



Gallagher

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DATA DRIVES DECISIONS™

HOSPITALITY & RESTAURANT

**— 2024 —
WORKFORCE
TRENDS
REPORT
SERIES**

Findings and insights from the 2024 Benefits Strategy & Benchmarking Survey

US EDITION



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Introduction

Employment is nearing pre-pandemic levels, but an increase in the number of establishments is straining the labor market. Many hospitality and restaurant employers still struggle to fill positions.

The industry is also adapting to global trends and optimizing their operations, including technology integration. All of these developments influence customer preference while requiring investments to help employers evolve faster and remain competitive.

Wellbeing is at the center of **Gallagher Better WorksSM**, 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 132 hospitality and restaurant organizations that participated in our 2024 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.



Mark Orzechowski

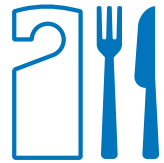
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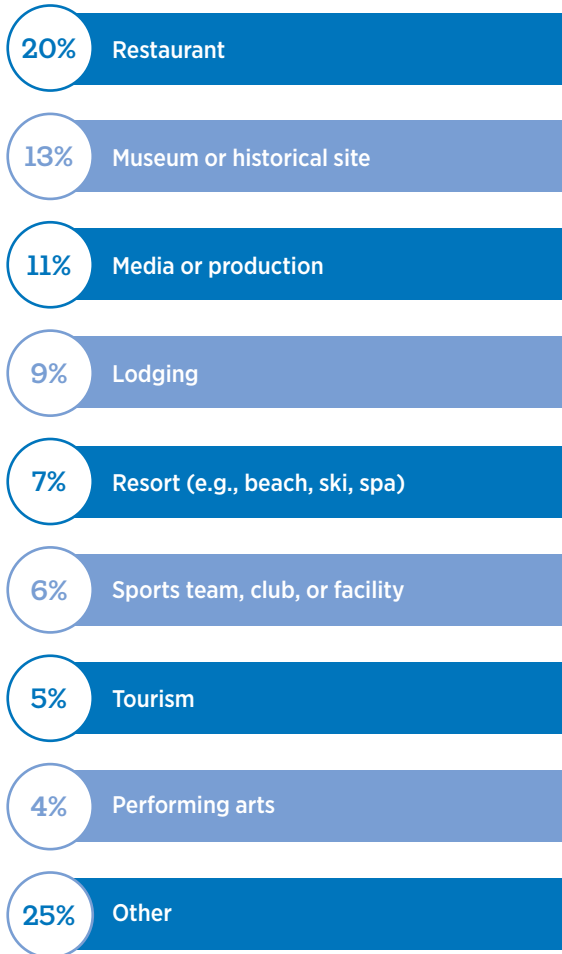
Benefits Strategy & Benchmarking Survey Hospitality & Restaurant Participant Profile



