



**Testimony of Dr. Sean R. Gallagher
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Thank you Chairman Cutler, Chairman Lesser, and the members of the Commission for the opportunity to testify this afternoon. My name is Sean Gallagher and I'm the founder and Executive Director of the Northeastern University Center for the Future of Higher Education and Talent Strategy. I also hold the faculty appointment of Executive Professor of Educational Policy.

My work focuses on trends at the intersection of work and learning – and in particular, researching developments in the world of corporate hiring and training. I've spent my entire career over the last 20 years focused on these themes – and deeply studying innovations in postsecondary education, employers' talent needs and hiring and training practices, and the growth of online learning. This includes experience as a university administrator, a faculty member, and in the consulting industry.

I understand that during its last hearing, the Commission heard from my Northeastern colleague, Kemi Jona, about the university's leadership in work-integrated learning and the need to encourage workforce development collaboration between employers and higher ed institutions. Today, I'd like share with the Commission some first-of-its-kind, new data and insights about employers' views on the future of work and the investments they are making in talent acquisition and employee learning and development.

What's unique about our work is that it crucially focuses on understanding employers' attitudes, strategies, and behaviors – exploring how practices are changing and what it means for our educational system and workers. My comments that follow are driven by a new national survey of more than 1,000 C-suite executives that we conducted earlier this year – one of the first post-pandemic studies to explore specifically how COVID-19 and the related changes in the economy are impacting employers' business strategies, with a particular focus on talent and learning.

This type of research is not new for Northeastern: we've been analyzing and reporting on the impact of AI and the future of work for many years through similar surveys and studies of business executives and the general public.

These findings have some important implications for the Commission as it considers recommendations to prepare the Commonwealth's future workforce and enhance our state's economic competitiveness.

Artificial Intelligence and Automation are Fueling Workforce Disruption

As the Commission has heard from an array of experts over the last six months, there's a broad consensus that the rise of AI and automation is transforming the global economy and will continue to have a profoundly disruptive effect on work – and workers – in the coming years.

Based on our survey findings, businesses are now substantially more likely to invest in AI as a result of COVID-19: 51 percent of C-suite executives say that they are now “more likely” to do this as a result of the pandemic, while 36 percent report no change. Perhaps not surprisingly, the key areas of investment include the IT, Human Resources, and Operations functions. A majority of respondents agreed that “understanding how to best deploy AI and related technologies is a top C-suite priority over the next year for my organization.” It's also important to note that business executives are not as pessimistic as the general public about AI replacing human jobs.

Insights about What the Future of Work Looks Like

As we know, COVID-19 forced most organizations to embrace remote working arrangements, which resulted in about half of American workers working at home during the pandemic. From what C-suite executives are saying, it's clear that a hybrid and remote workforce is here to stay and will be a central feature of the future of work – with obvious impacts on geography, commuting, housing, and economic development – which we, and communities around the country are now seeing slowly play out.

62 percent of executives said that they are now more likely to leverage remote work arrangements to strategically expand their talent pool. This dynamic was also confirmed in a related project, a series of nearly 40 interviews that we conducted this summer with HR and corporate learning leaders. One example was a company on the North Shore that previously was at a disadvantage recruiting workers due to its location – but today is hiring remotely from around the country. This study also showcased how learning in the workplace has made a shift to digital formats – whether on the manufacturing shop floor, in a hospital setting, or at a tech company.

