

Professor Joe Fuller 00:00

is also cool. I mean, there's so many platforms out there. I like Riverside. But just before we are done, don't hang up yet because it's gonna upload all your audio and video. Yep. Yeah, you know the routine? I do. Alright, and I'll push record on my camera and then we'll jump right in if that works for you fire with. All right. All right, and then you can see and hear me okay, right? Yes. Okay, cool. And then. So I obviously have a bunch of questions for you if you want to make sure that there's something that we talked about, let me know. And then I can add it into my notes here. Or you can even just stop me in the middle of the conversation and just say, hey, you know, this is really important. Let's talk about this. And what's your what's your typical session time? Well, so right now we're starting a few minutes late, but 2pm My time. So in around 15 minutes, we will wrap up. Yep. Good. All right. All good. Yep. Good to go. Alright. Hello, everyone. Welcome to another episode of the future of work. My guest today is Professor Joe fuller. He's a professor of management practice and CO head of managing the Future of Work Project at the Harvard Business School and also co head of the Harvard Project on the workforce. Joe, thank you for joining me, checkup delighted to. So you have been doing quite a bit of research. I've been taking a look at your, the website that you guys have on all the different research themes. And I find myself just getting lost in all the different stuff that you guys have a lot of questions for you. But maybe first off, big picture, what are some of the overall workforce trends that you are paying attention to? Well, Jacob, we're trying in our Harvard political project to almost work backwards from the issues we think, politically, particularly business executives, but also political executives have to understand as they think through the implications of change in in in the future of work and what the impacts going to be on on their constituency, their customers or workforces. So one thing we're clearly focused on heavily is skills, availability, the skills gap, we're certainly focused on workforce participation, what explains the increasingly alarming decline in workforce participation in the US we 20 years ago or 10 points, higher workforce participation rate versus higher Western Europe. Now we're two points below Western Europe and workforce participation, then the derivative issues so that leads you in issues like they care economy, because caregiving really constrains the ability of a lot of adults, particularly when to pursue their their full array of skills, or, or the number of hours that can work. We've looked at the growth of the gig economy, more with an emphasis on the growth of high skilled gig platforms, very important source of, of talent for businesses to find it difficult to hire full time world class talent, either because of their industry or their location, or what they can afford to pay. I have a co head of our project Professor Bill Kerr, who's a scholar of on immigration, so we look at skilled immigration and those issues. So it's really a pretty broad array of, of topics, but all center on really understanding demand side better, and the needs of the demand side to to understand what's going on and react, because we find a lot of companies are still using a playbook for a different time and a different workforce. Oh, yeah, yeah, that's definitely seen that as well. So broadly speaking, then what is going on? Because we keep hearing about a lot of different things. We hear about the great resignation, we've heard about AI. We hear about the gig economy, we hear about disengagement levels, we hear about different levels of participation in the workforce. So broadly speaking, if somebody were to come to you and say, Joe, what, what is going on in the workforce today? How would you kind of sum up or summarize what what we're experiencing in what we're seeing as far as the workforce? Well, there are two two things happening at once in the first one is demographics. The workforce is stagnating in terms of native born citizens. Population is graying, and since we have a incoherent and indefensible immigration policy, a particularly for late to cultivating the skills profile of the American workforce. We we have a a a workforce is kind of locked in Due to a pattern of of who enters the workforce, the

numbers are not going to be big. And a significant number of those new workers are coming out of a K through 12 system that is less and less fit for purpose, particularly in responding. The other big trend, which you've written about and talked about for years, which is you have an acceleration of the evolution of skills requirements. So you have a stagnant workforce with an unresponsive skills development system that's very floor otic and bureaucratic, trying to keep up with for the most important jobs in the economy, and therefore the most important jobs for individual companies a dynamic and accelerating pattern of of skills change, which it's harder and harder to think those things up. It's like, we've got to think of the Charlie Chaplin movie modern times we've got that big turning wheel, but which is our skills development system and our pop workforce population. And this flywheel on the way off to the side, which is the pace of change in what companies require. So are you concerned by anything that's going on? And if so, what are you actually worried about? Like, what could happen in the current direction that we're heading down? Well, yeah, I'm very concerned. And I'm concerned in two dimensions. The first is that I think the availability of good paying jobs, I'm not talking about extravagant paying jobs or jobs that will support household formation and, and a quality of life that, that any of us would view as acceptable for someone is, is a key to that is under stress. It's hard. It's harder and harder for workers, particularly in expensive metro areas, who come out of our K through 12 system and don't have post secondary credentials that are relevant to employment, to get in those jobs. And and a lot of my research would say, if you're not on a