



The COVID-19 Labor Shortage

Exploring the disconnect between
businesses and unemployed Americans

Purpose of the Research

The COVID-19 pandemic has had a significant impact on the U.S. workforce and economy, putting millions of Americans out of work.

Now that businesses are finally starting to reopen, many say they are experiencing a labor shortage and are struggling to attract and retain workers despite current levels of unemployment. Many have blamed the pandemic stimulus checks and expanded COVID-19 unemployment benefits, prompting states to reduce or opt out of them early.

Meanwhile, many unemployed Americans expected to have their unemployment benefits until September. They are now grappling with returning to work despite their concerns about the jobs and wages currently available in the market, caregiving responsibilities, and their health.

This research seeks to explore potential reasons behind this disconnect by exploring this labor shortage from two different perspectives: *Businesses* and *unemployed Americans*.





The Business Perspective



Nearly 9 in 10
of the organizations
surveyed said they are
currently finding it
difficult to fill certain
open positions.

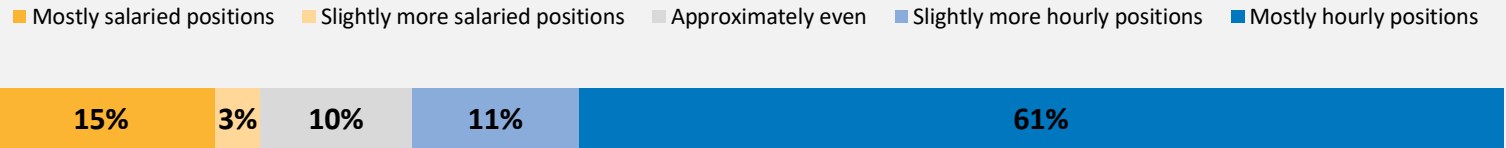
33% are having an *extremely*
difficult time

Nearly 40% are having a *very*
difficult time

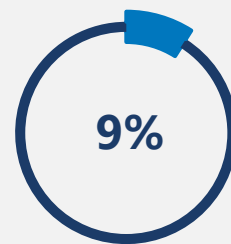
28% are having a *moderately*
difficult time

Businesses say they are having the toughest time filling hourly, entry-level and mid-level non-managerial positions

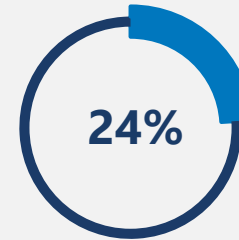
Do the open positions your organization is having the most difficulty filling tend to be hourly or salaried positions?



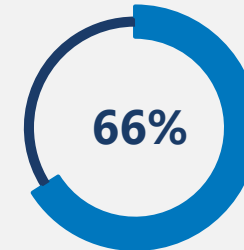
Which types of positions is your organization currently finding difficult to fill?



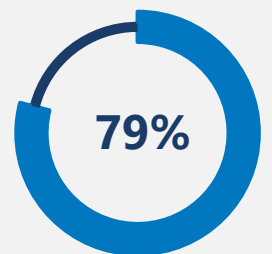
Senior or executive-level positions



Mid-level (managerial) positions



Mid-level (non-managerial) positions



Entry-level positions



Industries struggling to hire predominantly hourly positions:

Manufacturing



Hospitality, Food, and Leisure



Healthcare and Social Assistance



All industries



Industries struggling to hire entry-level positions:

