

## ➤ A Roadmap for a More Equitable Future for the Global Workforce

Anne Gemmell, Principal, A.Gemm Consulting

The COVID-19 pandemic was a dress rehearsal for future disruptions on the horizon. Advancing technology, political polarization, distrust in democracy, and climate change are each powerful forces, likely to converge. Depending on how humanity responds to these forces, our future could be dangerous and dystopian, or abundant and peaceful. As seas rise, so, too, will automation arrive more fully to erode industries and occupations. If nations fail to plan for the changes ahead, then public trust will be further eroded as well.

In the crosshairs are people. Humans need more support to overcome the hard-wired preference for certainty. People will need resiliency and financial support for lifelong learning. The alternative is persistent talent shortages and wasted human potential. As science and technology relentlessly advance to maximize profits and, hopefully, solve serious issues, human talent must be fully developed to match them. COVID-19 stimulus funds demonstrated what people will do with a financial cushion and time—many sought greater opportunities and additional training. Most urgently, people need strong, permanent bridges to future opportunities. Failing this, social cohesion will suffer, and trust in democracy will continue to erode alongside millions of old-economy jobs. Furthermore, how can the public understand complex scientific and technological advancements in an age of misinformation? How can state and local leaders reap the benefits of technology, but also manage its negative, unintended consequences?

### Erosion

From 1979 to 2019, over seven million US manufacturing jobs were lost while outputs increased.<sup>1</sup> In 2020, COVID-19 disrupted global supply chains, and while some manufacturers reconsidered offshoring, private industry also purchased record-breaking amounts of industrial robotics.<sup>2</sup> Therefore, while manufacturing may return home, jobs will not.

Warehousing will soon follow manufacturing. People sorting and packing need to eat, sleep, go to the bathroom, and take sick time. Workers, surveilled and micro-managed, have invested years to organize unions, and now enjoy growing public support. Therefore, labor union drives threaten mega-corporations on two fronts: labor costs and brand management. No surprise, then, that Amazon Robotics is a growing portfolio of companies building fulfillment center machines.<sup>3</sup> These machines are rapidly gaining the ability to do more tasks, communicate with one another, and learn from errors. There is no way to predict when the balance sheet will tip towards smart machines. However, studies indicate,<sup>4</sup> erosion in warehousing is coming. So too, is disruption to the political and social fabric of communities that are over-reliant on warehousing.

The rise of platform companies is also disruptive. According to the Taxi and Limousine Commission in New York City, consumer preferences are clear. In 2014, ride-hailing services represented 8 percent of market share, while car rentals represented 55 percent and taxis 37 percent. In just four years, there was a radical shift: ride-hailing is now above 70 percent, car rentals are 24 percent, and

taxis a mere 6 percent.<sup>5</sup> Misclassified drivers have no voice on the job, no health insurance, no sick time, no retirement funds, and no workers' compensation. Drivers also have no boss and can start or stop working at will or easily exit the work altogether.

Like the taxi industry, the hotel industry offers quality jobs, especially if the workplace is unionized. However, a union contract does not typically protect a worker from technological disruption. In 2018, a working paper from the National Bureau of Economic Research examined the impact of Airbnb on consumers and the hotel industry from 2011 to 2017. Findings from the model show that, in 2014, Airbnb reduced hotel profits by up to 3.7 percent and pumped US \$137 million to hosts and customers.<sup>6</sup>

Airbnb's growth is exponential, and its current outlook is strong.<sup>7</sup> The implications for the workforce are not good. Hotels often pay family-sustaining wages. The average Airbnb host owns property in a desirable area. Over time, if Airbnb further erodes the hotel industry, there could be a transfer of reliable income from low-wage service workers to wealthier, middle-class homeowners.

### Barriers

Economic sands are shifting underneath societies across the globe. Climate change and technology are two major forces driving a powerful churn of destructive and creative energy. The global order will be far different two decades from now. How will the United States respond and fare? If our existing systems for talent development are any indicator, our geopolitical position is not assured.

The current performance of US talent development systems, as measured by the skills and competencies of adults, is mediocre at best. From childcare to college, the US lacks adequate investments and a culture of continuous improvement. Simultaneously, scientists are regularly making breakthroughs in automation, artificial intelligence, and bioengineering. As a result, there is a tsunami of mismatched skills and talent wars ahead. In the US, Black and immigrant workers are especially vulnerable to automation.<sup>8</sup> In Philadelphia, like most major cities, Black and immigrant workers are already less likely to be college-educated, employed, or in high-wage careers.<sup>9</sup> The most vulnerable people will be least prepared to face the future. Current education systems are generally not responsive nor capable of rapid innovations.