pathway to something that has a decent future, by the time you're in your mid 20s, it's really hard to kind of recoup the situation. The second is that, that I think policymakers often they can little bit confused about this, when a business can't find workers to fulfill their needs to advance their strategies. They don't say, oh, gosh, well, I guess we'll just forget about it give up, keep doing what we were doing. They find alternatives. And we've seen that historically, in offshoring operations when a combination of factors made it there was incredible wage arbitrage opportunity, regulatory arbitrage opportunity that companies took advantage of, in a lot of tradable goods. But, you know, companies now are going to have more and more opportunities to automate people out of the system. And if you can't get the workers you need, what you're going to be doing is deploying robotics, deploying AI deploying advanced sensor packages, which doesn't have the effect of just eliminating work. But it reduces the number of roles and makes them higher skilled, which cases back to the fact that we don't have a great skill development system. So I think this is a big issue. I think it's the biggest issue, a social justice issue, the company that country faces. And I think it's a very profound issue for American competitiveness over time, is actually following up on that. Second point is how I I started studying this in the first place. Oh, okay. Let's talk a little bit about that. Why did you start studying this? What was kind of a flag that prompted you to to explore these issues? You know, I can, I wish I could say some great insight. But we, when I came to the Harvard Business, School faculty out of industry, about 10 years ago, we had a project that was fairly new about us competitiveness and understanding it through the lens of what contributed to the great recession. And we had done a lot of polling of our alumni. And in doing that, they had identified several issues in specifically skills, availability and the quality of the US workforce, as historic strength of the company of the country that was declining relative to our global competitors. And I knew that having been the CEO of a consulting firm, I knew that my clients felt that way, sector by sector, so I said, I'd like to understand that and so I think started doing my research under the auspices of that project. But then the the the work streams on workforce really took off. And our Dean was willing to, to separate it and create its own project. And then I was really fortunate to, to have Bill Kerr I mentioned earlier join me as a co head of it, and, and we've scaled it from there. But I didn't have any appreciation for a complicated that was when I started,

I might have taken something easier. I don't know, energy independence or something. Had I known? Yeah. Well, let's talk a little bit about COVID. And the impact that that has had on businesses, because the past two years have been pretty crazy. And it's been all over the place just with trying to figure out what's going on with mass mandates and vaccination stuff and opening up and closing down. It's just been complete madness in a lot of parts of the world. So what role do you think that COVID has had just on the workforce in general? I mean, obviously, companies have been using a lot of technology to enable hybrid work. Is it been from a business perspective, as far as digital transformation, something that has propelled us forward? I think, yes, I think it accelerated a bunch of trends that we're seeing in the workforce. It's obviously had more profound effects on white collar workers who can work remotely that it has on essential workers. An interesting side effect, of course, is it's really kind of redefined for a lot of companies, who is an essential worker, if you if you went to Chief Human Resources Officer and Executive in 2019, and said, Who are the essential workers in your company, you'd be hearing about executive officers and top scientists not not the managers who open the restaurant or or the the dispatchers who are sending you to make sure that that ambulances get dispatched or, or garbage gets picked up. I think there's there is a pretty interesting after effect of COVID, as we kind of move from pandemic to endemic status, the companies are really bumping up against now, Jacob, which is at the beginning of COVID company said, with for all the right reasons. And with complete, I believe, commitment, integrity. the well being of our associates is the absolute non negotiable imperative. Whatever we do you believe that's a pretty profound statement. And no one said, until COVID is over. And so now, in some ways, the social and psychological contract between a lot of employees and those in their employers is recapped. A bit it was we can see it now. Does anyone else think it's odd that, that that NHL games and NBA games are sold out, but only about 1/3 of people are going back to their offices. So what we're seeing is, you know, people are, are have a completely different set of expectations that they had three years ago about what the deal is, with their employer and what their employers are responsible for. We can see that in in caregiving to a lot of companies saying, if you want me to come back, you got to figure out what I'm going to do with my toddler. Yeah. Wow, that's a new, that's a completely new conversation. Do you believe the organizations that are saying that you think this is a genuine shift that we're seeing or companies just saying that because, you know, we've also heard companies saying, talking about this stuff years ago, yeah. put people first employee experience, blah, blah, blah, and nothing was really done. And now we're talking about it again, are we finally doing something about it? Are we just reviving the conversation? I think companies are increasingly being obliged to do something about it. Certainly in certain industries. The you can see it. Let's take a couple of examples from two ends of the spectrum of of wage levels and an employment requirements. If you look inside the so called Great resignation for lower wage workers. It really isn't a great resignation. It's a great