

SURVEY REPORT

Hour by Hour: Attracting and Retaining Hourly Employees and Their Managers

July 2021



CONTENTS

Introduction..... 3

Detailed Findings..... 5

 Lack of Schedule Empowerment and Poor Communication Can Lead to Attrition.....5

 Managers Want Better Tools to Communicate with Their Teams and Spend Less Time on Administrative Tasks.....7

 Manual Processes are Wasting Time and Effort 8

 Incorporating Employee Preferences While Meeting Business Needs is Challenging Using Manual or Outdated Processes..... 9

 Managing Schedule Changes is Time-Consuming.....10

 Manual Processes for Filling Open Shifts Introduces Risk11

 Automate to Uplevel.....12

Three Actions You Can Take Today 13

About Legion..... 15



Introduction

Approximately 75 million U.S. workers (48% of the workforce) are paid an hourly rate. Many of these employees work in retail, logistics, hospitality, or other services sectors. Attrition is costly to the employee experience and the bottom line. McKinsey & Company estimates that “replacing an employee can cost 20% to 30% of an annual salary on average. By contrast, retraining an employee costs less than 10% of annual pay.” Being short-staffed due to challenges in hiring and retaining employees can result in costly OT, burnout, or poor customer service.

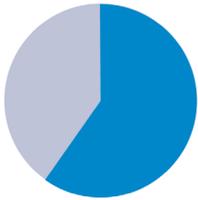
Changes in market conditions and the expectations of Millennials and Gen Zers, who now make up 60% of the hourly workforce, require businesses to adopt new ways to attract and retain employees. Millennials and Gen Zers who grew up with the internet expect modern communication tools, gig-like flexibility, and the ability to complete transactions quickly and easily from their mobile devices. But as hourly employees, they often lack schedule flexibility and mobile technology. Attracting and retaining these employees requires investments in digital transformation and workforce technologies.

In May of 2021, Legion commissioned a study of thousands of hourly workers and their managers in North America. The goal was to better understand workplace concerns and desires and learn how businesses can improve those experiences to attract and retain critical employees.

Summary

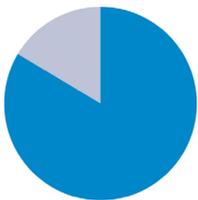
Survey results show more than **83%** of employees and their managers reported feeling just as stressed in 2021 as they did in 2020 during the height of the pandemic. These stress levels can result in increased levels of attrition if businesses don't take action. And, as our survey uncovered, keeping employees and their managers happy is about more than just pay.

To attract and retain hourly employees, businesses should empower them by giving them more input into their schedules, better communication tools, and schedule flexibility.



- Schedule empowerment is critical, with **59%** of employees who responded citing scheduling issues as reasons they would quit a job. When looking at why employees leave their current jobs, two areas of opportunity for businesses emerge – greater schedule flexibility and control and improved communication (39%).

Businesses need to invest in automation and modern communication tools to free up managers, so they can upskill their teams and focus on creating great employee and customer experiences.



- Attracting and retaining employees is challenging, and managers are a big part of the equation. But are they spending time on the right things? More than a third (**35%**) of managers surveyed, report spending 3-10+ hours per week creating and managing schedules.
- Manual and outdated processes can have a negative impact on employee satisfaction. While **83%** of employees surveyed felt it is important to share their preferences on scheduling, almost half (48%) of the managers surveyed struggled daily to match employee preferences and availability with the needs of the business when creating schedules.
- Managers reported that the top two things employers could do to make their lives easier were to provide tools that would make it easier for managers to communicate with their teams (**42%**) and reduce the time spent on routine tasks, like scheduling (36%).
- Almost half of the managers reported that if their administrative burdens were reduced, they would spend the time coaching and developing their team (**49%**) and interacting with customers (27%).

Digital transformation is key for businesses to create and operationalize an empowered workplace that attracts and retains hourly employees and their managers.

Many businesses have focused on digital transformation efforts to create a great experience for customers, but they have overlooked the experience managers and hourly employees have on a daily basis. With modern, intuitive technology, businesses have the power to change the story and create great job experiences. In fact, **82%** of hourly employees said they would be likely or very likely to work for a company that offered more empowerment tools, while a further 13% said they would only work for a company that offers these benefits.

