

# Medium and Long-Term Impacts of COVID-19 in the Service Sector

Kristen Harknett, UCSF  
Daniel Schneider, Harvard University

May 20, 2021  
National Academy of Sciences, Committee on  
Population



## Project Directors

**Daniel Schneider**

Harvard University

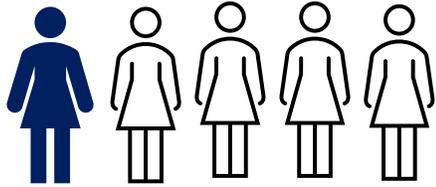
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**Kristen Harknett**

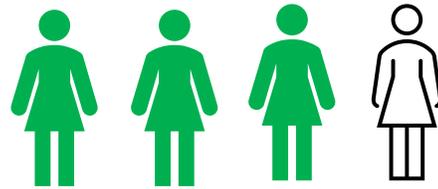
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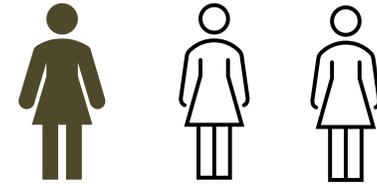
# The Service Sector in Context



**1 in 5**  
**U.S. workers**  
**employed in**  
**service**  
**sector**



**3 in 4**  
**service sector**  
**workers are 25**  
**years or older**



**1 in 3**  
**service sector**  
**workers are**  
**parents**

# Service Sector Jobs are often Bad Jobs

Low wages

Few benefits

Underemployment

Just-in-Time scheduling

Earnings volatility

# Service Sector Jobs are often Bad Jobs and Workers are Economically Insecure

Low wages

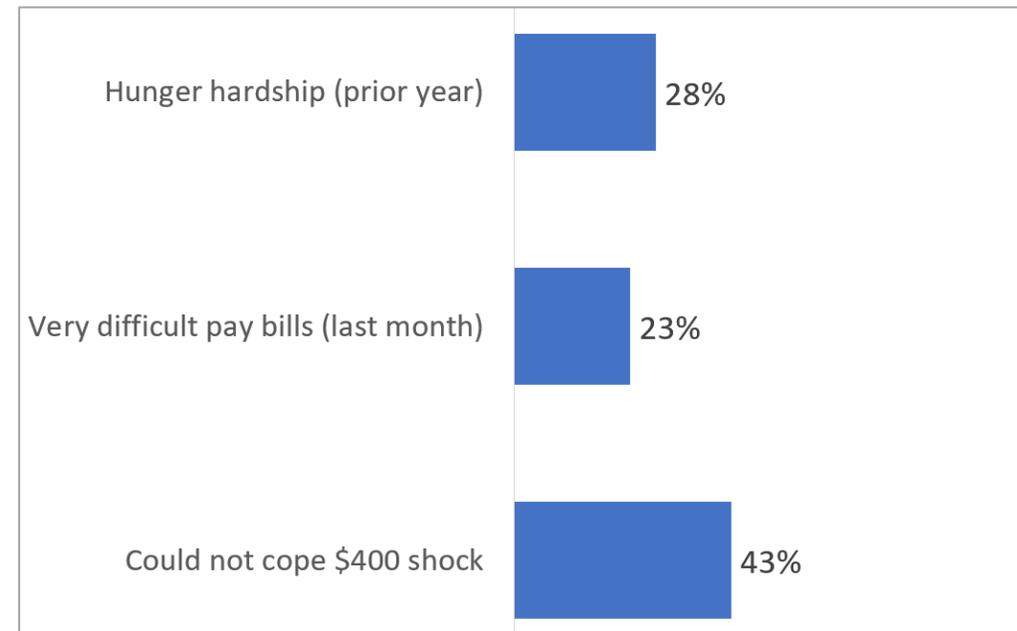
Few benefits

Underemployment

Just-in-Time scheduling

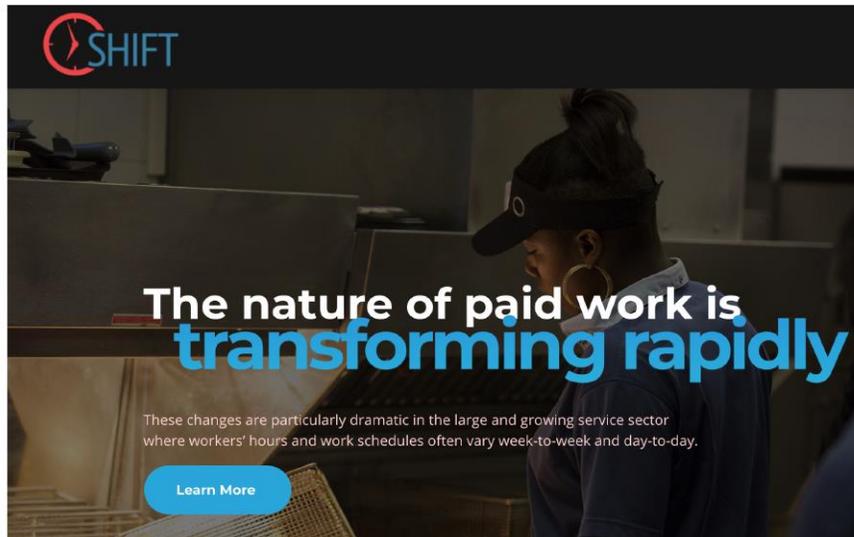
Earnings volatility

Service Sector worker reports of economic insecurity, 2017-2019



Source: weighted tabulation from Shift Project survey data

# The Changing Nature of Work



Risk Shift (Hacker 2006)

Polarization – Good Jobs/Bad Jobs (Kalleberg 2009; Fligstein & Shin 2004)

Decline in manufacturing and unionization, increase in service sector jobs

The Rise of the 24/7 economy (Presser 1999; McMennamin 2007)

Algorithmic approach to work scheduling

Just-in-Time Scheduling (Lambert 2008; Houseman 2001; Henly et al. 2006)

# Service Sector was Hard Hit by COVID-19 shock

ESSENTIAL, FRONTLINE WORKERS  
FACED HEALTH RISKS ON THE JOB

- *Grocery*
- *Delivery*
- *Pharmacy*
- *General Merchandise*



# Service Sector was Hard Hit by COVID-19 shock

ESSENTIAL, FRONTLINE WORKERS  
FACED HEALTH RISKS ON THE JOB

The Washington Post  
*Democracy Dies in Darkness*

Business

## Grocery workers are beginning to die of coronavirus

At least four people - who had worked at Walmart, Trader Joe's and Giant - have died from covid-19 in recent days



# Service Sector was Hard Hit by COVID-19 shock

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## Grocery workers are beginning to die of coronavirus

At least four people - who had worked at Walmart, Trader Joe's and Giant - have died from covid-19 in recent days



Walmart

» *Of all essential frontline workers, grocery workers are among the least protected and lowest paid.*



# Service Sector was Hard Hit by COVID-19 shock



“NON-ESSENTIAL” WORKERS  
FACED HOURS REDUCTIONS,  
FURLOUGHS, AND LAYOFFS

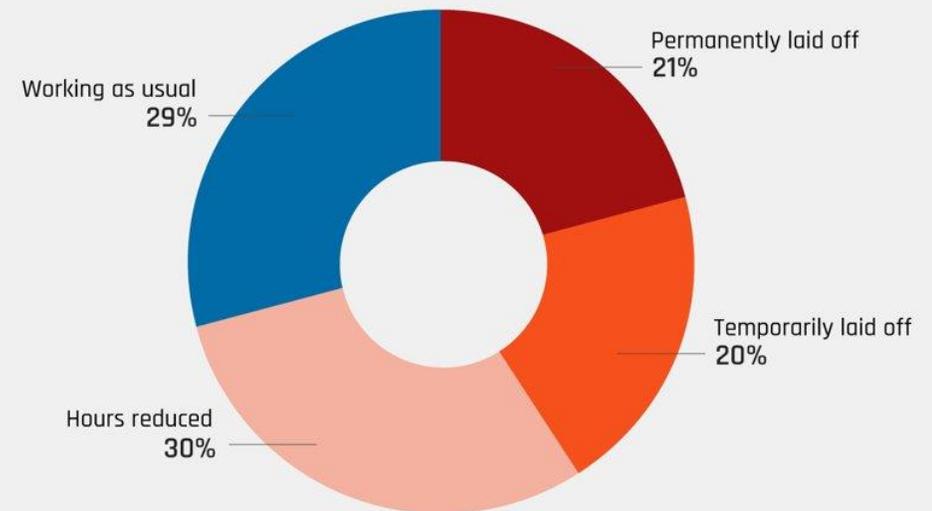
- *Restaurants*
- *Fast Food*
- *Retail apparel*
- *Specialty retail*

# Service Sector was Hard Hit by COVID-19 shock

“NON-ESSENTIAL” WORKERS  
FACED HOURS REDUCTIONS,  
FURLOUGHS, AND LAYOFFS

## Following the onset of the coronavirus crisis, most low-wage workers felt employment shocks in March 2020

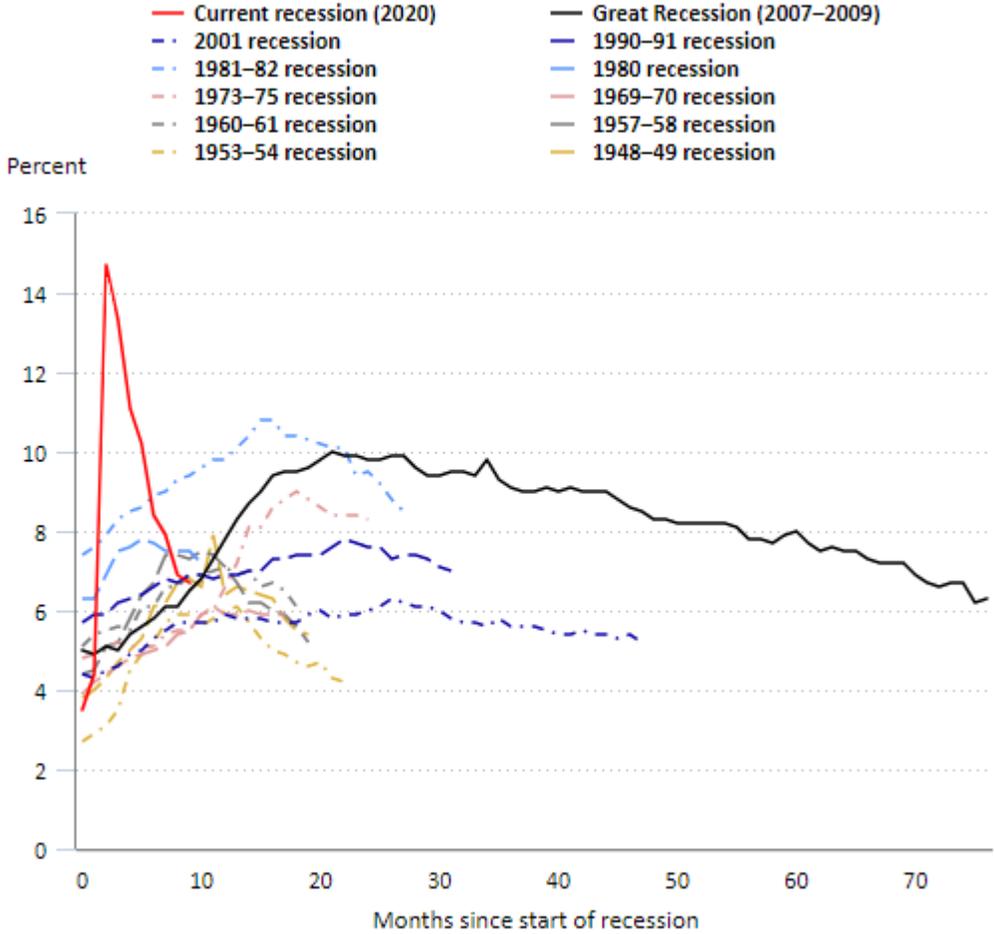
Percentage of low-wage service-sector workers with young children in a typical large U.S. city experiencing layoffs, hours reductions, or work as usual



Source: Analyses from the “Work-Family Text Study” by Liz Ananat and Anna Gassman-Pines

# The Economic Recovery has Begun

Figure 2. Unemployment rates in post-World War II recessions and subsequent recoveries



Click legend items to change data display. Hover over chart to view data.  
Source: U.S. Bureau of Labor Statistics.

