

Essential roles, unmet needs

Investing in your frontline employees to harness
untapped potential



Sponsored by



Contents

| | |
|-----------|--|
| 3 | About the research and acknowledgments |
| 4 | Executive summary |
| 5 | I. Introduction |
| 7 | II. Key recommendations |
| | A: Adopt targeted approaches to meet pay and benefits needs |
| | B. Strengthen workplace health and safety |
| | C: Boost mental well-being by tackling the sources of stress |
| | D. Enable better communication to strengthen trust and collaboration |
| | E. Equip employees with the necessary skills and training for career progression |
| 15 | III. The road ahead |

About the research and acknowledgments



Essential roles, unmet needs: investing in your frontline employees to harness untapped potential is a research program conducted by Economist Impact and sponsored by Microsoft. It leverages insights from primary research data and desk research to understand the challenges that frontline employees face when performing their duties. In doing so, the program aims to help executives see the potential return on investment from improving the frontline employee experience and serves as a guide on achieving this objective.

The data in this report are supported by a survey conducted in January 2023 of 1,000 US frontline employees in the critical infrastructure, healthcare, manufacturing and retail industries.

The playbook was produced by a team of Economist Impact researchers, editors and designers, including:

- Vaibhav Sahgal: project director
- Durukhshan Esmati: project manager
- Lindsey Boss: research analyst
- Jeremy Gantz: writer
- Amanda Simms: editor
- Maria Angel Gonzalez: designer

Economist Impact bears sole responsibility for the content of this report. The findings and views expressed herein do not necessarily reflect the views of our sponsor or partners.

Executive summary

The uniquely important roles that frontline employees play in essential US industries, along with the unique risks they face every day, came to widespread attention early in the covid-19 pandemic. Waves of resignations eventually followed as burned-out employees reached their breaking points. At the same time that many organizations scramble to fill roles, our survey of frontline employees in four essential industries—healthcare, retail, manufacturing and critical infrastructure—finds that employers are falling short of meeting frontline employees' most important expectations.

Drawing on insights from the survey, this report offers five key recommendations to employers for closing the gap between expectation and reality. In different ways, all the recommendations can improve employee satisfaction, engagement and retention. The demand for higher wages is clear—but frontline employees are looking for more than money. To address needs that vary by employees' socioeconomic status, geographic region, gender, race and age, employers should consider adopting targeted and customizable approaches. This could come in the form of allowing employees to

choose from different options such as more paid time off and more flexible schedules. To address employees' unmet health and safety concerns, employers should prioritize efforts to prevent workplace injuries and illness while educating employees about the protocols and resources in place.

Our report also recommends supporting employees' mental well-being by addressing sources of stress. More paid time off is important, but employers should also ensure individuals can meaningfully make their voices heard. Most frontline employees are not satisfied with the quality of workplace communication. To strengthen trust and collaboration, employers should provide communication tools and channels in tune with employees' specific roles and needs. Finally, many employees across essential industries are eager to advance their career prospects. As new technologies reshape—or displace—frontline roles, employers should both make avenues for advancement clear and offer training and development opportunities to drive momentum. Employees are ready to learn, especially if they can see a future payoff.

Introduction

Nurses caring for infectious patients around the clock. Grocery stockers filling shelves. Utility employees keeping electricity flowing. The covid-19 pandemic shined a bright light on frontline employees, who surged into the public's consciousness during the lockdowns of 2020. These individuals could not stay at home because their work was essential to US society continuing to function. And so they kept the nation's healthcare, transport, energy, manufacturing, food services and government systems functioning.

Importantly, not everyone who works in these essential industries is a frontline employee. In fact, this term has no official legal definition in the US. This left its determination to state and local governments, resulting in uneven protections across the country during the pandemic. For the purposes of this study, frontline employees are people within an essential industry who must physically report to work. By this definition, frontline employees make up approximately a third of the entire US workforce.¹ This amounts to 88 million jobs as of January 2022.²

The need for frontline employees to be physically present presents unique risks. Unavoidable proximity to customers and colleagues elevates health risks, including contracting airborne illnesses. In addition to exposure to harmful substances or environments, injuries from overexertion, slips, trips or falls are some of the most common causes of work-related injuries.³ Other common pain points go beyond physical well-being. Recent studies have found that frontline employees in service sectors (particularly healthcare) are especially vulnerable to burnout and other negative mental health impacts. These challenges stem from long workdays, irregular hours, inflexible schedules and a lack of time off. Low wages are another source of stress. Three-quarters of all frontline employees earn below-average wages, and nearly half (47%) earn less than a family-sustaining wage.⁴ This relates to another area of vital concern for many frontline employees: the difficulty in finding reliable, affordable childcare.

