



# 2023: State of the Hourly Workforce

The Labor Shortage is Here to Stay:  
Employers Must Embrace Intelligent Automation

AUGUST 2023



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## Introduction

According to a recent report by the [U.S. Bureau of Labor Statistics](#), the unemployment rate in the United States remains at 3.6% which is close to the [3.5% pre-pandemic unemployment rate seen at the end of 2019](#), the lowest rate since 1969. However, industries such as retail, food services, and hospitality continue to face a labor shortage. There could be a mass exodus of hourly employees in the coming year. **More than 62% of hourly employees plan to leave their jobs within the next 12 months.** The high attrition rate among hourly employees isn't new. Many employers face replacing their entire staff within a single year. What is particularly concerning is that of the hourly employees who plan to quit their jobs within the next year, **64% plan to leave their current industries.** These jobs have become undesirable for millions of employees, which puts at risk the businesses that have come to rely on a robust workforce. As a result, employers are turning to even younger workers to fill the gap, which comes with unique challenges, including stringent minors labor laws and a workforce with many other priorities. With this ongoing labor shortage, the balance of power has permanently shifted to the hourly employee.

What makes hourly jobs so difficult for employees and their managers? What can employers do to optimize labor efficiency and maximize employee engagement? This new study conducted by Propeller and commissioned by Legion surveyed 1,513 hourly workers and 628 managers in North America to answer these questions. This report provides actionable insights to help businesses maximize labor efficiency and improve the experiences of [76.1 million hourly workers and managers.](#)

# Key Findings

**67%** of those who plan to leave their jobs in the retail sector plan to leave the industry altogether.

## The Labor Shortage is Here to Stay for Employers of Hourly Workers

In their responses to survey questions, **62%** of hourly employees said they plan to leave their jobs in the next 12 months, up from **42%** in 2022. Of those who plan to leave their jobs, **64%** plan to leave their current industry. **67%** of those who plan to leave their jobs in the retail sector plan to leave the industry altogether.

The top factors that make these jobs undesirable are: not enough benefits **48%**, undesirable working conditions **45%**, and not enough schedule flexibility **44%**.

## Hourly Employees Have Been Severely Impacted by Economic Challenges

The survey reveals that hourly employees have been professionally and personally impacted by today's economic challenges:

- More than **80%** reported that they had been affected by economic challenges, with **52%** indicating their stress levels have increased.
- Close to **20%** of hourly employees reported working more than one job, **77%** due to the need for greater financial stability and **63%** because the employee doesn't make enough money to pay for rent and food.
- **78%** of hourly employees answered that their work environment has been impacted by economic uncertainty. The top issues include:
  - A rise in upset customers due to increased costs: **41%**
  - Increased tension across teams: **29%**
  - Fewer customers: **26%**, which can impact commission-earning employees and lead to greater financial instability.

## Schedule and Pay Flexibility Are Critical

Both employees and managers agree that schedule flexibility is critical. **96%** of hourly employees said schedule flexibility is the number one benefit motivating them to take a new hourly job.

Managers agree with the importance of schedule flexibility for employee recruitment and retention. **28%** of managers believe that the ability to provide schedule input and control is the most impactful benefit employers could offer to recruit potential employees.

Schedule flexibility is also the number one issue impacting hourly employee retention. **48%** of managers answered the most challenging part of retaining hourly workers was not providing the schedule flexibility employees want. The lack of schedule flexibility is an even bigger issue than not offering competitive pay.

In addition to schedule flexibility, employees are increasingly demanding pay flexibility. **43%** of those surveyed said immediate access to pay was critical, up from **29%** in 2022. When asked this same question in 2021, only **2%** of employees cited instant access to pay as a key reason they would quit their current job and take a new hourly role.

## Employers Must Embrace Intelligent Automation to Reduce Administrative Overhead

### Companies with hourly employees aren't using technology to its full potential:

- **47%** of managers still used manual processes or basic spreadsheets to create schedules.
- **24%** of managers said matching employee preferences and availability with the needs of the business was the most difficult part of managing hourly employee schedules.
- Only **5%** of managers are leveraging sophisticated, AI-driven capabilities in their workforce management platform to automatically find the best candidate to fill the open shift. **47%** of managers still rely on phone calls and texts to fill open shifts.

### Employers must reduce administrative overhead so managers can focus on what matters most:

- Employee scheduling is the number one thing managers wish were intelligently automated.
- The biggest way employers could make managers' lives simpler is by providing tools that make it easier for them to communicate with their team and reduce the time spent on administrative tasks like creating and maintaining schedules.
- If employers could remove administrative burdens, the vast majority of managers would put that time back into the business focusing on what matters most, like coaching and developing their teams **62%** and interacting with customers **30%**.

## Actions You Can Take

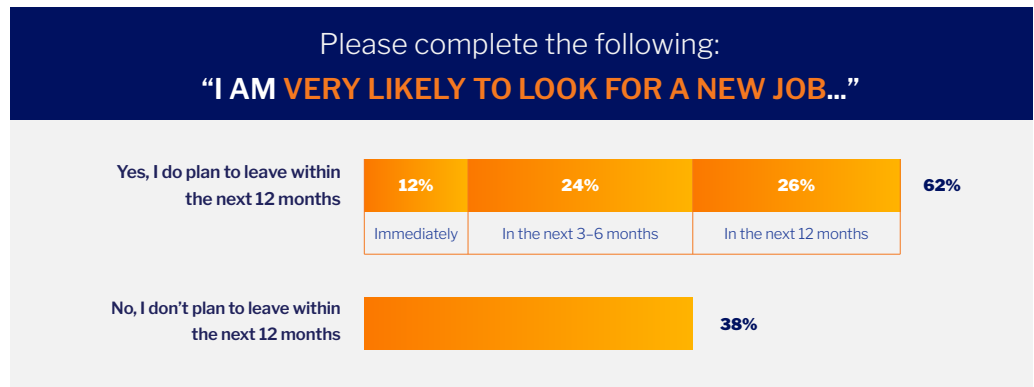
- 1.** Attract and retain hourly employees by offering schedule and pay flexibility. Embracing a modern, AI-driven workforce management platform makes it possible to automatically match business needs with employees' skills and preferences and improve operational efficiency and employee engagement.
- 2.** Invest in AI-powered workforce management that enables the intelligent automation of key tasks like creating optimized schedules, managing call-outs, compliance management, approving time cards and punch acceptions, and demand forecasting to reduce administrative burdens and enable them to focus on what matters most.
- 3.** Equip your managers with modern communication tools and recognition and reward solutions to improve employee engagement.

