Job Paradox

Manufacturers Decry A Shortage of Workers While Rejecting Many

A Lot of Applicants Lack Skills Factories Require; Small Firms Are Worried

Heated Demand for Welders

By RAJU NARISETTI
Staff Reporter of THE WALL STREET JOURNAL

EUCLID, Ohio — Andre Miles has applied for a job at Lincoln Electric Co. three times in the past three years, but he never got past a screening interview.

"It is frustrating that I don't even have a chance," says the 22-year-old construction worker. He isn't alone. More than 20,000 applications have been submitted to Lincoln in the past 18 months, and most were rejected. Yet the maker of motors and welding products says it still has positions to fill and can't find the workers it needs.

Around the country, a shortage of skilled labor has created the same paradox: Thousands of people are being turned down for factory work by companies that are actively recruiting. The result: unfilled jobs and very frustrated job seekers.

"There is clearly a supply and demand problem for many manufacturers," says Michael Cantwell, national director of manufacturing at Grant Thornton, a management consulting firm. A recent survey of 919 small businesses by Arthur Andersen's Enterprise Group found 25% worried that a lack of qualified workers will hamper their growth.

Help Wanted

Lincoln currently has about 200 openings, with hourly pay ranging from $8.39 to $20. While some openings are at the lowest rung of the plant, the company also needs many skilled tool-and-die makers, mold makers and machinists.

But few of the thousands of applicants who applied for jobs at Lincoln could do high-school trigonometry or read technical drawings, and most didn't show an aptitude for learning how to operate computer-controlled machines — skills that Lincoln says even entry-level workers need.

Employees with certain skills are hot commodities. "A journeyman welder is like a free agent in baseball," says Walt Elish, executive director of the Economic Development Corp. of Waukesha County, Wis. "We can't find welders, we can't find tool-and-die makers, we can't find [computer-controlled] machine operators." He says such workers can earn from $35,000 to $50,000 a year, and it isn't uncommon for a good toolmaker to pull down $60,000 with overtime.

But to command those wages, today's factory workers need to use advanced math, have good communication skills and understand the use of computers. Most high-school students with those abilities are college-bound.

Shallow Pool

It is "very frustrating," says Bruce Cable, Lincoln's employment manager, whose eight-person staff has screened thousands of candidates. "These days even if high-school students have C-minus grades, they can go to college. So, instead of getting the B student to handle a manual lathe, we are now getting the D student" to operate computer-controlled machines that make welding equipment.

A strong rebound in manufacturing has absorbed most of the available pool of skilled, experienced workers who lost their jobs as big companies cut back in recent years. Companies say those still looking for work typically are older, high-wage workers who lack the technology and teamwork skills to cope in factories or are unwilling to take entry-wage jobs.

Mr. Miles, the 22-year-old repeatedly turned away at Lincoln, says he thinks his 2.6 grade-point average in high school "wasn't too shabby." In school, he played football and worked part-time at a Kentucky Fried Chicken restaurant, but took just one basic algebra course. Today, he wishes he had taken more math.

"If I knew then what I know now, I would have acted differently," he says, noting that Lincoln's starting salary is more than the $7.50 an hour he makes after two years of unskilled construction work. "If I got that job [at Lincoln], at least I wouldn't have to wear the same tennis shoes for two years."

Fries, Not Math

Lincoln won't comment on individual applicants but says most come with retail or fast-food backgrounds and little understanding of mechanical work. Applicants "should have had high-school algebra and succeeded at it," Mr. Cable says.

Pay at the company is tied to productivity and profitability. Last year, factory workers earned an average wage of $19,800. But because the company did well, so did the employees; with bonuses, their average compensation came to $55,614, up from about $45,000 in 1993.

Workers typically move among three jobs within the first 12 months and are routinely expected to work overtime. The company also puts great emphasis on attendance. Yet many high-school graduates don't show "stick-to-itness," Mr. Cable says. Some who are hired give up quickly: 15% leave within the first 60 days. After that, turnover drops to 4% a year.

All this has forced Lincoln, which hasn't laid off a factory worker at its U.S. operations in the 100 years of its existence, to adopt some unusual tactics to find employees. Along with advertising on local radio stations, managers have met with local ROTC units and the Interchurch Council of Greater Cleveland to flush out candidates. Lincoln won't specify how much it spends on recruiting, but says it has spent more in the past two years than it has in the previous 98 years put together.