reshuffle. What do I mean by that? I mean that the hospitality sector hotels, particular are having a terrible time keeping staff in fact, hotel availability is now a function of essentially how many rooms you can claim. It's not how many rooms are in the hotel. It's how many you can have ready for guests tomorrow. And the turnover in things Like housekeeping staffs has been extremely high. Where are those people going? They're not. They're not going to their lake house. They're not they're not leaving the workforce. They work at Amazon. Now they work at Costco now. They work at Walmart. Now, they may work in health care if they're commissary workers. And they've left pretty demanding, not very good paying jobs for somewhat better jobs. I'm not saying that working in Amazon warehouse, working in Mass General Hospital commissary is, is Nirvana, but it beats picking other people's damp towels off the floor. So for for certain industries, particularly for those frontline

workers, they're going to have to rethink the value proposition. Let's look to the other end of the spectrum professional services, the professional services firm flight, the consulting industry really has a high unprecedentedly bad turnover problem right now. And that's partly because they had a flood of work in that additional opportunities, revenue opportunities through COVID. And many of the elements that make being a new consultant or analyst and these firms attractive. Travel training, face to face mentorship, working together with clients has been rendered largely mute moot by COVID. And so there you see workers having a higher expectation, about balancing work in their personal lives, the the some, what's called an engagement manager level person, the consulting industry, they would have started their careers and probably worked for two or three, four years before they got that promotion, traveling a lot. Now they've had breakfast with their kids for two straight years. And that's now they're saying, you know, I kind of like this. You know, flying to Cleveland, four days a week was the way I thought the world had to work three years ago, maybe it doesn't have to work that way. So I mean, I will be changes. Yeah, I mean, I experienced that firsthand. My wife and I, we both write books, we both speak at conferences, and I was probably traveling 150 to 200,000 miles a year and speaking at conferences all over the place, and I'm actually going to my first in person event. On Sunday, I'm traveling in two years. Yeah. And everything has been in front of a camera, you know, with mics and lights. And it's, for me, it's worked out well, because I have an 18 month old and I have a five and a half year old. Oh, great. And So had I been traveling, I really wouldn't have I mean, I would have been around but not nearly as much to see my 18 month old grow up and, you know, do all these like fun, fun things that, you know, I would probably take for granted. Had I not been here. So it's, you know, it's been very, very interesting to see the role that but part of me misses a little bit, you know, on the road stuff and seeing people in person. And I think in general, I think a lot of people are excited to see their co workers to, you know, have coffee and go on lunch dates with people because it's the mental health and the low loneliness aspect I think is really impacted a lot of employees around the world. So one of the things that you talked about is this idea of reshuffling people, for example, moving from hospitality to Amazon, why are they reshuffling? Is it? Is money the number one factor that people care about? Are they looking for something more? Or why why the reshuffle? Well, I think it is money. I think it's also their inferences about how stable that employments going to be. Because if you were last valued sector, you were getting furloughed, fired whatnot. I think there's also a a for many people, you can see with a lot of employers have been growing their workforce. There's a bit of a bidding war about benefits. It isn't benefits, like we're going to go back to you know, defined benefit pension programs or things but when, when companies like Amazon are saying, We're gonna pay for any higher ed Bill, you take on any course you want to take while you're here, or Walmart have making extensive use of benefits offered by outfits like guild education that's attractive to people. I think the there is also what you were alluding to a minute ago, Jacob work as a social place. And one of the things certainly in my research on lower wage workers Who your co workers become are integral to your experience, as we all know, and all of a sudden they're leaving. Now, my best friends at the office or at the on the shop floor or at the retail store aren't going to be there anymore. That invites kind of psychological permission while they're leaving. Maybe I should consider leaving. Yeah. So in a final one is, you know, my experience, I would say, a big determinant of whether someone stays in a job or leaves it is the quality of their boss and the attitude of their boss and the responsiveness of their boss, a lot of boss have been under a lot of strain. So if if your boss is has kind of gone off the deep end on you, that's another another reason people are turning over. But I think it's principally economic, and going to jobs that have more have attributes that are more attractive, or maybe as simple as less unattractive. As what I'm leaving. Yes, I