# Key Question: Improved conditions for workers or retrenchment?

## The New Great Depression Is Coming. Will There Be a New New Deal?

After the coronavirus, political transformation may be inevitable.



By **Michelle Goldberg**  
Opinion Columnist

May 2, 2020



## THE WALL STREET JOURNAL.

BUSINESS

### Retailers Phase Out Coronavirus Hazard Pay for Essential Workers

Kroger and Rite Aid are among the firms paring back, as unions and employees say they still face risk



By [Jaewon Kang](#) and [Sharon Terlep](#)  
May 19, 2020 3:14 pm ET

U.S. DEPARTMENT OF LABOR

**Wage and Hour Division**



#### FFCRA Leave Requirements Expired Dec. 31, 2020

The requirement that employers provide paid sick leave and expanded family and medical leave under the Families First Coronavirus Response Act (FFCRA) expired on Dec. 31, 2020. Please visit the Wage and Hour Division's [FFCRA Questions and Answers](#) page to learn more about workers' and employers' rights and responsibilities after this date.

# Key Question: Has the pandemic hastened the future of work?

**POLITICO**

**Harvard  
Business  
Review**

By ELEANOR MUELLER  
02/05/2021 07:05 PM EST

## The pandemic is replacing people with tech — threatening the jobs rebound

Forty-three percent of businesses anticipate reducing their workforce due to an integration of technology.



Technology

## How E-Commerce Fits into Retail's Post-Pandemic Future

by Kathy Gramling, Jeff Orschell, and Joshua Chernoff

May 11, 2021



HBR Staff/contrastaddict/Stocksy/Getty Images

# Limits of Existing Research and Data

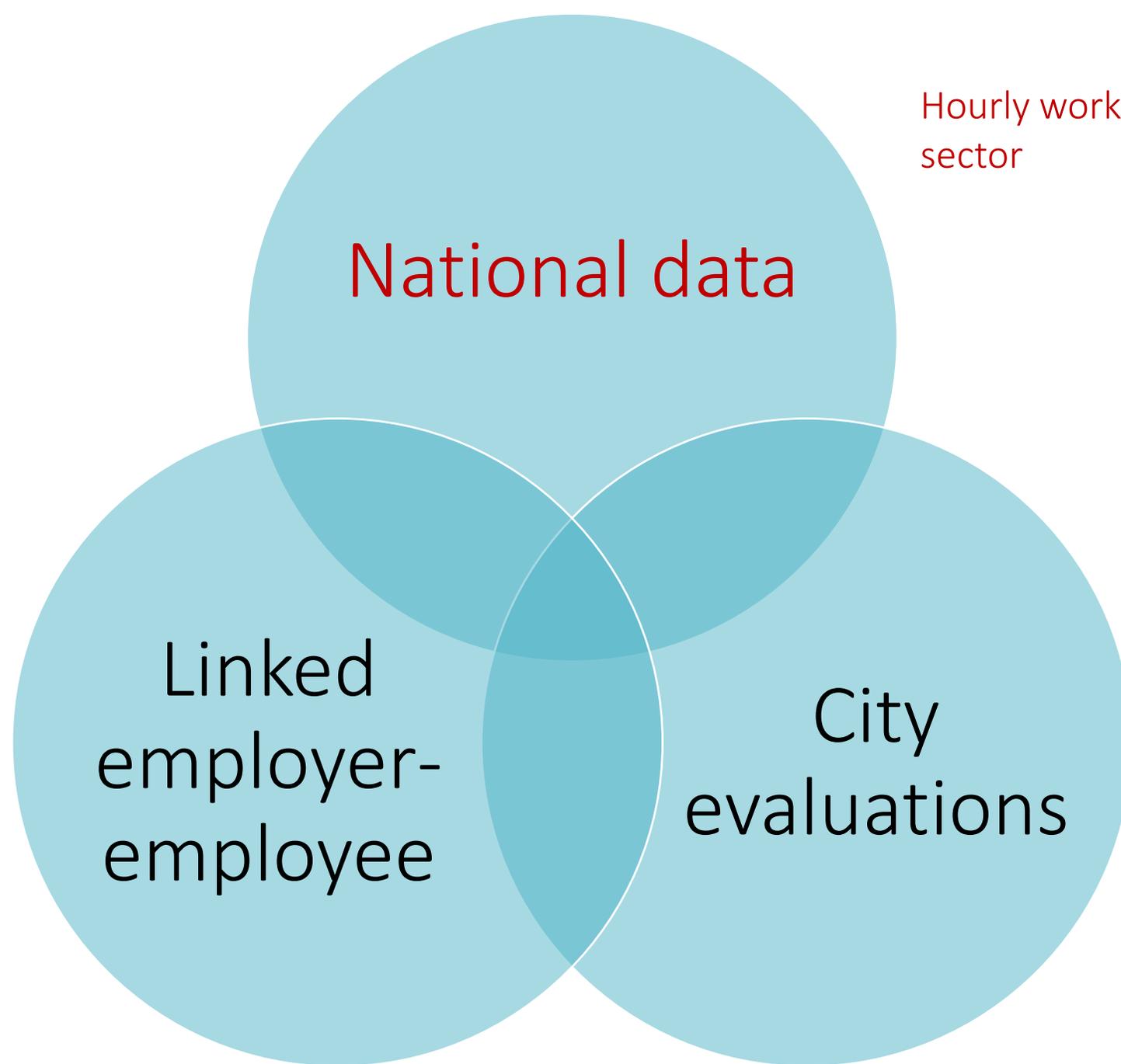
Few data sets include measures of working conditions

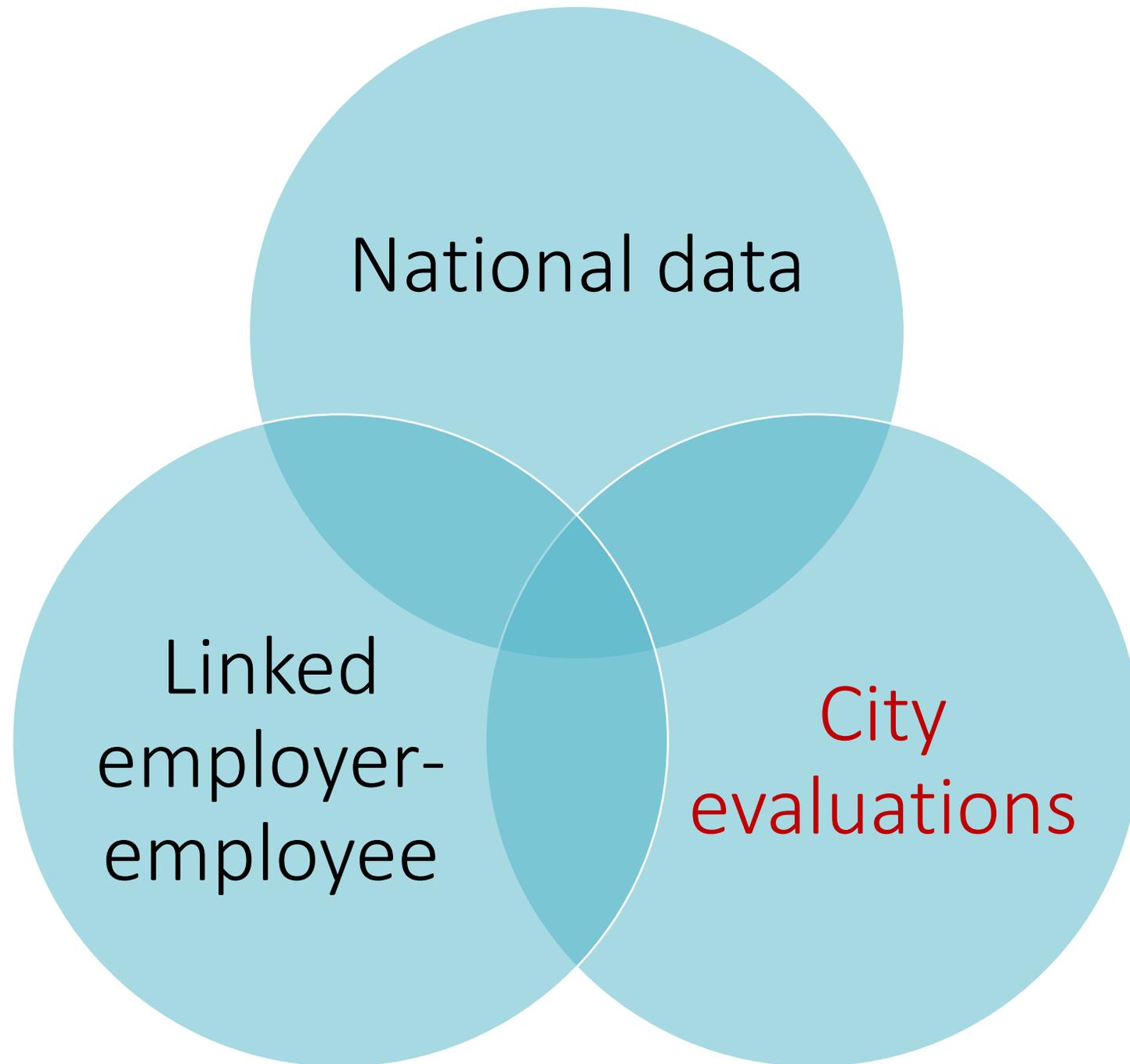
Data sets that include measures of work conditions rarely include measures of health and well-being

Existing data cannot be used to monitor the work conditions for particular named employers.

