The Skilled Workforce Future: Stakeholder Capitalism vs. Shareholder Priority

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The United States is in the midst a severe skilled labor shortage. Wage inflation is also rising. A growing body of evidence points to the continued growth of these negative economic trends into the middle of the 2030s.

The Corporation in the 21st Century, a 2024 book by the internationally recognized Oxford University economist, John Kay, analyzes why these problems and other vital economic issues are not being addressed by most businesses. He focuses on the tension between shareholder priority and stakeholder capitalism. Stakeholders are "the range of people and organizations who have a legitimate interest in the performance of a business" including employees, customers, suppliers, and the communities in which they operate. He asserts that treating stakeholders merely as a means for maximizing profits for shareholders is destructive and that management needs to strike a balance between these competing interests.

Until American businesses shift from their current shareholder-priority focus of maximizing short-term profit to more balanced practices, U.S. skilled worker shortages will only continue to increase. America's future labor economy is at stake.

The Manufacturing Institute warns that American manufacturers need to fill 3.8 million jobs by 2033 with half at risk of remaining vacant due to an under-skilled workforce. Today's 4th graders will graduate from high school in 2033. Only 33 percent read at grade level and only 37 percent are proficient in math. They will be the core of America's future workforce. To address current and future skilled worker shortages, businesses need to support employee training, career education, and improved math and literacy instruction in their community schools.

As John Kay states," Modern economic growth is about building collective intelligence [including a better educated workforce] into familiar resources to create new products and still more advanced capabilities." Human intelligence is as critical as material resources in sustaining economic prosperity. You can't have a new reality with an old mentality.

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