think COVID has made it very, it really helped people crystallize what they care about and what they value. Is it money is it friends is a community I mean, my family and I, we moved from the Bay Area were to Southern California. And my wife and I were originally from Southern California, and we never in a million years thought we would ever come back to LA. In fact, we would joke about it when we would come visit my family's here and so is my wife's, oh, it's in a heat traffic. It's terrible. How can they live there? We love the Bay Area so much. And then COVID happened. All of our friends from the Bay Area moved away. So our community just evaporated completely. And then finally, we were just like, What the hell are we doing here? Yeah, like our friends have moved. We have no community here. At least we have family in Southern California. And if we go there, we have support. Yeah. Help with with kids. Yep. And we realized that that's what matters more to us. Yep. And I feel like for a lot of people there. And again, for some people that might be money, maybe they realize, you know what money is so important to me now. And for others, it could have been, you know, it's community, it's family, it's the support. And I think that actually helps organizations, because when you are interviewing people, when you're trying to bring them into your organization, they'll be very clear with you about what they care about. There's no confusion anymore. It's like, look, I'm here, I want a good paycheck, I'm happy to work as hard as you need me to work. I'm here for money. And, you know, I think that clarification, helps. But one thing that you mentioned, which I'm wondering if you're concerned about or not, is the impact that this is going to have on small businesses. Because obviously, if these big organizations out there are covering education, they're offering more they're throwing tons of money to attract employees, small businesses don't have those resources, what's going to happen to them? Are they just going to disappear and everyone's going to be working at Amazon or Walmart in the future? Well, that's obviously a profound question. I think that there are there are a number of of things that work against small and medium businesses. With smaller businesses, it's everything from the their ability to match terms and conditions of employment that larger employers are offering also their image as to how sustainable they are with medium sized companies and by that I I'm talking about not not \$20 million companies but \$300 million companies \$500 million companies, they have a have a problem that I think is going to become more and more evident, which is that the demand for certain types of skills is so out of kilter with the supply that you know if you want to get a performance marketer or a data analyst or data scientist and you are a second tier aerospace supplier let's say \$250 million company that makes components and sells them to Lockheed Northrop and and you're trying to get people with those skills you may have a great team you have a B employer or the people work there are motivated and enjoy it and you treat people great you're just not going to be able to compete because they're cuz you're going up against more prestigious companies. If you that same supplier but you're in southern Indiana you've got a you know, geographic set of issues where where someone's picking but no one's going to say up I'm going to choose to between Washington DC LA and and Terre Haute in less maybe they're from Indiana and they're doing what you and your wife did and going back closer For the home, so I think they're going to be squeezes on companies up and down the size spectrum. Now the good advantage, the advantage companies like that do have is that they can be, while they may not have all the economic resources, they don't have all the rules, regulations, binders, compliance issues that big companies have, if you're if you're running a one plant \$50 million company, I can say, ordinarily, I wouldn't allow this. But Jacob wants to go to Southern California for 90 days, for family reasons. And I'm just going to let him do it. If I'm, if I'm working in, in, in a 3am. And I'm a plant manager for 3am, great company very well managed, don't know what their policies are just using that as an example, I don't think I can make an ad hoc decision that Jake can take off for 90 days, because he's a good

worker, and I want to have back because all of a sudden, I've established a precedent. And global HR is going if they find out about it's gonna climb down my throat, if not fire me. So um, there are some advantages. But for skilled work, especially, it's gonna be harder and harder for those companies to compete in the market for talent. Yeah, even wonder, for example, I grocery stores, like I can't remember the last time I saw a small local family grocery store, I can't remember the last time I saw a small local repair shop, or a local bookstore, or low you like, in I remember a time even here in Los Angeles, when I was here, even 20 years ago, 30 years ago, when I was growing up, I would see much more of that. And now all of those things have disappeared. So I kind of even banks, right? You know, every you have these big franchise banks everywhere. And I don't know if there's any studies or research that has been done on this, but I'm very curious, like what's going on with the small banks, small grocery stores, small repair shops, small, small, anything, pretty much? It seems like everywhere you go now unless it's a restaurant, it's gonna be pharmacy, another good example. Do we even have small local pharmacies anymore? I think all of us. Yeah. So and I don't know what that means for those businesses if they pivot if they get acquired if they just go away. But it's, it's an interesting challenge, I think for sure, there could be a couple of things that may ultimately help, which is this is going to COVID is going to revisit the entire distribution and price of commercial real estate. And a second thing is that in so many technologies, the the company, you know, large companies deploy those technologies. First, let's say cloud computing, for example. Because of their volume, they drive the scale economics to make the unit price fall as who suddenly it's doable for a screen printer that does T shirts and signage for companies and things set, you know, that have three stores and \$10 million in revenue, they can have a decent online order, presence and fulfillment. And, and so there's some countervailing factors, but just through the lens of the future of work, you people are likely to be drawn to companies that are offering the best overall value proposition and as you observe with your question that is going to that's going to favor people with resources, which is synonymous with big companies. Yeah, I think it also puts a lot of pressure on the owners of small