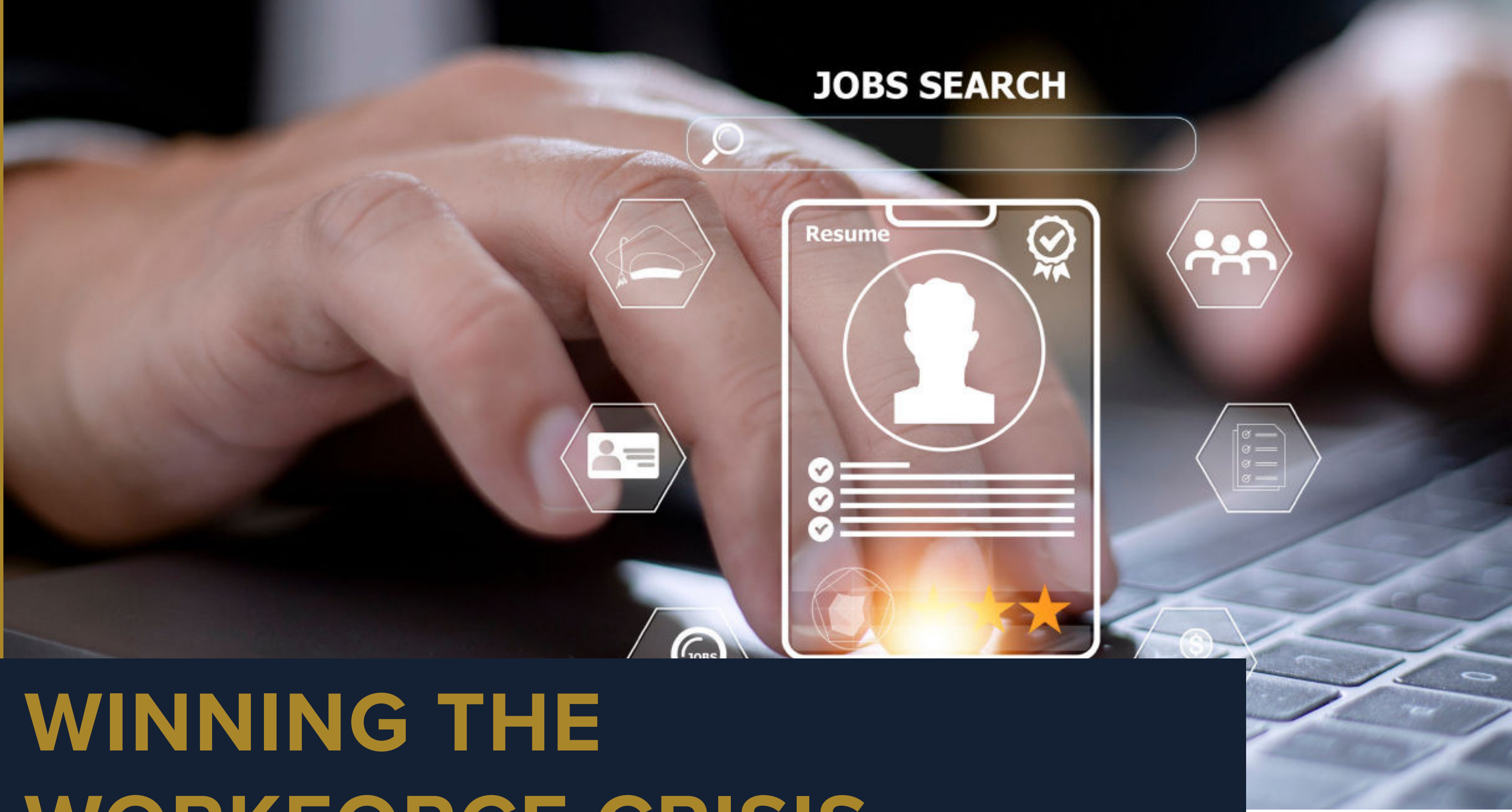

WINNING THE WORKFORCE CRISIS

Why the labor shortage is here to stay—and how organizations can adapt their talent strategies to succeed.

By Abby Winterburn

Buffkin/Baker is a leading partner-led, retained executive search firm specializing in the recruitment of C-suite and senior leaders across industries including healthcare, higher education, private equity, technology, and nonprofit organizations. The firm partners with companies to identify, attract, and develop transformational leadership talent that drives long-term growth and success.

As workforce dynamics continue to evolve, Buffkin/Baker advises organizations on navigating complex labor challenges—from executive recruitment and succession planning to leadership development and workforce strategy. By combining deep industry expertise with a relationship-driven search approach, the firm helps clients secure leaders who align with both their strategic goals and culture.

David Alexander is a former C-Suite executive and currently a partner and practice leader at Buffkin/Baker, where he brings a consultative approach to executive search, leadership strategy, and workforce challenges. Having held multiple executive leadership positions across industries, Alexander draws on extensive firsthand experience to support companies during executive searches. Because he has served in many of the role's organizations are seeking to fill, he offers practical insight into how companies can attract, retain, and develop talent in an increasingly competitive market.

