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Key Question

How has the hourly workforce changed in the post-covid environment?

Context

The hourly workforce has played a significant role during the COVID-19 pandemic in the United States, with many hourly workers being dubbed "essential" for their work in keeping critical industries afloat amidst shut-downs, outbreaks, and changing safety protocols. The hourly workforce is also large and nuanced - spanning the 82.3 million workers who are paid by the hour [1] in industries such as retail, food service, logistics, and manufacturing.

The hourly workforce underwent significant changes during COVID-19 that affected the **risks and rewards of hourly work**, employee **attitudes and aspirations about work**, and the **labor market** in which hourly workers participate. Employers should leverage their understanding of these changes to build recruitment and retention strategies that satisfy the needs of hourly workers, especially during current labor shortages that have proven the worth of the hourly worker.

Higher Risks and Lower Rewards

With **increased risk to safety at work** and **lower monetary incentives** for work due to unemployment benefits and below-average raises, hourly workers are either **leaving the workforce or changing industries**.

Heightened Safety Risks

Hourly workers face **increased health risks** from catching COVID-19 at work that are sometimes **exacerbated by incidents of sexual harassment** in the workplace and **may lead employees to quit or change industries.** Both customers and companies can exacerbate these safety risks.

> For example, fast-food employees report increased health and safety risks from numerous **customers who refuse to properly wear face coverings** and follow safety precautions[2] and have sued their companies for **failure to provide appropriate personal protective equipment (PPE)** or appropriate safety training for employees.[3]
>
> Further, female food service employees report **requests from male customers to remove their masks** in order for the customer to determine the amount of tip to leave based on the employee's appearance.[4] These requests are not only clear examples of **sexual harassment** but pose safety risks as workers weigh the risk of removing PPE against the opportunity to earn higher tips.

Lower Monetary Incentive to Work

The monetary incentive for hourly work has also decreased during the pandemic due to **increased unemployment benefits** and **below-average raises** for some industries dominated by hourly workers.

Unemployment Benefits

Increased state and federal unemployment benefits during the pandemic incentivize hourly workers to quit their jobs. With higher unemployment benefits, **some hourly workers could bring in more income by quitting their jobs and receiving unemployment benefits** during the pandemic.[5] Though federal benefits have reverted to pre-pandemic levels,[6] increased COVID-19 unemployment benefits temporarily incentivized some hourly workers to quit.

Small Raises

Below-average raises in some industries dominated by hourly workers may have **incentivized career switches to other more lucrative industries**. The average raise for hourly workers in production and non-supervisory roles from September 2019 to September 2020 was $1.09/hour, but hourly employees in leisure and hospitality saw a wage increase of only $0.15/hour despite the hard-hitting impacts of the pandemic on this workforce.[7] These low raises may have incentivized industry switches during the pandemic that will **influence labor shortages even post-pandemic** as employees continue working in the new industries they have entered.

Aspirations & Attitudes

After absorbing an immense psychological toll from the COVID-19 pandemic, the **aspirations and attitudes** of the hourly workforce are also shifting to incorporate **non-monetary aspirations for working** and more **fearless and ambivalent attitudes** toward job opportunities.

Non-Monetary Aspirations for Working

While wages remain critically important, hourly employees are **aspiring not only to earn wages from their jobs**. Instead, some hourly employees are choosing jobs that "actually pay less, but offer more benefits, upward mobility and compassion."[8] As the hourly worker secures more employment options during the pandemic-induced labor shortage, employees are empowered to take risks like switching jobs or industries in **pursuit of work that is more meaningful and aligned to their non-monetary aspirations** than before the pandemic.[9]

More Fearless and Less Grateful Attitudes toward Work

"You Only Live Once"

The **YOLO economy** has emerged among white-collar workers who are dissatisfied with current work conditions and empowered by their financial freedom and in-demand skills to make bold career pivots.[10] While hourly workers are unlikely to share the financial freedom required to fully participate in the YOLO economy, they may be able to **adopt this attitude to some extent as their skills become more in-demand** amidst labor shortages in many hourly industries.

Gratitude for Employment

The **sense of gratitude for employment may decrease** across the United States workforce including hourly workers. Experts call for workers to be more honest about the things that negatively impact their work experience and only express gratitude for work they are *truly* grateful for, noting that the concept of unequivocal gratitude for employment is unique to the United States and not acutely felt in other countries.[11] The fact that **hourly employees have been forgotten in companies' pandemic response plans**[12] and put through unique financial strain, social isolation, and loss of personal control during the COVID-19 pandemic[13] may give fuel for this more ambivalent attitude.

Labor Market Trends

Macroeconomic labor market trends provide insight into the existing changes within the hourly workforce as well as expected changes during the COVID-19 pandemic and beyond.

Disproportionate Unemployment for Young Workers

Initially, the onset of COVID-19 spelled **disproportionate job loss for young workers**[14] who are likely to hold jobs in industries affected by COVID-19[15] such as hourly work in food service or retail. By fall 2021, the unemployment rate of teenagers still remains over double the average unemployment rate.[16] Employers of hourly workers should **target recruiting efforts towards younger workers as the pandemic subsides** since this workforce segment disproportionately lost their jobs and remained unemployed.

High Volatility in Industries Dominated by Hourly Work

Certain industries dominated by hourly workers such as accommodations, food service, and entertainment have seen **disproportionate levels of volatility in both job opening rates and hire rates** compared to other industries. This trend has emerged because of how quickly these industries were forced to shut down and cut jobs at the beginning of the pandemic and how quickly they seek to return to normal operations when a wave of the pandemic subsides.[17] This volatility and **job insecurity may worry hourly workers** in these industries and drive them to seek other opportunities, exacerbating labor shortages in these industries.

Looking Forward

Understanding changes in the **risk and reward** of hourly work, **aspirations and attitudes** of hourly workers, and **labor market trends** are strategic tools for employers of hourly workers to understand as they craft recruitment and retention strategies and messaging to the current and prospective employees who are essential to business success.

Citations

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