

Increasing Hourly Workforce Productivity: Different types of work, different types of workers

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Introduction

Approximately 60% of the US workforce is employed in hourly work. This workforce is predicted to grow even larger over the coming years, with eight of the ten fastest growing positions in the US involving hourly jobs (Bureau of Labor Statistics, 2005). When people talk about workforce productivity in the United States, what they are largely talking about is hourly job performance.

Despite the size of the hourly workforce, relatively little attention has been paid to understanding this segment of the labor pool. A Google search conducted on February 19, 2008 on the term “improving hourly performance” returned approximately 1,200,000 results. In contrast, a search conducted on the term “improving leadership performance” returned over 17,500,000 results. If Google can be viewed as a crude measure of the attention being paid to a topic, this suggests that for every project examining hourly jobs there are over 15 examining leadership jobs. This seems grossly out of proportion given that more than 60% of jobs are hourly jobs, while probably fewer than 20% can be considered to be leadership positions. People in the US appear to be more interested in exploring ways to increase the performance of the people supervising workers rather than exploring ways to increase the performance of actual workers themselves (Kaiser, Hogan, & Craig, 2008).

This paper explores approaches for improving hourly workforce productivity by examining the characteristics of hourly workers. Focus is placed on the attributes of hourly employees, as opposed to describing the attributes of the organizations or leaders they work for. A framework is provided for understanding the nature of hourly jobs and the types of employees who perform them. Recommendations for talent management of hourly workers are then provided that take into account the diversity of hourly employees.

What is an hourly employee?

The term “hourly job” is commonly used to describe any job classified as “non-exempt” according to the US Fair Labor Standards Act (FLSA). The US government provides guidelines for determining whether a job is non-exempt, although interpretation of these guidelines is not always clear (Flynn, 2001). Most hourly jobs are positions where people have little to no management or leadership responsibility and where tasks are relatively well-defined and somewhat routine. Hourly jobs are often assumed to require little prior experience or education, although this is clearly not the case for many hourly jobs (e.g., nurse, machinist). By definition, hourly workers’ pay rate is directly dependent on the number of hours they work each day or week. Most hourly jobs are relatively low paying and many do not provide healthcare benefits. But pay can be quite high for certain hourly skilled trades, and benefits are often provided to hourly employees working for companies considered to be “best in class” employers (e.g., Paulin, 2004).

Different types of hourly work

Although people frequently use the term “hourly work” as though it referred to a single type of job, hourly employees perform a diverse range of tasks and activities. The vague nature of the term “hourly job” can result in lumping hourly employees together in a single group even though their jobs may bear little similarity to one another from a psychological perspective. The failure to recognize distinctions within the large class of hourly jobs can lead to over-generalizations of business practices (Steel et al., 2006). This is particularly problematic when examining aspects of workforce productivity like retention that are influenced by socio-economic factors that vary considerably across employee populations. For example, it seems unlikely that the factors driving turnover among hourly employees working in highly skilled, well-compensated hourly positions such as nursing are the same as the factors influencing turnover in low-paying hourly positions such as housekeeping.

To develop more appropriate strategies for increasing hourly workforce productivity, it is suggested that hourly jobs be separated into four general categories. These categories are based on the following two broad dimensions for describing hourly work.

Transactional Work vs. Experiential Work: This refers to whether the job involves providing customers (either internal or external) with specific, tangible products versus providing an emotional or attitudinal “experience”. Assembly line work is transactional. Workers are paid to perform physical tasks with tangible objects. In contrast, retail store “greeter” is an experiential job. The primary job objective is to ensure customers have a positive experience when they enter the store. This requires influencing emotions and attitudes of people as opposed to manipulating physical objects.¹

Simple Work vs. Complex Work: This refers to the cognitive complexity of the tasks performed in the job. It is a function of the number of steps required to carry out different tasks and the degree to which these steps require specialized knowledge and skills. For example, “dishwasher” is a simpler job than “chef” because it involves performing a smaller number of tasks requiring lower skill levels.

These two dimensions can be used to classify hourly jobs into quadrants. Figure 1 illustrates this classification using several typical hourly jobs. Jobs in each quadrant tend to share common themes in terms of their work and the requirements need to perform them. Employees holding jobs in each quadrant also tend to have somewhat similar levels of skills, abilities, and career interests. Figure 1 also provides data illustrating the typical socio-economic backgrounds of employees holding jobs in each category².

