

Strategic Migration—A Short-Term Solution to the Skilled Trades Shortage

Welders, electricians and other skilled tradespeople are hard to find when and where they are needed. Their work can't be offshored, but they can be onshored.



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Not long ago, the chief executive of Leighton Holdings, Australia's biggest project development and contracting group, relayed an anecdote about the mismatches that exist between education and training on the one hand, and employment opportunities on the other.

Speaking about a project in Mongolia, the CEO, Wallace King, acknowledged that his company was facing worker shortages, but said the problem wasn't a lack of highly educated talent. Instead, the shortages were of truck drivers, fitters, mechanics and electricians. "We don't, in many cases, need rocket scientists," said King, speaking at the 2010 World Economic Forum in Davos, Switzerland. "We need people on the ground to do day-to-day things."¹

It is a complaint that resonates. Worldwide, skilled trades are the hardest positions to fill, according to Manpower's *2010 Talent Shortage Survey*. This category covers a broad range of job titles that require specialized skills, traditionally learned over a period of time as an apprentice. Examples of skilled trades jobs include butchers, electricians, carpenters, cabinet makers, masons/bricklayers, plumbers and welders. Employers in six of the world's 10 biggest economies ranked skilled trades as their No. 1 or No. 2 hiring challenge (see chart on page 2). In these countries and others, the lack of skilled blue-collar workers can impede the progress of infrastructure projects and jeopardize national growth—think transportation in India and power in Brazil, to name just two examples. It's a problem that countries must address for the long term to foster economic health and fuel business. In the meantime, increasing the mobility of these workers can help ease the shortage.

The shortage of skilled trades workers stems from several problems, including the retirement of older blue-collar workers without adequate replacements, technical training that isn't meeting businesses' needs, and the higher status accorded knowledge work over more manual forms of labor among those beginning their careers.



In This Article

- Unlike other positions facing a talent shortage, skilled trades work is geographically fixed and cannot be relocated or offshored, leaving employers with a critical talent issue that will only get worse as more experienced workers retire without adequate replacements.
- Strategic migration from within and outside national borders brings the necessary workers to the work, alleviating the immediate pressure of the talent shortage and allowing stakeholders the time and opportunity to work on long-term solutions to the talent mismatch.
- Addressing the issues of international certifications and immigration policies will aid organizations by easing the current talent mismatch. Meanwhile, aligning technical training more closely with business needs and promoting positive attitudes toward the skilled trades will lay the foundation for more lasting and permanent solutions.

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It is clear from surveys that the next generation does not see itself working as CNC operators, plumbers or electricians. Fewer than one in three 15-year-olds in Germany or the Czech Republic see themselves in a high-skilled blue-collar job by the age of 30.² And that is the high end of the spectrum. In other developed countries, interest in the skilled trades is even lower. Fewer than 12 percent of Italian teenagers, 10 percent of Americans and eight percent of Japanese see themselves taking that career path, according to a survey by the Organisation of Economic Cooperation and Development (OECD).

The younger generations' lack of enthusiasm for the skilled trades suggests the shortages will worsen. That means employers, governments and trade groups will need to get creative in order to develop a pipeline of skilled trades workers to keep operations humming.

Worker Mobility

Skilled blue-collar work resists one of the trends of modern economies: sending work offshore. By and large, it is place-based work. Still, if the solution does not lie in the mobility of the actual work, it does lie—at least in part—in the mobility of workers.

Skilled Trades Shortages Afflict Eight of the 10 Largest Economies

GDP Rank	Country	Where Skilled Trades Rank Among Hiring Challenges
1	United States	1
2	Japan	▲
3	China	6
4	Germany	1
5	France	1
6	U.K.	▲
7	Italy	1
8	Brazil	2
9	Spain	5
10	Canada	1

▲ Indicates skilled trades weren't among employers' top 10 most-difficult-to-fill positions.

Sources: International Monetary Fund (for GDP figures, 2009), Manpower Inc. (for ranking of hiring challenges, 2010 *Manpower Talent Shortage Survey*).

Some business and government leaders are already using mobility—the concept of strategic migration—to get the right skills in the right place at the right time. The

easiest application of strategic migration, of course, is to find skilled workers within one's own country who are willing to relocate for a job. For instance, in recent years, Robertson Barracks, a military base in the Northern Territory of Australia, has been bringing in mechanics and technicians from other parts of the country to do repair and maintenance work on some of its heavy vehicles. The workers have come hundreds and in some cases thousands of miles, from cities like Brisbane and Adelaide, to work on a contract basis, usually for less than two months.

When the right skills cannot be found within a country's borders, strategic migration can involve recruiting from elsewhere. For instance, some U.S. shipbuilding companies—located in towns and cities where the base of skilled labor is retiring or has left—have brought in experienced shipyard workers from countries like Mexico and Croatia. Erie Shipbuilding LLC in Ohio is among those that have done so, gaining access to H2B temporary work visas after proving they could not hire the necessary talent locally.³

Nowhere does the concept of cross-border recruitment have greater relevance than in Europe. Take Luxembourg for example, where nearly half of the nation's workforce of 360,000 people commutes from France, Germany and Belgium.⁴ Notably, skilled trades were the No. 1 area of shortage in 10 of the 17 European countries that Manpower surveyed in 2010.* The legal/legislative system, moreover, supports the movement of workers. Although there are exceptions, a skilled laborer in one European country usually doesn't need a specialized work permit to take a job in another European country. This allows hundreds of skilled butchers from countries like Slovakia, the Czech Republic and Portugal to flow into Norway each summer and fall, the peak season in Norway's meat processing industry.