In the coming year, there could be a mass exodus of hourly employees. More than **62%** plan to leave their job in the next 12 months and **64%** plan to leave their current industry.

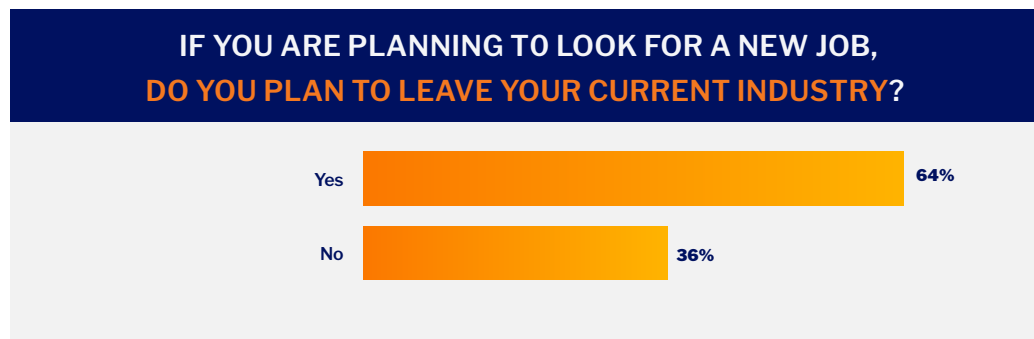
## Detailed Findings

### The Labor Shortage Is Here to Stay for Employers of Hourly Workers

In the coming year, there could be a mass exodus of hourly employees. More than 62% plan to leave their jobs within the next 12 months, up from 42% in 2022. More than 38% report they will likely look for a new job in the next 6 months. Almost 89% of those who work in the clothing and fashion industry reported that they would be looking for a new position within the next 12 months.



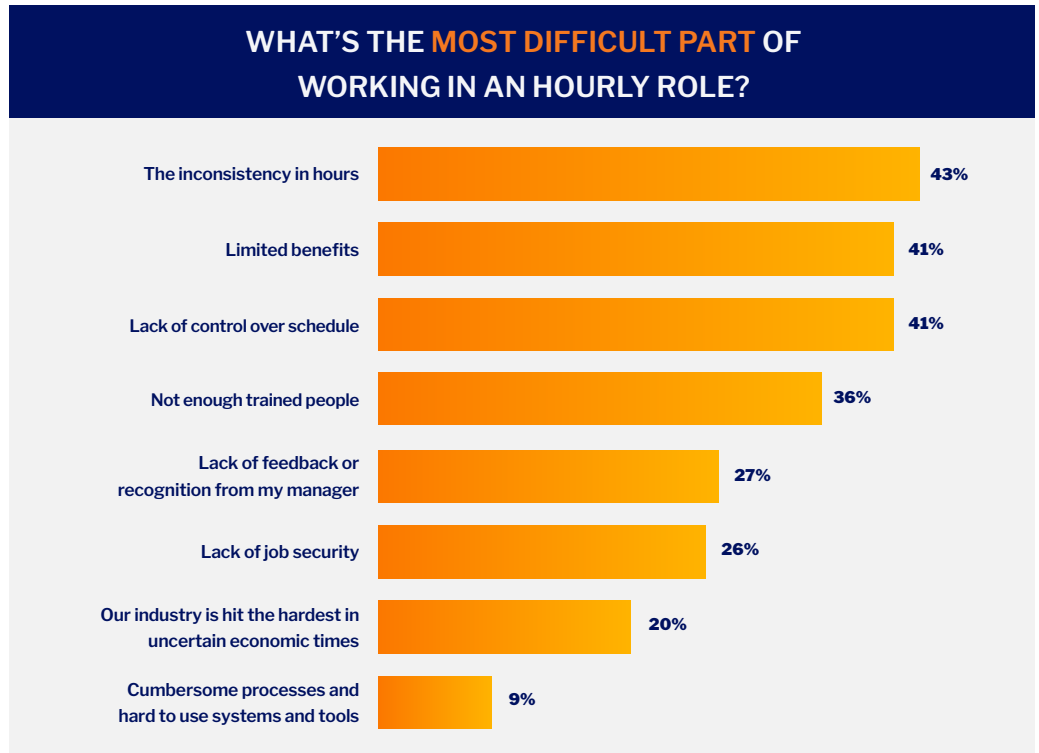
Perhaps more alarming is that more than 64% plan to leave their current industry. Of the retail employees looking to quit their jobs in the next year, 67% of them plan to leave the retail industry.



#### Why Are So Many Leaving?

Numerous factors make working in an hourly role difficult. The most commonly cited issues are inconsistency in hours 43%, limited benefits 41%, and a lack of control over the schedule 41%. The lack of consistency in hours was felt the deepest by those in the clothing and fashion industry, with 60% reporting that as their greatest challenge.

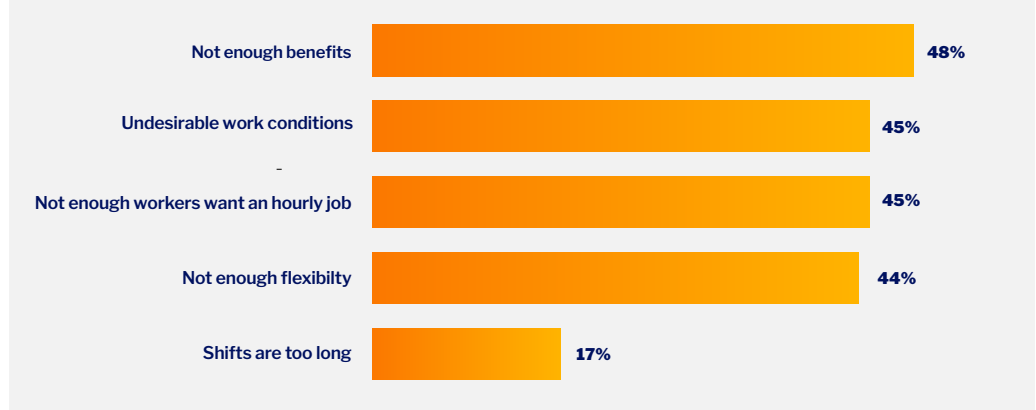
**43%**  
say the  
inconsistency in  
hours is the  
hardest part of  
working in an  
hourly role.



When hourly employees were asked why they think businesses are having a hard time hiring hourly employees, the most common responses were lack of benefits 48%, undesirable working conditions 45%, and not enough flexibility 44%. The desire for greater schedule flexibility was an ongoing theme throughout the survey results. Hourly employees have other options, such as gig work, which provides tremendous flexibility. Employers of hourly workers are increasingly competing with gig jobs versus their peers for this valuable group of employees.



