

## J. Michael Locke

### Musings

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#### #150: Musing October 29, 2021

Employers are dying for workers. Our Starbucks drive-thru has a sign advertising their employee benefits as do the billboards on a major highway for McDonalds. The economy has momentum but companies can't find the workers to fill their jobs. Here is the official job openings graph from the US Bureau of Labor Statistics (BLS):



According to BLS, 4.3 million Americans quit their jobs in August. It has been coined "The Great Resignation." This isn't just about women leaving the workforce due to childcare issues. *"UC Berkeley economist Ulrike Malmendier suggests there's something existential behind the Great Resignation: The pandemic and the rise of remote work have changed the way we view our lives and the world."* [why-are-so-many-americans-quitting-their-jobs?](#)

Leaders should be really drilling down on their employment recruitment operation to make sure they are up for the tough task ahead. IMO, you should break it out from traditional HR, create a well-defined value proposition for being employed at your organization, put money into employment marketing, search engine optimize the career section of your website, play "customer" and drop in a job application and see the experience yourself, and make sure you have a generous employee referral program.

Watch the growing involvement of employers in education. They will exert more control of their human capital supply chain. More companies picking up the full cost of tuition as an employee benefit / retention tool. Good quote (can't remember source) "You used to go to college to get a job, now you get a job to go to college."

Employers need to recognize it is not just about compensation and benefits. Individuals want to grow and learn and "be a part of something." You can't just throw free lunch and college tuition at it, but rather create a dynamic, positive culture where people are challenged, empowered and grow. If you just view the employment relationship as transactional with the employer providing compensation and

benefits, you will have runaway costs. The labor department reported this morning that compensation costs rose 1.3% in the third quarter bringing the year-over-year increase to 3.6% which is the fastest acceleration since the second quarter of 2002. Wages and salaries rose 4.6%.

Good news for parents with kids considering college. Higher Ed is a market like any other and demand is down and supply is up (online) so prices under pressure. According to the National Student Clearinghouse *"Freshman enrollment continued to slip this fall. First-year student numbers declined by 3.1 percent overall and 3.9 percent among traditional-age students (18-20). [college-enrollments-continue-drop-fall](#)*

A little background info on higher education pricing. The following table from the College Board shows the *published* tuition levels by type of school:

Full Time Published Tuition for 2021-2022			
Community College	Public 4yr In state	Public 4 yr Out of state	Private 4 year
\$ 3,800	\$ 10,700	\$ 27,560	\$ 38,070

The reason community colleges and public schools are cheaper than private schools is that they receive your taxpayer money as an appropriation to subsidize the operation. Community Colleges only depend on tuition for 29% of their revenue while public four year schools get 44% from tuition with the difference coming from state and federal appropriations (College Board). Private nonprofits are more heavily dependent on tuition and then use their endowments to provide a subsidy to reduce effective price. For 2021, the net price after grants was \$14,990 (compared to the published tuition of \$38,070) at private schools. This discount rate is higher for the less selective institutions so your "best values" may be "down" the brand hierarchy but I would argue the difference among schools is overrated.

Good quote from Adam Grant via LinkedIn *"Seeking advice doesn't reveal incompetence. It reflects respect for another person's insight. Requesting feedback doesn't signal insecurity. It demonstrates that you care more about your learning than your ego. Asking for help doesn't display weakness. It builds strength."*

Crazy stat: the average American kid between 4 – 15 spent on average 87 minutes a day on TikTok in 2020 (The Economist)

"Meta" really? Facebook changed its name to Meta. I have no desire to live in Zuckerberg's virtual world. I vote for real in person life. <https://www.foxbusiness.com/technology/facebook-new-name-metaverse>

Jml