The liberal migration agreements in the European Union also allowed a French metal-parts manufacturer to work with Manpower to recruit 16 welders from Poland for a six-month project, filling a critical skills need. (The language gap between the Polish-speaking workers and French managers presented some initial challenges, but those proved manageable with the help of a translator.) The arrangement worked well for the company, which has continued to hire welders from Poland. And it worked for the welders, who are finding greater opportunity in France and earning far more than they would at home.

* Employers in Austria, the Czech Republic, Germany, Belgium, France, Hungary, Italy, Poland, Sweden and Switzerland all ranked skilled trades as their hardest jobs to fill in 2010.

Long-Term Approaches

Strategic migration is a practical answer to talent mismatches today. Without it, there would simply be no near-term way to alleviate shortages of skilled blue-collar workers. But other approaches may also be valuable, especially in the long term, in increasing the supply of workers with the right skills or in enhancing their mobility. Here are four areas where employers and governments should look to innovate.

Promote positive attitudes toward skilled trades work

One of the imperatives for the stakeholders who rely on skilled labor is to find ways to emphasize the appeal of the work. At a basic level, this means promoting the career and compensation potential. Governments, businesses and trade group leaders must take steps to reach students early in their education. Similarly, they must impress on older students (and parents) that there are potentially lucrative alternatives to traditional four-year university degrees—that they can start at \$75,000 (€58,000) a year as plumbers (to take just one example), with the possibility of owning a business and having three or four employees within a few years.

Likewise, some of the more harmful myths about skilled trades work need to be debunked. The view that skilled trades work is for people who do not excel academically, that the jobs are noisy and dirty, that they are too hard for most women, etc. must be corrected. Employers, trade groups and educators must partner to create a societal mindshift that brings honor back to the skilled trades.

Align technical training with business needs

Even students who come through technical schools sometimes aren't well-prepared for the workplace. Business and trade associations must work more closely with technical educators to ensure that the classroom regimen is aligned with real-world needs so that individuals develop the relevant skills and can immediately contribute to the workforce. Similarly, governments must have a clearer and more global view of where current demand is and where it will be in the future. Only then can they advise educators about what skills will be needed to meet those global business demands so that students can prepare their career paths in anticipation of business' workforce needs.

Recently, a 2009 OECD report on vocational and educational training attributed the often unsatisfactory student preparation to the difficulty of accurately forecasting the skills that will be in demand, and to the large number of older faculty members who don't have recent workplace experience.⁵

To improve the alignment between technical schools and industry, the OECD report recommends technical instructors hold part-time positions in industry, and employers and skilled trades associations engage in curriculum development. Apprenticeships (usually part of any skilled trades worker's education) should be a standard part of the technical school experience. It also suggests that the costs of a technical education be shared among governments, employers and students based on the benefits obtained by each—recommendations Manpower supports.

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In addition, students should develop both specific technical skills and transferable “soft” skills, such as teamwork, communication and problem solving. Equally important are the attitudes that people bring to their work. For example, outgoing and empathetic people are a natural fit for customer-facing roles. Likewise, intellectual curiosity is essential to the problem-solving skills that employers really value. Individuals must also embrace life-long learning and be encouraged and supported by their employers, skilled trades associations and governments to continuously develop and upgrade their skills. This will not only improve their long-term employability, but it will also help them transfer their skills to new, emerging industries, such as renewable energy, where no such supply of workers exists.

Finally, to truly align training with market needs, businesses and governments need an accurate forecasting system that takes into account the relevant domestic, regional and global variables in order to match supply to future skill demands. Employers, skilled trades associations, governments and educators should partner in this effort, making sure to acknowledge the velocity of change and the impact of technology on particular job categories.

Develop international certifications to accelerate mobility

International certifications should be used to ensure quality standards and safety among the various skilled trades areas. If a hiring manager in the United Arab Emirates is considering an Egyptian or Filipino pipe fitter, he naturally wants to know that he can count on that candidate to do work at a certain level of quality and follow established safety procedures. Despite the fact that the requirements for labor are global, international certifications haven't really taken hold. Nations have been more focused on keeping their own bases of labor and have been concerned about who might have the upper hand in negotiations with industry groups in other countries. These sensitivities must be addressed if international certifications have any chance of becoming reality.

Use strategic immigration policies alongside long-term domestic solutions

Clearly, immigration can be an important strategic tool and when it comes to increasing worker mobility, immigration law may actually be an easier lever to pull than international certifications. This is not to discount the intense passions associated with immigration policy or to ignore the protectionist moods that grip most countries during economic downturns, like the one in 2008-2009. Still, countries can, for the most part, change their immigration policies unilaterally—and they can also enter into immigration pacts with neighboring nations to ease worker shortages. These pacts can oblige the recipient country to try to channel foreign workers' remittances into productive investments in the country of origin.

But for the long term, leaders should focus on developing the workforce at home. The domestic policies mentioned above (better technical training and the promotion of more positive attitudes) should take priority as it is less complicated to shape an indigenous workforce.

To be sure, a lot of the people who have been waved past the check points in countries with strategic immigration policies have been professional knowledge workers. But as governments take stock of their talent shortages, this must change. Yes, every country needs its nurses, its computer scientists, its nuclear engineers. But it also needs its butchers, its plumbers and its tool-and-die makers.



References

- ¹ Transcript of "Skills Creation: The Future of Employment," panel session at World Economic Forum, 2010.
- ² *Learning for Jobs*, an OECD report, October 2009.
- ³ "Labor shortage confronts shipbuilders as orders rise," *USAToday*, 27 January 2008.
- ⁴ <http://www.luxembourgforbusiness.lu/workforce>
- ⁵ OECD, op. cit.



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