Credit: Buffkin/Baker

Despite reports of global economic sluggishness and unemployment, there is still a shortage of skilled labor. This global labor shortage should not be viewed as a temporary hiring challenge. Instead, it should be accepted as a structural shift that will shape the workforce and work done for decades.

Demographic shifts across developed economies, the retirement of the baby boomer generation, evolving expectations around work have permanently changed the balance between employers and talent. Organizations are no longer only competing within their industries for workers; they are competing across the entire economy for a shrinking talent pool.

For employers, the implications are significant. Traditional recruiting strategies alone are no longer enough to solve talent gaps. Instead, companies must fundamentally rethink how work is structured, how employees are developed and retained, and how technology can support the accomplishments of business objectives.

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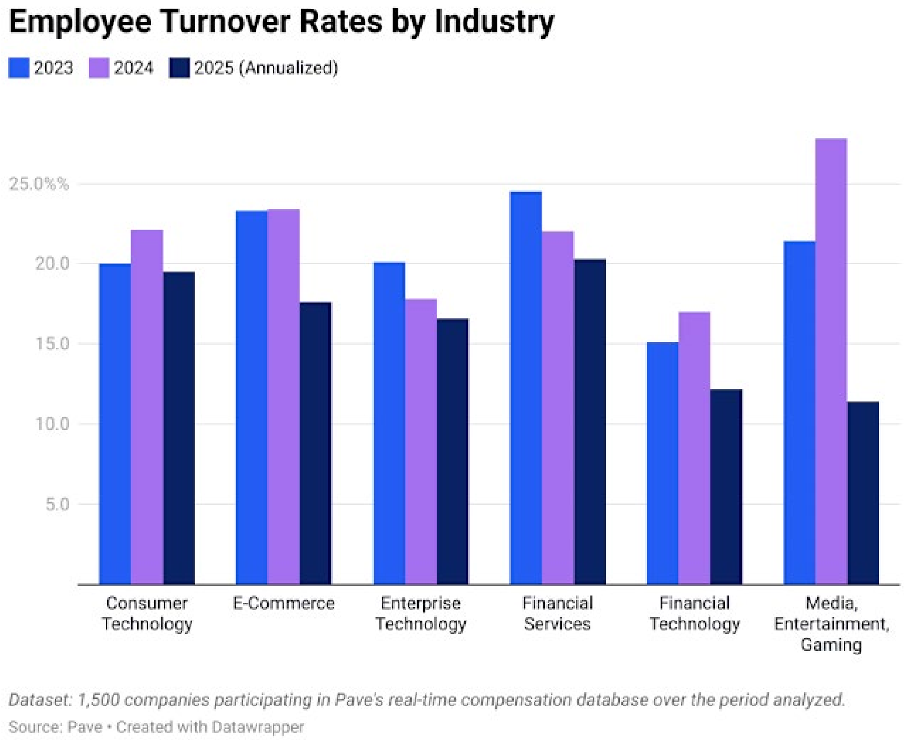
Here, David Alexander, highlights the forces reshaping the talent market, and the strategies organizations must adopt to attract, retain, and develop talent in a constrained workforce environment.

Forces Driving the Labor Shortage

The imbalance in the labor market is simple: Employers no longer have the same number of people available as they did before. "The biggest factor in the developed world is declining birth rates," Alexander says. "In the U.S., Western Europe, and parts of Asia, birth rates have fallen significantly. Unless those birth rates increase, which would take decades to cycle through the workforce, the labor supply will continue to shrink."

Another major factor is baby boomers retiring. "That generation represents a massive group of workers who are now leaving the workforce," Alexander says. "The wealth created during the economic growth of the 1980s, 1990s, and early 2000s allowed many to accumulate enough savings so that when COVID happened, they simply decided to retire."

The changing nature of work is also contributing. "New industries and opportunities have emerged that didn't exist 10 or 15 years ago," Alexander says. "For example, people now make a living as content creators or social media influencers. These opportunities pull people away from traditional employment."



Credit: Buffkin/Baker

Additional Constraints on the Labor Supply

Other key factors influencing the current labor shortage are reduced immigration and childcare challenges. "Legal immigration plays a critical role in sustaining the workforce, but discussions about immigration often focus only on illegal immigration," Alexander says.

For example, Alexander draws mention to economic forecasts in 2004 that showed the most developed economies would eventually require greater numbers of legal immigrants to sustain and grow their economies. This is need for skilled talent is highly prevalent in the technology and healthcare sectors.

Childcare is another major issue. "The cost and availability of childcare often force parents—especially women—to choose between working and staying home," Alexander says.

Together, these structural challenges continue to shrink the available labor pool, making it increasingly difficult for employers to meet workforce demand.

Shifting Workforce Expectations

The modern workforce is increasingly pursuing nontraditional work paths, with the gig economy being a leading example. According to the Pew Research Center, approximately half of workers say they would not accept a job without remote options, as many increasingly see work as a part of life rather than the center of life.