Detailed Findings

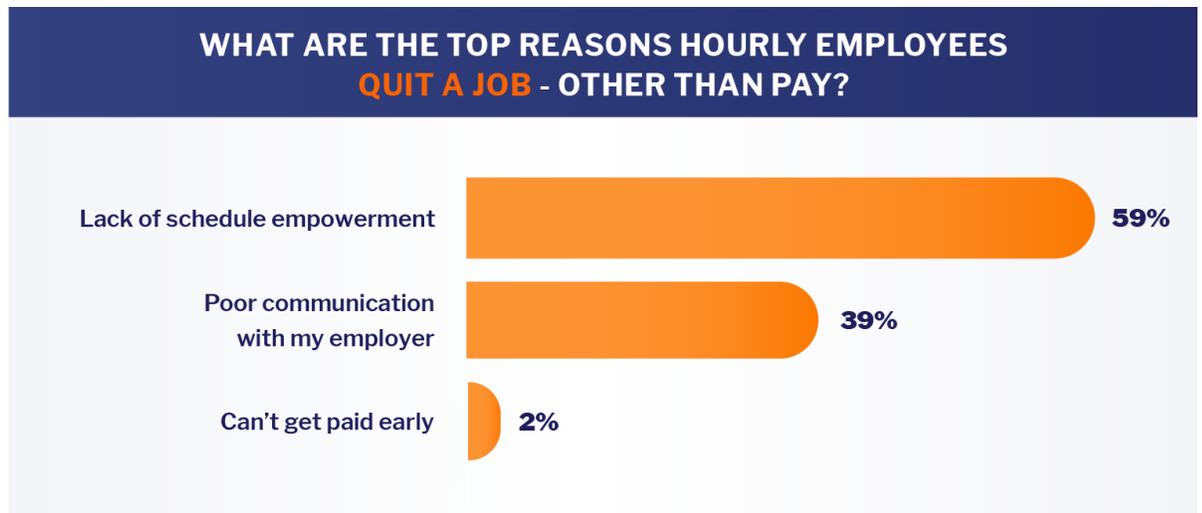
More than **80%** of hourly workers and their managers reported being as stressed or more stressed in 2021 as they were in 2020. As a result, many of them are reevaluating where and how they want to work. **Competition for talent is intense, so businesses must look beyond offering only a living wage to attract and retain workers.** For example, Philz Coffee markets flexible scheduling as a career perk on their careers page.



“[Philz] team members can use the Legion app to **sign up for shifts that fit their lives**, as well as shifts at other store locations.”

1. To attract and retain hourly employees, businesses should empower them by giving them more input into their schedules, better communication tools, and schedule flexibility.

Lack of Schedule Empowerment and Poor Communication Can Lead to Attrition



Are there hidden reasons why your employees are leaving?

Legion’s survey found that other than pay, **scheduling issues are the leading reasons employees leave their jobs**. Employees feel it’s critical to have schedule flexibility, including when and where they work, so they can meet personal obligations. Employees also cited manager favoritism and the inability to pick up extra shifts as key issues with scheduling.

The survey results showed that the second reason an employee would quit their job was poor communication with their managers. With a workforce composed primarily of Millennials and Gen Zers who heavily rely on mobile applications to manage their lives, it stands to reason manual processes and communication methods play a significant role as well.

Beyond providing a living wage, companies must deliver value to keep their employees happy and motivated. Schedule empowerment is the number one thing employees value. They want to pick up extra shifts, swap shifts, and give schedule input to their employer. Employees also want to get paid early if they have an emergency without having to resort to using an expensive payday lender or borrowing money from friends or family. And employees want modern communication tools, like a mobile app, to make it easier to communicate and check their schedules.



“There’s often a challenge in meeting both business demand as well as employee satisfaction as it relates to schedules.

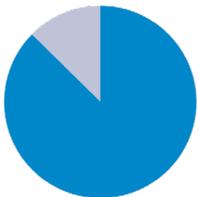
Legion allows our team members to become active participants in the creation of their schedules and also makes it easy for us as a business to best serve our community.

A magical accomplishment. Legion is the future.”

Jacob Jaber, CEO, Philz Coffee

How important is delivering employee value?

A further survey question in the study asked the likelihood of employees to work for a company that offered benefits such as schedule empowerment, modern communication tools, and access to pay. Again, the results make it clear that it is critical for businesses to think beyond just providing a living wage to attract and retain employees.



