

# Service with a Struggle:

## What Hospitality Can Teach Us About Supporting Frontline Teams

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A business of Marsh McLennan



# Getting to know **us!**



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# Hourly workers: at the epicenter of a changing workplace

Essential to many industries, hourly employees have become acutely aware of their value in the marketplace — but also disappointed by an employer deal that:

- **too often overlooks their challenges**
- **appears to be moving employees backward instead of forward**
- **especially for those earning the lowest wages**

Hourly workers consistently score lower than their salaried peers on key career, well-being, and financial metrics, and many struggle to envision a path toward stability, let alone prosperity.



# Perfect storm of issues have impacted hourly workers



## Erosion of Purchasing Power

Driven by inflation and the rising cost of living, hourly wages are failing to keep pace, leading to financial strain.



## Economic Volatility

Instability in the economy has resulted in fluctuating job security, leaving workers anxious about their employment status.



## Labor Shortages

Ongoing labor shortages have led to longer hours, understaffed workplaces, and increasingly hostile environments for front-line workers.



## Rapid Technological Adoption

The swift integration of new technologies has occurred with minimal training and support, leaving workers feeling overwhelmed and unprepared.



## Unequal Access to Flexibility

Disparities in flexible work arrangements have created inequities, with many hourly workers struggling to balance work and personal commitments.



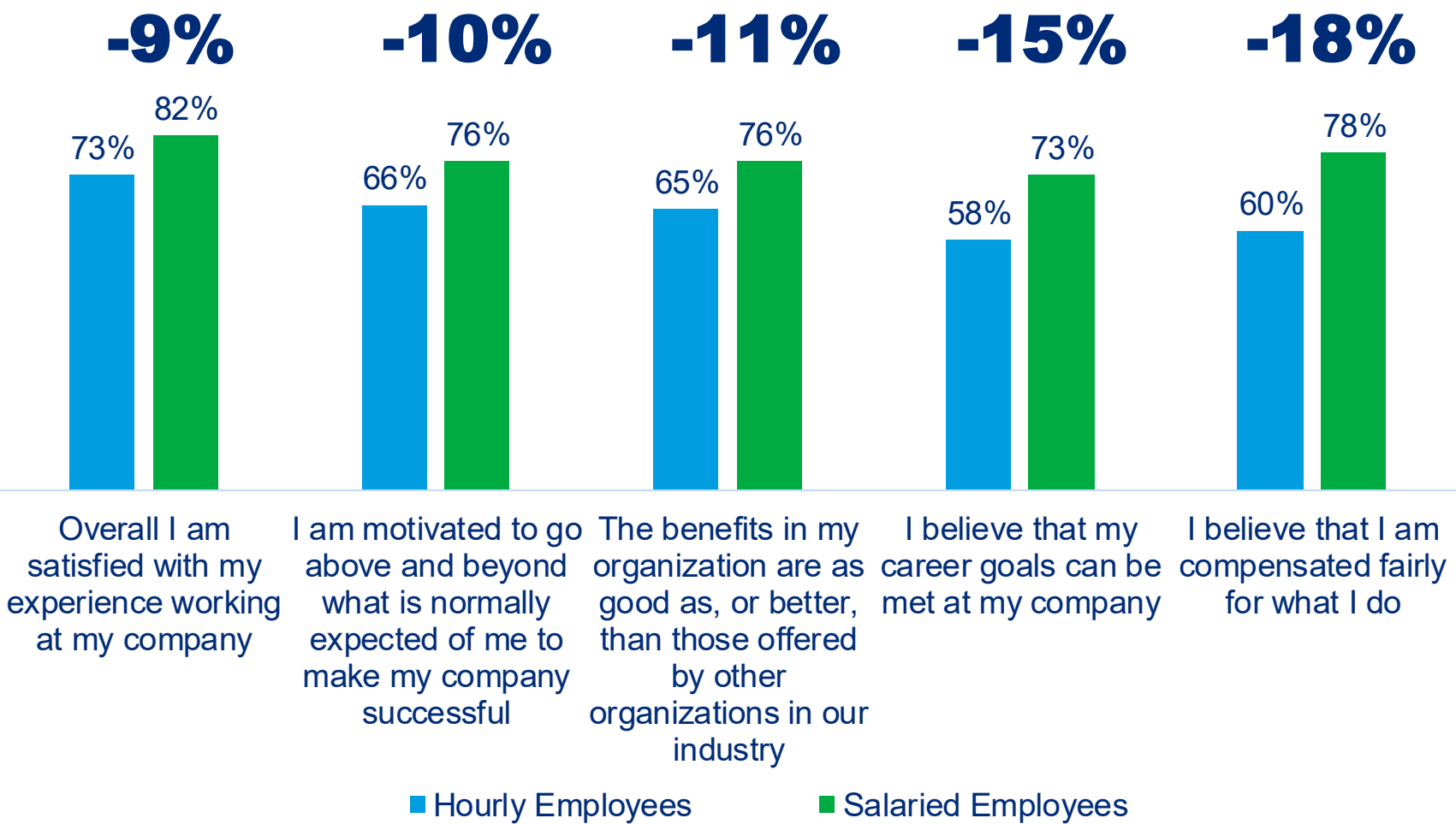
# Hourly employees increasingly frustrated and feel undervalued relative to their salaried peers



