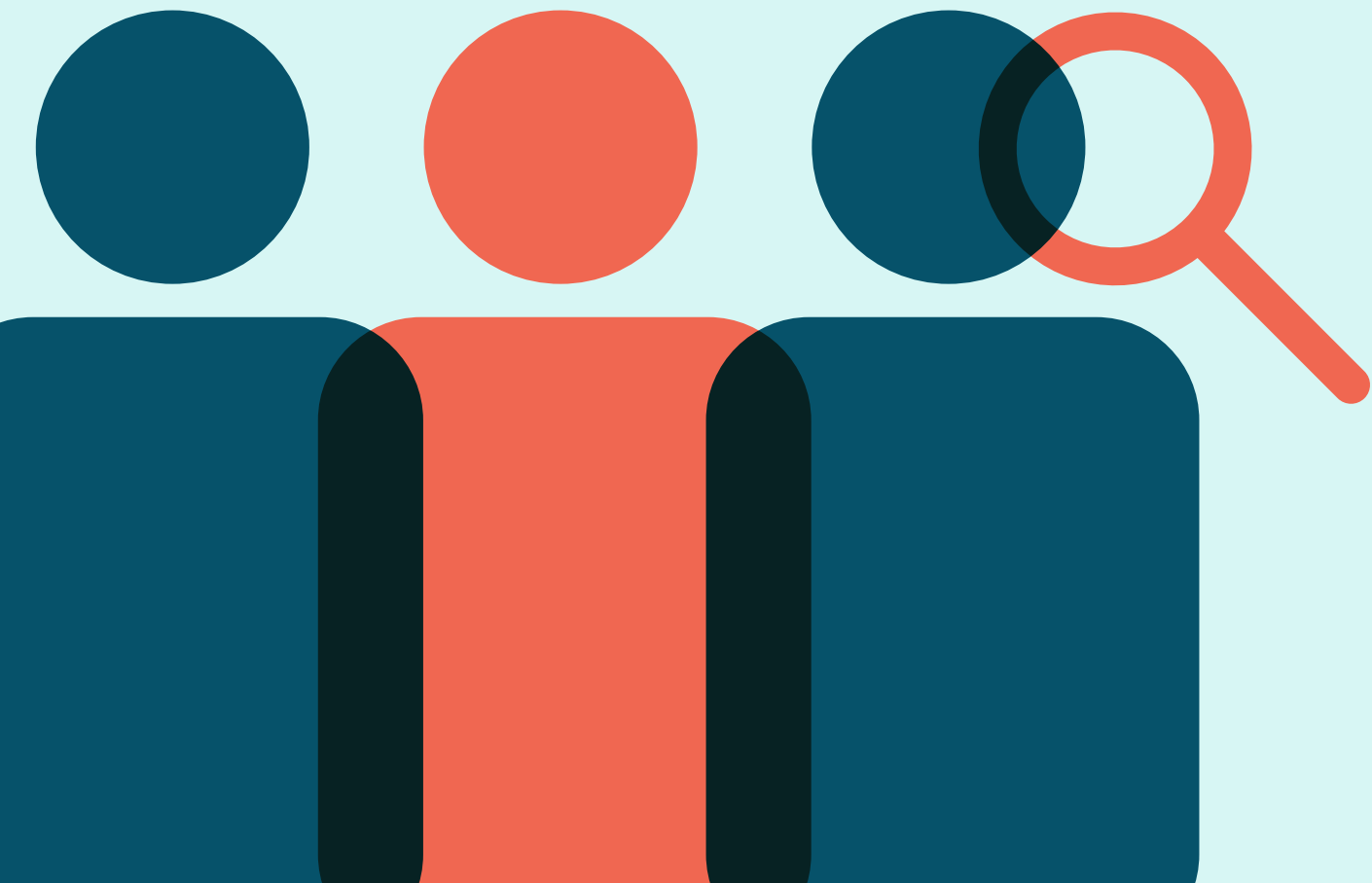




# 2022 Labor Report: How to Survive the Restaurant Staffing Shortage



# Introduction

All throughout the COVID-19 pandemic, we've been hearing about the Great Resignation and the resulting labor shortage. During a labor shortage, there aren't enough qualified candidates to fill vacant jobs. Workers in all industries have been leaving their jobs en masse to seek better pay, competitive benefits, and safer working conditions.

The labor shortage has especially affected the hospitality industry, which is no stranger to staffing challenges. Three in four restaurateurs reported experiencing regular labor shortages before the pandemic, according to TouchBistro's [2022 State of Restaurants Report](#). Plus, the industry has always been notorious for its high turnover rate. According to 7shifts, restaurant workers change jobs [every 56 days](#), compared to the 4.2 year average tenure across jobs in the U.S.

