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Total rewards
strategies for an
evolving workforce.

HOSPITALITY & RESTAURANT

Findings and insights from the 2022 Benefits Strategy & Benchmarking Survey

U.S. Edition

— 2022 —
WORKFORCE
TRENDS
REPORT
SERIES



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Introduction

Customers are back. But hospitality and restaurant organizations are still looking for relief from the challenges of recruiting and retaining talent. As people seek more fun and enjoyment in their lives, their interactions with the employees who serve them affect both satisfaction levels and business success.

A paradigm shift in the employee value proposition is needed to help the industry compete better for talent. That's why 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 177 hospitality and restaurant organizations that participated in our 2022 Benefits Strategy & Benchmarking Survey.

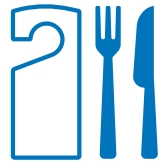
From broad insights to specific findings, you'll gain a practical perspective on trends and best practices to help you face your future with confidence.



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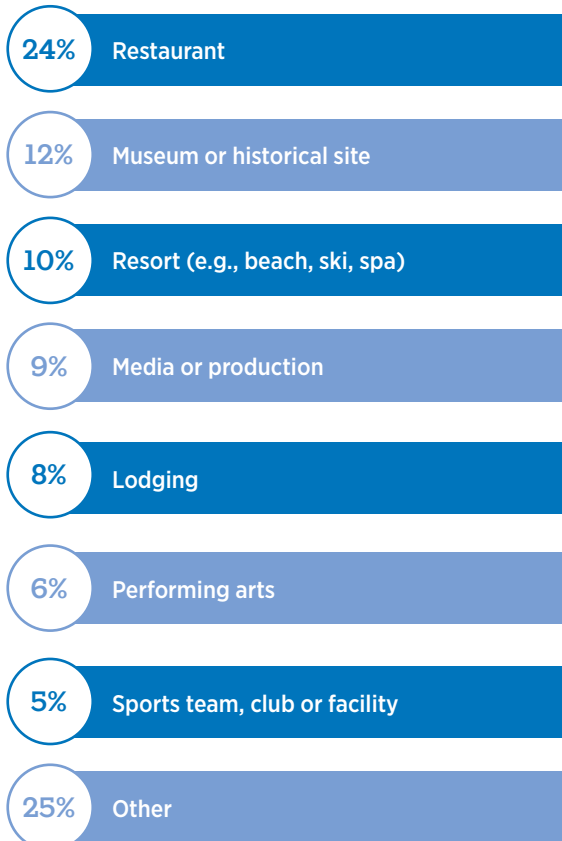
Benefits Strategy & Benchmarking Survey Hospitality & Restaurant Participant Profile