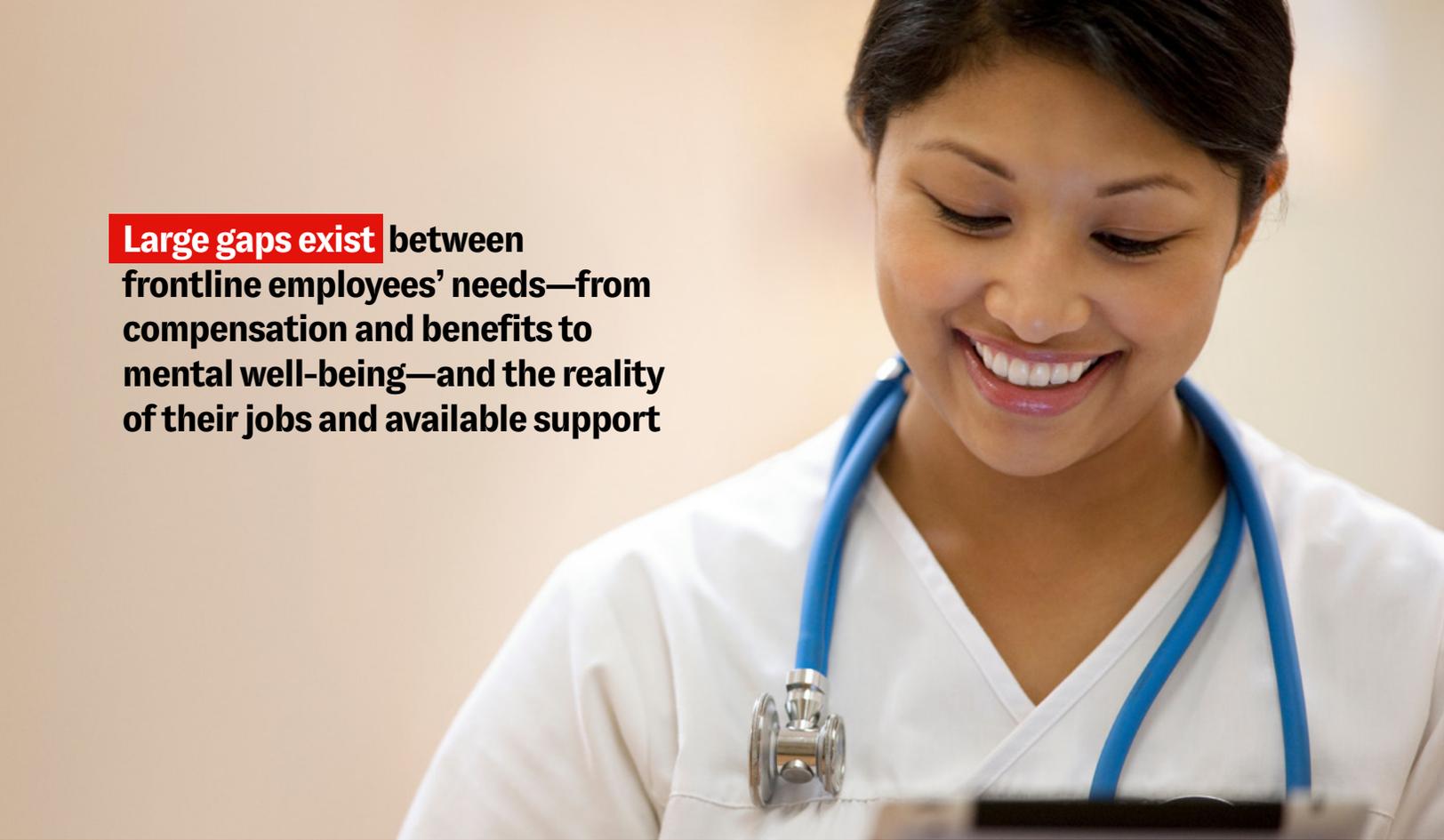
Other challenges these employees commonly face relate to technology and upward mobility.

¹ Brookings Institute, "To protect frontline employees during and after COVID-19, we must define who they are," June 2020. <https://www.brookings.edu/research/to-protect-frontline-employees-during-and-after-covid-19-we-must-define-who-they-are/>

² U.S. Bureau of Labor Statistics, "Table A-1. Employment status of the civilian population by sex and age," <https://www.bls.gov/news.release/empstat.t01.htm>

³ Injuryfacts, "Top Work Related Injury Causes", 2020. <https://injuryfacts.nsc.org/work/work-overview/top-work-related-injury-causes/>

⁴ Brookings Institute, "The COVID-19 hazard continues, but the hazard pay does not: Why America's essential employees need a raise", October 2020. <https://www.brookings.edu/research/the-covid-19-hazard-continues-but-the-hazard-pay-does-not-why-americas-frontline-employees-need-a-raise/>



Large gaps exist between frontline employees' needs—from compensation and benefits to mental well-being—and the reality of their jobs and available support

Many low-wage frontline roles are “dead-end jobs”, where a lack of advancement opportunities makes it extremely difficult for individuals to escape poverty. At the same time, accelerating advances in robotics and artificial intelligence threaten to displace more and more frontline tasks or even jobs. Moreover, while digital platforms and devices are being integrated into a growing number of roles—think of a server sending orders to the kitchen via a tablet or production line workers assisted by robots—many employees lack the right tech skills. Adding to this problem, training can be lackluster.