The COVID-19 pandemic has only exacerbated these issues and made finding staff all the more challenging. Lockdowns have made work schedules unstable and unpredictable for restaurant employees, and the risk of exposure to COVID-19 has made restaurant work a precarious frontline job. As a result, restaurant employees want to be compensated for the risks and uncertainty they're taking on.

This report will take you through the driving factors behind the current labor shortage, explore how restaurants have been affected and how they're coping, and ultimately offer data-based solutions for mitigating the staffing shortage.

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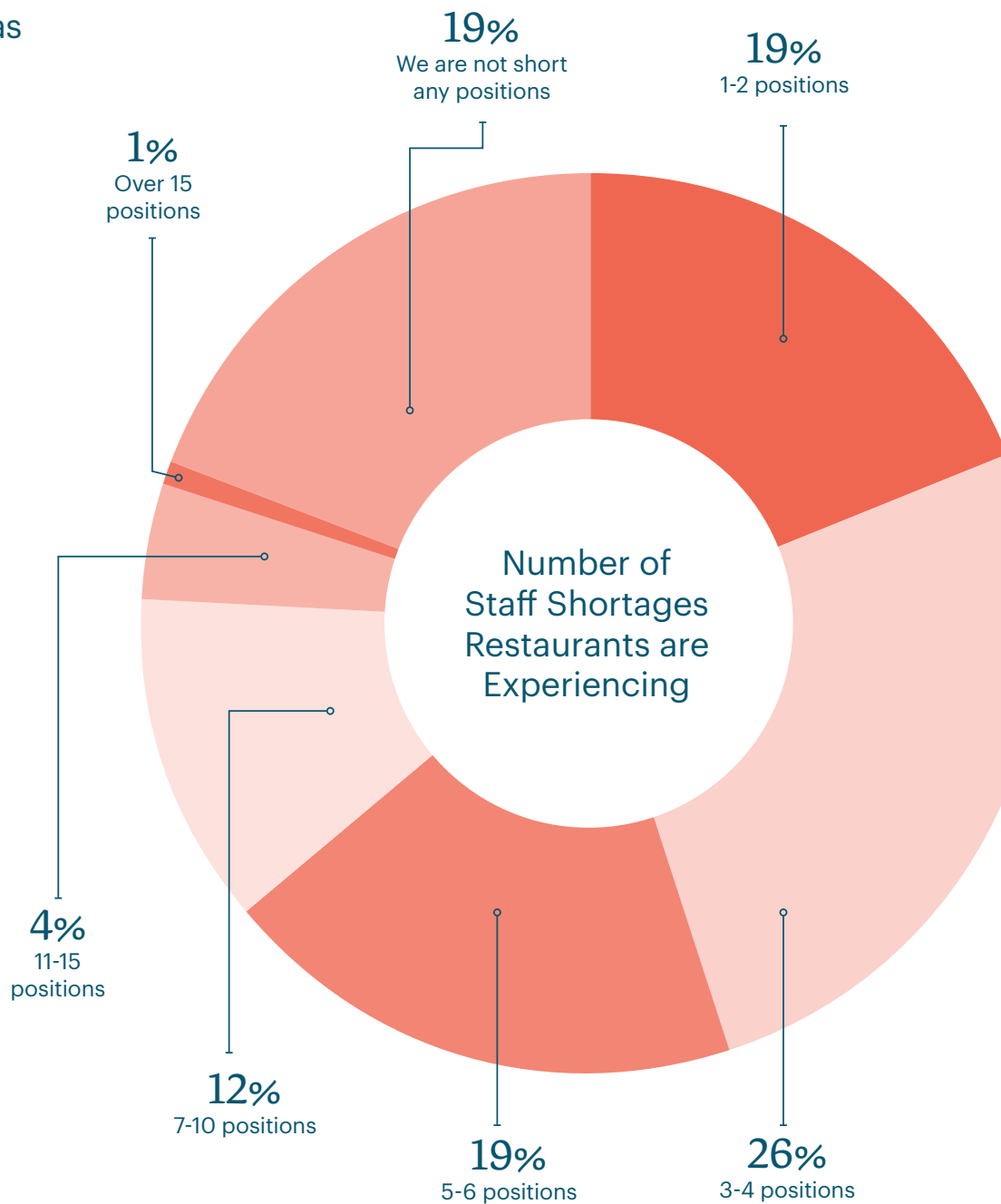
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# The Restaurant Labor Shortage

The labor shortage has impacted restaurants in a number of ways.

First, many restaurants are short staffed, which means they aren't operating with full teams. According to TouchBistro data, four in five operators say they are short at least one position. Servers and dishwashers are the most in demand, with one-third of restaurants reporting that they're short on both roles.





Without enough team members to fill each position, service suffers: dine-in guests wait longer for tables and food, and takeout and delivery customers endure longer wait times and more frequent order errors. Ultimately, subpar service leads to a poor dining experience that can deter customers from coming back. In other words, short staffing is bad for business.