Manufacturing



Hospitality, Food, and Leisure



Wholesale/Retail Trade, Transport & Warehousing



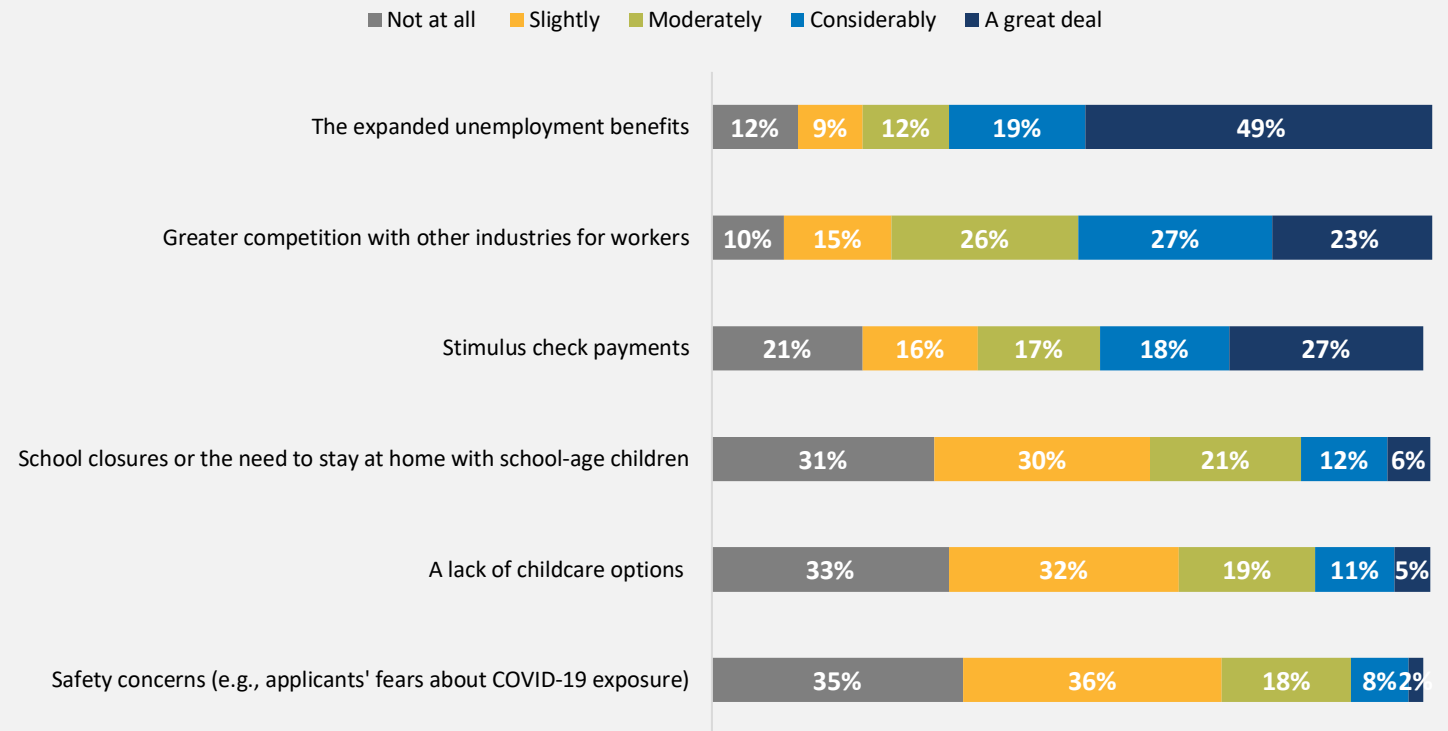
All industries



Nearly 7 in 10 organizations believe that the expanded COVID-19 unemployment benefits have contributed to their difficulty filling certain open positions *considerably* or *a great deal*.

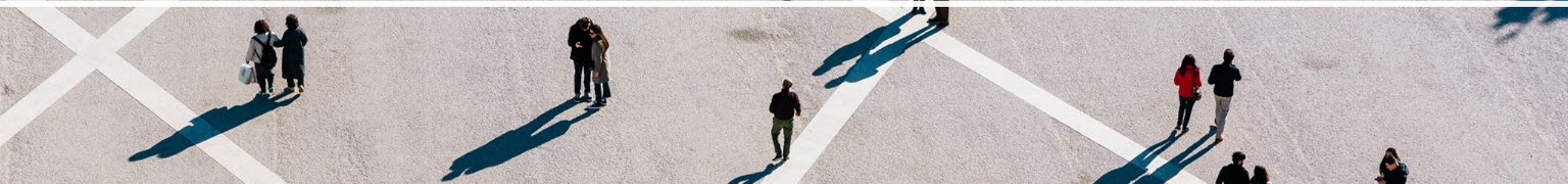
Notably, employers are significantly less likely to believe their hiring difficulties are tied to childcare or safety concerns.

To what extent have the following contributed to your organization's difficulty filling certain open positions?