¹ One might argue that “service jobs” (Rogelberg et al., 1999) and “experiential jobs” are the same thing. But many service jobs are more transactional than experiential. For example, service performance of grocery stores cashiers depends more on their speed ringing up purchases and less on their interpersonal skills. There is also a similarity between the transactional-experiential dimension and the “people vs. things” distinction in the vocational literature (Prediger, 1976). But the “people vs. things” distinction focuses more on the work environment than the actual purpose of the work. For example, many transactional jobs require working with people in a team environment, but influencing team members’ experiences at work is not the primary purpose of the job.

² This data was calculated by classifying 258 jobs listed in the US government’s Current Population Survey. Thanks to Jared Bernstein and Jin Dai of the Economic Policy Institute for performing this analysis.

Figure 1. Different Types of Hourly Work

Complex Transactional	Complex Experiential
<p>Example Jobs: Industrial Truck Operators, Machinists, Bakers</p> <p>Gender of Employees: Male- 77% Female- 23%</p> <p>Age of Employees: 16 to 24 - 15%; 25 to 34 - 24%; 35 to 44 - 24%; 45 to 64 - 35%; +65 - 3%</p> <p>Average Pay Rate: \$15.30/hour</p> <p>Educational Level of Employees: Less than High School - 20% High School - 45% Some College - 29% College - 6%</p> <p>Family Income: <\$25k - 32% \$25k to 40k - 19% \$40k to 75k - 31% >\$75k - 18%</p> <p>Race: White - 64% Black - 11% Hispanic - 21% Other - 5%</p> <p>Union Membership: 18%</p>	<p>Example Jobs: Registered Nurse, Administrative Assistant, Police Officer</p> <p>Gender of Employees: Male- 19% Female- 81%</p> <p>Age of Employees: 16 to 24 - 12%; 25 to 34 - 22%; 35 to 44 - 24%; 45 to 64 - 40%; +65 - 3%</p> <p>Average Pay Rate: \$17.49/hour</p> <p>Educational Level of Employees: Less than High School - 4% High School-25% Some College - 47% College-24%</p> <p>Family Income: <\$25k - 26% \$25k to 40k - 13% \$40k to 75k - 31% >\$75k - 30%</p> <p>Race: White - 74% Black - 12% Hispanic - 9% Other - 6%</p> <p>Union Membership: 19%</p>
Simple Transactional	Simple Experiential
<p>Example Jobs: Stock Clerks, Data Entry Clerks, Construction Laborers</p> <p>Gender of Employees: Male- 56% Female- 44%</p> <p>Age of Employees: 16 to 24 - 26%; 25 to 34 - 22%; 35 to 44 - 19%; 45 to 64 - 29%; +65 - 4%</p> <p>Average Pay Rate: \$11.19/hour</p> <p>Educational Level of Employees: Less than High School - 29% High School-42% Some College - 24% College-6%</p> <p>Family Income: <\$25k - 44% \$25k to 40k - 20% \$40k to 75k - 24% >\$75k - 13%</p> <p>Race: White - 51% Black - 17% Hispanic - 27% Other - 5%</p> <p>Union Membership: 12%</p>	<p>Example Jobs: Retail Sales Person, Telemarketers, Receptionists</p> <p>Gender of Employees: Male- 28% Female- 72%</p> <p>Age of Employees: 16 to 24 - 42%; 25 to 34 - 19%; 35 to 44 - 14% ; 45 to 64 - 21%; +65 - 4%</p> <p>Average Pay Rate: \$9.86/hour</p> <p>Educational Level of Employees: Less than High School - 18% High School-35% Some College - 37% College-10%</p> <p>Family Income: <\$25k - 38% \$25k to 40k - 17% \$40k to 75k - 26% >\$75k - 19%</p> <p>Race: White - 67% Black - 13% Hispanic - 14% Other - 6%</p> <p>Union Membership: 5%</p>

Different Types of Hourly Workers

One of the challenges to increasing hourly workforce productivity is designing talent management interventions that account for the diversity of hourly employees. The same hourly position might be staffed by a recent high school graduate, a college student in her twenties, a single mother in her 30s with no college education, a recent immigrant with limited English skills, and an older, former professional employee looking to make extra money to augment his retirement. Each of these employees may have different reasons for working, and will respond differently to organizational strategies aimed at increasing performance or retention. This has implications for the value of potentially costly talent management strategies involving management processes (e.g., career development programs, team building exercises) or benefits and compensation (e.g., childcare, tuition reimbursement).