**“Business has returned to the way it was. In terms of revenue and sales, it's actually turned up more than what it was. But keeping up with that demand has been difficult because it's been hard for me to find employees.”**

(Owner, Independent Fine Dining, Los Angeles)

## Shortage % by Position

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30% Servers

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27% Dishwashers

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22% Chefs

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19% Bartenders

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18% Managers

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17% Hosts

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16% Line Cooks

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13% Prep Cooks

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23% Not facing labor shortages



Second, many restaurants can't find employees who will work in high-risk, people-facing roles for low wages while the risk of catching COVID-19 is still present. With lower demand for restaurants than before the pandemic, operators are generating less revenue, making it challenging to increase compensation.

**“People have really realized that they that the money they were making working three or four doubles a week – which they didn't even think twice about – isn't adequate. They're kind of wondering why they're having to work 75 hours a week and make just barely enough money. You know, the city is fun and all that, but it's not quite enough to justify it anymore.”**

(General Manager, Restaurant Group Brasserie, New York City)

Third, government assistance programs have disincentivized a certain number of people from returning to low-paying jobs. Why would someone put themselves and their families at risk of COVID-19 exposure when they could earn a similar income while staying out of harm's way?

Because of these last two reasons, many restaurant workers are leaving the industry altogether without plans to return.

## The Consequences of Staff Turnover

Filling vacant positions is only half the battle during the labor shortage. Retaining existing staff is critically important, but difficult.

Staff turnover is incredibly high for restaurants. According to TouchBistro's 2022 [State of Restaurants Report](#), the average turnover rate for the industry is 23%. However, family style restaurants see turnover at rates of up to 32%. That means that in one year, about one-third of the restaurant's team will be replaced with new employees.

**\$3,178**

Average Cost of Training a New Employee

And with the cost of training a new employee now \$3,178 on average, turnover has a direct and significant financial impact on restaurants.

**"I no longer think, 'this person is going to be with us for years.' Now, it's like this person is most likely just going to be here for a few months. I don't want to run a business like that though."**

(Owner, Independent Family Style, San Francisco)

## Employee Turnover Rate by Restaurant Type:

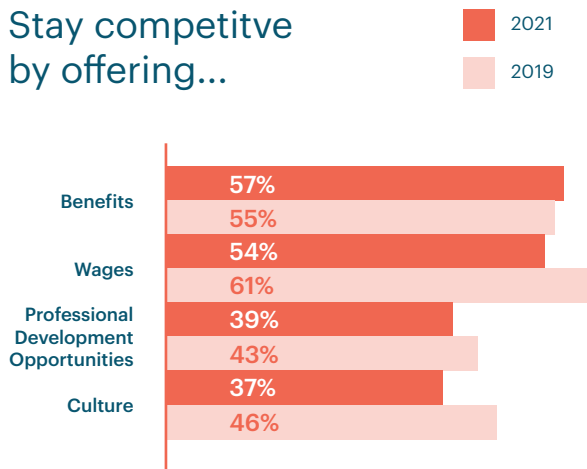


## How Restaurants are Coping

Restaurateurs are implementing various strategies to mitigate the effects of the labor shortage.

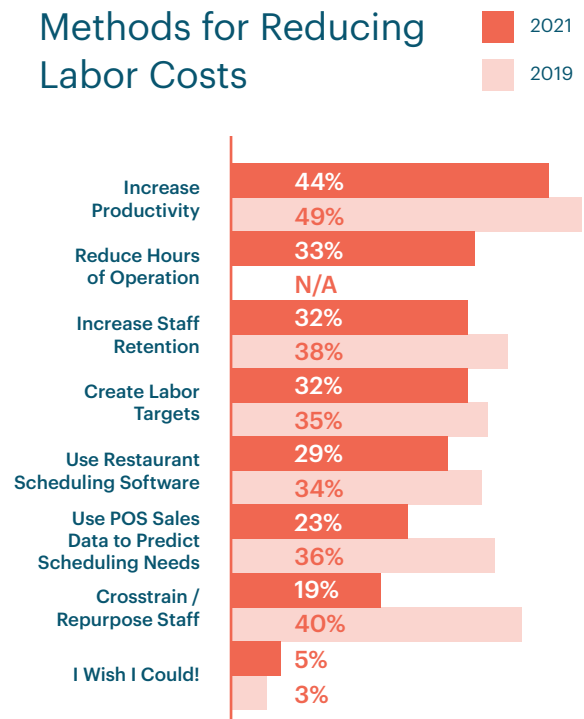
Before the pandemic, 61% of operators offered higher wages to stay competitive and fight turnover, according to [TouchBistro data](#). Now, with less revenue coming in, offering benefits is the industry's top retention strategy.