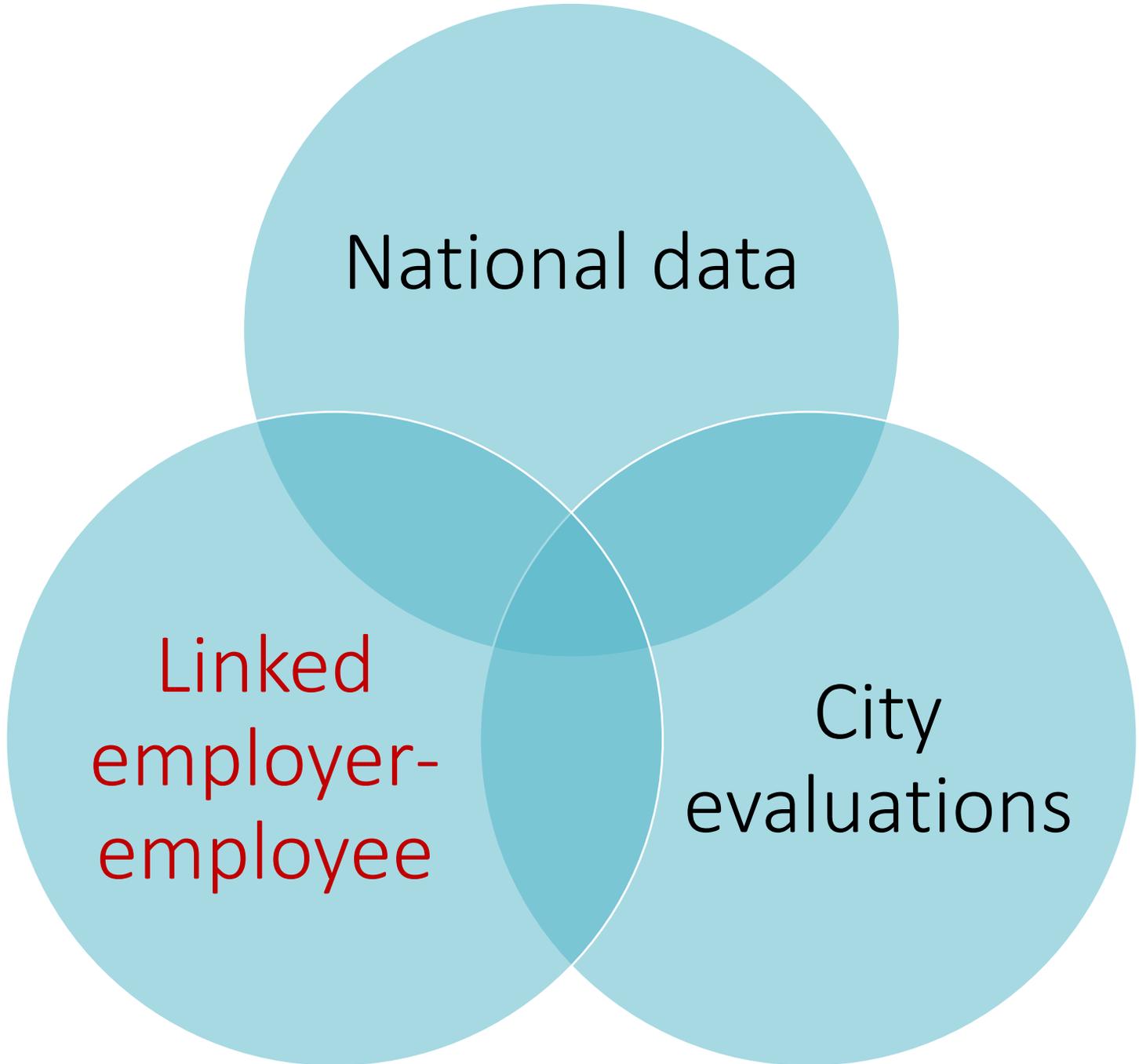
Or evaluate the effects of changes to company policy or local laws designed to alter working conditions.

Hourly workers in the service sector





Large enough samples  
to study geographic  
variation

A Venn diagram consisting of three overlapping circles of a light blue color. The top circle is labeled "National data". The bottom-left circle is labeled "Linked employer-employee" in red text. The bottom-right circle is labeled "City evaluations". The circles overlap in the center and at the intersections between pairs of circles.

National data

Linked  
employer-  
employee

City  
evaluations

Workers nested  
within large  
companies allows for  
analysis of company  
practices

# Easy and effective Facebook Ads



Detailed Targeting ⓘ INCLUDE people who match at least ONE of the following ⓘ

Demographics > Work > Employers

The Home Depot

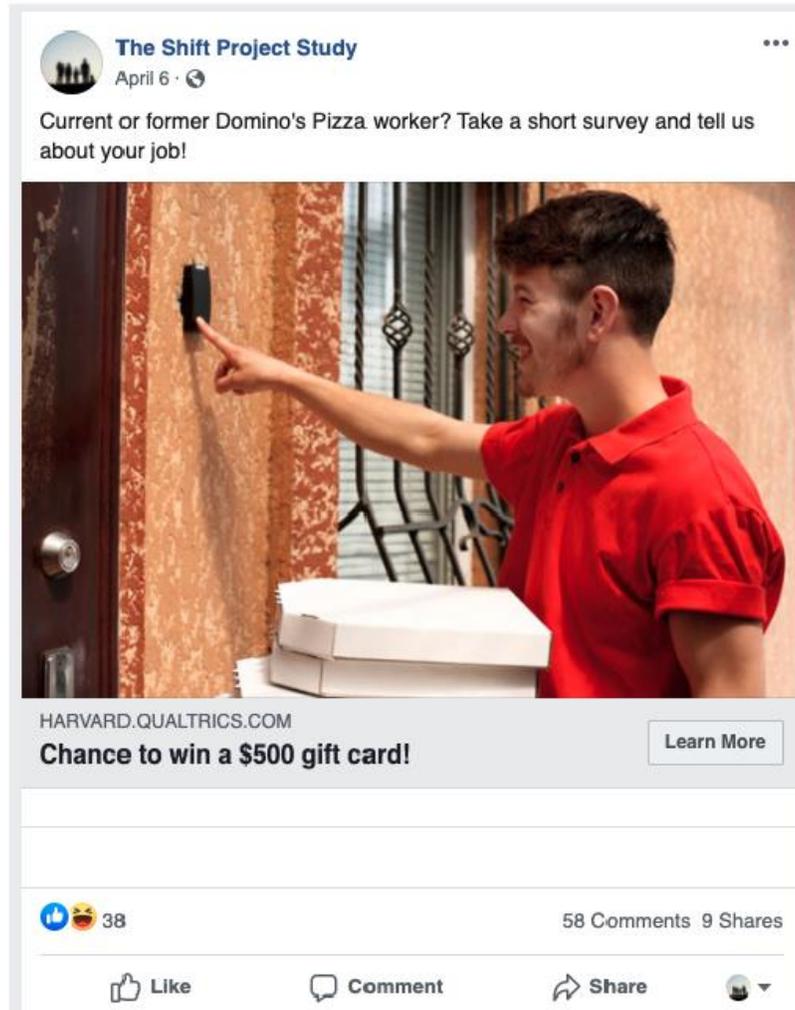
Add demographics, interests or behaviors | [Suggestions](#) | [Browse](#)

Connections ⓘ

Lowe's Home Improvement	Employers
Best Buy	Employers
Bed Bath & Beyond	Employers
Subway	Employers
Starbucks	Employers
Gap Inc.	Employers
Costco	Employers
J. C. Penney	Employers
Walmart	Employers

per cost

# Filling a Gap: Using Facebook for Survey Recruitment



The Shift Project Study  
April 6 · 🌐

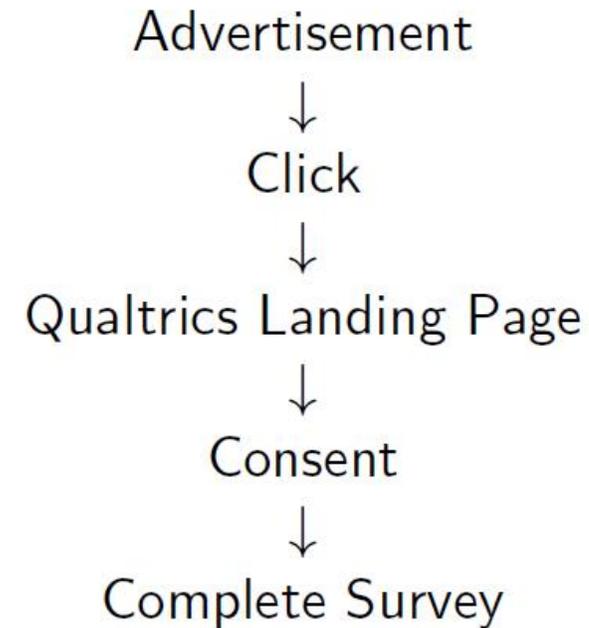
Current or former Domino's Pizza worker? Take a short survey and tell us about your job!



HARVARD.QUALTRICS.COM  
**Chance to win a \$500 gift card!** [Learn More](#)

👍🤔 38 58 Comments 9 Shares

Like Comment Share



# Shift Project Data

20-minute online survey

Work, Schedules, Demographics, Economic Security, Health, Parenting, Child care

Workers 18+ years at large retail and food employers

Incentive – lottery or gift card

10 Survey Waves between 2016 – 2021

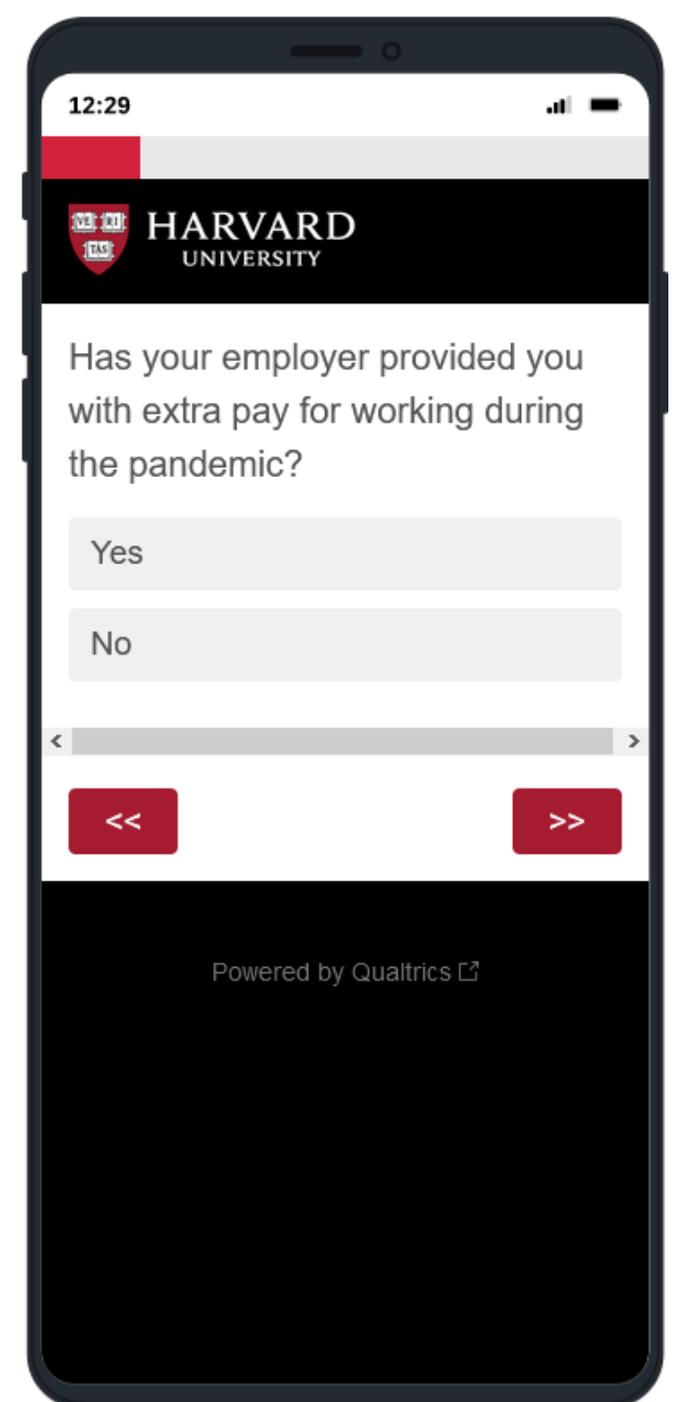
~140,000 workers

~140 large companies

Construct and apply weights to align with ACS

Methods and validation tests described in:

Schneider and Harknett, 2019. “[What’s to Like: Facebook as a Tool for Survey Data Collection](#)” *Sociological Methods and Research*.

