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# Is skills gap a barrier to jobs in Michigan?

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There was nationwide applause with Friday's report of 236,000 jobs created in February, driving the national unemployment rate down to 7.7% and helping drive the Dow Jones Industrial Average to a new record.

But the good news begged the question why Michigan -- with a January jobless rate of 8.9% -- hasn't shown comparable job growth over time.

A short, but important answer is the one-month lag between when national and state data are reported. January data are the latest state data available. There are positive trends in metro Detroit and statewide that likely will be reflected when the state's February jobs data come out in early April.

"I'm getting calls and e-mails every day from people who are asking for my resumé," said Victor Volkmann, 48, of Ann Arbor who started as an information technology contractor nearly two years ago at ProQuest and was hired full-time in late 2011. "Things are so much different than they were in 2009 when you couldn't get people to return your calls."

Consumers are buying new cars, trucks and houses at a brisker pace than any time since the financial crisis. Chrysler has hired at Warren. Ford is adding people at Flat Rock and Dearborn. New investment in downtown Detroit real estate is generating construction work.

Offsetting those positive trends could be the impact of the federal government's sequester, but the direct impact will be much less in Michigan compared with Virginia and Maryland.

Some say Michigan's more lethargic jobs recovery when compared with the country as a whole and to some neighboring states has to do with worker

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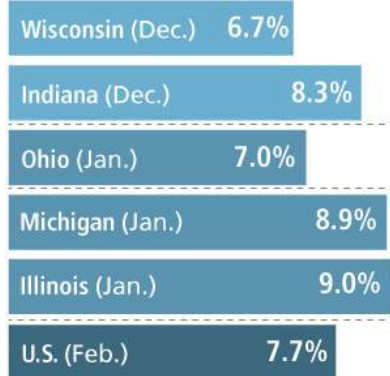
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## UNEMPLOYMENT RATE\*



\*Latest data available  
SOURCE: U.S. Department of Labor  
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skills. Wisconsin's unemployment rate was 6.7% in December, Ohio's was 7% in January and Indiana's was 8.3% in December, the latest figures available for the states.

Steve Armstrong, Kelly Services' senior vice president of U.S. operations, said there is a stark contrast between demand for more highly skilled, technically trained workers and the market for unskilled entry-level positions.

He estimates the jobless rate for the first group is 4% or less, while more than 10% of workers in the unskilled labor force are still looking.

Employers lament a shortage of candidates with the appropriate skills for the jobs they have.

Workers, both unemployed and currently employed looking for a better opportunity, tell horror stories about incompetent human resources bureaucracies, suffering through eight or more interviews for the same position, dysfunctional screening software that might eliminate the perfect candidate, and executives who are just afraid to commit because they are comfortable with their profits, cash reserves and stock price even if essential work is left undone and future sales are lost.

"There is no evidence of a 'skills' mismatch in the labor market," said economist Heidi Shierholz of the Economic Policy Institute in

Washington, D.C. "What we have is a broad-based lack of demand for workers, not a skills problem."

In her view, businesses aren't hiring because demand for their goods and services hasn't risen enough to require new workers.

But Kelly Services' Armstrong said there is a tension at the lower end of the wage spectrum that reflects more than sluggish consumer demand.

"Because this recovery has been so protracted, we are still wrestling with wage pressure at the low end," he said. "Look at how low inflation has been. At some point in time what employees say is a skills gap is going to have to result in a raise in wages."

Peter Capelli, a professor of management at the University of Pennsylvania's Wharton School, said the labor market has been so weak for so long that managers think they can limit their search to those currently employed.

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"Early on in the recession, when literally millions of people were being laid off, it was easy to find someone fresh out of a job with the experience and skills needed to step right into your vacancy," Capelli wrote this week in the Harvard Business Review.

Today, those types of people are working somewhere else at a higher salary than many companies are offering.

While human resource managers may frustrate many job seekers with repetitive tests and interviews, many HR staffers were laid off in the wake of the financial crisis.

These were the people who would push back when an executive added impossible requirements to a new job description, Capelli said.

They would point out when a salary was inadequate for the level of experience wanted.

In their place is a cultural fear that making no hire is always better than hiring the wrong person.

There are still 12 million unemployed Americans as of the end of February, according to Friday's Bureau of Labor Statistics report.

That is 774,000 fewer than a year earlier, but too many for those who are still looking for work.

Melanie Fuscaldo is a career counselor and life coach in Ann Arbor. She has seen her business expand in the last 10 months.

"There are companies that are having difficulty committing to hire or not paying well enough," she said. "But I also see larger companies hiring and paying decent salaries. Sometimes we just see a lag between the decisions and the numbers reported. I think that's a lot of what is going on."

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### **More Details: Hiring survey**

#### **A recent survey of employers by ManpowerGroup asked for the primary reasons they're not hiring.**

- 55% reported lack of available talent.
- 54% marked the response, "Applicants are looking for more pay than offered."

#### **When asked what they plan to do about it**

- 37% said they'd focus on retaining current staff.
- 36% said they'd promote current workers able to learn the necessary skills.
- 28% said they would offer more training to existing staff.
- Increasing pay for new hires was not cited at all.