### Stay competitive by offering...



Because most restaurants can't afford to increase wages, they've had to get creative with how they reduce labor costs. 54% of restaurant owners say they have tried increasing productivity among existing staff, while 33% have reduced their hours of operation.

### Methods for Reducing Labor Costs



**“I have new criteria for hiring now. I have to make sure that I don't have someone that's just a server. Now I need folks that can take orders, process sales, be on the phone, and more. Now it's not just about cooking or serving food and taking orders. They have to be a little bit more well-rounded.”**

(Owner, Independent Fine Dining, Los Angeles)



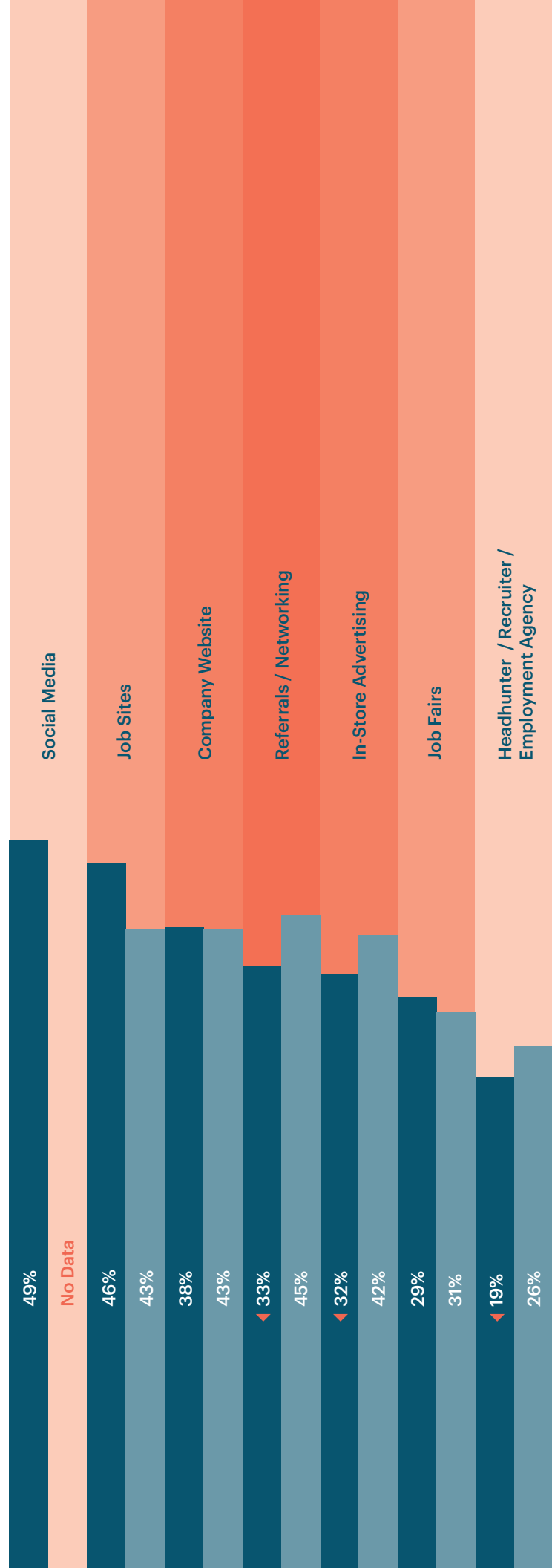
**“It’s been difficult for me to find as many employees as before, and it’s not all pandemic related. It’s more like I’ve had to be more competitive in pay to actually find employees.”**

(Owner, Independent Fine Dining, Los Angeles)

When restaurants have been able to bring on new staff, they’ve turned to social media for hiring. Social media is now the number one way restaurants look for new employees, which represents a dramatic shift in recruiting techniques. Before the pandemic, referrals and networking were the go-to’s for hiring.

### How Restaurants Find New Employees

■ 2021  
■ 2019



# The Great Restaurant Resignation

It's clear that the labor shortage is a problem for restaurants, but what's driving it?

If you ask restaurateurs, issues related to COVID-19 are the primary concern driving restaurant workers to quit. According to [TouchBistro data](#), restaurant owners cited "fear of working with the public due to COVID-19" and the "fear of enforcing COVID-19 restrictions" as the top two reasons for labor shortages. These fears are very valid.

**"Our employees were saying they didn't want to work with people that weren't vaccinated. So we made sure everybody on the shift was vaccinated because other workers were worried about the risk of working an extensive amount of hours alongside someone who was unvaccinated and possibly getting sick from it."**

(General Manager, Family Style, Dallas)

## Reasons for the Labor Shortage According to Restaurateurs

41% Fear of enforcing COVID restrictions

41% Fear of working with the public due to COVID

35% Lack of skills

33% Competition from COVID benefits

33% Competition from other restaurants

32% Smaller labor pool

31% Lack of interest in the industry

27% Competition from other industries

25% High turnover

3% Other

A UCLA report titled [Fast Food Frontline: COVID-19 and Working Conditions in Los Angeles](#) found that restaurant workers are at high risk of contracting COVID-19. The research shows that 25% of fast food workers in Los Angeles have contracted COVID-19, and that only one in two were notified about exposures by their employers.