Solutions to the unique challenges frontline employees face in the US can only be developed if their experiences and perceptions are understood. That’s the premise of this study. The data in this report are supported by a survey, conducted by Economist Impact and sponsored by Microsoft,

undertaken in January 2023 of 1,000 US frontline employees in the critical infrastructure, healthcare, manufacturing and retail industries. The survey respondents differ in terms of location, income brackets and age groups. They were also racially and ethnically diverse, with a minimum of 20% Black and Hispanic participants within each industry.

The results that emerged are notable. Large gaps exist between frontline employees’ needs—from compensation and benefits to mental well-being—and the reality of their jobs and available support. Informed by the survey results, what follows are five key recommendations for employers to consider taking action on, touching on a range of needs and concerns. Results suggest that employers’ actions could have a positive impact on key workforce metrics such as mental well-being, productivity and talent retention.

II. Key recommendations

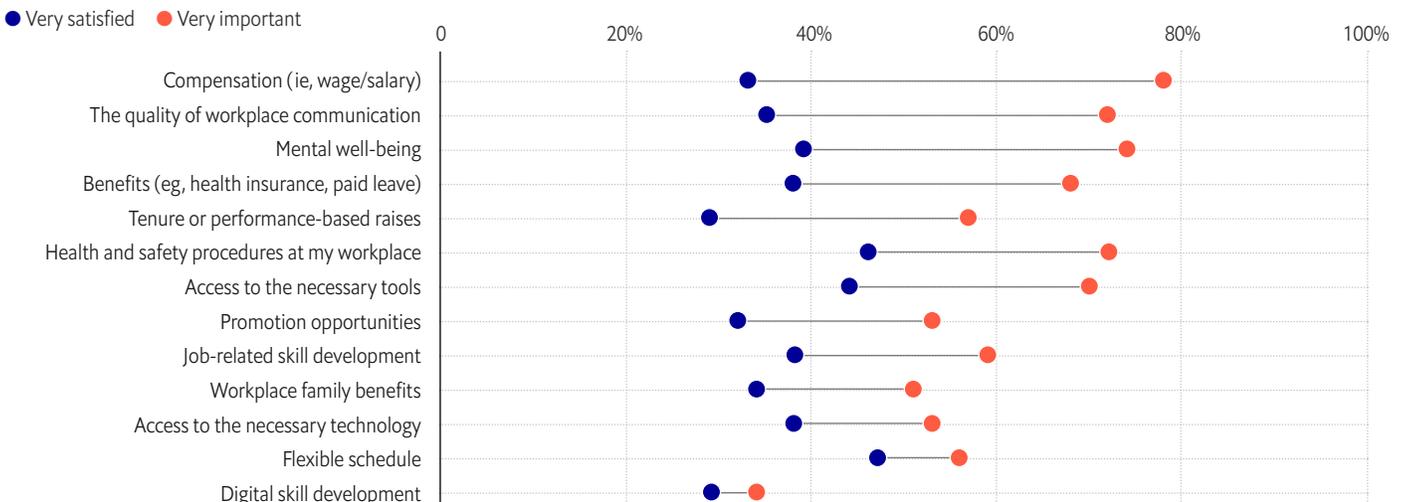
A: Adopt targeted approaches to meet pay and benefits needs

Employers need to grapple with a hard truth. When it comes to the two areas that frontline employees say most influence their decision to stay in their job—compensation and benefits—most respondents are not satisfied. Just one in three respondents say that they are “very satisfied” with their current compensation level. Importantly, however, our survey registered

low satisfaction levels in other key areas, most notably current benefits, mental well-being at work and the quality of workplace communication. In other words, raising wages is far from the only way that employers can better support frontline employees. Lower-cost benefit improvements, as well as better training opportunities and communication (which are both discussed in the recommendations below), also offer real value to both workforces and organizations.

Figure 1: Large gaps exist between what frontline employees value and and what they are satisfied with

How important are the following aspects of your job to you? (% very important); How satisfied are you with the following aspects of your job? (% very satisfied)



Employers should consider whether the costs of high turnover rates, in the form of recruiting and training, are worth it. The US retail industry, for example, has had an annual frontline employee turnover rate of 60% for years.⁵ It rose to 75% for most of 2022.⁶ A top reason people leave is for better pay.