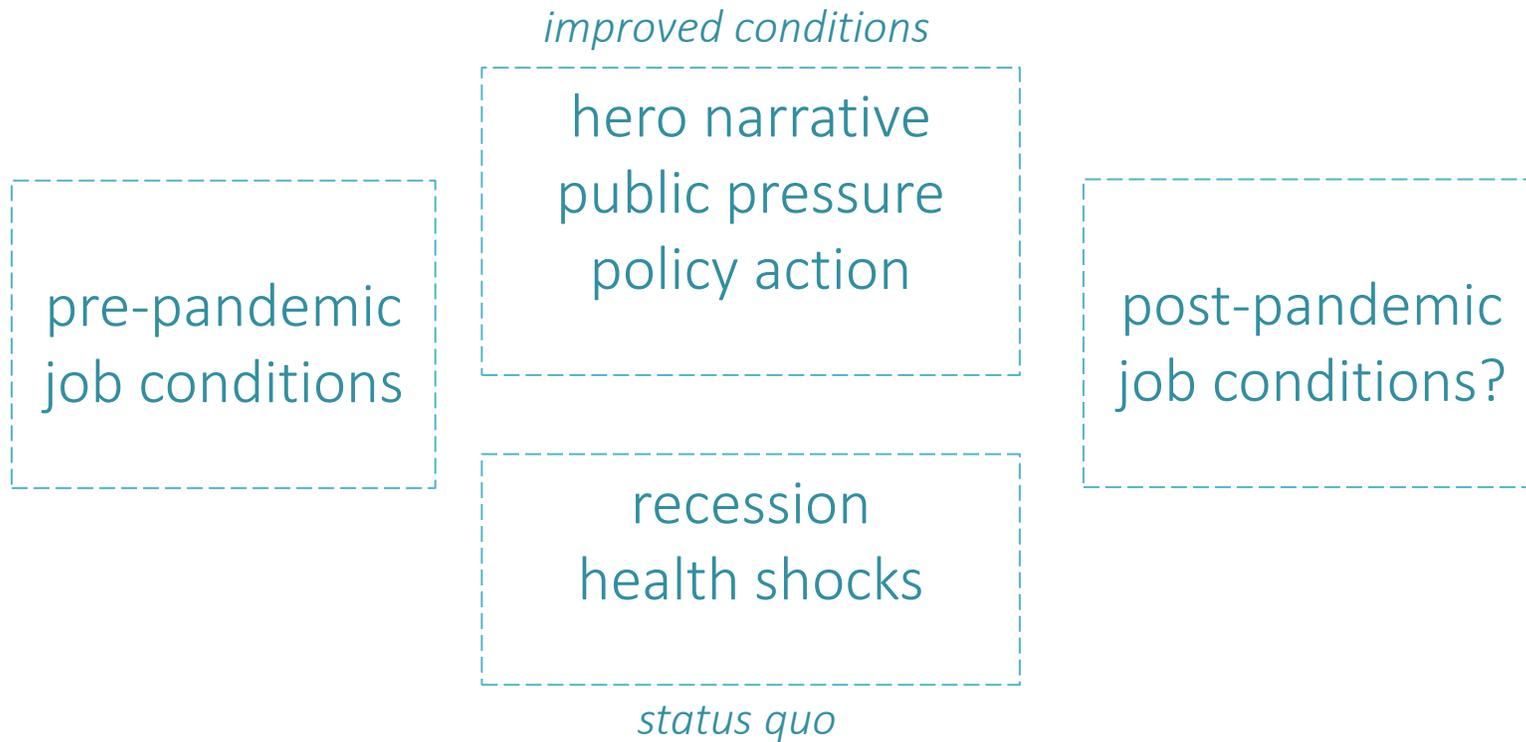




Sector	# Co.	Respondents	Examples
Gen Merch	11	19,321	Walmart, Dollar General
Fast Food	26	44,395	Starbucks, Taco Bell
Apparel	13	5,405	Gap, Victoria's Secret
Casual Dining	17	9,212	IHOP, Outback
Dept Store	7	8,307	Macy's, Nordstrom
Electronic	5	3,364	GameStop, Best Buy
Auto	4	1,751	O'Reilly, Autozone
Grocery	19	21,261	Trader Joe's, Kroger
Pharmacy	4	7,475	RiteAid, Walgreens
Hardware	4	7,685	HomeDepot, Ace
Sporting, hobby	3	1,612	Dick's, Michael's
Misc Retail	17	8,700	PetCo, OfficeMax
Logistics	4	2,420	XPO, DHL
Hospitality	5	1,138	Hilton, Sheraton, B&N
Total	139	142,046	



# Improved conditions for workers or retrenchment to status quo?





# During COVID: Paid Sick Leave Expansion

## EMPLOYEE RIGHTS

### PAID SICK LEAVE AND EXPANDED FAMILY AND MEDICAL LEAVE UNDER THE FAMILIES FIRST CORONAVIRUS RESPONSE ACT

The **Families First Coronavirus Response Act (FFCRA or Act)** requires certain employers to provide their employees with paid sick leave and expanded family and medical leave for specified reasons related to COVID-19. These provisions will apply from April 1, 2020 through December 31, 2020.

#### ► PAID LEAVE ENTITLEMENTS

Generally, employers covered under the Act must provide employees:

Up to two weeks (80 hours, or a part-time employee's two-week equivalent) of paid sick leave based on the higher of their regular rate of pay, or the applicable state or Federal minimum wage, paid at:

- 100% for qualifying reasons #1-3 below, up to \$511 daily and \$5,110 total;
- $\frac{2}{3}$  for qualifying reasons #4 and 6 below, up to \$200 daily and \$2,000 total; and
- Up to 12 weeks of paid sick leave and expanded family and medical leave paid at  $\frac{2}{3}$  for qualifying reason #5 below for up to \$200 daily and \$12,000 total.

A part-time employee is eligible for leave for the number of hours that the employee is normally scheduled to work over that period.

#### ► ELIGIBLE EMPLOYEES

In general, employees of private sector employers with fewer than 500 employees, and certain public sector employers, are eligible for up to two weeks of fully or partially paid sick leave for COVID-19 related reasons (see below). *Employees who have been employed for at least 30 days* prior to their leave request may be eligible for up to an additional 10 weeks of partially paid expanded family and medical leave for reason #5 below.



Each figure represents approximately 100,000 employees at essential businesses

**No paid sick leave requirement**  
Large companies with 500 or more employees



7.4M  
workers

**Paid sick leave required**  
Companies with 50 to 499 employees



1.3M  
workers

**May be exempt from paid sick leave**  
Small businesses with fewer than 50 employees



2.2M  
workers

Includes employees at privately owned businesses in the following industries: gas stations, general merchandise stores, grocery stores, hardware stores, pharmacies, day care, dry cleaning and laundry services, commercial banks, and veterinary services.

National • Analysis

## The new sick leave law doesn't help the workers that need it most

Only 12 percent of workers in businesses that are likely to stay open will be affected

By Alyssa Fowers and Shelly Tan March 19, 2020

# Paid Sick Leave Expansion was Temporary



## **FFCRA Leave Requirements Expired Dec. 31, 2020**



The requirement that employers provide paid sick leave and expanded family and medical leave under the Families First Coronavirus Response Act (FFCRA) expired on Dec. 31, 2020. Please visit the Wage and Hour Division's [FFCRA Questions and Answers](#) page to learn more about workers' and employers' rights and responsibilities after this date.

# Voluntary Expansion of Paid Sick Leave: Can Public Pressure Spur Company Action?



Judd Legum  
@JuddLegum

1. This AM, I published a piece on @darden, which operates @olivegarden & other restaurants. 1700+ in the US

I highlighted that, except where required by law, none of @darden's 170K+ workers got paid time off

10 hours later the company reversed course

[popular.info/p/free-breadst...](https://popular.info/p/free-breadst...)

## Bloomberg

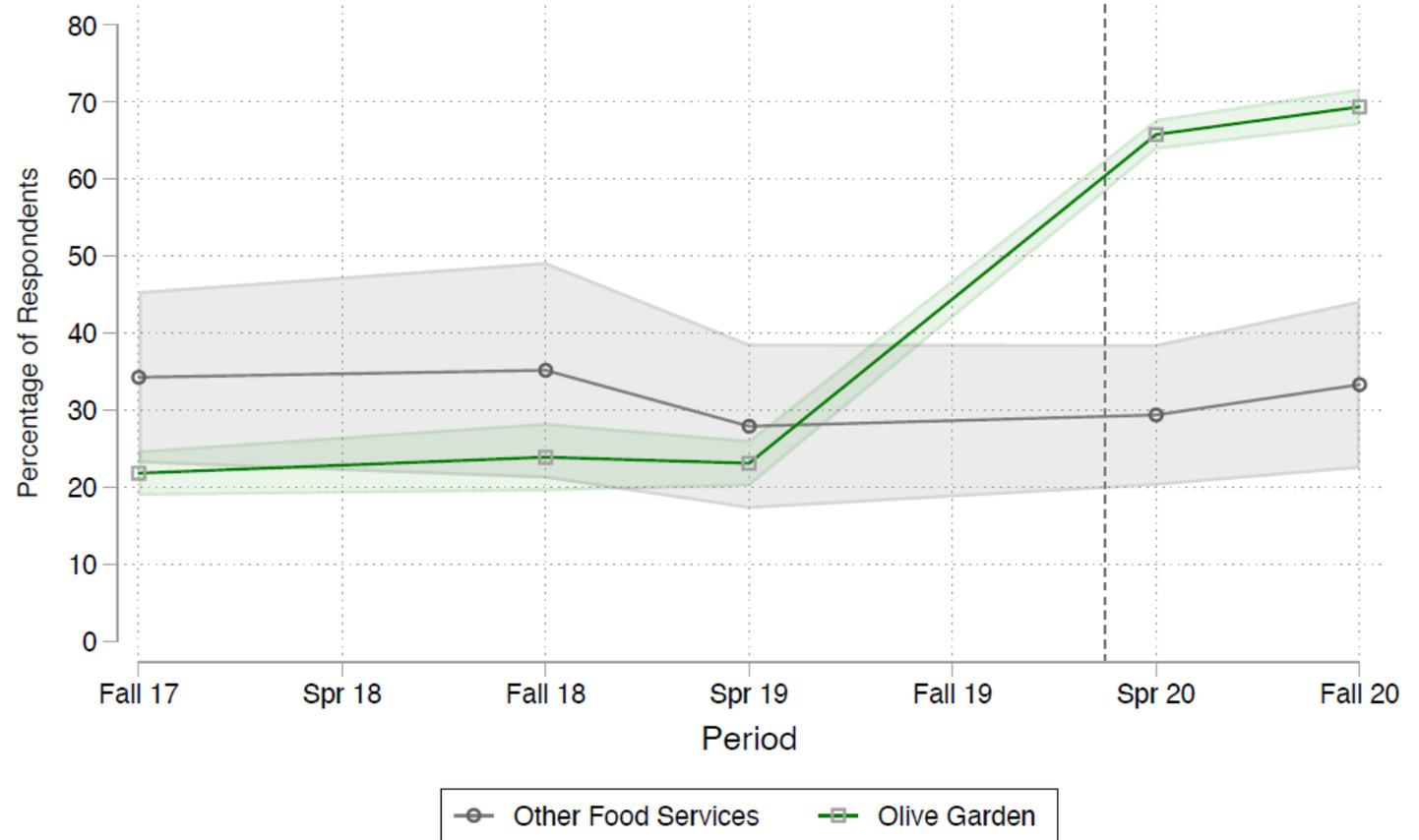
Trudeau Government Pledges Targeted Steps to Help Canada's E...