When it comes to enforcing safety protocols, 53% of restaurant workers have experienced negative reactions from customers and colleagues. Thirty-four percent of employees have been yelled at, 13% have been threatened, and 4% have even been physically assaulted.

**“As far as staffing goes, that’s a big issue because a lot of people either moved away or quit. We also had a couple of people that passed away. It’s really been a challenge finding enough people who want to work here and work with us.”**

(Owner, Independent Fine Dining, Chicago)

### Response of Customer or Co-worker when Asked to Follow COVID-19 Guidelines



**53% workers had a negative interaction with customers or co-workers when requesting COVID-19 guideline compliance.**



Fear of catching the virus isn't the only reason for the labor shortage. The pandemic severely changed the labor market, and, as a result, 35% of restaurateurs have trouble finding staff with the skills they were looking for. One in three operators point to competition from COVID-19 benefits and other restaurants as reasons for the labor shortage, according to TouchBistro data.

But the pandemic and its widespread impact isn't the only reason that restaurant workers are leaving. The main reasons that restaurant workers leave can be divided into two age groups: those under 25 and those over 25, according to data from [7shifts](#).

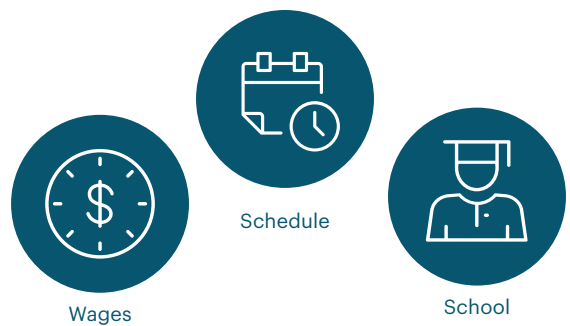
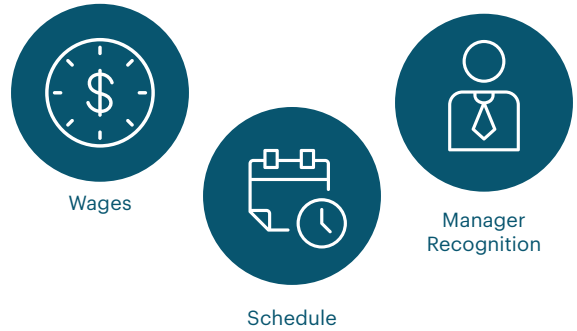
For employees under the age of 25, the top listed reasons why they've left jobs (or are planning to) are wages, schedule, and school.

For those outside of school ages, the first two factors – wages and schedule – remain constant, while manager recognition takes the place of school.

**“It made a career that was already unpredictable now unstable, forcing many to reevaluate how to attain future goals.”**

(Anonymous Restaurant Worker)

## The Top Listed Reasons as to Why Restaurant Employees Left jobs



While there is little that restaurant owners can do about younger workers leaving the industry to attend school, issues such as wages, scheduling, and manager recognition cannot be ignored. In fact, addressing these specific issues is crucial to solving the restaurant industry's ongoing staffing shortage.



**“We've got some staffing issues for multiple reasons. I think it's more to do with the fact that people are feeling undervalued as restaurant employees, than that they're in fear of catching this virus. I don't think that's it for the majority – at least for my workers. I think the answer is that they don't feel like they're being paid a proper living wage, as opposed to ‘oh my god, I'm gonna catch COVID.’ I don't think that's it at all.”**

