

Restaurant HR Insights

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Restaurants Hopeful Applicants Will Come When Unemployment Benefits End

The COVID-19 pandemic put many people out of work in early 2020, particularly in the restaurant industry. Businesses were forced to shutter overnight, giving workers little time to adapt to their circumstances. Layoffs were so rampant that the federal government needed to step in and offer more generous unemployment benefits (an extra \$300 per week in 2021) so that people could make ends meet.

Now, as businesses return to normal operations in 2021, employers want their workers back. But this is proving to be a challenge, particularly in the service sector.

Some employers point to the increased unemployment benefits as the main barrier keeping employees from reentering the workforce. After all, they argue, why would someone seek a job when they can make a similar amount (or more, in some cases) by doing nothing?

Accurate or not, those employers won't have to worry about generous unemployment benefits much longer; they are set to expire nationwide in September. As such, restaurants and other service-sector businesses have some optimism and expect a much-needed hiring influx later this year.

This article explores the current state of the restaurant industry and touches on factors contributing to the current worker shortage.

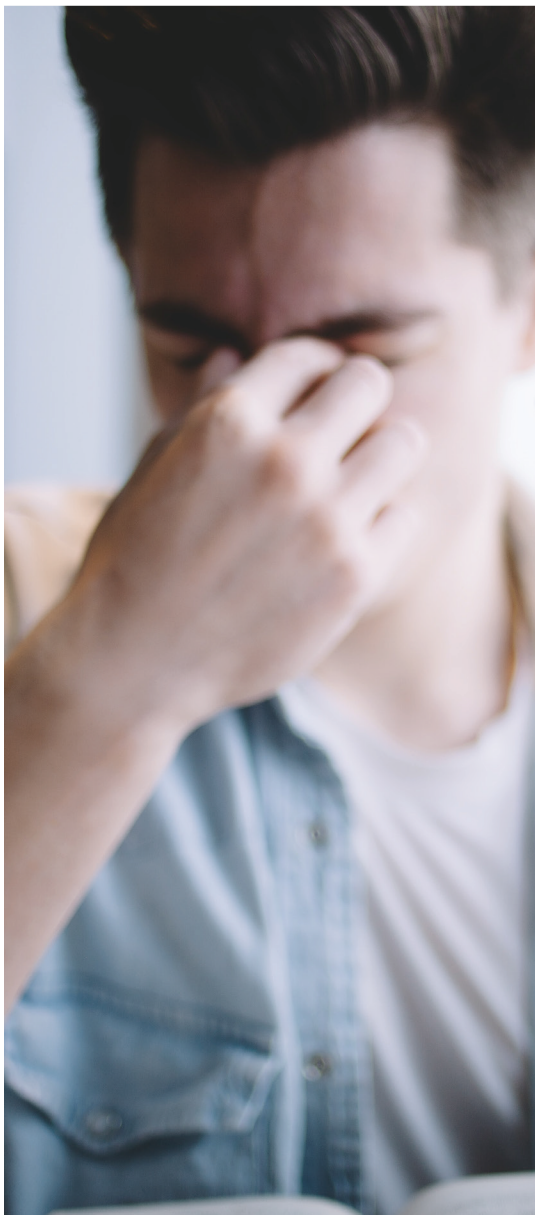
Restaurant Industry Outlook

More Americans are getting vaccinated each

day, and they are returning to in-person dining in great numbers. While this might appear to be welcome news, for many establishments, it's bittersweet. That's because restaurants across the country are facing the same problem: They cannot find workers.

And it's not for lack of trying. Drive past a row of restaurants, and there will be at least one "help wanted" sign in a window. Some restaurants are even trying more creative tactics to attract workers, such as giving free appetizers to applicants, raising wages, offering cash to interviewees and providing debt-free college degrees.

Yet, none of these strategies seem to be the "silver bullet" the industry needs. Regardless of recruiting tactics, workers simply aren't seeking jobs in the numbers that businesses need. This puts restaurants in a difficult position, one where they are forced to choose between reduced service hours or increased customer wait times — neither of which is ideal for restaurants or viable for long-term growth.



Factors Affecting Worker Shortage

Many employers contend that the extra \$300 per week in unemployment benefits is what's keeping workers out of the job market. They argue that the perks are too generous and have continued for too long. In effect, they say the money is a handout that prevents people from wanting to work.

However, unemployment benefits aren't the only factor contributing to the worker shortage. Another significant concern for workers is their safety; some don't feel safe at work due to unvaccinated patrons, cleaning standards, working conditions or other reasons.

This sentiment isn't just felt among prospective workers, either — current employees are walking out of their jobs in protest of working conditions. These are some of the same workers who were able to continue working during the height of the pandemic, finally getting fed up with their circumstances. This protesting signals to potential restaurant applicants that maybe the industry isn't worth it, further contributing to the hiring crisis.

Even still, there are more facets to the current worker shortage. Most notably, wages and benefits (or the lack thereof). Across the country, workers are striking for better compensation or quitting outright. They argue that they are undervalued and underappreciated, especially considering the conditions some workers endured during the pandemic. If their time isn't valued by their employer, they argue, why spend their time there at all?

This is an important consideration for working parents, especially. During the pandemic, laid-off restaurant workers had the opportunity to care for dependent children at home. Now, they must decide if staying home is more cost-effective than returning to work (often without benefits) and paying for day care, an industry experiencing a staggering price increase thanks to the pandemic. For some, finding a new job in another sector is their best move.

And this career-change mentality isn't only among working parents. A significant number of current or former service sector employees are considering moving to a new industry to gain better pay and consistent benefits. This move is certainly possible, especially now that so many businesses across sectors are looking for applicants. In effect, since every business is hiring, the restaurant hiring pool is shrinking.

Looking Forward

Service sector business owners have a lot to deal with right now. Many restaurants are still recovering from the pandemic and struggling to keep their doors open. Pair that with a shortage of workers, and situations are becoming untenable.

One obvious solution to this problem is to give workers the changes they want to boost employment: greater workplace protections, more compensation and added benefits. Unfortunately, this isn't a viable option for most struggling restaurants — they can't afford the costs. Even restaurants that choose to pay workers more acknowledge that customers will share the increases. This tricky balancing act — as higher prices may lead to fewer customers and lower income — may create even more problems.

However, some restaurants are hoping the hiring flood they need will come in September when unemployment benefits expire. They're expecting a reduction in passive income will spur workers back into the job market. In fact, half of the country is betting on this outcome, with many states choosing to end their unemployment benefits before the September deadline as a way to get people back to work sooner. This premature ending may prompt workers to job hunt sooner so they can apply to coveted positions instead of waiting until later in the year when only less desirable roles may be left.





It remains to be seen if the elimination of the temporary unemployment benefits will have the intended effect. Some experts point to other factors contributing to the hiring crisis and say this move does nothing to acknowledge those critical worker issues. Ultimately, restaurants will need to decide if they want to adapt their hiring strategies or wait until unemployment benefits run out. Depending on circumstances, they may need to do both.

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