



Unproductive Tech

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Economists tell us that new innovative technologies enhance productivity in the workplace and make our lives better. That has certainly been true in the past. With the internal combustion engine, cars and tractors replaced horses. With the advent of electricity, we could work longer, later hours in the equivalent of daylight, and stay warm or air-conditioned while doing so. Trains and airplanes changed our travel plans and the Internet, computers launched a new era of white-collar productivity and the World Wide Web enhanced our communication abilities to co-workers, existing and potential customers, friends, and relatives.

But the most recent round of large innovative tech companies may not have had nearly the same beneficial effect. Recently, Microsoft surveyed 20,000 people in 11 countries and analyzed trillions of productivity signals from its Microsoft 365 platform. The results: people are working longer but not faster or better, and their productivity is diminished by the constant distractions of incoming emails, non-meeting files, web activity and a growing number of Zoom meetings. Also: 48% of employees and 53% of managers reported that they're burned out at work.

The Labor Department has also noticed a decline in worker productivity in the U.S., down by 6.0% annualized in the first half of 2022—the fastest pace on record.

At this point, it's fair to wonder whether social media giants (Facebook, Twitter), streaming movie services (Netflix), smartphone makers or Amazon (which has put retail stores and malls out of business) are doing anything to boost productivity—or improve anyone's lives in a meaningful way. (Especially compared with electricity and airline travel.)

You might agree or disagree, but you should also know that the technology giants of today have hit a rough patch in their business lives, perhaps because they realize that they haven't been as relevant as anticipated. In November alone, Meta and Amazon laid off 11,000 and 10,000 workers, respectively, Twitter added 3,700 to the unemployment rolls, and in aggregate, tech firms laid off 34,000 former employees.

If there's good news in all this, it is that tech and the information sector overall make up just 2% of the total U.S. workforce. The layoffs are not harming the economy, but they might suggest that the employers of those people haven't been helping it much either.

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