

**2021**

**WORKFORCE TRENDS  
REPORT SERIES**

# HOSPITALITY & RESTAURANT

Findings and insights from the 2021 Benefits Strategy  
& Benchmarking Survey

**U.S. Edition**



**Gallagher**

Insurance | Risk Management | Consulting

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# Introduction

Given their diverse makeup, organizations, employees and roles within the hospitality and restaurant industry require different solutions for moving beyond the pandemic. Uncertainties may linger, but the new environment offers opportunities for strategic growth and a recommitment to talent.

That's why wellbeing is at the center of Gallagher Better Works<sup>SM</sup>, our comprehensive approach that aligns your people strategy with your overall business goals. It focuses on the full spectrum of organizational wellbeing—taking a strategic approach to investing in employee wellbeing at the right cost structures to support diverse workforce needs.

Part of our Workforce Trends Report Series, this addendum highlights key findings and implications based on 159 hospitality and restaurant organizations that participated in our 2021 Benefits Strategy & Benchmarking Survey.

From broad insights to specific findings, you'll gain a practical perspective on trends and best practices to help you face your future with confidence.



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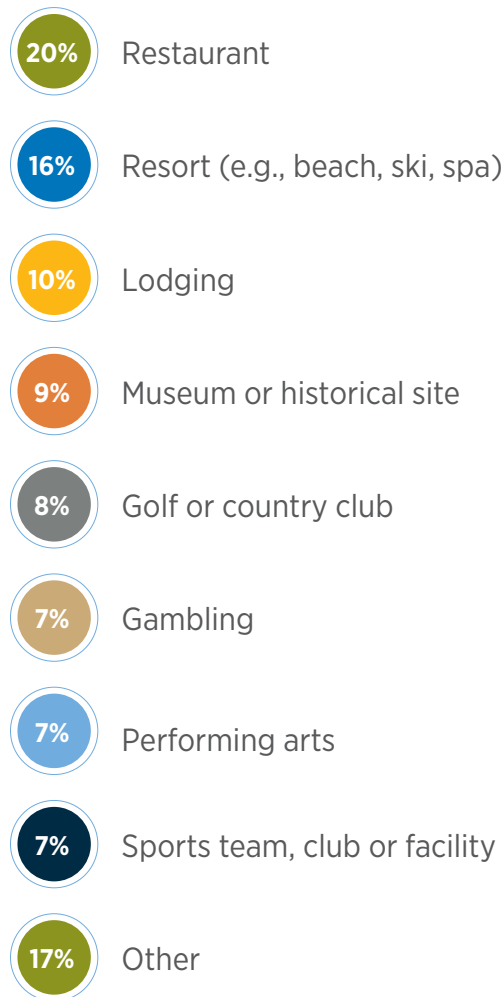
# Benefits Strategy & Benchmarking Survey Hospitality & Restaurant Participant Profile



