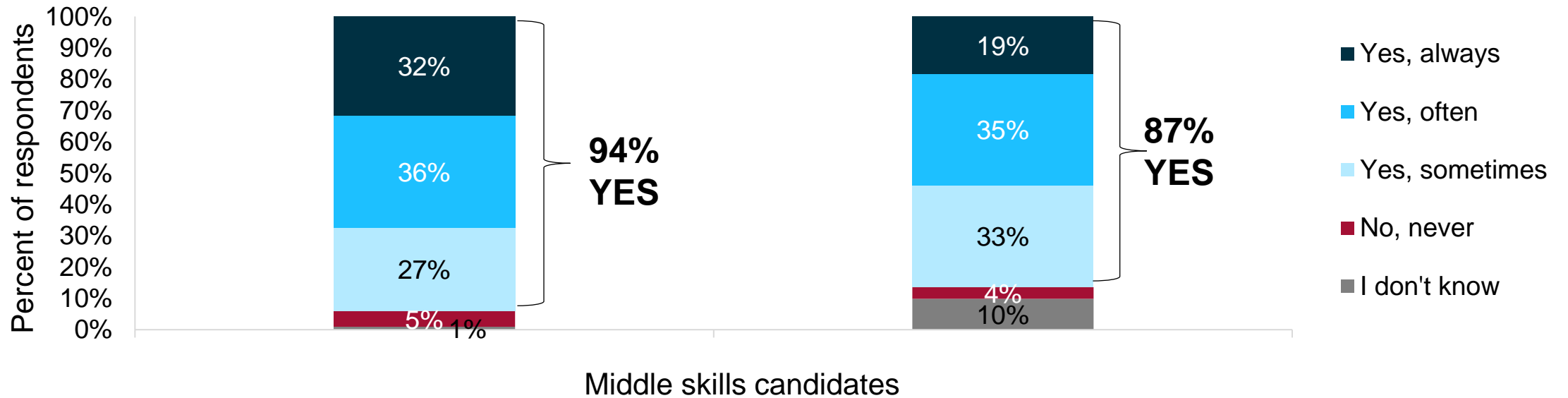


Note: Only those who indicated that they have applied to any job in the last 5 years answered these questions.  
Source: "Hidden Worker – Worker Survey," Harvard Business School's Project on Managing the Future of Work and Accenture, May-June 2020.



# Employers Know That Their Hiring Processes Have Flaws

Do you think employers' hiring processes filter out potential candidates who could successfully perform the job, but don't fit the exact criteria in the job description (e.g., lacks professional experience)?



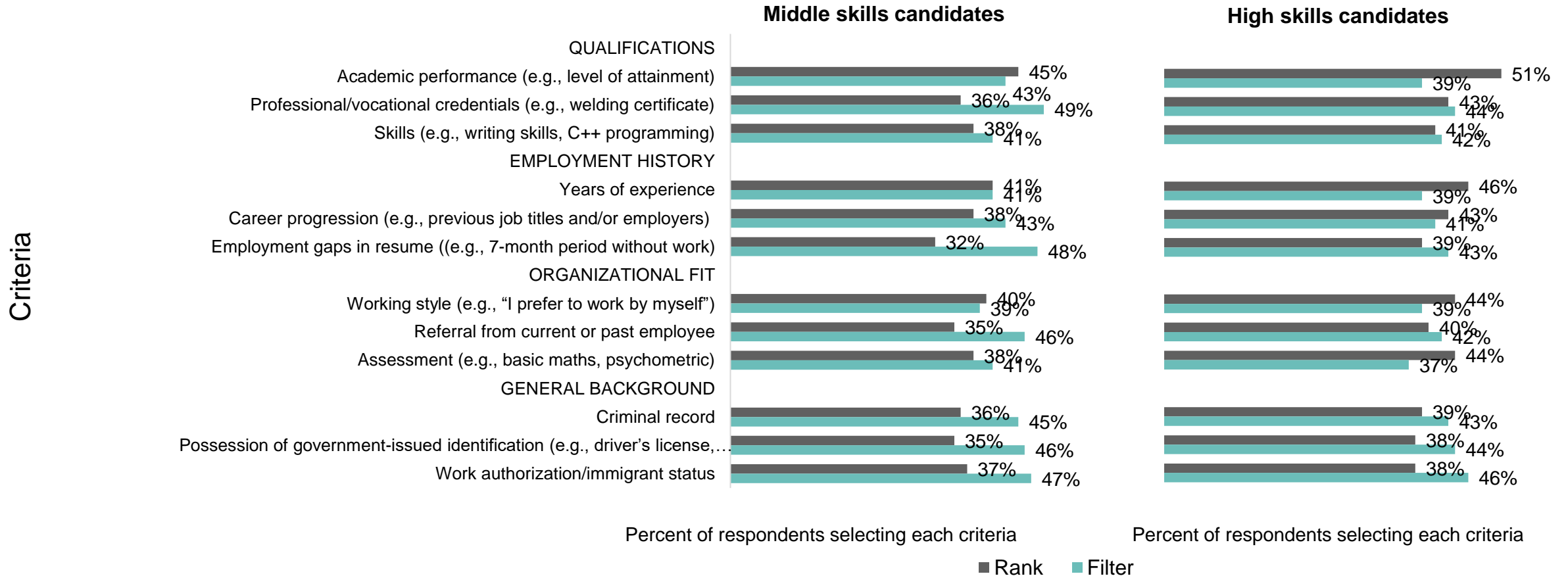
Note: Phrasing in the worker survey was: "Do you think employers' hiring processes discard your application when you could successfully perform the job, but don't fit the exact criteria in the job description? (E.g., you lack the number of years of professional experience)"; Phrasing in the business survey was: "Do you think your organization's hiring system filters out potential low-and-middle skills hires or high skills hires who could successfully perform the job, but don't fit the exact criteria in the job description? (E.g., lacks professional experience)"

Source: "Hidden Worker – Worker Survey," Harvard Business School's Project on Managing the Future of Work and Accenture, May-June 2020; "Hidden Worker – Business Survey," Harvard Business School's Project on Managing the Future of Work and Accenture, January-February 2020.



# Employers Rank and Filter out Candidates on a Variety of Criteria

For each criteria listed below, please indicate if your organization's recruitment management system uses it to rank or filter out prospective candidates during the initial screening process.

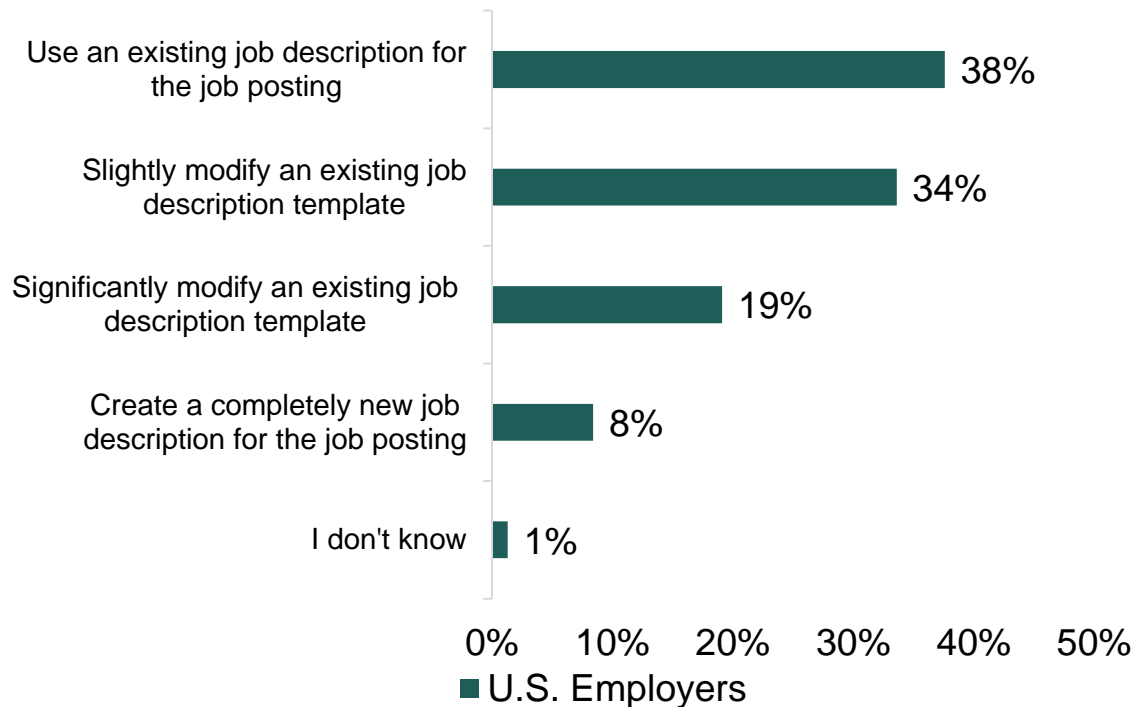


Note: Only those who indicated that their organization uses a recruitment management system to initially rank or filter middle skills or high skills candidates were shown this question.  
 Source: "Hidden Worker – Employer Survey," Accenture and Harvard Business School's Project on Managing the Future of Work, January-February 2020