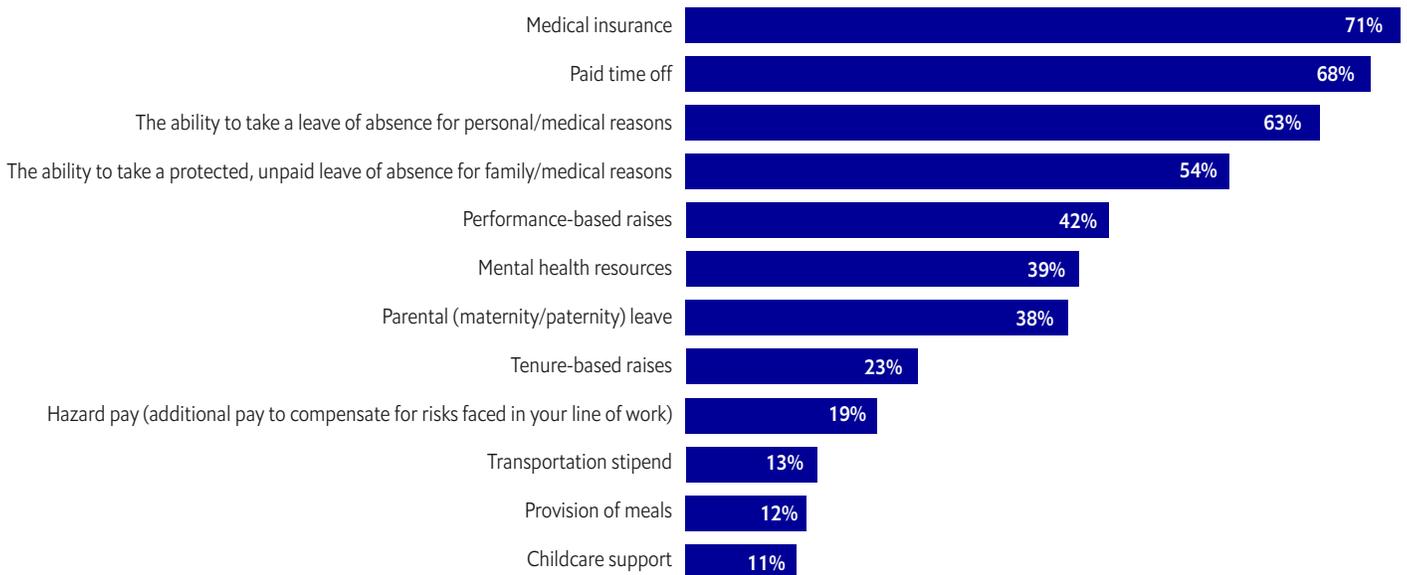
Similarly, compensation was the single most important retention factor identified by surveyed employees, across age groups and industries. Two-thirds of respondents indicated that higher pay would motivate them to stay with their current employer. Benefits weren't far behind as the second-highest retention factor, with more than half (53%) of employees saying improvements on this front could encourage them to stay.

There is plenty of room for improvement. For example, about three in ten frontline employees are not offered medical insurance by their employer—and, for those earning US\$30,000 or less annually, that figure rises to nearly 50%. Just 38% and 39% are offered parental leave and mental health resources, respectively. A range of other benefits, such as transportation stipend and childcare support, are more rarely offered, according to employees.

There are important differences in frontline employees' apparent needs across sectors—suggesting the need for tailored, industry-specific approaches. For example, employees in healthcare and retail were more likely to say that having more manageable workloads and increased paid time off would benefit their

Figure 2: Many frontline employees are not offered comprehensive benefits packages

Which of the following are offered to you by your employer? (%)



Graphic insight: Economist Impact

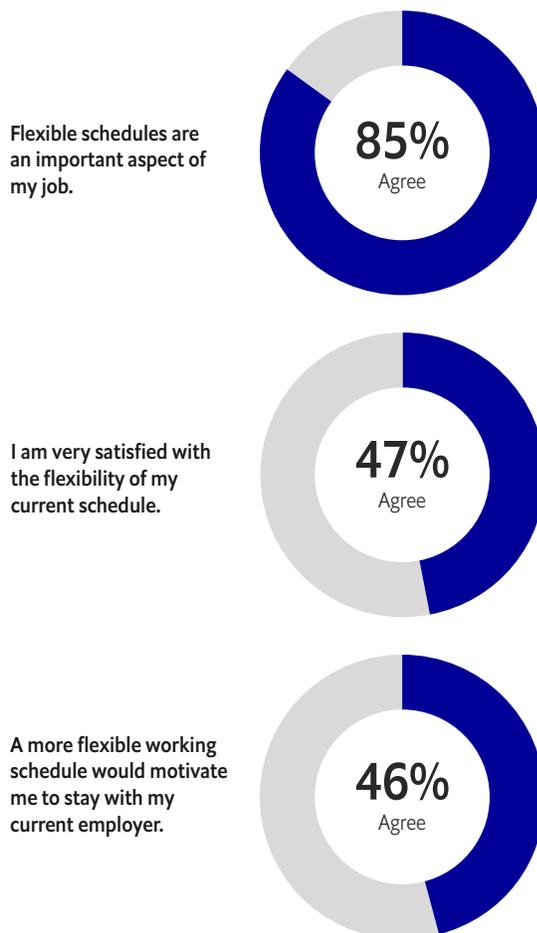
⁵ McKinsey, "How retailers can attract and retain frontline talent amid the Great Attrition," August 2022. <https://www.mckinsey.com/industries/retail/our-insights/how-retailers-can-attract-and-retain-frontline-talent-amid-the-great-attrition>

⁶ Korn Ferry, "Retail Employee Turnover on the Rise," November 2022. <https://www.kornferry.com/about-us/press/retail-employee-turnover-on-the-rise>

well-being compared with respondents in the two other surveyed industries. The pandemic underscored how healthcare and retail employees face long work hours (and/or shifts outside of the traditional 9-5 workday) in high-pressure environments. Stress and burnout build, and many employees end up quitting.

