

## Massachusetts business leaders outline ways for state’s public schools to help ease labor market crunch.

*Statewide survey and focus group with business leaders find emphasis on applied skills, teaching, vocational/technical would help prepare students to fill abundant open positions.*

Business is booming in Massachusetts, and employers are reporting the tightest job market in years. Recruiting the right talent is always a critical issue for employers, and it’s a bigger challenge than ever as the economy hums along at near full employment. The availability of talent to Massachusetts employers is a product of many factors. Some are macroeconomic, and mostly outside the influence of Massachusetts policymakers. But other issues can be influenced by political and policy leaders and can expand the pipeline of available talent.

One key factor is the quality and focus of public K-12 education. Massachusetts schools have

long led the nation in quality ratings. But as we have seen from past iterations of these surveys, there are areas of disconnect between what schools focus on and what employers say would be most helpful in preparing students for work.

Companies are having a hard time filling positions, in part because of stiff competition for talent, but also because of a mismatch of skills. This research suggests the hot economy is only exacerbating longstanding problems with how Massachusetts schools are preparing – or not preparing – students for their eventual entry into the workforce. Employers continue to give the schools higher marks for overall

### KEY FINDINGS:

Employers are struggling fill positions in their companies (Figure 1), in part because of fierce competition in a hot economy, and in part because candidates lack the skills needed for open jobs.

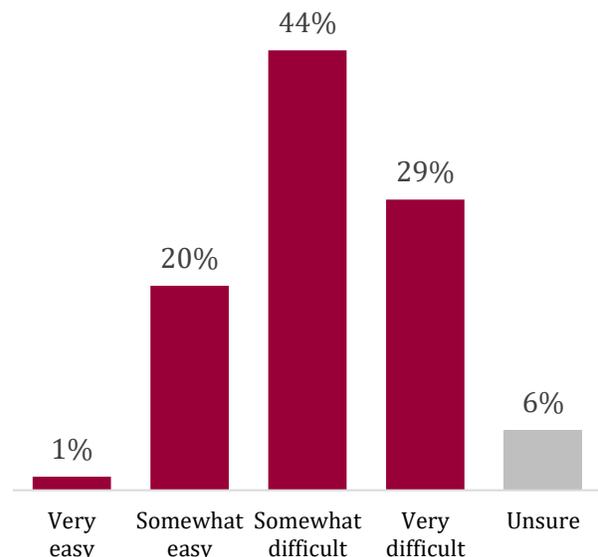
Education matters to the business climate. “Access to a talented workforce” is the single most important factor in evaluating the state’s business climate.

Employers continue to see a gap between the overall performance of the schools statewide and in their community and the job the schools are doing preparing students for the workforce.

Business leaders want to focus their advocacy on improving the applied skills taught to students, hiring better teachers, increasing hands-on and vocational/technical education, and forging business partnerships with schools.

**Figure 1: Employers struggling to fill open positions in red hot economy**

*Q: How easy or difficult are you finding it to find people with the right skills to fill the positions you need to fill here in Massachusetts?*



performance than they do for how the schools prepare students for work. They continue to see too much focus on standardized tests. Instead, they favor a number of policy solutions, including an added emphasis on applied skills, high-quality teachers, and hands-on and vocational learning.

Legislative leaders are gearing up to potentially revamp education funding and focus. Business leaders have been key in these discussions for decades. To help understand the priorities of business leaders across the state, the Massachusetts Business Alliance for Education, the Massachusetts Business Roundtable, and the Associated Industries of Massachusetts commissioned this survey and a focus group of employers on public education issues in Massachusetts. This report covers the findings of this research, the third wave in a series extending back to 2014. The full survey results and a methodology statement are included as an appendix to this report. The MassINC Polling Group is pleased to present the results of this

