

State of the Worker Report

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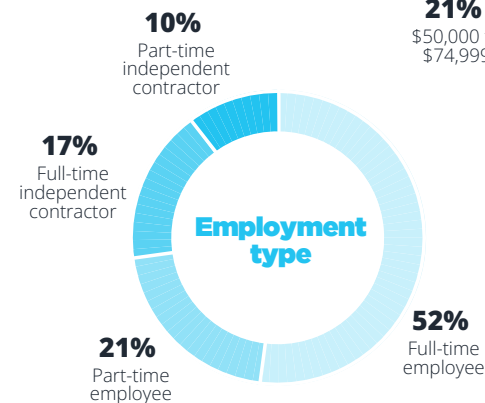
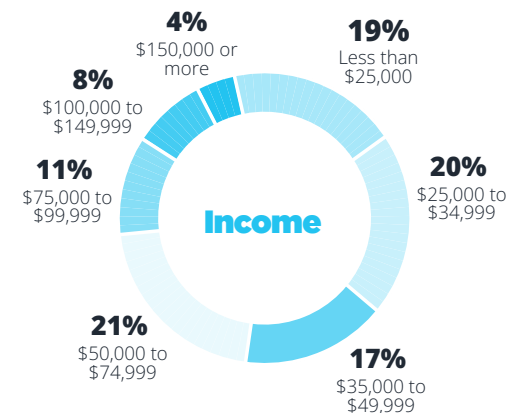
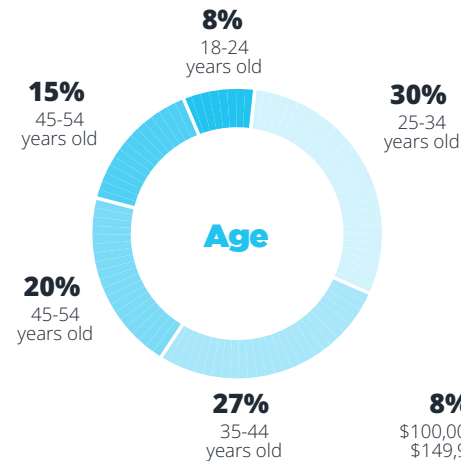
About this survey

Everee, a workforce payments platform, and Checkr, a leading HR tech company powering the future of work, recently teamed up to survey 1,060 U.S. workers — including W-2 employees and 1099 contractors who work either part-time or full-time — to learn more about their thoughts on financial health, two-week pay periods, background checks and what they look for in prospective employers.

Read this report to find out why changing your approach to how you manage, hire and pay workers is imperative to solving staffing challenges and cultivating an engaged, diverse and financially secure workforce.



1,060
U.S. workers



Executive summary

The State of the Worker

It's not hyperbolic to say that the past two years have fundamentally altered the state of work in the United States. The global COVID-19 pandemic, subsequent economic instability and relentless labor shortage has rapidly changed the ethos of employment, while accelerating trends that were already in the works.

A shortage of workers — due to a confluence of factors not easily solved — is snarling an economic recovery. Remote work and other flexible working conditions have gone from experimental to mainstream. Despite legal challenges, the gig economy is expanding as more people look for flexible opportunities where they can set their own hours. And Americans are more aware than ever of inequality in opportunity, pay and outcomes.

Within today's economic challenges lie new possibilities for worker and employer alike. As workers redefine their relationship with employment, the pressure on companies to meet new preferences will increase. That means the earlier employers evolve their management practices and business technology to cater to employee needs, the better off they'll fare in future labor markets.

The best place to start?

Knowing what workers need on a fundamental level will be key in building a workplace where employees want to work.