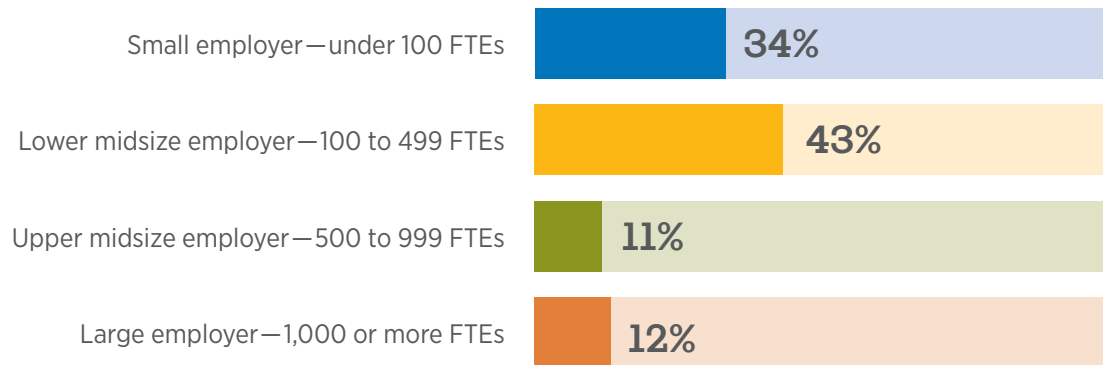
177

Hospitality and restaurant organizations

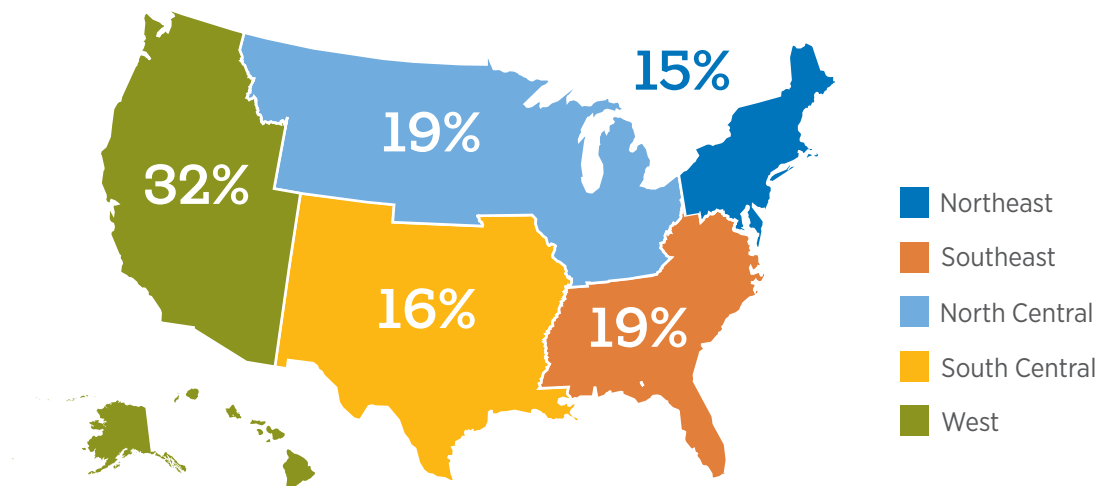
Type of hospitality and restaurant organization



Workforce size—full-time equivalents (FTEs)



Geography



Key Takeaways for Hospitality & Restaurant Employers

People & Organizational Wellbeing Strategy



Attraction and retention of employees is a business-critical pursuit that has employers revisiting their people strategy to stay competitive.

Physical & Emotional Wellbeing



Healthcare costs challenge businesses and workers alike, but the right benefits and plan management tactics can improve spend, as well as physical and emotional health outcomes.

Career Wellbeing



Engagement and career development initiatives help align individual employee goals with organizational priorities amid understaffing and service delivery concerns.

Financial Wellbeing



Financial wellbeing opportunities are vital to a competitive offering, as financially stressed employees continue to face a range of economic hardships.

Organizational Wellbeing



Employee wellbeing, the workplace experience and organizational culture define the ability to create positive customer relationships.

People & Organizational Wellbeing Strategy

Revisiting the people strategy is critical to meet attraction and retention needs.

Top operational and HR priorities center on employee retention while attracting new talent to support business growth. Persistent turnover challenges are partly due to a recent increase in external mobility as workers switched companies for a better fit, not only on paper but also in their lived experience. Consequently, employers are revisiting their people strategy to stay competitive.

Today's hospitality and restaurant workforce is diverse, including culture, values, background and goals as well as race, gender, age and ethnicity. Improving the employee experience begins by meeting them where they currently are and demonstrating a sincere appreciation for each individual and their unique aspirations. From there, advanced planning helps employers select compensation and benefits that resonate with the range of employees needed to achieve business objectives.