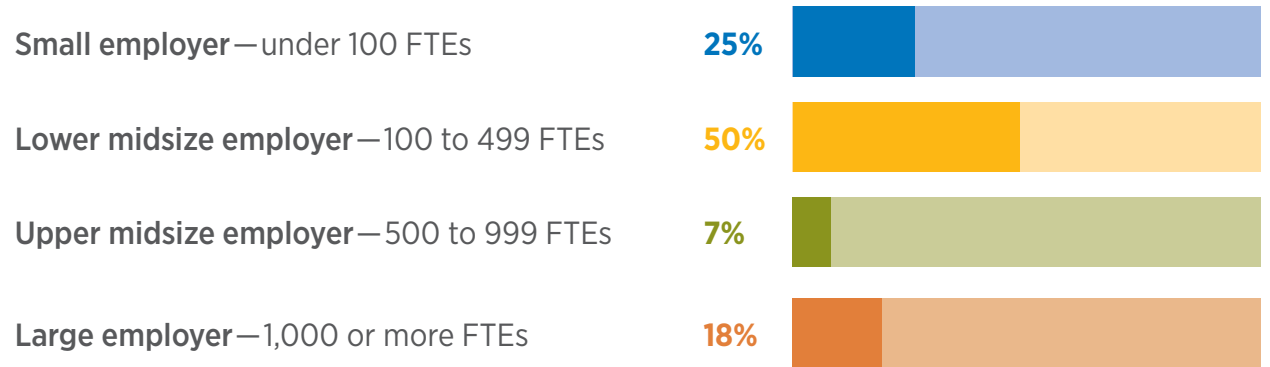
**159**

Hospitality and restaurant organizations

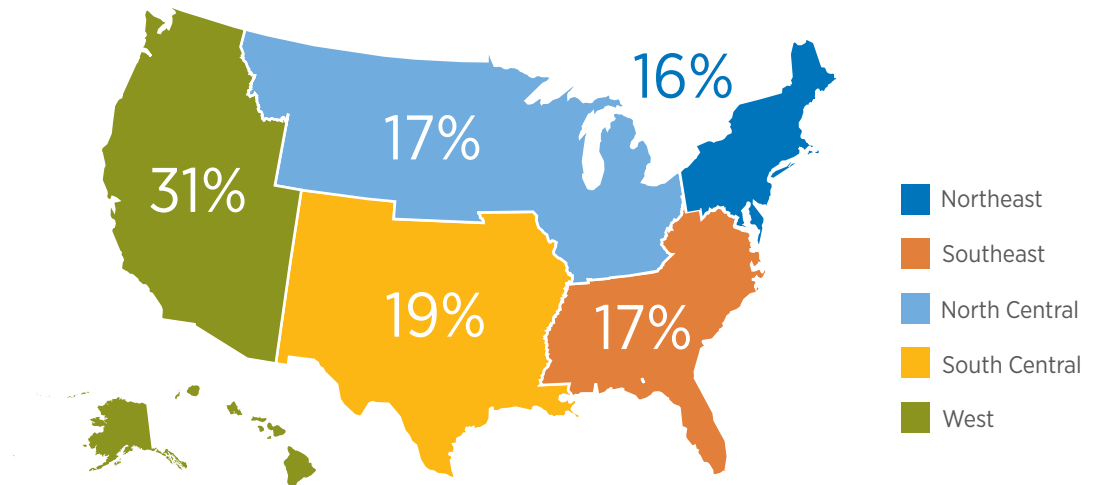
## Type of hospitality and restaurant organization



## Workforce size — Full-time equivalents (FTEs)



## Geography



# Key Takeaways for Hospitality & Restaurant Employers

## People & Organizational Wellbeing Strategy



Maintaining organizational success relies on steady success in attracting and retaining employees, helped by technology that improves operations.

## Physical & Emotional Wellbeing



Exploring emerging medical and pharmacy benefit approaches, and voluntary benefits that meet targeted employee needs, can improve strategic healthcare spending.

## Career Wellbeing



Investing in employees' performance and careers is a differentiator that drives not only retention, but also customer service excellence.

## Financial Wellbeing



Increasing employees' financial wellbeing involves helping them meet their immediate monetary needs as well as their goals for retirement.

## Organizational Wellbeing



Ensuring comprehensive and successful wellbeing programs requires data and leadership support.

# People & Organizational Wellbeing Strategy

## Center workforce planning on talent goals to drive earnings.

The hospitality and restaurant sector faces diverse but interrelated challenges. And few, if any, are more pressing than hiring and engaging a workforce that delivers high-quality customer service. Both HR and operations consider attraction and retention a high priority. Their top operational focus—generating revenue to support the wages and rewards needed to fill vacant roles—underscores this need. Getting earnings back on track requires organizations to put talent goals at the center of their planning decisions. With wages escalating, greater scrutiny will help balance employee investments against profit margins.

Improving HR technology to achieve better outcomes is on the minds of many sector employers, with significant expansion projected into 2023. Creating greater efficiency and that seamless employee-as-customer experience for staff is a key driver.