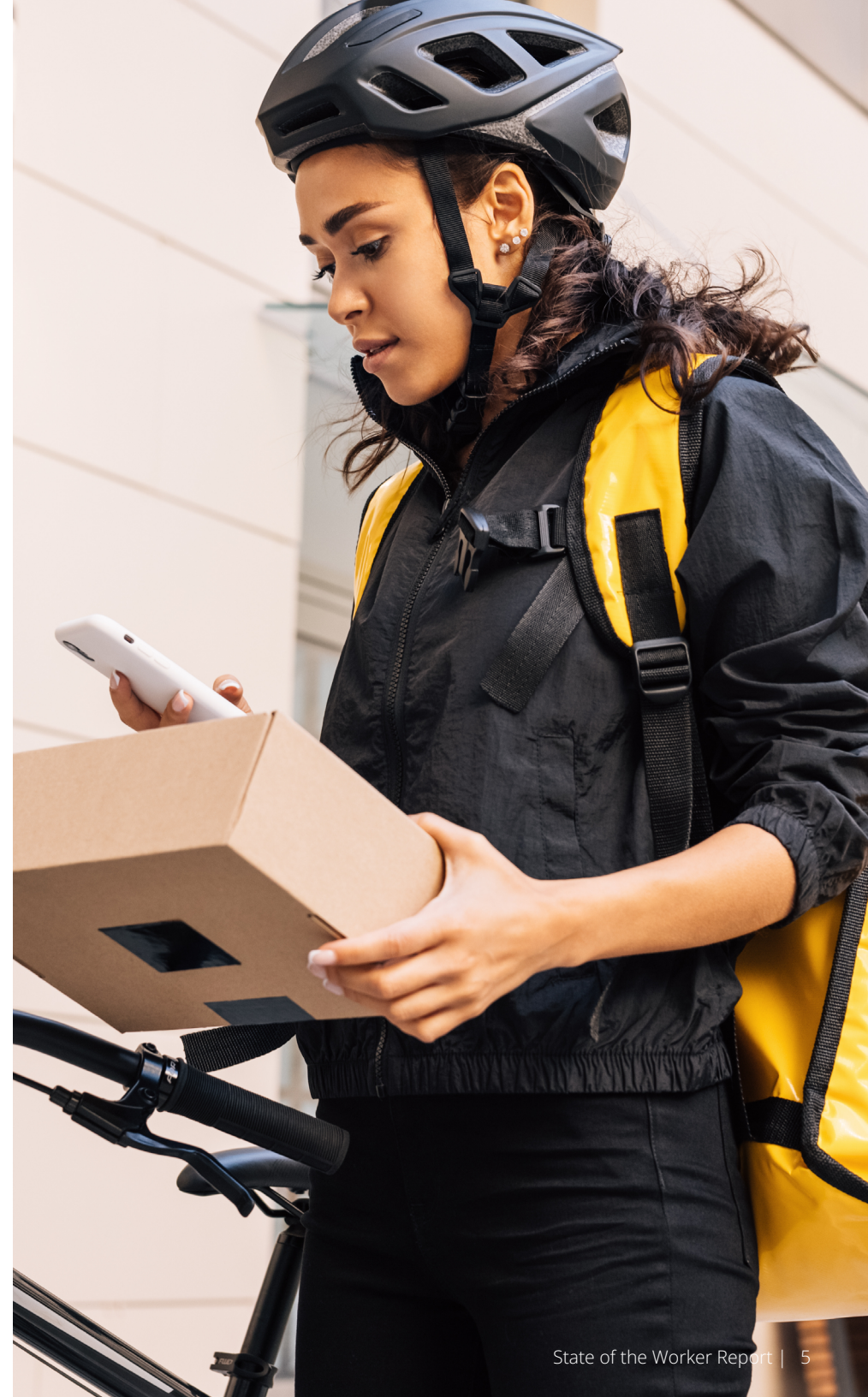
And the harsh reality is this: Many people are struggling financially. Today, more than two-thirds of workers — including one-third of those who make over \$100,000 — are living paycheck to paycheck. Of course, when you get paid every two weeks like most U.S. workers do, financial stresses only compound, stifling motivation, throttling creativity and limiting productivity. As contradicting as it sounds, one-third of workers said they have had to miss work due to financial problems.

At the same time, most organizations are struggling to attract and retain talent in today's competitive hiring market. And the workforce they do have isn't engaged, given that 1 in 5 workers said they plan to stay at their current job for less than 12 months.

Employers need to innovate and differentiate, and a golden opportunity lies in the following:

- **Speed:** accelerating pay and time to hire
- **Fairness:** removing bias, increasing diversity and creating a sense of belonging
- **Integrate:** providing a seamless worker experience with technology-enabled processes

This report will go into each of these in detail, providing actionable recommendations on how to build a workplace that can effectively compete for talent and where people can do their best work.



