


# 5 HR Challenges in the Restaurant and Hospitality Industries



The image shows a woman with long dark hair, wearing a white t-shirt and a blue and white striped apron, smiling as she looks at a smartphone. A semi-transparent overlay of a mobile application interface is positioned over the phone screen. The app interface displays a schedule for the week of February 1st to 7th. It includes tabs for 'Open Shifts' and 'Time Off'. The schedule lists days of the week, dates, shift times, and locations. For example, Monday through Thursday show a shift from 8:00A to 2:00p at 400/500/600, each for 6.00 hours. Friday shows a shift from 9:00A to 5:00P at Schaumburg / Cashier, also for 6.00 hours. The total hours for the week are 36.00 h. The app also has a 'My Schedule' button at the bottom.

| All Activity  |  | Today    |
|---------------|--|----------|
| Open Shifts   |  | Time Off |
| Feb 1 - Feb 7 |  | 36.00 h  |
| 01 Mon        | 8:00A-2:00p<br>400/500/600               | 6.00 h   |
| 02 Tue        | 8:00A-2:00p<br>400/500/600               | 6.00 h   |
| 03 Wed        | 8:00A-2:00p<br>400/500/600               | 6.00 h   |
| 04 Thu        | 8:00A-2:00p<br>400/500/600               | 6.00 h   |
| 05 Fri        | 9:00A - 5:00P<br>Schaumburg /<br>Cashier | 6.00 h   |
| 06 Sat        |  | 8.00 h   |

# Unlock the Power of Connection

In the service industry, high turnover and low profit margins create fierce competition and significant challenges as an employer.



**Time-Consuming  
Manual Tasks**



**Disconnected  
Business Systems  
& Processes**



**Competitive Labor  
Market**



**High Employee  
Turnover**



**Company-Wide  
Communication**

On top of the administrative tasks that keep your organization running smoothly behind the scenes, you're competing against a growing number of businesses and the gig economy for workers, not to mention juggling schedules as cash flow fluctuates. While you're striving to build a collaborative culture and develop employees with limited budgets and time constraints, you're also navigating compliance and labor laws — oftentimes without the expertise of experienced HR specialists.

There never seems to be enough time in the day to manage it all, especially if the team is using an outdated HR and payroll platform or even managing processes manually. Historically, you may have had to adapt to what was available in existing HR and payroll platforms, but with today's modern technology, you have far more options. Now, you can find complete solutions that fit you and your team's unique needs and objectives — not the other way around.

To truly meet and exceed your goals, you need access to the right tools and employee data that bring value now and will continue to do so well into the future. But you also need to be prepared for the challenges ahead and understand how the right HR and payroll technology and service partner will help you overcome them.





## Challenge #1:

# Time-Consuming Manual Tasks

Effortlessly manage payroll, taxes, compliance, and more.

It's no secret that the hospitality business is unpredictable. Trends, seasonality, and even day of the week impact how many customers your team is serving. Schedule changes, shift swapping, and short-notice workforce fluctuations can throw a wrench into your payroll processes, even for the most experienced professionals. Add in the manual and error-prone data entry that can impact your tax compliance, and you've lost the opportunity to focus on big picture things — like building up your teams and preparing your business for tomorrow.

**“Having an all-in-one HCM platform is important for us. It brings incredible value to HR, payroll, operations, restaurant managers, and most important, our employees. It saves everyone time and makes all our locations more efficient and effective.”**

— Controller, HMC Hospitality Group



**See how HMC Hospitality Group saved \$100k per year with HR automation.** →

# 90%

**of restaurants agree that increased automation would allow their staff to focus on more important tasks.**

(Square)

<sup>1</sup> <https://squareup.com/us/en/townsquare/future-of-restaurants>





Instead, level up your payroll processes with employee self-service, custom reporting, and other features that help your business conquer the basics, improve payroll accuracy, make compliance a breeze, and gain insights to power decision making. No dedicated human resources team? No problem. Modern HR and payroll software is user-friendly and automatically completes tasks, so anyone can use it successfully. Your software provider should also be a partner and resource, supporting your efforts with HR expertise.