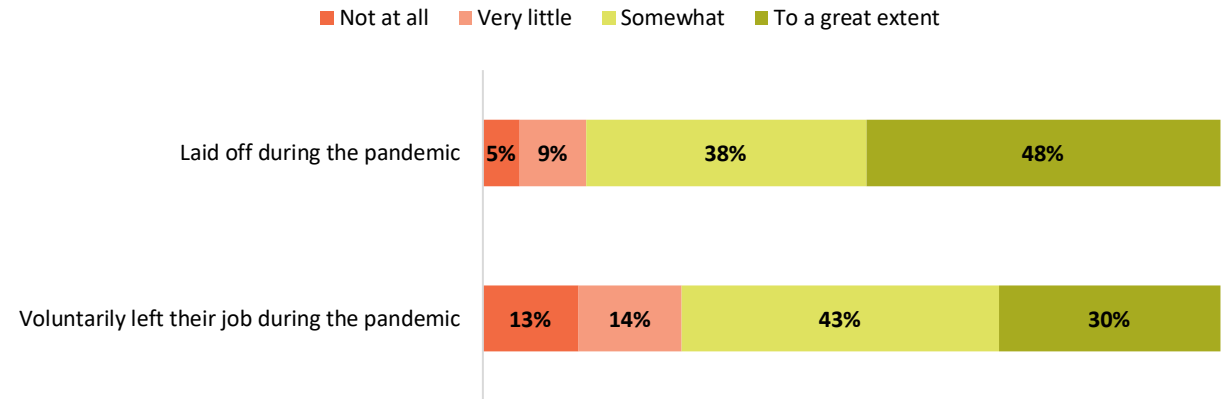


The Unemployed American Perspective



How actively
unemployed Americans
are looking for a new job
is tied to the way in
which they became
unemployed

How actively are you looking for a new job?



Those who said they voluntarily chose to leave their job during the pandemic are less likely to say they are actively searching for a job *to a great extent* (**30%**) than those who are still unemployed because they were laid off by their previous employer (**48%**).