Figure 3: Flexible schedules can improve work-life balance and are an important retention factor

How important are the following aspects of your job to you? (% moderately important or very important); How satisfied are you with the following aspects of your job? (% very satisfied); Which of the following would most motivate you to stay with your current employer? (% respondents)



Graphic insight: Economist Impact

More time off for rest and recreation, even if unpaid, could prevent this. And our survey highlights one particularly popular solution for healthcare and retail employees: flexible work schedules. Indeed, this would improve work-life balance, according to 90% of these employees. To this end, healthcare and retail employers should consider empowering frontline employees with online self-scheduling tools, which could decrease stress, reduce turnover and attract more talent. It needn't be an all-or-nothing proposition: nurses could choose just a portion of their shifts each month, ensuring that organizations can still fill the less popular shifts.

The belief that flexible schedules improve work-life balance is widespread among frontline employees across all surveyed industries. It was the third most important retention factor for frontline employees overall, but, when looked at demographically, there were variations. For example, 53% of Gen Z respondents (compared with 46% across all age groups) and 52% of non-white respondents (against 42% of white respondents) would be motivated to stay with their current employer if offered flexible working schedules. However, flexible scheduling is simply not possible in many cases—employers may not have a deep bench to draw on or require certainty for emergency response operations, for example. But a little flexibility can go a long way when it comes to assuaging stress and providing frontline employees with a sense of control over their lives.

Finally, as employers look to address frontline employees' expectations around compensation and benefits, they should consider building flexibility into their own approaches. Our survey makes it clear that employees' needs and expectations vary by their socioeconomic status, geographic region, race and age. For example, while 29% of Gen Z respondents said that their mental well-being could improve with better access to related resources, just 4% of Baby Boomers agreed. Our survey also shows some differences based on respondents' race: white



respondents are more likely than non-white respondents to choose paid time off as a factor helping their well-being at work. On the other hand, non-white respondents are more likely than white respondents to associate improved well-being with factors such as additional training and learning opportunities, and more clarity on how one's work contributes to the company's overall goals.

This points to an opportunity for employers to bypass a one-size-fits-all offering in favor of a customizable approach: for example, allowing employees to choose from a menu of benefits bundles to find the support that will best improve their personal circumstances.

B. Strengthen workplace health and safety

The recent years have proved contentious, to put it mildly, when it comes to workplace health and safety. Employers and employees generally agree that health and safety procedures are important but have often disagreed on the scope of specific protocols and protective measures. These

disagreements have been the sharpest in frontline workplaces, where there is a higher risk of getting sick. Many frontline employees also face a higher risk of injuries due to the physical nature of their jobs. And this risk grew in 2021, according to the US Department of Labor. Fatal work injuries rose by 8.9% from 2020, to 5,190 deaths—the highest annual rate since 2016.⁷

Unsurprisingly, survey respondents almost unanimously agree (93%) that health and safety procedures at the workplace are important. But frontline employees identified numerous gaps in the health and safety measures in place at their workplace. This points to a clear opportunity for employers to prioritize implementing measures and/or educating employees about existing health and safety policies, protocols and resources.

For example, only about half of respondents said their organization investigates incidents to avoid future accidents, offers technologies to assist with job tasks, still enforces covid-19-related health protocols or regularly inspects the workplace. Fewer respondents say they are offered emergency safety drills (42%) or automated processes for manual/repetitive tasks (24%). (The latter can sometimes lead to injury.) There were a few relatively bright spots for frontline employers: two-thirds (66%) of respondents say personal protective equipment and training on workplace safety are offered at their workplace.

But if employees are to feel supported in frontline occupations, those figures should be closer to 100%. And the benefits of investing in workplace health and safety are felt by both groups. When employees' physical and mental well-being improves, morale and productivity rise. Businesses achieve cost savings through reduced absenteeism and turnover, as well as reduced employee compensation and medical expenses, among other reasons.⁸

⁷ US Bureau of Labor Statistics, "National census of fatal occupational injuries in 2021," December 2022. <https://www.bls.gov/news.release/pdf/cfoi.pdf>

⁸ US Department of Labor Occupational Safety and Health Administration, "Business Case for Safety and Health." <https://www.osha.gov/businesscase/benefits>

Investing in workplace health and safety measures may seem counter to some businesses’ short-term growth and profitability goals. But in the long run, it’s worth it—and frontline employees deserve to feel protected and supported given all the risks they face while performing their duties.

C: Boost mental well-being by tackling the sources of stress

Frontline employees across essential industries face significant challenges to their mental well-being at work. Nearly all surveyed employees (93%) say this is an important issue, yet only about four in ten are “very satisfied” on this front.

There’s clearly room for employers to better support frontline employees’ mental well-being—and the survey results suggest areas to focus on. When presented with potential offerings, employees selected these three options above the rest:

- Increased paid time off (49%)
- More opportunities for advancement (38%)
- More manageable workloads (32%)