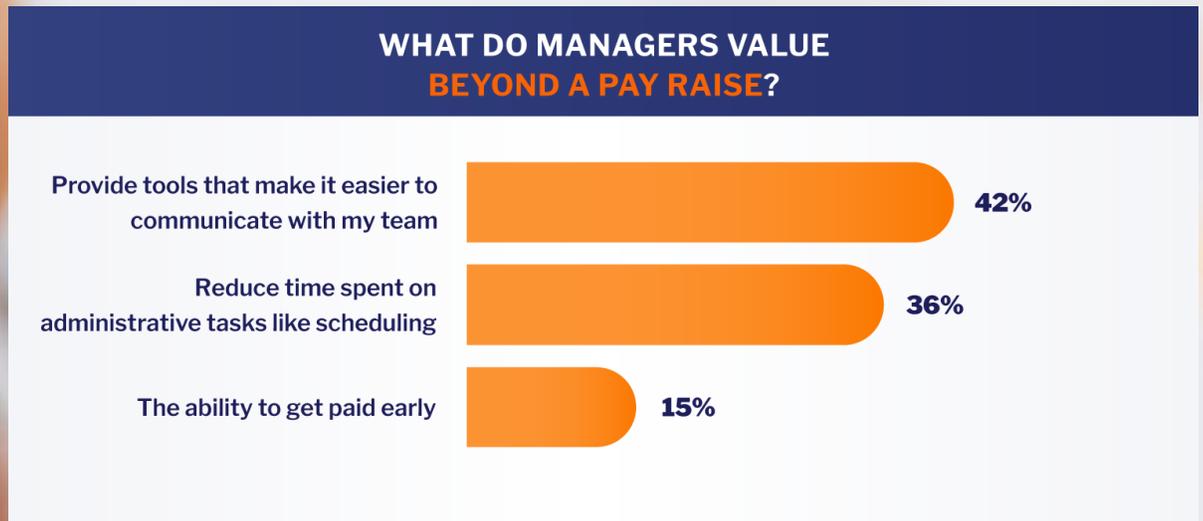
In fact, **82%** of hourly employees surveyed said they would likely or very likely work for a company that provides the benefits employees value. An additional 13% said they would **ONLY** work for a company that delivered these benefits.

Many of the reasons employees cited for leaving their current job could potentially be preventable with automation and technology that provides more transparency, control, and better communication.

2. Businesses need to invest in automation and modern communication tools to free up managers to upskill their teams and focus on creating great employee and customer experiences.

Managers feel increased pressure with turnover, staffing, overseeing new ways of customer engagement (drive-up, delivery, and more), budgets, and compliance. Manual and outdated processes compound these issues and require managers to focus too much time on administrative tasks. As previous survey results show, employees want better communication and more flexibility with their schedules.

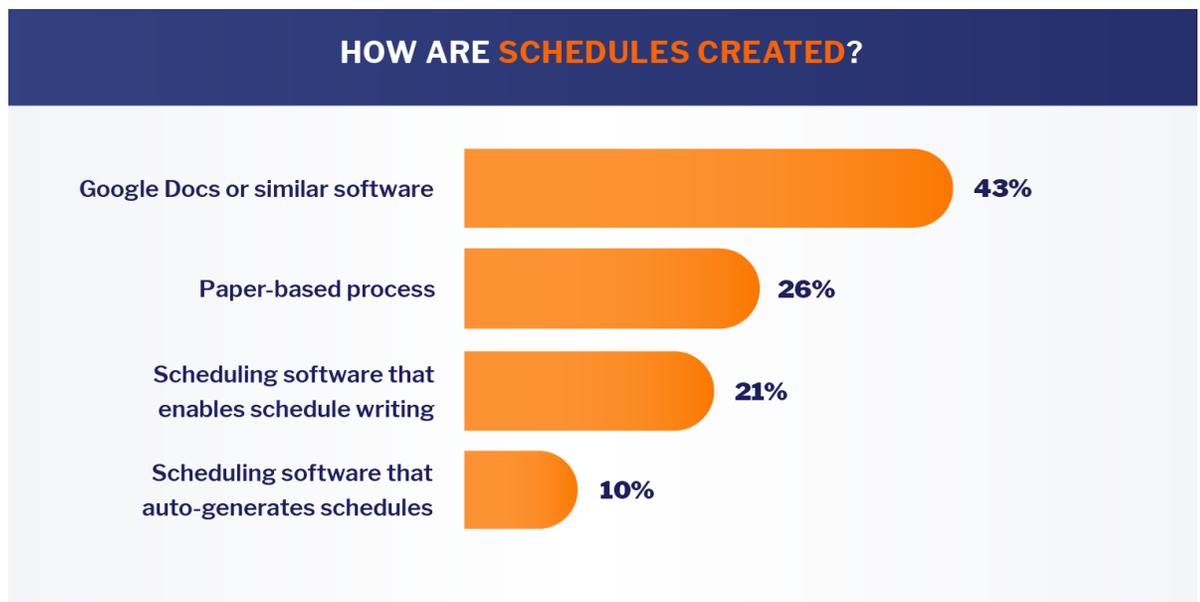
Managers Want Better Tools to Communicate with Their Teams and Spend Less Time on Administrative Tasks



