

Human Capital

BY INVESTING IN EMPLOYEE SKILLS and knowledge, companies reduce turnover and hiring costs.

Employers are facing a tremendous mismatch of available jobs and potential employees who have the needed skill sets and aptitudes for occupations in demand. Many jobs now require skills and training beyond secondary education, yet 40 percent of prime age workers have completed high school or less. According to one researcher, “the largest share (about 72 percent) of the increase in postsecondary education requirements comes from ‘upskilling’ higher skills demanded by employers for jobs that previously did not require any college.”²⁴

In addition to this skills mismatch, high turnover rates — particularly of the frontline workforce — require employers to invest resources in retention services and vocational evaluation to increase job “fit”, and reduce associated hiring and turnover costs.

To address identified skills mismatch and high turnover rates, some employers are investing in building “career ladders”— horizontal and/or vertical paths of job progression tied to mastery of particular skills and knowledge. These career ladders are often internal and address individual employer needs; however innovative models are building industry consortiums allowing for cross-employer progression. Each step up the career ladder requires additional training; this training is often provided by a community college partner via government funded programs.

What you can do — Invest in an employee’s education:

- Devote a portion of your budget to professional development for employees.
- Offer tuition reimbursement and/or flexible scheduling for educational purposes.
- Partner with community colleges to offer classes at your workplace.
- Pay for ESL classes for your employees. For an example of this practices see *Increasing the Visibility for the Invisible Workforce: Model Programs and Policies for Hourly and Lower Wage Employees*. Boston College Center for Work and Family, Carroll School of Management, 2004.

Examples in this toolkit

- Support IDA programs which match employee savings for expenses such as education — see IDA under “financial assets.”
- Set up a Michigan Education Savings Program (MESP) (college 529) savings program for your employees — see MESP under “financial assets.”
- Promote the EITC — employees can use this cash back to pay for educational expenses — see EITC under “financial assets.”

Invest in an employee’s advancement:

- Set up a mentoring or job shadowing program.
- Invest in managers’ supervisory training programs.
- Take advantage of public incumbent worker training opportunities and resources.

²⁴Carnevale, Anthony P. and Donna M. Desrochers. “The Missing Middle: Aligning Education and the Knowledge Economy.” Office of Vocational Education, U.S. Department of Education. Washington DC: 2002.

Human Capital

Identifying skills gaps and improving vocational evaluation

- Write job descriptions for competencies, not lists of tasks to be completed.
- Invest in thorough applicant screening to ensure match of personality to workplace culture.
- Partner with One-Stop centers and your local Michigan Works! agency to fully articulate to job applicants not only skills required, but also aptitude and desire for work in that field.

Government programs and resources for employers seeking to build training programs

- EDJT This program is administered through the Michigan Economic Development Corporation (MEDC). Economic Development Job Training (EDJT) awards are discretionary and require that businesses and training providers work closely with an MEDC account manager and workforce development specialist to develop an effective training plan.
- For more examples of innovative government programs to assist employers, see *Wising Up: How Government Can Partner with Business to Increase Skills and Advance Low-Wage Workers*. CLASP, 2006. Get info at: www.clasp.org.

For tools and assistance:

The Michigan Economic Development Corporation is an excellent resource for employers seeking to understand government grant programs. (See the Employer Resources section for more information.)

- Visit www.michigan.org — Our services — business services — small business outreach.
- Contact Chris Holman, Small Business Advocate, at (517) 373-9808 at the MEDC.

Asset Building at Work

Human Capital Investment: Aztec Manufacturing

An Economic Development Job Training (EDJT) grant allowed Aztec, a tier one automotive industry supplier, to upgrade the skills of its incumbent workers as part of an overall strategic push to attain ISO 14001 certification. Working closely with the Michigan Manufacturing Technology Center, Aztec trained workers on topics such as robotics and geometric tolerances. Aztec credits much of its success in helping employees advance to collaborative efforts with community colleges and organizations such as the Michigan Economic Development Corporation (MEDC). MEDC administers EDJT grants. Result: retention at the company is very high due its investments in staff.

Contact: Frank Lopez, CEO, Aztec Manufacturing. Phone: (734) 942-7433. email flopez@aztecmfgcorp.com

More examples continue on page 30...