SECTION 1

Overall financial wellbeing

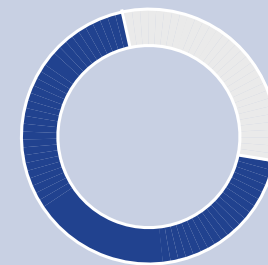
Workers are stressed about money

In an era of rising inflation that's no longer considered transitory, financial struggles (decades-old in the making) are coming to a head and are widespread among workers of all stripes. Regardless of age, ethnicity, or tax classification, many workers are struggling to tread water. It is clear that change is necessary from businesses to help create conditions where people can thrive. And systemic issues require foundational innovation.

THE PAYCHECK TO PAYCHECK STRUGGLE

According to our research, 68 percent of workers live paycheck to paycheck. Younger people are slightly more likely to be strapped for cash, with 71 percent of people under 35 living paycheck to paycheck compared to 65 percent of those over 35.

With so many people living paycheck to paycheck, it comes as no surprise that just 39 percent of U.S. adults could cover an unexpected \$1,000 expense, according to a recent report.

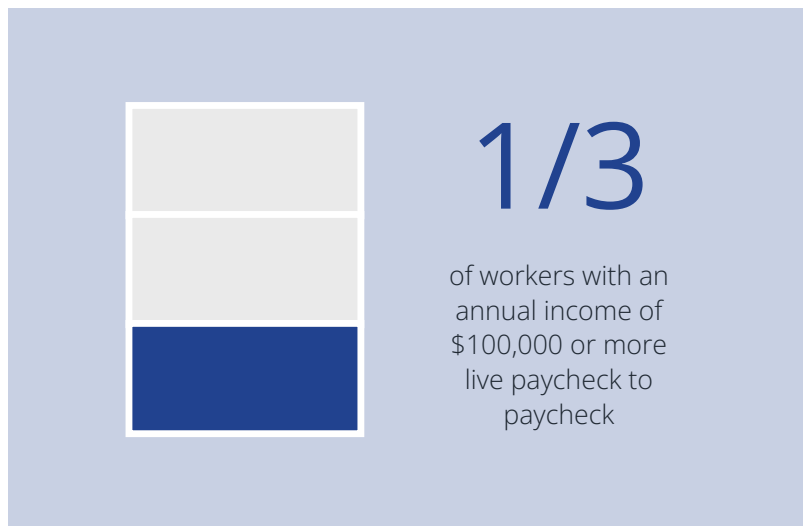


68%

of all workers live
paycheck to
paycheck

ONE-THIRD OF HIGH EARNERS STILL LIVE PAYCHECK TO PAYCHECK

Just because someone might be making more money doesn't mean they're immune from living paycheck to paycheck. According to our study, one-third of workers who pull in \$100,000 or more each year still live paycheck to paycheck. So, while earning more money might reduce the likelihood someone is struggling financially, it doesn't eliminate it altogether.



FINANCIAL STRESS IS AGE-AGNOSTIC

You might think that financial stress dissipates as we grow older, but you'd be wrong. Nearly two-thirds of workers (64 percent) are stressed about their finances. Perhaps unsurprisingly, the data here maps to those living paycheck to paycheck; 71 percent of folks under 35 and 65 percent of those over 35 report financial stress.

EARNING MORE MONEY DECREASES FINANCIAL STRESS

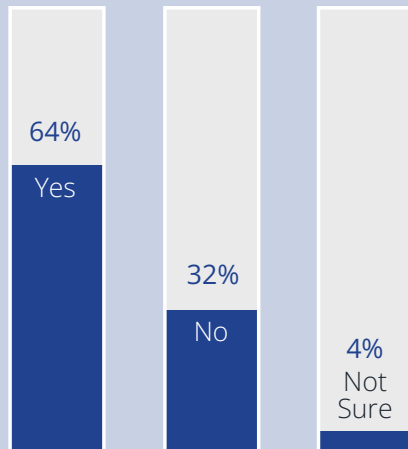
This one shouldn't come as much of a surprise, either: People who make more money are less likely to be stressed over their finances than those who earn less. According to our research, nearly twice as many people who make under \$100,000 are stressed about money than those who earn more than \$100,000 each year (68 percent compared to 37 percent).

