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Ramona Schindelheim, WorkingNation editor-in-chief:

You are listening to Work in Progress. I'm Ramona Schindelheim, editor-in-chief of WorkingNation. Work in Progress explores the rapidly changing workplace through conversations with innovators, educators, and decision-makers, people with solutions to today's workforce challenges. The US is facing its largest labor shortage in history, unless we act now. That's the warning. In a recent report from Lightcast, the labor research group forecasts the gap between supply and demand of six million workers over the next eight years, with healthcare, skilled trades, manufacturing, hospitality, and other service industries taking the hardest hits. Lightcast's Josh Wright, executive vice president of growth, sits down with me to talk about their recommendations for solving this problem, including more immigration, increased globalization, better workforce development in local communities, and more reliance on technology. That's a lot to talk about and some of it may seem counterintuitive, even controversial. We'll cover it all. But first, Josh and I discuss why they see the labor shortage growing.

Joshua Wright, Lightcast EVP of Growth:

What's fueling this pending massive labor shortage is a fundamental shift, a structural shift in our labor market and in our demographic structure of our labor market as the baby boomers, that very huge part of our workforce for so many years, are starting to retire more and more. So there has been an acceleration of baby boomers through the pandemic and coming out of the pandemic, and that has accelerated what many have been calling the silver tsunami in the sense of there's going to be this wave of retirements and that is fundamentally going to shift what's happening.

In addition to this huge rise of baby boomer retirements and exiting of the older workers is a couple other trends happening. One, there are fewer children being born in America and other developing nations, so there are fewer young people coming up to take jobs. In addition to that, there has been pretty deep trends where we've seen a decline in the prime age labor force participation rate for 25 to 54-year-old men. Some of that is driven by increased incarceration rates, increased use of opioids and other substance abuse. And so because of all those different societal factors as well, we're seeing the labor force participation rate, the people who are actively looking for work, has been declining and it hasn't increased. And we are seeing, that's really driving this shortage of workers and what will be an increased shortage of workers as the storm rises.

Ramona Schindelheim, WorkingNation editor-in-chief:

Do you see any evidence that the older worker is rethinking whether or not they're going to retire given that there's a lot of talk that prices have gone up, and we can't afford our groceries, healthcare, those are higher costs and not everybody has that retirement savings plan. So do you see any maybe pullback on that trend of retirement?

Joshua Wright, Lightcast EVP of Growth:

At a broader, macro national level, we're actually seeing the average retirement age lower, is now 61 years old, the average retirement age. Again, nationally, there's a lot of different subcomponents of those people, some of whom can't afford to retire and do need to work longer. I think of my dad who's 77 years old, he just recently stopped working because he needed in his older age to supplement income for different reasons. At the same time, the baby boomers created a huge amount of wealth

generationally, that if you look at writ large baby boomers, a huge amount of wealth that is actually, that wealth being transferred to the younger generations is also something we touch on in this Rising Storm report because that's going to be what we see is even the need for younger workers to work, is there's less of a need because of that wealth transfer.

At the same time, people are living longer, there are people struggling, inflation has increased, there's not been widespread prosperity across the board. I think we all can see that. So you touch on an important thing, Ramona, and I would say one thing we are hearing, and people asking us about us, "How do we get the most of those people who are retiring or are about to retire in the sense of you're seeing new programs and initiatives from workforce to education systems about getting mentorship programs, looking at getting those older workers to train the younger generation, to mentor and to help folks be able to transfer those skills to the younger generation as well?"

Ramona Schindelheim, WorkingNation editor-in-chief:

So the labor force participation rate for men between 25 to 54 has gone down. And part of it is opioids and incarceration. So that's like a lost generation, a lost demographic.

Joshua Wright, Lightcast EVP of Growth:

Yeah, I think there's a variety of things happening there. And these are big, huge societal issues, things that are maybe a sense of hopelessness, a sense of is there a struggle of saying, "Hey, I'm going to be stuck in a dead end job if I even go into the labor force, what kind of opportunities are out there for me?" And so maybe they turn to other things. But our research as a labor market analytics firm, we've dug into the demographic and the labor force data, and that drop of prime age men has gone from 94% labor force participation to 89%. Now you might say, "That's only five percentage points." But that represents 2.6 million prime age men no longer actively working or searching for a job. And if you look at just substance addiction and current incarceration, that's 4.6 million Americans that are out of the labor force.