businesses, because, you know, one of the advantages that you alluded to for small business is, if you as a small business, want to treat people well, and practice, I don't know, empathy, or coaching or upskill. Like you can do it quickly. Like you just decide you're the business owner, you show up to work one day and say, look, hey, you know, here's some new things that we need to learn. Let's learn them. And you don't have that formal, you know, training and legal and HR, you know, take months for you to learn something new there. But it does put a lot of pressure on the business owners themselves, because they're the ones who need to be making these decisions. The business owners are the ones who need to make sure that they have the right leaders. So you could create a better experience, I think, as a small business and move quicker. There's also more pressure on you as a small business to make sure that you are bringing in the right leaders. Yep. And not keeping the bad ones in there. Because otherwise you won't be able to create that experience for your people. So I think it'll be very interesting to see what happens over the next few years, but I'm reading probably small businesses out there Stay strong little guys. So I want to talk a little bit about the report that you've been working on fairly recent. And there were actually a couple interesting reports that I found on your site. One of the things that you found on there is that low wage positions are hard to fill. And I thought we could talk a little bit about why are those positions so hard to fill? And why is it so hard to retrain people in those low wage positions? Well, you know, how hard they are to fill is a function of the skills requirements in the industry and stuff like that. But But what they really are so many low wage positions are essentially designed around a logic that high turnover is inevitable. And, and this becomes a self fulfilling prophecy for company and for the workers. If if let's

say I'm running a retail store, we looked at workers that make between 102 100% of the poverty line in the US. And they're meant that those workers who make those wages annually think, less than \$40,000 to support a family of three. They are they they are the retail industry. They are the food service industry. They are the hospitality industry. They are transportation logistics, a lot of industries that rely on manpower because automation is not plausible, because the work is insufficiently routine to be automated, or the margins aren't big enough to support automation. So you're not going to do it. Would you see in those jobs are they because they are low wage, companies don't have the type of resources we were talking about often or if they do, they're reluctant to invest in things like retraining because workers turnover at a higher rate. So I don't want to pay to train Jacob, when I think there's a 5050 chance he's going to be out the door in the next three months. And I have now designed that job around two or three kind of postulates. The first is since it's going to turn over someone who's new to my company has got to be able to do the job pretty quickly. Which means it's pretty simple job, right? It doesn't take five months, six months, seven months to get up to speed that could be more than the half life of likely employment period of that. If it's not all that complicated, all that value, adding is not going to pay very well. Well, how does the worker see that? I'm not being paid very well, this is not a very interesting job. And I'm not, I don't see any pathway for me out of this job, to a better job. So I think I'll keep looking for another job. If I can make 50 cents more an hour, I'm going to get the heck out of here. They're not investing in me. And I'm barely getting by. So you get this kind of self filling prophecy of people saying, well, you know, these jobs turn over so I don't want to invest in the in people and and I'm going to keep the process simple. And then they say See, told you they left. What our research says people actually low wage workers would prefer significantly prefer to stay where they're working, because they have friends. They, they feel like they kind of can do the job well, often low wage workers skew to women and to bipoc populations. So, you know, if you're minority, if you're a woman, and you're in a fairly low wage job, and you know, your supervisors, a decent, decent person, and you know, you don't think they're a sexist or kind of, you know, creepy harasser or racist or something, or, you know, a homophobe. And you're, and you know, you know how to get to the job, you because transport is a big issue for lower wage workers and you kind of get the hang of it, you kind of feel you're getting pretty good at that and you've got friends, you don't want to leave, unless you've reached a conclusion that I'm just going to be stuck. And I'm making \$11 an hour. And, you know, I have, you know, maybe a year from now I'll make 1150 and someone else will hire me for 15. So, employers we think need to revisit all that. And specifically through two or three things we isolate that study which is called building from the bottom up. One of them is what you mentioned, which is creating pathways for people to add skills, so they can be more productive, so they can qualify for a raise or advancement. And that requires more investment in Clear and actionable feedback to people, and more engagement with supervisors or others in kind of mentoring people to say, if you could do these two or three things, you could qualify to be a supervisor or to work on a more advanced process, or be someone who onboards new workers, which is going to get you a raise. And here's how you could do it. You get that formula going. And all of a sudden, you start undoing that turnover machine. And there's one thing you don't want as an employer in given the demographics of the labor market, we've got now and given what we're talking about in terms of the skills requirements, accelerating and making it harder for to find qualified workers, you don't want turnover, because that's going to force you back into a spot market for labor, which is pretty thin right now. And that means somebody already knows a bunch about your work processes, how you do things around here, how about how the processes work, they're leaving, and you and you've got to start training people to do all that as well as meet emerging skills requirements,