I would recommend my company as a good place to work

Only 63% of hourly employees recommend their employees

**-13%**  
versus salaried

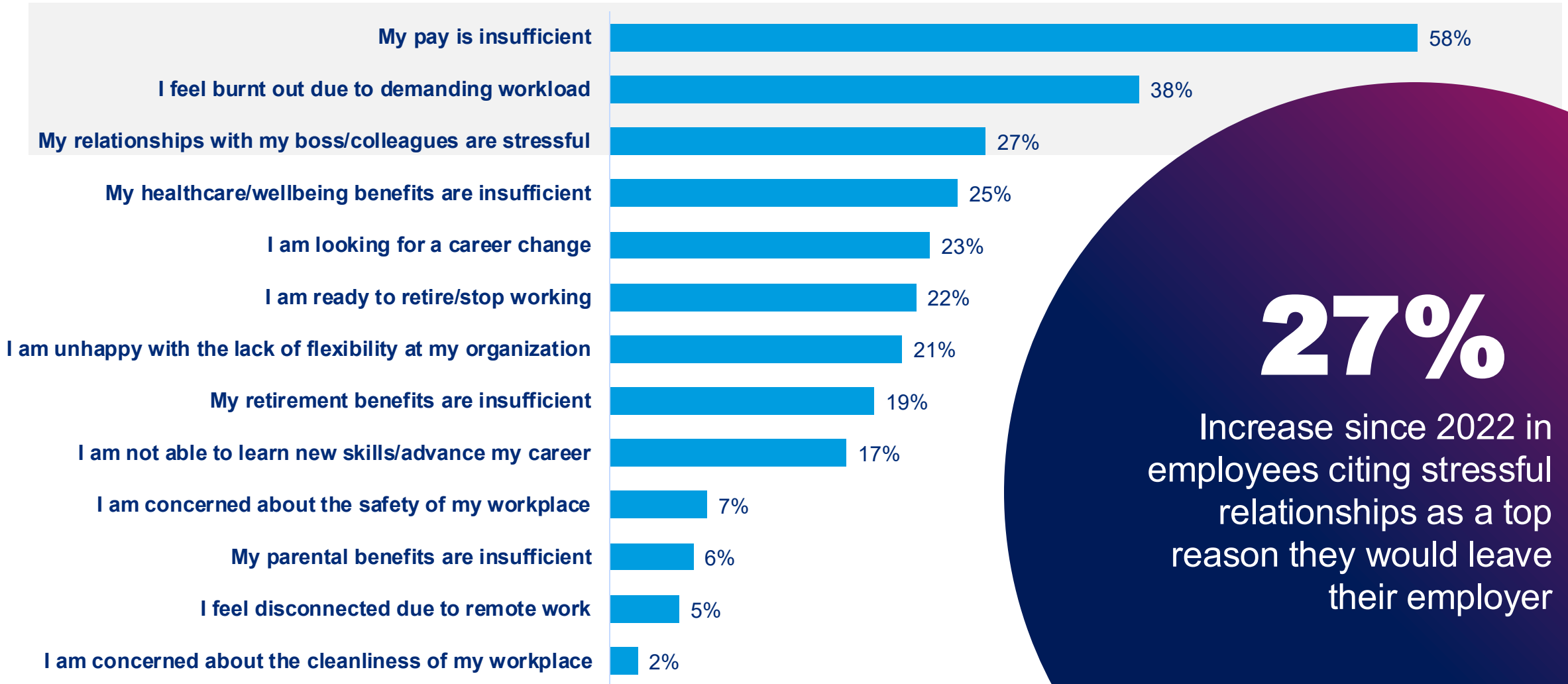


# While overall workers are showing resilience relative to last year, there are significant declines in key metrics



# Pay, burnout and stressful relationships are top reasons people leave

What would cause you to leave your employer? Select your top 3.