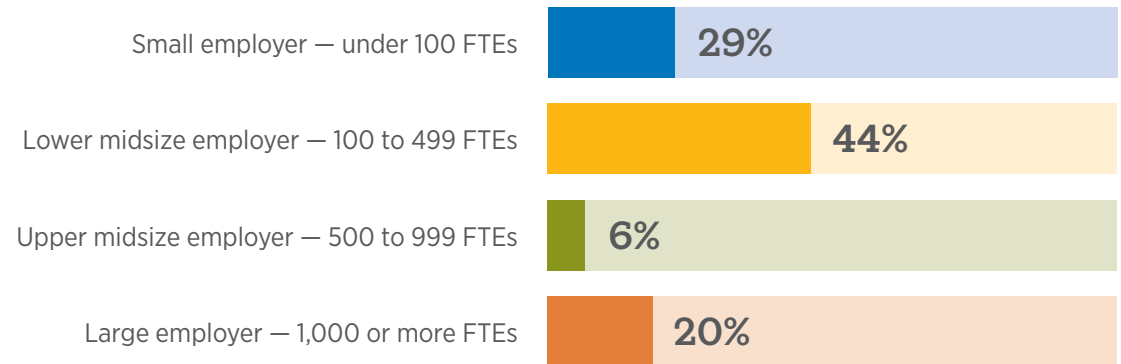
132

Hospitality and restaurant organizations

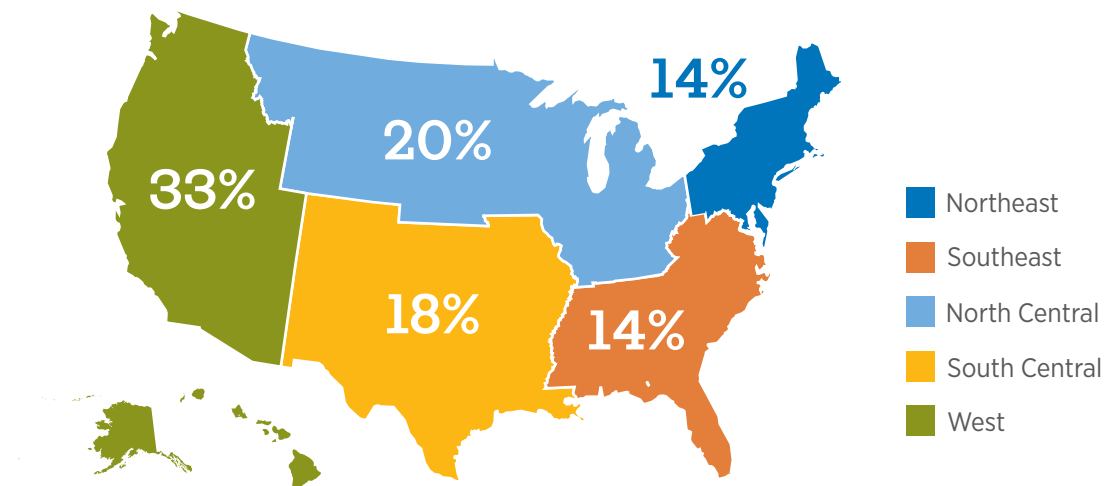
Type of hospitality and restaurant organization



Workforce size — full-time equivalents (FTEs)



Geography



Key Takeaways for Hospitality & Restaurant Employers

Organizational Wellbeing



Managing talent effectively requires flexible and competitive compensation strategies tailored to regional markets.

Physical & Emotional Wellbeing



A benefits package that addresses the most important needs of a diverse workforce, including healthcare, is essential.

Career Wellbeing



A sense of connection improves the employee experience and can distinguish organizations as employers of choice.

Financial Wellbeing



Wage increases reliably improve employee satisfaction, but a possible trade-off is a budget reduction for financial wellbeing initiatives.

Organizational Wellbeing

Talent management calls for regionalized, flexible, and competitive compensation strategies.

Advances in technology and other change drivers are transforming the industry as revenue priorities more directly impact growth strategies. While optimizing supporting capabilities is important, optimizing talent management will always be the difference maker. Competitive salaries are a given. But evolving employee preferences and an unpredictable market are challenging employers to innovate and differentiate their benefit approaches.

Competition for workers varies and is locally influenced by economic conditions, employment laws, and cultural factors. A key element affecting better attraction and retention outcomes is flexible pay based on regional market considerations.

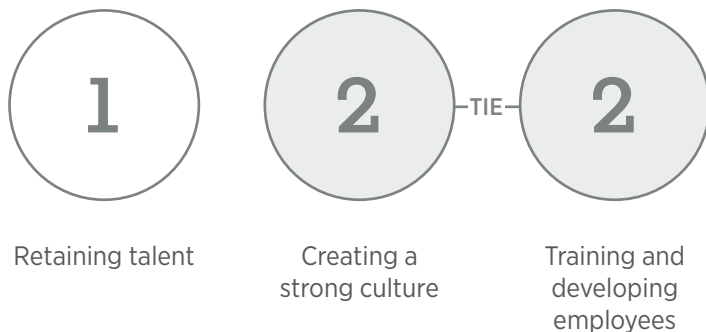
Creating an inclusive work environment provides a richer employee experience. Investments in developing multi-cultural and generational talent help stabilize headcount, bridge operational gaps, and achieve superior service standards. Strategic, well-informed planning is essential for making changes that are meaningful for all employees.