much easier. Take an incumbent worker, and teach them a new process than a brand new worker and teach them the entire process. This thing, it sounds like, the big reason is that organizations just never take a step back and say, Hey, wait a minute, the turnover. It's not normal. Like it shouldn't be like that. Why is it like this? Yeah. So instead of asking that question, we've just kind of taken for granted that a lot of these jobs are going to have turnover. And I know even when I speak in a lot of conferences and events, especially if they have a lot of frontline employees, they one of their typical responses is oh, you know, it's the nature of the business, we get a lot of turnover. And I don't think many of them take a step back and say, Hey, wait a minute, well, why do we have that turnover? And do we need to have saklan? I actually remember, this was four or five years ago, I was giving a talk to a financial institution. And they had a bunch of their executives that were sitting around a table, and they were talking about that after the two year mark, they have a high percentage of their workforce that just leaves. And they were like, Yeah, you know, it's just kind of sucks in our industry. After two years, people just end up leaving. And I'm the only one sitting there thinking like, you guys know why they're. So I raised my hand and I said, Guys, I'm curious, like, what is it after two years? Because it's a very specific number, right? Two years? Why are they leaving after two years? Like what is causing them to leave? And they'll just kind of look to each other? Like, we don't know. And I'm thinking like, Okay, well, you know, these are some basic what you got, you know, you have to know this. And I think this is where a lot of like the data that people analytics, all that stuff can be very, very helpful. But yeah, I think companies just need to turn over should not be normal, or, you know, very high turnover should not be normal, regardless of the industry. It's a rare company that evaluates people, for example, on having distinctly lower than average turnover in their team, or distinctly higher than average promotion rate out of a job. And if you think about the types of micro data, a lot of companies get from their business intelligence systems about inventories and price realization and and the state of the supply chain. Why aren't we applying business intelligence to look at the way we manage human assets? And why isn't that integral to performance management in the company? I'll give you a quick example. I, you know, I've looked at at how the recruiting process works for a lot of companies and recruiters and most companies are evaluated on two variables. How long did it take to fill the jobs that I was tasked with? backfilling open jobs. So Meantime, to fill and direct costs to fill? So give me some fast and don't spend a lot of money on it? Okay, kind of reasonable, actually, right. I mean, we're not sitting here saying that's crazy. But you didn't hear anything like the person actually succeeded in the job they got hired to the person didn't voluntarily leave the company quickly, because the way we recruited them caused them to think the job was different than it was or we didn't have to fire the person quickly, because they actually weren't competent at the job. Or you got a you got a bonus because three years ago, you You hired Jacob, and he's been promoted three times. And you know, here's an extra 500 bucks because he was a great hire. Yeah, that doesn't exist anywhere. So I think One of the very interesting things about the future of work is it's because there's gonna be skill shortages, because it can be personnel shortages. Because whether you're running, you know, a blue chip consulting firm, or you're running 250, quick service restaurants as the head of a franchisee operation, your your economics are going to be driven a lot by what goes on, relative to the stability of your workforce, the happiness of your workforce. And that means a whole new set of KPIs for people and and ways of gathering data and and motivations for rewarding people. Yeah, I mean, the data piece is, I think, a big, big missed area for a lot of organizations. One of the things you mentioned recruiting, and I was totally shocked as I was on your website, you know, there's been a lot of talk using AI and automation for finding candidates for finding prospects. And I think it was one of the things that you found were that these pieces of software, these

AI, these bots, that scan resumes, stops 27 million people from finding jobs, which I thought was insane. Can you talk a little bit about that? Yeah. So this is a study we called Hidden workers untapped talent, and the population describing our people we call hidden workers is not people who are trying to hide from work, I want to make that clear, it's people who are they are effectively screened out of the consideration set by employers, because of the way what I call the applicant tracking system, the ATS systems, process and evaluate candidates. And in any ATS system, it could be something you own bought, because you're using PeopleSoft or Oracle as the biggest market share in that business. Or it could be your using indeed, you know, when you set up who I'm looking for, you're given lots of choices. You know, are you willing to consider a candidate with a criminal conviction? Yes or no? What are the academic requirements? college degree required? Yes, no. The do p one is all using NET natural language processing, scanning the job description you provided to look for those terms and words, in the application where the resume of the applicants doesn't have a knowledge of this technology or that tool. A very corrosive one is 50% of job to job postings, the United States, for middle skilled workers have something called a continuity of employment filter, where if you have if you have a gap in your resume of more than six