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Welcome to the "Forever-Tight Labor Market"

Our country's labor market is just that—a marketplace that includes both demand for and supply of people available and willing to work. Over the past ten years, the demand for U.S. labor has been volatile, with hiring rising and falling dramatically depending on industry, geography, world events and business cycles. At the same time, demographic trends have steadily tightened U.S. labor supply: fewer native-born workers (people born in the United States or one of its outlying areas) are entering the workforce; more are no longer in the workforce; and the baby boom generation is exiting. And now, this systemic trend has been worsened by dramatically limited immigration, which was the primary source of U.S. labor force expansion since the pandemic.

Massachusetts, with the second lowest native-born birth rate in the country, and one of the highest percentages of immigrant workers, is particularly vulnerable. According to the MassINC Policy Center, without substantial immigration, our Commonwealth's labor force will see a net decline for the foreseeable future. More immediately, the recent decision to end federal Temporary Protected Status for immigrants will have a particularly devastating impact on Massachusetts' long-term care, childcare, healthcare, hospitality and construction industries.

Massachusetts employers who ignore this "forever-tight" labor market will do so at their peril. Instead, what is needed is for employers to make talent management a core business strategy based on employee-focused principles.

Employee-focused talent management has four key components: changing how and whom you hire; redesigning jobs for talent retention; re-thinking government relations; and building partnerships that can help create enduring talent pipelines.

Changing how you hire includes shifting hiring technologies, interviewing, on-boarding and other recruitment and

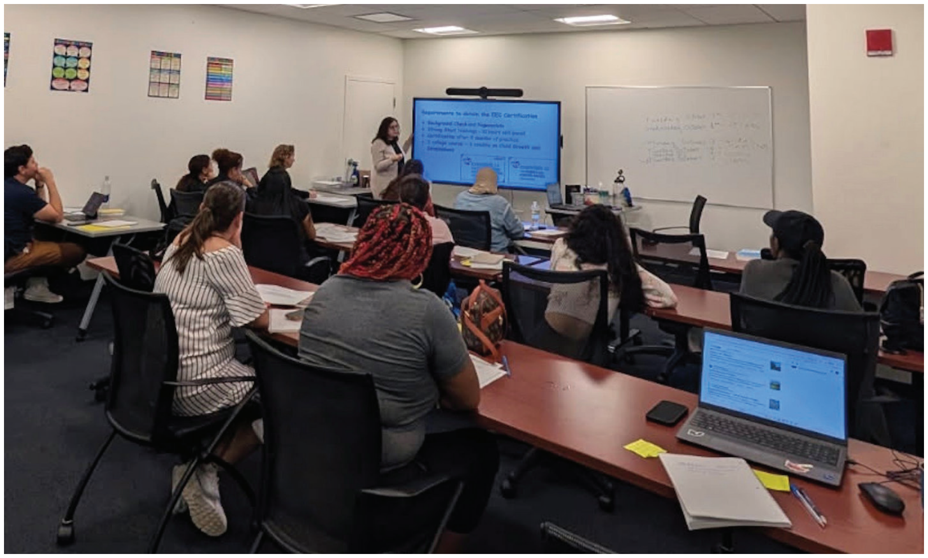

Photo courtesy of the YMCA Boston early childhood education apprenticeship program.

hiring systems that can screen in rather than screen out talent. For example, the MassSkills Coalition, founded by the Massachusetts Business Roundtable, the Commonwealth of Massachusetts, the Massachusetts AFL-CIO, and Eastern Bank Foundation, is a group of more than 20 employers and educational institutions working to implement "skills-first talent management" methods that recruit individuals based on the talent required rather than relying largely on proxies like educational degrees.

Changing whom you hire includes looking for talent within "untapped talent" pools, such as immigrants, individuals with disabilities and those with short employment histories. One exemplary local employer is Wash Cycle Laundry, a locally-based industrial laundry firm that prioritizes hiring, training and supporting individuals returning from prison, individuals with limited English skills, and other untapped talent to create a predictable, well-trained and highly stable pool of workers.

Retaining talent by redesigning jobs so that workers want to stay and grow with a company is the second element. Improving job quality includes a hierarchy of options, from foundational elements like good pay and benefits, to career ladders, to aspirational elements like employee ownership. Most importantly, redesigning jobs begins by asking employees what they need, and then listening to them, starting with small steps and building on what works over time. For example, Little Sprouts, one of the Commonwealth's largest private childcare providers, deployed the Job Quality Benchmarking Index through JVS Boston. It implemented recommended findings like increased pay and access to discounted childcare and other benefits, which together dramatically increased Little Sprouts' job openings by 70 percent and increased retention by 20 percent.

Re-thinking government relations means embracing proactive measures that can help ensure a stable talent pool. For example, the Massachusetts Business Coalition For Early Childhood Education—founded in 2021 by Eastern Bank, PNC Bank, The Boston Globe, the Harvard School of Education and MassMutual, and now including eighty-five CEOs and twenty-two business associations—successfully advocated for a doubling of the Commonwealth's investment in early education programs to over $1.5 billion. Business coalitions in other states have successfully supported investments in other key elements for building a talent pipeline, including affordable workforce housing, transportation, and adult education and training.

Finally, while many companies can and do create a talent pipeline on their own, others have built partnerships with workforce development organizations that are uniquely qualified to source untapped talent and help re-design jobs. Boston Education, Skills & Training (BEST) Corp. provides incumbent worker upskilling and a talent pipeline for unionized hotel properties in and around Boston. Other employers build lasting partnerships with their regional community colleges and vocational technical high schools by having staff join faculty and help design curricula, while also offering paid internships for students.

Understanding and addressing the labor market now is a smart bet. In a forever-tight labor market, an employee-centered strategy is no longer a competitive advantage, it is fast becoming a competitive necessity.

Jerry Rubin and Steven L. Dawson are co-authors of the forthcoming MIT Press book, Help Wanted: How to Find and Keep Talent in a Forever-Tight Labor Market, and sponsored by the Eastern Bank Foundation. Join them at a fireside chat with Eastern Bank Executive Chair Bob Rivers on September 15th where they'll be discussing the book and talent strategies for employers in a forever-tight labor market. Email foundation@easternbank.com for event details and to RSVP. Eastern Bank Foundation, the philanthropic arm of Eastern Bank, supports grassroots community solutions and collaborates with community-led organizations working to build economic inclusion, mobility, and social justice in areas that include workforce development. Learn more at easternbank.com/foundation.