More than
1 in 2

Expect to add and/or upgrade their HR technology solutions by 2026

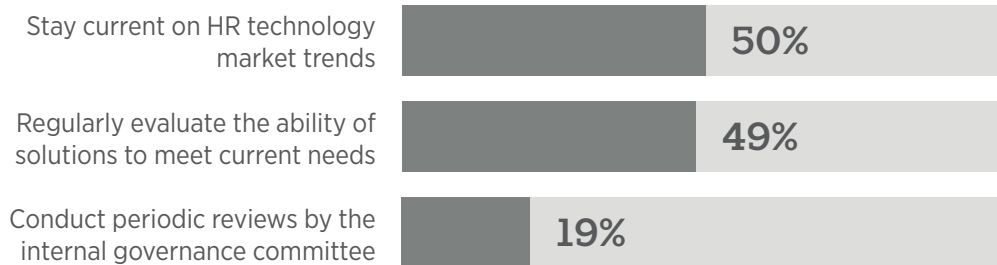
Top HR priorities



Take a multi-year approach to planning



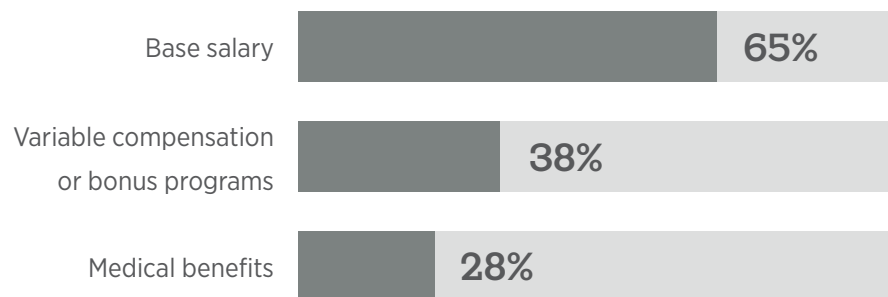
Actions taken to optimize the organization's HR technology investment



21%

Have a comprehensive HR technology strategy that aligns with organizational strategies

Total rewards enhanced to support employee recruitment and retention



Physical & Emotional Wellbeing

Strong benefits are essential to retaining employees, who are often the face of the brand.

Thin margins, typical in the industry, narrow the extent and selection of benefits available to the workforce. Equally important to attraction and retention is not only making good choices, but also managing them well. Determining priorities for different employee populations can provide better insight, allowing employers to identify affordable options with both broad and diverse appeal.

Innovative solutions, such as flexible benefits and access to a variety of wellbeing programs, can control healthcare costs while offering clear value. Active interest in supporting mental health continues with enhanced communications that raise awareness and use of these resources.

Social determinants of health such as economic stability, access to care, and a sense of community can significantly promote wellbeing. Policies and benefits that address these factors effectively are known to decrease absenteeism, support prevention and condition management, and increase productivity. They can also benefit the organization by improving employee satisfaction.