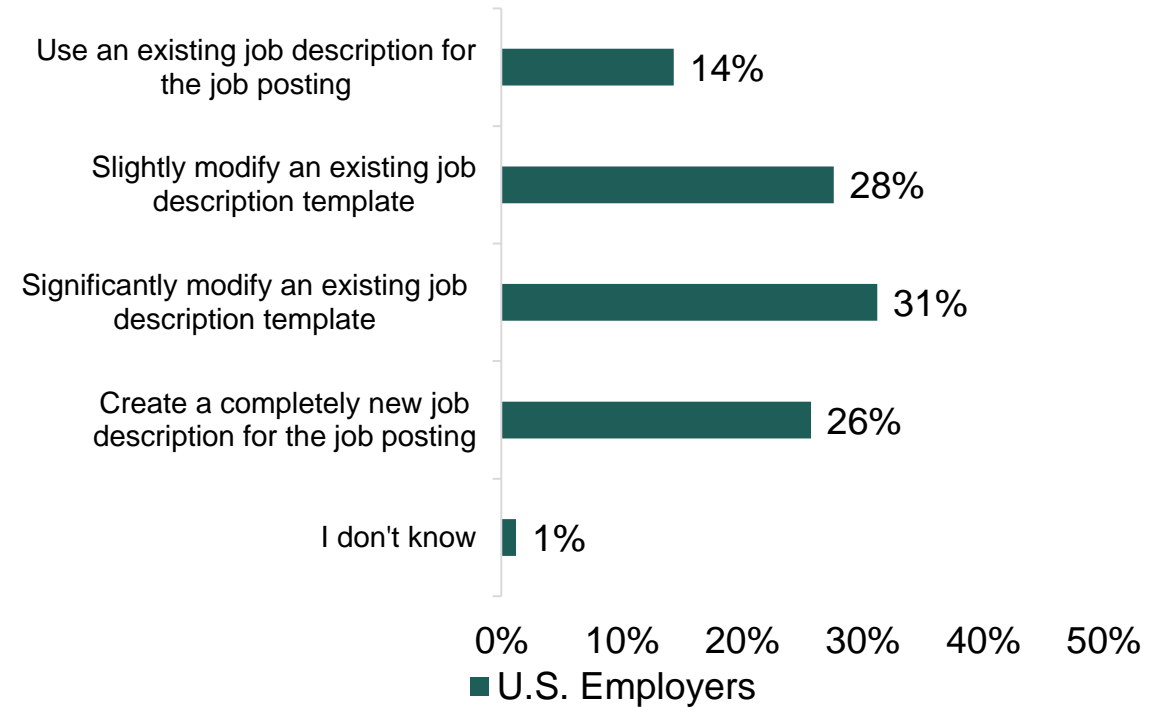
# Employers Recycle Old Job Postings for Middle Skills Positions

When creating a new job posting for middle skills/high skills positions, which of the following statements best reflects your organization's typical approach?

## Middle Skills

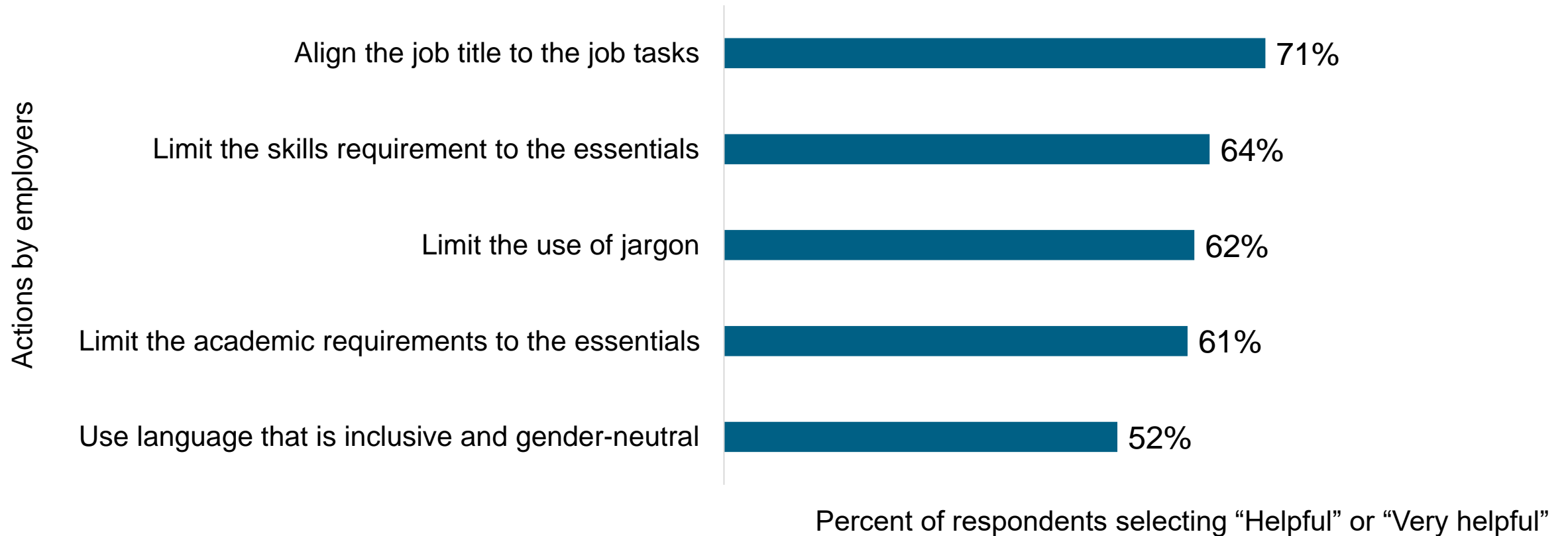


## High Skills



# Job Descriptions Cause Issues

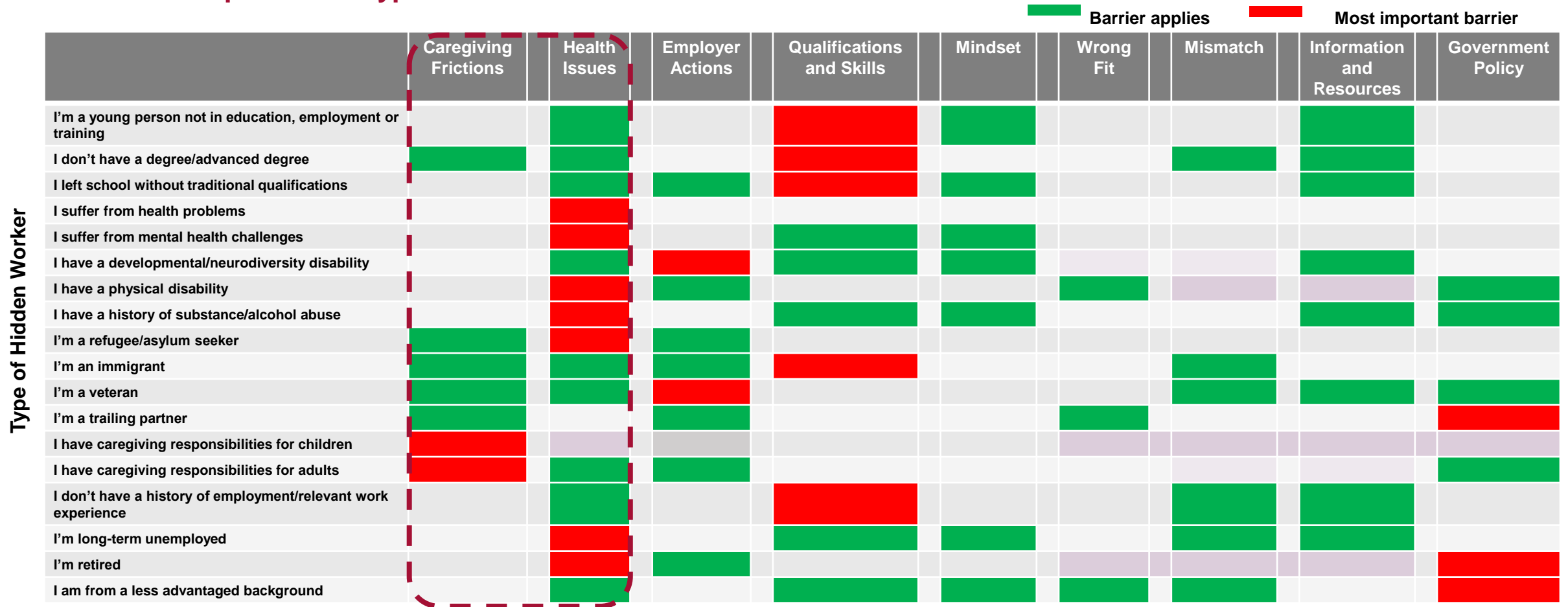
When creating job descriptions, which of the following actions by employers do you think would help you find a job?