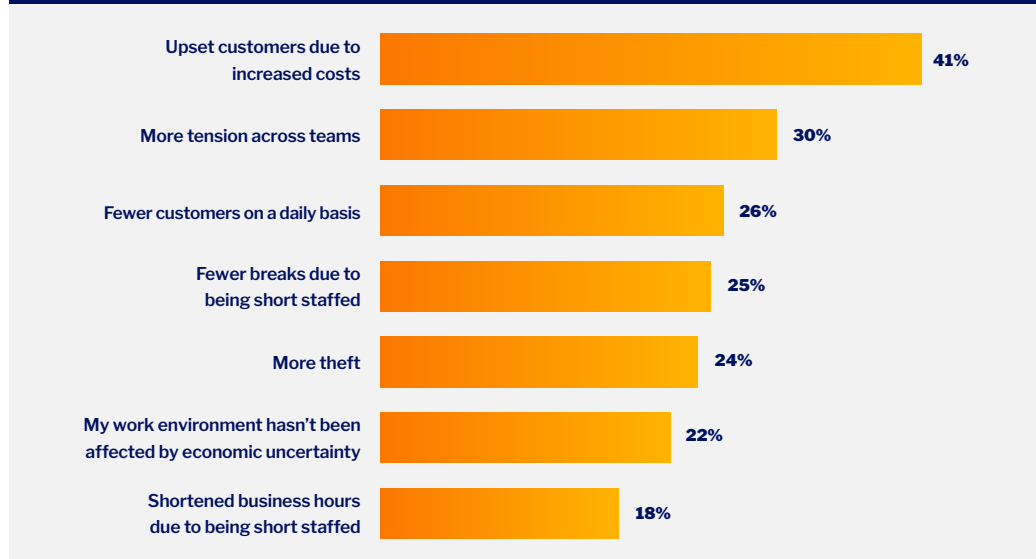
**ASIDE FROM PAY, WHY DO YOU THINK BUSINESSES ARE HAVING A HARD TIME HIRING WORKERS?** Please select all that apply.



**The Work Environment Has Been Negatively Impacted by Economic Challenges**

Hourly employees have also been burdened by the current economic challenges. More than 40% report that customers are upset due to increased costs, and close to 30% report increased tensions across teams. More than 35% of employees in retail and clothing, and fashion industries reported an increase in theft.

**HOW HAS YOUR WORK ENVIRONMENT BEEN AFFECTED BY ECONOMIC UNCERTAINTY?** Please select all that apply.



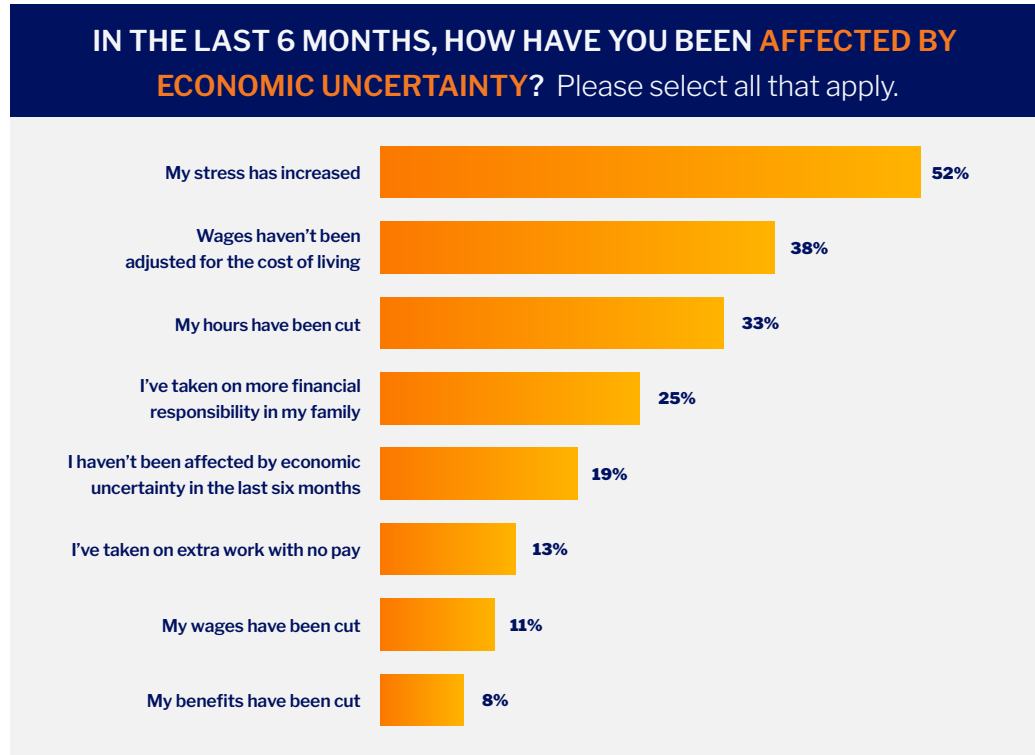
**41%**  
of employees  
report that they  
deal with customers  
who are upset due  
to increased costs.



### Employees Have Been Personally Affected by Economic Challenges

More than 80% said that they had been affected by economic challenges, with 52% stating their stress levels have increased and the vast majority reporting an impact on their wages or benefits.

The top reasons hourly employees cited the need for holding multiple jobs included the need for greater financial stability, and not making enough money to pay for rent and food.



### The Impact of Financial Uncertainty

Close to 20% of hourly employees reported working more than one job. The top reasons cited were the need for greater financial stability 77% and because the employee didn't make enough money to pay for rent and food 63%.

**77%**  
of employees hold multiple jobs for extra financial security.

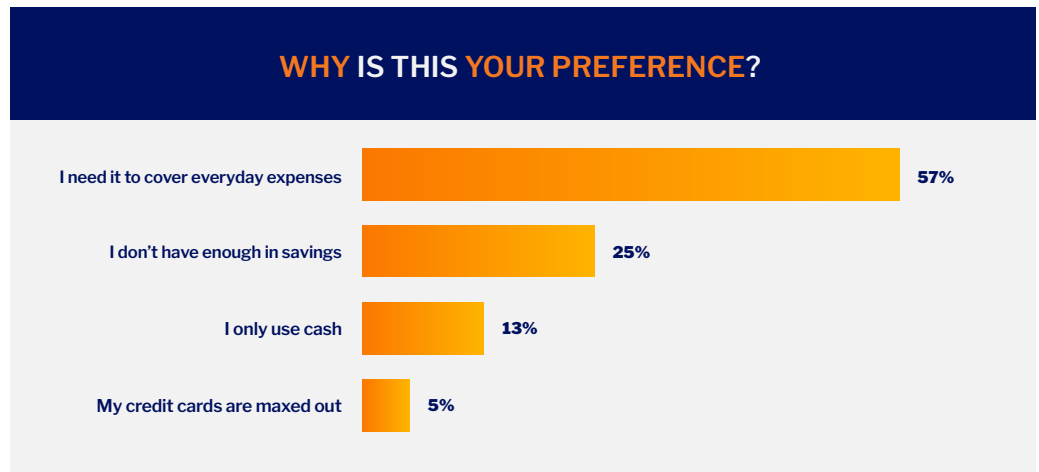


## What Hourly Employees Really Want

Greater financial stability is critical for today's hourly employees. Only a third of employees were satisfied with getting paid every two weeks, which has long been the standard in the United States.

