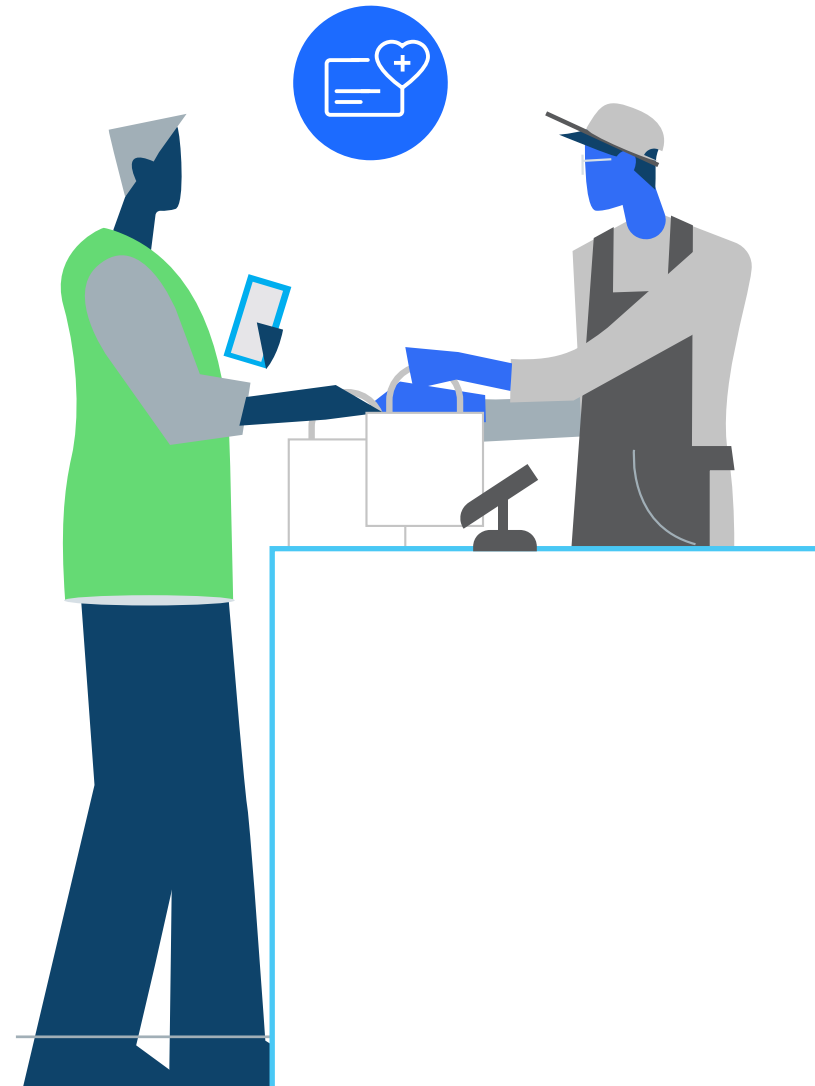


Stabilizing the hourly workforce: **what workers need to stay and thrive**



The labor market has been in a state of chaos since the start of the pandemic. In 2021, 47 million¹ Americans voluntarily quit their jobs, and as recently as April 2022, job openings outnumbered job seekers by nearly 2:1.² For employers, this volatile job market has meant near-constant turnover. In fact, experts say that this period will likely go down as the most challenging period for employers in United States history.³



Worker shortages and frequent turnover have been especially difficult for businesses that lean heavily on hourly workers, including retail, restaurants and hospitality.⁴ These businesses had to lay off workers during the pandemic⁵ and are now struggling to re-hire⁶—as well as retain—in one of the most competitive markets⁷ seen in decades.