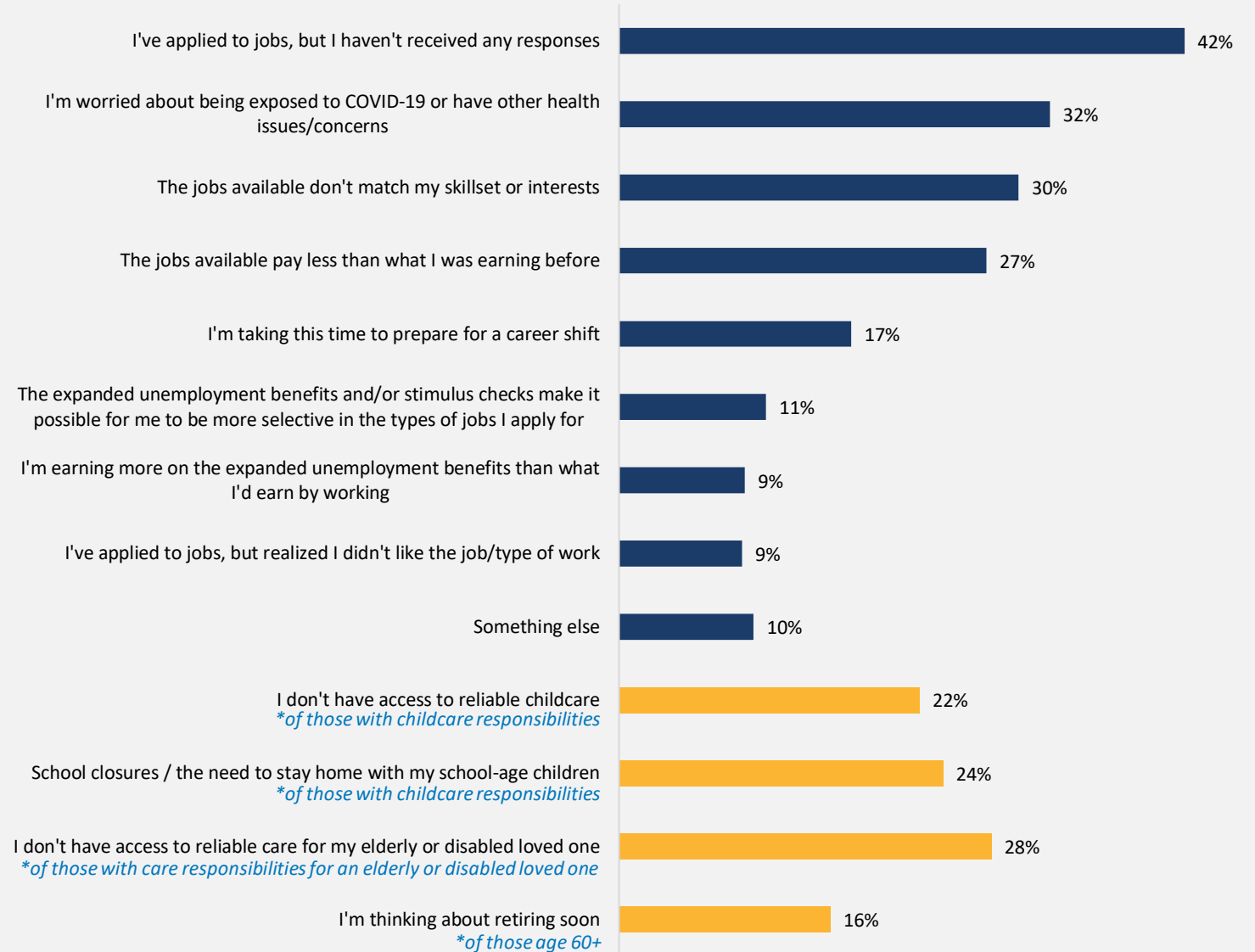
3 in 5

unemployed Americans say they feel misunderstood or judged because of their unemployment status

Those with children are more likely to feel misunderstood or judged because of their unemployment status (**66%**) than those without children (**56%**).

There are a variety
of reasons why
unemployed
Americans say they
are still out of a job

For which of the following reasons would you say that you're still unemployed?



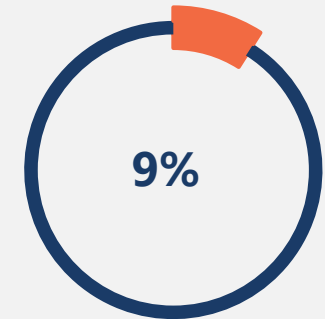
The top reasons
businesses say they're
facing a labor shortage
heavily contrast with the
reasons unemployed
Americans say they're
still out of work

Nearly 7 in 10 organizations believe that the expanded COVID-19 unemployment benefits have contributed to their difficulty filling certain open positions *considerably* or *a great deal*.

Yet, only a minority of unemployed Americans cite this as a reason they're still unemployed...



Of unemployed Americans say that the expanded benefits and stimulus checks have made it possible for them to be more selective in the types of jobs they apply for



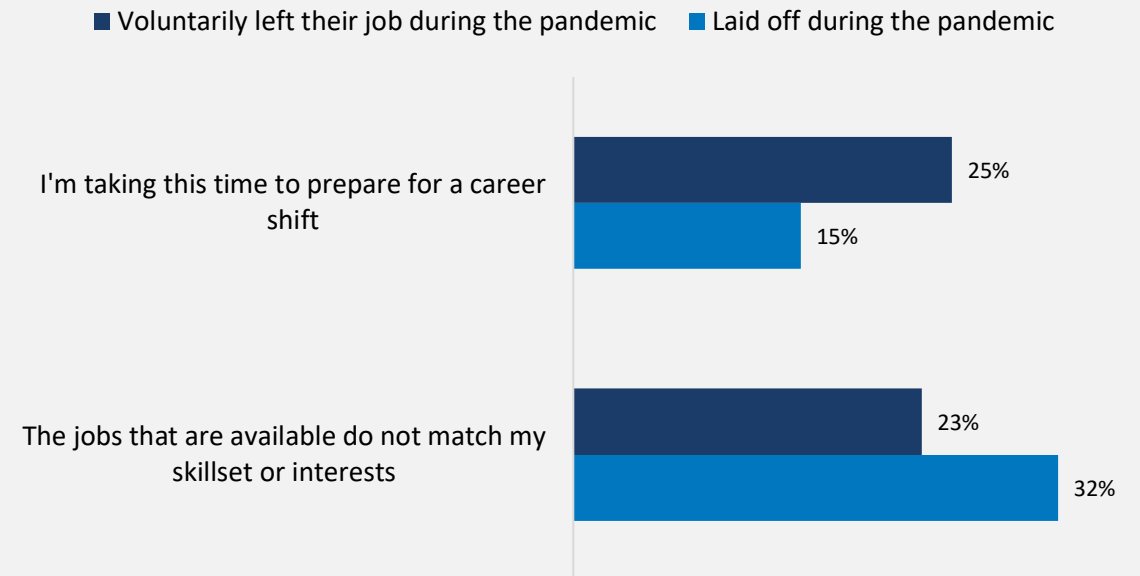
Of unemployed Americans say they're earning more on the expanded unemployment benefits than what they'd earn by working

Spotlight: Career Shifts

17% of unemployed Americans said they're using this time to prepare for a career shift, suggesting that some of the workers businesses previously relied on prior to the pandemic may be looking to change industries.