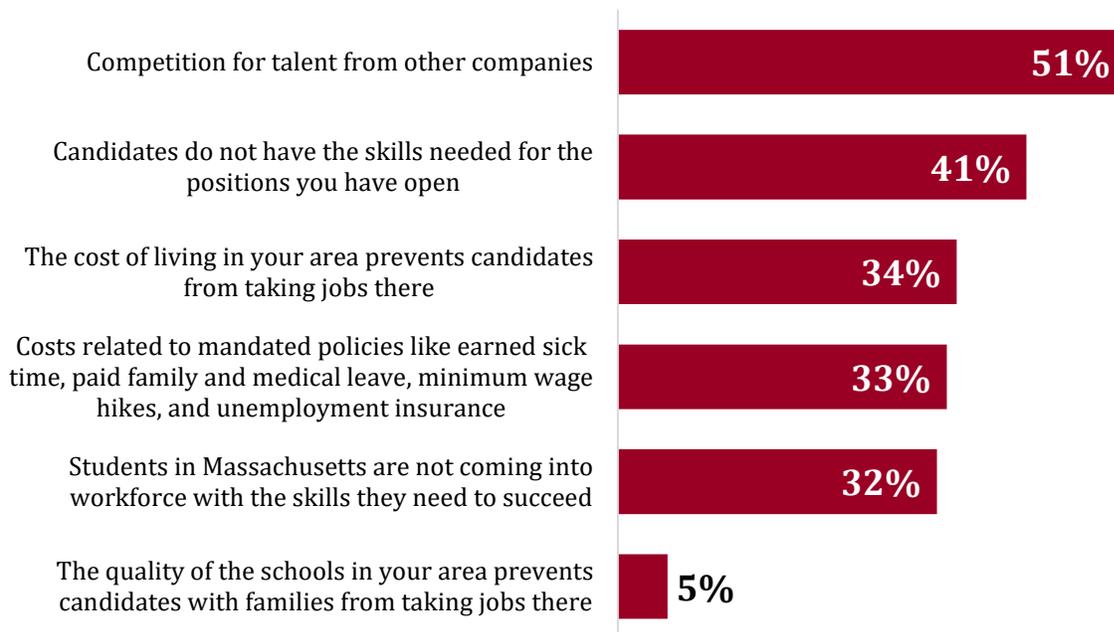
survey of Massachusetts business leaders, and to participate in this ongoing endeavor.

**Employers report ongoing trouble filling positions and retaining employees: “It’s tough to find good talent out there.”**

Finding and retaining quality employees is a key concern for employers, as the war for talent rages. Nearly three-quarters of employers say it is somewhat (44%) or very difficult (29%) to find people with the right skills for positions they are looking to fill in Massachusetts. This is partly due to the hot economy—half (51%) of employers say competition for talent is a “major obstacle” to filling open positions and another third (34%) consider it a minor obstacle (Figure 2). In Boston and the inner suburbs, competition is fiercest, with 68% calling it a major obstacle.

Human resources managers who gathered for the focus group were candid about the difficulties of hiring in this job market. “It’s tough to find good talent out there,” said one

**Figure 2: Competition, lack of skills are top obstacles to filling open positions.**  
*% calling each a “major obstacle” to filling positions.*



participant. “There’s a lot of cannibalization from people just moving from company to company for a few dollars more, and employees are looking for a variety of different perks.” Said another: “It’s the tightest job market I’ve worked in.”

Employers are also reporting trouble retaining workers. “We see a lot of people leave us to go to the Amazons or the Googles of the world because they’re getting a much higher salary,” reported one focus group participant from the technology sector. Another, from a community health center, described being outbid by hospitals for doctors and nurses.

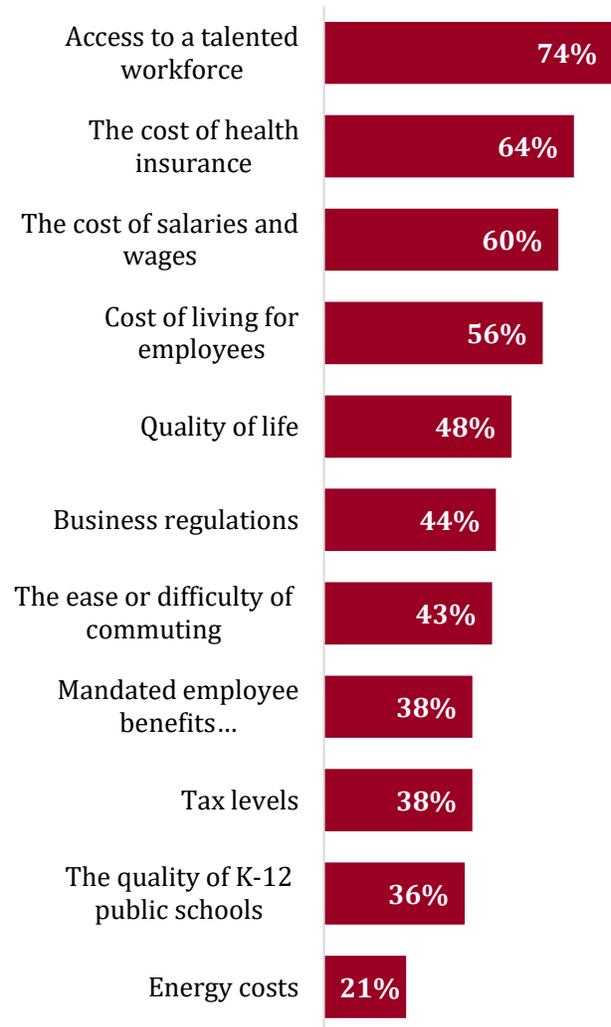
Another HR expert noted the competitive trend extends even to unskilled workers and cuts across sectors: “I was working at this one manufacturing company and they said, ‘Oh my God, if McDonald’s goes up to \$15 an hour, I’ll lose employees because the work is easier at McDonalds than going to the manufacturing jobs that they have.’”