INDEPENDENT CONTRACTORS ARE MORE STRESSED ABOUT FINANCES THAN EMPLOYEES

All workers — whether they're part-time or full-time, W-2 or 1099 — are stressed about their financial situation. That said, gig workers and contractors are slightly more stressed than their W-2 counterparts (70 percent vs. 62 percent). Within these groups, part-time contractors have it the worst, with nearly three out of four reporting that they're stressed about their financial situation (74 percent).

How people responded to:

Are you stressed about your finances?



ONE-THIRD OF WORKERS HAVE HAD TO MISS WORK DUE TO FINANCIAL PROBLEMS

Financial problems tend to compound. One out of every three people have experienced a financial crisis that has forced them to miss work. Most commonly, these workers report being unable to

afford transportation, parking or gas to get to work (23 percent), being unable to pay for child care services (13 percent), and being unable to pay for internet or a mobile phone (9 percent).

Add it all up, and a significant amount of workers are stressing over finances. One of the main reasons that's the case is because many workers have to wait at least two weeks before they get paid, which brings us to the next section.

A third of people have missed work due to a financial issue

23%

I couldn't afford transportation, parking, or gas to get to work.

13%

I couldn't afford childcare during work hours

9%

I couldn't afford internet access or my cell phone to be able to work

SECTION 2

Speed of pay

Workers don't want to wait two weeks to get paid

In an age where practically everything has been disrupted, a plurality of workers (36.5 percent) still has to wait two weeks to get the money they've earned. What's more, 19.8 percent of workers get paid semi-monthly (e.g., on the 15th and 30th of the month), and 11.3 percent get paid once a month. Taken together, two-thirds of workers have to wait at least two weeks to get the money they've earned. This is particularly problematic as inflation makes it harder for people to stretch their earnings that long to cover the cost of living.

WORKERS DON'T UNDERSTAND WHY TWO-WEEK PAY CYCLES EXIST

Though they're still common, slow paydays are so counterintuitive that 72 percent of workers don't even know why the two-week pay cycle exists.



One of the main reasons the two-week pay period was introduced was to lighten the payroll team's workload. But that occurred in a pre-internet world when payroll was largely processed by hand in what was an incredibly time-consuming, resource-intensive process.

Today, when money can be sent from one corner of the world to the opposite end in a couple of seconds, many organizations are still stuck in their old-fashioned ways — at the detriment of the workers they depend on.

WORKERS WISH THEY WERE PAID FASTER

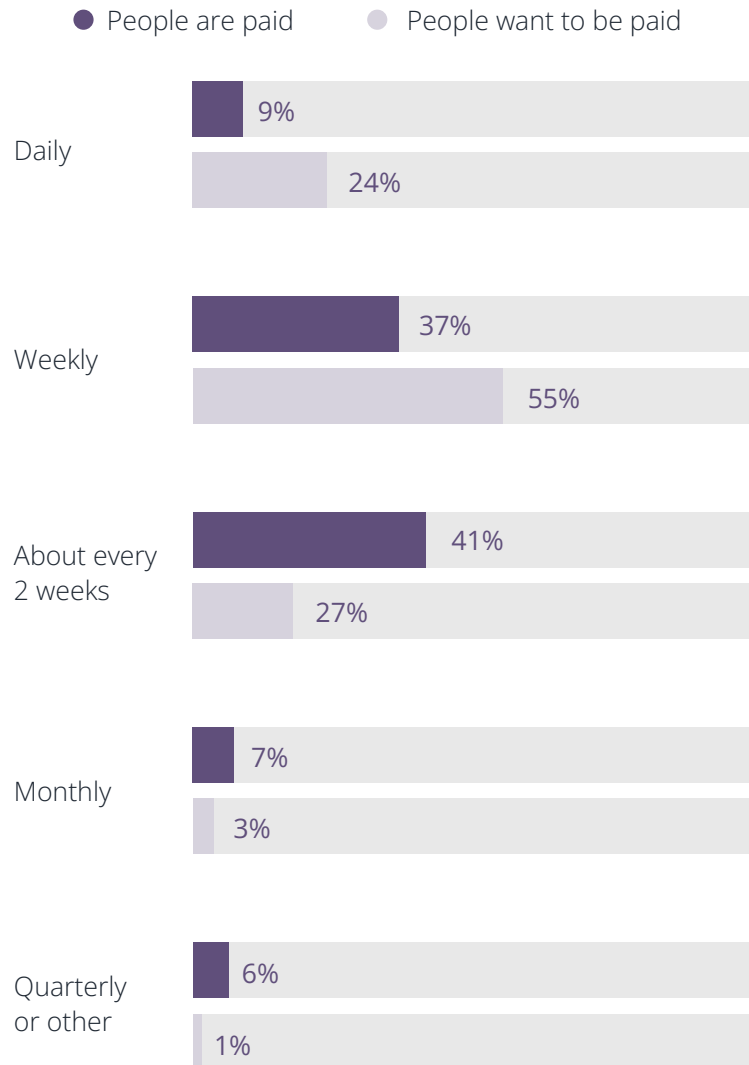
According to our research, there's a disconnect between how fast workers are paid and how fast they wish they were paid. Nearly four out of every five respondents (79 percent) wish they were paid within a week.