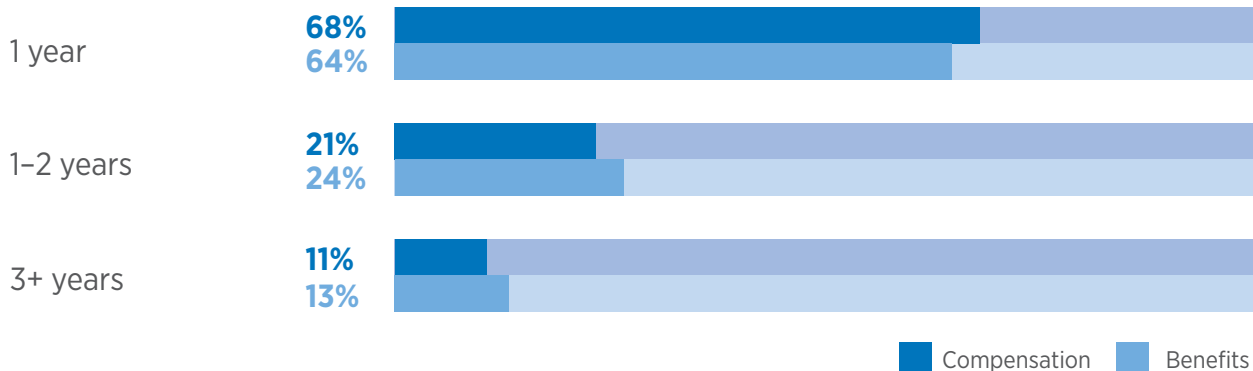
## Top operational priorities

- 1** Increasing revenue or sales
- 2** Attracting and retaining a competitive workforce
- 3** Maintaining or decreasing overall operating costs

## Top HR priorities

- 1** Attracting and retaining a competitive workforce
- 2** Controlling employee benefit costs
- 3** Training and developing employees

## Compensation and benefits planning horizon



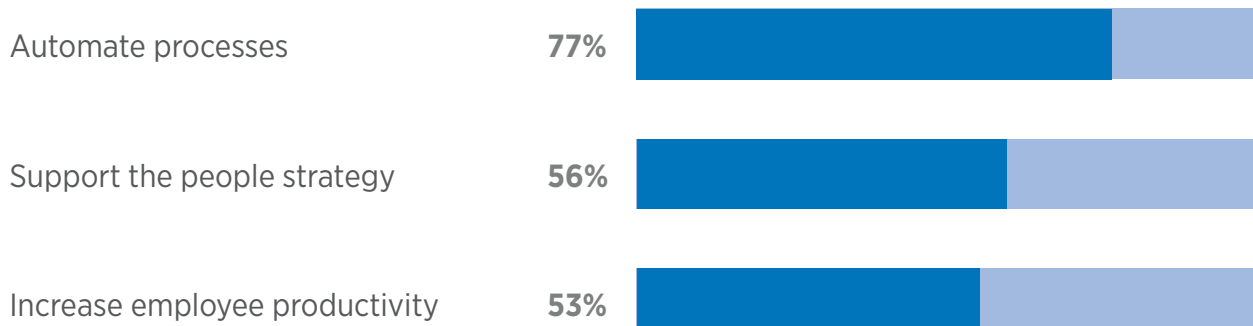
**2** in **3**

Expect to expand or replace HR technology—or both—by 2023

**25%**

View compensation and benefits as investments in maximizing workforce performance to achieve operational outcomes

## Reasons for replacing and/or adding HR technologies



# Physical & Emotional Wellbeing

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## Look to the pharmacy benefit and voluntary options for help in aligning healthcare costs and value.

Largely, there's a sense of being stuck in neutral among hospitality and restaurant employers regarding their progress in managing healthcare costs. Finding outside-the-box solutions that improve overall outcomes, including relieving financial pressures without shifting more responsibility to employees, will help keep these costs sustainable.