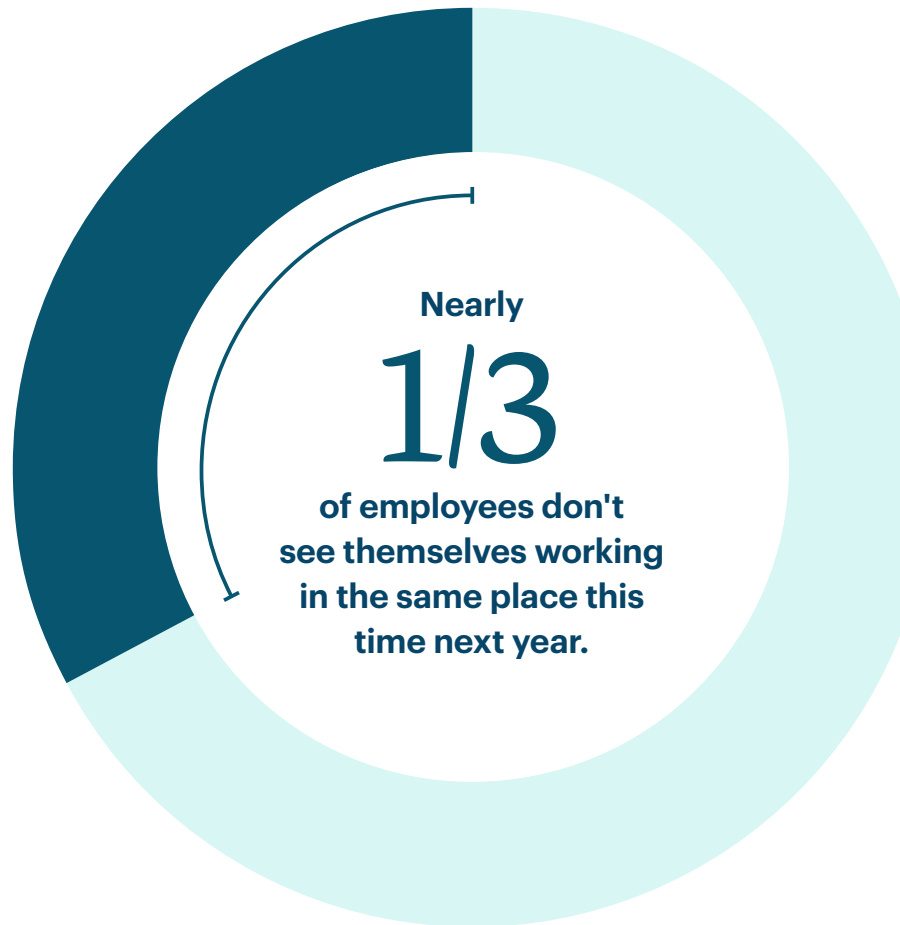
(General Manager, Restaurant Group Brasserie, New York City)



# Solutions to the Labor Shortage

## 3 Actionable Strategies for Attracting and Retaining Restaurant Staff

Fortunately, there are strategies you can implement to navigate the labor shortage and save money in the process. The insights uncovered by TouchBistro and 7shifts reveal how you can ameliorate the effect of the ongoing staff shortage by taking a strategic, multi-pronged approach: **boost wages, improve manager recognition, and offer greater scheduling flexibility to attract and retain staff.**



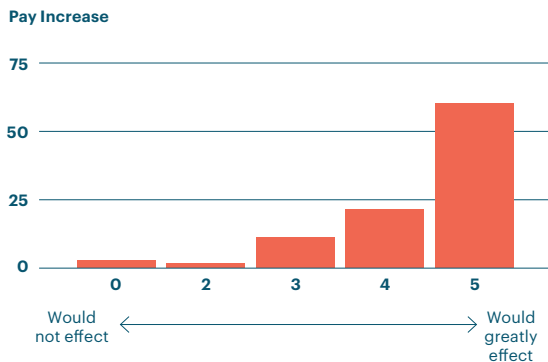
## 1. Boost Wages

While it may not be the easiest solution to implement, offering higher wages is crucial to surviving the restaurant staffing shortage.

As 7shifts found, higher wages are one of the top demands among restaurant workers. In fact, participants ranked a pay increase as the number one thing that would make them feel more engaged at work. And when it comes to manager recognition, a whopping 69.5% of respondents said they'd like for that to come in the form of paid bonuses.

In its survey of restaurant workers, 7shifts found that less than a fifth of employees surveyed said they made more than \$16 dollars an hour – which is about in line with the median living wage in the U.S. This means close to half of all restaurant employees are either at the line or below it, so even a small pay increase could make a world of difference.

### Impact of Pay Increase on Overall Employee Satisfaction/Happiness



**“Working in restaurants has just become harder and more work to try and comply with the new regulations in place, but the pay hasn't really correlated with the more work that you have to do.”**

(Anonymous Restaurant Worker)

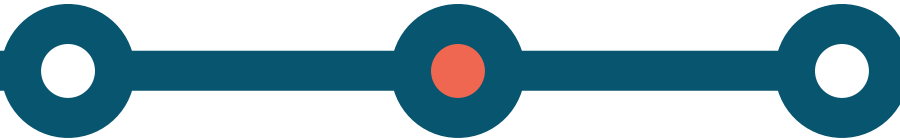
Despite the clear demand for higher wages, TouchBistro found that only 54% of restaurants are currently offering higher wages to stay competitive, which is down from 61% in 2019. It may seem counterintuitive to pay staff more when money is tight, but doing so is a worthwhile investment.

Wages



As mentioned, it costs \$3,178 to train a new employee. If you lose an employee to a restaurant that offers higher wages, you'll have to invest another \$3,178 to replace that team member. Instead, by increasing each employee's annual wages by \$2,000, for example, you'll be more likely to retain employees and can save some of that money you'd otherwise spend on replacing staff.