Top operational priorities



Top HR priorities



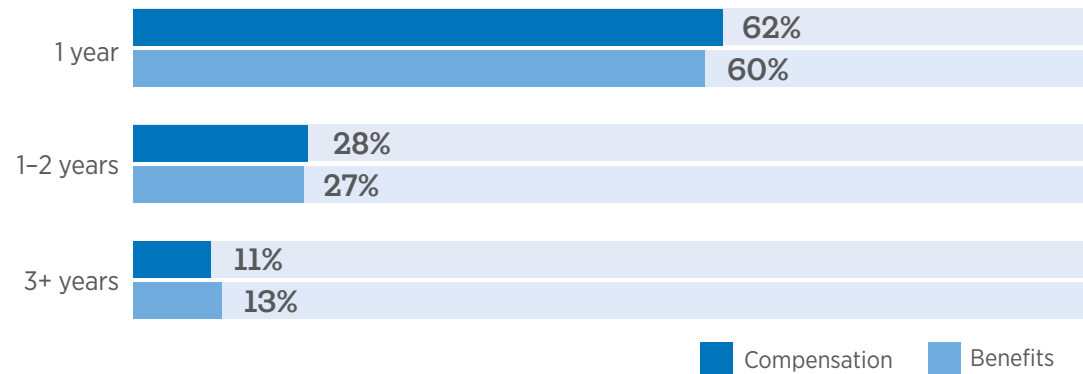
More than
3 in 10

Experienced turnover of 30% or more in 2021

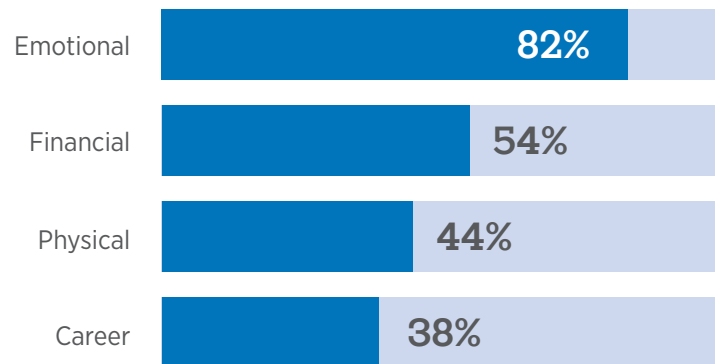
85%

Enhanced base salary to meet recruitment and retention objectives

Compensation and benefits planning horizon



Dimensions of employee wellbeing that have become more important since 2020



Physical & Emotional Wellbeing

The right benefits and plan management tactics can improve costs and overall health outcomes.

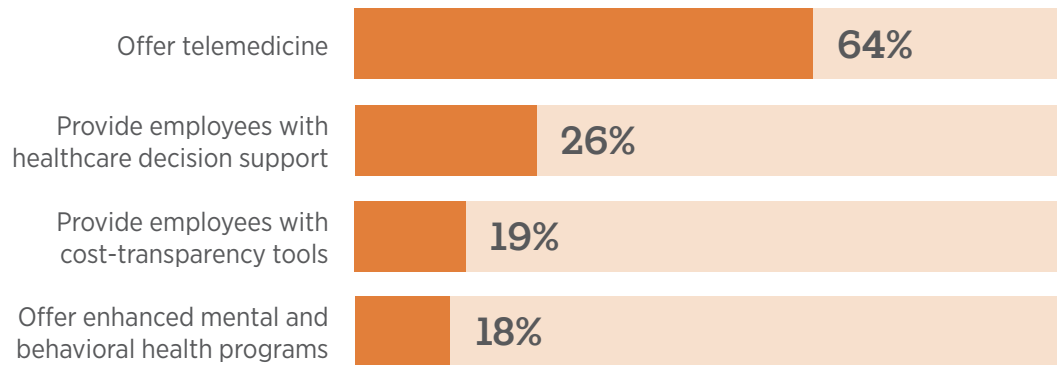
Offering a choice of medical plan options helps balance coverage needs and affordability. Sensitivity to the potential for first-dollar responsibility that could put lower-income employees at risk is also important. So extra care is advised when designing and implementing consumer-directed health plans. Additionally, extracting maximum value from existing programs and partners can elevate the perception of offerings without adding costs.

But many resources available to employees go unknown and unused, including those related to mental and behavioral health. Thorough education about support options will help reduce patient health disparities of every kind. And increasingly, the social determinants of health are factors in the design of benefits and care delivery.

Employee leave programs can also help strengthen emotional wellbeing and be a differentiator. If smartly designed, they allow enough time for true work-life balance, benefiting the employee, their family—and the organization.