Hourly workers, many of whom had experienced significant burnout from being on the frontlines of the pandemic, began reevaluating expectations around their jobs. This led many to jump ship for new opportunities that offered more money, greater flexibility or better work-life balance.⁸

Amidst the changing labor landscape, we surveyed more than 1,000 hourly workers across a variety of industries, including restaurant, retail, healthcare, manufacturing and more, to dig deeper into the financial challenges facing today's hourly workers. These data-backed insights, outlined in this eBook, can help businesses better support their workers and retain, recruit and stand out in today's challenging labor market.

Understanding hourly workers

Employers that know more about their employees' financial situation are better positioned to impact their workforce positively. By understanding workers' specific financial challenges, you can create solutions that cater to their needs. Our research focused on hourly workers but also uncovered specific subsets of workers that face more profound financial and job-related challenges.

Hourly workers

The hourly worker has always been difficult to recruit and retain. Of those we surveyed, many have experienced financial hardship, and just over half (57%) are extremely or very satisfied with their jobs, leaving room for improvement.⁹ Employers have a big opportunity to make a huge positive impact on the financial stability and job satisfaction of this important workforce.

Restaurant workers

The restaurant worker faces more challenges than other hourly workers, grappling with inconsistent hours, financial challenges, difficult customers and more.¹⁰ The pandemic put this already vulnerable worker under unprecedented financial stress. These workers tend to be less satisfied in their jobs and experience far greater financial challenges than hourly workers employed in other industries.¹¹

Workers with poor finances

There is also a subset of hourly workers that are particularly financially stressed and describe their current financial situation as being "fair" or "poor." These workers have experienced many past financial hardships,¹² tend to have lower job satisfaction,¹³ and are impacted by inconsistent pay.¹⁴

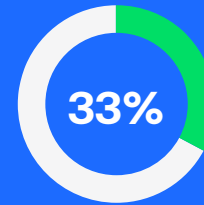
TREND

All hourly workers are under financial stress—but it's worse for certain segments of the workforce

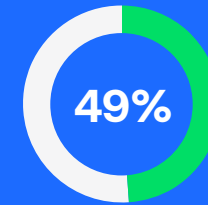
As hourly workers continue to struggle to make ends meet, it's crucial for employers to understand the impact on employees' lives, and how employees' financial stress can lead to a vicious cycle of recruitment and retention issues.

All workers with poor finances say their current financial situation is "fair" or "poor." Thirty-three percent of all hourly workers describe their financial situation this way, and almost half—49%—of restaurant workers do.¹⁶

Percentage of workers that say their current financial situation is "fair" or "poor."



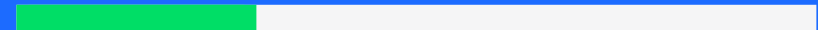
of hourly workers



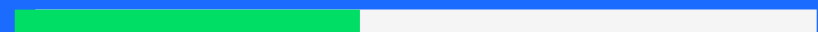
of restaurant workers

Many workers don't have money left over after paying bills.