While it is unlikely that any talent management practice will work equally well across all hourly jobs and hourly employees, it is more likely that talent management practices that work for one job in one of the quadrants in Figure 1 will also work for other jobs in the same quadrant. The nature of the jobs found in each quadrant influences the kinds of candidates who apply to these jobs. This in turn impacts the effectiveness of different talent management strategies focused on increasing performance and retention of employees in these jobs.

The following paragraphs describe characteristics that typify hourly workers in each of the quadrants shown in Figure 1. Each paragraph begins with a demographic sketch of a relatively common type of employee for the quadrant. These sketches are intended to provide a sense of characteristics that might make the employees in each quadrant somewhat unique. While they are generally reflective of the demographic data shown in Figure 1, they do not mirror it directly.

Simple-Transactional Hourly Workers

Typical workers are equally likely to be white or minority, male or female. They have a high school education, have an average age around 35 years, and have household incomes of \$20 thousand per year.

Hourly jobs that are “simple-transactional” tend to have relatively few hiring requirements and put little emphasis on interpersonal skills³. They are often staffed by employees with limited educational qualifications and language skills. Family income of employees in these jobs is the lowest of any of the four quadrants and minority representation is the highest. The economic situation of many employees in simple-transactional jobs is likely to have a substantial influence on their behavior at work. Turnover in these jobs may depend more on external availability of jobs that meet the employee’s non-work needs, and much less on internal characteristics of the work environment. Consider the case of a poor, non-English speaking, functionally illiterate employee who does not have a car or other means of transportation. Such a person is

³ Simple-transactional jobs have also been called “Taylorist” jobs based on the highly routine and prescribed nature of their work tasks (Hunt, 2002).

unlikely to quit a job unless he is fairly certain he can find another job in the same location that will pay approximately the same wage. But in many labor markets such jobs are relatively scarce. As a result, this employee may endure considerable hardships on the job rather than quit and risk a prolonged period of unemployment.

Many simple-transactional jobs are low paying and physically demanding which often makes them less desirable than jobs in other quadrants (Hunt & Keeping, 2000). Such jobs are more likely to attract candidates who are unable to secure less demanding and/or higher paying jobs in the other quadrants due to a past history of performance problems. This increases the importance of using staffing methods for simple-transactional jobs that decrease the risk of employee counter-productivity. This does not mean that all hourly employees in simple-transactional jobs are more prone to counterproductive behavior, but that the risk of counterproductive performance may be greater in this particular hourly employee population.

Simple-Experiential Hourly Workers

Typical workers tend to be white, female, have attended some college, have an average age around 20 years, and have household incomes ranging from \$20 thousand to \$60 thousand per year.

Hourly jobs that are “simple-experiential” do not require applicants to have many job qualifications, but they do require candidates to possess a certain level of interpersonal skill to work with customers. Because “people skills” tend to generalize across work settings, employees who are skilled at building and maintain customer relationships may find it easier move into other hourly jobs or secure employment in salaried positions that value interpersonal acumen. These employees can find work elsewhere, so they are more willing to quit a position that is not providing them with the work environment and opportunities they seek from a job. As a result, employee treatment or career advancement opportunities are likely to have a larger influence on turnover of employees in this quadrant compared to the simple-transactional quadrant.

Simple-experiential jobs tend to be less physically demanding than simple-transactional jobs. As a result, they may be more appealing to employees who are looking for a convenient source of income while they pursue other longer term career or life goals. For example, simple-experiential jobs may attract college students looking for a temporary source of income while they are in school. In fact, the simple-experiential quadrant has far more employees in the 16 to 24 “college age” group than the other quadrants. The nature of the career trajectory of employees in this age range should be considered when developing talent management strategies focused on simple-experiential hourly jobs.

All simple-experiential hourly jobs require the ability to work effectively with customers. As a result, customer service is likely to be a primary differentiator between good and bad performance among simple-experiential hourly employees. Talent management strategies that help to predict, develop, or reward employee behaviors associated with reliable and courteous customer service are likely to be particularly effective for increasing the productivity of simple-experiential hourly employees.

