Hire the Handshake© — How Referral Built American Labor, and Why It Is the Answer for the Data Center Workforce

A White Paper from the Data Center Workforce Coalition

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Executive Summary

The most durable hiring technology in the history of skilled work is one person vouching for another. Medieval guilds used it to certify journeymen. The craft unions of the 1890s turned it into the referral hall. The 1934 West Coast longshore strike, one of the defining battles of American labor, was fought largely over who controls the call to work. Congress and the Supreme Court later wrote the referral system into federal law because construction could not function without it.

The data center industry now faces the exact problem that system was built to solve: enormous, fast, project-based construction demand set against a thin supply of trusted, qualified craft workers. Industry analysts estimate hundreds of thousands of unfilled roles. The largest capital allocators in AI infrastructure have begun signing national agreements with the building trades simply to secure labor.

Hire the Handshake© is the Data Center Workforce Coalition's call to action, built on that history. Its technology foundation is Avalar.io, a next-generation peer-to-peer platform that lets workers refer qualified peers and be rewarded for doing so. The Coalition is the home of DataCenterIndustryJOBS.com. This paper makes four findings:

1. Referral is older than the labor movement, and it was the labor movement's core product.
2. Law and the courts treated the referral hall as necessary infrastructure for transient work like construction.
3. Modern research confirms that referred workers stay longer, and that personal networks carry information no job board can.
4. The data center build-out recreates the conditions in which referral systems have always won.

The Problem: A Build-Out Racing Into a Labor Wall

Data center construction is constrained less by capital than by people. One widely circulated 2026 industry analysis estimates about 650,000 construction and operations positions will be needed in the current build cycle, with roughly 340,000 going unfilled and only about 15% of applicants meeting qualification standards. The same analysis puts the broader construction worker shortage near 499,000 for 2026. These are analyst estimates, not audited counts, but every serious source points the same direction.

The pressure lands hardest on the electrical trades. The Bureau of Labor Statistics projects roughly 81,000 electrician openings a year through 2034, driven mostly by retirements. According to the IBEW, electrical systems account for 45 to 70 percent of total data center construction cost. McKinsey projects gaps of 240,000 construction laborers and 150,000 supervisors by 2030. Data center electricians are reported to earn about 32 percent above standard commercial pay, a premium that draws electricians away from other work.

One feature of this work matters more than any statistic. Data center construction is project-based and ends when the build is complete. Crews assemble fast, work hard, and disperse. That is the same labor-market shape that produced guilds, referral halls and dispatch systems: sudden demand, mobile workers, and a contractor who cannot afford to hire a stranger and hope. History suggests the answer is not a bigger job board. It is a better way to vouch.

Before Unions: Guilds and the Trusted Word

The earliest written traces of European craft guilds date to the twelfth century. They grew from a simple need: towns were filling with specialists, and customers and employers needed a way to know who could actually do the work. The guild answered with a ladder. An apprentice trained in a master's house, often for seven years or more. A journeyman worked for wages. A master was admitted only when the guild's own members judged his masterpiece sound and voted him in.

Two features of that system echo through everything that follows. First, **admission was peer-validated.** No outside agency certified a mason; other masons did. Second, **credentials were portable.** A journeyman carried documents from his master or guild certifying his standing, and used them to travel from town to town and find work with other masters. The word itself comes from the French *journée*, a day's work. The letter of reference in his pocket was, in effect, a handshake that could cross a border.

Guilds also looked after their own. They supported members who fell sick or hit hard times, controlled hours and working conditions, and protected the quality of the trade. Skilled work was never just a transaction. It was membership, and membership ran on vouching.

The Craft Union Era: Referral Becomes an Institution

When American workers organized by trade in the nineteenth century, they carried the guild logic with them. The International Brotherhood of Electrical Workers is a clean example. It grew out of a St. Louis wiremen and linemen's union founded in 1890, held its founding convention in November 1891, and received its American Federation of Labor charter on December 7 of that year. Its founders were linemen frustrated by low pay, dangerous conditions and fatalities. Electricity was new, the work could kill you, and the men who knew how to do it safely were each other's best credential.

The IBEW grew to roughly one million members at its 1972 peak and represents about 750,000 workers today. What made that growth possible was not only bargaining power. It was a dependable way to put the right worker on the right job quickly. Local unions built referral halls where contractors called for crews and the union supplied them, often through joint arrangements with the contractors' own association. A local in Baltimore, for example, traces its first referral hall to a room above a bus station, with referral agents drawn from the contractors' association.