months, they will exclude you from further consideration. Just automatically, wow. So we you know, in these these variables for us both to filter, so in out, and then for the people remain in rank. Now, go back to what I was saying about the way recruiters get paid, do it fast. And and do it cheaply. Yeah, one of the ways you do cheaply, you don't interview a whole lot of people. So a good you know, an operative number is that's, you know, for a decent paying job and a large company is for COVID, they're gonna get 250 300. Applicants. The web having made it much easier for people who apply for jobs, they can talk to five people. So there, they want to winnow down that pool very fast. So all those filters add up to create categories of workers who are often just excluded from consideration. Couple of kind of implied someone doesn't have a high school diploma, someone who doesn't have a college degree for certain jobs, but might have 30 years of experience. Come back to that in a second. Veterans suffer from this quite a bit because their the way they describe what they did in the military doesn't match up with anybody's job descriptions and and veterans are actually very interesting population that they're very specific about what they say they do in the military. It's very counterculture in the military. Say you did a bunch of stuff you didn't you. You didn't do we didn't do specifically. So this creates an artificial scarcity. Where a bunch of workers who If you had, if you looked at them as a candidate, they might have 678 characteristics you really want. But just one or two, you're excluding on why, why are you excluding on that? And an exciting part of the research, Jacob was that we found that company if they had specific programs to hire people from some of these hidden worker populations, people caregiving obligations, people with with some cognitive impairment, people on on a, you know, with neurodiversity. So Microsoft has a great program, hiring people on the autism spectrum, if they invested in developing a program, that that was designed around the needs of that sub population, they got workers who were significantly more productive, engaged, lower turnover than the workers they hire to their normal process. So not only is there a big population of people who are being screened out, but if you reach into those talent pools, you can get workers for making marginal accommodations, you can get workers who are going to help solve your talent shortage. I wonder if we become too obsessed with trying to find the perfect candidate instead of finding a candidate that we could train to become a good fit for the job? Yeah, that's exactly right. And it's, you know, for example, I mean, obviously, I'm not running a big business, but I needed somebody to help me with doing some data research. I found somebody in literally 510 minutes. I give them a sample task, I want an up work. Can you do this? Great. Done, you're hired. I remember when I interviewed

Nolan Bushnell. He told me the story. He was the first person who hired Steve Jobs. And I said, How was that process? And he's like, Well, I met Steve Jobs. I spent around three, four hours with him. And then I reached out my hand and said, You're Hired if you want the job, right, three, four hours. Today, it's taking people like a month, two months to hire a single individual. And I mean, I would hate to be a candidate in today's market, because the profiles that you need to create the assessments that you need to take companies want you to play games, you got to write different cover letters for everybody, it's like, it's insane to me, the amount of work that somebody has to do, just to apply for one company. And to get a job, we all know, you need to apply for 20 3040. Sometimes, like, it's, I don't know what is going on, or how we even got to this point. But it just seems like it's gotten so complicated, and so reliant on technology. And it might benefit like the company like one company, but the company doesn't do a good job of practicing empathy in terms of like, what is it like as a candidate who's trying to apply for 20 jobs at 20 companies to do this same freaking thing? Each time I gets, it's so hard and tedious. That's enough to make you not want to even apply. One thing we recommended in that study to two companies is they bring their kind of user experience the UX thinking that they they all fall over themselves to improve for customers, to applicants. Hmm, it doesn't have to be mysterious it to you. Another thing is Jeff, telling people, for example, when a decision is likely to be made, one of the things that happens, especially for hidden workers who tend to be skew toward qualified for lower skilled work, not exclusively, um, if that no one ever gets back to them. They get they get ghosted on there, and they have no idea why they weren't considered. And you can imagine, if you if you applied for 15 jobs, and not one of them got back to you. That's pretty discouraging. And your likelihood you're gonna apply for number 16, or number 17. Stick with it starts going down. I think that I think the hidden workers phenomena is up is a big contributor to this workforce participation problem we talked about at the top of the show. And you know what, I don't feel bad for the companies out there. Because you know what, they brought this on themselves. Like, for years of just, I'm not going to respond to candidates because we're getting so many I can treat employees however we want because they need to be here. I don't need to change our workplace practices, blah, blah, blah. And now all of this has caught up to organizations. Now they're saying like, hey, we can't find anybody now. Let's like, look, you know, 3040 years ago, if you would have put more emphasis on the employee experience and then putting people first if businesses out there would respond to candidates and let them know where they are in the process. Yep. Like we wouldn't be. You know, I think where we are and we wouldn't have so many employees who were just like, you know, the hell would you company like I'm not giving you any loyalty. I'm not giving you anything. because we've collectively been mistreated, I