



WHITE PAPER

# State of the Hourly Workforce 2022

Hourly job seekers have more choice than ever, forcing employers to evolve from outdated hiring strategies.



If you are an employer with a predominantly hourly workforce, the past two years have been unprecedented — and painful. During the past year alone, a record number of workers quit their jobs while businesses had more positions to fill than ever before.

For example, as recently as December 2021, 4.3 million Americans left their jobs, down slightly from the record 4.5 million in November, according to the Bureau of Labor Statistics (BLS).

There is no getting around it, that dramatic quit rate signals how confident many Americans feel about their job prospects.

Today, job openings abound, as the BLS data reveals that the number of job openings stood at 10.9 million on the last business day of December 2021 — slightly higher than November's tally and still within striking distance of the July 2021 all-time high of more than 11 million openings. By comparison, before the coronavirus pandemic began to rock the nation in 2020, job openings were steady at about 7 million.

And so, the shrinking talent pool has become a critical area of concern for employers of the hourly workforce, according to Rich Crawford, CEO at TalentReef, an industry-leading talent management solution for the hourly workforce.

*"We can't predict the future, but we know things will inevitably change again. The idea is to be ready for whatever happens."*

## How 2020–2021 Changed Everything

With so many job openings and fewer job seekers to fill them, Crawford says, you are now likely to encounter a talent pool with job seekers seemingly playing hard-to-get; looking for higher wages and/or boosted benefits.



*"If you, as an employer, can't deliver on those basic demands, job seekers won't hesitate to look elsewhere."*

Rich Crawford  
CEO at TalentReef

Apart from those obvious basics, other powerful reasons why hourly workers will continue to follow the "greener pasture" mindset come down to the ease with which a candidate can engage a potential employer when looking to rejoin the workforce (or move from one employer to another).

According to Crawford, the pre-pandemic economic market for the hourly workforce was fairly consistent. For the most part, employers had a certain going wage and there were plenty of applicants in the pipeline.

"Employers knew that these workers bounced around for higher pay or better benefits, which was fine because things were, on balance, stable," he says. "The thinking was 'people turn over, I can always find someone else if I need to.'"

He continued, "Maybe those employees stayed at the job longer, so retention was better, and that usually meant a good overall experience for all involved. That's the most significant thing that happened with the pandemic — the entire upheaval of that stability. You had workers leave the market, you had workers afraid to work because they didn't want to be in contact with the public. You had workers saying, 'Well, I should get paid more to go back.'"

Crawford adds that there are plenty of jobs that hourly workers can pick and choose from today, so the first interaction with any potential employer is crucial to success.

"It wasn't that way pre-pandemic, or it wasn't as important. But it's incredibly important now," he says. "If you don't respond immediately, if your process is cumbersome at all, if there's any friction, they're gone. It's almost like they're window shopping. If they see something they like they'll walk in that door, if they don't they'll just keep walking down the street."

## What the Hourly Workforce Looks Like Today

According to Joe Poxson, executive vice president of sales and a nine-year TalentReef veteran, the pandemic created the "perfect storm for a lot of our customers and prospects," with emerging challenges ranging from disrupted supply chains to an acute need for emergency child support among other reasons why people left jobs.

The result? The previously dependable pre-pandemic talent pipeline slowed to a trickle.

"And those factors were all independent from hourly workers' fear of getting Covid on the job, which added to the quit rate," Poxson says.

Crawford explains that while applicant flow remains a huge issue for employers whose workforces are hourly (only more so than pre-pandemic), it's far from the only negative factor at work. For instance, in today's world, hiring managers must respond very quickly (24 hours maximum) to candidates or odds are the latter will look elsewhere.

"The application, interview, and onboarding process has to be super easy and intuitive," Crawford says of what he calls "frictionless engagement," adding that the hourly talent stability prior to the pandemic may never return. With that, employers will have to double down on their talent sourcing and recruiting efforts.

"The new normal is there will be more long-term volatility in the hourly wage labor market, including factors such as wage rates, type of employee, hours worked, flexibility — just more volatility," he says. "I believe our customers will have to deal with that going forward, more than they had to in the past. It's clearly a challenge, but it certainly can be achieved."