The tightness of the job market also came through in the responses to an open-ended question about obstacles to hiring; 15% of responses cited the higher salaries being sought by in-demand talent, and 5% explicitly mention competition from other firms. “The strong economy and low unemployment has made it difficult to compete in recruiting and retaining talent,” wrote one respondent. “We are a small employer and can’t compete solely on salary and benefits with larger companies.”

The strong economy is bringing workers from non-traditional backgrounds into the labor force, and firms are giving them serious consideration as they struggle to fill openings. One hiring manager described looking outside of traditional recruiting channels to find the help they need:

**Figure 3: Workforce most important factor in state business climate**

*% rating each “very important” to business climate*



“There’s all this talent that’s sort of been on the sideline. Whether it’s people who are on public benefits, people with a CORI issue, there’s all these people that employers are now willing to work with [...] because again they can’t find the talent out there. And with additional supports, there are actually untapped pools of people, but there needs to be more sort of a pathway and a bridge. You’re not just going to find that person and hire them the next day.”

**Highly rated schools attract employers, employees, but could do more to prepare students for work.**

Massachusetts is routinely rated as an excellent place to do business, and the talent of the state's workforce is a major strength. Three-quarters (74%) of employers said access to a talented workforce is very important to assessing the business climate in the Commonwealth, making it the top factor rated (Figure 2). A 2018 [CNBC ranking](#) of the best states in which to do business put the state's workforce as top in the nation. The state boasts exceptional higher education institutions, and produces world-class graduates, contributing to these consistently high ratings.

At the K-12 level, Massachusetts also excels in comparative ratings. Even so, employers consistently rate the schools *lower* when it comes to how well they are doing preparing students for the job market. In focus groups and open ended questioning, this is primarily driven by the perception that Massachusetts schools are doing what we as a society ask of them. But they could also be doing a different set of things which would make graduates more employable and ready to immediately contribute in a new job.

Massachusetts is a high-cost state, but the talent of the workforce is a key factor keeps businesses invested in the economy here. Employers are hiring a range of skill and education levels, making it more important than ever for the K-12 system to provide a solid foundation so that our workforce can continue to contribute to the state's competitive advantage. And with some employers broadening their search beyond the traditional degree requirements, these preparations become especially important.

K-12 schools play another key role in helping employers fill jobs. They are key to recruiting out-of-state employees looking for strong public schools for their own children.

Here, the schools are a major asset, as Massachusetts schools are very highly rated in every comparative study. The quality of the public schools was the least significant obstacle to recruiting talent in Massachusetts. Only 5% of employers said the quality of the schools was a major obstacle to filling positions. On the contrary, 62% said that the quality of the schools was a *positive* factor when recruiting talent from out of state to move to Massachusetts (Figure 4). A majority (56%) of employers also said it is easy to find information about the schools near their company, while 23% call it difficult.

Costs are also important; majorities of employers say the cost of health insurance (64%), salaries and wages (60%), and the general cost of living for employees (56%) are very important when assessing business climate. These costs were also cited by some in open-ended responses as obstacles to hiring, highlighting how interconnected talent and the bottom line can be. The cost of housing in the state is an area cited in many resident and voter surveys as an issue of particular concern, especially in recent years.

These findings suggest that the quality of our K-12 education system is giving the state a comparative advantage to recruiting and retaining employees who are educating children of their own.