Age doesn't have much of an impact on this opinion either, with people under 35 slightly more likely to prefer faster pay than those over 35 (83 percent vs. 76 percent). Younger workers are more likely to prefer daily pay, with 30 percent of folks under 35 wishing they could be paid at the end of each shift.

Contractors, in particular, are keen on speeding up payments, with 84 percent of them indicating they want to be paid weekly or daily, and 40 percent indicating they want to be paid every day. Though their checks are more predictable, W-2 workers are largely tired of biweekly pay cycles as well; 77 percent of them wish they were paid weekly or daily, too.

How often people are paid vs how often they want to be paid

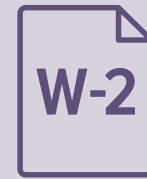


Speed of pay matters to all worker types



84%

of independent contractors want to be paid within a week



77%

of W-2 workers want to be paid within a week



And all ages have a preference for faster paydays



83%

of workers under 35
want pay within a week
(and 30% want daily)



76%

of workers over
35 want pay
within a week

EVEN FOLKS WHO AREN'T STRESSED ABOUT MONEY WANT TO BE PAID FASTER

Just because some workers might be confident about their financial situation and aren't stressed out by money doesn't mean they're happy with slow pay. According to our research, 85 percent of folks living paycheck to paycheck want to be paid faster. But at the same time, 65 percent of those who have more financial security do, too.

As people reconsider the conditions of work they are willing to bear and the type of work they want to do, there's a worker shortage that's making it increasingly hard for employers to attract and retain talent. In the next section, we'll examine the current state of the job market and why faster pay could be a unique differentiator that helps organizations like yours solve employment challenges.



65%

of workers who don't live
paycheck to paycheck want
to be paid within a week

SECTION 3

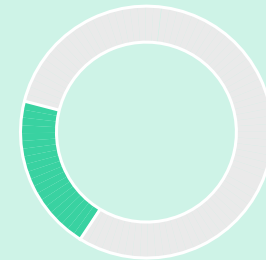
Employer evaluation

How to attract talent

Everyone works for money — at least to an extent. That being the case, it follows that pay and other tangible benefits are some of the most important factors people consider when deciding where to work. There needs to be a shift in the thinking of businesses to give employees autonomy when it comes to pay and flexibility. While it's difficult to hand over this level of control, it will pay dividends in employee productivity, motivation, and retention.

WORKERS LIKELY HAVE ONE FOOT OUT THE DOOR

Just because your organization is fully staffed today doesn't mean you'll be fully staffed forever. Our research revealed that 20 percent of all workers plan to stay at their current jobs for less than a year, with 40 percent planning to stay at their current jobs for less than two years. And, surprisingly, nearly a quarter of people aren't sure how long they plan to stay. Perhaps this is because it's generally easier to increase your wages by switching jobs compared to waiting around for raises.



20%

of workers plan to stay
at their current jobs
for less than a year

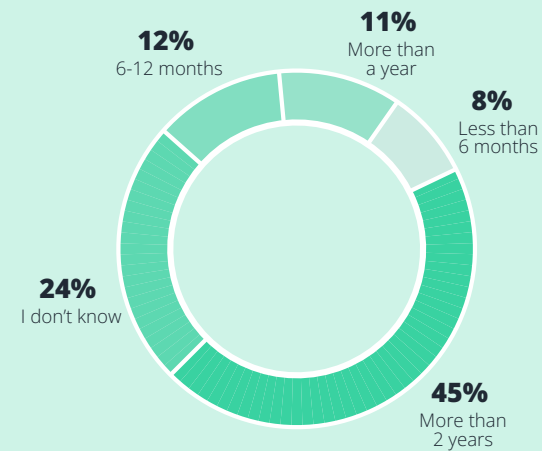
While all types of workers are thinking about their next job opportunity, certain groups are more likely to be on their way out. For example, 28 percent of workers under 35 plan to leave their job within a year while 15 percent of those over 35 share the same sentiment. Further, part-time workers are nearly twice as likely to leave their jobs within a year than full-time workers.