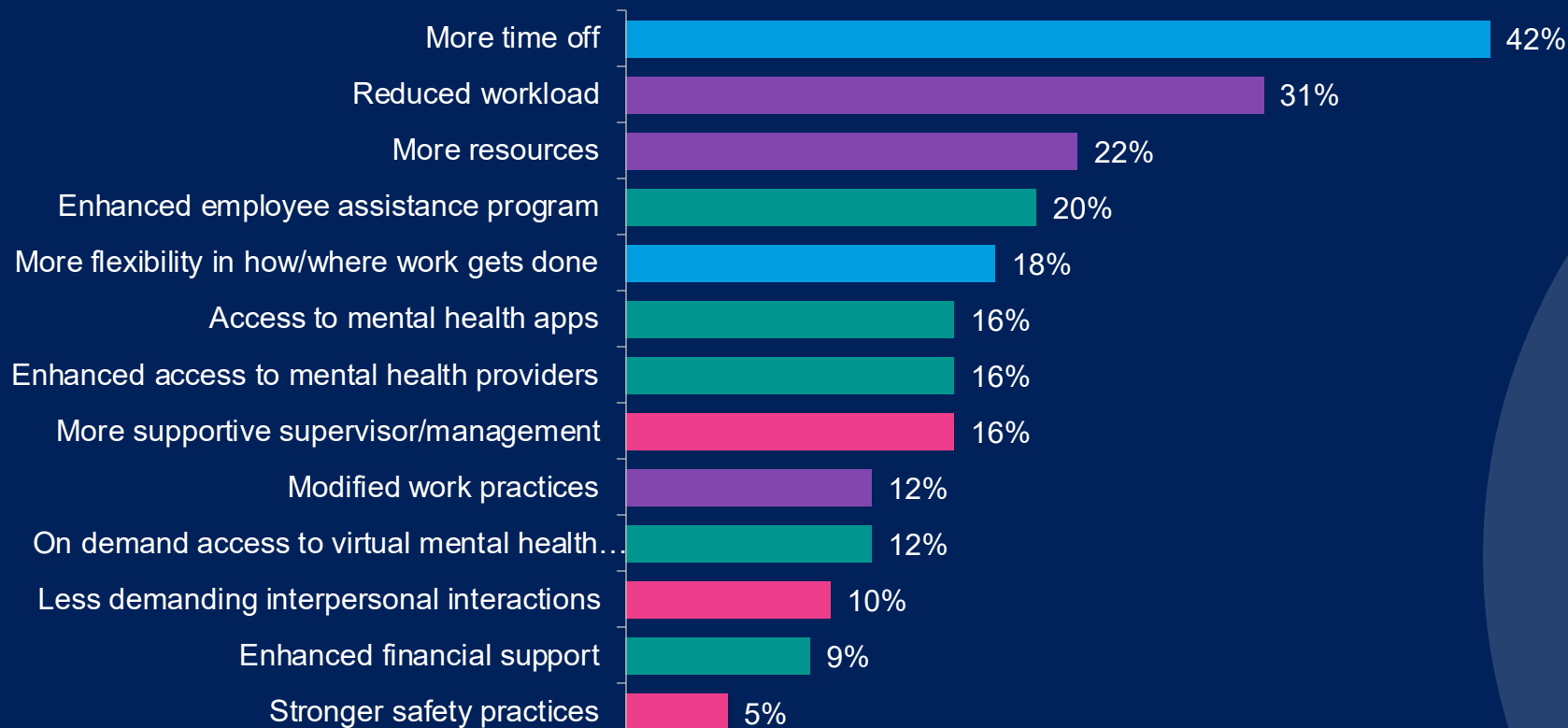


**27%**

Increase since 2022 in employees citing stressful relationships as a top reason they would leave their employer

# Hourly and front-line workers need a better way to manage burnout

What would most support your mental health and ease burnout? Select your top 3.



Only **11%** of hourly workers said they did not need help addressing burnout

Flexibility – at work or from work

More sustainable work

Enhanced benefits

More supportive environments



# Employers need to embrace a new deal

## • (20<sup>th</sup> century)



### • Loyalty contract

#### Basic needs

- Pay, benefits, security
- Retention
- Pay and benefits in exchange for commitment

## • (pre-pandemic)



### • Engagement contract

#### Psychological needs

- Achievement, camaraderie, equity
- Contribution
- Intrinsic rewards in exchange for effort

## • (The new chapter)



### • Lifestyle contract

#### Well-being needs

- Physical, mental, emotional, financial
- Sustainability
- Healthy experiences in exchange for sustainable performance



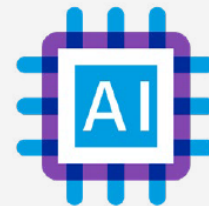


AI promises huge transformation, but most workers are being left to their own devices to figure out what that means for their work today, and their worth tomorrow.



30%

of workers have strong confidence their org will guide them on the **skills they need in the future**



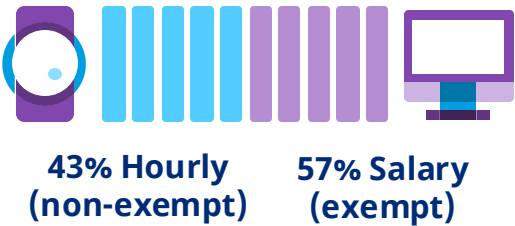
1 in 5

has heard from their direct manager or supervisor about the **impacts of AI** on their job or business

# About the research

This study was undertaken by Mercer in March 2025 to gain better understanding of how HR technologies impact employees in the workforce. With a focus on full-time employees who touch workplace technology the most, over 8,500 employees from varying industries and job levels around the globe participated.