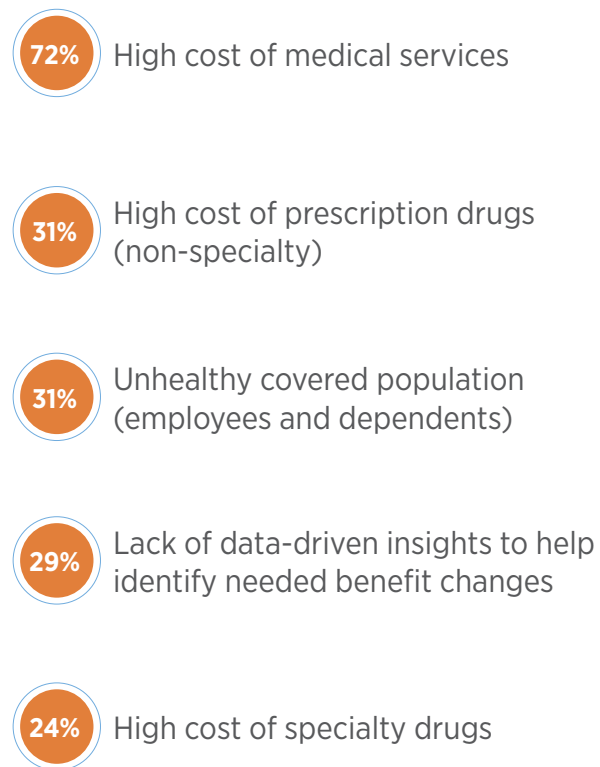
The pharmacy benefit offers multiple opportunities to manage down the expense of drug coverage. Some key options are tweaking the plan design, carving out pharmacy from the medical benefit and adding tactics to help ensure proper use of specialty drugs. Also, going over contracts to confirm proper discounts may cut losses.

Voluntary benefits can effectively enhance core healthcare with coverage for supplemental or other insurance needs. They provide affordable flexibility, allowing the allocation of dollars for the purpose of fitting individual employee priorities.



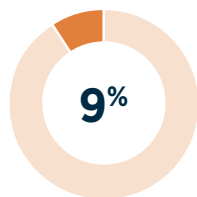
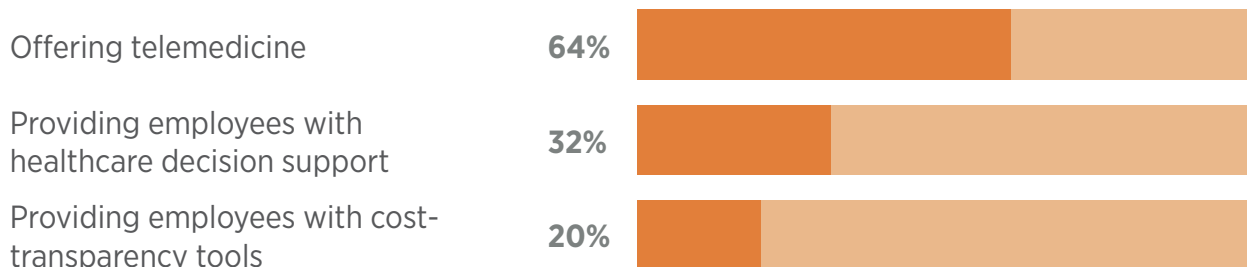


## Top healthcare cost-management challenges

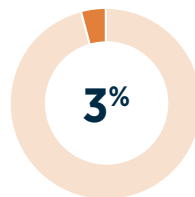


**56%** Increased employee cost sharing at most recent renewal

## Common cost-control tactics



Carve out the pharmacy benefit



Plan to carve out by 2023

**43%**

Enhanced voluntary or supplemental benefits to meet recruitment and retention objectives

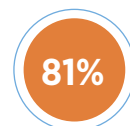
**3 in 5**

Either don't know or don't use tactics to manage the use and costs of specialty drug benefits

## Most commonly offered voluntary benefits



Accidental death and dismemberment



Stand-alone vision plan



Accident insurance

# Career Wellbeing

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## Create development and growth opportunities aligned with employee interests.