**Employers perceive a wide gap between the skills they are seeking and what they are finding in new hires.**

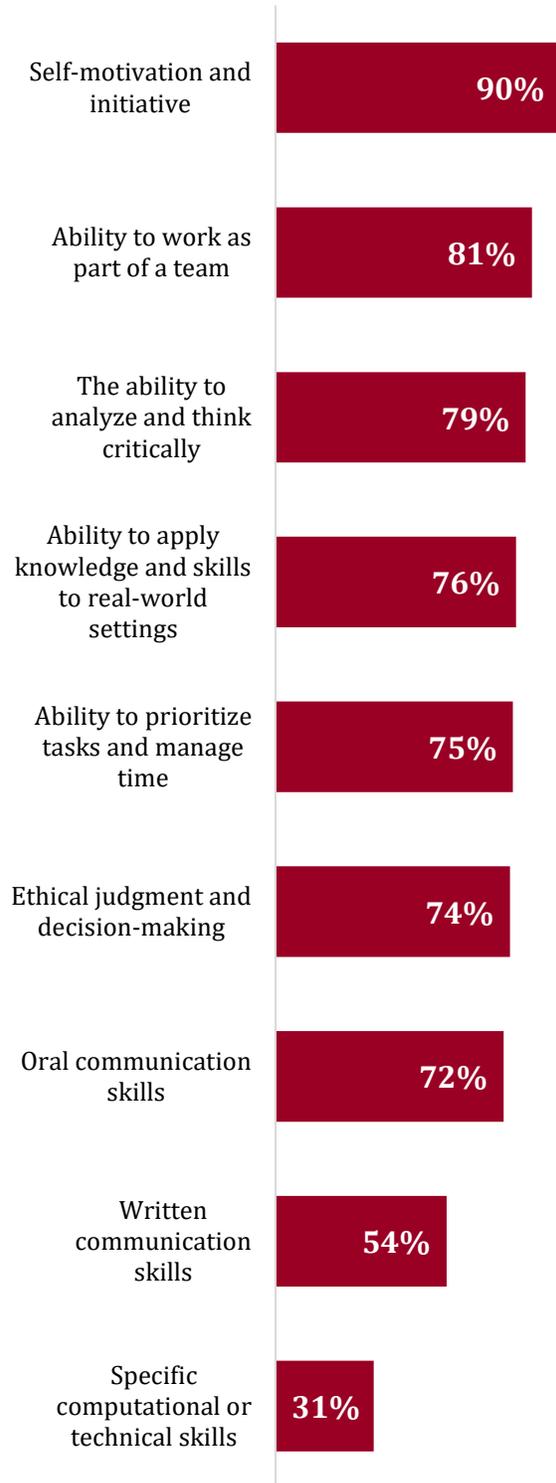
In terms of preparing students, employers are sounding a number of familiar notes. After competition from other firms, the second biggest obstacle to filling new positions is that candidates lack the skills for the required positions open; 41% of employers consider this a major obstacle. A lack of skilled candidates was also the top response to the open-ended question about impediments to filling positions. “It seems as there is a real technology skills gap among experienced job seekers,” wrote one respondent to the open-ended question.

It’s not just technology skills that are lacking, however. Employers told us that they aspire to find candidates with strong motivation and critical thinking who can manage their time and work well in a team. Instead, they report that many candidates are lacking in even basic academic and workplace readiness skills. One focus group participant from the tech sector explained what they are looking for in new hires and why:

“We’re looking for problem solvers. So as opposed to just saying, we want someone with a hard sciences backgrounds that are trained in this, we don’t know what their job is going to look like in 3 or 5 years. So what they’ve learned in high school or college might not be relevant. So we’re looking for people who are adaptable, people who just know how to solve problems, take initiative.”

Indeed, when asked to rank three goals for the schools, 60% of employers want schools to prepare students to be lifelong learners first and foremost. Far fewer think schools should aim to

**Figure 4: Employers value higher-order skills over specific technical ones**  
*% who say each is "very important" in new hires at their company*



impart specific technical skills (9%), or to focus on interpersonal and analytical skills that can't be automated out of the workplace (31%).

Employers have long shown a preference for the schools focusing on higher-order learning and skills. In 2014, large majorities of employers thought two goals should receive "a great deal of emphasis" from the schools: "creating lifelong learners who can adapt to the changing job market" and "preparing students to be productive members of society and engaged citizens."

This emphasis carried through to the traits and skills employers value in new hires (Figure 5). Self-motivation and initiative is most valued; 90% consider that trait "very important," while 81% think the same of the ability to work in a team, followed by critical thinking (79%), applied knowledge (76%), time management (75%), ethics and decision-making (74%), and oral communications (72%). Writing skills (54%) were slightly less valued. Lagging far behind were specific technical skills (31%).

Employers would rather bring in workers with broader, higher-order skills and teach them job-specific tasks than have the public schools focus on narrow technical training. The majority of employers are already providing some level of training beyond a basic orientation either for all employees (45%) or positions requiring special skills (33%). Three-quarters require or offer professional development to their employees, and another 12 percent would be open to offering it in the future. Employers want employees who can learn and adapt, and they're willing to train and develop the right candidates.

But the reality employers are seeing among job seekers is starkly different. Both the focus groups and open-ended comments brought up more fundamental deficiencies in job

candidates. "Most of our members complain vehemently about lack of soft skills in the kids," said the head of a chamber of commerce. "They won't look you in the eye, they don't shake hands. They don't understand that showing up to work at 8:00 means 8:00 and not 8:15." Another focus group member described his organization setting up its own workshop on workplace readiness: "We addressed everything from coming to work on time, to use of the cell phone, to how to answer a phone, how to deal with your coworkers in different scenarios."

Several open-ended responses cited poor basic math and writing skills, and a lack of work ethic and motivation, as obstacles to filling positions. Imparting "real life skills" like these was the top category of open-ended solutions offered for improving the schools. Those skills included some of the higher-order skills, like problem solving, but also things as simple as interpersonal communications, financial literacy, even etiquette and how to dress in a work setting. One focus group participant wondered where students would learn these sorts of skills if not in school: "They have to learn these soft skills somewhere. They're not learning them, for the most part, in K-12. And in college, I don't know that that's what they see their mission as."