Research shows **90% of restaurants agree that increased automation would allow their staff to focus on more important undertakings** like connecting with customers. Automated payroll functions mean you can easily keep up with last-minute schedule changes and find urgent coverage while supporting overtime, PTO, and prorated and retroactive pay with minimal disruption to your processes, even when these changes fall in the middle of a pay period.

The agility of payroll automation also means you can rest easy knowing you're maintaining tax compliance for tipped employees. And on-demand pay lets your employees choose their own paydays, which means you can offer similar flexibility that draws people to gig work.





## Challenge #2:

# Disconnected Business Systems

Easily track schedules, time, and labor.

Manually tracking schedules and employee time, just like payroll, is time-consuming and can be costly if there are mistakes. In fact, the IRS estimates that 33% of companies make errors that result in billions of dollars in fines annually across the industry. And in the service industry where you have ever-changing staffing needs, maintaining accuracy is even more challenging.

Tracking schedules and time is crucial for several reasons, including:

- **Ensuring compliance with labor laws:** Hospitality businesses are required to comply with labor laws related to minimum wage, overtime pay, and employee benefits.
- **Managing labor costs:** It's easier to control labor costs and make more informed decisions about staffing levels.
- **Improving efficiency:** Tracking employee schedules, time worked, and labor costs can help organizations identify inefficiencies and make changes to improve productivity.

# 43%

of hourly workers surveyed admit to exaggerating the amount of time they work during their shifts.  
(Software Advice)

<sup>2</sup> <https://www.softwareadvice.com/hr/industryview/time-theft-report-2015/>







Restaurants, resorts, and other organizations in the hospitality industry can leverage automation to streamline their processes. Automating scheduling, attendance, shift change requests, and workforce analytics using a single system help maximize efficiency and even forecast labor demand. Time collection software also integrates with business-critical systems like your point-of-sale system, too, so your technology (and data) stays connected and in sync.

In 2023, access on the go is critical, and for employees, mobile access is an expectation. Many organizations enable their employees to clock in/out, request time off, and access documents using the same technology they're already familiar with right on their smartphones.

Modern time and labor solutions empower you to boost organizational productivity and employee engagement while reducing labor costs, ensuring you're maximizing your profit margins.





### Challenge #3:

## Competitive Labor Market

### Win and keep top talent.

The hospitality industry has historically had one of the highest turnover rates, reaching 130% during the pandemic before lowering to 85% in 2021.

There are several reasons why an organizations struggle to attract and retain top talent, including:

- **Competition:** Hospitality is a competitive industry, and top candidates may have multiple job offers to choose from. And if onboarding is slow, employees can leave for another offer — before even starting with your organization.
- **Wages:** The service industry is known for having relatively low pay compared to other industries, which makes retention especially difficult in areas where the cost of living is high. Low margins also mean organizations can't pay more, and workers might leave for a few more cents an hour elsewhere.
- **Limited opportunities for growth and development:** Many hospitality jobs are entry-level positions with limited opportunities for advancement, so employees may seek out other opportunities for growth and development.
- **Lack of benefits:** Research shows only 31% of restaurants offer health benefits, and lack of retirement planning was a top reason for service industry employee dissatisfaction during the Great Resignation.