Virus Impact May Be Worse Than 2008 Crisis, Australia Says

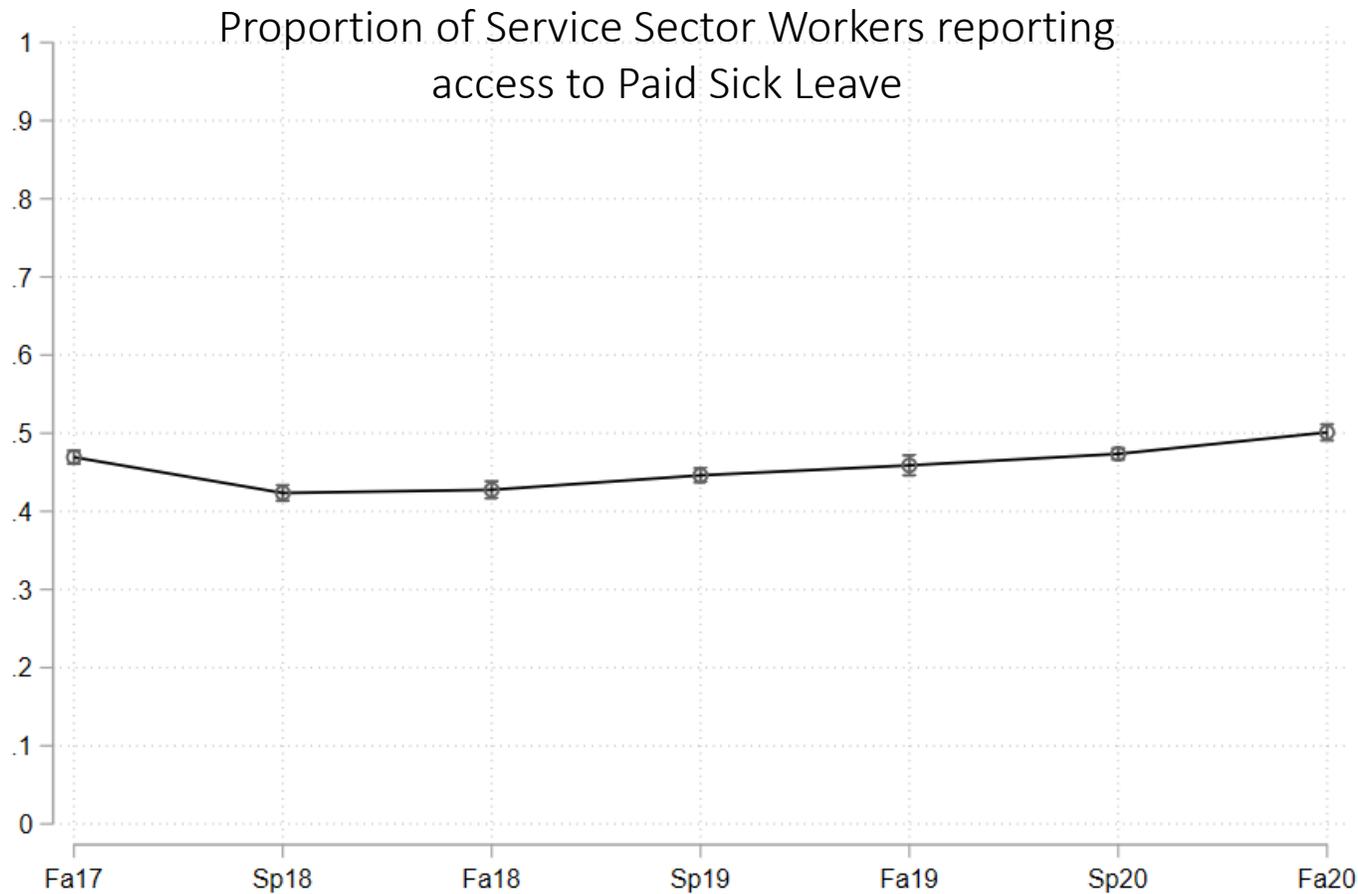
Under the policy, sick leave will accrue at a rate of one hour for every 30 worked, and current Darden employees will be credited for hours worked in their most recent 26 weeks. New employees begin accruing time when they start working, but cannot use the time earned until they reach 90 days of employment.

While a lack of paid sick leave is common in the restaurant industry, Darden was singled out today by the newsletter Popular Information, which focuses on politics. The publication flagged that a lack of paid sick leave could put employees in the difficult position of being unable to meet expenses -- and therefore prompt them to work through sickness and contribute to the

# Shift Project Findings: Pressure on Olive Garden increased Sick Leave



# Overall Trend in Paid Sick Leave in the Service Sector



Across survey waves,  
46% report paid sick leave  
54% lack paid sick leave

*Source: Shift  
Project survey  
data*



Sections

The Washington Post

Democracy Dies in Darkness

Business

# Target is raising its starting wage to \$15 an hour

The chain is the first major retailer to permanently increase pay during the pandemic

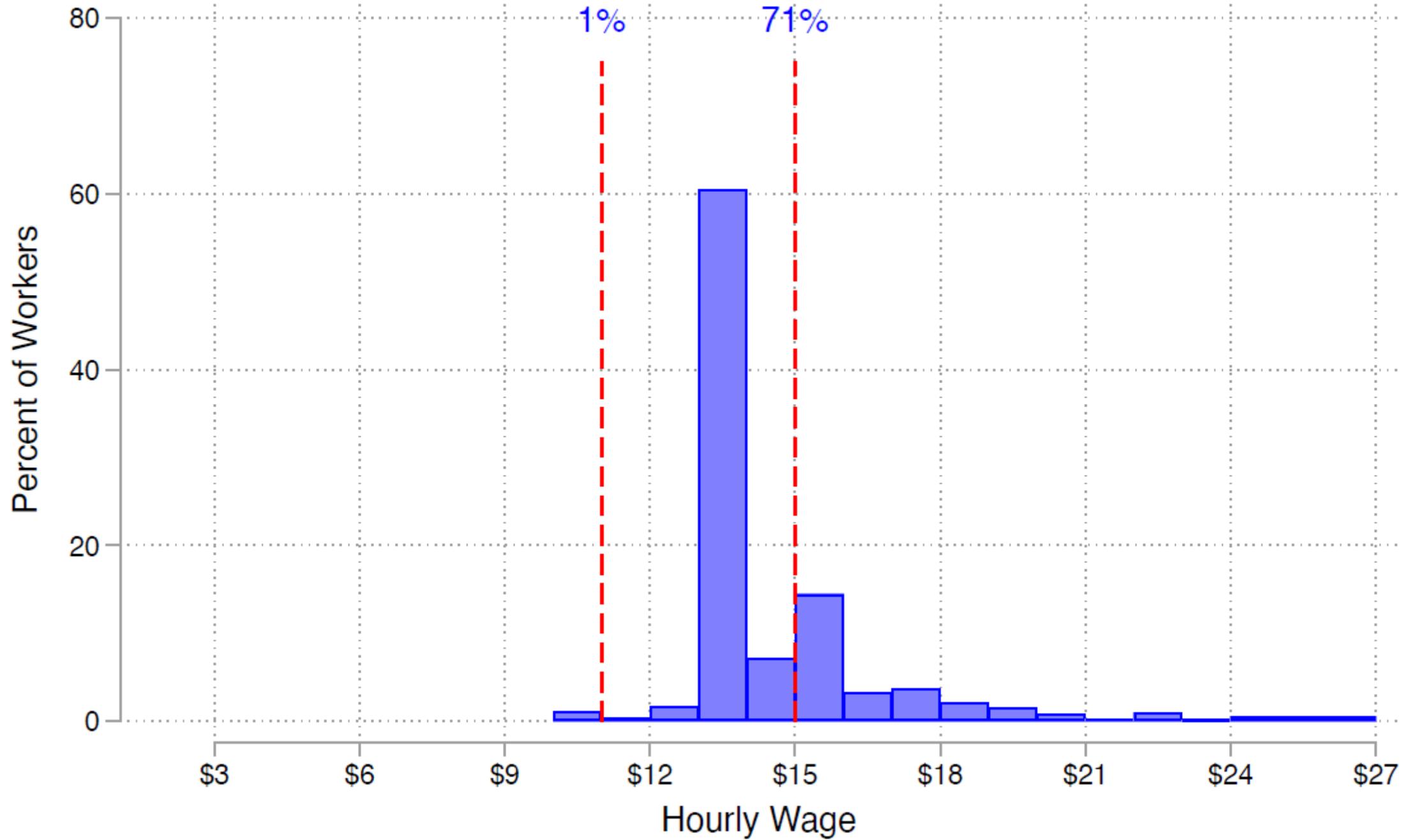


Target said its latest bump in pay will affect about 275,000 of its 350,000 employees. (Nati Harnik/AP)

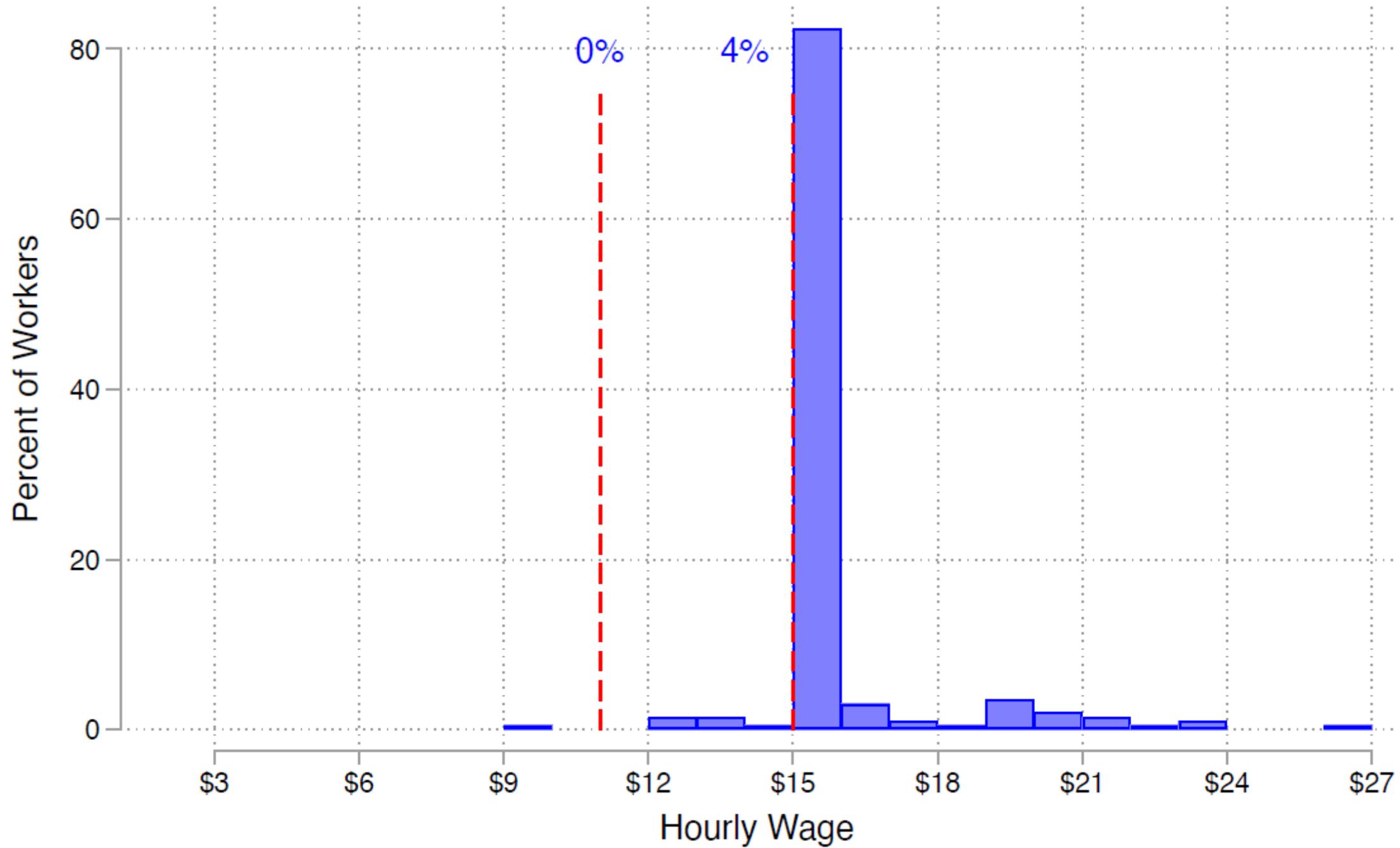
By [Abha Bhattarai](#)