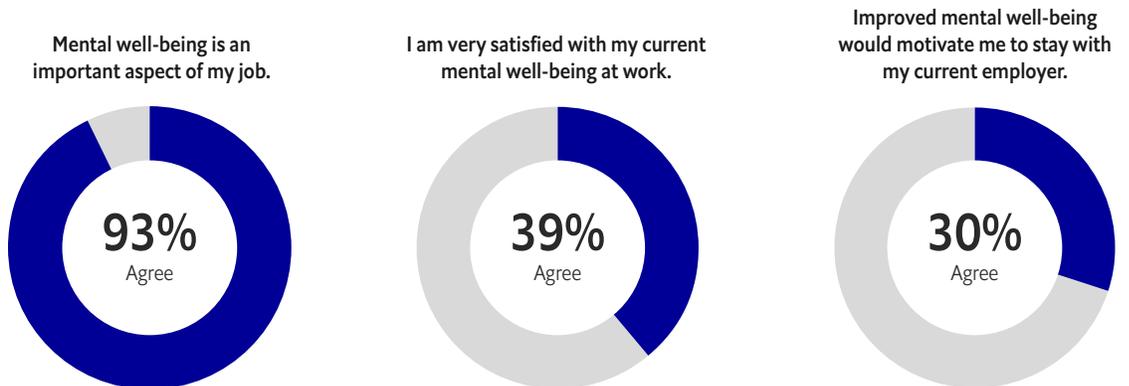
“More opportunities for learning and training” (29%) and “two-way communication channels to help employees provide upward feedback” (26%) weren’t far behind.

Taken together, these results suggest that supporting frontline employees’ mental well-being involves both being mindful of how much individuals work and ensuring they feel heard and see room for growth and advancement. Burnout, in other words, may be caused as much by the quantity as the quality of work. The ability to see a path forward and know that one’s voice and opinion matter in an organization can mitigate day-to-day stresses.

Clearly, having more paid time off is of paramount importance. Employers should weigh the cost of that against the cost of employee turnover. But at the same time, they should consider whether their organization’s culture (and managers) makes it easy for frontline employees to feel appreciated and imagine a satisfying career at the company. If they can’t, gaining better access to mental healthcare resources probably isn’t going to be enough to keep employees working to the best of their potential.

Figure 4: There is clear room for improvement for employers to better support frontline employees’ mental well-being

How important are the following aspects of your job to you? (% moderately important or very important); How satisfied are you with the following aspects of your job? (% very satisfied); Which of the following would most motivate you to stay with your current employer? (% respondents)



Graphic insight: Economist Impact

Good communication is essential for building trust and enabling collaboration. But, right now, employers are falling short of meeting frontline employees' communication needs



D. Enable better communication to strengthen trust and collaboration

In any relationship, including professional ones, good communication is essential for building trust and enabling collaboration. But, right now, employers are falling short of meeting frontline employees' communication needs. This should be viewed as an easy win, given the near-ubiquity (and relative low cost) of digital devices and variety of potential communication channels that could be leveraged to deepen connections.

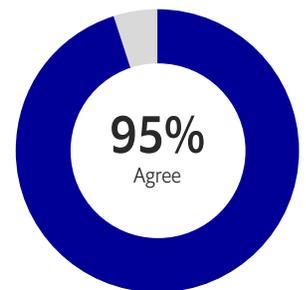
As noted above, many frontline employees associate the ability to share feedback with higher-ups with well-being at work. This may be one reason why nearly all surveyed employees (95%) say that the quality of workplace communication is important, including 72% who say it is "very important". Yet only 35% of frontline employees are very satisfied with this aspect of their jobs right now.

The possible reasons for this dissatisfaction may be a lack of communication tools connecting employees to the organizations. Only about half of respondents say they have access to company email addresses or tools such as walkie-talkies or personal mobile phones and tablets. Even fewer report having access to a company intranet (40%) or a centralized messaging application system (28%).

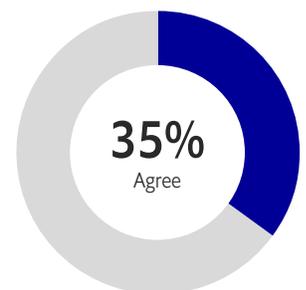
Figure 5: The quality of workplace communication matters to frontline employees

How important are the following aspects of your job to you? (% moderately important or very important); How satisfied are you with the following aspects of your job? (% very satisfied)

The quality of workplace communication is an important aspect of my job.



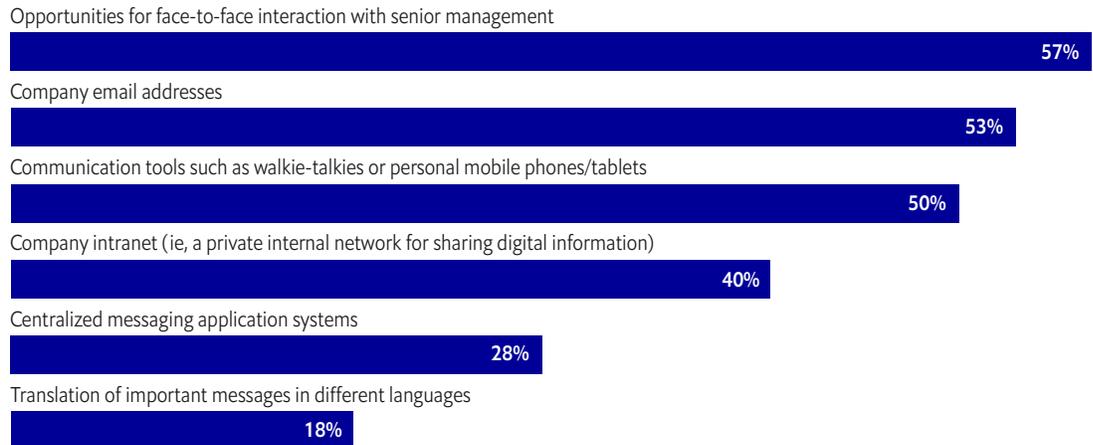
I am very satisfied with the current quality of workplace communication.