The craft union solved a problem the individual contractor could not. A contractor needed skilled hands by Monday and might need none by Friday. The worker needed work, and needed proof of his skills that employers would trust. The hall sat between them and vouched for both sides. That intermediary role, built on reputation and accountability, is what the labor movement sold to employers long before it bargained over a single wage.

The Shape-Up Versus the Hall: 1934

The clearest proof of how much a hiring system matters is what workers were willing to endure to win one. On the Pacific Coast docks before 1934, work was handed out through the "shape-up": men gathered at the pierheads each morning and bosses picked from the crowd. The practice was riddled with favoritism, discrimination, corruption and pay-offs. A man's livelihood depended on his standing with a foreman, not on his skill.

When Pacific Coast longshoremen struck in 1934, their demands included a six-hour day, a thirty-hour week and a dollar an hour. Harry Bridges and other strike leaders later recalled that they also wanted the union hiring hall, precisely because of the shape-up. The fight turned violent. On July 5, 1934, "Bloody Thursday," police killed strikers in San Francisco, and the city's unions answered with a four-day general strike. Seven workers died over the course of the conflict.

The settlement, imposed by a federal arbitration board, created jointly operated hiring halls staffed by dispatchers elected by the union. Work was distributed by a rotation that sent the man who had worked least back to the front of the line. Preference went to union members, but the principle that mattered was equal opportunity: no discrimination by race, religion or politics, no favors, no kickbacks. The hall also gave crews a practical safety valve. A gang sent to a job it judged unsafe could decline the work and return to the hall.

The employers tried to kill the system. In 1947 they attacked the hiring hall using the new Taft-Hartley law, and in 1948 a strike lasting 95 days failed to dislodge it. Union historians note that employers benefited enormously from the arrangement: a reliable, scheduled supply of workers without the morning scramble. Dockworkers still say that the union is the hall. The lesson for any referral model is that **fairness of access was not a side feature of the 1934 hall. It was the whole point.**

The Law Catches Up: Taft-Hartley, Section 8(f) and the Supreme Court

Federal law eventually acknowledged what the trades already knew. When the 1947 Taft-Hartley amendments extended the National Labor Relations Act to construction, the industry's transient employment pattern created immediate legal problems. Congress responded in 1959 by adding Section 8(f), which allows construction employers and unions to sign "prehire" agreements before any majority of workers has been established. Courts later described two reasons: bidders must know their labor costs before they bid, and contractors need quick access to a pool of skilled craftsmen. In other words, the law recognized the referral system as infrastructure, not privilege.

The Supreme Court addressed the hiring hall directly in *Local 357, Teamsters v. NLRB* (1961). The National Labor Relations Board had ruled a union-run hiring hall illegal on its face. The Court disagreed, holding that such arrangements are not unlawful in themselves and become unlawful only when they actually produce discrimination the statute forbids.

This body of law carries a message for anyone designing a referral model today. The courts did not protect referral because it was traditional. They protected it because it worked and because it could be run fairly. **Compliance was the condition of legitimacy.** A modern peer-to-peer system earns its place the same way: open rules, no discrimination, and a record that shows how referrals were made.

Beyond the Union Hall: Kin, Villages and High Steel

Referral was never confined to formal halls. It ran through families, villages and neighborhoods, and it shaped industrial America just as deeply.

The steel towns. In the mill towns of Pennsylvania, historians describe "chain migration": one worker arrived, then brought a brother, a cousin, a neighbor from the old village. New arrivals followed friends or kin through the mill gate and often into the same department. In Steelton, many workers were recruited this way by family members and Army buddies. Churches, lodges and mutual-aid societies reinforced the system. Even in the good years of strong steel unionism, from the mid-1930s to the mid-1970s, ethnic networks remained a prime source of jobs.

The Mohawk ironworkers. The most remarkable referral story in American construction begins in 1886, when a railway and its bridge contractor promised the Mohawks of Kahnawake day-labor jobs in exchange for building a bridge abutment on reserve land. The men were far more interested in the riveting, the most dangerous and best-paid work on the structure. They began training their own gangs. As each apprentice was trained, another came up from the community. By 1907 more than seventy Kahnawake men were skilled bridge workers.