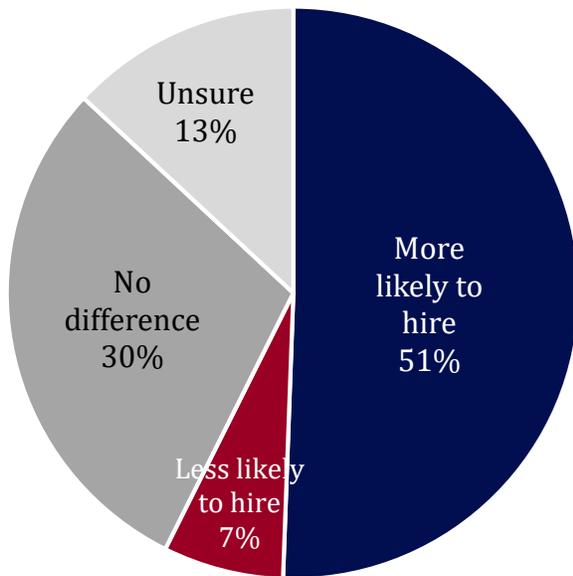
### **Employers see industry-recognized credentials as a way to close the skills gap**

As some employers consider candidates from nontraditional backgrounds to gain an edge in a challenging job market, alternative credentials could be a way to for businesses to differentiate between candidates.

Majorities of employers are relying on these sorts of credentials at least a fair amount in information technology and finance fields; half rely on them as much in professional, scientific,

**Figure 5: Employers open to hiring students graduating with industry-recognized credentials**

*Q: If a high school student graduated with an industry-recognized credential short of an associate's degree, such as a software company certification, would your company be...*



and technical sectors. They are less common in STEM, health care and advanced manufacturing. But 82% agree that credentials are a potential way to close the skills gap, and 51% said they would be more likely to hire a high school student who graduated with an industry-recognized credential (Figure 5).

Focus group participants also signaled a willingness to look at credentials when hiring, even if more as a sign of initiative on the part of a student than for the particular skillset that credential imparts: "If you have project management roles, someone with a project management certification, obviously that's great," said one participant in the tech sector. "But we're trying as much as possible to just look

at achievement, look at someone who has drive and determination to go do something. And seeing those kinds of certifications or programs is evidence of that."

**Employers continue to give the schools lower marks for preparing students for the workforce.**

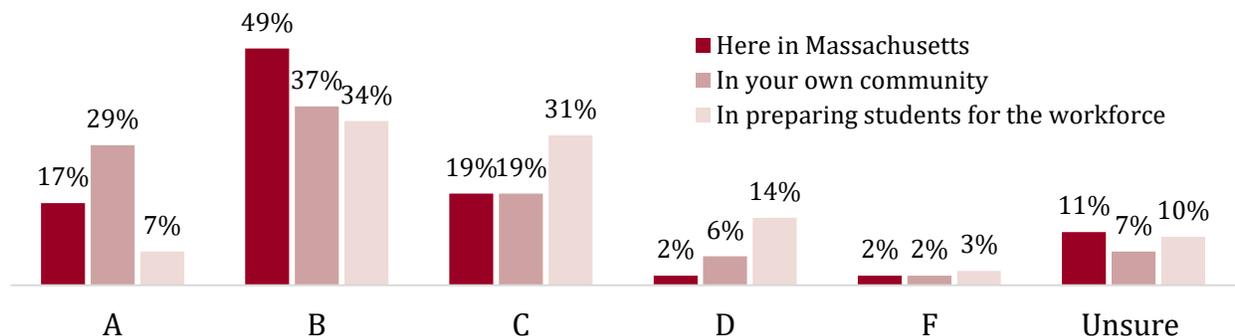
Two-thirds of employers gave the K-12 public schools statewide an A (17%) or B (49%). Employers were even more positive about the schools in their own communities, with 29% giving their own schools an A (Figure 6). Employers with direct experience with the schools give them even higher marks. Three-quarters (76%) of employers with school-aged kids give the schools in their community an A or B, and 48% of employers with a child in a public school give their community's schools an A. Broader polls of voters have shown a similar pattern: parents tend to have favorable views of their own kids' schools.

But there is a drop-off when employers are asked to grade the schools on preparing students for joining the workforce, with 41% giving the schools an A or B for "preparing students for their eventual entry into the job market." Slightly more give the schools a C, D or F (48%). This echoes past surveys, and helps illustrate the scope of the opportunity for K-12 schools to help prepare students for the workforce.

Both the overall and job preparation grades reflect a continued upward trend over the three waves of this survey. In 2014, less than half (46%) of employers gave the schools an A or B overall, and only 20% did the same for preparing students for entering the job market. Employers in the 2016 survey were a little more optimistic on both: 52% gave the schools an A or a B

**Figure 6: Employers give schools lower marks for preparing students for workplace.**

*Q: How would you grade the K-12 education system...*



overall, and 29% gave them those grades for job preparation.