Source: "Hidden Worker – Worker Survey," Harvard Business School's Project on Managing the Future of Work and Accenture, May-June 2020.

# Caregiving and Health Issues Keep Many Potential Workers Out of Sight

## Barriers That Impact Each Type of Hidden Worker



\*Prime-age indicates workers between the ages of 25 and 54  
 Source: "(Seas) Labor Force Participation Rate - 25-54 yrs." Labor Force Statistics from the Current Population Survey

# Employers are Ignoring the Caregiving Responsibilities of Employees – 2019, Pre-covid

## Survey of Employers

- Statement: “Caregiving responsibilities have no impact on employee performance at my organization”

**69% agreed**

- Do you collect data on the caregiving responsibilities of your employees?

**52% said NO**

## Survey of Employees

- Have you ever left a job because of caregiving responsibilities?

**32% said YES**

- Has caregiving affected your ability to perform your best at work?

**82% said YES**







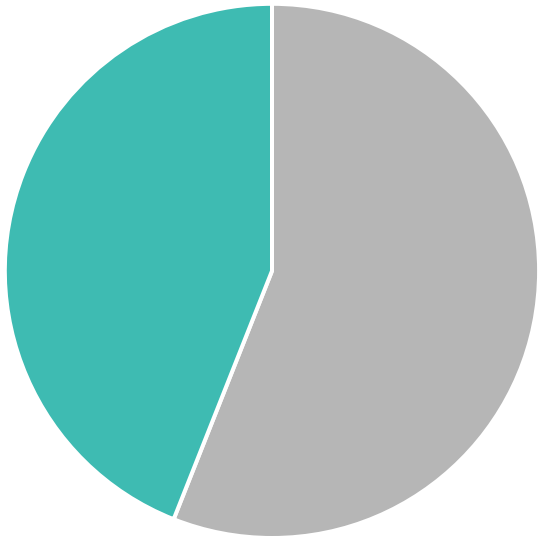
## Low-wage workers

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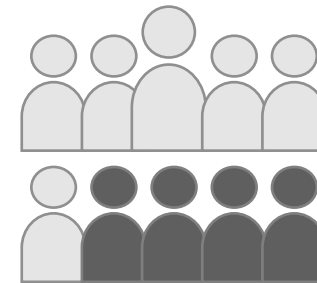
# Understanding the Essential Role of Low-Wage Workers

- A low-wage worker is a FT employee who lives in a household of three with an annual household income of \$39,970 or less or who earns roughly \$20 an hour or less—income levels that put that individual at no more than twice the level considered to represent the US federal poverty threshold



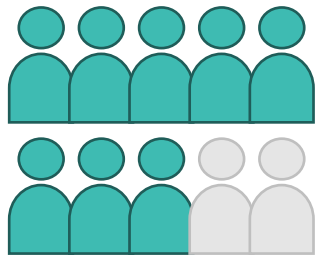
**44% (53 million)**  
of the American workforce in 2019 was in  
low-wage jobs

6 in 10



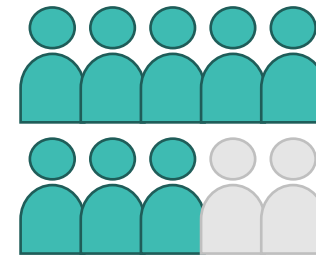
**low-wage workers remain in  
low-wage jobs after 5 years**

Companies Acknowledge These Workers are Critical for their Competitiveness – But do Little to Nurture their Strategic Importance



**80%**

of employers believe low-wage workers are **crucial to their company's success**



**80%**

of employers believe it is **important for their company's future success** to invest in the upward mobility of low-wage workers

# Employers Know Upward Mobility Practices Lead to Company Success

***What impact has the upward mobility practices your company implemented had on the following contributors to your company's competitiveness?***



Source: Fuller, J., Raman, M., (January 2022). *Building From the Bottom Up*, Published by Harvard Business School.

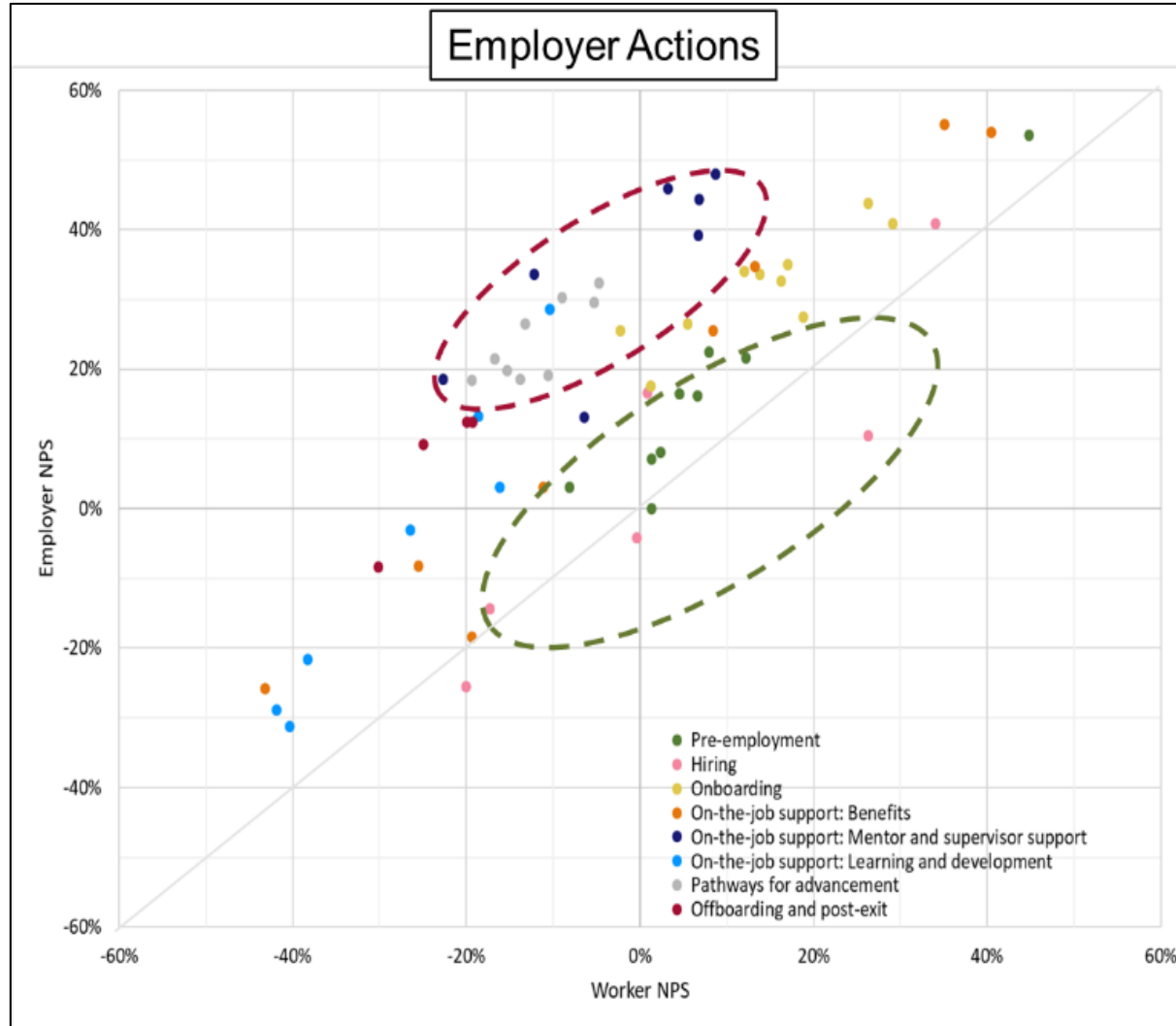


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# ...Yet Implementation of Good Management Practices is Very Weak for Hourly Workers