Engagement levels affect the ability to enhance business and individual performance, reduce voluntary turnover, and achieve other targeted outcomes. Assessing employees' job satisfaction and intent to stay can uncover any imbalance in meeting operational demands and cultural needs. It's also important to keep an eye on discretionary effort and the tendency to recommend employment to others.

As hospitality and restaurant activity rebounds from the pandemic, potential hires cast a more critical eye on the vast array of job opportunities, both within and outside the sector. Building the brand from within to capture the attention and interest of both current and future talent will pay dividends in a tight labor market.

Employees are more satisfied with their jobs when they feel valued and have a structured path for growth. Offering training, development and mentoring programs may incentivize employees to stay, improving organizations' short-term performance and future resilience.



## Top tactics used to increase engagement

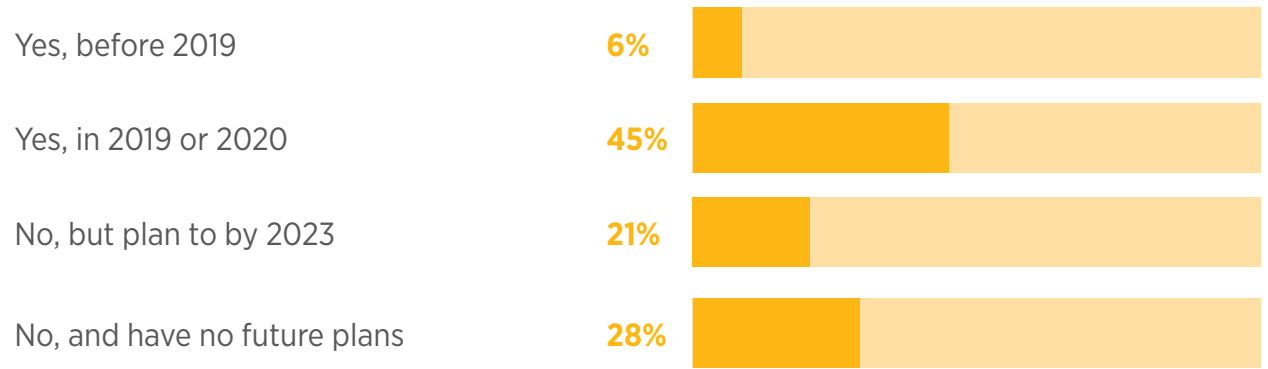
- 1 Communicate in a way that fosters trust and confidence
- 2 Provide performance-based recognition
- 3 Define clear performance goals
- 4 Give timely and constructive feedback
- 5 Support employees in developing and pursuing a career path

**61%** Have a strategy to improve employee engagement

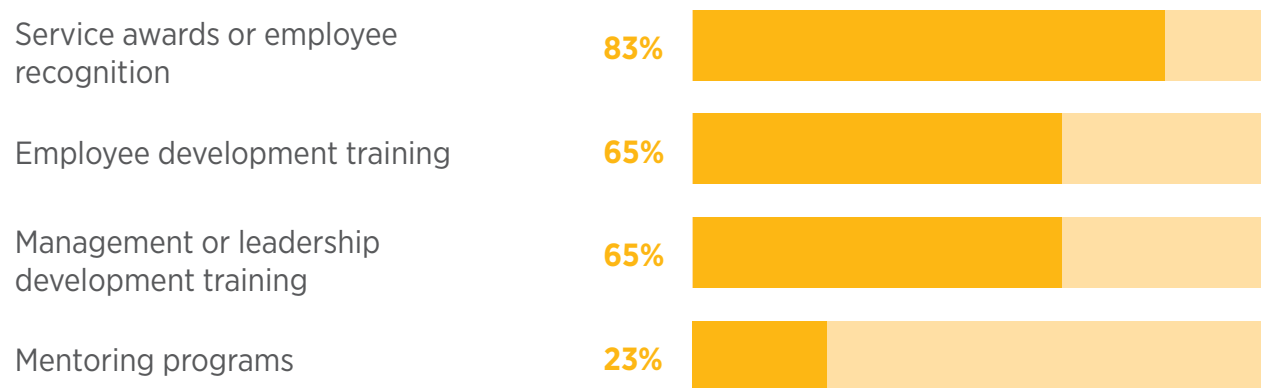
**More than 1 in 2**  
Believe their workforce is highly engaged