"Many younger workers view work differently," Alexander says. "Some will work for a year, then take several months off to travel or pursue personal interests before returning to work. The traditional model, spending 30 years with one company and retiring, is increasingly viewed as outdated." As employers work to find the middle ground, some companies are turning to a hybrid schedule—requiring employees to come into the office four days a week with one day remote.

Credit: Buffkin/Baker

Another area employers need to focus on is workforce planning. “Companies should proactively plan for talent movement within their organization,” Alexander says. “For example, if a company expects a high-performing employee to move into a new role in two years, they should begin preparing someone on that employee’s team to step into their position.” This approach improves retention and reduces reliance on external hiring.

What Motivates Today’s Workforce

In the past, employees often stayed with a company for lengthy periods of time, often for retirement benefits and stability. However, the prevalence of corporate layoffs has undermined employee loyalty. Today, staying for two–three years is more common. As a result, employers must rethink what motivates and retains talent.

Work-life balance and flexibility are becoming increasingly important to younger workers. Research cited in hospitality recruiting coverage shows 77 percent of Gen Z prioritize work-life balance in job decisions, while UKG found 58 percent of Gen Z frontline employees would rather have more vacation time than a pay raise. “They are less focused on long-term career paths than previous generations,” Alexander says.

Employee satisfaction appears to be declining, making motivation and engagement even more important. “Survey data shows only about half of workers report being highly satisfied with their jobs,” Alexander says. “Part of this comes from expectations. Many younger workers grew up seeing their parents achieve strong financial success during the economic expansion of the 1990s and early 2000s. As a result, they often expect faster career progression.”

Credit: Buffkin/Baker

Younger workers expect clearer timelines for promotions and advancement. “Instead of ‘work hard and good things will happen,’ many want specific expectations about where they’ll be in a certain number of years,” Alexander says.

Flexibility and job stability also play a key role in employee satisfaction. “Many employers create instability by frequently laying off employees during difficult financial periods, which has reduced employee loyalty,” Alexander says.

These shifting expectations mean employers must rethink traditional management approaches and focus more intentionally on culture, development, and retention strategies.

The Role of Leadership and Culture

Two areas companies most often underestimate are manager capability and culture. “Many companies promote top performers into management roles without training them to lead,” Alexander says. “Being a great individual contributor doesn’t automatically make someone a good manager.”

Additionally, culture is extremely difficult to manage but incredibly important. “Every organization has a culture, whether it’s intentional or not,” Alexander says. “Organizations should clearly define their cultural values and regularly measure how well they are living up to them.”

Strong culture is intentionally designed and reinforced through four key components: communication practices, performance management, leadership behaviors, and measurement and feedback systems. “If a company values open communication, leaders must demonstrate that value by sharing difficult information with employees rather than hiding it,” Alexander says. “Another example is focusing on solving problems rather than assigning blame.”

When organizations intentionally invest in both manager capability and culture, they create environments where employees are more likely to stay, grow, and contribute over time.

Three Drivers of Employee Retention

Alexander describes retention as a three-legged stool supported by environment, learning, and rewards. “Environment describes a positive culture where employees feel supported and valued,” he says. “Learning represents opportunities to gain experience and improve skills, and rewards signifies fair pay and recognition.”

If any of these fundamental legs are missing, retention suffers. “For example, if someone is learning and earning well but works in a toxic environment, they’ll leave,” Alexander says. “Additionally, if they are paid well but not learning, they will feel stagnant. If the culture is great and they are learning, but they are underpaid, they will eventually move on.”

Organizations do not need to maximize all three areas, but they must keep them balanced to keep retention up.

The Role of AI/Technology in Talent Strategy

AI is often discussed as if it’s going to eliminate jobs entirely, but that’s oversimplification. “Yes, AI will reduce some roles, but many jobs will remain, and new ones will emerge,” Alexander says.

AI can improve efficiency in recruiting by helping employers sort through large numbers of candidates more effectively. “However, companies must be careful not to remove the human element,” Alexander says. “Employees still need access to real people, especially when dealing with complex or personal issues.”

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For example, replacing HR support with an automated portal can frustrate employees if their problem doesn’t fit into the system. “AI should enhance efficiency, but employers must continue valuing employees’ time and experiences,” Alexander says.

Preparing for a Constrained Workforce

The labor shortage facing employers today reflects a long-term shift rather than a temporary hiring challenge. Demographic changes and evolving expectations around work have permanently altered the balance between employers and talent, requiring organizations to rethink how they attract, develop, and retain employees.

For employers, adapting to this reality means taking a more intentional approach to leadership, culture, and workforce planning. Alexander emphasizes that organizations that invest in strong managers, clearly defined cultures, and thoughtful talent strategies will be better positioned to build resilient teams and navigate the workforce challenges ahead.

Ready to build your next transformational leadership team? Contact Buffkin/Baker at www.buffkinbaker.com to find the executives who will move your organization forward.