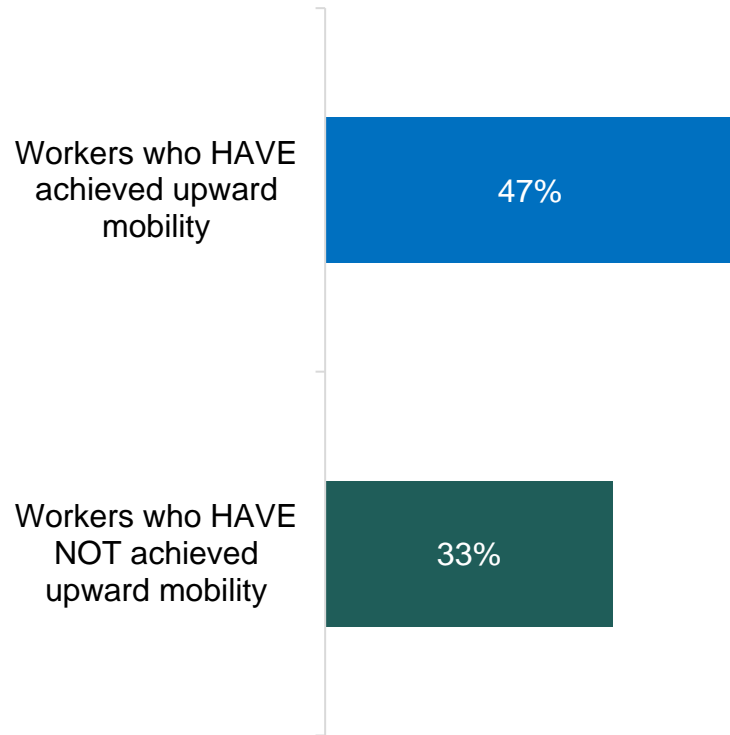
Workers and employers have **different** perceptions (Pathways for advancement, Mentor and supervisor support)



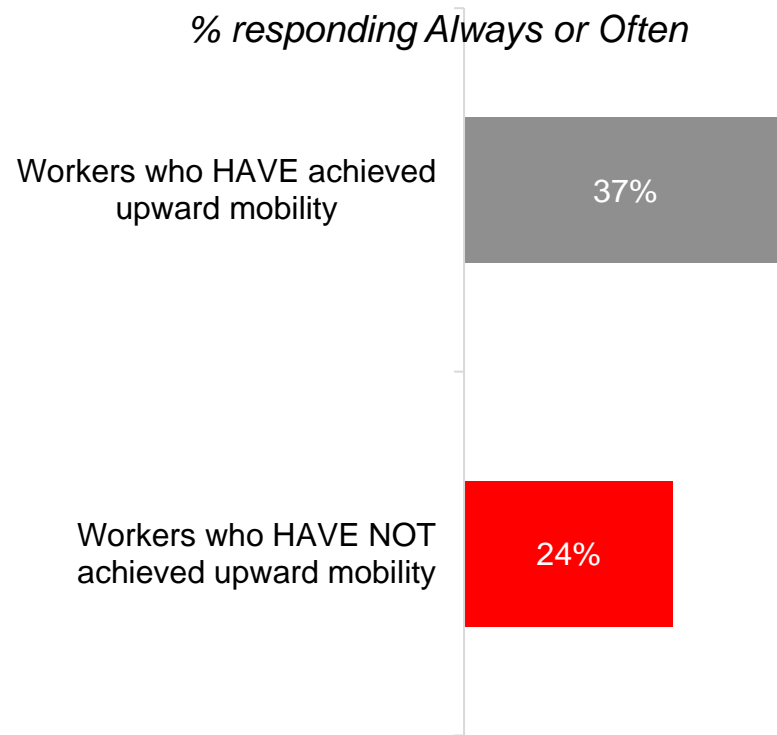
Workers and employers have **similar** perceptions (Pre-employment, Hiring)

# Employers Don't Provide the Three Things That Matter the Most: Mentorship, Training, and Communication about Career Pathways

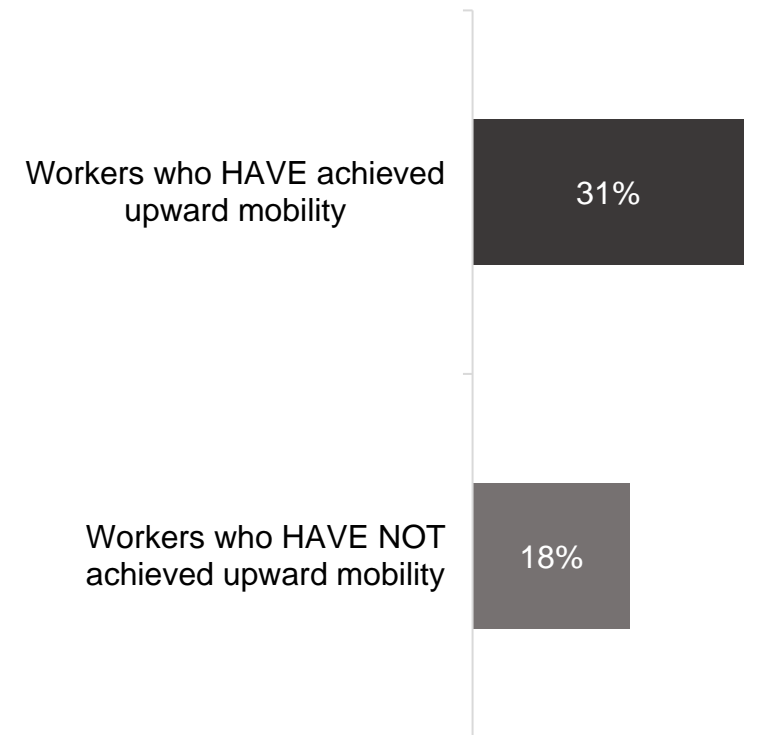
Do you have a **supervisor or mentor who holds performance reviews** with you at regular intervals?  
*% responding Always or Often*



Does your company **describe the skills, training, certification, and experience needed** to get to the next role level in performance reviews?  
*% responding Always or Often*