The next generation of American talent suffered further as COVID-19 upended K-12 schools. They struggled with safety, mental health, digital literacy, remote learning, masking, vaccination mandates, and now learning loss. Families and students considered other options. Private schools closed, and colleges merged to survive. Like all publicly funded systems, educational entities are vulnerable to the ongoing power struggles inherent in the political arena. Ever the opportunists, some political strategists used the pandemic to galvanize anxious voters and win key elections.<sup>10</sup> Post-COVID, the effects on the future workforce remain to be seen.

In childcare and K-12 settings, talent is exiting and retiring. Care occupations, where people serve others' physical and emotional needs, are less likely to be automated. Yet, they are also experiencing acute and damaging shortages due to low

wages, lack of advancement, stressful conditions, and low prestige.<sup>11</sup> While publicly funded entities suffer from political paralysis, the private sector can boost wages and offers bonuses. Employees who may prefer care sector work are hard-pressed to stay in taxing jobs with poor conditions and lower wages. One-time infusions of federal funds into various systems will not solve the ongoing talent crunch in the care sectors. Such challenges further erode trust in social services and create more barriers for women as they return to the labor force. In the absence of reliable care services, women typically assume those demanding, unpaid, care responsibilities for their families.

Meanwhile, a high school diploma is no longer a reliable credential. Many graduates leave schools without basic skills, and most are not proficient in college and career-ready skills.<sup>12</sup> National leaders have little power to drive necessary transformations. Unlike most other Organization for Economic and Cooperative Development nations, the American education system is decentralized. States and local boards control education budgets and policies. There is a wide range of inequitable conditions and outcomes.

Similar types of challenges are firmly established in US workforce development programs. Innovation is not common, and COVID-19 illuminated the need for updates in processes and programs. Unlike other nations, the U.S. invests a small fraction of gross domestic product into workforce training, and it is not proactive. Currently, workforce systems are short-term, stop-gap, emergency responses to unemployment. They are not designed to support lifelong learning, nor to guide workers to the best employers

offering lasting opportunities. They are also governed in a convoluted way that inhibits continuous improvement. They are funded by the federal government, managed by the states, and governed by politically appointed boards. US workforce training is long overdue for an overhaul, but current performance does not inspire further investments.<sup>13</sup>

### Political Climate

Fear-based, punitive civic dialogue inhibits essential change. Important discussions, innovations, and operational changes are, by and large, not happening. Polarization breeds paralysis at all levels of governance from school boards to Congress. International bodies can negotiate historic agreements, such as the Paris Agreement or the global minimum corporate tax, only to watch as a single legislator or rising nationalistic movements scuttle them.<sup>14</sup>

Global citizens are aware of and anxious about coming changes. Trust in democracy around the world is waning, in part, because democracies have failed to respond to pressing needs. Recent research from the Pew Center indicates 85 percent of Americans feel the political system needs complete reforms or major changes.<sup>15</sup> Only 14 percent of people were unconcerned. All nations surveyed had significant distrust of democracy.

Meanwhile, social media rewards emotional, reactionary discourse, and misinformation is rampant. Political cycles are short, and voting is tribal. There are few rewards for long-term efforts or for humbly—and publicly—innovating for the best social policy solutions.

How can nations escape the intertwined spiral of polarization and distrust? How can global leaders connect to state and

local leaders to ensure various future scenarios are not only understood, but acted upon? How can regions work together and counterbalance the powerful tendency to focus mostly on short-term issues?

## Regionalism

Every regional population center has the necessary expertise to understand, plan for, and harvest the benefits of advancing technology in the coming decades. Institutional leaders from education, industry, major employers, academia, labor, philanthropy, community-based organizations, and government must collaborate with one another instead of competing for power and resources. Leaders and managers who are immune to political cycles and other short-term incentives should analyze the vulnerabilities and strengths of their region, and transparently produce a sustainable and agile strategic response. The power of such collaboration is derived from the diversity and breadth of a whole community. The science of collaboration offers a proven methodology, and the supporting technology is readily available. Knowledge and problem-solving can be shared openly without concern for ego or legacy. Successful innovations in education and training must outlast the state or local leader who happened to be in power at the onset.

In addition, regional groups of knowledgeable citizen leaders can connect with international organizations to access research and global best practices to drive change from the ground up, democratically. If the benefits of advanced technology are understood, managed, and experienced by people from all walks of life, trust can be restored. Local institutions and elected

leaders need assistance to understand rapid advances in technology and their implications for their regions and residents.