Top components of emotional wellbeing initiatives



Employee assistance programs



Virtual or telephonic mental health counseling

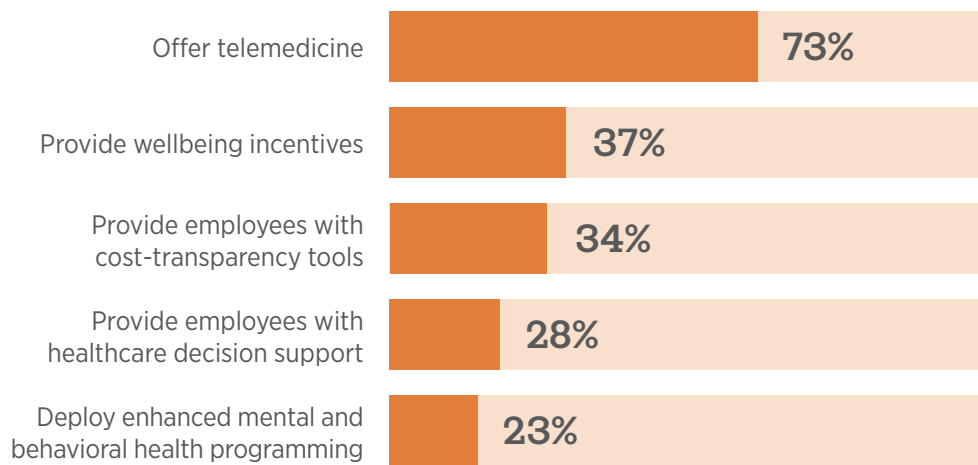


Diversity, equity, and inclusion (DEI) initiatives

84%

Offer 2 or more medical plans

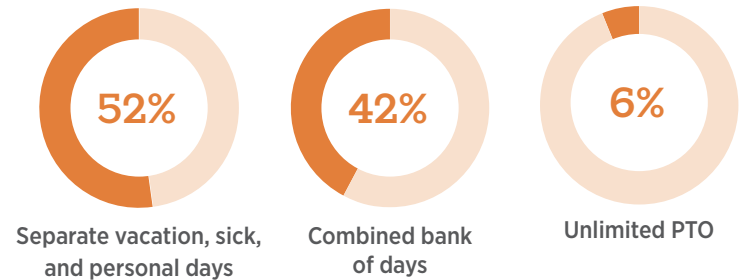
Healthcare cost-control tactics used in 2024



1 in 5

Have a comprehensive wellbeing strategy focused on whole-employee health

Approach to paid time off (PTO)



39%

Offer PTO to part-time employees

Career Wellbeing

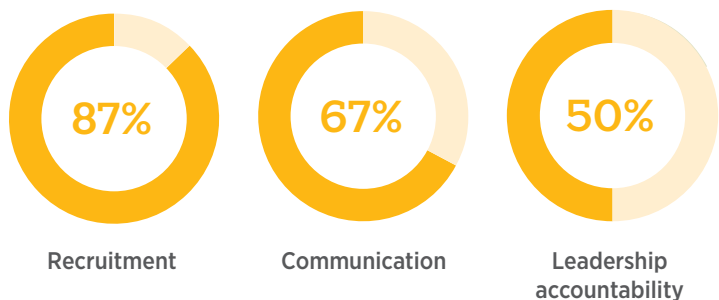
Maintaining a culture of appreciation can set organizations apart as employers of choice.

Appreciation for employees often coincides with a positive work atmosphere that contributes to growth opportunities and an attractive employer brand. In an environment of respect where people feel valued, motivation and productivity are more likely to be self-driven and sustainable. This type of culture can also create an employer-of-choice reputation, making it easier to attract and retain top talent.

Expectations for employees to deliver a high level of customer satisfaction, with less staff on hand, are relatively common in the hospitality and restaurant industry. So the ability of managers to adapt and cope with economic changes, seasonal variances, and unforeseen crises is invaluable. Day to day, they're instrumental in guiding, training, and motivating employees while maintaining a supportive and constructive environment that drives service quality. When they strategically apply team strengths and skills for optimal outcomes, they can also boost employee performance and encourage career development to support a better bottom line.



Functions and activities that have integrated DEI policies or practices



3 in 5

Consider their workforce highly engaged

64%

Have a strategy for improving employee engagement

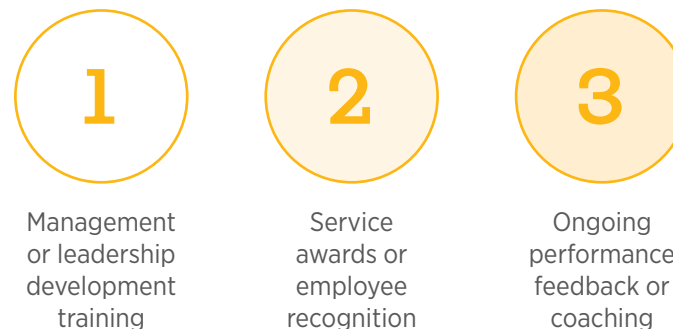
Tactics used to improve employee engagement



58%

Report that the key purpose of their current DEI initiatives or strategy is to align with the core values of the organization

Top components of career wellbeing initiatives



Financial Wellbeing

Increasing pay may boost employee satisfaction, but managing other financial concerns promotes retention.

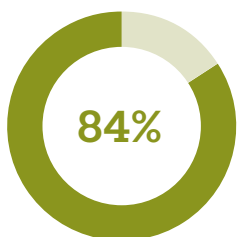
Many employees are focused on daily living expenses and other short-term financial concerns. While competition for workers within and across industries has increased upward pressure on hourly pay, consumer goods and housing inflation can still outpace these gains. An industry wage structure that often consists of shifts and hourly or part-time positions can even worsen the challenge. Debt management needs are another factor that may add pressure. Nevertheless, with a plan in place, barriers to a secure financial future are surmountable.