The bottom line?

If your organization relies on younger, part-time staff, there could be a lot of turnover in your future.



How often workers plan to stay at their current employer

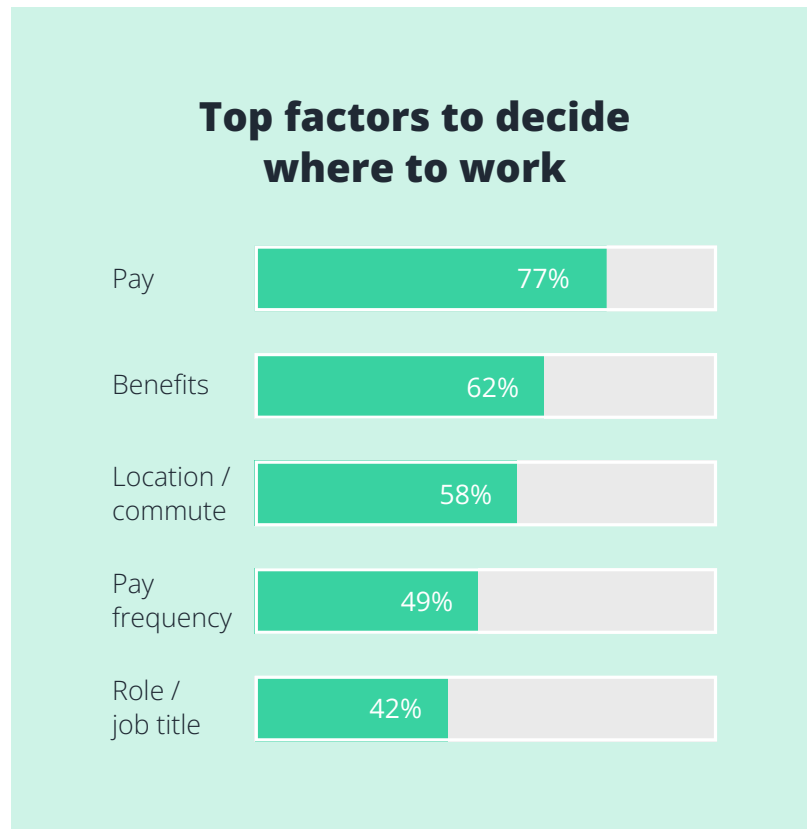


28%

of workers under 35 plan to leave their job within a year

PAY AND BENEFITS MATTER MOST

Workers care a great deal about pay and other tangible benefits when deciding where to work. According to our research, the top reasons to decide to work somewhere are as follows:



In order to attract talent and overcome worker shortages, organizations need to consider each of these characteristics when putting together compensation packages.

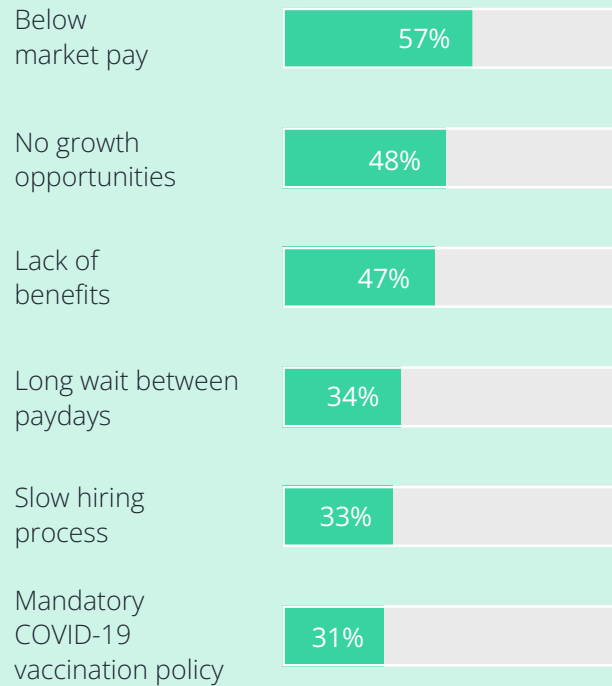
SPEED OF PAY CAN BE A KEY DIFFERENTIATOR

As indicated in the previous section, nearly half of workers would prefer a job or contracting gig that pays them more frequently. If your organization is still cutting checks every other week, it's time to reevaluate your pay cadence and see if there's a way to speed things up.