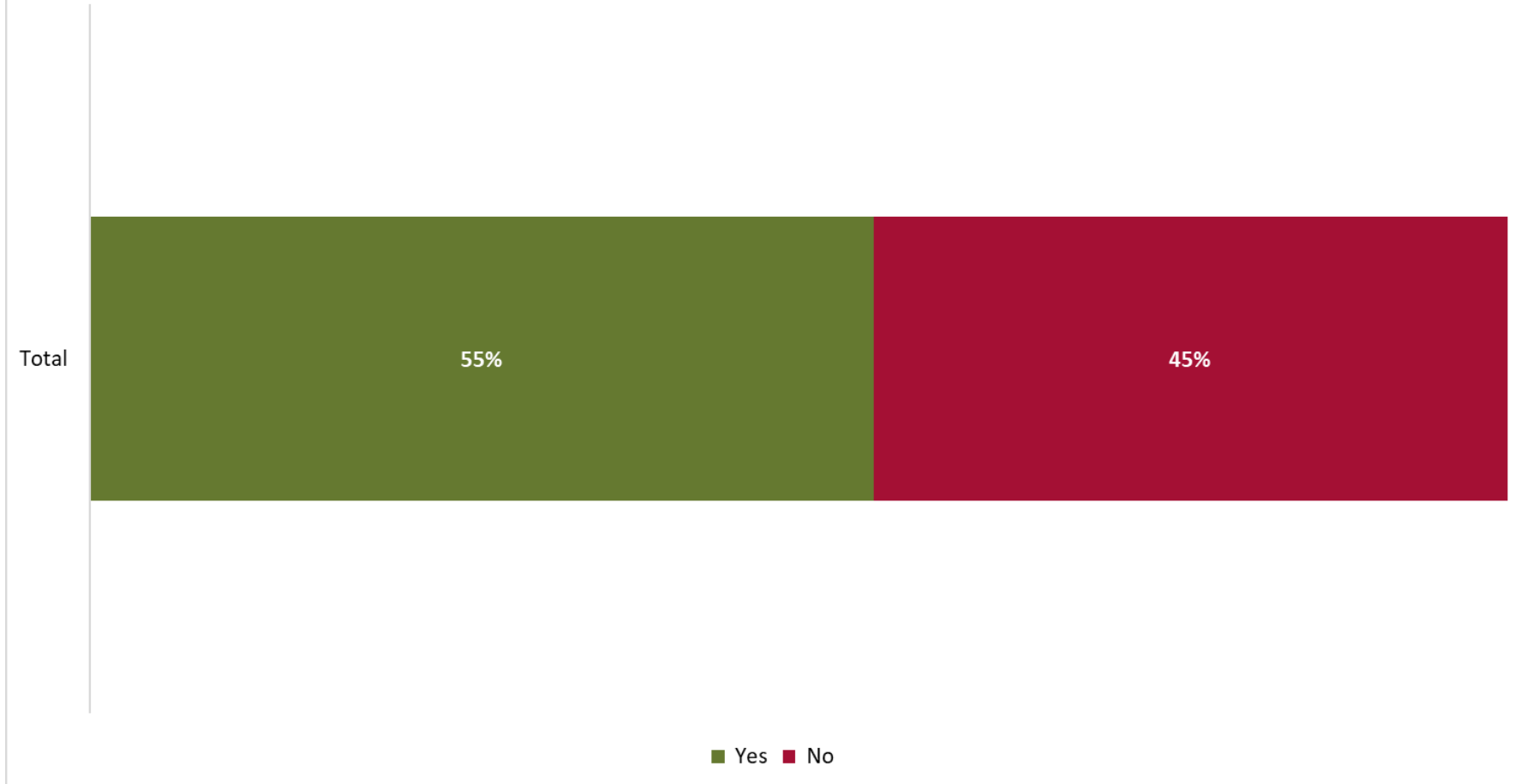


Does your company **offer training programs that teach soft skills** required to move up?  
*% responding Always or Often*



# Lack of Mentorship: Only 55% of Workers Reported that a Supervisor or a Mentor Helped them Succeed

Do you currently have, or have you previously had, a supervisor and/or mentor who has helped you be more successful in your career?



N = 1,025

Source: Fuller, J., Raman, M., (January 2022). *Building From the Bottom Up*, Published by Harvard Business School.

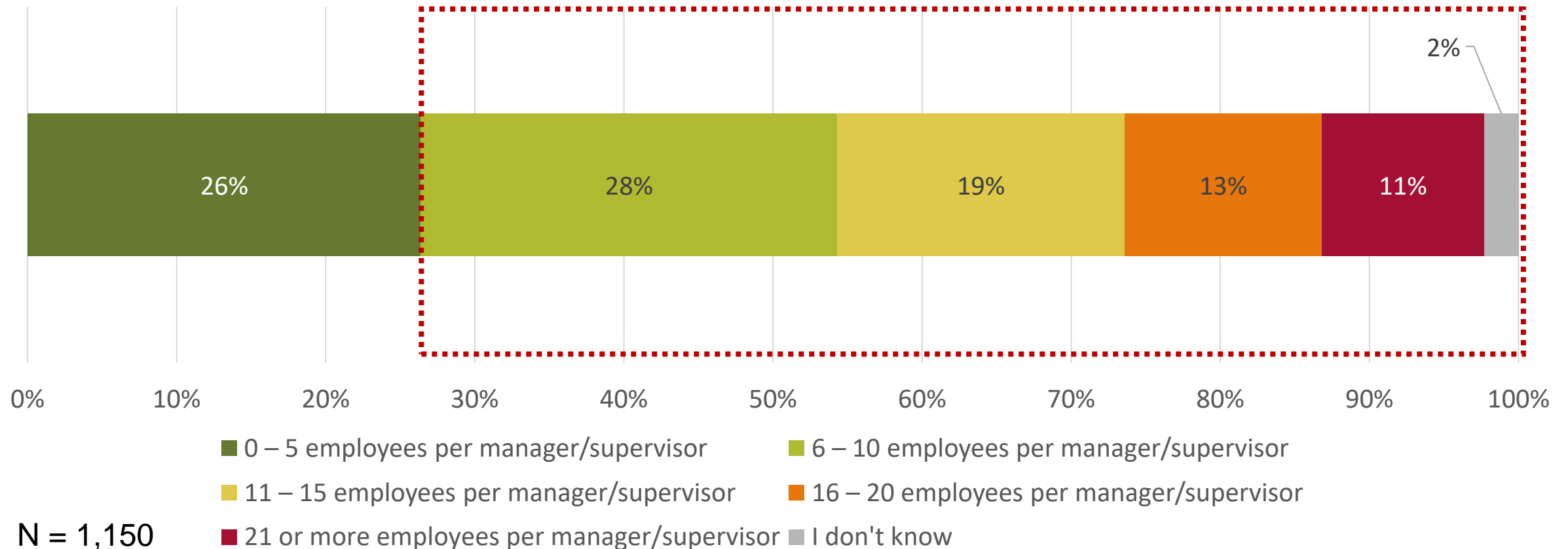


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## Lack of Mentorship: Most Supervisors Were Responsible for a Large Number of Workers

For managers/supervisors who supervise low-wage employees, what is the average number of low-wage employees that each manager/supervisor supervises?



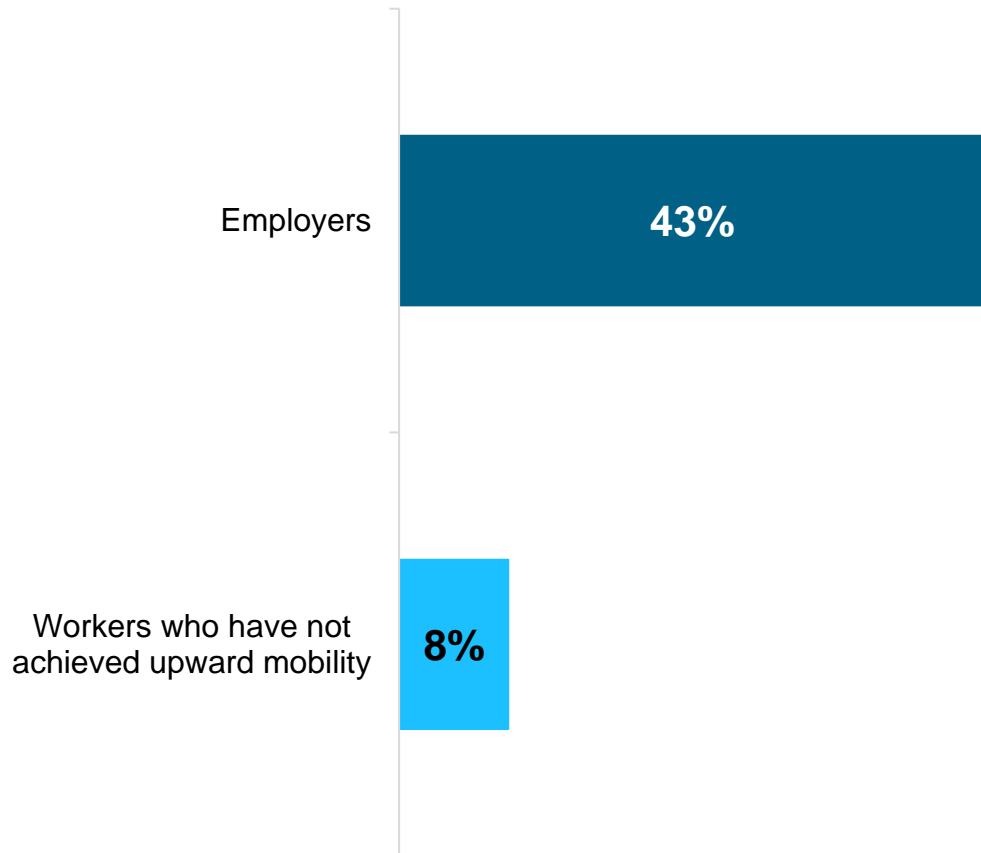
Source: Fuller, J., Raman, M., (January 2022). *Building From the Bottom Up*, Published by Harvard Business School.