It's no surprise that **42%** of managers surveyed would value better tools to make it easier to communicate with their teams as well. A further **36%** noted they would value a reduction in administrative tasks.

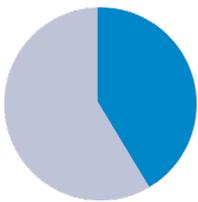
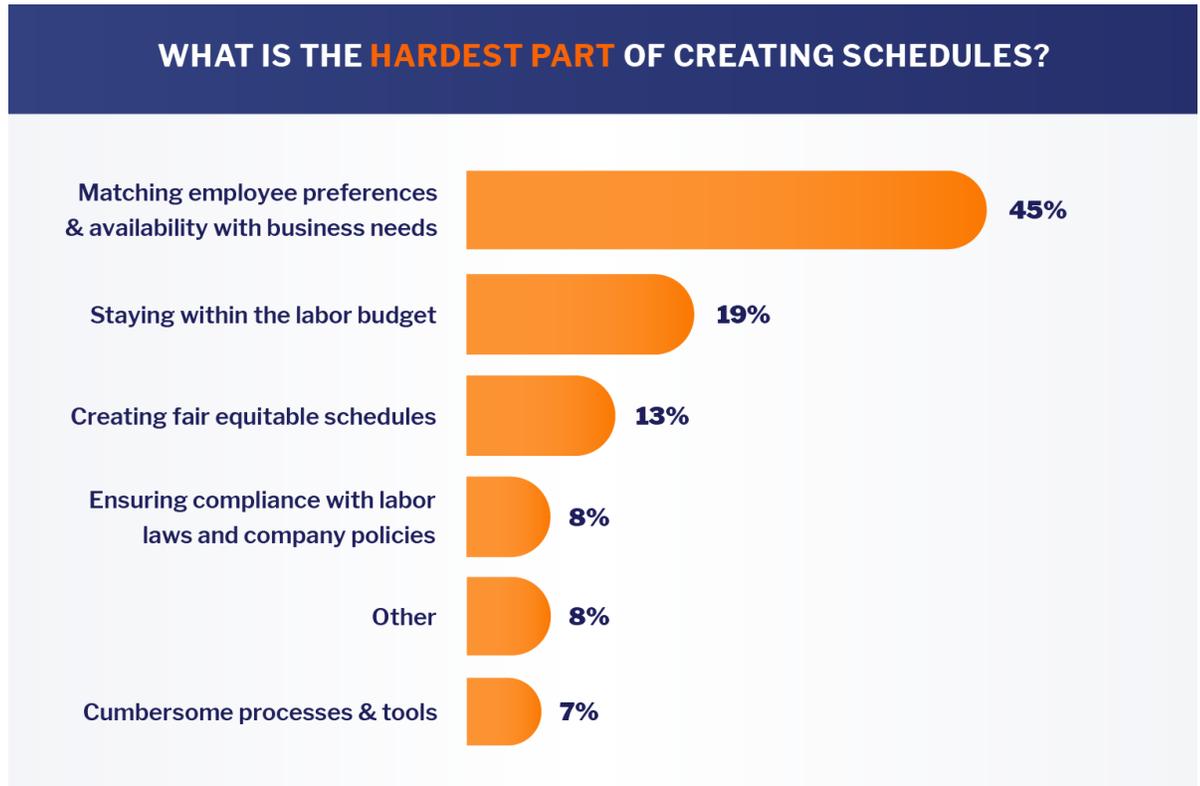
However, many organizations currently rely on manual, paper-based processes or rudimentary software, such as Google Docs, to create schedules. These processes make it extremely difficult for managers to match employee preferences with business needs, stay within labor budgets, and ensure compliance with labor laws.