Patient-focused cost-control tactics used in 2022



71%

Rank the high cost of medical services as their top healthcare cost-management challenge

60%

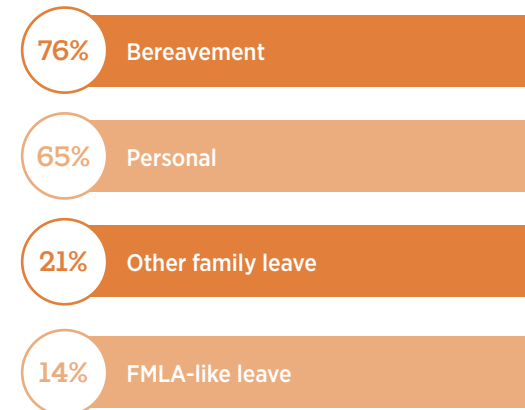
Either don't know or don't use tactics to manage the use and costs of specialty drug benefits

More than **4 in 5** Offer 2 or more medical plans

Most common emotional wellbeing initiatives



Non-mandated leave programs offered



Career Wellbeing

Engagement and career development initiatives align employee and organizational goals.

Understaffed and with an inexperienced workforce, hospitality and restaurant employers are focused on getting talent in the door and building job-focused skills to help them level up.

While some turnover is inevitable, investing in the future of the workforce through cross-functional and leadership training gives people a reason to stay and builds resiliency for the business. Through a commitment to individual growth, employers validate hospitality and restaurant work as a career path that aligns with employees and their vision of success.

A holistic strategy engages employees using multiple touch points. To be effective, communications need to consistently deliver clear messages in an authentic tone of voice. And when employees are motivated to achieve job success, they feed organizational success.



More than
1 in 2

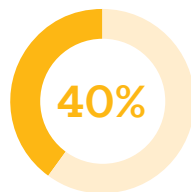
Believe their workforce is highly engaged

54% Expect an increase in workforce headcount by 2023

Tactics used to improve employee engagement

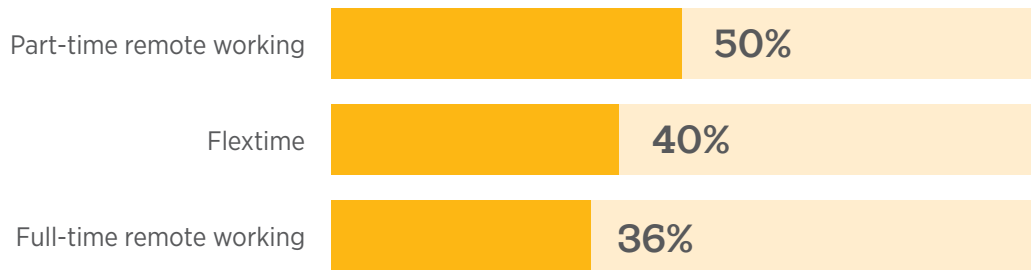


Communicate in a way that fosters trust and confidence



Support employees in developing and pursuing a career path

Tactics used to address workplace flexibility



47% Have a strategy to improve employee engagement

Top components of career wellbeing initiatives



Financial Wellbeing

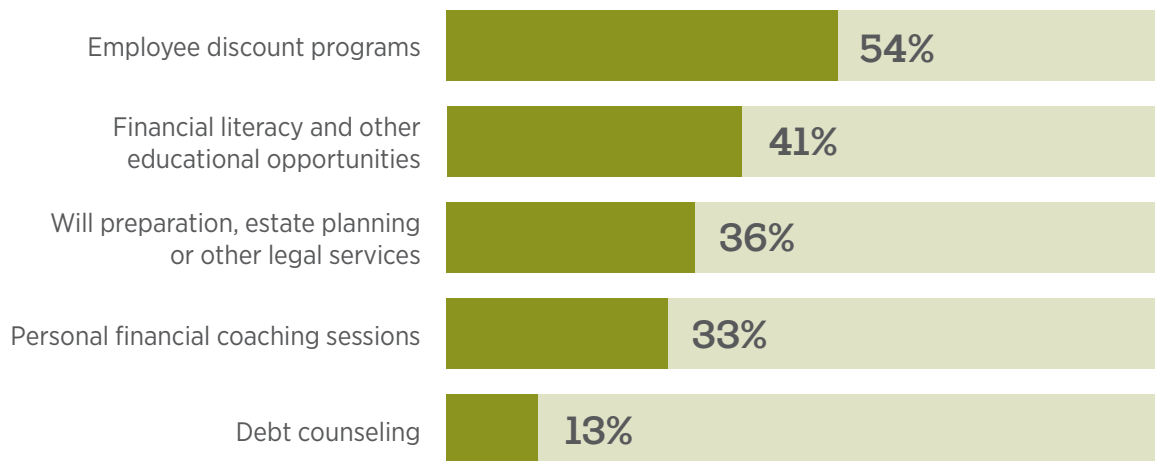
Financial wellbeing opportunities help employees get the most out of their pay now—and plan for the future.