Notably, those who voluntarily left their job during the pandemic are more likely to say they are using this time to prepare for a career shift than those who were laid off from their jobs.

Further, unemployed Americans with another source of income may feel more comfortable taking the risk of shifting careers. Those with an employed spouse or partner were more likely to say they're taking this time to prepare for a career shift (**22%**) than those whose spouse or partner is also unemployed (**12%**).

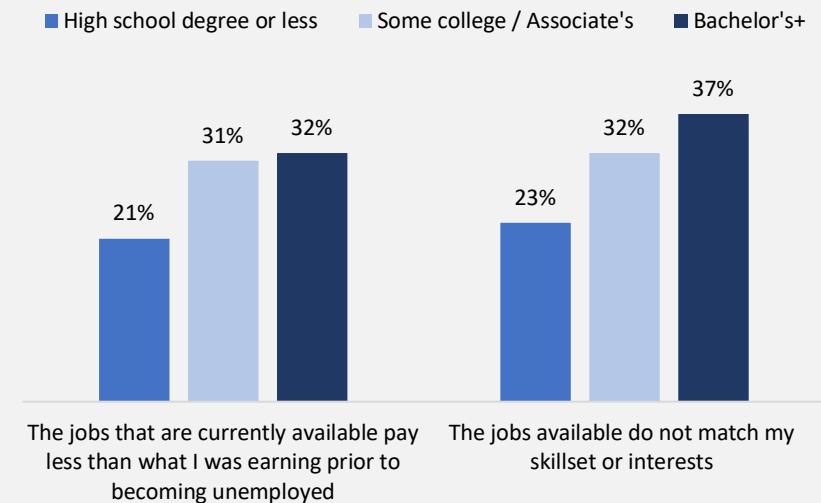


Spotlight: Previous Roles & Education

Unemployed Americans are likely to consider their previous roles and level of education when deciding which jobs to apply to during their search.

For example, those with higher levels of education are more likely to say factors contributing to their continued unemployment include that the available jobs pay less than what they were earning before and that the available jobs don't match their skillset or interests.

Additionally, those who held mid-level roles prior to the pandemic appear unlikely to be considering jobs they'd see as a demotion. Those who were previously employed in mid-level non-managerial jobs (**31%**) and mid-level managerial jobs (**38%**) are more likely than those who were previously employed in entry-level jobs (**20%**) to say the jobs that are currently available pay less than what they were earning before.





Key Challenges: Comparing Perspectives



73%

of organizations say they're seeing a decrease in the number of job applications for their difficult-to-fill positions either *considerably* or *a great deal*



42%

of unemployed Americans say a reason why they're still unemployed is they've applied to jobs **but haven't received any responses from employers**

Nearly 60%

of organizations say they're facing a lack of applicants with the necessary skills for these difficult-to-fill positions either *considerably* or *a great deal*



30%

of unemployed Americans say a reason why they're still unemployed is that **the jobs currently available don't match their skillset or interests**

