

The 2011 Minnesota Skills Gap Survey

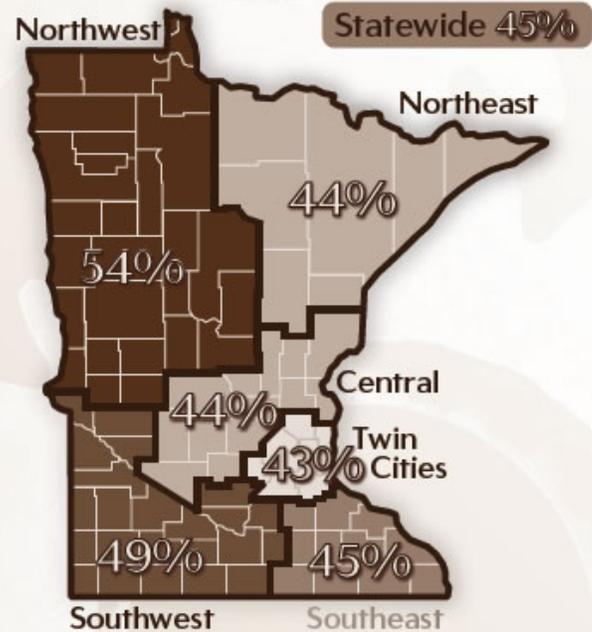
MANUFACTURING MATTERS more than ever. The sector accounts for 13 percent of Minnesota's private sector jobs and almost 15 percent of the private sector's output. With productivity (output per hour) in manufacturing growing at 36 percent over the past decade (which exceeded overall productivity growth), manufacturing remains one of the key sources of economic growth. In an environment of rapidly changing technology and operations, a skilled workforce is critical to the state's future economic growth.

A HIGH-PERFORMANCE WORKFORCE was the top factor for future business success, according to a nationwide survey of manufacturing businesses by Deloitte and the Manufacturing Institute in 2011. Surveys of Minnesota manufacturers (using some similar questions as the national survey) by the Minnesota Department of Employment and Economic Development (DEED) in 2007 and 2011 agree. A high-performance workforce was rated as the number one factor for firm success, according to 67 percent of respondents.

WORKFORCE SHORTAGES

- Almost half of respondents had positions unfilled due to a lack of qualified applicants and indicated moderate or serious shortages of workers.
- The severity of current and future workforce shortages was highest in skilled production (58 percent had some degree of shortage) and scientist and engineering (40 percent) occupations, and lowest in low-skilled production, management and administration, and customer service. These were similar to results in 2007.
- Rates of current and future workforce shortages in Southwest and Northwest regions exceeded statewide rates, indicating areas with potentially more demand for workforce services. (See map for details.)
- Although current workforce shortages appear to be slightly less than those reported in the 2007 survey, respondents expect the shortages to become more significant three years from now, and intensify particularly in skilled production and scientist and engineering occupations.

Percent of Respondents Indicating Moderate or Serious Current Workforce Shortage, by Region



Source: "Understanding the Worker Needs of Manufacturers," survey results, Minnesota Department of Employment and Economic Development, 2011.

BUSINESS RESPONSES

- The most frequent methods used to recruit and retain employees were increasing wages and providing health care benefits. Businesses in Northeast had a stronger reliance on flexible work schedules.
- Close to half of respondents had used public and private placement services. This suggests opportunities for placement services to market themselves to reach more businesses, particularly using the Internet, since the third most used placement service is internet-based job boards.
- Slightly more than half of respondents had assessed the impact of the aging workforce on projected retirements and succession plans.

TRAINING AND EDUCATION

- About three-quarters of respondents budgeted less than 3 percent of payroll for training. Slightly more than half provided company-paid training to less than one quarter of employees, while 15 percent of respondents did not provide training.

- Businesses indicated that their employees would need more training in computer skills (50 percent of respondents), process improvement (45 percent), technical skills (43 percent) and problem-solving skills (40 percent) over the next three years.

- Community and technical schools provided the most effective education and training, according to 61 percent of respondents, particularly for training students in skills for business needs.

COLLABORATION WITH EDUCATION

- Slightly more than half of respondents had previously collaborated with the education system to deal with workforce issues, for example through job fairs, internships or contributions of space or equipment. Large employers were much more likely to have had such collaborations.

- Regional differences in business collaboration with educational institutions were striking. Northwest businesses had the highest rate (70 percent) of collaborations. Respondents in the Twin Cities (44 percent) and Northeast (50 percent) were least likely to have had collaborations compared to other areas.

GOVERNMENT INVOLVEMENT

- About two-thirds of respondents believed that the State of Minnesota should have moderate or significant involvement in assisting manufacturers to attract and retain a highly effective workforce. This was more likely true for large and medium businesses, and businesses in Southeast, Southwest and Northwest.

- The preferred forms of support were tax relief for companies that offer training (41 percent) and funding for employee training at companies (37 percent).

SIZE DIFFERENCES

- Large and medium-sized companies tended to experience a greater impact of workforce shortages and use a greater variety of tactics to address such shortages, than small companies and very small companies. Large and medium-sized companies had greater financial capacity for providing training and collaborated with educational institutions to a greater degree to meet workforce and training needs.

COMPARISON TO NAM RESULTS

- Minnesota manufacturers appear to face a much tighter labor market for qualified workers than their counterparts nationwide, with larger shares of them reporting moderate to serious shortages across most occupational groups.

- Among Minnesota respondents, a high-performance workforce (67 percent) continued to be the principal factor for business success, followed by product innovation (46 percent). Their national counterparts, however, rated product innovation as the most important factor, ahead of a high-performance workforce (2009 NAM survey).

- Minnesota respondents were much less likely to collaborate with the education system than respondents to the nationwide NAM study.

FINAL THOUGHTS

Overall, these survey results present both a significant challenge and a substantial opportunity for the State of Minnesota, local governments, the education system and other service providers to align and prioritize services and support to Minnesota manufacturers. Because results sometimes varied by geographic location and size of business, workforce development professionals and training providers could customize their approaches and services to better meet the needs of their clients.

FULL REPORT AND APPENDICES AVAILABLE ONLINE AT:

www.PositivelyMinnesota.com/, search "skills gap".

METHODOLOGY NOTES

A stratified random sample of 2,400 Minnesota manufacturing businesses across four size groups received the survey in electronic or paper format, or in some cases, both. The survey yielded 511 respondents (for a response rate of 23.9 percent excluding non-deliverable addresses) for the 2011 survey. Overall, the survey has a confidence interval of +/- 4.1 percent, at a level of confidence of 95 percent. Business size groups were: very small (5-19 employees); small (20-74 employees); medium (75-249 employees) and large (250 or more employees).

