

THE WALL STREET JOURNAL.

CORONAVIRUS PANDEMIC COMPELS HISTORIC LABOR SHIFT

Outbreak reshapes job market as some sectors shut down, others see demand surge

By Ruth Bender and Matthew Dalton
March 29, 2020

The coronavirus pandemic is forcing the fastest reallocation of labor since World War II, with companies and governments mobilizing an army of idled workers into new activities that are urgently needed.

Around the world, former hotel, restaurant and airline staff are moving to grocers, online retailers and hospitals as parts of the economy are shuttered to prevent the spread of the disease – and essential goods and services are strained.

The shifts also include some governments urging furloughed workers and students to join in planting and picking fruit and vegetables. Meanwhile in Germany, McDonald's Corp. is lending staff to two big grocery chains desperate for workers.

Becky Frankiewicz, president of ManpowerGroup North America, a staffing company, said the workforce shifts were shaping up to be the largest her company had seen since it was founded in 1948.

"Tens of thousands of jobs open up overnight," she said. "We have to move within hours."

In the U.S., the pool of potential workers has exploded. A record 3.28 million people applied for unemployment benefits, the government reported last week. Though at the same time, big companies that have seen pandemic-fueled spikes in demand, including Walmart Inc. and CVS Health Corp, are seeking nearly 500,000 new staff members in the coming weeks.

In Europe – where social safety nets mean fewer workers have lost their jobs – governments are trying to move workers to where they are most needed.

Germany last week passed laws to give incentives to people put on Kurzarbeit – a government program where unneeded workers stay home on about two-thirds of their pay – to take up side jobs in industries like health care and farming. Malte Voigts, who runs a farm in the eastern German state of Brandenburg, has been slammed with phone calls from locals wanting to help in the fields.

"There were cooks, waiters, music teachers, physiotherapists, scaffold builders and sales managers," said Mr. Voigts, who usually employs 150 to 170 seasonal workers from Poland and Romania, now blocked due to border closures. "I was completely taken aback."

French Agriculture Minister Didier Guillaume said last week that the country's farms need 45,000 workers in March, 80,000 on top of that in April, and another 80,000 in May, as foreign seasonal workers can't come this year.

Economists don't expect the sector hiring booms to offset the millions of job losses forecast in the months to come. Many of the job shifts will prove temporary. Still, for some, it is

forcing a re-evaluation of the notion of a safe, future-proof job by revealing which sectors are genuinely essential.

After losing her job at a company that processes payroll for the restaurant industry earlier this month, Shae Wall, a 37-year-old in Oklahoma City, is looking for a new career in health care. It is "virus proof," she said.

The labor reallocation manifests itself in big and small ways. Jason Kirsch, who operates the Corner Market & Pharmacy, outside Washington, recently hired four out-of-work restaurant workers and a bartender to restock shelves and help with other tasks. He has received about two dozen applications.

"I can literally have someone come in in the morning and have them working by the afternoon," Mr. Kirsch said.

Marks & Spencer PLC, a British clothing and grocery chain, has moved more than 4,600 staff from its in-store cafes and clothing department to its grocery business. The company is trying to match workers to similar jobs.

The German chiefs of Aldi Nord and Aldi Süd, two family-owned discount grocery chains, and McDonald's quickly realized they could all gain by sharing employees. One after the other this month, German states were ordering restaurants to shut. The two grocery chains, on the other hand, have been competing with other food retailers to hire thousands of temporary helpers.

The companies negotiated a pact in a few days, according to a McDonald's spokeswoman. McDonald's employees were allowed to switch to short-term contracts at the chains. Most contracts run for an initial two months, with an option for workers to return to their McDonald's jobs once the crisis is over.

The chains told McDonald's they needed 3,000 workers. McDonald's employees bring transferable skills, so training is minimal.

"Exceptional times require exceptional solutions," said Nicolás de Lope, spokesman for the board of Aldi Nord.

The worker sharing echoes similar moves taken in China's state-controlled economy earlier in the crisis. When the virus prompted shutdowns of Chinese cities, fast-food chains, restaurants and other leisure companies lent staff to e-commerce businesses facing spiking demand for home deliveries, according to Fang Ruan, partner at Boston Consulting Group, who advises Chinese companies on personnel issues. That allowed companies to avoid big layoffs, while allowing them to restaff quickly once demand picks up again.

Temporary-work agencies have become a key driver behind the effort to reallocate workers. French agency Mistertemp' group is currently moving thousands of workers who used to work in car plants, construction or the event industry into roles as packers, logistics-center forklift drivers or cashiers. Cross-sector shifts make up about a third of the jobs the agency is currently working to fill, mostly in food and online retailing, said Chief Marketing Officer Jean-Loup Wirocius.

Souber Abdoullahi Nour, a 22-year-old business student from the French city of Rennes, lost his temp job at a Peugeot factory. Now, he prepares orders in a retail warehouse.

"We are getting more orders than we can deliver," he said. "So, I feel I will have work for some time."