There are several ways to manage employees' financial wellbeing. Providing access to educational resources, emergency relief funds, and benefits that consider broader interests — such as affordable healthcare and discounted goods or services — offer a starting point.

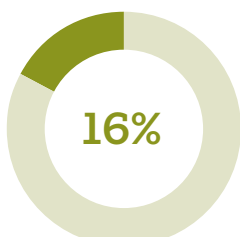
Like other benefits, communicating about available financial resources and programs is foundational to utilization. Targeted strategies and personalized messages that consider diverse needs and preferences, and meet people where they are financially, help them advance toward their goals.



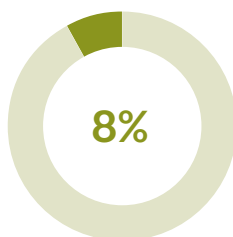
Most common retirement plans offered



401(k)



403(b)



Nonqualified deferred compensation

34%

Increased their focus on employee financial wellbeing in 2024

Top components of financial wellbeing initiatives



Employee discount programs



One-to-one financial coaching sessions



Financial literacy resources or seminars



Will preparation, estate planning, or other legal services



Financial planning or wealth management services

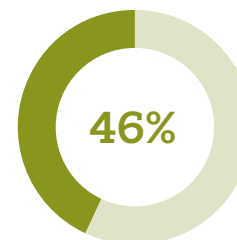
83%

Have a retirement program

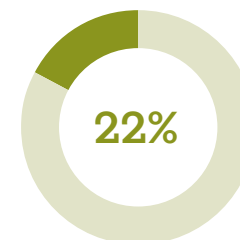
Nearly
9 in 10

Match employee contributions

Methods used to promote better savings habits



Auto-enrollment



Auto-escalation

Final Remarks

An inspiring and inclusive work environment is critical for an industry that's continually influenced by market dynamics. While financial performance drives success, growth depends on effectively developing and managing a diverse multi-generational workforce. Organizational, employee, and customer priorities all need to align.

A successful attraction and retention strategy combines competitive pay with benefits that broadly appeal to different workforce preferences. By acknowledging and addressing the social determinants of health with supportive policies, employers can lower absenteeism, boost productivity, and improve employee wellbeing.

Engagement surveys often identify specific workforce attributes and motivators. In tandem or separately, an assessment of existing programs and resources can illuminate any misalignment with goals and pinpoint opportunities for improvement. Managers who are able to adapt with change and respond effectively in a crisis are a stabilizing force, especially when economic fluctuations strongly influence consumer and employee behaviors. Their capacity to build a supportive environment, guide and motivate employees, and productively apply individual team strengths promotes high-quality service and customer satisfaction.

Hospitality and restaurant organizations simultaneously face the challenges of managing employee compensation increases and profitability targets. More efficient operations and more effective communication are key elements of a strategic response. Messages should highlight the availability and value of resources that appeal to a diverse workforce, such as financial education, paid leave, and accessible healthcare.

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

About Gallagher

Your people are your organization's greatest asset.

But daily hardships — like economic uncertainty, personal and family health concerns, and insufficient resources or staffing at work — can take a toll on your people and leave your business struggling with hindered productivity, heightened disengagement, and strained retention.

That's why every aspect of your benefits and compensation program needs to work in concert to promote overall employee wellbeing. Offering robust medical coverage and a competitive retirement plan isn't enough in today's hyper-competitive labor market.

As employees across all geographies, industries, and employer types navigate the ever-changing world, organizations must critically evaluate their people's experience in the workplace — finding unique ways to engage teams, establish authentic connections, and support employee wellbeing overall.

Doing so can help your business attract top talent, motivate employees, and shift the organizational culture so employees feel differently about their work. When organizations find ways to reduce burnout and increase productivity among their people, business performance can soar.

This is why employee wellbeing is at the center of Gallagher Better WorksSM — a comprehensive approach for strategically investing in benefits, compensation, retirement, employee communication, and workplace culture so you can support your people's physical and emotional health, financial confidence, and career growth at the right cost structures.

From evaluating the demographics of your workforce to surveying and analyzing competitor trends, Gallagher offers you data-driven insights — allowing you to make the most of your investment in talent, deliver a better people experience, and reduce organizational risk.

Even in times of uncertainty, Gallagher's consultants are here to help you optimize your profitability with a strategy rooted in the wellbeing of your people — so you can face the future with confidence.



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