Employee financial stability and organizational sustainability are strongly linked. Employees face concerns ranging from inflation to budgeting and debt reduction to funding a secure retirement. When saving and spending challenges compete, as they often do, providing financial wellbeing support helps guide better decisions. There are a variety of ways to create unique cost savings while strengthening employees' perceptions of the brand they help to build.

Taking steps to understand the financial goals of employees, now and in the future, will help employers optimize supporting programs. While retirement plan design, investment options and active participation by employees are central to success, a holistic approach to financial wellbeing that also helps employees with more urgent, day-to-day financial needs can broaden the potential for better outcomes overall.

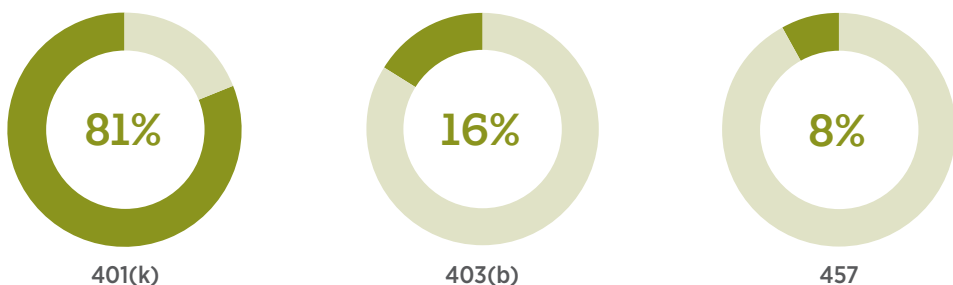


Top financial wellbeing programs and resources

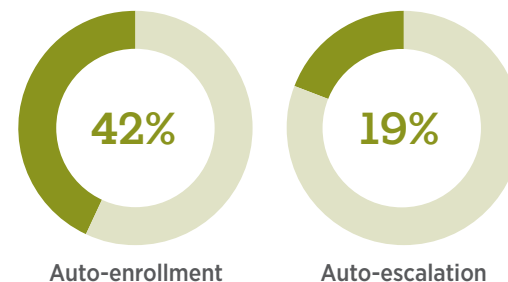


83% Have a retirement program

Most common active retirement plans offered



Methods used to promote better savings habits



Nearly **3 in 10**

Use voluntary benefits to provide additional financial protection to employees

85% Offer life insurance coverage

Organizational Wellbeing

Focusing on employee wellbeing and culture can help create positive customer relationships.

The collective wellbeing of employees often determines organizational wellbeing. In the hospitality and restaurant sector, a number of physical demands and other stressors may negatively impact employee health and productivity. Resources for wellbeing and a safe and inclusive environment support the ability of the workforce to thrive and contribute. Often, managers are also an important catalyst in creating a positive work culture and employee experience. Policies, programs and training can help position them for success.

Revisiting the employee value proposition can be a significant communication opportunity. Employees need to understand the full scope of total rewards investments. But knowing how to extract the most meaningful value for achieving their own health and wellbeing goals is equally important. With the right HR technology, it's possible to improve both employee access and employer insights into how to influence behaviors.