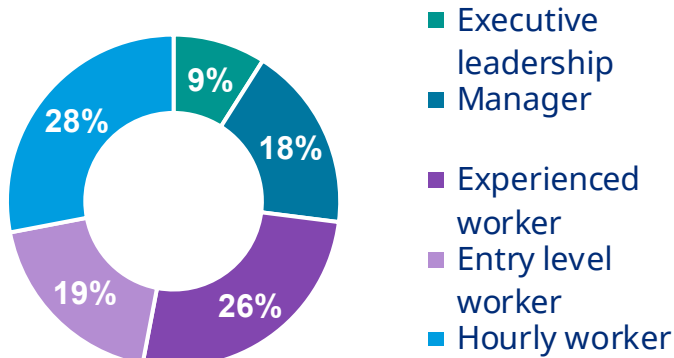
8,528   
Total participants



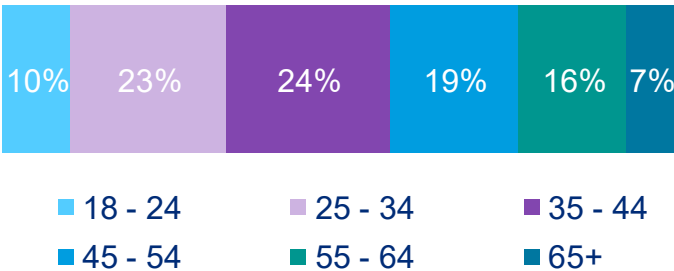
## 10+ industries, including:



## A mix of job levels:



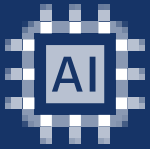
## Employee Age



# HR Technology Impact on the Workforce

## Special AI Edition

Mercer's latest **HR Technology's Impact on the Workforce** study shows "AI promises huge transformation, but most workers are being left to their own devices to figure out what that means for their work today, and their worth tomorrow."



**The AI proximity paradox:** closer you are to AI, the more you fear for your future.

**85%**

of UAE workers have used AI at work, and **44% worry tech will impact their job**

**<50%**

of European workers have used AI at work, and **<10% express concern around tech impacting their job**



**AI requires vast upskilling**, but the wrong culture can halt progress.

Employees who feel fairly paid are

**1.8x**

likely to spend at least **15% of their time on learning new skills each month.**

Employees who aren't proud of their company are

**5.5x**

more likely to **not spend any time** learning new skills for work.



