



## Skill Demands and Mismatch in U.S. Manufacturing

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### Abstract

Recent economic events have sparked debates over the degree of structural mismatch in the U.S. economy. One of the most frequent claims is that workers lack the skills that employers demand. The existing literature, however, analyzes this potential mismatch at a high level of aggregation with abstract indices and noisy proxies that obscure the underlying mechanisms. The authors address these issues by presenting and analyzing results from a survey of U.S. manufacturing establishments. The survey is the first, to their knowledge, to directly measure concrete employer skill demands and hiring experiences in a nationally representative survey at the industry level. The findings indicate that demand for higher-level skills is generally modest, and that three-quarters of manufacturing establishments do not show signs of hiring difficulties. Among the remainder, demands for higher-level math and reading skills are significant predictors of long-term vacancies, but demands for computer skills and other critical-thinking/problem-solving skills are not. Of particular interest, high-tech plants do not experience greater levels of hiring challenges. When the authors examine the potential mechanisms that could contribute to hiring difficulties, they find that neither external regional supply conditions nor internal firm practices are predictive of hiring problems. Rather, the data show that establishments that are members of clusters or that demand highly specialized skills have the greatest probability of incurring long-term vacancies. The authors interpret these results as a sign that it is important to think about factors that complicate the interaction of supply and demand—such as disaggregation and communication/coordination failures—rather than simply focusing on inadequate labor supply.