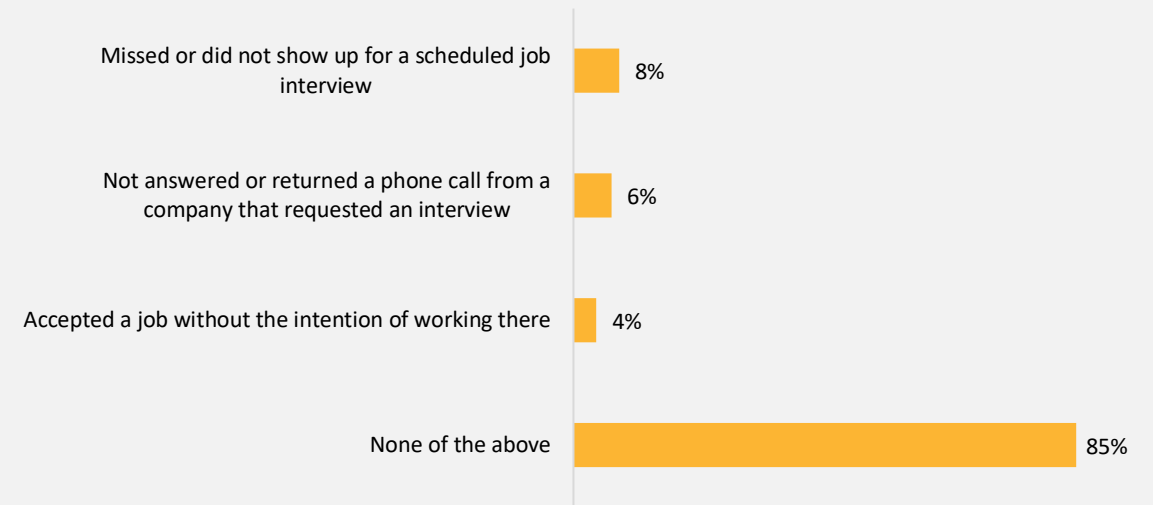
Nearly half of organizations say they're seeing an increase in the number of applicants failing to reply to a request for an interview either *considerably* or *a great deal*.

In contrast, only 4-8% of unemployed Americans say they've engaged in such behavior over the past few months.

However, 30% do admit that they've applied for a job they didn't seriously intend to pursue to meet the proof of job search requirements for receiving unemployment assistance.

Have you done any of the following during your job search in the past few months?

Asked to unemployed Americans





How Businesses Are Addressing the Labor Shortage

To counteract the talent shortage they’re perceiving, the most common incentive organizations say they’re offering is a one-time referral bonus to existing employees who can help bring in new hires. However, some organizations may soon be changing tactics.

Although only about **2 in 5** organizations say they are currently offering additional professional growth and development opportunities and increased pay as incentives for these difficult-to-fill positions, about **1 in 5 more** are planning to begin offering these incentives soon.

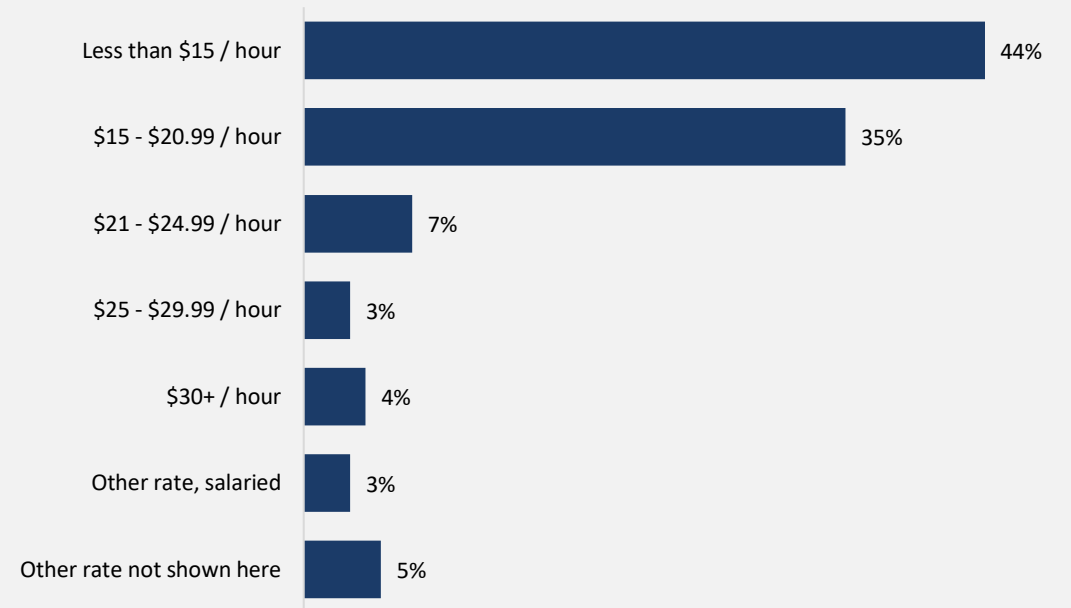
Is your organization currently offering or is it planning to offer any of the following to attract more job applicants to your difficult-to-fill positions?