30% of hourly workers¹⁷



43% of restaurant workers¹⁸



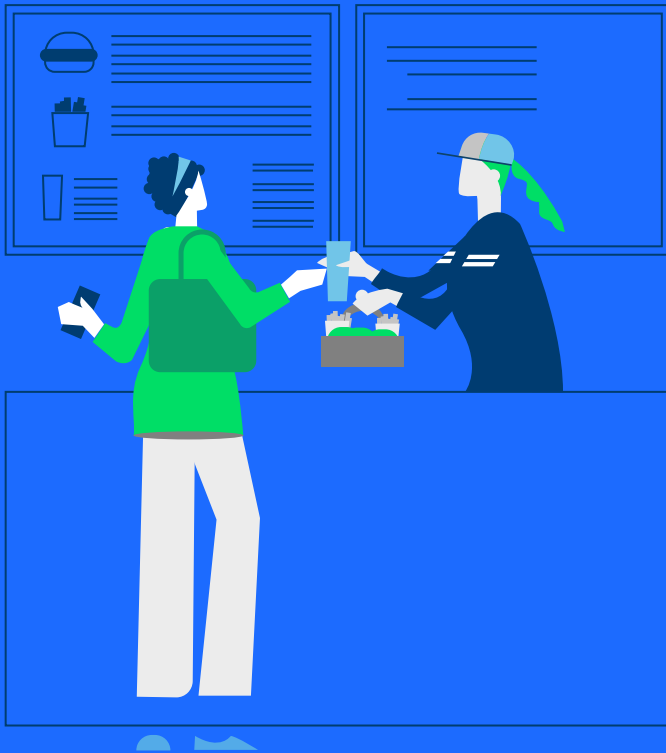
64% of workers with poor finances¹⁹



TREND

Financial hardship experiences²³

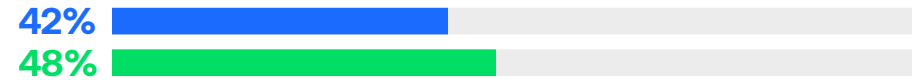
We also see examples of financial difficulties that are more common for restaurant workers and workers with poor finances. 56% of all hourly workers have experienced financial hardships,²⁰ while a whopping 70% of restaurant workers²¹ and 79% of workers with poor finances²² have experienced financial hardships.



Have been unable to save for unexpected expenses or emergencies



Have missed or fallen behind on paying bills



Have tried to find an additional job to manage their budget



Had job performance be affected by concerns over their finances



Quit or lost a job due to financial difficulties



Had an unexpected delay in receiving their first paycheck when starting a new job



Left a job before receiving a sign-on bonus



None of the above



Restaurant workers



Workers with poor finances

TREND

Inconsistent pay is a major hurdle for hourly workers

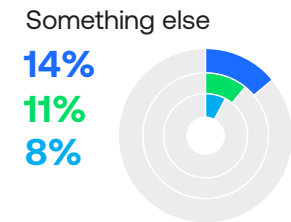
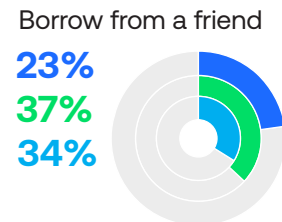
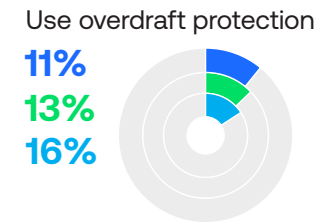
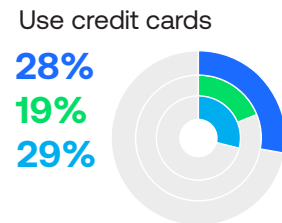
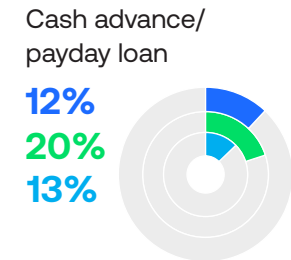
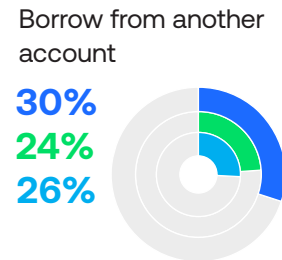
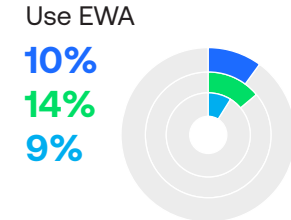
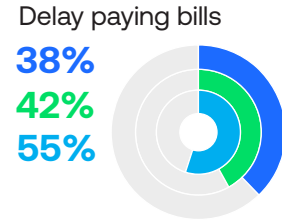
To stay competitive, some employers have offered higher compensation or sign-on bonuses. But for many businesses, those aren't sustainable options. Plus, many hourly workers need more than higher hourly wages to feel secure. In fact, many are impacted negatively by pay inconsistency.

When hourly workers can't pay their bills, they often have to make difficult choices that can then create a vicious cycle.