Crawford explains that today's hourly workforce in general is smaller than it was pre-pandemic. That added scarcity puts pressure on hiring managers who need people but can't get them. They also can't just eliminate that unfilled job.

**The big questions many employers are asking are: What's the solution? How in the world do you increase applicant flow if it feels like you're fighting a losing battle?**

To that end, Crawford says the worst of the pandemic adjustments is some fast food chains, for instance, are having executives and managers working in locations, making food, running registers, etc. This means highly paid frontline workers who aren't able to focus on business management and operations.

"That is another unintended consequence of the pandemic," he says. "You have management getting paid for working the front lines; they're working six and seven days a week, 12 hours a day. They're getting burned out now and they're quitting; it's a waterfall effect."

This compounding outcome is "I've lost a frontline worker, someone behind the counter, someone in the back making food, whatever it might be." And now the pressure is on management as it moves up the ranks," he adds.

## How to Meet Today's Hiring Challenges

Ryan Pellet, senior vice president of customer success at TalentReef, explains that employers are struggling to figure out how to meet these challenges. And that's where a talent management solution can help make a difference.

"We are aligning the functions in our platform to those issues," he says, noting that employers offering a frictionless hiring strategy will show an understanding of the value of an applicant's time while he or she applies for a position.

"For those who make it difficult, it's an instant negative mark," he says. "That, in turn, translates into questions from an applicant's perspective, asking things like 'I wonder what's it like to work there if just applying is difficult? Are they going to be flexible and considerate of my time as an employee?'"

Pellet says that's why it's critical that employers make the hiring process super easy — after all, it's the one and only entry point to people making the rapid decisions on, "Do I want to work there or not?"

In another related area of employer concern when it comes to hiring, layered within the overall sourcing and hiring challenge, shifting regulatory changes make it all that much more difficult to maintain compliance.

For instance, keeping up with legislation has always been necessary for employers, but adhering to employment laws and regulations when hiring hourly employees in 2022 is even more complicated than in past years. With the ongoing pandemic, change is happening even faster so employers are under even more pressure to keep pace for their hourly workforce. For instance, two states (Alabama and Oregon) have COVID-19-related legislation going into effect, and New York and California added family leave regulations that were likely influenced by the pandemic.

Nationwide, new state legislation focuses on everything from anti-discrimination and minimum wage increases to drug testing and background checks. If your workforce is primarily hourly, these are important issues that should be part of your recruiting/hiring strategy and platform. Also, the federal government clarified how tipped employees must be paid under the Fair Labor Standards Act (FLSA) and several amendments around tip pooling.

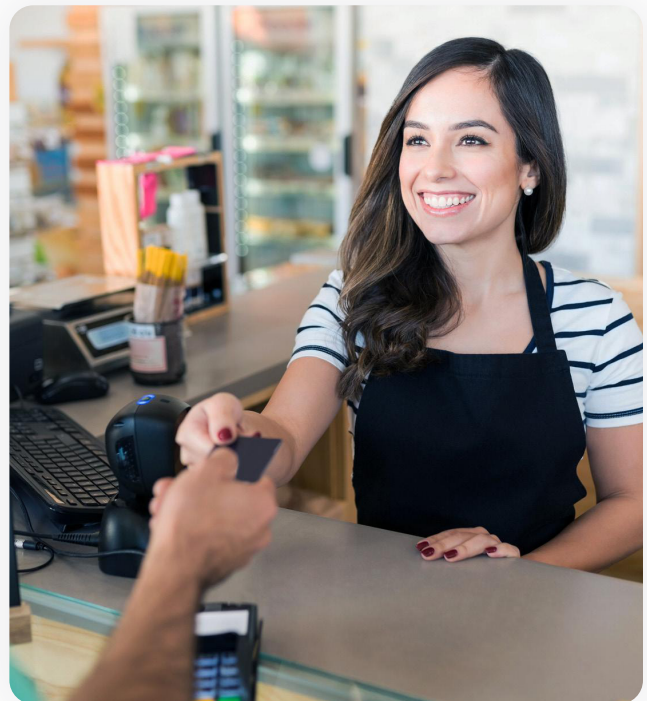
## What's Next?