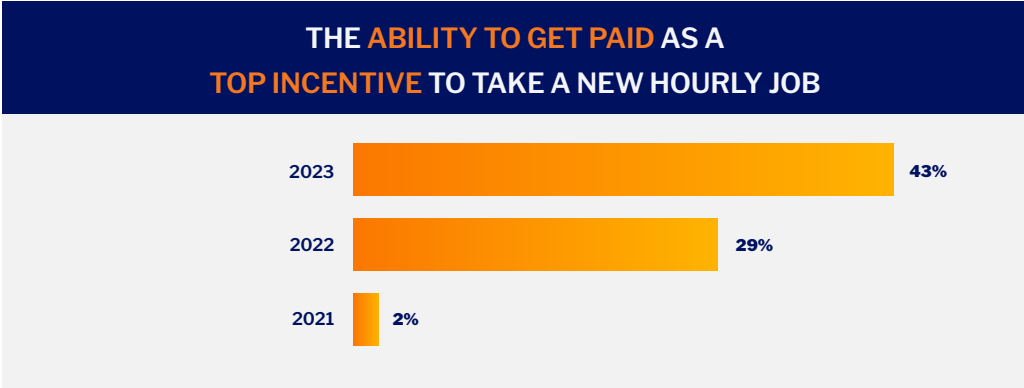


Employees want to access their wages much faster. They need access to their pay to cover everyday expenses 57%, and because they don't have enough in their savings account 25%.



The demand for the ability to get paid early has grown **20x** over the past three years. When asked what are the top incentives that would persuade an hourly employee to quit their current job for a new one, early access to pay grew from 2% in 2021 to 43% in 2023. Payment flexibility is quickly becoming a must-have benefit.

The demand for the ability to get paid early has grown **20x** over the past three years.



### Employees Are Demanding Schedule Flexibility and Control

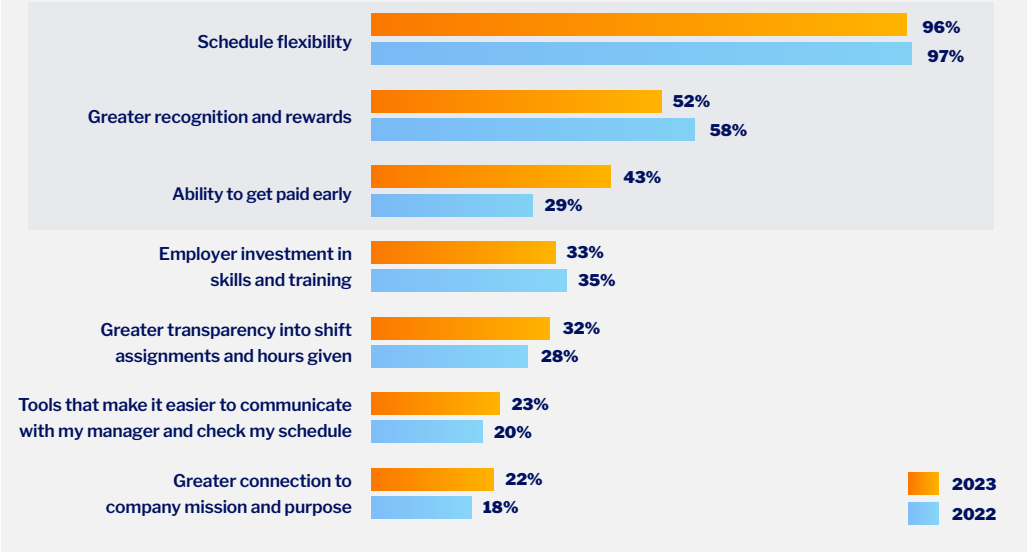
In addition to pay flexibility, employees continue to demand schedule flexibility. 96% cited schedule flexibility as the number one item that would persuade them to quit their current job and take a new hourly job, followed by a desire for greater recognition and rewards 52% and the ability to get paid early 43%.

When asked what type of scheduling flexibility was most important, employees rated the ability to choose the number of hours they want to work per week, more scheduling options, and the ability to seamlessly pick up extra shifts, the highest.



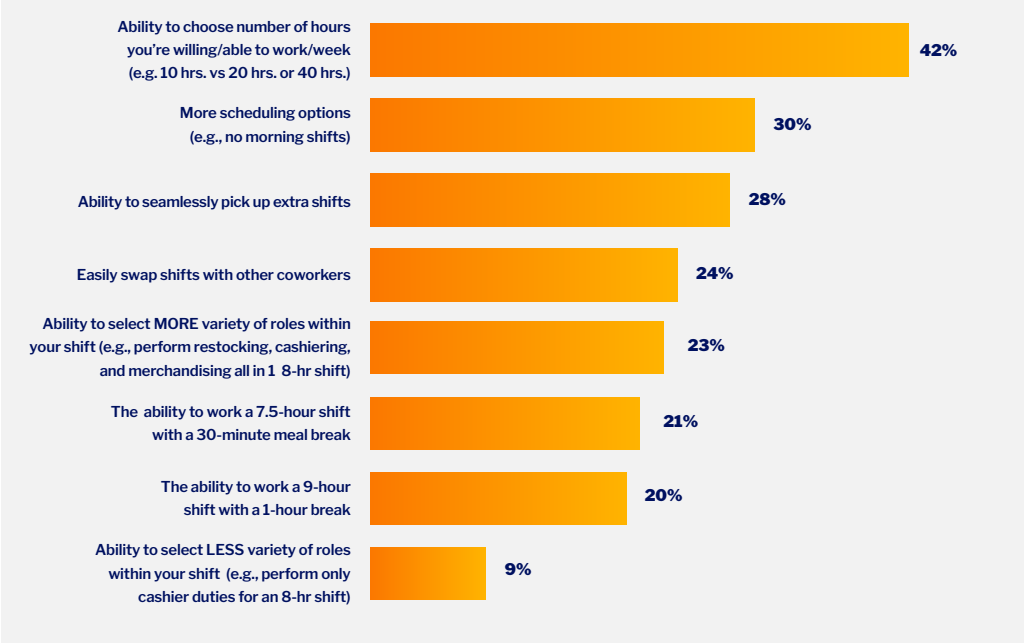
**OTHER THAN PAY RATE, WHICH TOP 3 INCENTIVES ARE MOST LIKELY TO PERSUADE YOU TO LEAVE AND TAKE A NEW HOURLY JOB?**  
Please select all that apply.