84%

Say leaders are concerned about the impact of stress and burnout on the organization

More than
2 in 5

Think managers are well-equipped to refer employees to mental health support services

Most important employee communication outcomes

1

Employees understand their benefits and how to use them

2

Employees understand the vision, mission and values of the organization

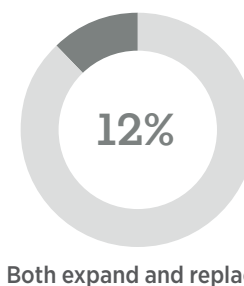
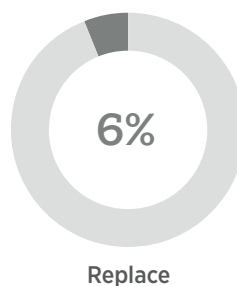
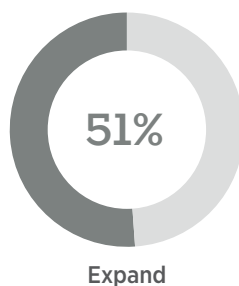
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Employees understand how they contribute to the organization's success

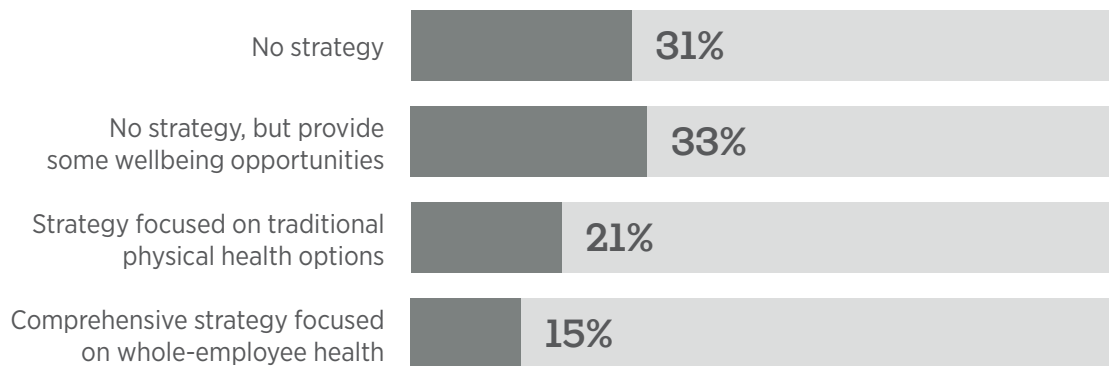
25%

Have an HR technology strategy that supports the people strategy

Expected changes to HR technologies by 2024



Scope of the wellbeing strategy



Final Remarks

Hospitality and restaurant employers are navigating inflation and growth opportunities in the midst of a still-evolving labor market. Offering a work culture and benefits as diverse and inclusive as their employees and the communities they serve is key to attracting and retaining talent. Competitive pay rates and bonus schedules are basic requirements, but the actual or perceived value of their employee investments and resources must be greater compared to others. Strategically planning benefits and compensation over a longer term allows more efficient management of these investments.

Improvements to HR infrastructure can enable employees to more easily connect with their benefits, and in the process, alleviate the administrative burden for HR. Enrollment services and benefit counselors promote a more satisfactory user experience.

Communication initiatives keep employees connected to the critical work of serving customers and building the organization's brand. Messages should be selectively sent through the most effective, audience-appropriate channels. Training and development programs help engage managers and employees, and can also improve retention by demonstrating a commitment to supporting their career goals. Another focus of employers is providing better access to mental health services, and increasing health literacy and benefit programs that consider the social determinants of health. To succeed, a diverse, multicultural workforce requires a multifaceted integration of physical, emotional, career, financial and organizational wellbeing initiatives.