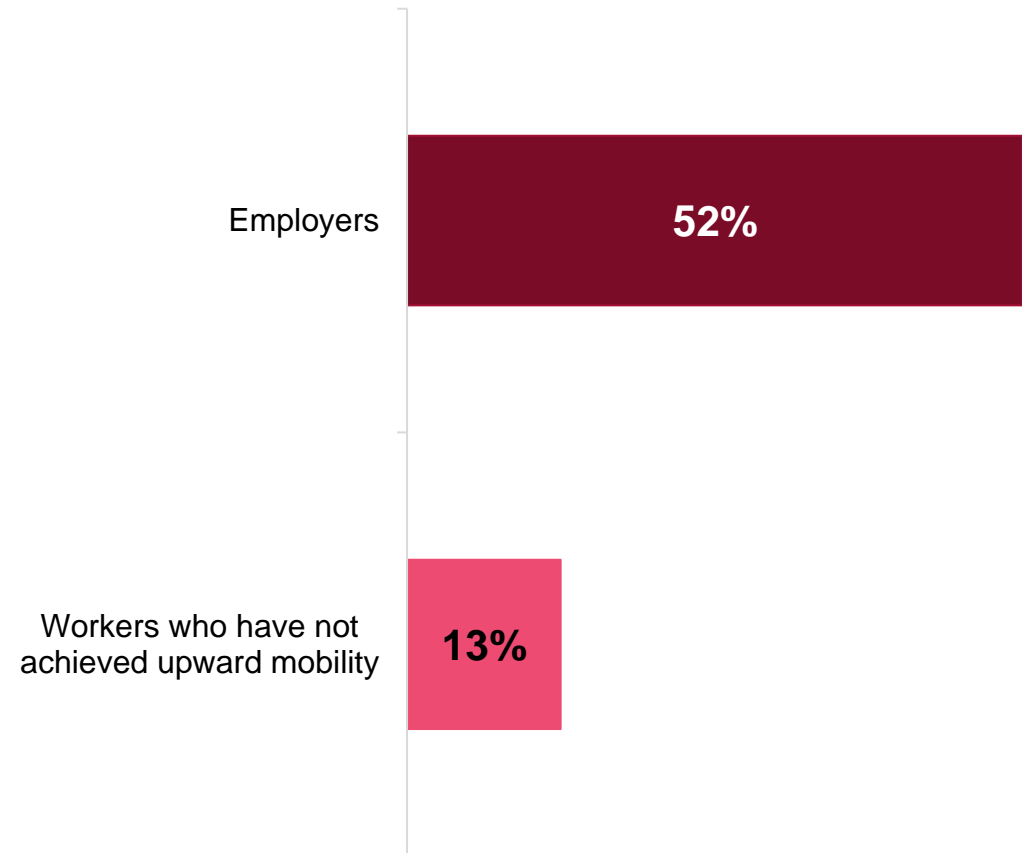
# Lack of Training Guidance: Many Workers Were Not Aware of the Skills Deficiencies That Are Preventing Them From Moving Up

## What are the biggest barriers to upward mobility for low-wage workers?

Not having the **soft skills** needed to move up



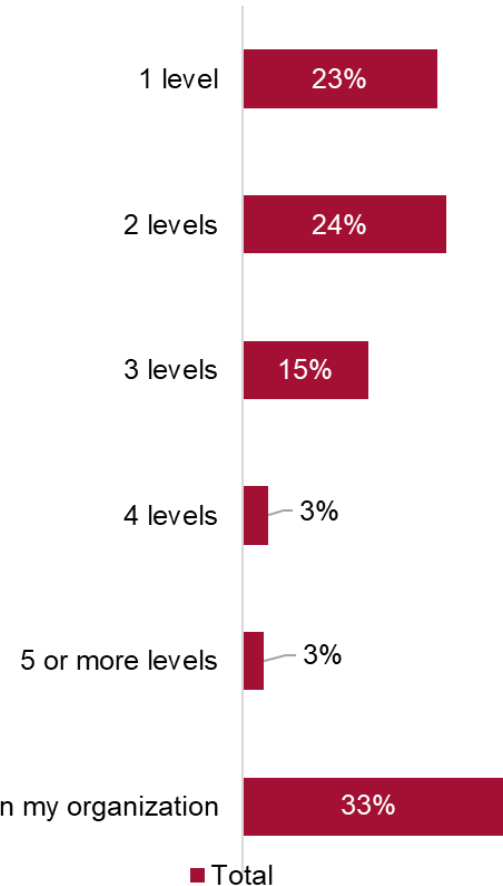
Not having the **technical skills** needed to move up



Source: Fuller, J., Raman, M., (January 2022). *Building From the Bottom Up*, Published by Harvard Business School.

# Lack of Career Pathways: Hourly Employees Have no Visibility to Career Progression Pathways

In my organization, I see a path forward for me to move \_\_\_\_ job levels upward.



N = 1,025

Source: Fuller, J., Raman, M., (January 2022). *Building From the Bottom Up*, Published by Harvard Business School.

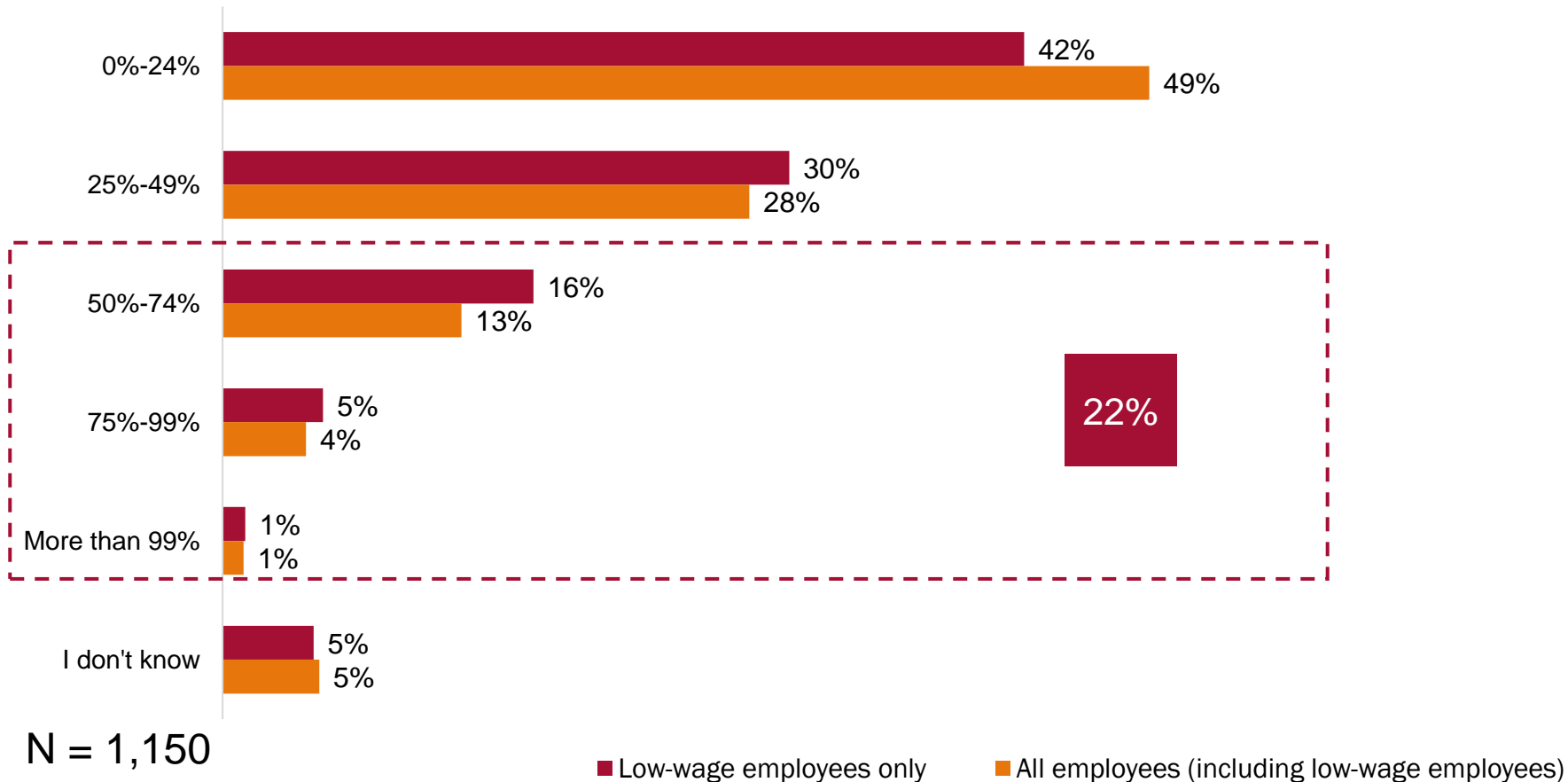
# The More Senior the Leaders the Bigger the Gap in Understanding



Source: Fuller, J., Raman, M., (January 2022). *Building From the Bottom Up*, Published by Harvard Business School.