**96%**  
of employees cited schedule flexibility as the number one item that would persuade them to quit their current job and take a new hourly job.



Schedule flexibility and control can come in many different forms. When asked what type of scheduling flexibility was most important, employees rated the ability to choose the number of hours they want to work per week 42%, more scheduling options 30%, and the ability to seamlessly pick up extra shifts 28%, the highest.

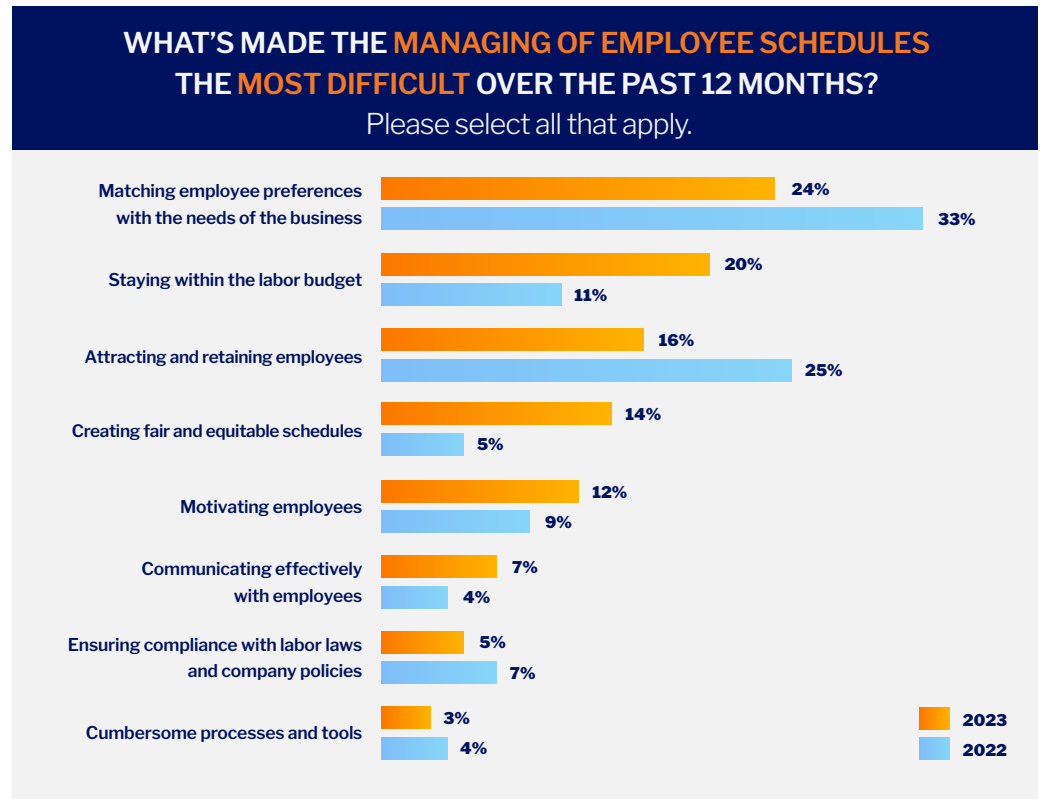
**WHAT TYPES OF ADDED SHIFT FLEXIBILITY WOULD BE MOST VALUABLE TO YOU AT YOUR CURRENT JOB?** Please select your top TWO.



## Manager Challenges

### Manual Processes and Budget Constraints are Causing Strain

With a shift in the balance of power and the desire from employees for greater schedule flexibility and control; it's no surprise that managers reported that the most challenging thing they have to do is to try to match business needs with employees' schedule preferences 24%. New to the top of the list of challenges in this year's survey results was the difficulty with staying within the labor budget 20%. This is likely a reflection of the drive for efficiency amid economic uncertainty. Attracting and retaining employees was the third biggest challenge cited at 16%.

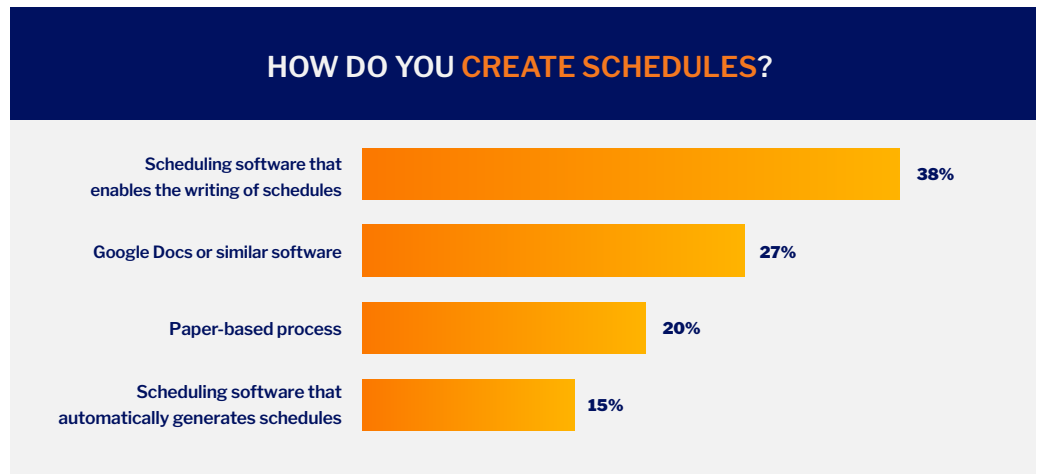


Managers reported that the most challenging thing they have to do is to try to match business needs with employees' schedule preferences.