If you really can't afford to raise wages, consider providing more benefits like health insurance and paid time off. Benefits are the most popular retention strategy in the restaurant industry., according to TouchBistro research, and workers regularly underscore the importance of benefits like health insurance to their overall wellbeing.

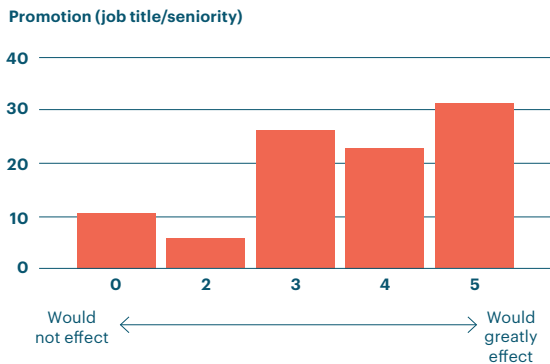


## 2. Improve Manager Recognition

But it's not just about the money. As 7shifts uncovered, a lack of manager recognition was cited as a major factor behind resignations.

And yet, only 39% of restaurants report investing in professional development opportunities to stay competitive, which is down from 43% in 2019 according to TouchBistro research. While restaurant roles may feel temporary due to the industry's high turnover rate, 7shifts found that employees actually do want signs of long-term career prospects and manager recognition.

Impact of a Promotion on Overall Employee Satisfaction/Happiness



While wages and schedules are both points of dissatisfaction across all age groups, manager recognition is a particular point of contention for the older set of hospitality workers aged 25 and above. By this point, many in that demographic may have a career in the business. This is where the dissatisfaction with manager recognition comes – and why it may drive those seeking a solid career away.

**“Due to limited staff this year, things have been rough, especially considering the amount of new hires and laziness. I've noticed that even some management is getting worn out. I don't get enough recognition for all I do and I wish my pay would reflect how much I tend to do on shift.”**

(Anonymous Restaurant Worker)

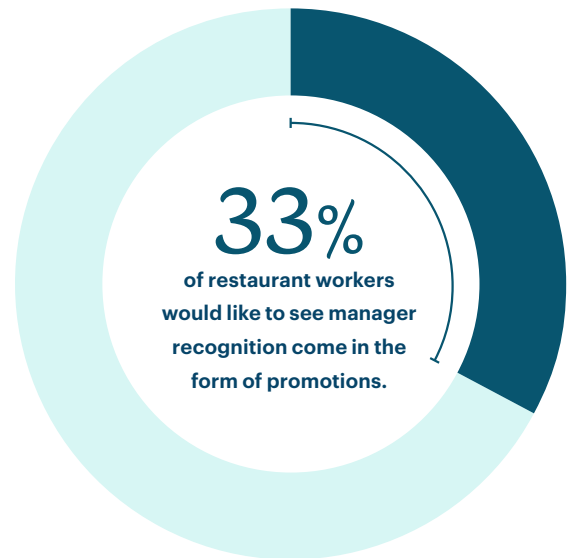




In fact, 7shifts survey showed that 33% of respondents would like to see manager recognition come in the form of promotions.

Now, you can't just promote any and everybody. But restaurants *can* create a career path for *many different positions* as your business grows. This can also go a long way in showing current (and potential!) team members there are stable careers to be had in the restaurant industry.

Create opportunities for upward mobility and recognition at your restaurant. Acknowledge your employees' talents and play to their strengths. Give top performers the chance to take on leadership roles. For example, you could let a veteran server train incoming staff. Or, you could let your back-of-house team propose ideas for reorganizing the kitchen in a more user-friendly way.

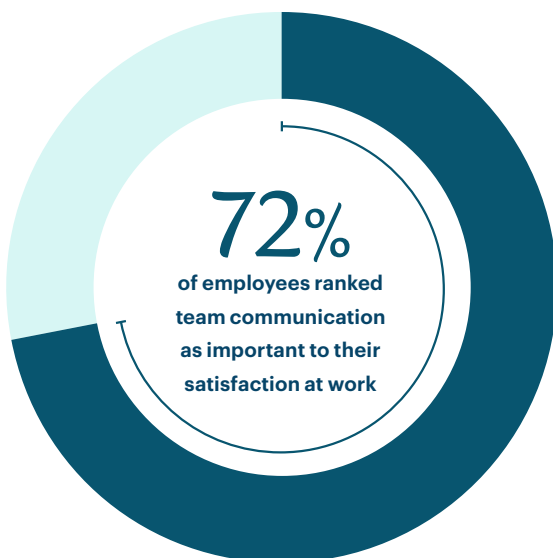


However, you can't only focus on your top performers. Team members who are underperforming are more likely to be disengaged and leave the restaurant. Find opportunities to recognize everyone on the team. For example, you could have employees set weekly goals for themselves, and if they achieve them, you could give them a shout-out during a family meal.