UNDESIRABLE EMPLOYER CHARACTERISTICS TURN PROSPECTIVE WORKERS AWAY

Our research also uncovered a number of factors that turn prospective workers away and prevent them from even applying in the first place. On the next page are some of the top reasons candidates disqualify employers from their job searches.

Top reasons candidates disqualify employers



In order to increase the chances workers actually apply to job openings, you need to offer competitive pay and solid benefits. Just because you might not be able to offer 1099 and part-time workers health insurance doesn't mean you can't offer other benefits — like faster pay, professional development and career advancement opportunities, and an accelerated hiring process with streamlined background checks.



SECTION 4

Background checks

Create a fairer, more open hiring process

In addition to pay structures, our hiring structures must also be revisited. Currently, human bias is built into the hiring process. One way to solve the employment crisis is by taking a proactive, technology-first stance toward building an open and inclusive work environment. Companies can have the necessary infrastructure to overcome bias, gain access to bigger talent pools, and create a stronger, more resilient workforce.

THE BACKGROUND CHECK FALLACY

The current hiring mentality is to “keep bad actors out” without giving candidates an opportunity to give context or color around their stories, many of which explain tough conditions in which an individual had to make a tough choice. Believe it or not, nearly one-third of all U.S. workers have some sort of record. Beyond that, nearly half of people have seen firsthand how criminal backgrounds can influence job prospects. Our study found that 48 percent of individuals have been impacted from the background check process. With the option to select all that apply, 11 percent have lost an opportunity, 33 percent know someone who lost an opportunity, and 17 percent have worked for an employer that declined to offer someone an opportunity due to a criminal record.

Fair chance hiring, or the practice of opening hiring funnels to people with criminal records, doesn't just impact diversity — it helps to combat labor shortages. Recruiting and hiring system-impacted individuals widens your candidate pools to more qualified candidates. But how can employers begin fair chance hiring? How do they handle candidates with records? The solution lies in the right background check provider. Organizations need a screening partner who uses technology to accelerate the hiring process with built-in fairness.

The impact of having a criminal record



TECH-FORWARD BACKGROUND CHECKS SPEED UP HIRING

Outdated background check technology can make it much more difficult to hire new workers. In fact, 20 percent of workers have removed themselves from a job opportunity because the background check process took too long. And per our survey, 53 percent of workers would be more likely to join forces with a company that offered a fully mobile background check process.

Modern background check solutions allow your candidates to quickly move through the hiring funnel. Mobile-optimized checks not only improve the candidate experience, they also help you fill positions faster.

The survey also found that 42 percent of workers don't know what happens during the background check process at all, which can leave them with a bad first impression of helplessness and bureaucratic opacity. Background checks provide companies with the data they need to make a thoughtful hiring decision. Be sure to communicate to your job candidate why they are going through a check, and follow all steps to stay in compliance.

Furthermore, your screening partner should offer tools and solutions that allow candidates to explain or refute charges on their record. Opening a channel of communication with candidates not only gives you the insight you need to make the right hiring decision, it also improves the candidate experience for those with criminal records. Early education and consistent communication are both critical to a successful onboarding process.

By investing in an innovative and tech-forward background check solution, you can deliver an open and inclusive screening experience that meets the expectations of would-be workers.

Among many changes to the state of work, none advanced faster than the importance of fairness and diversity in hiring.

While the last two years have forced companies to look more closely at their own bias, there's still work to be done as worker expectations openly demand employers to hire representative staff. Implementing fair chance hiring can help build a fairer future. Still, our research shows there are other opportunities for organizations to improve in this area.