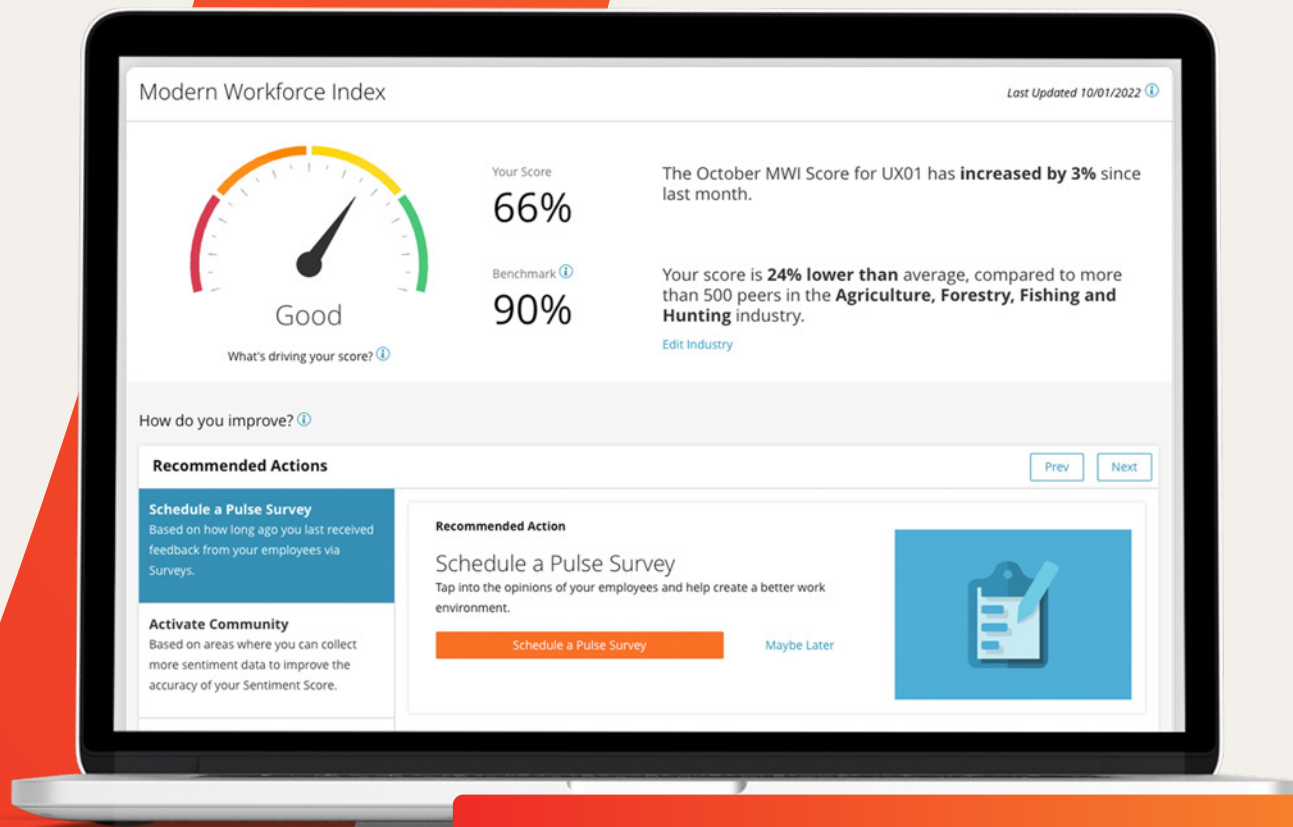
**7 in 10**

restaurants say they are  
experiencing a labor shortage.  
(Business Insider)

3 <https://www.bls.gov/news.release/jolts.t16.htm>

4 <https://www.washingtonpost.com/business/2022/01/28/great-resignation-restaurant-perks/>

5 <https://www.businessinsider.com/restaurant-worker-shortage-continuing-through-2022-survey-2022-2>



**"You can see your labor costs, retention, turnover, and head count by location — and you can filter it. You don't have to run a report. It just pops up."**

— HR Manager, The Boiling Crab Restaurant Group

Although most restaurant and hospitality workers leave their jobs in pursuit of higher wages, research shows that investing in employees in other ways will help keep top talent. Employee benefits offerings can range from standard health insurance and paid time off to more flexible perks like on-demand pay and career development opportunities.

From recruitment to retention, technology can enhance your processes and make your organization more attractive to employees, both current and future. An on-demand, built-in learning management system (LMS) empowers you to design, assign, and track learning and development opportunities, even on mobile devices. Employees can complete state mandated courses and safety trainings relevant to their roles, and their progress will automatically be recorded.

Additionally, intuitive tools fast-track your ability to hire and train quality candidates while streamlined onboarding eliminates the endless paperwork, consolidates data, and opens the line of communication with the new hire before their start date. And once employees are on board, you'll be alerted if they're at risk of turning over so you can be proactive and keep your top talent.

Predictive analytics help you spot trends, make better-informed workforce decisions, and stay ahead of the competition. Add to that the ability to quickly verify an employee's work eligibility, and you've got an all-around solution that empowers you to find, hire, and keep the best workers.