think by a lot of organizations. So, you know, I think that over the next few years, hopefully, what I hope will happen is organizations will really start to prioritize these concepts of experience of putting people first and genuinely creating places where people want to show up to work. And that's the optimistic part of me, we'll see if that actually happens. But Joe, we are near the top of the hour, maybe one last question for you, before we wrap up. For people who are watching and listening. We've talked about a lot of different things here. What are some some actions or some takeaways for people to put into practice? Maybe we could go with leaders, so leaders who are looking to bring people in? And also if you are not a leader, what should we be doing to thrive and succeed in the world that were a part of? Well, I think I think for leaders that the the, as you were just suggesting, they're going to have to understand that being competitive in the scramble for talent is going to be a top strategic imperative indefinitely. So the notion kind of delegated to somebody in the HR function or that you should have a reasonable expectation that you can keep running the same playbook, and you're going to get an adequate

workforce, that's just plain wrong. So you better put it way up your priority list, you ought to be viewing it as a as a major business risk. And, and responding accordingly. I think also that that, that the the leaders have got to start thinking in terms of, for example, things like rather than designing or the way we look for workers, on the premise of a bunch of what I'm gonna call negative attributes, you don't have this, we're not going to talk to you don't have that we're not going to talk to you. Let's use things like AI to understand what are the attributes of someone who's good at a job? And how can we start looking for people on affirmative or positive bases? To get all this clutter? For example, in the 80s, as symptoms aside? How do you start making a systematic commitment to growing your own talent, whether that's taking that low wage worker, and giving them more skills so they can advance or, for example, having more compensated work based learning for high schoolers for community college students, for college students, that the gold standard in terms of better outcomes for teenagers? If not, is they get a compensated work based learning opportunity? It's all three of those phrases. It's not I worked at McDonald's this summer, that's, that's better not. But it's there's a structured program or employer often as part of completing high school in Laos, I start working more and more as they do in Europe, to develop skills. I think for other for normal everyday people, you know, is important to understand that, that the, the demands of work are gonna keep changing. And I'm not going to throw at you the the, the kind of platitudinous lifelong learning and all that stuff. It's very threatening to people, when you say that, by the way, you know, the vast majority of people, they're happy schools over and they hear learning, they think school, I don't want to go back to school. So, you know, I think we have to cause people to understand that there are an explosion of have mechanisms to gait, bolster your skills, both to your credentials, understand what's required. And you've got to make use of that. And that's it not, so you can get back on the treadmill and, you know, run to the finish line. That's so you can make depending on what you intend to do or want to do with your life, you're more able to accomplish that. So it's not everyone now needs to go to college or everyone now need to be a coder. But if you want to be a coder, there are ways to do that. If you want to be a salesperson, there's a way to be a better salesperson. So then America, you know, I've done polling across big markets and American workers have easily the highest sense of agency about their own futures of any of our competitors. So I'm optimistic about American workers and so much as they feel they own the problem. But, you know, we, understanding what I can do to achieve my goals in a more thorough and dedicated way, is going to be integral to to realizing those aspirations as as expressed through that agency. Yeah, I couldn't agree more. Well, Joe, where can people go to learn more about us some of the research that you're doing anything that you want to mention for people to check out? Well, we, we have as you mentioned it A couple of project websites one's a Harvard Project on workforce and the other of the Harvard Business School, managing the Future of Work Project Site. And if you just Google Joe Fuller, and some phrase approximating that, you will get 1.7 5 million hits and 0.4 seconds on Google, or something like that. But we'll be on, you know, we'll be on the first page, and they're all our papers are posted. As we were talking about Jacob, you know, we too, have a podcast series, we have a better part of 200 podcasts up now, which is searchable. You know, recent studies, we're also posting the data behind the study. So if other researchers want to use it, and we also deposited the baker library at the Harvard Business School, so other researchers can use the data. And we'll have a steady stream of, of reports coming out, which are designed to be for practitioners, they're not scholarly, no Greek letters, you know, these are things we're trying to talk to decision makers about, in a way that they can get their arms around it. So so, you know, I hope people who are interested in this topic will take a look around and they're certainly also they can email me through those sites and, and can give me some ideas or some

comments or some criticisms to hear you. Cool. Well, thank you so much for taking time out of your day to chat with me. I love the conversation. It was a lot of fun. So thank you. My pleasure, Jacob. Great to be with you. Of course, and thanks, everyone for tuning in. Again. My guest has been Professor Joe fuller from the Harvard Business School, make sure to check out all their reports, their studies, and the podcast that Joseph fuller has as well. It's a lot of fun, and I'll see all of you next week. Or right