

Regional Firms Struggling to Hire Hourly Workers

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Companies in the region are boosting their staffing, but they are increasingly hampered by an inability to find staff, particularly in the low-skilled/hourly workforce, the most [recent Beige Book report](#) of economic conditions shows.

This development comes as U.S. job openings have hit record highs, and mounting evidence shows that workers are increasingly willing to switch jobs.

For some time, employers in the Southeast have cited hardship hiring people across all skill levels, but now firms are especially pinched by a scarcity of labor for low-skilled positions. "Over the last several months, the conversation has shifted more toward the difficulty of finding people who don't need any specific qualifications," said [John Robertson](#), an economist at the Federal Reserve Bank of Atlanta.

For certain businesses in the Southeast, the shortage of low-skilled employees is hampering their ability to operate and expand, according to the October Beige Book. Though growth constraints were especially serious in construction, transportation, and manufacturing, the report notes that some contacts in food services also indicated that they took steps including turning away new business and reducing shifts.

Seeking hospitality workers

These market realities are playing out across the Atlanta Fed's district, which includes Georgia, Florida, Alabama, and parts of Tennessee, Mississippi, and Louisiana.

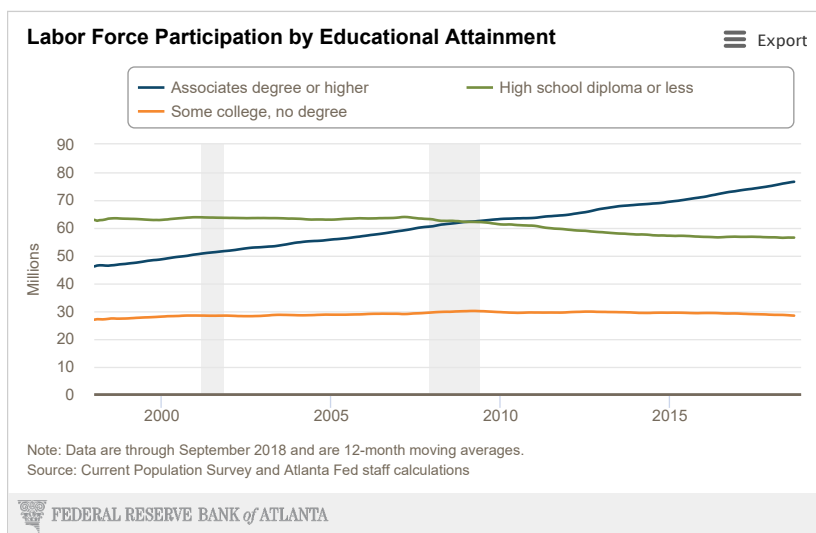
[In Nashville, the need for restaurant workers](#) was so great that a restaurant veteran and public relations professional set up a Facebook page to help the city's leisure industry connect with potential employees. Recent posts on that page feature companies looking for restaurant hosts, cooks, and experienced bartenders.

"The hospitality industry has been hit particularly hard," said Matt Largen, chief executive of Williamson Inc., the chamber of commerce for Tennessee's fast-growing Williamson County, which is part of the Nashville metropolitan area. "It's very difficult for

companies to find employees and stay in business because of turnover rates and just the inability to find people to work for the wages that entry-level hospitality workers typically make."

Similarly, Florida tourism has felt the impact as service workers have been in short supply. "The job market is very tight, so getting the industry personnel needed for hotels, restaurants, and other tourism-related businesses is a challenge," noted Ina Lee, a member of the Atlanta Fed's [tourism advisory board](#) and owner of Fort Lauderdale's *TravelHost* magazine.

Demographic trends are likely hampering employers' ability to find lower-skilled workers, since the workforce's supply of lesser-educated people is decreasing, said Robertson, the Atlanta Fed economist. He cited U.S. Census Bureau data showing that people with a high school diploma or less constituted a smaller portion of the labor force in June 2018 compared with 30 years ago. During that same time, the ranks of people in the nation's workforce who have earned an associate's degree or higher increased (see the chart). "The labor force composition is becoming more skilled," Robertson said.



Job openings, hiring at record level

Recent data from the [Job Openings and Labor Turnover Surveys \(JOLTS\)](#) from the U.S. Department of Labor show strengthening employment. In August, the U.S. economy had 7.14 million open jobs, the most since the survey began. Hiring also set a record that month, rising to 5.78 million, and 3.58 million U.S. workers voluntarily left their jobs, for a quits rate of 2.4 percent. Quits generally signal workers' confidence in gaining better jobs. (The Atlanta Fed's [Labor Market Distributions Spider Chart](#) also depicts this phenomenon.)

More evidence of the constricted labor market comes from the National Federation of Independent Business, which tracks smaller employers. The group's latest Small Business Optimism Index, for [September 2018](#), cited continued difficulty in hiring.

Of the 61 percent of respondents in the NFIB monthly survey that hired or tried to hire people, 87 percent of employers reported "few or no qualified applicants" for the jobs they sought to fill. In the September report, 22 percent of owners identified trouble obtaining qualified workers as their "single most important business problem," a number that NFIB noted was "historically very high."

Largen said a membership survey of his chamber, which serves an area just south of Nashville, found that the availability of talent was the second biggest concern for businesses, behind only transportation and traffic. To promote employee retention, Williamson County employers have offered carpool options and work-at-home arrangements. "When you're below 3 percent unemployment, you are at full employment," Largen said. "So companies have to be intentional when it comes to creating a culture that allows current employees to have some loyalty."

To aid the area's restaurants and hotels, Largen said the chamber teamed up with the local convention and visitors bureau to launch a community college program that educates students on management and executive-level opportunities in hospitality work. "There's still an impression that hospitality perpetually pays low wages," he said.

Even as many jobs go unfilled, wage growth is still not soaring. Southeast businesses reported average merit raises of 3 percent to 3.5 percent for workers in the October Beige Book, compared with 2 to 4 percent annual pay increases noted in May 2018.

The Atlanta Fed's [Wage Growth Tracker](#) shows slow but steady median wage growth since 2014. This year, wage growth has generally been in the 3 percent range. Job switchers are finding that moving to another position is paying off, with their wage growth

surpassing that of employees who stay in their jobs.

In December 2010, job switchers and job stayers had roughly the same median wage growth, at 1.8 percent, the tracker shows. January 2011 began a trend of job switchers gaining higher wage growth, a trend that has continued: as of September 2018, job stayers had 2.9 percent average wage growth, while job switchers had 3.7 percent wage growth.

Workers who quit their jobs in search of other positions tend to be younger and less experienced, Robertson said, while [those who remain in their jobs are likely to be more educated](#) and earn more.



Karen Jacobs

Staff writer for *Economy Matters*

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