

J. Michael Locke

Musings

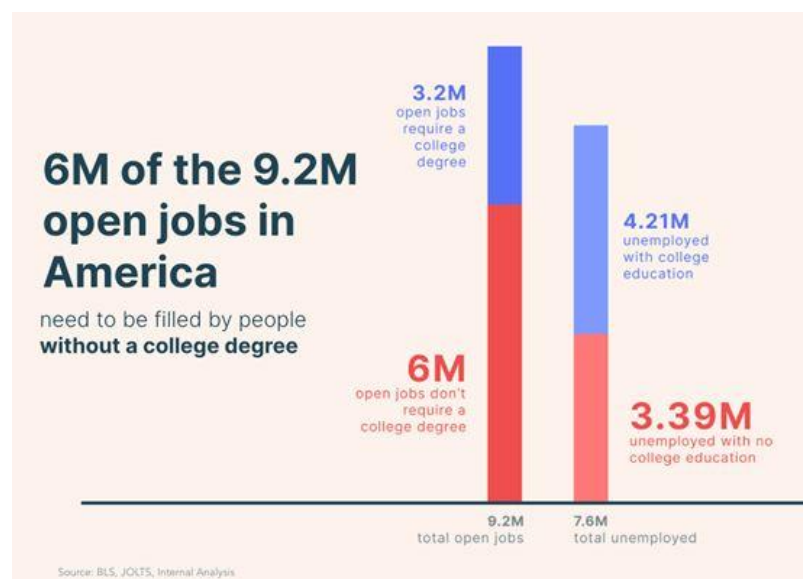
#137: Musing July 30, 2021

Crazy good financial results from big tech this quarter again — Apple, Amazon, Google, Facebook, Microsoft and Tesla. Extraordinary growth. Almost too much. Need more competition.

Demographics are changing the dynamics of the labor market. With aging baby boomers and the decline in average births per family, we literally are not going to have enough workers to fill the jobs we need and keep our economy growing. There are over 9 million unfilled jobs in the US. “In half of all states last year, more people died than were born, up from five states in 2019. Early estimates show the total U.S. population grew 0.35% for the year ended July 1, 2020, the lowest ever documented, and growth is expected to remain near flat this year.” [population-growth-slows-birth-rate-decline-economic-risk](#). We need a rationale immigration policy to supplement our population growth and keep our economy growing.

China has a similar challenge which is why they eliminated the one-child rule. Last week, China also took on private tutoring and education, announcing a new rule that tutoring companies must be non-profit, tanking a number of stocks. \$16 billion in shareholder value wiped out. One of the drivers was to reduce the cost to families of educating their children and encourage larger families (thanks Kosta Bourlas). A recent survey conducted by China National Statistic Bureau shows that more than 60 percent of Chinese families spend one-third of their income on their children's education.

Here are current labor market numbers. 7.6mm people looking for work and 9.2mm jobs open. As you see we also need to get more people educated:



This new paradigm where there are more open jobs than employees seeking work is changing the leverage in the employment market with workers having more power. This is driving wage increases and cultural changes. Last week, I wrote about “demanding” cultures vs “friendly” cultures and received feedback that this was a false choice. I agree that demanding does not have to equal “mean”.

“Research has shown that feelings of warmth and positive relationships at work have a greater say over employee loyalty than the size of their paycheck.” [why-compassion-is-a-better-managerial-tactic-than-toughness](#). Thanks Betsy Morton.

An example is law firms, where big firms are in desperate need of associates. Some firms have raised starting pay to over \$200,000 or are giving big retention bonuses. [salary-boost-for-big-laws-overwork-heralds-more-change-to-come](#).

I am a proponent of using the Net Promoter Score (NPS) as it relates to employment. As a reminder, NPS is calculated from one question. No need for a lengthy survey. Just ask – “on a scale of 1 – 10, how likely are you to recommend....” You add up the 9s and 10s (the promoters), ignore the 7 and 8s and add up the sum of the 1-6s (the detractors). Take the % of promoters and subtract the % of detractors so you end up with a “net promoter”. The positive of people out there evangelizing a product, company or school and the countervailing negatives. I recommend using it for employment. So just ask – “how likely are you to recommend working at company x?”

Last week I wrote of the psychology of reciprocity, two other examples of its use. When you are meeting with another company and want to know more (like the size of their revenue line), offer the information about your own company first, then ask for their equivalent answer. Hard for them to say no after you have gone first. I also like to use it when interviewing. The labor lawyers tell you not to ask any personal questions, but I think you have to understand who someone is (they are not just a compilation of skills). Personally, I volunteer information about myself like discussing our children. The natural move by the interviewee will be to open up correspondingly without you asking.

Robinhood went public and is supposedly worth \$30 billion. No thanks. The great majority of its revenue comes from selling its order flow to folks like Citadel. SEC is looking at banning order flow. Robinhood revenue would be gone.

Airlines need to stop changing their schedules. You book a ticket with times that work for you only to have an email come later with changed flights. Customer complaints skyrocketing.

Can someone please change the zoom phone hold music?!

Looks like I’m not the only curmudgeon. Olympic viewership way down: [2020-summer-olympic-ratings-take-a-hit](#).

RIP kids show Arthur. Didn’t realize you were an aardvark. I thought you were a rabbit.

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