Manual Processes are Wasting Time and Effort



35% of managers using **manual processes reported spending 3-10+ hours a week** creating schedules, managing schedule changes, and employee attendance.

Incorporating Employee Preferences While Meeting Business Needs is Challenging Using Manual or Outdated Processes

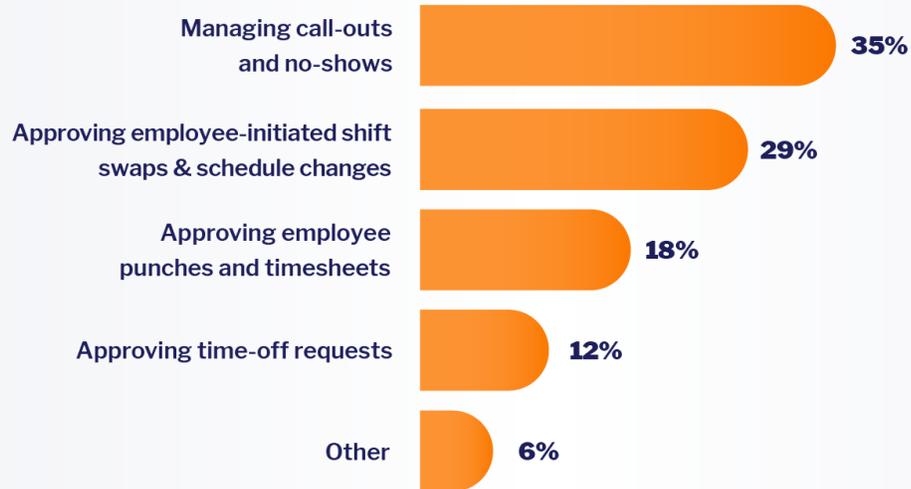


One particularly challenging area for managers, which is very important to employees, is incorporating preferences and availability into the schedule. In the survey results, **45%** of managers identified incorporating preferences while balancing the needs of the business as the hardest challenge they have when creating schedules.

Another challenging area is dealing with schedule changes due to absences or employees looking to swap shifts.

Managing Schedule Changes is Time-Consuming

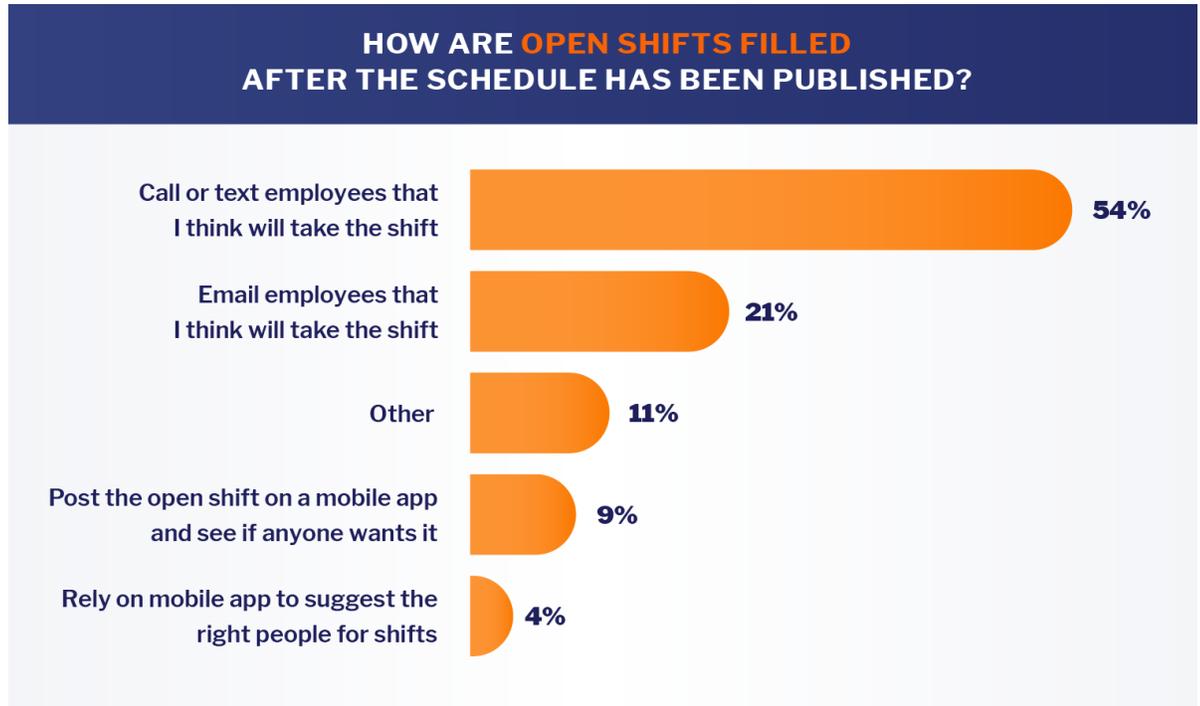
WHAT TAKES THE MOST TIME AND EFFORT WHEN CREATING SCHEDULES?