June 17, 2020 at 9:03 a.m. EDT

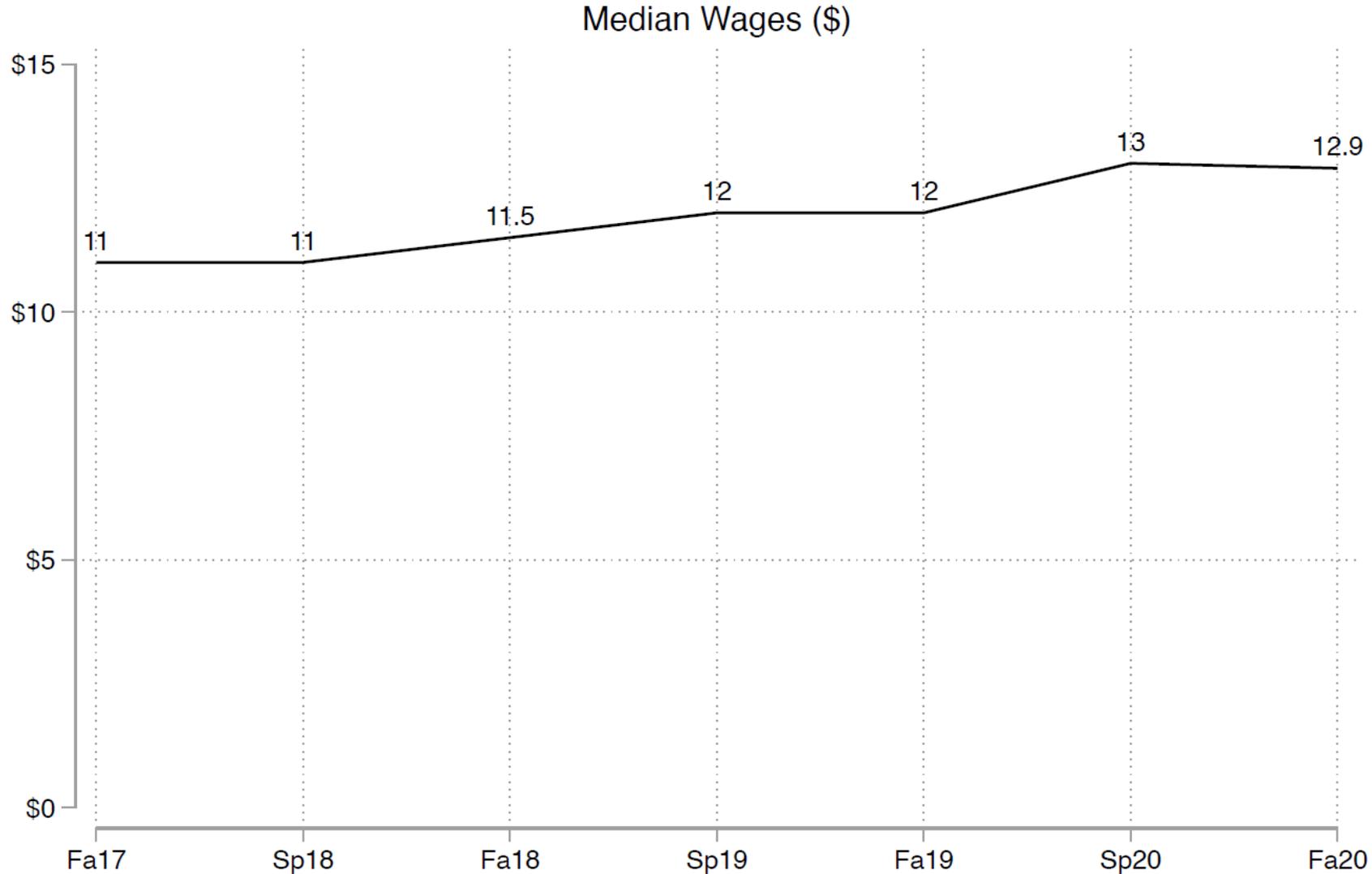
# Spring 2020



# Fall 2020

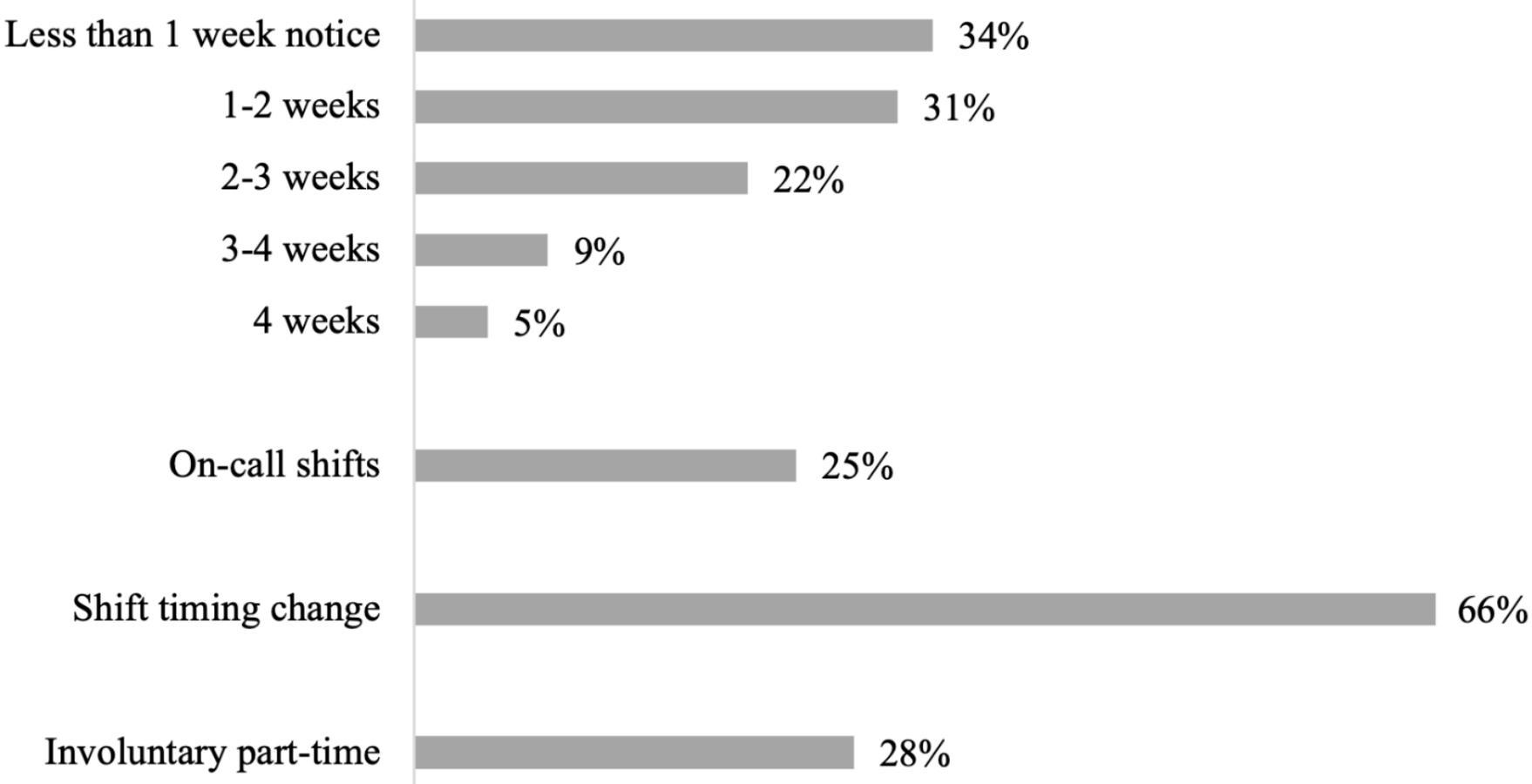


# Overall Trend in Wages in the Service Sector



*Source: Shift  
Project survey  
data*

# Before COVID-19: Unstable Work Schedules



Prevalence of work schedule experiences in shift project survey sample, 2017-2019.

# Seattle's Secure Scheduling Law



## Schedule Set 14 Days in Advance

Employers must give employees their schedules 14 days in advance.

- § When the employer subtracts hours, the employee is paid for half of the hours not worked.
- § When the employer adds hours, the employee is paid for one additional hour.
- § When an employer doesn't ask an on-call employee to report for duty, the employee is paid half the hours not worked.

Protecting Workers' Flexibility - Predictability pay doesn't apply:

- ✓ When an employee requests changes to a schedule.
- ✓ When employee finds replacement coverage for hours through an employee-to-employee shift swap.
- ✓ When an employer provides notice of additional hours through mass communication and receives a volunteer to cover hours.



## Right to Rest

Employees have a right to decline closing and opening shifts that are separated by less than 10 hours.

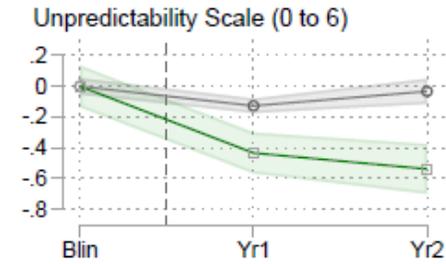
- § If the gap between the closing and opening is less than 10 hours, time-and-a-half kicks in for the difference.  
e.g. 8 hour gap = 2 hours of time-and-a-half.