Give employees opportunities for growth and recognition to keep them engaged and working at your restaurant.

**"[The pandemic] showed people how much work has to be done on making this industry a more stable career option! People with tenured positions didn't feel that their incomes were secure."**

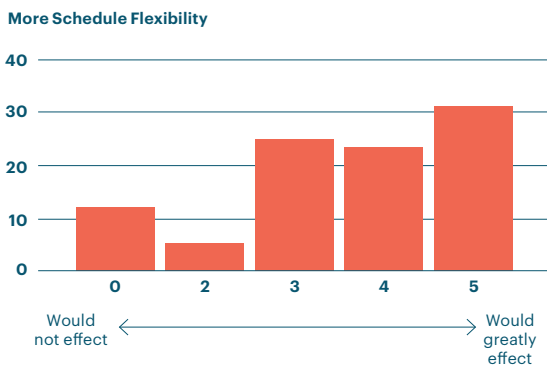
(Anonymous Restaurant Worker)



### 3. Offer Greater Scheduling Flexibility

The restaurant industry is notorious for unpredictable, unstable work schedules. But for many restaurant workers, this kind of work schedule would be much more manageable if they were provided with greater scheduling flexibility.

7shifts found that 56% of employees say that flexible scheduling would greatly affect their happiness at work. With more flexibility and predictability, staff can take time off when sick, care for family members, attend school, predict how much income they'll have, and more.



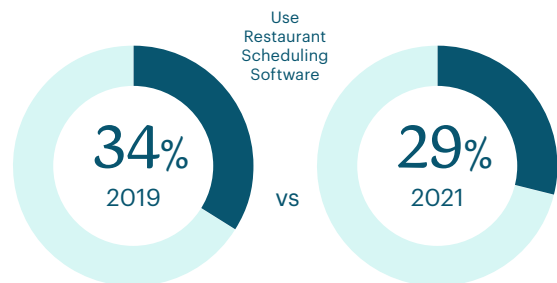
**“We don't use anything for staff management. We don't have a system for that.”**

(General Manager, Independent Bar & Grill, Los Angeles)

**“It has been different with the pandemic working at any job. However, with this specific job as a server it hasn't been too much of a change because having a flexible and paying job is what I need at this point in time.”**

(Anonymous Restaurant Worker)

The labor shortage has made it more difficult than ever to manage labor costs and offer flexibility. However, there are tools that can help. TouchBistro found that only 29% of restaurants are using scheduling software to manage labor costs.



With POS-integrated scheduling software like 7shifts, you can set and track labor budgets to ensure you don't spend more than you can afford. Plus, 7shifts can help predict demand based on historical data to ensure you never have too many or too few team members scheduled for any given shift. And with in-app team communication features, employees can easily swap shifts if something comes up.

# Conclusion

If restaurant owners don't start listening to what restaurant workers *actually* want and need, they won't be able to navigate the labor shortage. Putting the tips in this ebook into action can help you keep your venue fully staffed and improve job satisfaction among existing team members.

When you increase wages, amplify manager recognition, and offer more scheduling flexibility, you'll be able to attract and retain staff more easily and ameliorate the labor shortage's effects.

Solutions like TouchBistro and 7shifts make it easier to implement these tactics to attract and retain talent and build a happier, more productive team. When these tools integrate, they give you access to real-time sales data and projections, so you can plan your budget and boost wages. With sophisticated reporting, you can attribute sales to servers and recognize stellar performance. And with access to real-time labor costs and built-in schedule enforcement, you can provide greater scheduling flexibility.

All this adds up to a happier team and a healthier bottom line.

**“I have huge respect for my coworkers and managers for the extra efforts they have put into ensuring our guests are safe and comfortable. The pandemic has made me appreciate (even more) how special dining and going out with your loved ones can be. I have genuinely enjoyed returning to my serving job because people are so thankful to be back out having fun.”**

(Anonymous Restaurant Worker)





TouchBistro is the all-in-one restaurant management system that helps 29,000 restaurants around the world increase sales, deliver a standout guest experience, and save time and money. TouchBistro offers all the technology you need to run your restaurant on one easy-to-use platform.

TouchBistro was founded in 2010 with one mission: to provide restaurateurs with innovative technology that makes running a restaurant easier. We started with our core product, our point of sale. Now, we offer an all-in-one restaurant management system that includes payment processing, online ordering, reservations, and more.

[Learn More](#)



7shifts helps restaurants manage team's schedules, timesheets, communication, tasks, tips and more – all in one place.

Founded in Saskatoon, Canada, in 2014, with offices in Toronto and New Jersey, 7shifts is simplifying team management, one shift at a time. It is used and trusted by over 700,000 restaurant pros across North America, Europe, the Middle East, and Australia. More than a scheduling platform, 7shifts provides an end-to-end platform to help restaurateurs improve operating performance.

[Learn More](#)



