



UNDERSTANDING EMPLOYERS' DEMANDS

Analysis of The Bahamas' 2012 Wages & Productivity Survey

The skills set of the labour force plays a significant role in The Bahamas as a main criterion for hiring. Yet, employers strive to find the right skills for the jobs and see the skills shortage as a main barrier to productivity increases. These are some of the main messages from this monograph based on the 2012 Wages and Productivity Survey (WPS) and other consultations conducted for the IDB Labour Market study for the country.

Analyses of 2012 WPS, combined with the Labour Force Survey (LFS), consultations with private sector employers and training providers, conducted for the IDB Labour Market study, highlight three critical issues:

1. High unemployment (particularly for youth and workers with lower education levels);
2. A skills mismatch between labour demand and supply;
3. A lack of integration between employers' needs and the design of education and training provision.

A Novel survey: The Wages and Productivity survey quantifies for the first time information on skill demands and training practices combined with several other business characteristics for most economic sectors in The Bahamas. Being also the first survey of its kind for Caribbean countries, the WPS provides rare insight into a set of critical labour-market issues from the perspective of private sector employers. As new

In a nutshell. The 2012 WPS indicates that the skills shortage is an important issue for most employers in The Bahamas. It shows that employers value skills as one of the main criteria for hiring, (first specific, then soft, then numeracy and literacy skills), but these are difficult to find when recruiting. Consequently, most firms require a probationary period and conduct training immediately upon hiring. The survey also shows that the lack of soft skills is a main reason for dismissals.

large and upcoming investments in the country will generate additional manpower needs, finding a response to the skills shortage becomes even more important. Understanding the nature of the skills gap with this new survey helps to guide evidenced-based policy guidelines. The survey also includes a comprehensive set of related labour market topics such as hiring trends, staff retention, productivity, firms' characteristics and introduction of innovations, amongst others.

MAIN FINDINGS OF THE SURVEY

- **Employers value workers' skills sets more than the level of formal education when hiring, but cite applicants' skills levels as a main constraint on hiring and productivity increases.**

The most commonly criterion for selecting a new hire was the individual's occupation-specific knowledge and skills (cited by 66% of firms) followed by prior work experience (35%) and soft skills like responsibility/commitment (25%).

- **The WP survey and consultations with employers from every industry indicate that firms are affected in several ways by skills-related issues:**

1. **When asked about recruiting difficulties, employers point answers related to skills deficiencies as the main difficulty in recruiting new employees,** increasing the time spent on recruiting workers. In particular, the most

Profile of the Respondent Firms

The majority of the firms were small in size (58% had nine employees or less). The average number of years since firms were established was 23. The majority were Bahamian-owned (91%) and a large proportion were sole-proprietor firms (45%). The Retail or Wholesale industry represented the largest proportion of firms (31%) across categories of industry.

frequently named difficulty was under-qualified applicants (34%) followed by applicants' lack of experience (29%) and applicants' lack of soft skills (28%).

2. Skills shortages are also perceived by employers as a major barrier to productivity (following import duties/high costs). The lack of skills (particularly soft skills) is identified with productivity losses due to unsatisfactory performance, absenteeism, lack of responsibility and commitment to the job.

3. The lack of soft skills is also the main reason for dismissals, increasing turnover costs for the firms.

• **Reasons for skills shortage.** Overall, most sectors argued that there is a disconnection between the education and training systems with the industries. This validates research and consultation on training provision amongst post-secondary training providers in the Training Mapping Report of the IDB Labour Market study, which highlighted the providers' lack of coordination with industries, and the slow process for updating curricula.

Participants also noted that many job applicants lack relevant information and career guidance on the skills likely to enhance their employability. They mentioned that the skills problem may also be rooted in a lack of family and societal support, particularly in the areas of soft skills. Finally, they emphasised that a collective effort to overcome the skills shortage—amongst family, students, education and training institutions and private sector employers, is missing.

• **Bottlenecks.** The main bottlenecks identified during the consultations were insufficient information and mentoring for the skills needs and insufficient motivation of both students and teachers in order to move forward in skills development. They also commented that issues related to soft skills and “societal” issues could be barriers to reducing the skills shortage.

• **How to improve skills alignment with private sector needs.** It was clear that strengthening on-the-job training would make training more relevant to industry needs, and better mentoring and career guidance could overcome the lack of information on skills demands. More training in soft skills was also stressed. Employers also highlighted that better teaching of basic numeracy and literacy skills, and better understanding of the private sector's skills demand, can enhance the alignment of skills to those demands.

Is more public-private integration feasible? There is a large space for improving integration; participants emphasised that both sectors need to communicate and coordinate better to advance new initiatives.

TRAINING FOR IMPROVING SKILLS MATCHING: On average, 47% of firms reported conducting training (mainly in improving productivity, sales and soft skills) in the two years 2010–2011. While 80% of the firms that hired a new employee provided training upon hiring.

The main areas for improving skills are: production, soft skills, and computing. Across employee categories, the main need felt was to improve productivity. Another prioritised area, particularly amongst basic skilled workers and services industry, was improving soft skills (prioritised by 15% of firms). Sales and marketing was also seen as important, especially for managers and supervisors. Finally, particularly amongst basic-skilled workers, firms felt a need for training in computing and IT.

FURTHER CONSULTATION WITH EMPLOYERS ABOUT SKILLS SHORTAGE IN THE BAHAMAS

The monograph was validated with main stakeholders (from government, and representatives from training institutions, and employers associations and employers from different sectors). The consultation process with employers revealed the following:

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