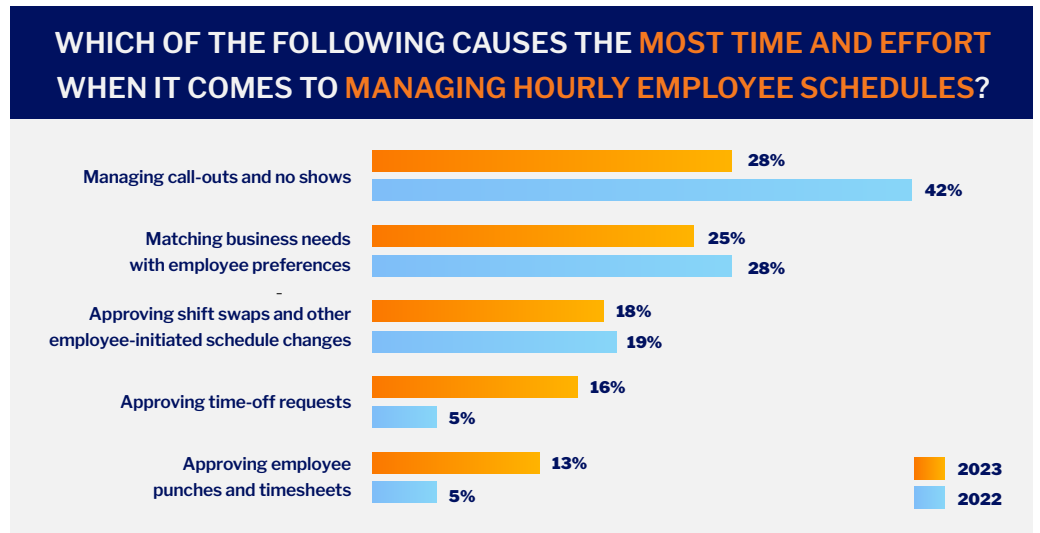


Manual processes are creating challenges for managers. 47% are still relying on manual processes or basic spreadsheets to create schedules. This number is down from 69% in 2021, which means that those relying on these outdated methods of schedule creation are putting themselves at a disadvantage in recruiting and retaining hourly employees.

The **47%** relying on outdated methods of schedule creation are putting themselves at a disadvantage in recruiting and retaining hourly employees.



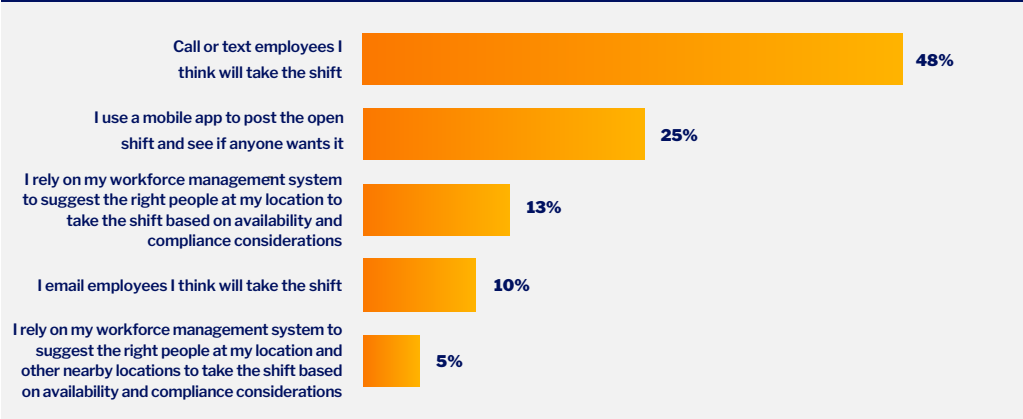
Managers are spending time on tasks that could be intelligently automated such as maintaining schedules and addressing call-outs, approving employee punches and time sheets, approving shift swaps, and time-off requests.



Managing call-outs continues to be a significant challenge for managers. More than 47% reported calling or texting an employee they thought would take an open shift. Only 5% of managers leverage sophisticated, AI-driven capabilities in their workforce management platform that automatically find the best candidate to fill the open shift.

Only **5%** of managers leverage sophisticated, AI-driven capabilities in their WFM platform that automatically find the best candidate to fill the open shift.

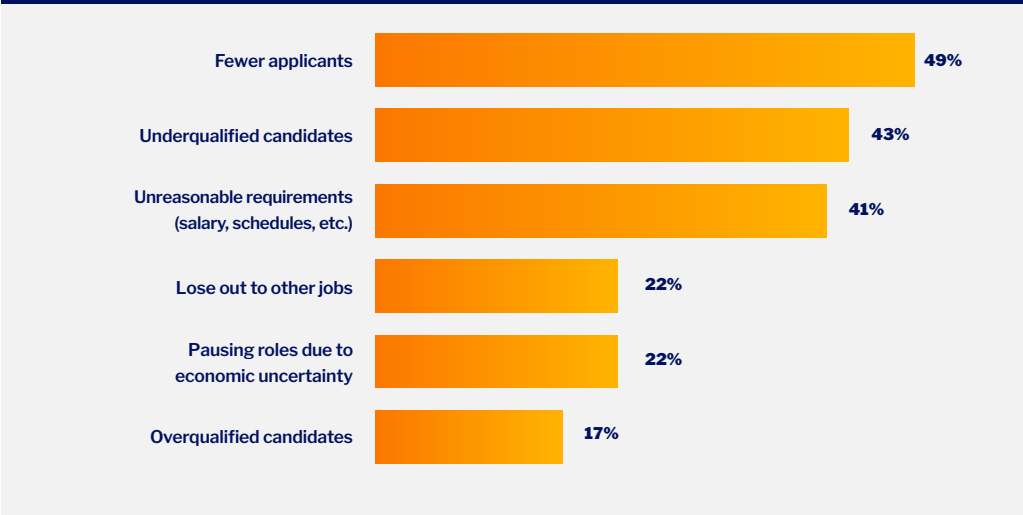
### HOW DO YOU **FILL OPEN SHIFTS** IN THE SCHEDULE ONCE THE SCHEDULE HAS BEEN PUBLISHED?



### Recruiting and Retaining Hourly Employees

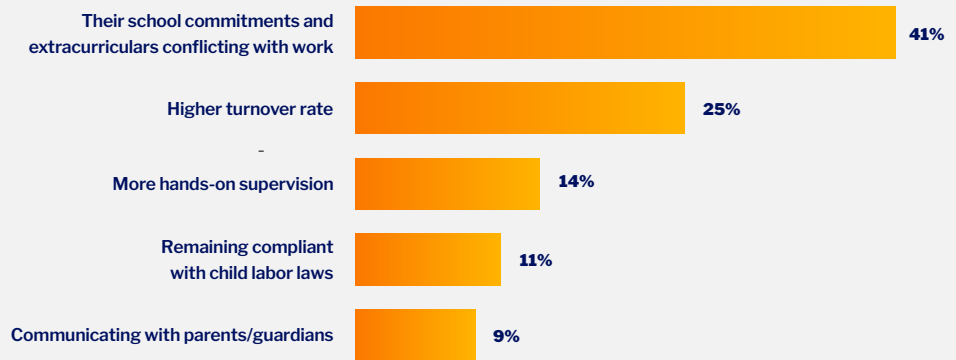
With so many hourly employees planning to leave their current jobs and industries, it’s no wonder that managers are struggling to recruit hourly employees.