Spotlight: Increasing Pay

Of organizations that are currently offering increased pay to attract applicants to their difficult-to-fill positions, **44%** indicated that these positions previously paid less than \$15/hour and **35%** indicated that these positions paid \$15-\$20.99/hour prior to the increase.

On average, what pay rate did your organization offer for these difficult-to-fill positions BEFORE deciding to increase pay?



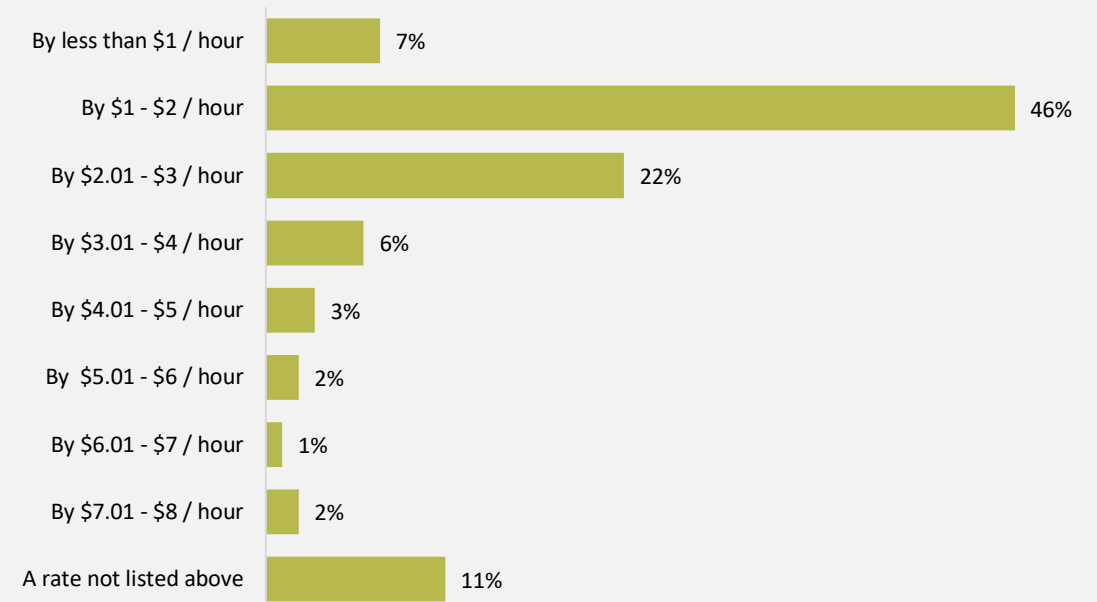
Spotlight: Increasing Pay

Of organizations that have increased pay, most have done so modestly. The most common level of increase was between \$1-\$2/hour followed by \$2.01-\$3/hour.

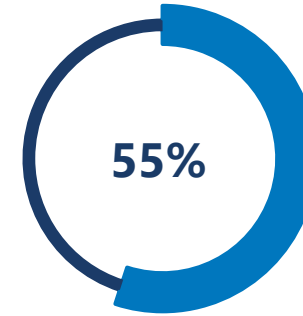
This modest increase is notable given that **over 1 in 4** unemployed Americans say a reason they are still unemployed is because the jobs currently available pay less than what they were earning before.

3 in 4 organizations say that existing workers' pay will also be increased to be in line with the new pay rate offered to new hires.

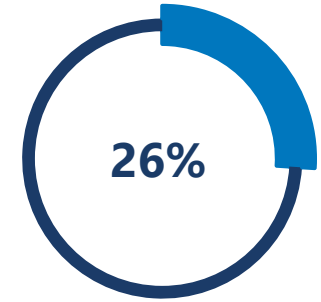
On average, by what amount has your organization decided to increase pay for these difficult-to-fill positions?



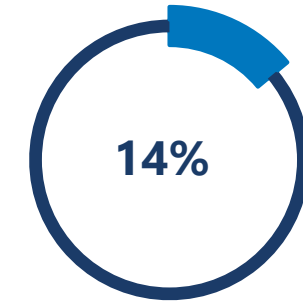
Besides increasing pay, organizations say they have also taken other actions due to the perceived labor shortage.