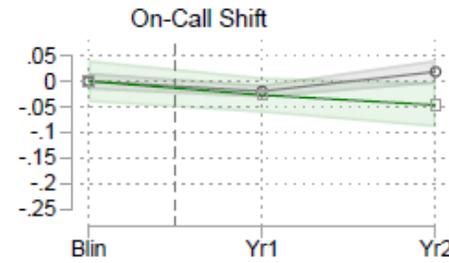
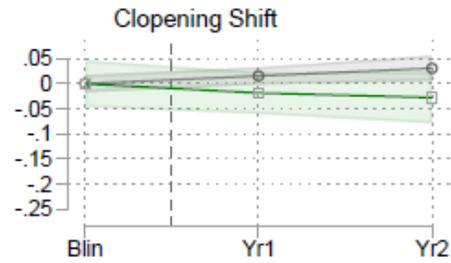
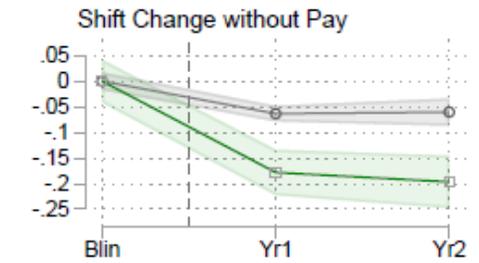
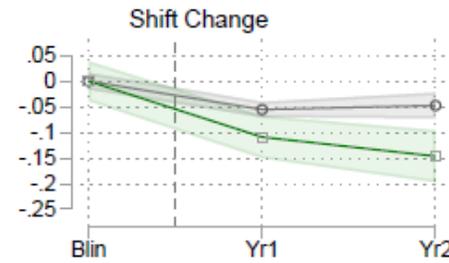
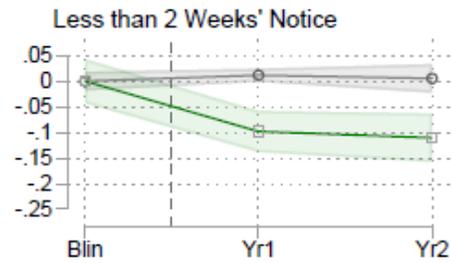
## Worker Schedule Input

To help balance their other commitments, like caring for a family

# Pre-Pandemic: A Local Policy Change improved Work Schedules



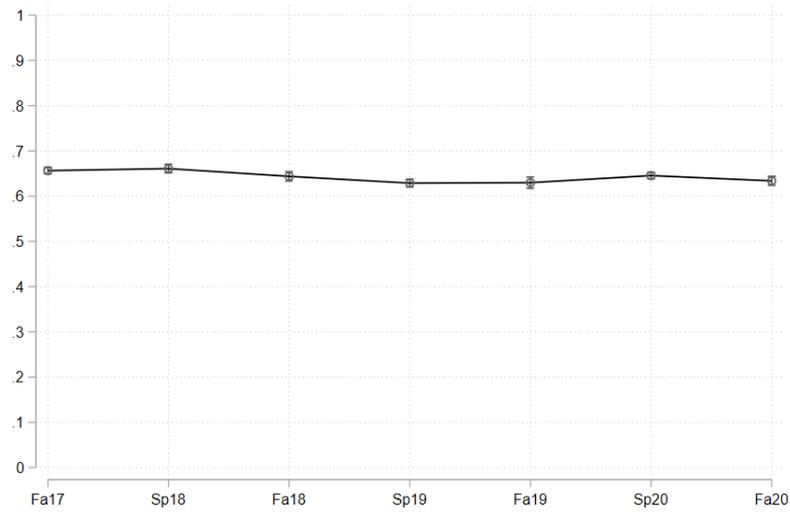
○ comparison workers  
■ Seattle workers



Kristen Harknett, Daniel Schneider, and Veronique Irwin. 2021. "Seattle's Secure Scheduling Ordinance: Year 2 Worker Impact Report." Shift Project Report.

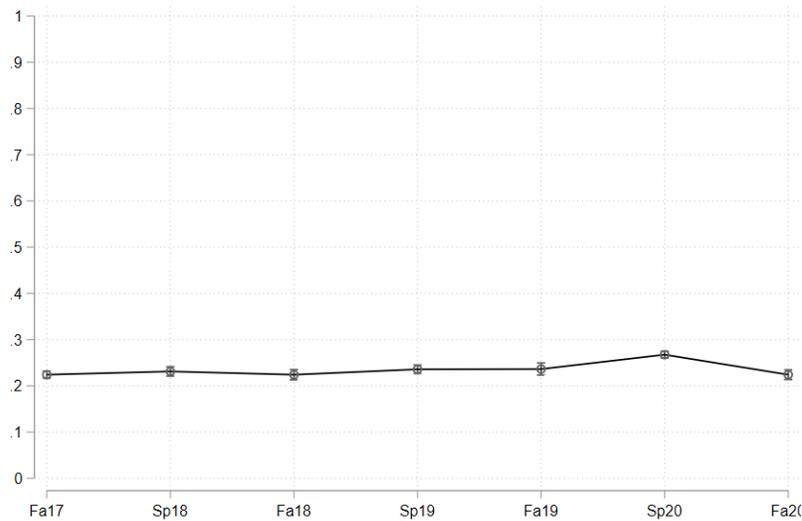
# Overall Trend in Work Schedules in the Service Sector

Proportion w/ Less than 2 Weeks' Notice



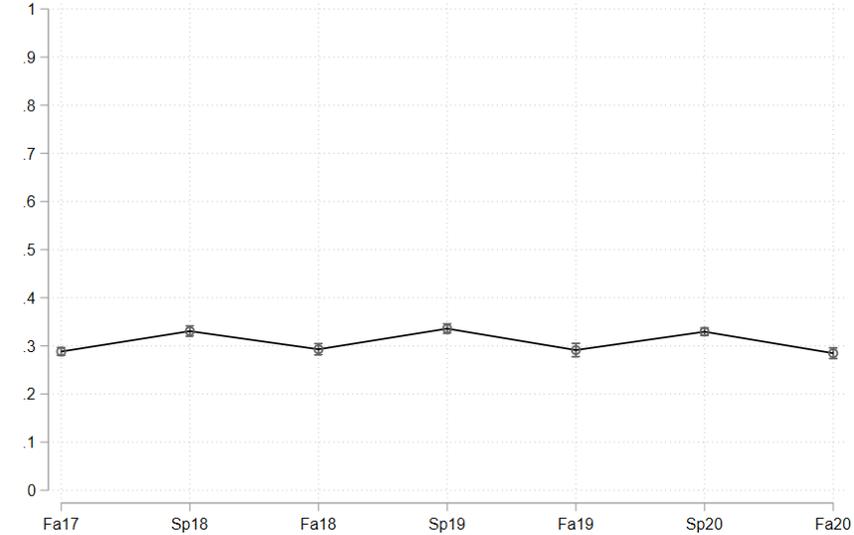
65% receive less than 2 weeks' notice of their work schedule