A similar improvement can be seen in the level of change employers think the schools need. This year, seven-in-ten think that the K-12 education system needs either moderate changes (57%) or a complete overhaul (14%). That’s a similar overall level of concern employers expressed in 2016. At that point, 24% thought the schools needed a complete overhaul; just under half (48%) said moderate changes were required. The 2014 survey was even more dire: half saw the need for moderate changes (52%), but a third (32%) thought a complete overhaul was required.

**Achievement, skills gaps, overreliance on testing seen as top concerns.**

Although grades are up, concerns remain. Nearly half of employers consider the achievement gap (“student performance varies too widely across districts and students of different backgrounds”) to be a very serious problem facing the schools (47%); 43% think the same of the emphasis on standardized testing in public schools (Figure 7). Concerns about testing have been evergreen in recent years. A steady majority of employers in 2016 (62%) and 2014 (63%) thought public schools put too much

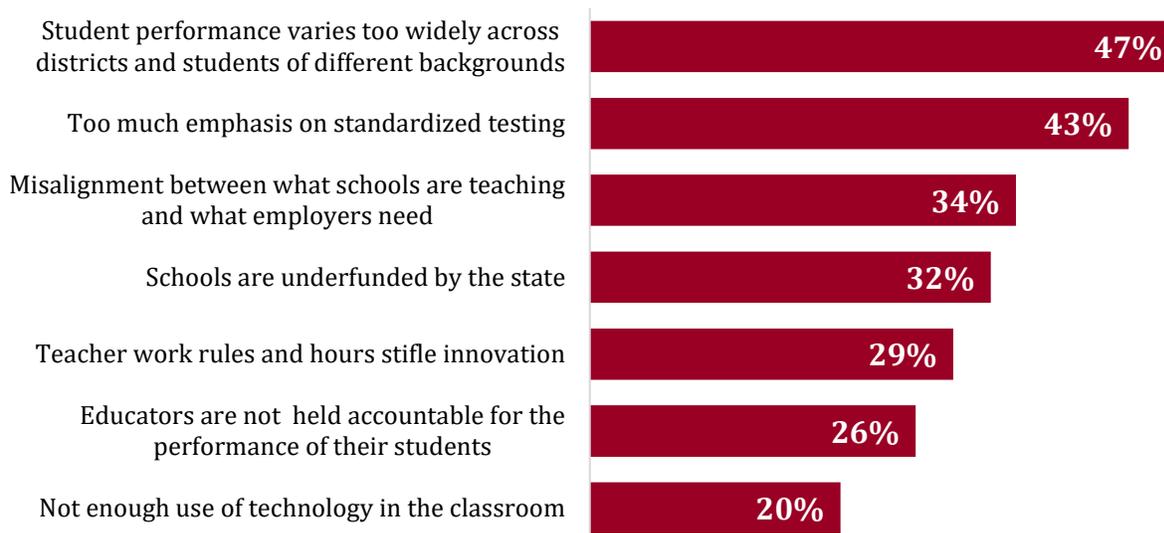
emphasis on testing. Voters and parents have expressed the same concern.

Behind these two issues was “misalignment between what schools are teaching and what employers need.” A third (34%) considered this a very serious problem and another 49% considered it somewhat serious. More employers consider this mismatch at least a somewhat serious problem than any other problem facing the schools. A lack of skilled candidates was also the top volunteered challenge to filling open positions. Imparting real-world skills was the top open-ended suggestion for improving the schools, as it was in the 2014 and 2016 versions of the survey.

The same three issues rose to the top in the focus groups, with the achievement gap leading the way. “Your zip code determines what kind of education you get, and that’s just fundamentally unfair,” said one participant. Others talked about how unpaid internships at employers privileged wealthier students who could afford to work without pay. “There’s not as many of those opportunities for lower-middle-class communities, and I think there needs to be more of that,” said one participant. The head of a regional chamber of commerce put it another way:

**Figure 7: Achievement gap, testing top list of problems with schools**

*% who consider each a "very serious" problem with K-12 education*



“Being a Gateway City, we see and are directly involved in so much more of the education world than we would be if I was in some other more affluent community in Massachusetts. Because the educational attainment of the kids is so bad, the business community has to take a role in it and try to help move the needle even if it’s a little bit.”

The second and third problems – the overemphasis on testing and the mismatch between curriculum and skills – were more closely rated. One focus group member made the connection between these two: “I think overall the education system is very good here in Massachusetts, I just think the focus is a little bit off,” said one focus group participant. “It seems like we’re teaching towards tests versus teaching real world skills.”

Indeed, in the 2016 survey, nearly three-quarters of employers thought that a new standardized test ought to test critical thinking over memorized facts (73%) and test skills students will need in real world situations (72%). Employers don’t necessarily want to do away with testing, but they do want to revamp

standardized tests to focus on the skills they see as lacking in students coming into the workforce.