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

About Gallagher

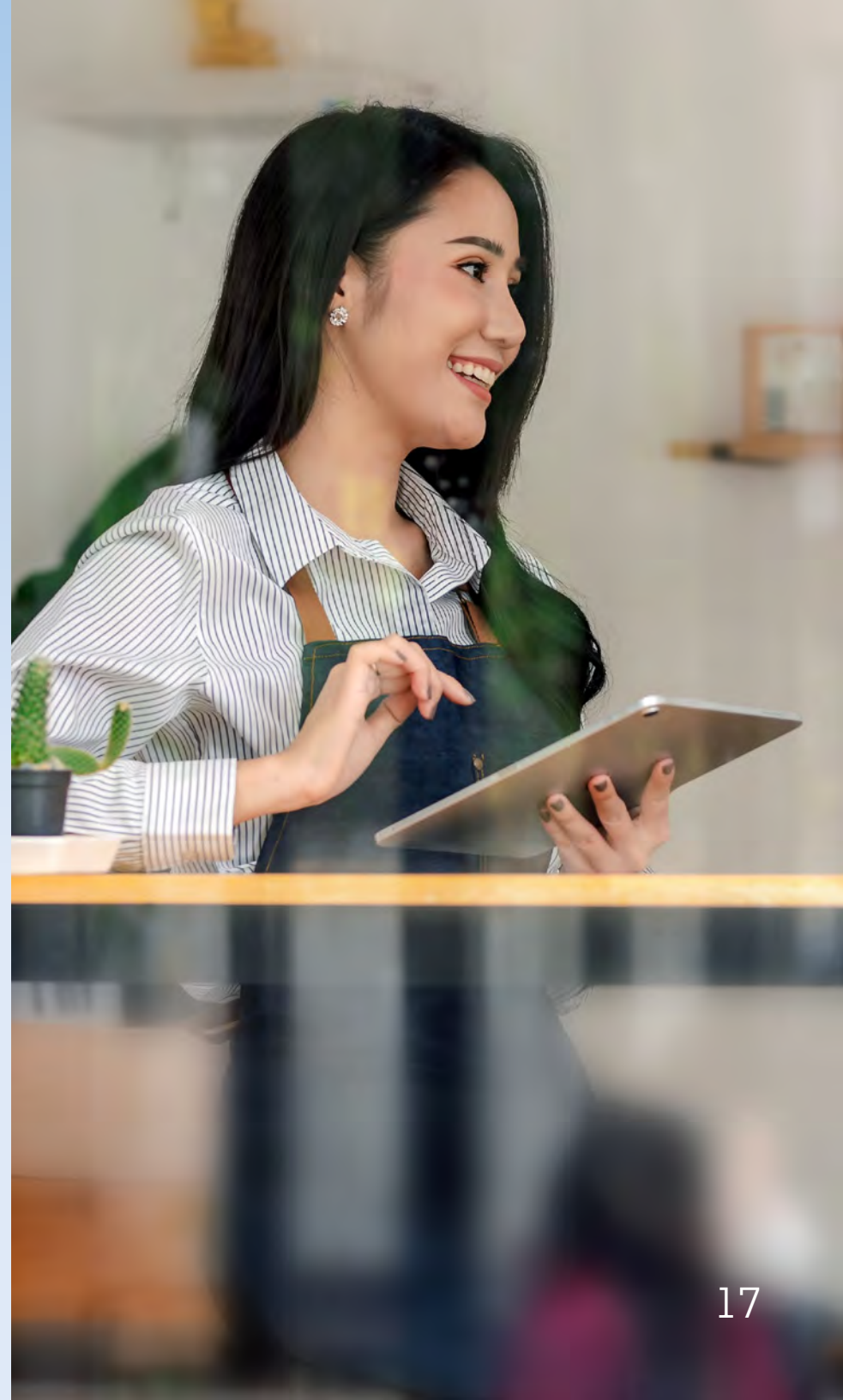
People are your organization's greatest asset. But when their daily lives are impacted by major struggles like a global pandemic, economic strife and geopolitical risks, hardship can take its toll—both on your people and your business.

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

Making an intentional connection between your people's wellbeing and your organization's performance is imperative for optimal results. When your people are all in, your business can attract top talent, motivate employees and shift the organizational culture—helping employees to feel differently about their work. As a result, organizations can reduce burnout and increase productivity among their people, and 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 and employee communication so you can support the health, financial security and career growth of your people 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, we're here to help you optimize your profitability with a strategy rooted in the wellbeing of your people.



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