**31%** Indicate career wellbeing has become more important since 2019

## Have conducted a survey to measure workforce engagement



## Career wellbeing programs and resources offered



# Financial Wellbeing

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## Consider the unique needs of employees at each stage of financial wellbeing.

Stress related to financial insecurity can become a major distraction on the job, often decreasing productivity. It's also known to impact employee health. Many employers are responding by increasing the focus on financial wellbeing in their overall strategies. While programs tend to center on meeting retirement goals, it's equally important to help employees meet appropriate goals for spending, as well as saving, at each stage in life.

Most hospitality and restaurant sector employers offer at least one financial wellbeing benefit. Typically, this includes discount programs, but more emphasis on building financial knowledge and skills has the potential to improve employees' ability to manage their money indefinitely. Advisor sessions, literacy and other educational options, along with tools for day-to-day budgeting, provide added value for those who were squeezed by the pandemic and are looking to regain their financial footing.



## Financial wellbeing programs and resources offered

- 66%** Employee discount programs
- 60%** Financial advisor sessions
- 57%** Financial literacy and other educational opportunities
- 23%** Debt counseling
- 11%** Loan refinancing tools
- 9%** 529 plans

**4 in 5** Have a retirement program

**55%** Indicate financial wellbeing has become more important since 2019

## Methods used to promote better savings habits



## Most common active retirement plans



## Percentage of employee contribution matched



# Organizational Wellbeing

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## Apply data-driven insights to communication and policy improvements.

There's a growing emphasis on supporting the mental health and emotional wellbeing of a workforce still vexed by safety concerns, anxiety and depression. Consistent and empathetic communication, such as listening channels, help connect employees to the organization. Allowing more flexibility also strengthens this bond. Outside of work, community involvement opportunities establish a positive business image and an employee wellbeing platform to do good and feel good.

When attempting to improve organizational health, reactionary efforts leave employers a step behind. Advance data provides the most relevant insights. And an understanding of what wellbeing means to employees, pain points and all, informs a better strategy. Involving top leadership, especially through strategic communication, drives up participation in wellbeing programs and increases their overall value.