Scan for the **full report!**

**The wrong workers are worried about AI's impact:** those at the top are the most worried about what AI will do.

**62% of executives and 58% of managers** worry tech will take over their job...

...compared to just **48% of professional workers and 50% of hourly workers**

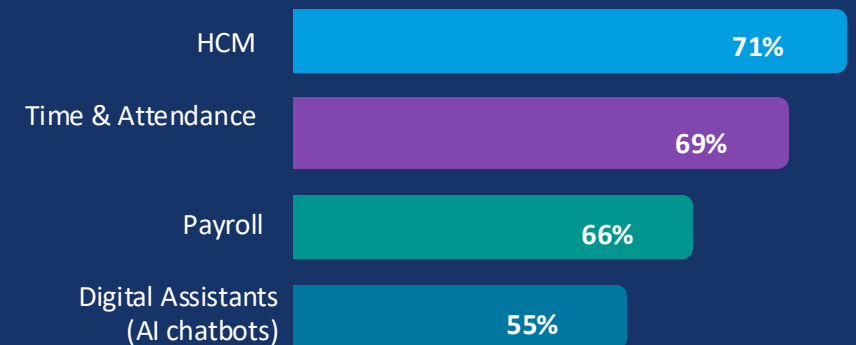
Less than

**1 in 4**

employees have heard from their CEO **about AI's impacts to the business.**

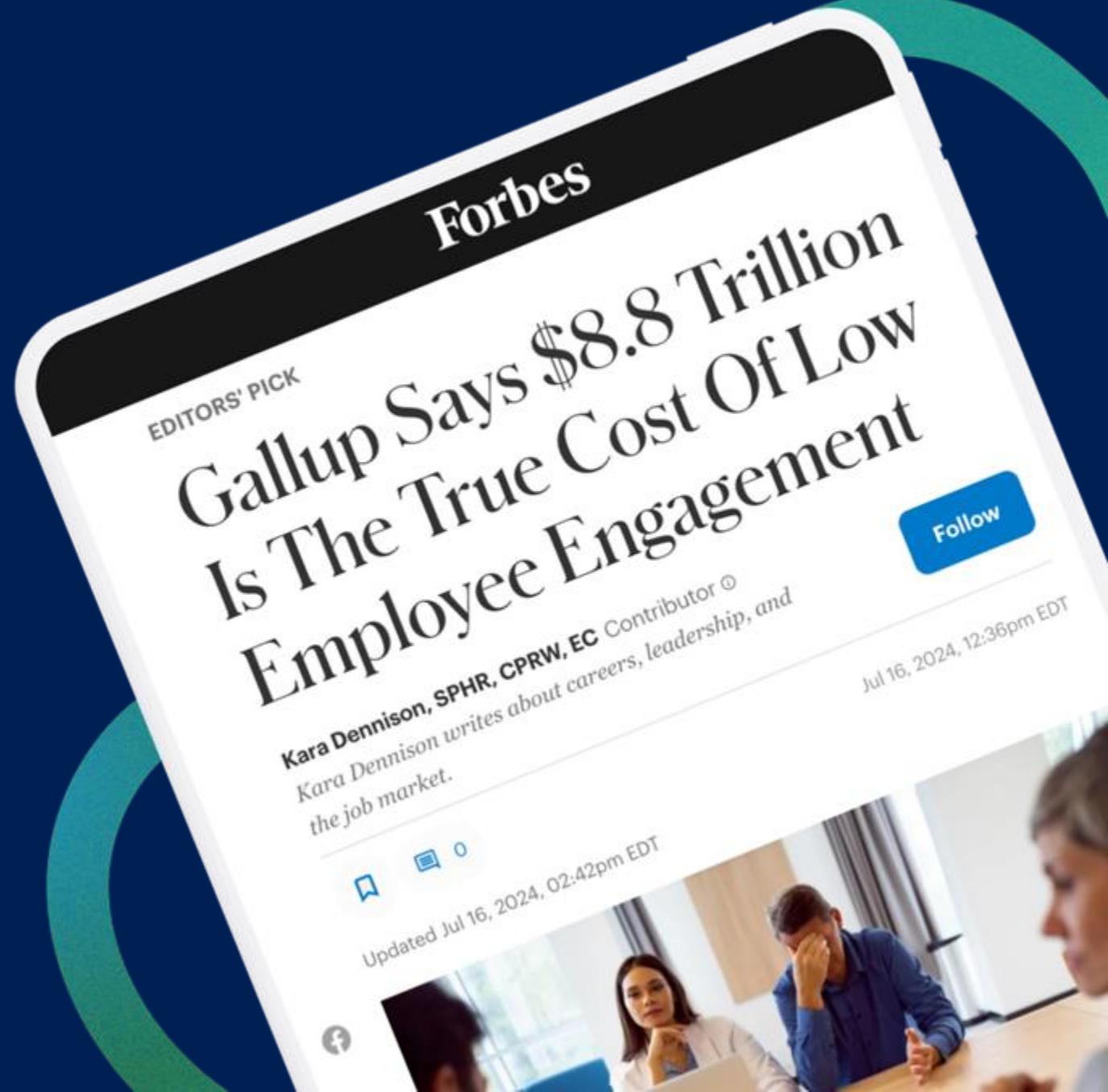
This isn't about tech, **it's about trust**

AI chatbots are the least trusted source of information and considered harder to use as a result:



of employees say it's **easy to use**

Disengagement is a  
plague in hospitality.



# What is disengagement & turnover **really** costing you?

**75%+** Average Turnover  
in Food Service

**\$5.8k** Average Cost to  
Replace an Employee





# Traditional Engagement Tools Fail the Modern Workforce.

## Old Ways of Engagement

Annual Engagement & Satisfaction Surveys

The Unhappiest Speak the Loudest

Low Adoption via Email & Text

Results are Intermittent and Outdated

## Modern Engagement

Real-Time Feedback in-the-flow of Work

Every Voice Accounted For – Right at the Clock

Within the flow of How People Work & Live

Real-Time Insights to Drive Decisions & Action



**Sub 90-Day Turnover Drastically Reduced in the First Few Months of Engage**

# Download the whitepaper **now**

Connecting your workforce  
is more than just asking  
how people feel.

**Now, it's about  
recognizing, rewarding & growing  
your teams.**