20%

have removed themselves from an opportunity because the background check took too long



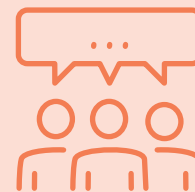
42%

of workers don't even know what takes place during a background check



53%

of workers would prefer a hiring process that involves a fully mobile background check process



82%

of people want a chance to explain if their background check isn't clear

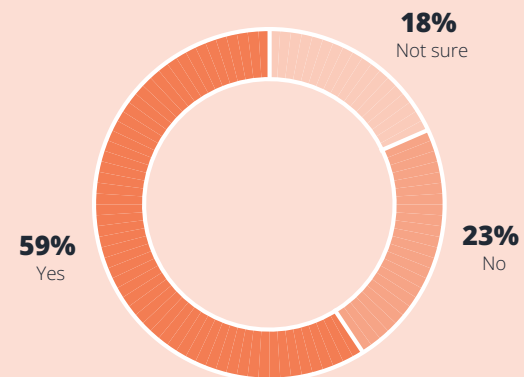
MANY EMPLOYERS ARE STILL PERCEIVED TO HAVE BIASED HIRING PROCESSES

Organizations still have a long way to go when it comes to building a truly equitable operation. To illustrate, just slightly more than half of workers (52 percent) are confident their employers are unbiased while 22 percent aren't sure. On the other hand, more than one out of every four workers (26 percent) believe that their employers are biased.

And while 62 percent of workers say the hiring process is fair, Black and Asian workers are less likely to share that opinion compared to white and Latino workers. Thirty percent of Latino workers and 37 percent of white workers say their organization doesn't have a fair hiring process, compared to 58 percent of Asian/Pacific Islanders and 44 percent of Black workers.

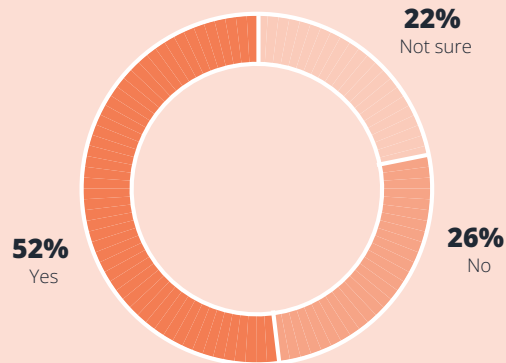


Does their employer listen to feedback?



Part of the reason these discrepancies exist is that workers don't always feel as though their employers are receptive to feedback. Our research found that 41 percent of workers either say their employers don't listen to feedback or aren't sure if they do. By regularly soliciting feedback from your team and implementing their best ideas, you can build a more inclusive work environment — much to the delight of your team and your customers.

Do they believe their employer is unbiased?



SECTION 5

What comes next

Changing the way you manage, hire, and pay your contractors and employees

SOLVE STAFFING CHALLENGES BY CHANGING THE WAY YOU MANAGE, HIRE AND PAY YOUR CONTRACTORS AND EMPLOYEES

Due to a confluence of factors — the pandemic and rising inflation chief among them — many workers are stressed about their finances. Making matters worse, many of them are living paycheck to paycheck, which causes additional stress as they're forced to wait two weeks to receive the money they've earned. By ensuring your organization pays a competitive rate and offers weekly or even daily payment options, you can help alleviate some of these stressors — making your organization a more desirable place to work.

In the age of disruption, there's no sense in continuing to run payroll like it's 1972. By modernizing your organization's approach to payroll — and offering solid benefits, including the option for same-day pay for both employees and contractors — you can set your company apart from the rest. To illustrate, imagine Company A and Company B are both offering a job to the same person. Pay and benefits are the same, except that Company A offers the option to get paid at the end of each shift. Which company do you think the individual will decide to work for?

In addition to speeding up pay, it's important to optimize your hiring process as much as you possibly can. One way to do that is by offering a modern background check solution that enables you to remove bias from the hiring process and extend offers to talented candidates even when they have criminal backgrounds. By removing bias from your hiring process, you can attract more candidates, solve staffing challenges, and build a more inclusive and equitable company that's positioned to thrive for years to come.

To learn more about the easiest way to pay both 1099 contractors and W-2 employees as fast as the same day — and at scale — visit www.everee.com. For more information on how to streamline the background check process while removing bias and making it fairer and more inclusive, visit www.checkr.com.



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