

Will the Pandemic's Missing Workers Ever Return to the Labor Force?

By Roy Maurer

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Official unemployment is near a historic low while job openings have surged to record highs, yet a massive gap remains between the demand for talent and the supply of workers in the labor market.

The slow recovery in workforce participation is one of the factors at play. Millions of people who had been working in March 2020 or who would normally be in the labor force absent the pandemic have not rejoined or started their careers in the working ranks. The U.S. is missing about 3.5 million workers due to the pandemic, according to Nicholas Bloom, a Stanford University economist who recently crunched the numbers.

The Society for Human Resource Management (SHRM) released new survey data about how people are assessing whether or not to return to the workforce. The research found that 37 percent of sidelined U.S. workers reported feeling indifferent about returning, 27 percent said they had mixed feelings about returning to work, and 18 percent said nothing could compel them to return.

A sample of 948 Americans was surveyed in January, including people who were currently employed but had been unemployed at some point during the COVID-19 pandemic, people who were not currently working, and people who had retired during the pandemic.

"Labor force participation has declined throughout the pandemic," said Lauren Mason, a principal and senior consultant at Mercer. "A couple of things are primarily driving that—there's still a sizable part of the workforce who are concerned about the health risks of COVID-19. Then there's been a shift in the deal between employees and employers and what workers are looking for in a job. For many employees, work has become less central in their lives and more value has been placed on other parts of their lives."

About one-fifth (21 percent) of surveyed workers said they felt anxious about returning to the workforce, and 17 percent have concerns over recent workplace requirements around vaccine and mask mandates or the lack of those safety measures.

"For employers it is an opportunity to communicate about the policies and practices they have to keep their employees safe," Mason said. "And of course, make accommodations where appropriate. If employers can make an accommodation and offer remote-work options, that can be a solution."

Twenty percent of all respondents who are not working said the opportunity to work remotely would motivate them to return to the workforce. For others, flexibility is the key.

"If employers could bring flexibility into the employee experience, they would attract more people, including those who are on the fence about returning to the workforce," said Sharlyn Lauby, SHRM-SCP, instructor, speaker and the president of ITM Group Inc., a Gainesville, Fla.-based training and HR consulting firm. "For starters, give people the flexibility of being full-time, part-time or a freelancer. Not every job needs to be a full-time job."

Mason added that workers with various needs could be interested in flexible shifts, with different start and end times.

"Flexibility comes in all shapes and sizes," said Mike Monahan, national managing principal of people and community at advisory firm Grant Thornton in New York City. "It behooves the organization to take the time to understand what it is that people need to be successful. Engage in a relational conversation with them, instead of from a command-and-control position, about how you can inspire and attract them and what opportunities you can offer and why."

Looking at those who have exited the labor force and are not retired:

- 23 percent said that available jobs are not in their field of work interest.
- 17 percent said they haven't been able to find a job that pays enough.
- 9 percent said they have chosen to learn new work skills or want to pursue a different career path.
- 27 percent said that if their savings ran out or ran low, it would motivate them to return.

Bringing People Back to Work

Experts had several recommendations for employers trying to attract potential workers from the margins of the labor market, including offering higher pay (especially at the lower wage levels), providing development opportunities and showing care for those potential job seekers.

"Paying a competitive salary not only in your industry but across industries for comparable skill sets is really important," Mason said. She added that offering child care support is another opportunity for employers to appeal to women, who make up a larger share of those sitting out of the workforce.

Monahan advised employers to be "more agile with your people," and to spend more time in the talent identification process to "be more personal and targeted at understanding not just skills but what is it that people are looking to do in their careers. We employers need to explore how our people are feeling and how we work to inspire them to move to places where better decisions are made, where they feel more hopeful and optimistic, and not in despair or anxiety," he said.

Mason recommended employers deepen their investment in upskilling; help workers understand their career paths; and offer external development by providing college tuition, technical training and apprenticeships to help them pursue their educational goals and advance in their careers.

Job seekers want flexibility—in their schedules, in their benefits and in their learning opportunities, Lauby said. But being flexible is hard, she added. "It takes lots of communication and practice. Employers still need to be compliant, equitable and productive. Sometimes we might not be as flexible as someone would like, but I do believe if organizations would be more flexible when they can, employees would be more understanding and interested to return to the workforce."

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