Then came August 29, 1907. The Quebec Bridge collapsed during construction and killed 75 workers, 33 of them Mohawk, about half of the community's high-steel workforce. The response shows how a referral network can govern risk. The women of Kahnawake declared that Mohawk men would never again be hired in large numbers for a single project. The network chose to spread its exposure, and the community survived to build the Empire State Building, the Chrysler Building, the George Washington Bridge and the original World Trade Center. About 200 Mohawk ironworkers still make the weekly trip to New York, the work organized around Brooklyn's Local 361.

The shadow side. Network hiring has a cost, and this paper would be dishonest to ignore it. The same ties that opened the mill gate also closed it to outsiders, tied families to a single employer and fed the racial tensions of industrial towns. A modern referral model

has to keep the trust of the network while opening the door wider than the network ever did.

What the Research Confirms

The historical record is vivid, but it is not the only evidence. Two bodies of modern research test the same instinct.

Granovetter and the strength of weak ties. In his 1974 study *Getting a Job*, sociologist Mark Granovetter surveyed professional and technical workers in a Boston suburb. 56 percent had found their job through a personal contact. The surprise was who those contacts were. Only 16.7 percent saw the contact often, while 55.6 percent saw them occasionally and 27.8 percent rarely. People were getting jobs from acquaintances, not close friends, because acquaintances move in different circles and know different openings. The finding has held up: a large-scale experiment on LinkedIn, published in *Science* in 2022, found that a person's weaker ties were the most helpful for career advancement. For an industry trying to reach workers nobody has met yet, the point is practical. Reach grows through the second handshake.

The economics of referral. In a 2015 study in the *Quarterly Journal of Economics*, "The Value of Hiring through Employee Referrals," economists Stephen Burks, Bo Cowgill, Mitchell Hoffman and Michael Housman analyzed referral hiring across firms including trucking carriers. Referred workers were less likely to quit, while productivity was similar on most measures. In the trucking data, a secondary summary of the paper attributes about 65 percent of the benefit to lower turnover, about 33 percent to lower recruiting costs and under 2 percent to productivity. In an industry where crews are expensive to assemble and costly to lose, retention is the prize.

Vendor surveys point the same way, though their numbers deserve a primary-source check before publication: one applicant-tracking provider reports a median tenure of 38 months for referral hires versus 22 months for others, and referral programs commonly report lower cost and faster time to fill. Whatever the exact figures, the direction is consistent across 50 years of research. A vouched-for worker is a better bet.

The Data Center Moment: Capital Discovers Labor

In 2026 the data center industry's biggest names reached the same conclusion the docks reached in 1934: labor is a supply chain, and it has to be organized before the work starts.

- **April 20, 2026.** North America's Building Trades Unions (NABTU) announced a labor agreement for the Oracle and OpenAI Stargate campus in Saline Township, Michigan, expected to employ more than 2,500 tradespeople and apprentices. It is the first project under NABTU's memorandum of understanding with OpenAI.
- **August 10, 2026.** BlackRock's infrastructure arm signed a memorandum with NABTU to share project pipeline information early, expand apprenticeship and coordinate recruitment before ground is broken. Press coverage framed it as a signal that investors now see labor, not capital, as the next bottleneck.
- **August 12, 2026.** Meta announced a national agreement linking its America's Workforce Academy to NABTU's registered apprenticeship programs, with 2026 pilot bootcamps in Baton Rouge, Columbus, Indianapolis and Houston.

NABTU's 14 unions represent more than 3.2 million craft professionals and operate over 1,900 training facilities. About 300,000 people are in its registered apprenticeship system, and its president says that figure could reach one million if demand justifies it. These agreements are, at heart, referral and dispatch arrangements at national scale: the owner secures a pipeline, and the trades commit to deploy qualified workers on an as-needed basis.

Two gaps remain, and they define the opportunity. First, not every data center project is built under a trades agreement, and not every skilled worker travels through a hall. Second, the front end of the pipeline is still anonymous: analysts report that only about 15% of applicants meet qualification standards. Neither gap is solved by a bigger posting board. Both are the kind of problem a trusted network solves.

Hire the Handshake©: The Next Evolution of an Old Idea

Every era in this paper solved the same trust problem with the tools it had. Each solution worked, and each ran into a limit.