Complex-Transactional Hourly Workers

Typical workers tend to be white, male, have a high school education, have an average age around 45 years, and have household incomes of about \$50 thousand per year.

Hourly employees in this quadrant often started in an industry or company and “worked their way up” from less skilled to more skilled positions. Although the pay rate of complex-transactional workers is relatively high, the educational level of employees in this quadrant is more similar to simple-transactional workers than any other quadrant. Union membership, while still a relatively small percentage of employees overall, is more common in this quadrant and may have a significant impact on talent management practices in some situations.

Complex-transactional hourly workers tend to reflect the traditional concept of “blue collar” employees (Pannone, 1994). Such workers have invested a lot of time in developing their skills and take pride in the quality of their work. But they do not necessarily identify themselves based on their profession (Thomas, 1989). Work is a means to an end, and not an end unto itself.

Complex-transactional hourly workers are more likely to view their job as a means to support their activities outside of work, and may react negatively to talent management practices that interfere with their non-work commitments and obligations. Because many of these workers possess highly specialized skills they may find it relatively easy to obtain employment in the general job market. On the other hand, because workers in this quadrant may be more likely to have spent much of their career in one location or working for one employer, they may be reluctant to switch jobs if it requires them to move to a new city or otherwise disrupt their lives outside of work.

Complex-transactional workers are engaged in jobs that require performing specialized tasks to create tangible work products. As a result, differences in performance across complex-transactional workers will depend heavily on factors that influence work quality. Foremost among these are employees’ level of technical expertise and their work commitment. Talent management strategies that focus on building workers skills and knowledge are likely to be particularly effective for jobs in this quadrant. Talent management methods that increase employees’ sense of commitment toward their employers and their focus on conducting efficient, high quality work can also be highly effective for increasing productivity for complex-transactional jobs (Youndt et al., 1996).

Complex-Experiential Hourly Workers

Typical workers tend to be white, female, have a college education, have an average age around 50 years, and have household incomes of about \$75 thousand per year.

Hourly employees in this quadrant have the highest overall pay and family income of the four quadrants. Complex-experiential workers are also the most educated with 71% having completed some level of college coursework. Given their demographic background, one could expect hourly employees in this quadrant to be similar in many ways to salaried employees. These employees have invested considerable time building their careers and are likely to be recognized and respected by customers as “experts”

during their day-to-day work. As a result, complex-experiential hourly workers may have a much stronger sense of professional identity with their jobs than workers in the other quadrants. Talent management strategies that recognize and build on the pride employees take in their chosen professional are likely to be particularly effective when applied to complex-experiential hourly workers.

Both complex-experiential and simple-experiential hourly jobs appear to attract high numbers of female employees. The reasons for this are probably rooted in historical tendencies to stereotype many of the jobs in these quadrants as “female professions” (Hielman et al, 2004). The prevalence of women in these jobs could impact the effectiveness of talent management strategies that may be more relevant to female employees.

Like complex-transactional workers, the performance of complex-experiential workers is likely to depend largely on their competence carrying out specialized tasks and services. But customer service skills also play a major factor in impacting overall productivity of employees in this quadrant. In other words, the performance of complex-experiential workers is likely to depend both on what they know *and* how they apply this knowledge with customers. Talent management strategies for complex-transactional jobs should be designed with a clear understanding of whether productivity issues are due to a lack of knowledge or a lack of service skill.

Increasing hourly workforce productivity

Hourly workforce productivity is largely a function of four different types of employee behavior:

- **Job Performance:** Employees’ effectiveness carrying out tasks and objectives associated with their job.
- **Counter-productivity:** Employees engaging in activities that negatively impact organizational productivity (e.g., theft, substance abuse, accidents).
- **Attendance:** Employees showing up to work on time as scheduled and staying at work throughout their entire scheduled shift.
- **Retention:** Employees remaining with the same employer over time (the opposite of employee turnover).

These four aspects of workforce productivity are fairly independent from one another. Many factors that influence employee attendance do not influence job performance or counter-productivity (Hunt, 1996). Employees that companies strive to retain may also be the employees who show the highest levels of job performance (Salamin & Hom, 2005). Simply knowing that an employee is not counterproductive is no guarantee that they will show high levels of performance. Because these four factors are relatively independent, it is important to consider each of them when evaluating the impact of hourly talent management practices. For example, talent management practices such as providing healthcare benefits may positively impact retention but are unlikely to have an effect on job performance or counter-productivity.