Graphic insight: Economist Impact

Figure 6: Many frontline employees lack access to communication tools that keep them connected to their organizations

Which of the following communication tools or methods are available to you at your job? (%)



Source: Economist Impact 2022

Overall, the picture that emerges is one of missed opportunities. The point is not that all frontline employees should start communicating with their managers via email. It is that organizations, and frontline managers in particular, should consider creating targeted communication approaches in tune with employees' specific roles and needs. The goal should be to strengthen relationships, thereby boosting engagement, satisfaction and retention.

Employers can start by reaching out to employees to understand specific communication pain points and needs, and tailoring tools around what emerges. Organizations should approach this opportunity with urgency: 37% of respondents selected improved team communication as a top motivator to stay with their current employer. When employees feel isolated and alone, with no way to make their voices heard, they start looking for an exit. Given the multiplicity of tools and platforms available, this would seem to be one of the easier realms for employers to overhaul and augment. In the age of smartphones and constant connectivity, organizations should view meeting communications expectations as table stakes.

E. Equip employees with the necessary skills and training for career progression

Many frontline jobs are being reshaped by new technologies, making it harder for employees to see a future for themselves. Employers need to more effectively manage this change by making career advancement paths clear and offering related training and development opportunities. Doing so is mutually beneficial. By addressing employees' desire for job security and career progression, employers can seize an opportunity to build a more engaged, satisfied and productive workforce. Lower employee turnover and a boosted bottom line often follow.

Right now, frontline employees have good reason to be suspicious of new technologies. Across all demographics, they are more susceptible to automation-driven job displacement.⁹ Indeed, 58% of surveyed frontline employees said employees often don't have an alternative job when their role is replaced with machines. And more respondents agree (46%) than disagree (24%) that digitalization will hurt older employees' job prospects.

⁹ McKinsey, "Bridging the advancement gap: What frontline employees want—and what employers think they want," July 2022. <https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/bridging-the-advancement-gap-what-frontline-employees-want-and-what-employers-think-they-want>

Frontline employees’ relationship with technology appears more ambivalent than negative, however. They are not necessarily averse to new tech that may impact their roles. Most respondents (62%), for example, believe that technology to streamline or simplify tasks would improve their day-to-day job. This implies that many employees might welcome automation tools if they feel their jobs are secure.

The key challenge that employers face when it comes to technological change is helping employees see paths forward—and then providing the related training and development to improve career prospects. Importantly, providing career progression opportunities can generate immediate benefits for employers. About four in ten (38%) respondents said this is a top factor for improving productivity at work.

Employers should capitalize on employees’ desire for job security and career progression by tying learning and development milestones to career goals. Frontline workforces are ready to learn, especially if they can see a clear career payoff on the horizon. The majority of frontline employees (85%) agree that they feel motivated to learn new skills when they understand how doing so could improve job prospects. And how would they

prefer to learn? Respondents pointed to on-the-job training as the most effective modality among those listed, followed by individual or small-group training, and opportunities to practice using new technology products or platforms directly.

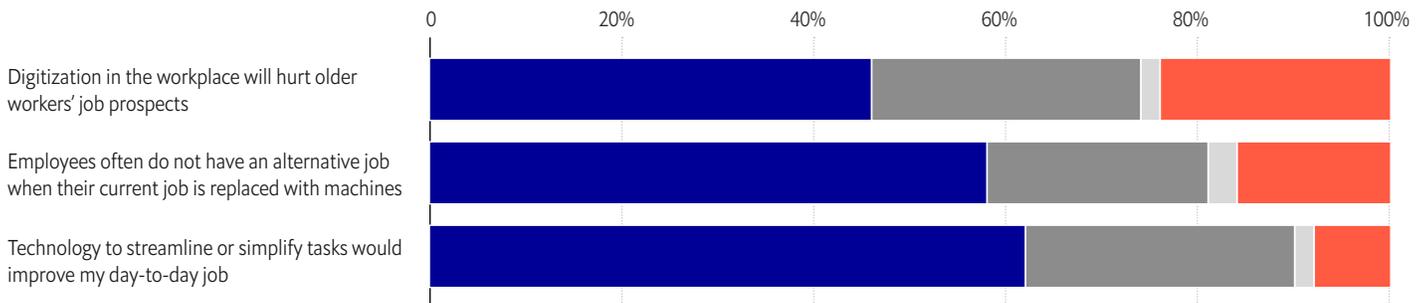
As organizations look to develop employees’ skills and careers, they should think carefully about how these efforts can address long-standing inequities. Frontline workforces are disproportionately low-income and nonwhite. Thirty-five percent of surveyed employees of color say that language barriers limit their ability to learn new skills; just 15% of white frontline employees say the same. If employers want to play a role in reducing the racial and skill-related inequalities that new technologies threaten to widen, they’ll need to develop targeted training approaches that meet employees where they are. Building a racially inclusive work culture through diversity, equity and inclusion initiatives, mentorship programs and a commitment to diverse leadership, can buttress training efforts to address all employees’ specific needs and experiences.