And one of the key things we look at in this research report is that not only are these demographic and labor market shortfalls going to impact all of the economy, they're going to particularly hit the part of the economy where we're not preparing workers or people don't want to work very unglamorous jobs in healthcare, and hospitality, and skilled trades, and a lot of those occupations are made up of 90% plus men if you look at the Bureau of Labor Statistics and the Census Bureau estimates of gender breakdown in those occupations.

So the jobs that are hard to fill are going to become increasingly hard to fill. There are some really cool initiatives and get more women in some of those occupations, but these men being on the sidelines for whatever reason is really having a massive impact. And it's going to, for parts of the economy that are more dependent on those kinds of jobs and for all of American communities, this is going to be felt more and more over the years. And by 2032, our research shows that there's going to be a shortfall of estimated six million workers in America. This is again, a structural problem, a math problem. The numbers just don't add up to have enough workers. And there are solutions that I think we'll get into later, but there is no one silver bullet here, for sure.

Ramona Schindelheim, WorkingNation editor-in-chief:

What about women in today's workforce, women over the course of the last two decades, how much more participation are we seeing from those people?

Joshua Wright, Lightcast EVP of Growth:

Women, if you scroll back into the rise of women in the labor force really came, as our report shows very clearly when the boomers started accelerating as well, when they were young and the labor force just exploded. It was because of the sheer size of the boomer generation and the fact that women started coming into the labor force in a huge ways. So I mean there's been a lot of research and data that shows if you look at college degree attainment, if you look at aspirations and career mobility, women are farther out ahead than men. There's a lot of men on the sidelines, men not going to college, men stuck in dead end jobs, and women getting farther and farther ahead. So I think the increase in women labor force participation rate is part of the solution. Immigration and really the economy, is driven right now on the backs of non-Native born labor force, so immigrants and women right now are a huge part of that as well.

And so at the same time, it's a little bit of a double-edged sword too, in terms of there's only the growth that we have seen because of the trends that are going, we can't rely, there's going to be fewer children across the board. And the enrollment, we're already seeing enrollments decline in educational institutions and K-12 systems. And so it is what we've relied on in the past, that big increase in boomers, big increase in women isn't something we're going to be able to rely on in the future.

Ramona Schindelheim, WorkingNation editor-in-chief:

There's not one silver bullet to fix this pending talent crisis. So you offer four main solutions. First one you talk about is local workforce development. How do you see that playing out?

Joshua Wright, Lightcast EVP of Growth:

What we mean by local workforce development is it means different things for in different contexts. For communities, we would say, "Focus on the people you have now maximize through upskilling, re-skilling, retaining talent, thinking about skills alignment of your educational institutions and programs and all that." But for employers, we think about this in the ways of like, "How can you help, via skill-based approaches and elsewhere, think about getting the most of the people you have now? But also looking and thinking about those hidden talent pools that there's been a lot of research around, thinking about how do you help start building partnerships and coalitions with middle school and K-12, getting involved in your community, doing a bunch of outreach for folks to know that your jobs exist in your community?" That's a big problem for small and medium-sized businesses. Beyond the glitzy big tech companies and others, there's a lot of great jobs out there that people don't know about. That goes from an early awareness of those jobs all the way to matching people to the skills of those jobs.

In addition to all of that, I think more and more employers are thinking about young, early talent, building social networks, connecting with those in different ways. There's some cool initiatives happening across the board, there. So employers just being creative and saying, "We're going from a talent-abundant labor market to a talent-scarce labor market." So it's not going to be a vending machine anymore where you're going to push a button and talent's going to be able to just come out. It's going to be harder, especially for those employers who need people in, again, skilled trades, construction, healthcare, hospitality, even cities and public sector jobs, where you need someone to work in a sewage system or those types of jobs that are already hard to fill are going to be that much harder.

Ramona Schindelheim, WorkingNation editor-in-chief:

One of the other suggestions of the other three is globalization, pushing work to other countries. That sounds very controversial to me, given that we have complained about offshoring jobs previously. So how do you see that working in today's economy?

Joshua Wright, Lightcast EVP of Growth:

We hit on some hot button topics in this report, but at the same time, when you're trying to find how to get work done, how to get workers, it is a global labor market for many multinational companies. And so for some companies, they may say, "We need to have our design design workers here in the US and our manufacturing workers in a different country." Or you may need to find a certain type of back office in a different country.

