Richard Foster rfoster@va-business.com

Breaking rank

by Richard Foster

What a difference a year makes.

On July 13, 2021, against a backdrop of ships blasting their horns and spraying water in celebration at the Port of Virginia's Norfolk International Terminals, Gov. Ralph Northam sat for a harborside interview with CNBC, which had just named Virginia the nation's best state for business for an unprecedented second consecutive year. (Virginia previously won the No. 1 spot in CNBC's America's Top States for Business list in 2019; the cable business news network suspended the 2020 rankings due to the pandemic.)

"This is an exciting day for Virginia," a grinning Northam said, going on to tout the state's investment in the port's infrastructure.

Exactly one year later, under new Republican Gov. Glenn Youngkin, the commonwealth presented a very different response after Virginia was bumped from the top spot by North Carolina, with CNBC ranking the Old Dominion as the nation's No. 3 state for business in 2022.

There were no news releases sent out from the governor's office recognizing the fact that coming in third out of 50 is still pretty darn good. Ditto, there were no kudos extended to our southern neighbor.

Instead, when asked by reporters about the rankings, Youngkin said, "I'm always so appreciative of Virginia receiving good accolades ... [but] Virginia has not been performing like the best state for business."

This isn't a case of sour grapes on Youngkin's part — it's a consistent position.

During his campaign for governor, Youngkin downplayed Virginia's No. 1 ranking, noting that Virginia's pandemic job recovery numbers in late summer 2021 had placed it among the bottom five states. He's also been critical of the cost of living and doing business in Virginia, as well as the fact that Virginia lags behind many other states in the availability of large, shovel-ready sites for larger economic development projects. (Incomplete site grading was cited as one factor for why Hyundai chose a site in Savannah, Georgia, for a $5.5 billion electric vehicle battery manufacturing plant in May instead of Pittsylvania County's Southern Virginia Mega Site at Berry Hill.)

CNBC bases its rankings on 88 metrics, including workforce (the most heavily weighted category); education; cost of living; technology and innovation; and access to capital.

"A great education system is building a smart workforce," CNBC said about Virginia this year, "but migration has slowed to a state where living costs are high."

In terms of infrastructure, CNBC ranked Virginia ninth best in the nation, citing the commonwealth's ongoing $3.8 billion Hampton Roads Bridge-Tunnel expansion, as well as the fact that 89.3% of Virginians have broadband access. (Also, just 4% of bridges and 13% of roads in Virginia are in poor condition, the network noted.)

Nevertheless, CNBC gave Virginia a D+ grade for cost of living and C+ grades for its economy and life, health and inclusion.

To his credit, Youngkin, former co-CEO of Washington, D.C., private equity firm The Carlyle Group, has said that as governor his priorities include job creation and lowering the costs of living and doing business in the commonwealth.

Responding to the CNBC rankings, Youngkin noted that Virginia jobs numbers improved dramatically during the first six months of his administration, and he touted economic development successes such as the June announcement that the Lego Group plans to build a $1 billion toy manufacturing plant in Chesterfield County. Yet, the governor distanced himself a bit from the factors that CNBC criticized, saying that while he's working to improve the economy, his administration's also "had to dig out of a hole" he inherited from Northam.

Meanwhile, Virginia Democrats issued a statement, claiming that Youngkin's "culture war" and stances on issues such as abortion (the governor has proposed banning abortions after 15 weeks of pregnancy) "are driving business away" from Virginia. State Democrats also charged that Youngkin is too focused on his rumored interest in a 2024 presidential bid.

After just six months in office, though, it was probably still a little early for Youngkin to either take credit for the good or blame for the bad. And if Virginia politicos learned any lessons from former Gov. L. Douglas Wilder's term, it is likely also far too soon to chase national ambitions. ■

Photo by James Lee

Richard Foster rfoster@va-business.com

A ‘quiet’ place?

by Richard Foster

With Halloween fast approaching, I thought I'd regale you with a spooky tale of the corporate world's favorite new boogeyman: quiet quitting.

Like many scary things for people over age 45, this story begins on TikTok and Reddit, where this summer Gen Z and millennial workers were riffing about "quiet quitting" — generally defined as doing the minimum amount of work required of them and not going above and beyond.

This in turn kicked off a panicked wave of stories and podcasts from the likes of The Wall Street Journal, Bloomberg, Forbes and Fortune, decrying anti-hustle culture as the End of Western Civilization as We Know It, with spine-tingling, bone-chilling headlines like, "Why Half The Workforce Is Quiet Quitting, And What To Do About It."

Since then, like a monster in the third act of a creature feature, the clickbait stories about quiet quitting will not die — even though the phenomenon may turn out to be about as real as Dracula or the Wolf Man.

The most hyperbolic stories are those that would lead one to conclude that half the U.S. workforce are total slackers.

The one stat trumpeted most in quiet-quitting stories is a June Gallup poll of U.S. employee engagement. Gallup warned of a "quiet quitting crisis," noting that quiet quitters "make up 50% of the U.S. workforce" — and "probably more," Gallup added for pulse-quickening good measure.

Here's the thing, though: The June survey of nearly 15,100 full- and part-time workers found that 32% are engaged at their jobs and 18% are "actively disengaged" (read "one foot out the door"). Gallup labeled the remaining middle 50% as "quiet quitters," saying these are "people who do the minimum required and are psychologically detached from their job."

But Gallup's been conducting this same poll for at least 22 years and while it measured four-point increases in people who say they're actively engaged or disengaged in their jobs since 2020, the folks they're calling "quiet quitters" have hovered between 50% to 55% of the workforce for decades, so there's not anything necessarily new going on here.