# Employers Choose to Believe a High Rate of Churn is a Fact of Life

From January 2019 to January 2020 (the year prior to COVID-19), in your company, what would you estimate were the turnover rates of:



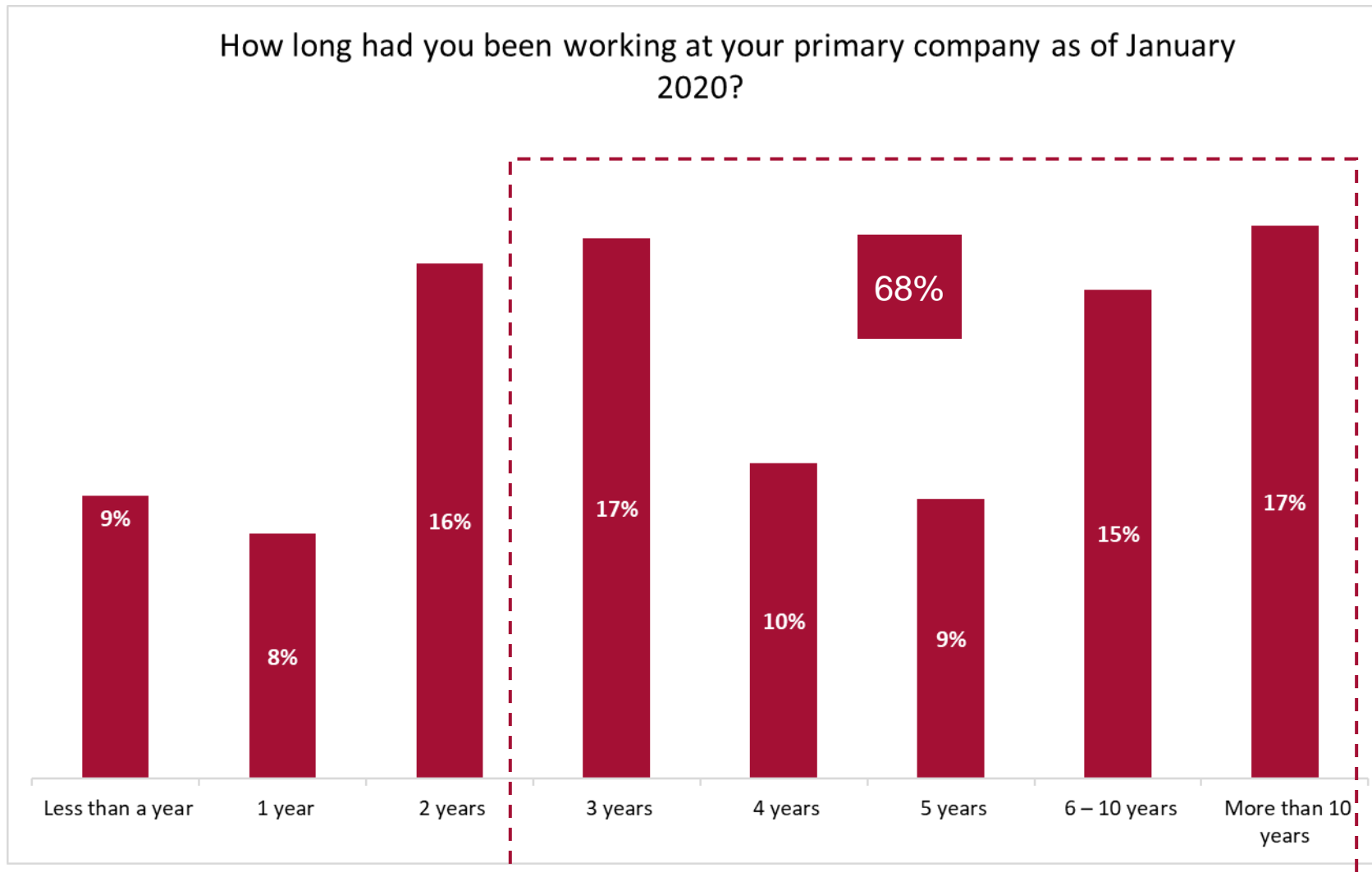
Source: Fuller, J., Raman, M., (January 2022). *Building From the Bottom Up*, Published by Harvard Business School.



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# Reality: Low Wage Workers Want to Stay at Their Company



N = 1,025

Source: Fuller, J., Raman, M., (January 2022). *Building From the Bottom Up*, Published by Harvard Business School.



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# Reality: Workers Want to Move up at Their Current Company

**62%** want to stay at their company if offered more pay, training, or responsibility



N = 1,025

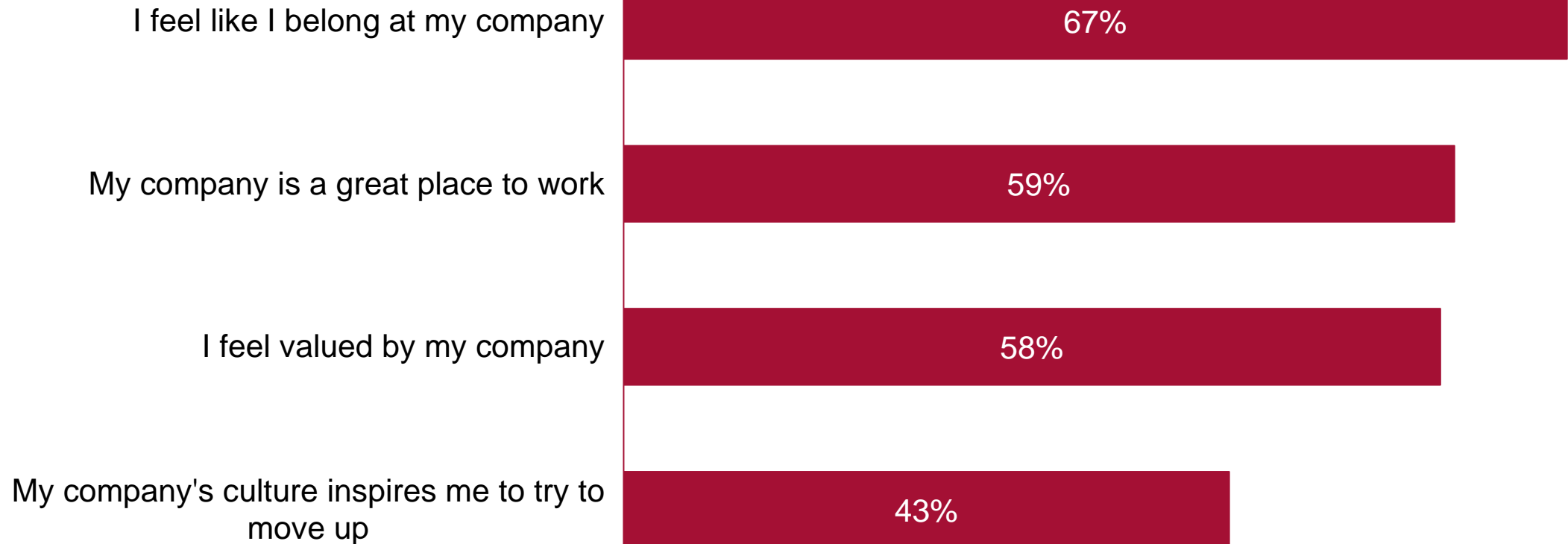
Source: Fuller, J., Raman, M., (January 2022). *Building From the Bottom Up*, Published by Harvard Business School.



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## Reality: Workers Have A Lot of Goodwill For Employers



N = 1,025

Source: Fuller, J., Raman, M., (January 2022). *Building From the Bottom Up*, Published by Harvard Business School.