Percentage that says inconsistent pay has a great or slight impact on their ability to pay bills:



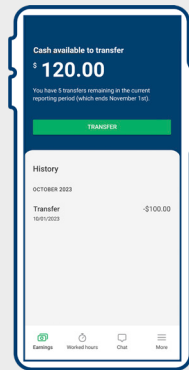
Actions taken to overcome challenges:



● All hourly workers ● Restaurant workers ● Workers with poor finances

Earned wage access defined

Earned Wage Access (EWA), also known as on-demand pay or early pay, can provide your employees on-demand access to up to 50% of the wages they have already earned in their current pay period. This means they can get paid for work they've already done without having to wait for the traditional payroll cycle to catch up.



Data shows that workers' financial stress is costly to the bottom line.

It goes without saying that people who are financially stressed are unlikely to perform at their best. And data confirms that poor employee financial health harms employers: 150 hours of productivity are lost each year per employee under financial distress.²⁸ Further, 43% of employees distracted by their finances at work spend three or more hours each week thinking about or dealing with their personal financial issues.²⁹



With 33% of today's hourly workers reporting that their current financial situation is fair or poor, **employers need to take action.**³⁰

TREND

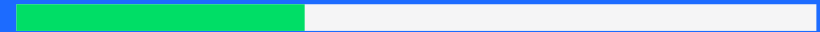
Hourly workers are looking for greater control over their finances and career growth

Today's hourly workers want more control over when they're paid, how they're paid and how they manage their money. They also want more control when it comes to career development and growth. Employers that want to stand out in today's tight labor market should consider the following:

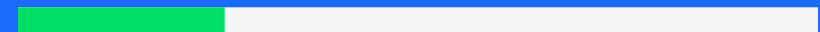
83% of hourly workers want more frequent pay.³¹



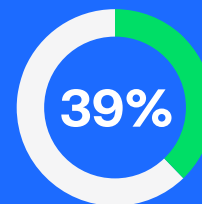
36% of hourly workers say that an earned wage access (EWA) benefit would prevent them from leaving a job.³²



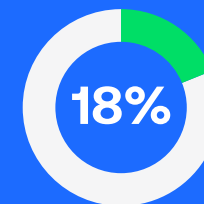
26% would stay in the job for on-the-job training that prepared them for the next level.³³



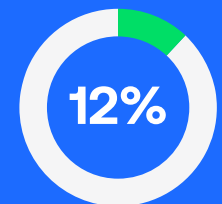
Many people would have stayed in a role for financial benefits that provide more control over their finances.³⁴



for Direct Deposit



for interest-earning savings account that's not a bank account



for online or mobile financial education tools

TREND

Workers want on-demand access to their earned wages to help make their lives easier

If you're looking for ways to better support your workers, as well as attract loyal and productive candidates in a volatile job market, earned wage access can be a solution. The earned wage access (EWA) benefit is in high demand among hourly workers, who rate it the number two benefit that they want.³⁵ Interestingly, workers report using earned wage access regardless of their financial situation, showing that it's beneficial to workers across the board.³⁶ The appeal of earned wage access is similar for all workers, however, workers with poor finances anticipate greater benefits for being able to use it to cover daily expenses.³⁷ And, almost half of all hourly workers agree that earned wage access makes their lives easier and reduces their stress.³⁸



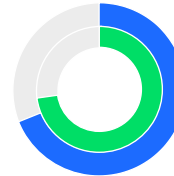
Earned wage access benefits to employers

- Easy and quick-to-deploy benefit
- Reduces employee absenteeism
- Reduces staff turnover
- Improves worker performance
- Improves employee engagement
- Drives employee wellness and stability
- Supports financially healthy employees