**Employers consider school funding a problem but see other issues as higher priorities for business advocacy.**

Seven-in-ten employers (69%) think that a lack of school funding from the state is a serious problem; a third (32%) consider underfunding a “very serious” problem. Funding ranks fourth after the achievement gap, overreliance on testing, and the skills gap.

But when it comes to setting the agenda for their own political action, business leaders see other issues as higher priorities. Only 28% say the business community should spend “a great deal” of time advocating for additional funding.

To the extent that there is new funding, employers want to see accountability. As one focus group participant said: “We should be using the money to implement things that we know work and tie that money to the outcomes.”

**Applied skills, great teachers, hands on learning remain atop priority list for business advocacy**

Employers have offered a fairly consistent set of priorities when it comes to priorities for their advocacy efforts, but this year one issue, applied skills, rose above the others (Figure 8). Applied skills has been a consistent concern for employers going back to the first round of this research in 2014. It comes up frequently in focus groups, in open ended comments, and in lists of areas for focus for advocacy.

In addition to skills, majorities of respondents said four other specific areas should get “a great deal of focus” from the business community as it builds its advocacy agenda on education: teacher quality, hands on learning, vocational-technical access, and partnerships. These are the same five issues that occupied the top spots in the 2016 survey.

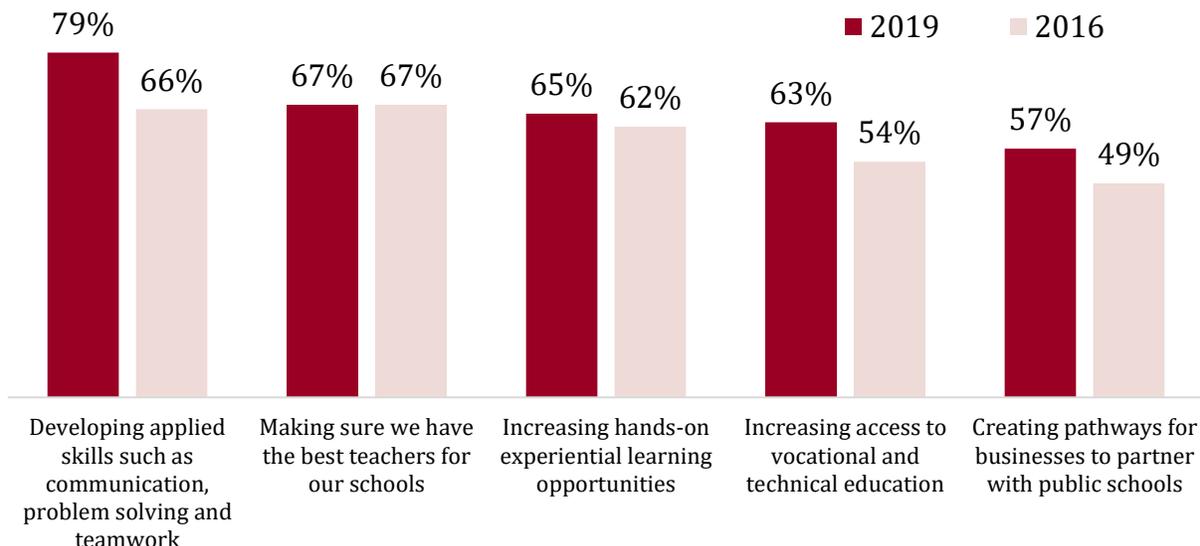
The consistency of issue priorities offers a clear roadmap for business organizations as they consider the way forward. While the economic

and political situation has changed considerably over time, business leaders are pointing to the same needs when it comes to advocating for education interests on Beacon Hill.