And ideally, as an American, I'd love to have as many jobs here, but at the same time, in the constrained labor market we're in, the path toward getting work done has been globalization for many decades now. And we see that that will, especially with the rise of remote work, the technology that's available, that that is a viable path for some companies. The problem is for many companies where they need people on site, they need to be building, they want a tight supply chain here in the US, that isn't going to be possible. And so globalization is part of the solution, but it's certainly not the only solution. And it really depends on the industry that you're in as an employer.

Ramona Schindelheim, WorkingNation editor-in-chief:

You talked about back offices, so something where it's a knowledge work as opposed to a physical work. That seemed like would be the optimal way to be able to use, you know, work in other countries.

Joshua Wright, Lightcast EVP of Growth:

Yeah. Depending on whether you're looking into the Philippines or India, other places, sometimes back office can be call centers from finance and operations to different types of tech work. India has gone full scale in building out a very robust tech ecosystem. While we're seeing shortages and other developed nations are seeing shortages, India is actually seeing a surplus of certain talent. So I think you'll see companies go toward India, Philippines, and others. At the same time, a lot of those countries, one of the reasons why globalization is becoming more difficult is a lot of those countries, US, in terms of birth rates and demographic trends, the US is actually far better off than some countries. And so a lot of countries are becoming more protective of the workers that they have and not whether they're allowing fewer people to move to other countries or saying, "We need to get the most of those people as well for our local companies." It's a dog-eat-dog world in that way in terms of very, very competitive among companies.

Ramona Schindelheim, WorkingNation editor-in-chief:

And you mentioned a third of the suggestions, which is immigration. So on the other side of is bringing more people into this country or helping the group of people here, the asylum seekers, the refugees, people on work visas to get into some of these roles, which again, controversial in today's atmosphere that we're out there. Some people want it, some people don't. So how do you see this working out?

Joshua Wright, Lightcast EVP of Growth:

I'll start with this. If you take out immigration, our US labor force is declining. And so since 2019, 102% of the 3.7 million increase in the US labor force was foreign born. So if you take out that, again, we've actually seen a drop in the US born labor force. In this new structural shift to the labor market, this new

post boomer labor market that we're moving into, we see immigration as a critical element, and one that yes, can get politicized, but at the same time from the needs of companies, whether it's from an agricultural sense to construction, industries that heavily, heavily rely on foreign-born workers, immigration is an absolute must. So moving forward as we shift presidential administrations, it's going to be interesting to see what happens here. At the same time, from our perspective, it's not a controversial statement to say immigration, the non-Native born workforce is absolutely critical to just keeping our labor force even where it's at, let alone declining. And so it's going to take hopefully a coalition across the aisle of seeing the data and saying, "We cannot be too regressive here when it comes to immigration."

Ramona Schindelheim, WorkingNation editor-in-chief:

And those immigrants are filling not only some of the jobs you talked about, which may be construction and some healthcare, hospitality, and leisure, but there's also very technical jobs that are being done by people who are not US born but are here. They're filling a lot of jobs. And I think those are in the H-1B visa. So we're talking about global companies, we're talking about the mom and pop. We're talking about a small farm.

Joshua Wright, Lightcast EVP of Growth:

Absolutely. It's really across the board. And to your point, professional and business services, over a fifth of all professional and business services jobs are made up of foreign born workers. You can also say if you look at information sector, where IT sits, 14.5% of all workers are foreign born. And so if you look at very technical, highly skilled workers coming in, there's been a lot of call to increase the number of H-1B visas available because those are such a critical source of talent. It goes well beyond just agriculture and construction, to your point. It's really so many different elements, including nursing and doctors. And the healthcare system is at the eye of this storm that we're calling this Rising Storm because of the aging population, foreign-born workers are vital to that healthcare sector.

Ramona Schindelheim, WorkingNation editor-in-chief:

And the fourth idea that you have to help address this is automation. And so technology. And we hear so much talk about AI, so how do you see that helping solve the issue of creating more talent as opposed to taking away people's jobs? Which is a big fear.

Joshua Wright, Lightcast EVP of Growth:

Yes, it's a huge fear. It's a huge topic. I'll caveat these comments by saying I am not an AI expert. I've read a lot of the literature, listened to a lot of the interviews, and been at a lot of workforce and education conferences where AI is the topic. I am firmly in the camp that AI is going to be a job enhancer much more than a job replacer. And I think that you're already seeing that in software development, in marketing and other roles where it's like having, again, a co-pilot, or an assistant, or being able to do much more for those who can be really good prompt engineers of large language models. At the same time, one of the core things going back to those sectors that we're focused in on this report, the hardest to fill jobs moving forward, not only they're really sub-bachelor degree jobs that, some of them are very manual and focused.