Workers use earned wage access for the following:³⁹

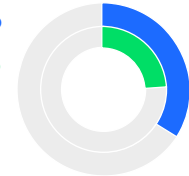
Everyday expenses

69%
73%



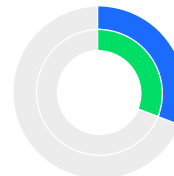
Pay mortgage/rent

34%
24%



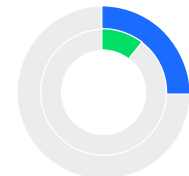
Unexpected emergencies

31%
31%



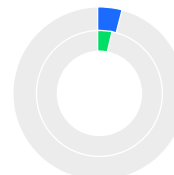
Car payment/transportation

25%
10%



Other

4%
3%

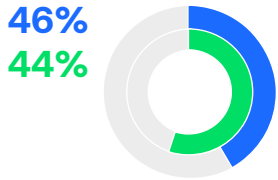


● All hourly workers

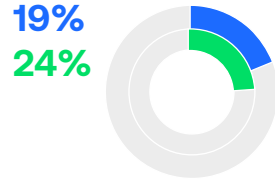
● Workers with poor finances

Workers say that earned wage access helps:⁴⁰

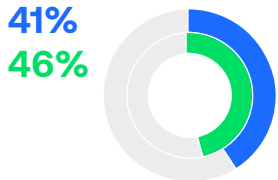
Make life easier



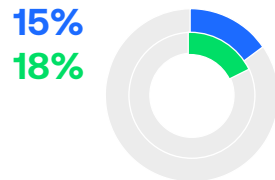
Take care of family



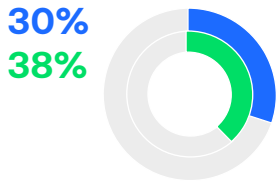
Reduce stress



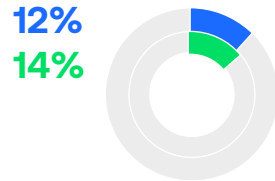
Avoid payday loans



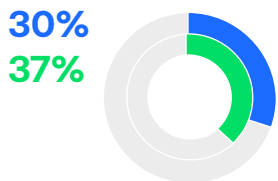
Avoid borrowing money



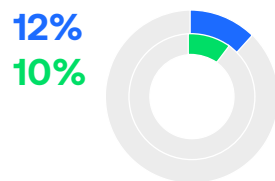
Get to work



Avoid late fees



Other



● All hourly workers

● Workers with poor finances

TREND

Earned wage access gives employees better control of their finances

A large percentage of workers find earned wage access to be an appealing benefit and one that helps them have better control over their financial situation. And, as research shows, financially secure workers are happier in their jobs and plan to stay in their jobs longer.⁴¹

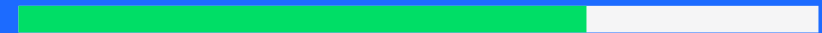
92% of employees that are offered earned wage access find it somewhat to extremely appealing.⁴²



90% of workers that use earned wage access are somewhat to extremely satisfied with their pay frequency.⁴³



71% of employees offered earned wage access report having money left over after paying bills and expenses.⁴⁴





TIP

Earned wage access is a gamechanger for retention and recruitment

Many workers would consider changing employers to receive a benefit that gave them early access to their wages. Others say that the benefit would keep them at their current job, especially those who frequently change jobs. There's also a link between earned wage access and job satisfaction. More than half of hourly workers are extremely or very satisfied with their job, but the most satisfied workers are employed at companies that offer an earned wage access benefit.⁴⁵ Every employer knows that the more satisfied your workers are, the less likely that they will seek out employment elsewhere.