The Pandemic Has Accelerated Worker Dislocation and Exacerbated the Skills Gap

Changes to the very nature of work that have been transforming the workplace for some time have only been accelerated by the pandemic. Even though the state's unemployment rate sits at 5.4 percent, Massachusetts employers – like those around the country - are still having a hard time filling open jobs, and this is despite the trend of many employers relaxing their hiring requirements. As of August, there were still many more job openings in Massachusetts (200,000) than people looking for work (167,000), and there is clear evidence that employers are having trouble finding workers with the right skills. In fact, in a recent survey from the Associated Industries of Massachusetts, 53 percent say they cannot find qualified workers to fill their

vacancies. Our new survey data confirms how intense the war for talent – and the need for continuous lifelong learning – is becoming. First, executives say they expect competition for skilled talent will remain intense for some time to come. Digital skills are in high demand and the pace of change is speeding up: 70 percent of executives said that incumbent employees should be worried about their skills becoming outdated over the next few years. Yet we also must keep in mind that the economic transition is not just about technical or specialized skills. What are often labeled “soft skills” – like critical thinking, leadership, and teamwork – are ranked most important by executives, and this also shows up in analysis of job market data.

Education and training solutions and policies need to address *both* of these dynamics and the fact that various human skills, competencies, and capabilities are intertwined and nuanced – and that in an increasingly technological workplace, there is in fact great demand for “human skills.”

Upskilling Is a Future of Work Imperative

Even for those that have jobs, the need to keep up with this everchanging workplace has left many stuck. The next rung up on the career ladder is too often out of reach. As the recent McKinsey Future of Work report commissioned by the Baker Administration made clear, some 300,000 to 400,000 current workers in the Commonwealth will we need to be reskilled over the next decade. Upskilling and reskilling are therefore more important than ever.

Our research shows that employers are growing their investment in employee learning and development – in contrast to the trend prior to the pandemic. Employee “training” is now seen as a greater necessity, and often a key retention vehicle in a competitive job market. The growth of online learning options, microcredentials, and new technology platforms are playing a prominent role here. Our survey data and interviews also show that employers feel an obligation to provide upskilling opportunities and responsibility to help pay for them – but employers feel that financing upskilling is primarily the employee’s own responsibility.

This needs to be a “co-investment” between employers and workers, and incentives need to be aligned. Consider that many employers are willing to invest in employee training directly related to their business, while workers may be more interested in a broader educational credential that will be portable over the course of their career. There is also an explosion of useful education and training options – but this changing landscape can be difficult for both consumers and employers to navigate.

Another point to underscore is that our research shows employers now have greater interest in online learning – and greater acceptance of educational credentials earned online – specifically because of the remote working and learning experience of the pandemic. Online learning options have moved from the margin to the mainstream.

While there are many implications of the trends I’ve highlighted today, I’d like to close with a few brief recommendations given this new landscape for working and learning.

#1: Workforce Development Should Include a Focus on Incumbent Worker Upskilling

The Commonwealth's suite of existing workforce development programs is not necessarily well-suited to addressing this upskilling challenge, since they tend to focus more on helping the unemployed and the chronically under-employed learn basic skills – which of course is a needed focus. We can benefit from more investment that prioritizes bringing employers and education providers together to make in-demand skills and competencies more accessible through short-term, stackable programs tailored towards specifically identified industry needs – at a large scale and scope, and harnessing the full and growing breadth of potential education and training providers available.

Recommendation #2: Consider Portable Lifetime Learning and Training Accounts

Because of the changing nature of work, many people want to switch jobs and careers, but they need to be able to learn the in-demand skills that employers are looking for. For too many, however, these opportunities are inaccessible or unrealistic. Degrees take years (not months or weeks) to complete, balancing full-time jobs and family obligations leaves too little time to acquire new skills, and financial supports for short-term learning opportunities are too hard to come by. To solve this, we must do more to meet workers and job seekers where they are, and create a culture of – and an infrastructure for – lifelong learning. One further idea to facilitate these programs would be to create portable lifelong learning and training accounts for individual workers. I know this is something which Senator Lesser has long championed, and that legislation he is introduced to create these accounts is currently pending before the Revenue Committee. The advantage to this type of approach – which has been tried successfully in Maine and Washington State, among others – includes employer matching, consumer choice, portability, and reducing financial barriers to reimbursement.

Thank you again for the opportunity to share this data and set of ideas with you. I welcome the opportunity to answer any questions that you may have.