According to Poxson, sourcing hourly talent clearly remains the number one challenge, but a close second is engaging that talent once you have contact. And this is where that concept of frictionless engagement takes center stage.

"It's so important to impress candidates that are seeking interest about and possibly working for your brand," he says, adding that you have to do it in what he would call a 'thoughtful' manner.

"If candidates realize you're only working with AI technology and a robot, the overuse of automation can be an instant turn-off," he says. "But if you can layer that automation in with a personal touch and let that drive the engagement angle, you can succeed. That's what I would say has been the biggest change for attracting and hiring hourly workers as 2022 unfolds. You have to engage and impress, make them want to work for you."

Crawford adds that there will likely be a post-Omicron economic surge at some point, and this time it will be more directed at service industries including entertainment, hospitality, restaurants — anywhere people can try and forget about the misery that past two-plus years have wrought.



“People have money, savings, and they’re going to want to go enjoy the experience,” he says. “Not every employer in those types of market sectors can support that potential spending explosion. But they can prepare for it by improving their recruiting and hiring process for those hourly workers who want to rejoin the world of work.”

What they’re going to end up doing, for example, are hotels will be operating at no more than, say, 70% capacity because they can’t staff a full hotel. Restaurants can’t open Sundays or have stopped serving breakfast. If they were serving three meals pre-pandemic, then maybe they’re down to just lunch and dinner.

“Whatever the case may be, they’re reducing or restricting their amount of revenue opportunities,” he says. “And that’s one of the consequences that we will see from this tight labor market, at least short-term.

“Things will probably normalize over time, later in 2022, 2023, which of course we all hope will be the case,” Crawford says.

The smart move is for employers of hourly workers to ensure they are willing to have the flexibility to change and optimize configurations and workflows as needed, depending on factors such as location, job position, market conditions, seasonality, and other variables. That includes the ability to pivot easily from the employee-driven labor market of today to a future market if and when the pendulum swings.

“Right now, with 10 million jobs and not enough job seekers, you want quantity,” Poxson says. “As the labor market changes, you may want to switch that dial to more of a focus on quality. You may want some

additional steps in your hiring process, and you need to be able to do that without having to go through a system reimplementation.”

Crawford says the TalentReef platform offers the flexibility to adjust hiring strategies for each location and position as the market continues to change. He adds that you can easily modify workflows and customize how job descriptions are written, where they’re posted, what the application form looks like, and more.

When it comes to hourly talent acquisition today, human resource leaders must realize that today strategies need to be ready to succeed on an ever-changing set of challenges.

“This is a constantly moving, flowing, adjusting system,” he says. “And that’s the way we think about the situation with our clients. We’re building these optimizations in, looking at your employee requirements, and predicting what you will need both today and in the future.”

For instance, using predictive analytics like the type deployed by TalentReef, HR will know that if you’ve got a team member working at the front counter, they’re going to turn over once every three months. With that type of certainty in data, you can plan accordingly.

“In the wake of the pandemic, a successful recruiting strategy for hourly workers means you can’t solve your current hiring challenges by applying outdated solutions,” Crawford concludes. “We can’t predict the future, but we know things will inevitably change again. The idea is to be ready for whatever happens.”



Learn how TalentReef can help you solve your hourly workforce staffing challenges.

Request a Demo



## About TalentReef

TalentReef has been an industry leading solution for hourly workforce talent management for over a decade. The only talent management platform purpose-built for location-based, high-volume hiring, we automate processes and optimize workflows to remove friction for candidates and hiring managers.

Using our unique combination of industry expertise and digital innovation, TalentReef drives more quality candidates, creates efficiencies, ensures compliance, eliminates errors in the hiring and onboarding process, and empowers great enterprises to retain talent longer. The TalentReef platform integrates seamlessly with business systems to create a single, streamlined experience for all internal and external stakeholders.

We have everything HR professionals, hiring managers, and franchisees need for success today, plus the flexibility to adapt to tomorrow's changes.

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