

# Where Are the Workers?: Understanding the Post-COVID Labor Shortage

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## Overview

The onset of the COVID-19 pandemic in March 2020 turned the labor market upside down. Job losses shot up and many businesses, especially small ones, saw significant drops in revenue. As we continue to assess the ongoing impacts and adjustments brought on by COVID, data suggest that there has been a relatively quick and strong recovery in North Carolina when it comes to job growth. In fact, recent data from the US Chamber of Commerce show that North Carolina has more jobs than workers - 61 workers available for every 100 job openings.

To better understand the challenges, changes, and opportunities that COVID-19 created for the workforce, nclIMPACT Initiative and NCGrowth partnered to conduct a series of focus groups with workers, employers, and workforce support providers throughout North Carolina to dig beneath the numbers and hear individual perspectives. Because young workers aged 16-24 suffered the highest rates of unemployment compared to other age groups, the research focused on these workers in particular. Otherwise, the research sought to maximize variation across the employers and employment support providers to gain a diversity of perspectives and to illuminate cross-cutting

themes and/or areas of potential divergence depending on employment sector and geographic location across the state.

## Focus Group Methodology

From January to March of 2023 the research team hosted 21 60-minute focus group sessions with over 130 employers, employment support providers, and young adults. Conversations took place in communities located in each of North Carolina's eight prosperity zones. The research team worked closely with local partners to recruit participants to these discussions. While each focus group explored similar themes, questions varied slightly depending on the focus group population.

## Mecklenburg County Focus Group Summary

- Five employers representing finance, tech, nonprofits, and human resources
- Nine workforce support providers including representation non-profits
- No young adults

### Employers

#### Impact of COVID-19 and the Changing Work Landscape

Employers described the many factors impacting worker shortages and creating shifts within the labor force. In particular, a few participants mentioned COVID's impact on early retirements which added to openings at upper levels of some businesses and organizations.

A participant representing the finance sector said,

*"...I don't know if anyone read a book called, The Workforce Crisis several years back, but it basically predicted once the baby boomers started to retire, that there wouldn't be enough people in the workforce, and you'd have to be creative in how you retain or bring in new talent. The pandemic, I believe, really sped that up and a lot of baby boomers decided to retire earlier than they maybe had planned.*

Another participant echoed this and added that the need to fill these positions by moving people up within the organization has created additional openings at entry- and mid-level positions.

She said,

*"What we've had to do is we've had to take people from the lower end, so from the call centers, [and] promote. So, to your point, it has been a boomerang effect where we're robbing Peter to pay Paul. So, going from call center moving up into a salary-based position, which is quite a jump, in order to fill those gaps and voids.*

#### New Considerations in Hiring

Participants also noted a changing power dynamic between employers and employees and described new efforts required for recruitment and hiring for employees.

One employer stated,

*"It went from...the candidates, selling themselves to 'why should I come and work for your organization?' It's no longer, 'why should we hire you?' [It's now] 'Why do I need to come and work for your organization?' And I mean it's been competitive. It's having to roll out bells and whistles just to get an employee to want to come and work for your organization through creativity and many other things."*

The same employer went on to mention raising hourly wages and improving benefits such as tuition reimbursement and healthcare options. Others described maintaining flexible schedules and work-from-home options, when possible, as well as offering opportunities for growth and leadership development.

On the flip side, some benefits that had been seen as critical in the past, may not be as meaningful to younger workers. One employer representing a government agency mentioned that retirement benefits, which had previously been a draw for some potential employees, no longer offered the same appeal.

She said,

*“The other thing that’s also interesting with us is those things that have always been sort of the draw for people to come to government – you’re going to get a pension and you’re going to have this great retirement plan – most folks coming in the door are not all that concerned with that. They’re just sort of like, ‘yeah, I’m not going to retire from here, so, I’m not, those aren’t the big sells anymore.’ Folks that are coming in don’t have the intention of staying with us for 15, 20 years.”*

### Critical Soft Skills

Despite acknowledging changing dynamics in hiring and worker shortages, employers still see a strong need for a highly skilled workforce. Specifically, many employers in this focus group discussed key soft skills that were essential within and across sectors. Some of the skills mentioned included organization, communication, problem solving, being “teachable” or having “coachability,” and having the ability to “read the room.”

In emphasizing one of these skills, a participant stated,

*“For me, one of the things that is critical in almost any role I hire for is I want someone that’s a problem solver. It’s easy to identify problems, but you want to be able to show in an interview that you’ve come up with solutions. And I think that sometimes separates some of the really good candidates.”*

A particularly interesting aspect of the discussion about these types of skills was the range of skills included, as mentioned above, and the ability to learn them. A representative from a government agency working with prisoner re-entry highlighted this latter point by sharing:

*And the reason I think that they [soft skills] can be taught [is] because that is something that we do in our work...It’s a lot easier for folks with criminal records to get jobs right now. But one of the things that we do is we work with those folks and also*

*work with the employer to help them with those things. Because a lot of, again, those personal attributes – organiz[ation], how to communicate with folks. I mean, those are things that folks coming out of prison don’t always have or they’re not skills that they have used in a while because they’ve been incarcerated. We call it ‘working smart,’ and it’s really kind of teaching folks how to do those things and teaching them that these are the things that you need to have in order to be successful in a workplace regardless of what that sector might be. So, I do think those can be taught. I mean, I’ve seen it done.”*

As part of this conversation, several employers mentioned that many young people were denied opportunities to learn and practice some of these types of skills due to the isolation of pandemic and being away from school and social settings. Because of this, employers emphasized the need for coaching on these skills.