And so that's where AI is not good right now in terms of being able to replace the agility, the adaptability, the human touch that's required in a lot of these jobs and the physical presence that it takes. So one of the examples is there's been a lot of focus of AI and healthcare, but there's also research that shows that people, for patient bedside care and other things that people don't want to see

a robot next to them and get taken care of, and they're not fully ready for that. Where AI is a solution for some labor augmentation, it's just not a solution for the jobs that will see the biggest need in the next five to 10 years as the boomers are fully out of the labor market, and these jobs that are so critical for keeping our communities going are just having that much harder time finding the jobs.

Ramona Schindelheim, WorkingNation editor-in-chief:

What does this all mean, this pending labor shortage? And I would argue pending growth in the labor shortage, because even now employees are saying, "We don't have enough skilled people. We don't have enough people to fill these jobs." What does this mean for higher education? What does it mean for workforce development? How can we get both of those sides together with the employer, with the local community to create a talent pipeline?

Joshua Wright, Lightcast EVP of Growth:

It's a really important question, and something we've been thinking a lot in the weeks since we've released this report, and getting a lot of questions. Lightcast works with over a thousand educational institutions and 600 workforce and economic development organizations, and we're getting this question of, "What does this mean for us?" And I think fundamentally this is an opportunity. It is a challenge, but it's also an opportunity to restructure and rethink the systems that were developed. And Maria Flynn from Jobs for the Future said this well, "If you think of the Workforce Innovation Opportunity Act, how the workforce development system was set up, how a lot of the educational system was set up, was for a very, very, very different labor market and a very, very different time." And so this gives us that opportunity to rethink, think bigger, and restructure what's happening. We're already seeing states do this, creating under different governors' offices, creating new workforce and education offices, or putting those two together and thinking of, "How do we transform our education and workforce systems?"

But I also will say more practically what this means for higher education specifically is it means that there are fewer students. There's going to be fewer students, so there's fewer people to enroll. There's also this increased necessity of what we're calling the speed to labor market success. Your programs need to be career aligned and produce ready to work graduates on day one. So as quickly as you can get students working and shadowing jobs, getting into apprenticeships, getting into internships, externships, whatever it might be, you're going to get, that speed to labor market success is going to be pivotal.

And I also think we're starting to see this increased interest and looking at longitudinal data to say, "How well are our students aligned to what they're studying in terms of the job that they have? What are their outcomes post-program? What are the pathways into different careers?" A huge focus on career outcomes, something that we're passionate about at Lightcast, we help institutions, help workforce systems design and execute programs that are more outcomes focused or drive better outcomes for their students and understand those outcomes. And so demonstrating those economic returns of your education is that much more vital. It is a fundamentally different labor market, and it's a fundamentally different time where everyone, every system, whether it's higher education, workforce, economic development, different industries are having to rethink how they're structured and how they go to market, essentially.

Ramona Schindelheim, WorkingNation editor-in-chief:

The one group we didn't talk about yet is that job seeker, that learner, that worker. What do you tell them? We're looking at 2025, what should they be thinking about?

Joshua Wright, Lightcast EVP of Growth:

Well, first and foremost, every one of those people, every job seeker, every learner should be that much more valued and already, the inherent dignity of every human being should be valued, but there is a ton of opportunity for those who are curious, those who are hungry, those who are looking at the spectrum, like, "Wow, there are jobs to be had." It's very competitive in certain fields. For a learner who's going into a white collar, coming out of a college where they may want to go into a junior marketing role or a product design role where it's more white collar and there may be some AI focus in that, those jobs are going to be really, really hard to get, very competitive.

At the same time, if you're willing to use some of that technology, your understanding of technology, but also go into something that's a little more hands-on, go into something that may be where a little more physical in nature or even understanding, "You know what, I'm going to move into a hospitality field or something to get some real world experience." There is going to be a lot of opportunity for those people who are thinking of not just lifelong learners, but willing to roll up their sleeves and say, "Hey, I see opportunity. And this may open up opportunity down the road in a whole other field, but I'm going to dig in here because there's opportunity."

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(instrumental music)

Ramona Schindelheim, WorkingNation editor-in-chief:

Josh, thank you very much.

Joshua Wright, Lightcast EVP of Growth:

Thank you for having me on.

Ramona Schindelheim, WorkingNation editor-in-chief:

That was Josh Wright, the executive vice president of growth for Lightcast. I'm Ramona Schindelheim, editor in chief for WorkingNation. Thanks for listening.