

Key Question

What has happened to hourly workers' engagement post-COVID? In addition to increasing pay, what strategies can be done now to improve engagement and retention?

Context

Following the pandemic, the U.S. economy is experiencing its biggest labor shortage since World War II^[1], particularly in service industries with hourly workers. The **turnover rate for limited service restaurants, for example, reached 144% in June 2021**, an increase from 135% in 2019^[2]. Retailers and food service companies are trying to lure workers back to work with hourly wage increases and one-off benefits like sign-on bonus^[3]. However, as engagement is closely linked to retention, it is imperative that companies also invest in long-term strategies to improve hourly workers' engagement to **save turnover costs** and build a more **stable workforce** in the long-run.

Beyond Pay: Top Concerns from Hourly Workers

Financial security has always been the top concern from hourly workers. During the pandemic, **84% of hourly restaurant workers had less than \$500 saved for an emergency**^[4]. However, there are other issues companies also need to address to improve engagement and retention entirely.

Work Schedule

The need for more predictable schedules is hourly workers' second leading reason for switching jobs after pay^[2]. At the same time, workers also demand flexibility when unexpected events arise^[5]. A 2021 survey showed that 82% of employers believe they offer scheduling flexibility for hourly workers, yet **only 59% of employees report having that flexibility**^[6].

Family Responsibility

Labor participation during the pandemic has fallen particularly fast among women^[1], with the majority citing lack of childcare as the reason. As **35% of current hourly workers are parents**^[2], family responsibility should be a priority concern.

Respect from Customers and Managers

For hourly workers, the stress from the pandemic is often made worse by disrespectful treatments. In the restaurant industry, **62% hourly workers have experienced emotional abuse from customers** while 49% have experienced it from their managers^[2].

Strategies to Improve Hourly Workers' Engagement

We believe that the **“Three R’s” of Relationship, Respect, and Recognition are non-income cultural factors that will help engage hourly workers**. Survey data has shown that women and young workers rank recognition consistently among the top three influencers on why they stay at work^[7]. Pizza parties are great, but workers want to feel respected and appreciated at work over a slice of pizza. If companies increase respect and relationships within the workplace, that should also lead to increased engagement and retention. Below are some specific strategies to foster the “Three R’s”:

Design Jobs to Fit Workers' Personal Obligations

Hourly workers have personal obligations outside work like childcare or schooling. Companies should acknowledge these and give workers opportunities to pick a work arrangement that works best for them.

- Companies can introduce a **“Parent Shift” for those who can only work during typical school hours**^[8].
- In 2017, Gap’s **labor productivity increased by 5% after it offered workers more control over their schedules.**^[9]

Incentivize Employees Beyond Hourly Pay

A total rewards strategy to engage and retain hourly workers can extend beyond hourly pay.

- When **Paris Creperie introduced quarterly profit-sharing as a benefit, its profit increased 4x** because the hourly workers were incentivized to work harder^[10].
- Early wage access can be an alternative benefit since **88% of hourly restaurant workers said having access to their wages ahead of payday would be helpful**^[11].

Equip Manager with Toolkits to Appreciate Employees

Here are some recognition tools to help managers build their connections to workers outside of financial compensation through **adapting the five love languages to the five appreciation tactics**^[12]:

- **Words of Appreciation:** Thank an employee for their effort today, point out something specific that they did that you appreciated, how they are improving, or that you want to reinforce.
- **Quality Time:** Take a moment to get to know one employee on a personal note today. What is going on in their life?
- **Physical Appreciation:** Give someone a high five, fist bump, elbow bump for a job well done.
- **Acts of Service:** Identify something small that you can do for your employees that could make their day better. What can you do for them?
- **Gifts of Appreciation:** What small gift can you bring into work this week? Is it based on employee of the week? A bar of chocolate or some fresh fruit for the team? “The daily dollar” prize for today’s hard worker?

Applying a DEI Lens in Designing Engagement Strategies

When a company’s hourly workers primarily come from minority groups such as women and people of color, it has to apply a DEI lens in designing engagement strategies. A key aspect to remember is intersectionality. There are specific challenges to being a woman in the workplace, and there are challenges to being a person of color in the workplace, and **a woman of color faces their own individual challenges too that are separate from white women, or men of color.**^[13] Everyone wants to be treated with dignity and like their work is valuable, but this is especially important to keep in mind for workers in any minority class, never mind two or more. At its fullest potential, a company successfully engaging and retaining workers is one where DEI is considered at every business level, in every business decision.

Furthermore, one factor that companies can look at to engage workers of color is to make sure that there are **people of color represented at every business level.** Too often in companies the management workers are white, and the people they are overseeing are people of color. This communicates to workers of color that the company is not one where they can have any career progression, and their hard work will not be valued at the same level that white workers’ work is. These are important to perceived respect. Hence, companies should ensure that the opportunity to advance for minority employees is available, and that the structure set in place to promote leaders is free from biases.

Citations

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^[13] Muir, Marie Rose, and Lin Li. *What are the top factors that drive employee retention?*. DigitalCollections@ILR, 2014, <https://ecommons.cornell.edu/handle/1813/74526>.