#### Challenge #4:

## High Employee Turnover

### Create a culture that keeps employees engaged.

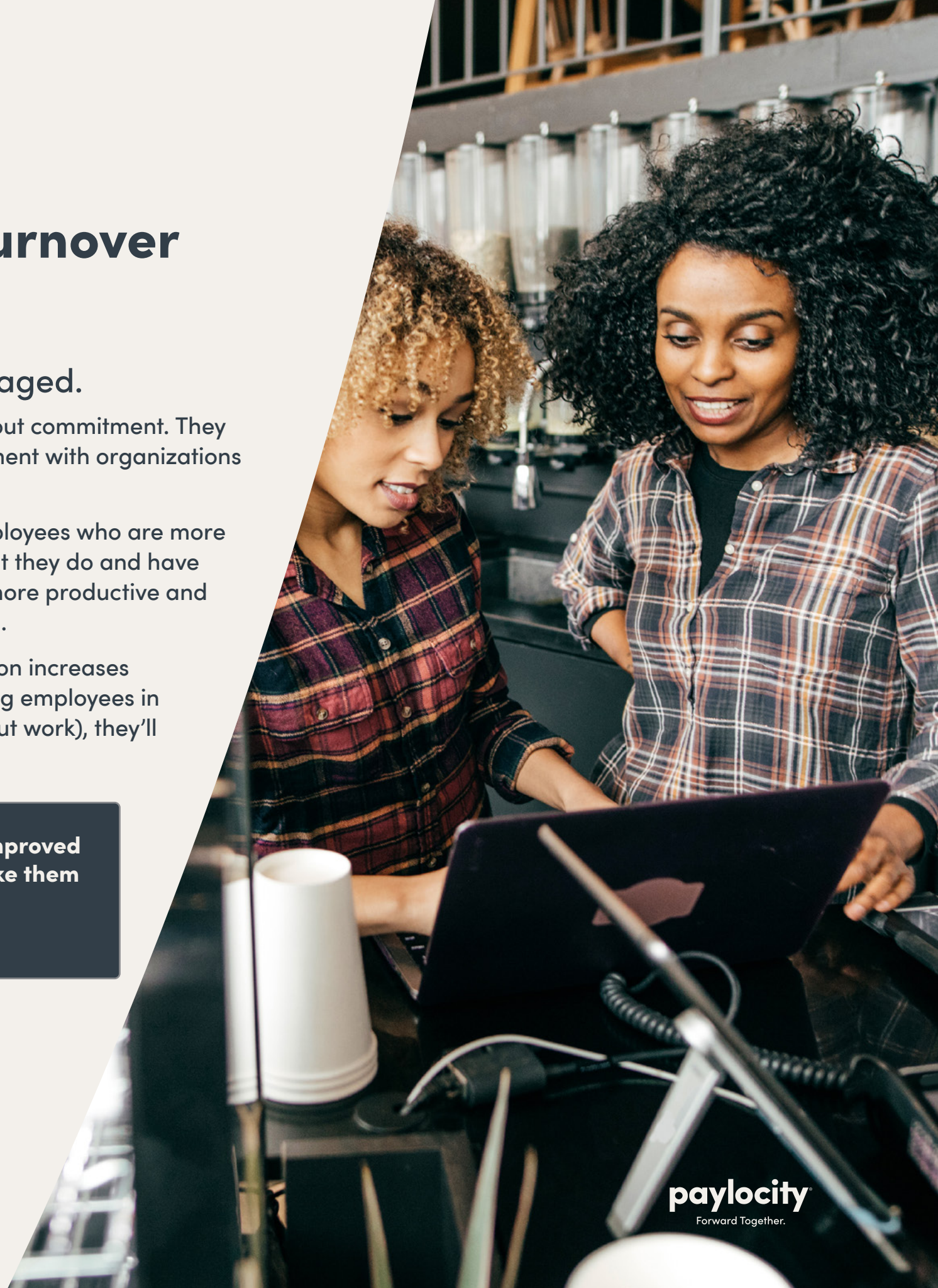
For today's employees, work is no longer just a punch in and out commitment. They see their job as an extension of themselves and seek employment with organizations that have a strong company culture.