One employer said,

*“But that falls back on the leaders to really coach on those soft skills. And I think that’s critical and that’s where there needs to be that focus.”*

### Workforce Support Providers

#### Impact of COVID-19 on the Workforce

Like employers, workforce support providers acknowledged the multi-layered impacts of COVID-19 on the workforce. In the discussion, participants mentioned overall worker shortages and demand for higher wages. They also described expanded opportunities for workers through employment alternatives, such as the gig and underground economies. Though they noted these changes have created challenges for local workforce development in the region.

Describing this phenomenon, a participant said,

*"People are now tracking their finances, and businesses that do things they do in the community through Cash App, and that's how they're able to receive money. So, the labor force looks different, because you don't necessarily have to physically be on a job anymore to make money. And people have discovered that, and now they're using it to their advantage. Which makes our jobs a lot harder, as far as finding people, not only that want to work, but knowing where to go to find work."*

Stating a reason for this phenomenon,

*"...a lot of times if you have that job on file, they're going to take your (taxes) out automatically. So, a lot of these guys are like, 'No, I'm just going to get paid under the table, and I'll give you what I can.'"*

## **Employee Challenges**

Participants described some specific challenges they see facing the workers they support. Interestingly, these included low pay, despite wage increases across many jobs and sectors. The increases did not seem to be adequate to cover the rising costs of food, rent, and healthcare.

One participant described this situation and mentioned the additional complicating factor of previous justice-involvement. They said,

*"I know for myself and the work I do, and being with justice-involved individuals, there's only a certain threshold that they can reach in looking for employment. They can only get a certain type of job. And in those types of fields, whether it's food service, construction, warehousing, those wages have gone up \$1, maybe \$2, from pre-pandemic, \$8-10, to now \$12-14, maybe even \$15 if they're lucky. And I know that's nearly impossible to live on nowadays. So, people are looking for other avenues, instead of filling those food service jobs, those jobs that are not paying the bills..."*

Relatedly, some workforce support providers noted the potential negative impact of the benefits cliff, where households may abruptly lose access to critical benefits due to even a small wage increase. Some participants also pointed to childcare as a major pain point for some workers.

One participant stated,

*"I'd say childcare also. I didn't realize the impact that childcare was going to have. But a lot of folks that are coming to us, and we're starting a class in a couple weeks training women for HVAC and electrical, I mean these are going to be high-paying jobs in great demand for a very long time. But the childcare thing is really impacting their ability to do some things. And then they'll come back and say, 'Well no, I really need something where I can work from home.'"*

In some of our focus group locations, including Mecklenburg, participants raised additional challenges facing refugee populations.

One participant shared,

*"And for the refugee population, it's compounded by the problem that they don't speak English. The majority of them don't speak English. So, they have to be enrolled in ESL classes. So, between trying to work two jobs, and trying to attend their ESL classes, they really don't have time for anything else to upscale or to... I know many of them want to, but they just don't have the time to."*

Participants also pointed to transportation as a challenge facing many workers and potential workers, but with particular attention on how this affected the refugee community in Mecklenburg.

On participant shared,

*“Also for us, I think it would be transportation. That is the thing we deal with on a daily basis. That is the biggest challenge for us. We can find them jobs, they’re happy to go to those jobs. How do they get to their workplace?”*

In speaking to the challenge for the refugees, one participant said the following:

*“And once they [refugees] get here and they face the reality, there are so many things that are challenging to them. Getting to work is the biggest. Transportation for refugees. We find it’s not hard to find them a job. The hardest part for us is to find them transportation. Because most of them don’t know how to drive. They have to learn how to drive. They don’t have enough money to buy a car, so they have to save to buy a car. So from the time that they get here until the time they can buy a car, how do they save to buy a car? They have to go to work. But how do they go to work, because the transportation system is so broken.”*

## **Solutions & Opportunities**

Participants wanted to see more partnerships and collaboration to address workforce development challenges.

A participant claimed,

*“And one thing that I would like, I think, and I’m sitting in a room with you all, I think we need to be thinking more about partnerships. We had more of the stipends, that people were getting paid along the way. And for example, we get some of that from the city, and then for a while it was coming from the county, and now the county doesn’t do it anymore.”*

The same participant also said,

*“there are 150 organizations in the Charlotte metropolitan area that are doing workforce development in some sort of way. Which is ridiculous to me. As opposed to, let’s have five really strong, that are well funded. And with that, let’s be very clear about the continuum.”*

**For more information about the project and complete study findings and recommendations visit the Where are the Workers project website:**

**<https://ncimpact.sog.unc.edu/2022/01/where-are-the-workers/>**