Workforce development will require an upfront investment. But the potential benefits to both individual businesses and US society will be paid back in multiples.

Figure 7: Frontline jobs are being reshaped by new technologies

To what extent do you agree or disagree with the following statements? (%)

● Agree ● Neutral ● Not sure ● Disagree



Source: Economist Impact 2022

III. The road ahead



Many employers in essential industries still fall short of frontline employees' expectations. And those shortcomings create real costs for organizations. Most obviously, many employees have simply walked out the door, tired of limited career advancement opportunities, inflexible schedules and unsafe working environments, among other downsides. In response, some employers have raised wages—but as the survey informing this report makes clear, frontline employees are after more than just money. That's one explanation for a 50% surge in union elections in 2022 from the prior year.¹⁰ Many involved frontline workplaces.¹¹

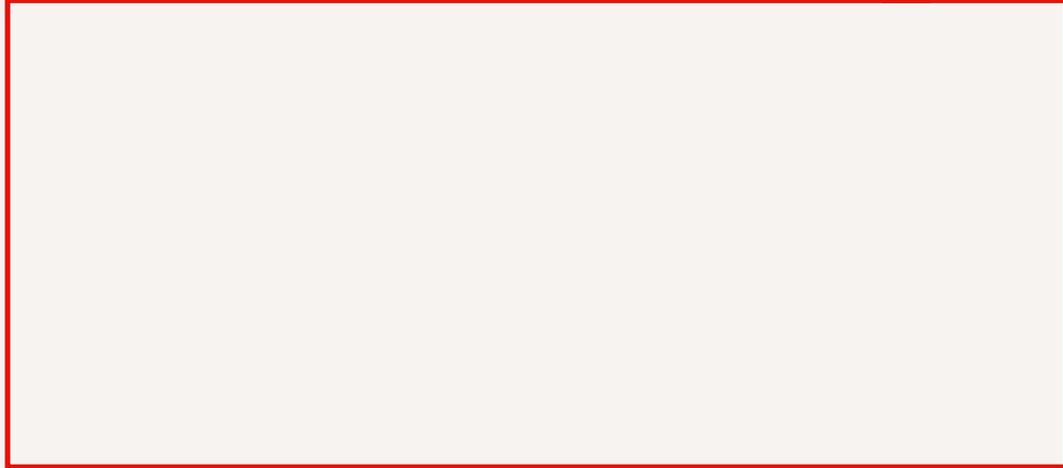
The good news is that employees are clear about what they need beyond compensation. They want greater work-life balance and mental well-being. Workplaces that protect their health and safety. A secure job and a promising career. Most frontline employees are ready to grow on the job if they can see a viable future for themselves.

For organizations, the upshot should be clear—there are valuable opportunities to seize. If employers listen closely and take sustained action to substantially address needs, frontline workforces will be more engaged in the short term and more committed in the long term. In other words, frontline employees have untapped potential. Employers can realize it with the right investments.

¹⁰ NPR, "Union wins made big news this year. Here are 5 reasons why it's not the full story," December 2022. <https://www.npr.org/2022/12/27/1145090566/labor-unions-organizing-elections-employee-rights-wages>

¹¹ The Washington Post, "Union membership hit record low in 2022," January 2023. <https://www.washingtonpost.com/business/2023/01/19/union-membership-2022/>

While every effort has been taken to verify the accuracy of this information, Economist Impact cannot accept any responsibility or liability for reliance by any person on this report or any of the information, opinions or conclusions set out in this report. The findings and views expressed in the report do not necessarily reflect the views of the sponsor.



LONDON

The Adelphi
1-11 John Adam Street
London WC2N 6HT
United Kingdom
Tel: (44) 20 7830 7000
Email: london@economist.com

GENEVA

Rue de l'Athénée 32
1206 Geneva
Switzerland
Tel: (41) 22 566 2470
Fax: (41) 22 346 93 47
Email: geneva@economist.com

SÃO PAULO

Rua Joaquim Floriano,
1052, Conjunto 81
Itaim Bibi, São Paulo,
SP, 04534-004
Brasil
Tel: +5511 3073-1186
Email: americas@economist.com

NEW YORK

900 Third Avenue
16th Floor
New York, NY 10022
United States
Tel: (1.212) 554 0600
Fax: (1.212) 586 1181/2
Email: americas@economist.com

DUBAI

Office 1301a
Aurora Tower
Dubai Media City
Dubai
Tel: (971) 4 433 4202
Fax: (971) 4 438 0224
Email: dubai@economist.com

HONG KONG

1301
12 Taikoo Wan Road
Taikoo Shing
Hong Kong
Tel: (852) 2585 3888
Fax: (852) 2802 7638
Email: asia@economist.com

SINGAPORE

8 Cross Street
#23-01 Manulife Tower
Singapore
048424
Tel: (65) 6534 5177
Fax: (65) 6534 5077
Email: asia@economist.com