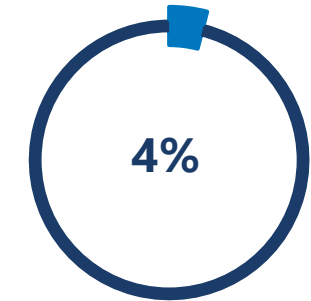
say they've had to hire external or temporary workers or consultants



say they've had to cancel orders, turn customers away, or delay services



say they've had to reduce operating hours



say they've had to temporarily close

Additionally, some businesses mentioned additional actions they've had to take via open-ended response...

- 18% mentioned having had to have their employees work overtime
- 6% mentioned having had to job share or report that employees are taking on extra work.



Looking Forward



While many organizations have made changes to their offerings to attract more candidates...

54%

say it's too soon to tell if the changes will improve their ability to fill open positions

38%

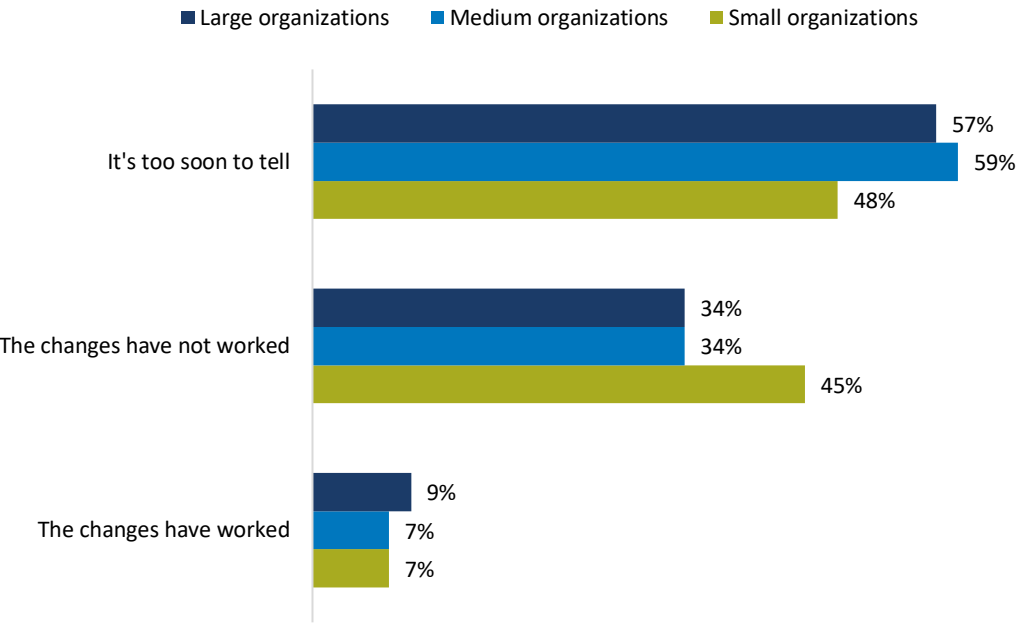
say the changes they've made haven't improved their ability to fill those positions

Only 8%

say these changes have improved their ability to fill the positions

Small organizations are more likely to say their changes haven't worked compared to medium and large organizations.

Meanwhile, medium and large organizations are more likely to say that it's too soon to tell if their changes have worked.





4 in 5

unemployed Americans say they're confident that they will find a job in the near future

Those who previously held hourly jobs are more likely to say that they're confident they will find a job in the near future **(82%)** than those who previously held salaried jobs **(69%)**.

Methodology

Business Sample

The survey was fielded electronically to a random sample of active SHRM members from May 21st through June 2nd, 2021. In total, 1197 members responded to the survey on behalf of their employers. Academics, students, consultants, and retired HR professionals were excluded from the survey. Respondents represented organizations of all sizes—from two to more than 25,000 employees—in a wide variety of industries across the United States.

Unemployed Americans Sample

A sample of 997 unemployed Americans was surveyed online May 25, 2021 to June 1, 2021. Respondents were sourced from Lucid.

Of the respondents, **78%** said they are unemployed because they were laid off during the pandemic and **22%** said they are unemployed because they voluntarily chose to leave their job during the pandemic. Of those who were laid off, **80%** said they previously held hourly positions. Although respondents came from a variety of industries, the most common were Food Service (**17%**), Retail Trade (**13%**), and Healthcare (**9%**), all industries heavily impacted in different ways by the pandemic.