Proportion with On-Call Shifts



24% worked an on-call shift in the past month

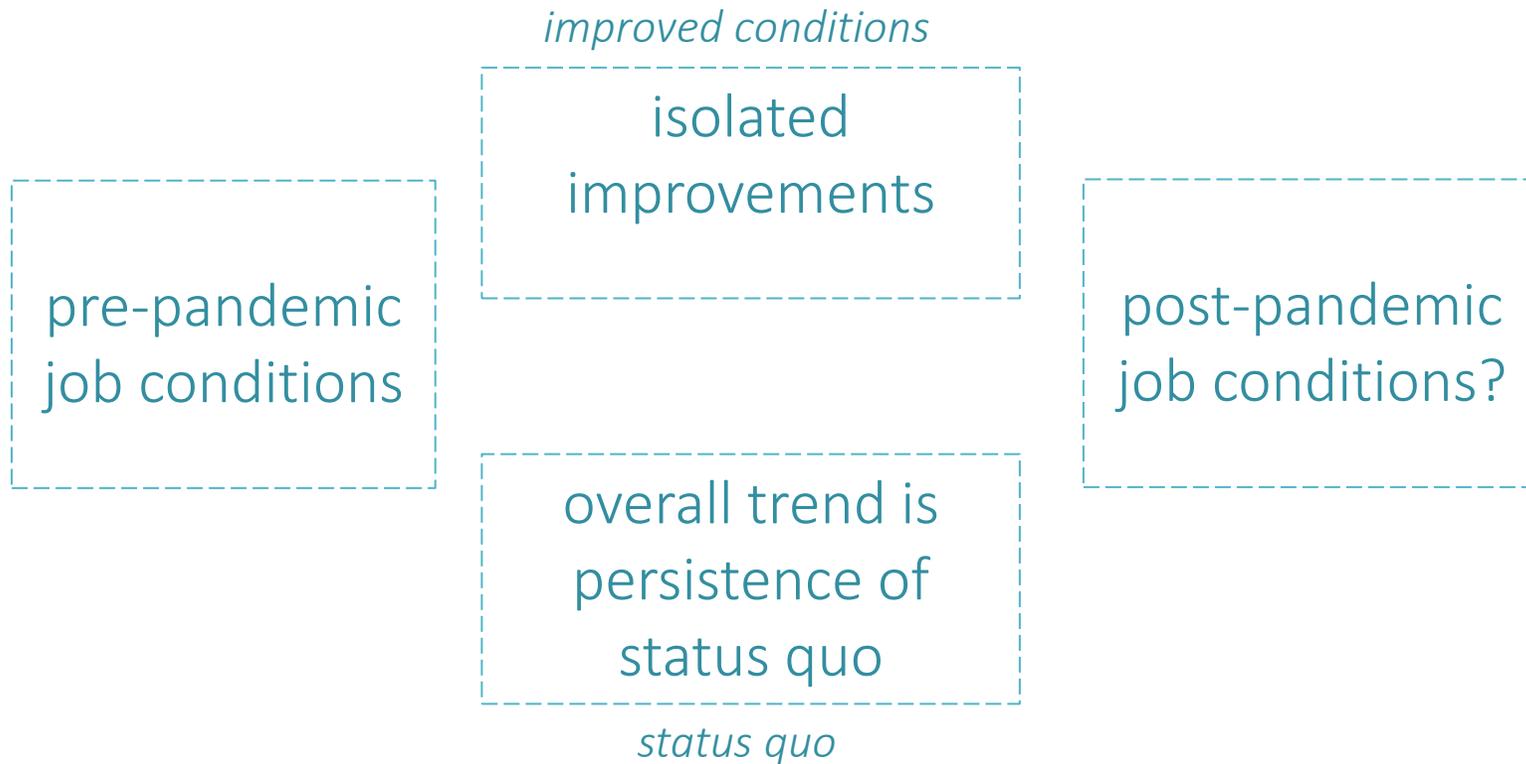
Proportion Involuntary Part-Time



31% were involuntarily part-time

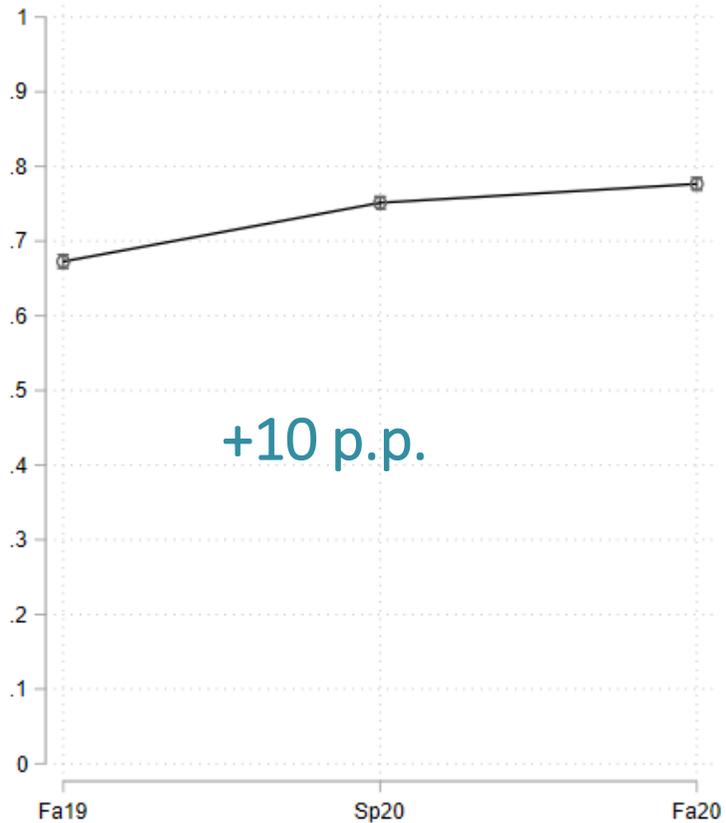
Source: Shift Project survey data

# Improved conditions for workers or retrenchment to status quo?

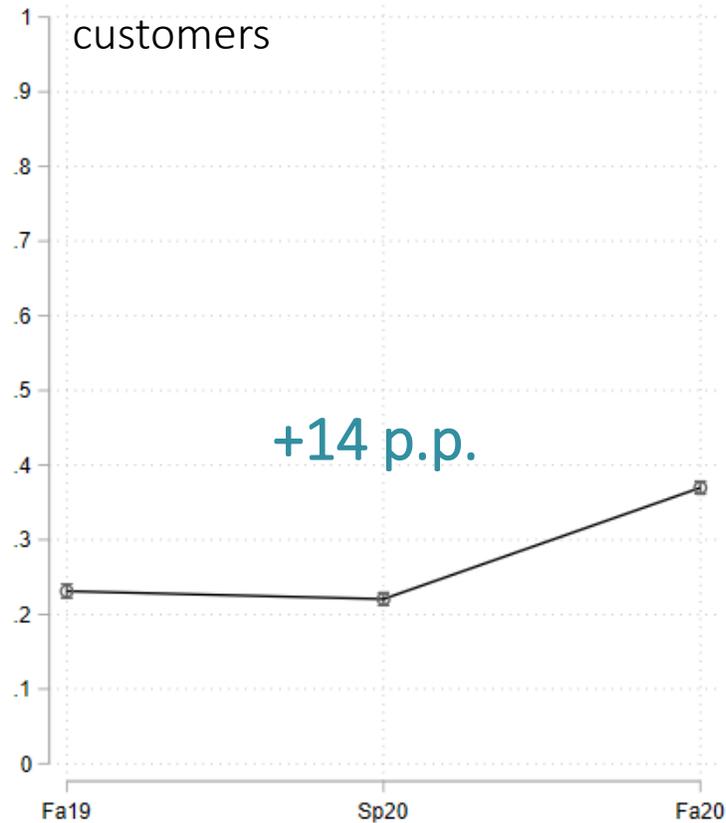


# Has the pandemic hastened the future of work? Yes...

Proportion reporting that customers use online ordering and pickup



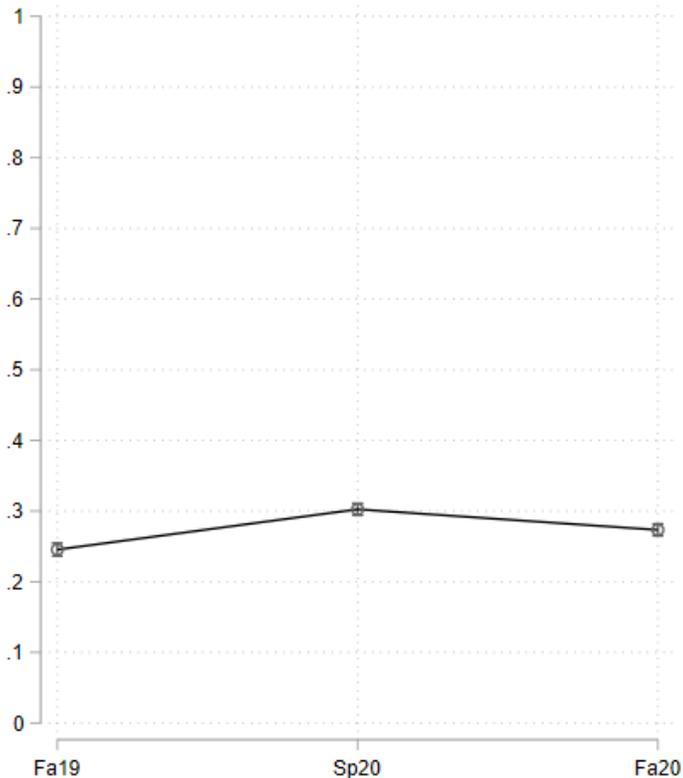
Proportion reporting that workers use device/tablet to order for customers



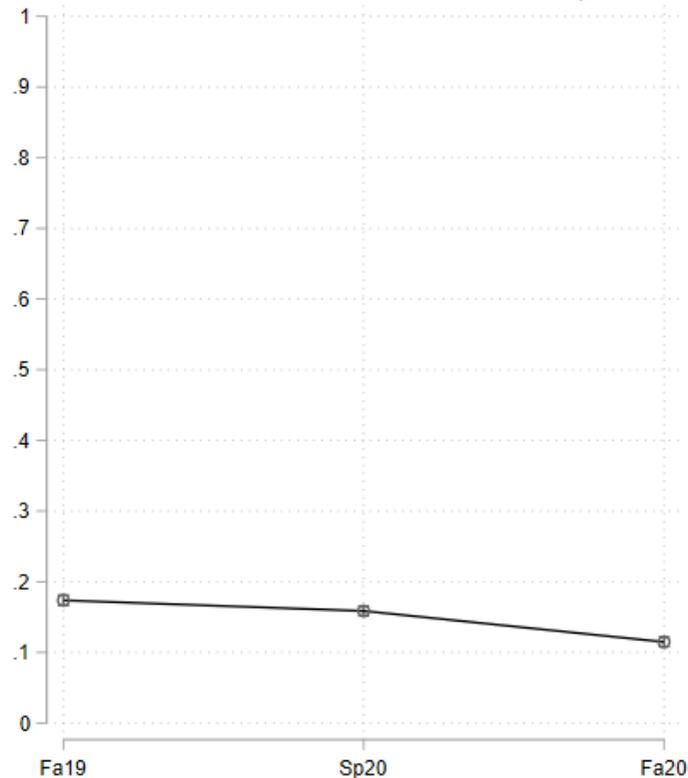
Source: Shift  
Project survey  
data

# Has the pandemic hastened the future of work? and No

Proportion reporting that customers use self check-out kiosks in stores



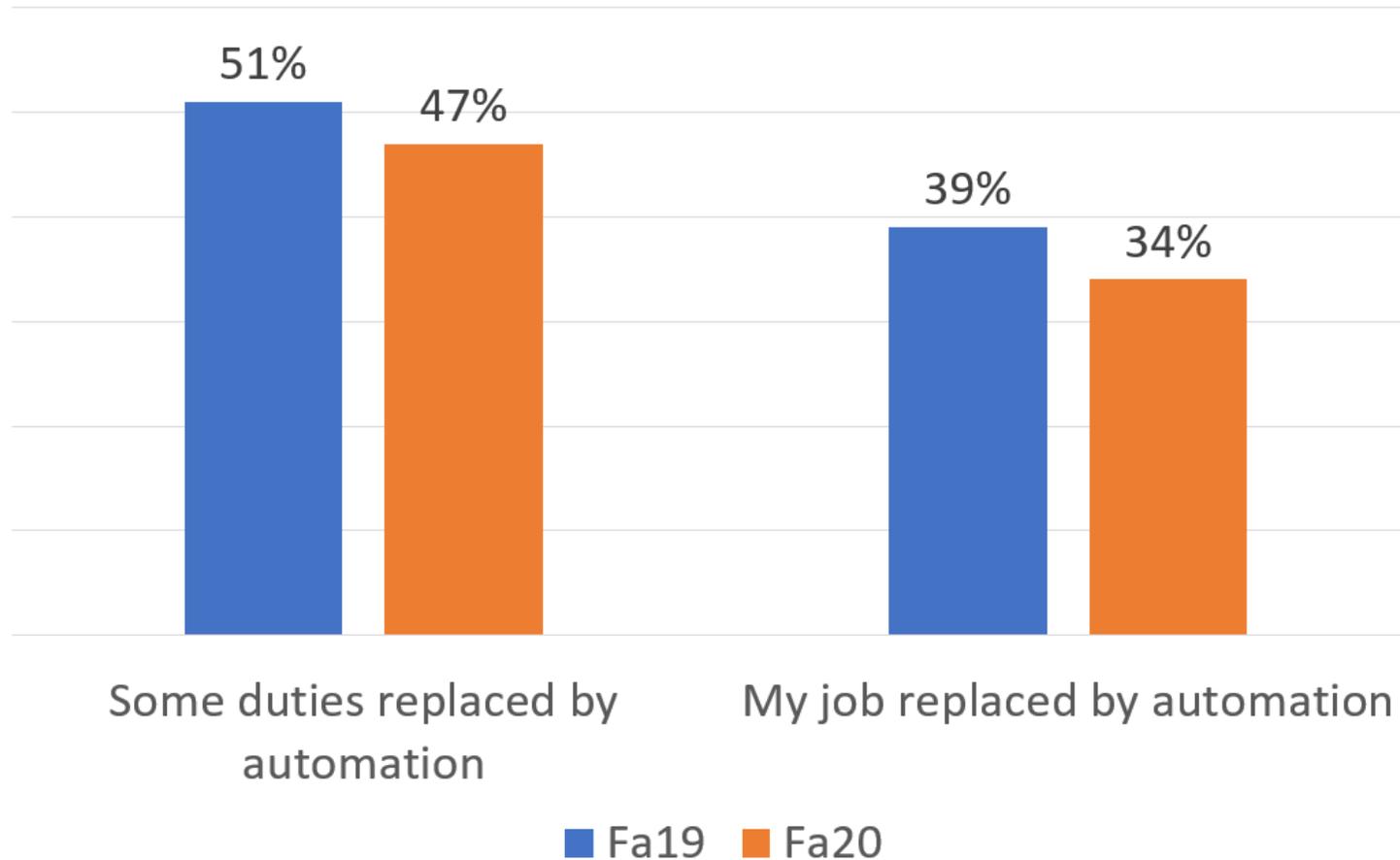
Proportion reporting that customers use an in-store device/tablet for ordering



Source: Shift  
Project survey  
data

# Decrease in Workers' Feeling Job is Threatened by Automation

Workers' Anticipation that Duties or Job will be Replaced by Automation in the Next 5 Years



Source: Shift Project survey data

# COVID-19 Shocks to the Service Sector

Service sector workers were hard hit by the COVID-19 pandemic

Dueling forces: heightened appreciation and slack labor market

Improved Working Conditions?:

- Isolated cases of improvements in working conditions
- Overall, little improvement in pay, benefits, or schedules

Hasten the Future of Work?:

- Yes, when technology was a tool to avoid in-person contact
- No, when technology accompanies customers' in-store experience

# A Policy and Research Agenda

Policy Action at the Federal Level to raise the floor?

Wages

Paid Leave

Schedule regulations

The Future of Work and Automation. Many questions:

Prevalence?

Sentiment?

Consequences?

Disparate impacts?

# Thanks to our funders and collaborators

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