Below are six talent management strategies that companies have implemented to increase productivity of hourly workers and the impact these strategies are likely to have for increasing workforce productivity when used with different populations of hourly workers. These strategies were chosen for illustrative purposes. They are not necessarily considered to be the best talent management strategies available for increasing hourly workforce productivity. They were chosen merely to demonstrate why it is important to consider hourly worker populations when designing hourly talent management strategies.

English as a Second Language(ESL) Training. ESL interventions have proven effective for increasing productivity and employee retention in hourly jobs that employ large numbers of non-English speaking employees (Hammer, 2003). They may also decrease counter-productivity related to accidents resulting from language difficulties. But because most non-English speaking employees are found in simple-transactional jobs, it is questionable whether ESL programs would have much value for the other hourly worker quadrants.

Tuition Reimbursement. Supporting employee education can be effective for increasing employee retention (Benson et al., 2004). In the context of hourly jobs, tuition reimbursement is likely to be most effective for simple-experiential jobs since that is where one is likely to find the largest number of college students. Tuition reimbursement may also increase job performance in complex-transactional and complex-experiential jobs by encouraging employees to increase their technical skills and knowledge.

Technical Training. Technical training programs are likely to have the greatest impact on job performance of complex-transactional and complex-experiential positions since these rely heavily on the use of specialized skills. Technical training may also increase retention in these jobs by appealing to employee's sense of professional identity. In contrast, technical training is likely to provide relatively little value for increasing performance in simple-transactional and simple-experiential jobs that do not require the use of specialized skills. It might increase retention by providing ambitious employees with access to career growth opportunities.

Customer Service Staffing Assessments. The use of staffing selection tools designed to predict customer service skills is likely to be particularly effective for increasing job performance in simple-experiential hourly jobs (Bettencourt et al., 2001). This is because customer service is one of the primary differentiators between effective and ineffective employee performance in these jobs. Customer Service assessments might also increase performance of employees in complex-experiential hourly jobs, but probably to a lesser degree since performance in these jobs is a function of both technical skill and customer service.

Integrity Staffing Assessments. Integrity assessments are selection tools designed specifically to screen out candidates who may engage in highly counterproductive behaviors such as theft (Ones et al., 1993). These tools are likely to have the most value when used to screen candidates for simple-transactional hourly jobs. This is because these jobs are more likely to attract a disproportionate number of candidates who have

been unable to obtain or retain employment in other hourly jobs due to past performance problems.

Healthcare Benefits. Similar to salaried employees, skilled employees in complex-transactional and complex-experiential positions are likely to expect healthcare benefits as a basic pre-requisite for employment. Benefits may be necessary to even attract employees to these jobs. In contrast, employees in simple-transactional and simple-experiential jobs often work part-time and are not eligible to receive benefits in many companies. Because they are not offered by all companies, healthcare benefits may be highly effective means to increase employee retention for these hourly employees. Healthcare benefits may also increase attendance if they include things such as daycare reimbursements or wellness programs that reduce the need for employees to miss work due to health or family issues.

Figure 2 below summarizes this discussion.

Figure 2. Expected Impact of Talent Management Methods on Hourly Workforce Productivity

Talent Management Intervention	Transactional Simple	Experiential Simple	Complex Transactional	Experiential Complex
English as Second Language (ESL) Training	High	Low	Moderate	Low
Tuition Reimbursement	Moderate	High	Moderate	Moderate
Technical Training	Low	Low	High	High
Customer Service Testing	Low	High	Low	Moderate
Integrity Testing	High	Moderate	Low	Low
Healthcare Benefits	High	Moderate	High	High

One size does not fit all

This paper introduced several concepts relevant to increasing hourly workforce productivity. The underlying theme is companies should recognize the diversity of hourly worker populations and design hourly talent management programs with this diversity in mind. No talent management strategy will affect productivity in the same way across all hourly jobs. Creating maximally effective talent management strategies starts with carefully examining the attributes, interests, and potential of the hourly employee population and then working backward to develop talent management interventions that address and reflect the needs, goals, and capabilities of these employees.

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