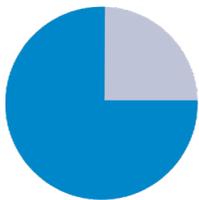
35% of managers surveyed shared that managing call-outs and no-shows takes the most time and effort. That's likely because, as our survey data shows, employees are communicating the changes to their schedules manually through emails, calls, and text messages.

In fact, **almost three-quarters (73%) of employees call or text their managers to notify them about unexpected schedule changes**, sometimes before the shift but too often after, to explain what happened.

Manual Processes for Filling Open Shifts Introduces Risk



Employees surveyed told us that one key area that impacts their overall satisfaction is the ability to swap shifts or pick up additional shifts when needed. These employees are often working multiple jobs, doing gig work, or balancing home or school responsibilities. But, for managers meeting this need is a challenge. Three-quarters (75%) of managers reported filling open shifts by calling or emailing employees they think will be interested in picking up the shift. That’s not only inefficient, it potentially opens managers up to compliance issues, increased labor costs, and perceived favoritism as well. Managers could actually be contributing to attrition by always giving shifts to “favorite” employees or not sharing the opportunity with all employees. They could also give shifts to employees that create an overtime situation vs. employees that would not require overtime. What appears on the surface to be just inefficiency could be very costly to the business.



Ensuring employees are happy and well trained and that customers have a great experience are two of the most important things managers do for your business. Given this finding, it’s troubling to see that **76% of managers feel they don’t have time to focus on these important areas because they are bogged down with administrative tasks.** Freeing managers from manual and outdated processes enables them to focus on the right things to retain employees and customers – building relationships with team members, adapting employee skills and roles to meet new ways of working, and engaging customers.

Automate to Uplevel



“Using Legion WFM enables us to reduce costs and increase the time we spend with customers. For us, **every minute we can save that’s not spent on a manual task or to-do is an opportunity to engage** with those customers and have a fun moment while they’re visiting us.”

Manager of Workforce Planning, Leading Specialty Discount Store

To attract and retain hourly employees, it’s more important than ever for businesses to provide them with greater value, including schedule empowerment, schedule flexibility, and modern digital tools. To improve operational efficiency and retain their managers, **businesses need to provide tools that automate administrative tasks and improve employee communications.** Having the right technology and tools frees managers to spend more time upskilling and coaching employees to ensure a great customer experience.

Three Actions You Can Take Today

Businesses can take several actions today to start creating a better experience for their managers and employees.

1. Extend Digital Transformation Efforts to Frontline Employees



To survive and thrive in uncertain times, many businesses have heavily invested in digital transformation to serve customers through new channels, communicate more effectively with them or make it easier for them to complete transactions. In addition, digital transformation efforts have been sped up by 3-4 years due to the pandemic, according to [McKinsey](#). But, technology shouldn't just be for customers. Employees and managers of all levels want the same type of modern tools and the ability to manage activities via their mobile devices.

Extending digital transformation efforts to the workforce and delivering greater employee value through workforce management technology is a great place to start. For example, swapping a shift easily, picking up an open one, or checking a schedule gives employees more control. Tools that make it easy to share preferences or communicate schedule changes with managers improve and streamline communications. Giving employees access to their pay early to deal with life's unexpected issues all help to improve and create a great employee experience. WFM not only maximizes labor efficiency it also helps you deliver a great experience for your employees.