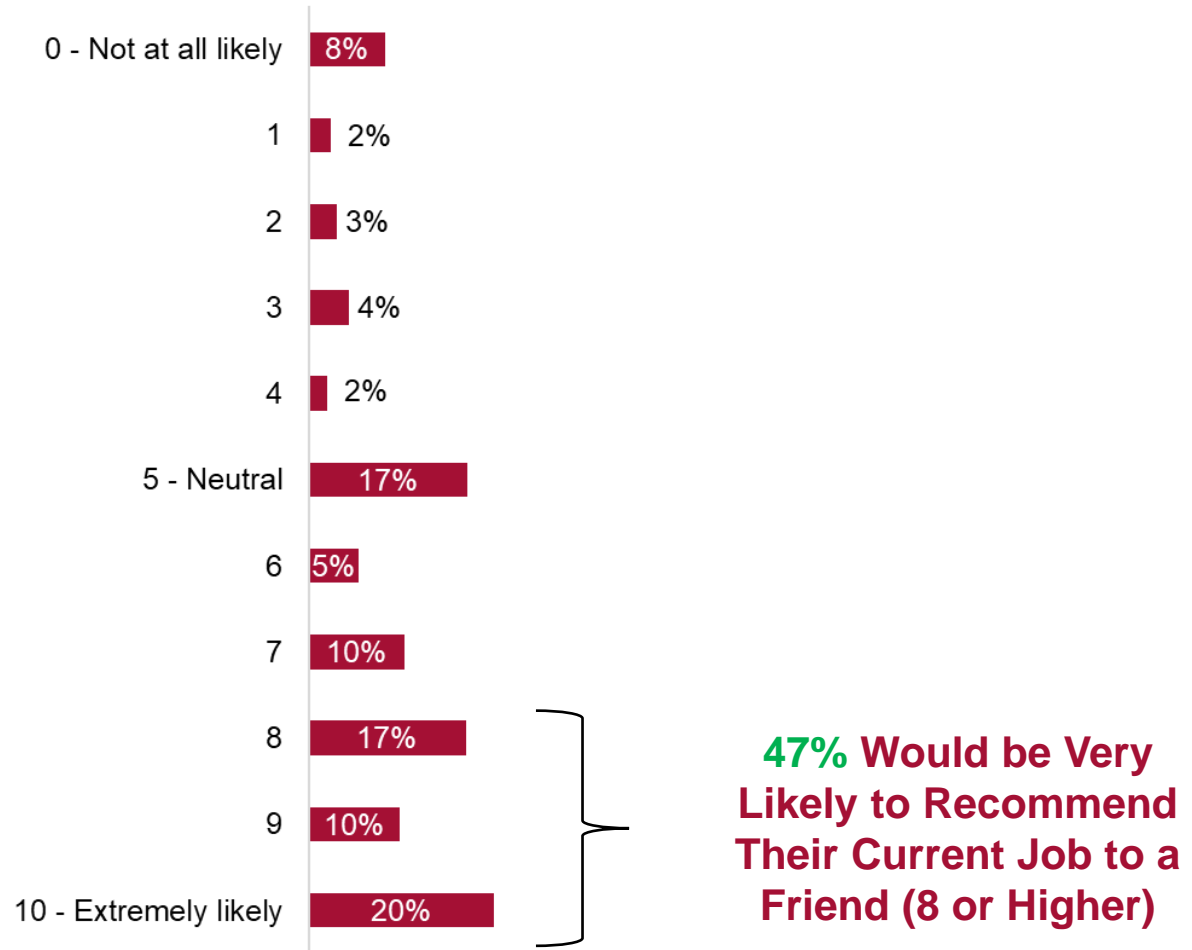


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# Reality: Many Workers Would Recommend their Current Job to a Friend

How likely is it that you would recommend your current job to a friend?



N = 1,025

Source: Fuller, J., Raman, M., (January 2022). *Building From the Bottom Up*, Published by Harvard Business School.



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# Hourly Workers Put a High Premium on Location—But Employers Ignore the Importance of Location and Stability

Please select all of the following factors that were important to your decision to move to your primary company as of January 2020 from your previous primary company.



N = 861 (worked at two or more companies in their career)

Source: Fuller, J., Raman, M., (January 2022). *Building From the Bottom Up*, Published by Harvard Business School.



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# Employers do not Communicate with Workers about their Personal Circumstances

*Has your company spoken with you to understand whether this is an issue for you?*



Source: Fuller, J., Raman, M., (January 2022). *Building From the Bottom Up*, Published by Harvard Business School.



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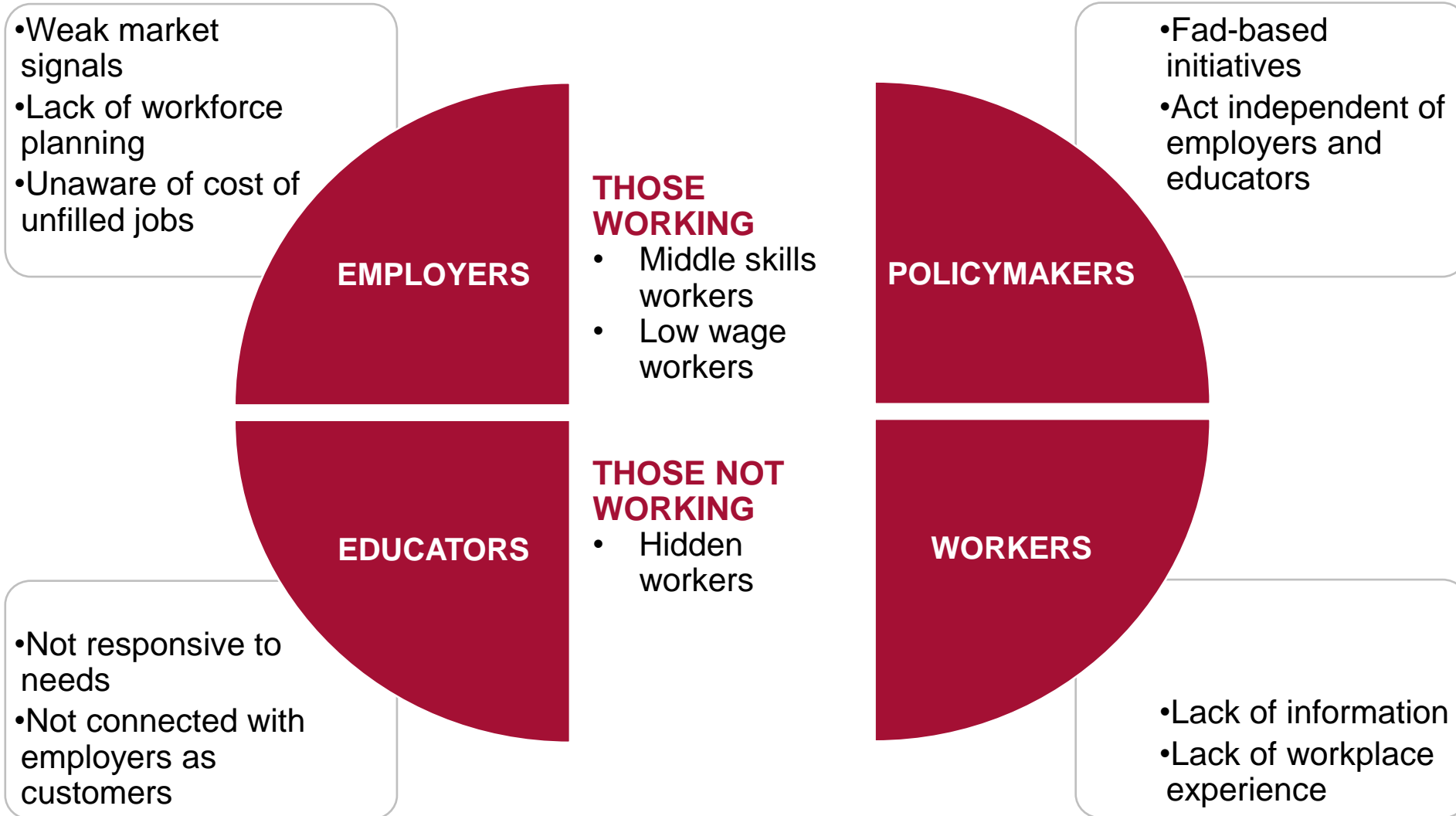
Source: Fuller, J., Raman, M., (January 2022). *Building From the Bottom Up*, Published by Harvard Business School.



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# Who Are Most Vulnerable To These Changes?



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WHAT WILL YOU DO ON MONDAY  
MORNING?