## Scope of the wellbeing strategy



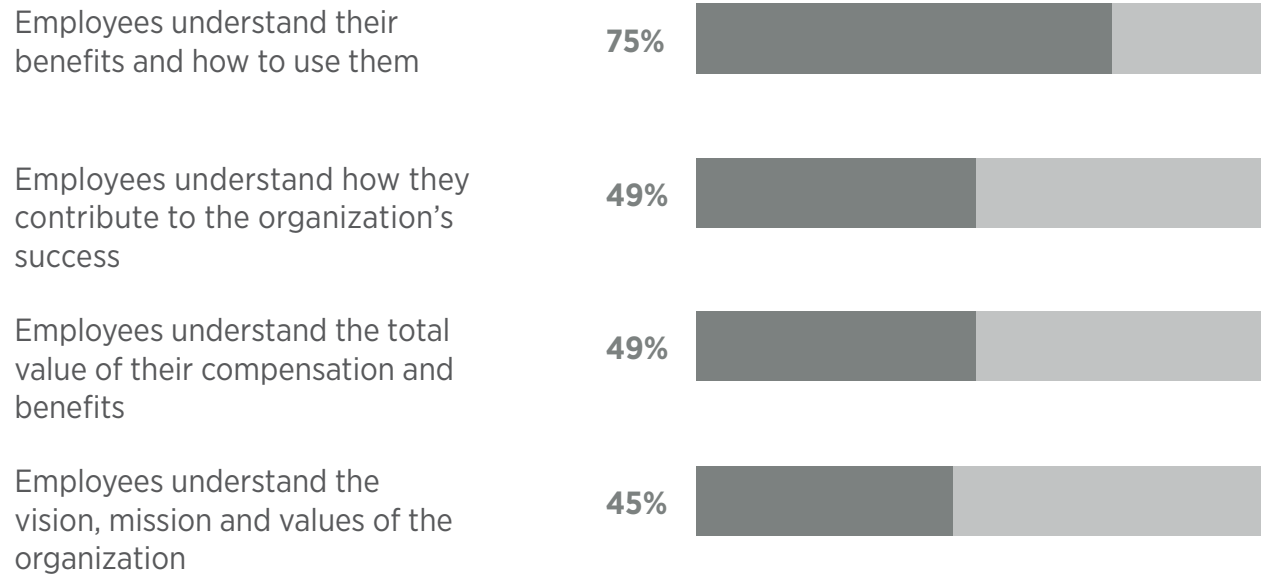
## Emotional wellbeing programs and resources offered



Nearly **1 in 2** Agree their organization has an effective strategy to create or sustain a culture of total wellbeing

**15%** Have a comprehensive communication strategy

## Outcomes of employee communication considered most important



**↑ 12 points since 2020**

Increased prioritization of the social aspects of emotional wellbeing over the last two years

# Final Remarks

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The hospitality and restaurant industry operates more reactively than most, but the pandemic is pushing all organizations to become more agile. A proactive, strategic approach to talent management is essential for making decisions in this new reality. To compete effectively, employers must base total rewards and cultural decisions on employee preferences, which requires a platform for feedback. Reliable information keeps employers current on workforce demographics, guiding more productive efforts to meet unique needs.

Communicating the value of every dollar invested in wellbeing and the employee experience to the workforce, beyond a focus on compensation, is another important priority. By conveying the promise of the employee value proposition—and consistently putting it into practice—employers motivate a level of performance that more consistently serves the needs of customers and the business, too.

Policies and practices that treat all employees as professionals show respect for their skills and experience, and motivate them to learn and improve. By building trust, employers can more quickly and easily meet attraction and retention goals. Comprehensive approaches to emotional wellbeing and career development also strengthen the interconnection between individual contributions and greater organizational success.

For additional insights and custom benchmarking on the latest trends impacting hospitality and restaurant employers, contact your local Gallagher consultant.



# About Gallagher

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**Pursuing “better” is an ongoing journey. Employers of all shapes and sizes, in all parts of the world, are acutely aware that people’s changing expectations demand more from the organizations and brands they invest in. And nowhere is one person’s investment—and their expectation for better—more apparent than in their choice of employer.**

Now more than ever, employers have an opportunity to secure a better future by delivering a better employee experience. Building a workplace that works better means helping your employees succeed by supporting their ability to invest more fully in themselves, their communities and their organization’s wellbeing.

Gallagher Better Works<sup>SM</sup> is a comprehensive approach to your people strategy that aligns the diverse expectations of your employees with your overall business goals, at the right cost structure. Using data-driven insights, you’ll be empowered to recruit, retain and retire vital talent through intentional, sustainable investments in your employees’ physical, emotional, financial and career wellbeing.

Your people excel when you purposefully cultivate the employee experience—with benefits, compensation, HR programs, and ways of working that help energize and balance all aspects of their lives. Create a sense of belonging, purpose and trust with an approach that’s rooted in the wellbeing of your people. That’s how you keep moving toward your better—ensuring your organization can thrive—even in times of uncertainty.



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