### WHAT’S BEEN THE **MOST DIFFICULT PART OF RECRUITING/HIRING** HOURLY WORKERS IN THE PAST SIX MONTHS? Please select all that apply.



More than 37% of managers reported that they are hiring more minors as a result of the labor shortage. Employing minors comes with unique challenges, such as competing priorities with school commitments, high turnover rates, labor laws, and the need for hands-on supervision. For many minors, hourly work is their first job in high school.

**AS A RESULT OF HIRING MORE MINORS, WHICH OF THE FOLLOWING ARE YOU WORRIED ABOUT?**



Employing minors comes with unique challenges.





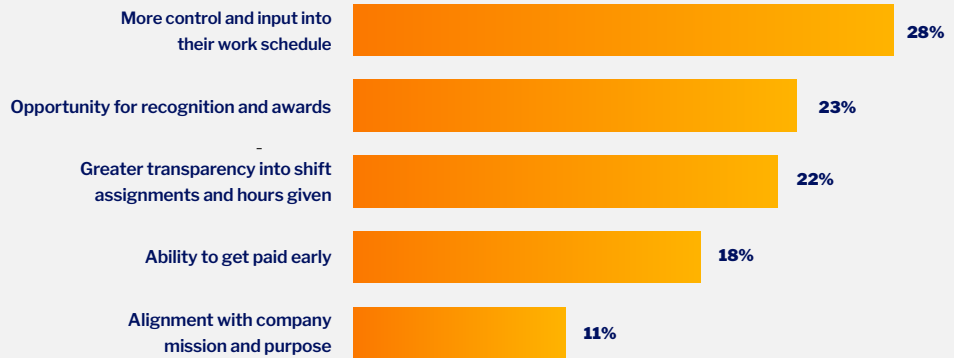
## The New Rules for Recruiting and Retaining Hourly Employees

Schedule flexibility, recognition and rewards, and the ability to get paid early are becoming must-have benefits for those looking to recruit and retain hourly employees. With modern workforce management, offering these perks doesn't need to cost more. Employers can maximize labor efficiency and employee engagement simultaneously.

At 28%, managers believe that schedule flexibility is the most impactful benefit they could offer to recruit potential hourly employees.

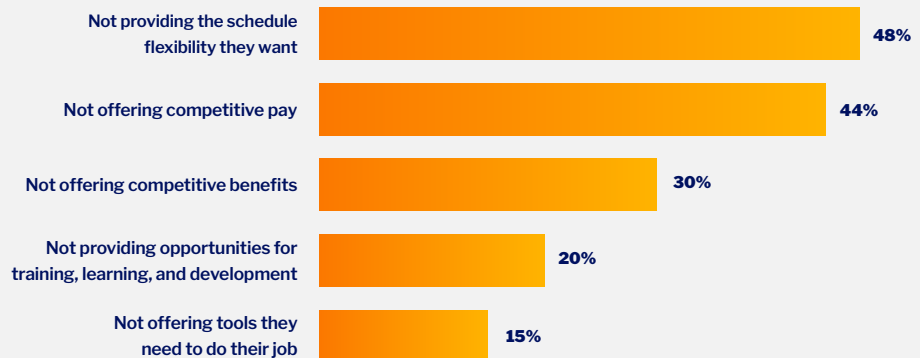
Schedule flexibility, recognition and rewards, and the ability to get paid early are becoming must-have benefits for those looking to recruit and retain hourly employees.

### BESIDES PAY, WHAT INCENTIVES OR BENEFITS ARE OF MOST INTEREST TO PROSPECTIVE HOURLY EMPLOYEES YOU INTERVIEW?



Retaining hourly employees is a challenge, too. From the managers' perspectives, not providing schedule flexibility was an even more significant factor in employee retention than not offering competitive pay. Pay tends to normalize in a given geographic area which impacts the managers' responses.

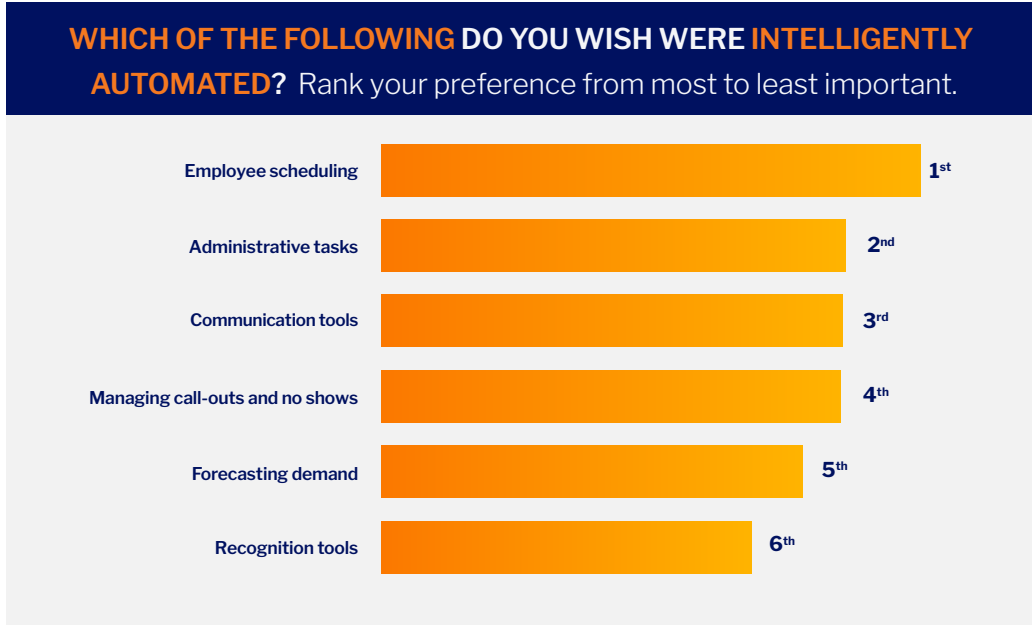
### WHAT'S BEEN THE MOST DIFFICULT PART OF RETAINING HOURLY WORKERS IN THE PAST SIX MONTHS? Please select all that apply.



## Employers Must Embrace Intelligent Automation to Improve Efficiency and Effectiveness

Employers should also invest in technology that enables intelligent automation to reduce administrative burdens. Managers report spending too much time on administrative tasks such as manually creating schedules and managing call-outs. The intelligent automation of scheduling and administrative tasks can enable managers to focus on what matters most.