However, while technology is great, choosing what your employees will adopt and embrace can mean the difference between success and failure. Legion delivers powerful capabilities in an easy-to-use mobile app. **Over 95% of Legion customers' employees use the mobile app regularly to view their schedules, claim open shifts, swap shifts, request time off, and update their preferences.** Legion WFM also enables self-service scheduling and the ability for employees to indicate and update their work preferences, so they receive personalized schedules and targeted shift offers. [Have you invested in delivering a seamless digital process for your employees?](#)

2. Improve Communications



Based on the survey findings, **82%** of managers and employees surveyed said they were likely or very likely to work for a business that provided benefits such as better communications and schedule empowerment. As consumers, mobile technologies have raised expectations for immediate feedback, information at our fingertips, and clear communications. Yet, too often, those expectations are not being met in the workplace.

With Legion WFM, you can streamline employee communications through a modern digital application and also protect your business through improved, fully-compliant communications. The platform is schedule-aware and knows when employees are on the clock and are allowed to receive communications. In addition, this easy-to-use application has seen 95% employee adoption and daily use, so employers know the communications will be read. No more calling or emailing a few select employees.



“We ask hourly workers to do so much, the more we can streamline their processes, the better it is for them. **Legion is a competitive advantage for us in attracting workers.** Everyone uses the app, and they want even more features, which is a sign that you have a great product.”

Executive Director of Information Systems, National Convenience Store Chain

3. Provide More Automation to Create Efficiencies, Flexibility, and Autonomy



One theme was repeated in the survey results – manual processes are time-consuming, detract from a manager’s ability to coach their teams and engage customers, often lead to perceived favoritism or disengaged employees, and expose businesses to compliance risk. From a day-to-day perspective, automation is critical to operational efficiency and retaining managers and employees. With modern WFM tools, you can see significant time savings.

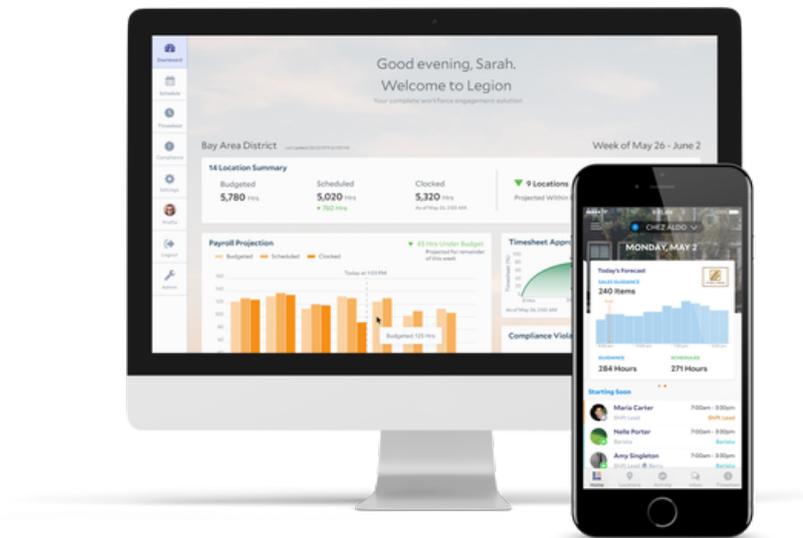
50% Reduction in Scheduling Time

Leading retailers, including SMCP, reported a **50% reduction in scheduling time with Legion WFM.** Legion WFM automatically generates fully-compliant, perfect-match schedules in one click. Across Legion’s customer base, there is an 18-hour reduction in hours spent per month on schedule generation.

Using Legion WFM, managers can also easily edit schedules, and the AI-powered platform continuously learns from managers’ edits and incorporates that data into future schedule generation. As a result, more than 50% of the AI-generated schedules in Legion’s customer base are published without any modifications or manual intervention.

About Legion

Legion Technologies is the global leader in AI-powered workforce management (WFM). The Legion platform optimizes labor efficiency and employee engagement simultaneously – at scale – enabling companies to significantly reduce labor costs, cut scheduling time in half, and achieve 95% employee engagement. Legion has been recognized as a Gartner Cool Vendor and included on JMP Securities’ Hot 100 List of the Best Privately Held Software Companies. The company is backed by Norwest Venture Partners, Stripes, First Round Capital, XYZ Ventures, Webb Investment Network, Workday Ventures, and NTT DOCOMO Ventures.



Visit legion.co to see what Legion WFM can do for your organization.