This benefits your organization, too. Research shows that employees who are more aligned to their company's mission feel passionate about what they do and have positive emotions about the company culture. They are also more productive and engaged — meaning higher profitability for your organization.

It actually doesn't take much to start. Improving communication increases connection, which the modern workforce demands. By keeping employees in the loop with you and with their peers (even when it's not about work), they'll feel more like a team.

# 45%

of restaurant workers said "an improved working environment" would make them stay at their job.  
(UC Berkeley)





**“Culture is the expression of your people. What do you want that expression to look like? Is it attractive to new candidates? Is it attractive to vendors who want to partner with us? Is it attractive to guests that come into the restaurants? Your HCM has to reflect and support your culture.”**

— VP of People & Culture, Upward Projects

**UPWARD**  
PROJECTS

See how restaurant group Upward Projects achieved a 30% growth rate by prioritizing people. →

Modern HR and payroll solutions with integrated, mobile-friendly social collaboration tools help you centralize accurate and timely company info while giving employees the connection they want so they can be more engaged, aware, and productive.

Colleagues can connect around projects, initiatives, and interests, and give each other recognition for contributions from anywhere. Plus, it's easier than ever to keep your finger on the pulse of your workforce through advanced surveys and analytics that allow you to efficiently (and anonymously) gather feedback and gauge employee sentiment. This allows you to respond quickly to workforce issues and take steps to improve your company culture and co-create the organization that you — and your employees — want.

**paylocity**  
Forward Together.





## Challenge #5:

# Company-Wide Communication

## Communicate with the whole team.

In the fast-paced service industry, keeping everyone on the same page is complicated — employees are working different shifts and often at different locations. Many of them don't have access to computers or company email addresses, and they're on the floor during every shift. And language barriers add another hurdle.

**While communication is a key factor in an organization's growth and success, it comes with challenges:**

- **Productivity:** When employees aren't communicating with each other and with management, there can be lower productivity.
- **Training and development:** Providing career development opportunities is difficult when employees work inconsistent schedules or speak another language.
- **Compliance with language discrimination laws:** It is illegal to discriminate against employees based on their national origin, which includes their primary language.
- **Employee engagement:** Communication barriers can be a hurdle for employees to feel fully engaged in the workplace and to build strong relationships with their coworkers.

# 37%

of food production workers  
speak a language other than  
English at home.

(KFF)

7 <https://www.kff.org/coronavirus-covid-19/issue-brief/the-covid-19-outbreak-and-food-production-workers-who-is-at-risk/>







Restaurants, resorts, and other businesses in the hospitality space can leverage multilingual, mobile-enabled HR software to fully engage their employees, no matter when and where they're working.

HR and payroll software ensures employees have access to the information they need and gives them the freedom to view paychecks, request time off, and stay in touch with fellow coworkers anywhere, anytime, and in a familiar language.

**“One thing we struggled with was communicating about our 401(k) match program. With the paycheck calculator, employees can actually see what it looks like to have 3 percent or 5 percent contributed to their 401(k) and learn that it comes out pre-tax, that it’s a reasonable amount to start saving, and it really opens their eyes.”**

— Director of People & Culture, Martin Resorts

Even better, employees manage their contact information and get 24/7 access to current and past checks, tax forms, schedules, and timesheets. And they can view directories, policies, or other resources to keep announcements, company news, and training assignments consistent and current, all without coordinating with HR or administrators.



# Paylocity is the partner you need to tackle the challenges of today so you can focus on building a stronger tomorrow for your business.

Paylocity is the leading HR and payroll platform for the service industry because it delivers modern features for simplified behind-the-scenes processes and a top tier employee experience.

Whether your hospitality business is a restaurant or resort, you can automate manual tasks and minimize compliance risk so you can focus on the strategic work you're passionate about — that work that adds the most value to your organization. From payroll to document management and attendance tracking to scheduling, automation saves you time and plenty of headaches. And Paylocity partners with you every step of the way with HR consulting and tax preparation services available.

With continuous improvements to the product and investments that benefit the service industry specifically, we're ready to help make your organization the next hot spot to work. It's our priority to understand your business, where you are and where you're going, so that the solutions you get are just right.

Focus on delivering great service to your patrons while Paylocity delivers to your employees.

**Request a demo to see how.** ➞