The intelligent automation of scheduling and administrative tasks can enable managers to focus on what matters most.



Managers also stated that their employers could help them succeed by providing tools that make it easier to communicate with their teams. These tools could reduce administrative burdens like creating and maintaining schedules and offering the ability to get paid early for employees and managers alike.



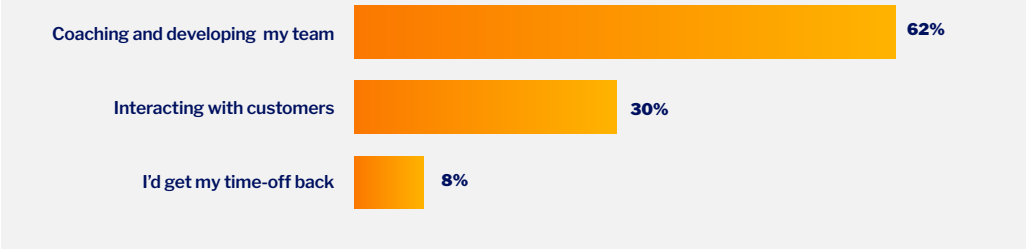
Managers' #1 wish was for tools that make it easier to communicate with their team.

**HOW COULD YOUR EMPLOYER HELP YOU SUCCEED IN YOUR ROLE?**  
Rank the following from most to least important.



If employers could remove administrative burdens, the vast majority of managers would put that time back into the business and focus on what matters most, like coaching and developing their teams 62% and interacting with customers 30%.

**IF YOUR EMPLOYER WAS ABLE TO REDUCE THE AMOUNT OF TIME YOU SPEND ON ADMINISTRATION, HOW WOULD YOU USE THAT TIME GAINED?**



If employers could remove administrative burdens, the vast majority of managers would put that time back into the business and focus on what matters most.



# Three Actions You Can Take Today

## 1. Attract and retain hourly employees by giving them flexibility.



To compete with the gig economy, employers must offer hourly employees schedule flexibility and pay flexibility. In the face of economic uncertainty, hourly employees no longer want to wait two weeks for a paycheck. They need money faster to afford life's basics, like a roof over their head and food. Hourly employees also demand increased schedule flexibility enabling them to pick up extra shifts and swap shifts easily.

## 2. Embrace employee-centric workforce management that enables intelligent automation.



Invest in AI-powered workforce management that enables the intelligent automation of key tasks like creating optimized schedules, compliance management, time and attendance, and demand forecasting to reduce administrative burdens and allow them to focus on what matters most, like training their teams and interacting with customers. Through intelligent automation, routine tasks and decisions can be automated, enabling employees to get faster responses to their requests while managers can spend less time processing the requests.

Intelligent automation powered by Legion WFM is self-learning and continuously improves, making demand forecasting more accurate, automatically generating optimized schedules, reducing human errors, eliminating bias, and more. By automatically improving decision-making and reducing overhead, organizations can maximize labor efficiency and employee engagement simultaneously.

## 3. Equip your managers with modern tools and recognition and reward solutions to improve employee engagement.

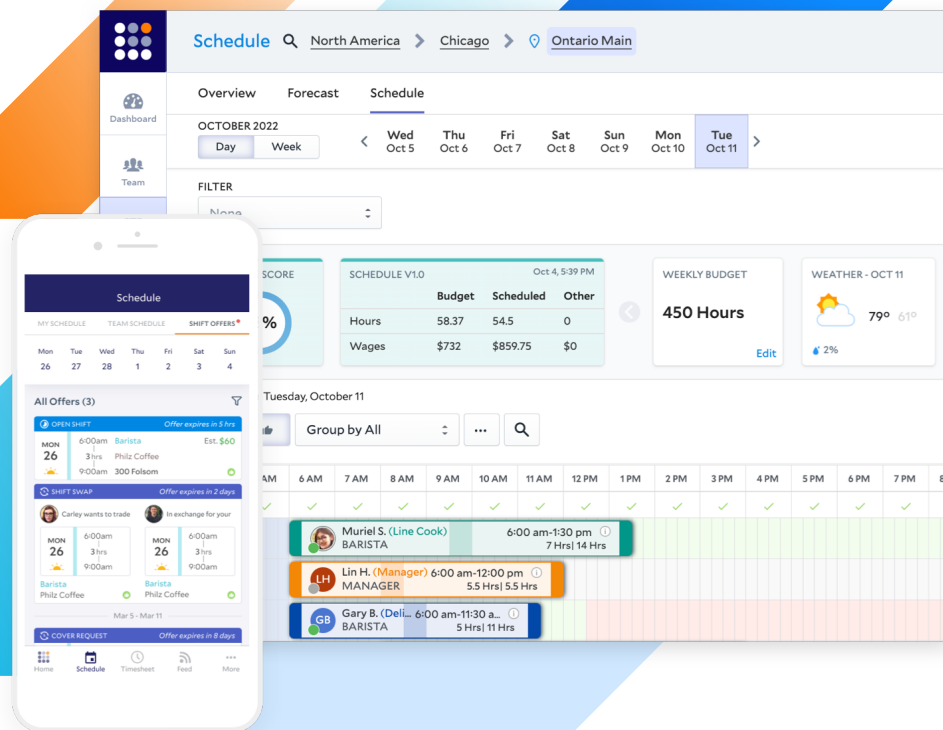


Employees continue to desire improved communication tools and greater recognition and rewards. Legion WFM is the ideal platform to deliver that employee value. By integrating a modern communications tool like Legion Frontline Communications in the same platform employees use to view their schedules, employers and managers know their messages will be seen, and compliance risk is reduced with clock-aware communications.

Legion's Performance and Rewards module can help managers give employees greater recognition and rewards based on quantifiable data tied to employees' daily performance. By giving hourly employees insights and feedback on their performance and development areas, they can improve their skills and engagement.

# About Legion

Legion Technologies delivers the industry's leading workforce management platform. It enables businesses to maximize labor efficiency and employee engagement simultaneously. The Legion WFM platform is intelligent, automated, and employee-centric. It's proven to deliver 13x ROI through schedule optimization, reduced attrition, increased productivity, and increased operational efficiency. Legion delivers cutting-edge technology in an easy-to-use platform and mobile app that employees love. Backed by Norwest Venture Partners, Stripes, First Round Capital, XYZ Ventures, Webb Investment Network, Workday Ventures, and NTT DOCOMO Ventures, Legion is recognized by Inc. as one of the 5000 fastest-growing private companies in America.



Visit [legion.co](https://legion.co) to see what Legion WFM can do for your organization.