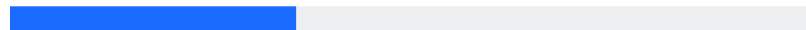
36% of all respondents say earned wage access would prevent them from leaving their current job.⁴⁶



57% of workers that have had five jobs in the past three years⁴⁷—and have likely had an outsized impact on your business's turnover—say earned wage access would prevent them from leaving their current job⁴⁸



32% of hourly workers would choose one job over another if it offered earned wage access.⁴⁹



Communication can make or break your earned wage access program

Earned wage access can help your business stand out in a saturated hiring market. However, despite the demand and positive impact of earned wage access, there is still confusion among workers about what the benefit is, if they have access to it and how it can positively impact their financial health. In fact, only 36% of the workers that we surveyed were aware of EWA.⁵⁰ Plus, of all those hourly workers offered earned wage access, half needed additional details just to identify it as a benefit that they are offered.⁵¹



The takeaway

To get the most out of earned wage access, employers need to do more than just offer this benefit; they need to educate employees about the benefits. The bottom line is that earned wage access can help you retain and recruit, but communication can make or break your program's success.

The Netspend Earned Wage Access Advantage

There's no silver bullet that will solve every recruitment and retention challenge in today's competitive hiring environment. But employers that offer a wide range of financial wellness tools have an opportunity to stand out and create a win-win for the business and their workforce. Here's a checklist that can help employers rebuild workforce stability, even in today's tight labor market.

Core capabilities

- **Earned wage access** helps workers gain better control over their financial situation to become more financially stable, less stressed and more productive at work. Considering that only 18% of the workers surveyed report being offered earned wage access, it's a way that your business can stand out in the hiring crowd.⁵² Not to mention, of the 18% who are offered EWA,⁵³ the majority, 77%,⁵⁴ took advantage of the benefit.
- **Savings programs** offer tools and benefits that make it easier for your workforce to save can further support a stronger financial foundation.
- **Digital payments** can save time and expenses. And for tipped workers, digital tip payments can be made promptly, regardless of how much cash is on hand.
- **Mobile financial tools** make managing money on the go simple. This is key to minimizing work and life disruptions and enabling access to online and mobile payments.
- **Direct deposits** offer faster, more reliable access to wages without the burden and expense of check cashing fees.
- **On-the-job training** for workers who are looking for employers that prioritize their career growth.
- **Financial education:** In our 2021 study, 29% of the workers surveyed indicated they would consider changing employers for access to free financial planning tools, and 35% said they would change employers for free financial education.⁵⁵

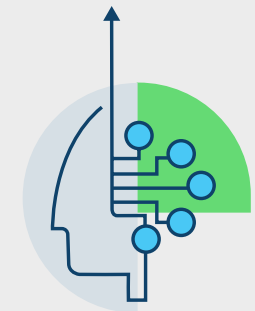


Of these 18%
77% use the service



Remember

You have to do more than just make these benefits available. Communication and education are key, especially for newer solutions like earned wage access. Employees need to understand what the solution is and how it benefits them. A thorough explanation is critical.



To learn more about earned wage access, visit netspend.com/business/earned-wage-access

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- ¹⁰ Netspend Pulse Survey of Hourly Workers 2022, June 9, slide 7
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- ¹⁵ Netspend Pulse Survey of Hourly Workers 2022, June 9, slide 11
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- ²⁰ Netspend Pulse Survey of Hourly Workers 2022, June 9, slide 26
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- ²² Netspend Pulse Survey of Hourly Workers 2022, June 9, slide 96
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- ²⁴ Netspend Pulse Survey of Hourly Workers 2022, June 9, slide 25
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- ⁴⁵ Netspend Pulse Survey of Hourly Workers 2022, June 9, slide 15
- ⁴⁶ Netspend Pulse Survey of Hourly Workers 2022, June 9, slide 59
- ⁴⁷ Netspend Pulse Survey of Hourly Workers 2022, June 9, slide 5
- ⁴⁸ Netspend Pulse Survey of Hourly Workers 2022, June 9, slide 59
- ⁴⁹ Netspend Pulse Survey of Hourly Workers 2022, June 9, slide 59
- ⁵⁰ Netspend Pulse Survey of Hourly Workers 2022, June 9, slide 141
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