**Employers value quality teachers and favor performance over seniority in personnel decisions**

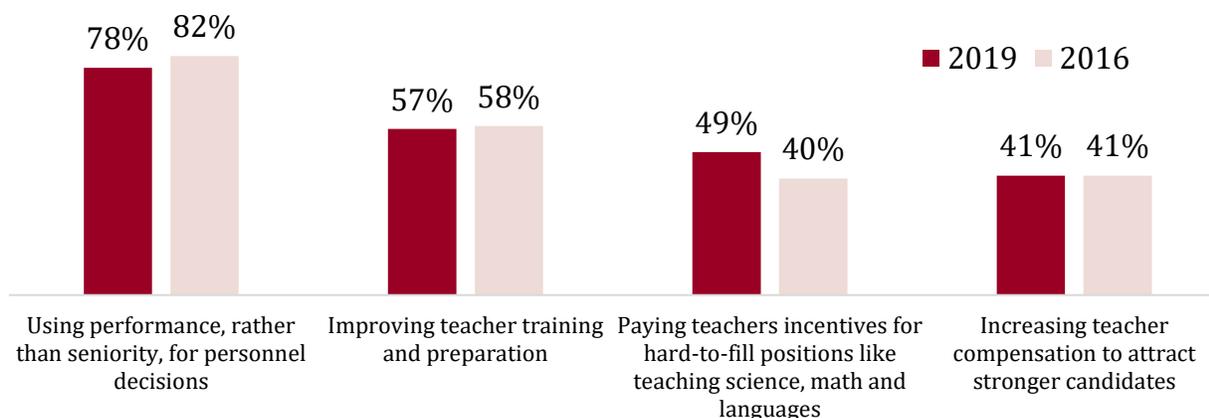
After applied skills, the quality of teachers was seen as the second highest priority for the business community. Two-thirds (67%) think the business community should spend a great deal of focus on “making sure we have the best teachers for our schools.” And 78% think that using performance, rather than seniority, for personnel decisions would be very effective in achieving that goal (Figure 9). Far more thought this approach would be very effective than improving teacher training (57%) and paying teachers more, both in general (41%) and to teach hard-to-fill disciplines, like science, math, and languages (49%). These ratings mirror opinion from 2016, when 82% favored using performance over seniority for personnel

**Figure 8: Consistent policy agenda since 2016; applied skills rise to the top in 2019**  
*% saying business community should give each "a great deal" of focus in their education policy advocacy*



**Figure 9: Employers continue to view performance as basis for personnel decisions as key to improving teacher quality**

*% saying each would be "very effective" at improving the level of instruction in the public schools*



decisions, far and away above training and compensation changes.

The focus group also valued good teachers, not only for their ability to teach the curriculum but to impart applied skills. “Good teachers might be more adept at teaching these kids some of the things that aren’t necessarily in the lesson book that are important to us,” said one participant. Some in the group highlighted training as a solution: “I think we need to rethink the way teachers are trained, and we need to rethink the way principals are trained.”

Others were sympathetic to the need for more funding, and the effect that underfunding takes on teacher morale. “We don’t equip them with everything they need to continue that passion. And there comes a time where it starts to take its toll,” said another participant. “Feeling underappreciated and not celebrated, I think, can take its toll on you, too.”

As with questions of funding generally, there is support for paying teachers more, but those ideas are not seen as a top priority for improving teacher quality in the survey.

**Employers also want to advocate for hands-on, vocational/technical, and business partnerships**

The desire to address work readiness at a more basic level may help explain the appeal of the three other policies on which a majority of employers thought the business community should put “a great deal” of focus for advocacy: more hands-on learning, vocational and technical programs, and partnerships between businesses and schools.

Focus group participants valued vocational education for a couple of different reasons. Some thought vocational/technical programs did a better job of imparting work readiness skills than the traditional curriculum. But there was also a recognition that schools needed to do more to offer an alternative to college. As one participant put it:

“We’ve been so focused as a society that everyone has to go to college. That’s what you’re supposed to do, and if you can’t make it to college, then we’ll think about other pathways, as opposed to other countries that’ve been doing this forever--there’s

equal tracks. Whether you're going to go into an apprenticeship or a career it's not seen as 'less than' still going to school. And we still haven't had that shift I think in this country or at least in MA where preparing kids for different things they can do after school, none better than the other."

Another noted another frequent complaint: that students (and their parents) are reluctant to pursue the vocational/technical route because of an outdated perception of the careers available. "I think it's a perception that people still think manufacturing jobs are the manufacturing jobs of 50 years ago, that somehow it's dirty, it's messy," noted one focus group participant. "They don't understand advanced manufacturing, what that means."

At the same time, the tight job market is also creating new opportunities for graduates from vocational/technical schools and from community colleges, in that employers are broadening their pool of potential applicants. "We've stripped all of our degree requirements from most of our jobs," said one participant. "We're stripping all of them down, and we're looking for those other skills that we've talked about: someone who's capable of dealing with ambiguity, learning quick on their feet, good thinker, good communicator. And we're actually hiring a lot of people without a degree because of it now."

Rounding out the top five policy areas was "creating pathways for businesses to partner with public schools." This has been an area of interest since the 2014 wave of research, but focus groups going back to then have revealed a level of frustration with the systems in place to work with the schools. This year's focus groups were no different. "We have these great programs outside of the schools, but I think the school systems need to build programs

themselves to bring people in," said one participant. Another worried about putting in the work to create a partnership only to see graduates go on to work for competitors:

"It's a challenge for firms to commit to working with high school partners, building out the curriculum, to figure out how do we get them to come to us after they go to school? Or, how do we find roles so they can come straight to us, so we're not just building the pipeline for someone else?"

In a booming economy and tight labor market, this concern is more keenly felt than ever. Developing programs or policies that help businesses into the schools in a way that ultimately benefits their interests is even more important now than ever. Businesses are willing to reach out to school, just as they are willing to train the right candidates for specific roles. But many are having trouble finding their way in.