State and local leaders also need dedicated science and technology translators who will regularly and accurately communicate about advances in artificial intelligence, bioengineering, food security, climate management, and more. Local leaders can engage in global collaborations more regularly to adapt and implement best practices.

## Stakeholder Capitalism

COVID-19 has concentrated the power, profits, and influence of many major corporations. Just prior to COVID-19, the Business Roundtable announced a commitment to stakeholder capitalism.<sup>16</sup> Since then, the pandemic, a racial reckoning in America, and the Great Realization combined to reinforce the limits of shareholder capitalism. Corporate leaders are trying to balance social responsibility with the profit motive and acute talent needs. If humanity is to benefit from new technology and enjoy a better future, then major global corporations will need to wield their significant power to become the best possible employers in regions throughout the world. Corporate boards, CEOs, and shareholders could make choices today to shape the global economy and build a more peaceful and stable future. Here are some ways corporations can help develop the global labor force:

- **Equitable Talent Strategies.** CEOs can make immediate changes in human resource practices and set public goals linked to performance. Diversity, equity, and inclusion could be built into recruitment, hiring, training, retention,

and promotion milestones. New practices lead to new talent pools. Harvard Business School researchers Joseph B. Fuller and Manjari Raman document the degree inflation problem in *Dismissed by Degrees*. More than six million jobs in our economy suffer a wide “degree gap,” which means that occupations have job postings with higher degree requirements than the degrees held by the people who successfully do those jobs now. As retirements continue and college costs soar, this is a problem for American economic mobility.

- **Regional Talent Pipelines.** Employers can work closely with universities, community colleges, and apprenticeship programs to create industry certificates. Certificate programs and associate degrees co-designed by major employers will ensure opportunity. There are many successful examples in advanced manufacturing, technology, healthcare, and the skilled trades. Technology evolves so rapidly that most university departments struggle to keep pace. Experts from the private sector need to be engaged. The enhancements to curriculum and instruction cannot be overstated. In return, employers get a more diverse, local, loyal, and reliable pipeline of tech talent.
- **Opportunities for Employees.** The employers who actively support professional development, chart clear career pathways, and value employee wellbeing will retain talent for competitive advantage and better serve customers. Employees are motivated to gain new skills when learning is tied to career milestones and increased compensation. Tuition benefits are

more useful when paid in advance of credits earned, rather than reimbursed afterwards. Employers and frontline employees could design the opportunity playbook, customized for their region, using the recently released [American Opportunity Index](#), for example.

- **Compensation Parity.** Research indicates the pay gap between CEOs and workers is widening, despite a media narrative about workers asserting power. The Institute for Policy Studies found that CEO pay increased 31% and drove the average pay gap to 670-to-1, up from 604-to-1 in 2020.<sup>17</sup> Many companies earned healthy profits but did not increase workers’ wages sufficient to offset inflation. In addition, a 2017 working paper published by Harvard Business School found that unexplained executive compensation coupled with lower-than-average wages for workers was linked to employee turnover and lower sales.<sup>18</sup> Few realities can stoke public anger, increase distrust, and risk social cohesion the way that obscene excess can.
- **Labor Neutrality Agreements.** In June 2022, Microsoft and the Communications Workers of America<sup>19</sup> entered into a groundbreaking and binding labor neutrality agreement. The agreement will apply at Activision Blizzard, recently acquired by Microsoft. It reflects a fundamental belief by both parties that when workers can freely choose union representation, it will be mutually beneficial and create opportunities for innovation and growth.<sup>20</sup> More companies, corporate boards, and shareholders should explore labor neutrality agreements instead of spending hundreds of

millions of dollars on lobbying and anti-union consultants and law firms.<sup>21</sup>

In conclusion, churn and disruptions are inevitable as technology advances far faster than systems of support and training. The pragmatic course of action is to recognize and intentionally bridge the gaps between the interests of advancing technology and the levers of governing systems. Considering the climate of political dysfunction, the future of leadership is now, and it is close to home. Regional leaders should combine their unique expertise and collaborate strategically to hold powerful multinational corporations accountable for more than profits. Many types of leaders will need to take responsibility, act, and enhance trust in democracy while also realizing a more just and stable world.

## Endnotes

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19. Note: Global agreements about fair treatment of workers may become increasingly important. Their power is derived from the broad consensus of many countries. Yet, they are far removed from the day-to-day combat of taking and wielding economic power. Worker unionization efforts are rude and raw, whereas international labor groups are diplomatic, polite, and more accessible to corporate elites than to the average low-wage worker. Regional leaders are influenced by international labor organizations only to the extent that their preferred policy positions and strategic goals are aligned.

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