Mr. Cable's staff holds frequent open houses for high-school teachers, career counselors and students and has sent recruiting teams to other counties in Ohio and neighboring Pennsylvania. But when Lincoln asked the Ohio Bureau of Employment Services to search its databases for candidates for tool-and-die openings, the bureau couldn't come up with a single candidate in the entire state—even though Ohio has one of highest numbers of machine-tool companies in the U.S.

In Wisconsin, Mr. Elish has faced similar frustrations. He recently flew to Seattle to recruit skilled employees being laid off from Boeing Co. He represented 52 companies looking to fill 300 jobs but could land only 13 interviews with prospective employees. He says it is tough to compete with glitzier companies in newer industries. Across the aisle from him at the Seattle job fair, Microsoft Corp. was wooing some of the same workers.

Scott Paper Co. spent $400,000 to search for workers for its new tissue products plant in Owensboro, Ky. Managers screened 14,176 applicants to come up with 174 new hires. Of the 10,000 people who made it through the preliminary screening, 4,000 failed a standardized English and high-school algebra test. The rest went through 28 hours of testing.

The reason Scott was so finicky is clear at the 1,200-acre complex. The plant has 230 nonunion employees—expected to soon increase to about 270 — less than half of the number of workers at comparable Scott production facilities. Except for two part-time telephone operators, every employee is assigned multiple production responsibilities within teams.

Along with operating the tissue-making equipment, the Owensboro workers do tasks previously handled by managers. They develop their own five-week production schedules, enter data in computer spreadsheets, buy supplies and load onto 18-wheelers cases of two-ply bathroom tissue rolls coming off packing machines.

More...

Job Paradox continued...

They deal with customers and production staff at other Scott mills. They even take attendance, interview job seekers and vote on merit raises for one another. Starting salary: $29,000, with eligibility for merit-based raises every six months.

"Most of my first year was training," says Jenny Hester, a 27-year-old basic technician at the plant, who, like all other employees, got at least 740 hours of training in topics ranging from use of Microsoft Windows software and lab tests for fiber strength, to operating forklifts and handling confrontations with co-workers.

Scott looks for workers who show a capacity to learn, whether or not they have taken classes beyond high school, says Micheal Lerch, who heads the plant. After high school, Ms. Hester attended community college at night, earning an associate degree in business management. During the day, she worked at a factory, running a machine that made plastic pellets.

In her job at Scott, Ms. Hester says she is often called upon to think like an entrepreneur. For instance, she says, Scott pays contractors to haul away clay by-products from recycled paper. Ms. Hester manages a process called curing, which helps dry the waste and makes it up to 50% lighter. "If I don't keep up with curing adjustments, we are wasting money, paying contractors to basically haul away water," she says. "Everybody here is expected to think and act like a business person."

Yet, many New Age factory workers still don't feel they have the status of white-collar workers – and don't plan to encourage their children to follow their footsteps. Donald Dunbar, a coal miner's son, drives 50 miles a day to get to his technician's job at Scott, which he says represents the "best side" of manufacturing. But he wants his 16-year-old son to go to college and become an investment banker. "I want my kids to do better, get a college degree," says the 40-year-old Mr. Dunbar. " I have seen too many factories close."

Some experts contend manufacturers make the labor shortage worse by not paying enough to attract college graduates with technical skills. "Companies are looking for champagne workers but willing to pay only light-beer wages," says Frank Emspak, a professor at the University of Wisconsin's School for Workers.

But a bigger problem than wages may be the image of manufacturing. "If you want to stay in a factory all your life, that is fine," says Lynda Wright, a 1995 high-school graduate who interviewed with Lincoln in May before deciding to join a Cleveland law firm as a secretary. Even though Lincoln's starting pay and future earning potential is "probably higher" than the $8 an hour she now makes, Ms. Wright says, "I don't care for the dirt, oil and grime. Money isn't everything."

Bill Fisher, a 26-year-old factory technician at Lincoln, understands why many of his peers find manufacturing jobs so unattractive. "In school, you were either college-bound or not," he says. "The rejects ended up in shop."

Mr. Fisher, who joined Lincoln after obtaining a degree from Ohio State University, says many of his college classmates still aspire to be part of the increasingly competitive white-collar world. "Lots of my buddies seem to be working in shoe stores. Everybody thinks and wants to be a manager. But there is no future in that."

More...