Era	Referral mechanism	Vouched for by	Limit
Medieval guilds	Masterpiece vote, journeyman's letter	Masters	Local and exclusive
1890s craft unions	Union referral hall	Union and contractors' association	Tied to membership and geography

Era	Referral mechanism	Vouched for by	Limit
1934 dispatch halls	Elected dispatcher, fair rotation	The hall	Needs a physical hall, one trade at a time
Kin and village networks	Word of mouth	Family and neighbors	Closed to outsiders
Corporate referral programs	Employee bonus	Current employees	Limited to one employer
Hire the Handshake©	Peer-to-peer referral, rewarded	Workers who know the work	Must prove open access and verified skills at scale

Hire the Handshake© is the Coalition's call to action to America's trades. It is built on one conviction: **the person best qualified to vouch for a skilled worker is another skilled worker.** The Data Center Workforce Coalition, home of DataCenterIndustryJOBS.com, brings employers, contractors and training partners together around that idea. Avalar.io is the technology foundation: a next-generation peer-to-peer platform that empowers workers to refer people they trust and be rewarded for their referrals. It takes the oldest recruiting channel in labor history and gives it reach, speed and a record.

The model in four steps:

1. A worker who knows the work refers a peer.
2. The peer's skills and credentials are verified before deployment.
3. A Coalition employer or contractor puts the worker to work.
4. The referrer is recognized and rewarded.

The author's experience. The Coalition's first initiative is a worker-attraction platform whose architecture mirrors a program its founder built more than twenty years ago. After Hurricane Katrina, Rex Powers spent three years as vice president of Gulf Coast operations for PinPoint Resources, now Talent LogistX, leading grant administration and debris-monitoring projects. The rapid-response labor effort of that period, run as a subcontractor to James Lee Witt Associates, depended on peer-to-peer referrals and built a trust-based workforce culture. Crews that needed to be on site fast were assembled the way the Mohawk gangs and the longshore halls assembled theirs: through people who knew the work, and knew each other.

Design Principles: What the History Teaches

The history is a design brief. Six lessons carry directly into how a modern referral model should be built.

1. **Vouching must carry accountability.** The guild voted on the masterpiece, and the hall's dispatcher answered to the members. A referral that costs the referrer nothing is just a rumor. Reputation has to ride on the recommendation.
2. **Fair access is the source of legitimacy.** The 1934 hall won because it ended favoritism, and *Local 357* kept it legal because it could operate without discrimination. Open rules, a written record and equal opportunity are not extras.
3. **Credentials must travel.** The journeyman's letter let a worker cross a border and be believed. With only about 15% of data center applicants meeting qualification standards, verified skills and certifications are the center of the system.
4. **Reward the referrer.** Referral is work: finding, vetting and standing behind a person. Commercial referral vendors report average construction referral bonuses near $3,200, a figure worth confirming. Rewards should be structured with counsel so they comply with employment and staffing law.
5. **Spread the risk and protect the worker.** Kahnawake's women limited how many men worked one project. The longshore hall let a gang refuse an unsafe job. A modern network should make safety a feature of how people are placed.
6. **Open the door wider than the network ever did.** The steel towns show how close ties can shut people out. Referral should reach beyond one family or one neighborhood, through the weak ties Granovetter found most valuable.

Conclusion and Call to Action

The American labor movement did not begin with a strike or a contract. It began when a worker who knew the work stood behind another worker who needed it. Guilds institutionalized that act. Craft unions scaled it. The longshoremen of 1934 fought a general strike to control it. Congress and the Supreme Court accepted it as the way construction hires. The research of the last fifty years explains why it keeps winning.

The data center industry is the next place that story gets written. The build-out is moving faster than any job board can staff it, and the biggest owners have already turned to organized labor's referral and apprenticeship systems to cope. What the industry still lacks is a way to extend that trust to every qualified worker, union or not, who is ready to go. That is the job of Hire the Handshake©.

In the author's earlier trade of explosive ordnance disposal, the working rule was that process is what keeps the thing from going off. The same holds here. A referral system built on open rules, verified skills and fair rewards is the process that keeps a workforce from going off the rails.

- **Skilled tradespeople:** refer the best person you have ever worked beside. You are the credential.
- **Contractors and owners:** join the Coalition and bring your hiring pipeline into the open before the next project starts.
- **Training partners and trades organizations:** help build the verification layer that lets a handshake travel.

Start at DataCenterIndustryJOBS.com, the home of the Data Center Workforce Coalition.

Sources

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