In other words, these are people, who like many millennials and Gen Zers, don't define themselves by the work they do. They show up, do what they're asked, get paid and go home. No more, no less.

The term "quiet quitting" apparently was coined by 44-year-old Gen X career coach Bryan Creely, who posted a TikTok video with his thoughts on a March article from Insider devoted to "coasting culture." Insider writer Aki Ito wrote about how exhausted, overtaxed workers had "quietly decided to take it easy at work rather than quit their jobs."

Several of the mainstream stories about quiet quitting focus on remote work or white-collar jobs, but many viral videos and posts about quiet quitting were created by lower-paid hourly workers who say they're being asked to take on more and more work for no extra compensation. "Act your wage" is a common saying among these folks, and it's notable that this comes at a time when CEO-to-worker pay ratios are at an all-time high, with the average S&P CEO in 2021 making 324 times more than their workers' median pay. Amazon.com Inc. tops the list, with a CEO-to-worker pay ratio of 6,474 to 1. *(For more on this, see our cover story about executive compensation, starting on Page 24.)*

Amid pandemic-sparked labor shortages, everyone from hourly restaurant workers to office desk jockeys to remote executives was asked to take on more duties, with work increasingly encroaching on personal and family time in ways both subtle and substantive.

It's perhaps no surprise then that what many overextended "quiet quitters" are actually talking about in their posts and videos is the need for work-life balance — that they're literally tired of living to work, rather than the other way 'round.

There's a reason the phrases most likely to repel job seekers these days include "must handle stress well," "willing to wear many hats" and "responsibilities may include those outside the job description," according to the results of a survey of 800 U.S. adults released in September by Paychex Inc., a payroll processing company.

For many, "quiet quitting" seems to be just another way of saying they're setting work-life boundaries.

But it does make for scary headlines. ■

Photo by James Lee

Richard Foster rfoster@va-business.com

Getting meta

by Richard Foster

Twenty years ago, artificial intelligence seemed like the stuff of sci-fi films such as "2001: A Space Odyssey" and "The Matrix." Today, it's so ubiquitous as to be virtually unremarkable and unnoticeable — integrated into everything from GPS traffic navigation apps on our phones to smart devices in our homes to security scanners at the airport.

In this issue, Virginia Business Associate Editor Courtney Mabeus explores how some of the commonwealth's largest federal contractors and tech companies are developing this maturing technology for uses such as expediting medical diagnoses and providing real-time intelligence to troops on tomorrow's battlefields. (*See "Artificial intelligence gets real," Page 76.*)

In a way not dissimilar to AI's journey, by 2042 the metaverse may be passé. But to the average business executive outside the tech realm, the concept can seem a bit bewildering here in 2022, even though it's getting more and more press lately.

Part of the problem is that there doesn't appear to be any consensus on the meaning of metaverse. Science fiction gives us an idealized concept of it as a three-dimensional virtual world that would replace the internet and social networks. Instead of shopping by scrolling through a page of images, for instance, you'd stroll through a virtual mall, examining 3D wares, trying on clothes or test-driving cars in VR.

Despite the fact that Facebook Inc. changed its name to Meta Platforms Inc., we're still a long way from living in the Matrix. Facebook's metaverse vision so far is a VR network called Horizon Worlds that requires a bulky headset and features legless, cartoonish avatars that look more like characters from "The Sims" than real people. Horizon Worlds is also similar to Second Life, a virtual network that launched in 2003. So far, Horizon Worlds' numbers have been underwhelming, The Wall Street Journal reported, with fewer than 200,000 users as of mid-October — less than the population of Sioux Falls, South Dakota.

Additionally, it's unlikely that current VR rigs, which can cause motion sickness and neck pain in some users, will become de rigueur in offices and homes — especially considering that Meta's latest VR headset, the Quest Pro, debuted in October at $1,500 a pop.

That said, as remote work continues to grow, making it possible to employ workers from practically anywhere, the demand for virtual and augmented (or mixed) reality platforms and technologies will grow, and more companies and products will arise to meet those needs.

As with any tech, there will be winners and losers, and some will be more comfortable adopting it than others.

Today, we think of digital natives as younger millennials, Gen Zers and members of Generation Alpha, people who know only a hyperconnected world of the internet and smartphones. But the metaverse will speak to a slightly different skill set.

The people who will be most comfortable navigating 3D interfaces are likely to be video gamers. And before you dismiss that population as nerdy basement dwellers, consider that gaming is a $60 billion industry in the U.S. alone, with more than 215 million Americans actively playing video games, according to the Washington, D.C.-based Entertainment Software Association.

About 48% of gamers are women and girls now. And while most children play video games, more than 70% of all video gamers are over age 18. About 36% of gamers are between ages 18 and 34, and 26% are between ages 36 and 54. The numbers drop dramatically, however, among people ages 55 and older, who could stand to be left behind or at a considerable disadvantage in navigating a vastly different cyberworld than the one we know today. There's plenty of time yet to deal with that problem, though.

I believe Web3 and future social media and work platforms may well feature 3D environments and mixed reality objects, but I think it's also possible that the American innovators who will create the best of those haven't yet joined the workforce.

Confident pronouncements from the Mark Zuckerbergs of the world aside, be skeptical of those who claim the ability to definitively predict the future of the metaverse. And be more so of those spouting empty buzzwords and asking you to invest your money in it. ■

Photo by James Lee