

BUSINESS



Athens State University Economic Updates



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This publication is provided as a service by the Logistics, Technical, and Program-matics Institute (LTPI) at Athens State University and concentrates on providing access to the expertise and research capabilities of the University's College of Business to government and businesses. The University publishes an annual update to provide data and information on the economy of north Alabama and to assist the professional community to quickly respond to a growing global demand from a cross-section of businesses. Our faculty are leading efforts with both government and business agencies to provide economic impact assessments, marketing analysis, employee climate surveys, training, and personnel growth, and we stand ready to assist with your requirements.

Does Anyone Want to Work? by Jeff Johnson

Everyone has seen it on a sign at your local fast-food restaurant, convenience store, or favorite retail store: "Closed due to a staff shortage." Speaking with small business owners at a recent event, I heard the lament, more often than I can count, "Nobody wants to work anymore." The phrase is commonly used in social media, online news media, and broadcast news outlets. The phrase has become common in American society; and if taken at face value, one could conclude that everyone has collectively decided to stop working.

"Nobody wants to work anymore" has become a rallying cry for business owners and older generations to criticize the younger generations. But is it really true? Paul Faire, a researcher and professor at the University of Calgary, has created a viral Twitter thread documenting how this phrase, or some variation of it, is not new. Faire's thread includes newspaper clippings from every generation since 1894, complaining that no one wants to work anymore. This reminds me of how older generations



complain about the music of the younger generation and how much better their music is. Follow Faire's full Twitter thread here, <https://twitter.com/paulisc/status/1549527748950892544>, but here are a few samples:

- 2022: According to a new survey released by TinyPulse, 1 in 5 executive leaders agree with this statement, "No one wants to work."
- 1999: "Nobody wants to work anymore," Cecil said. "They all want to work in front of a computer and make lots of money."
- 1969: Last Sunday,

the first programs dealt with "How It Feels to Be Poor" and the upcoming Sunday segment is called "Nobody Wants to Work Anymore."

- 1916: "Well, as near as I can find out," he answered, "the reason for food scarcity is that nobody wants to work as hard as they use to."
- 1894: "It is becoming apparent that nobody wants to work these hard times."

Turns out, "nobody wants to work" is a gripe as old as time. Older generations tend to have dissatisfaction with younger generations' work ethic, or lack thereof. "Generationalism: Problems and Implications," a 2018 research paper published in the journal *Organizational Dynamics*, argues that older generations are consistently suggesting young people are lazy, entitled, and act in self-serving ways. It is easy to say and complain that today's labor shortages are because nobody wants to work; but if this is not the reason, then what is going on in today's labor market leading to a labor shortage? Two of the major factors



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affecting today's labor market are a decreasing labor force participation rate and a historically low unemployment rate.

The labor force participation rate measures the percentage of civilian, non-institutionalized Americans that are in the labor force. To be considered "in the labor force," a person must be employed or actively seeking employment. For February 2023, the labor force participation rate was 62.5%. In other words, 62.5% of Americans who are older than 16 years old, and not institutionalized, are either working or actively looking for work. A person may choose not to be a part of the labor force for multiple reasons such as retirement or to serve as a stay-at-home spouse.

In February 2008, right before the recession, the labor force participation rate was 66%. The labor force participation rate has decreased by 3.5% since 2008. Baby Boomers retiring has contributed as much as

67% of the decrease in the labor force participation rate. The current civilian non-institutionalized population is approximately 266 million people. If the labor force participation rate was at the 2008 level of 66%, then over 9 million people would be added to the workforce.

Similar to the labor force participation rate, the unemployment rate has also been on the decline. An economy is considered fully employed when the optimal level of labor resources is being utilized for the economy to reach full capacity. An economy can never reach 0% unemployment, so full employment has generally been considered to be between four and five percent. As of March 2023, the unemployment rate is at 3.5%, and the labor force is at approximately 166 million. If the unemployment rate was at the full employment rate of 4.5%, an additional 1% of the labor force would be seeking employment, resulting in an additional 1.6 million people seeking em-

ployment.

Given the current labor force participation rates and the unemployment rates, over 10 million potential employees are not currently seeking employment. With labor shortages, how can businesses adjust to meet demand? From a high-level view, possible options are: 1) increase wages to increase the labor force participation rates, or 2) substitute for labor with technology such as automation. Either option would need to be evaluated for its overall impact.



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