

Labor Trends in Restaurant Industry: How QSRs and Gen Z Are Impacting Employee Activism

By Laura A. Pierson-Scheinberg & Lorien E. Schoenstedt

April 20, 2023

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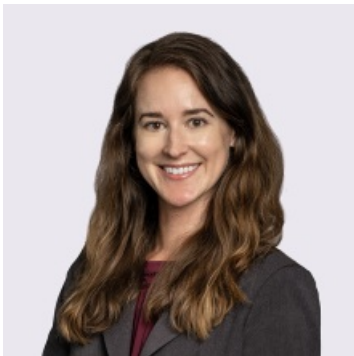
Laura A. Pierson-Scheinberg

(She/Her)

Principal

415-796-5408

Laura.PiersonScheinberg@jacksonlewis.com



Lorien E. Schoenstedt

KM Attorney

312-803-2516

Lorien.Schoenstedt@jacksonlewis.com

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As restaurants emerge from the COVID-19 pandemic, employers in the industry continue to face new challenges with organizing activity on the rise and new generations leading the charge.

Younger Gen Z and Millennial workers are pushing for change in the industry, particularly at “quick serve” chains where wages are traditionally lower, turnover is high, and young employees are looking to be part of a social movement. With unions taking notice and harnessing the momentum, it is more important than ever for restaurant employers to understand the changes taking place and the best practices for navigating trends in the industry.

Organizing Activity in Restaurant Industry

According to a Bureau of Labor Statistics report, 1.4% of workers in the “food services and drinking places” industry were union members in 2022. While the industry has one of the lowest union membership rates in the country, likely due to its high employee turnover rate, organizing activity has slowly been climbing in recent years. For example, almost 450 restaurant industry petitions were filed with the National Labor Relations Board in 2022 – up from fewer than 30 petitions in 2021. Further, unions won approximately 80% of the more than 380 elections held. Restaurant organizing does not appear to be slowing down either, as more than 50 petitions have been filed in the first quarter of 2023 alone.

One of the most significant industry trends is the rise of organizing activity in limited service or “quick serve” restaurants (QSRs) that emerged during the pandemic and its aftermath. Petitions filed in QSR establishments jumped from four petitions in 2020 to 19 petitions in 2021. The numbers skyrocketed in 2022 with 419 petitions filed. In fact, over 80% of all petitions filed in the restaurant industry between 2019 and 2022 were filed in QSRs. While the overwhelming majority of those QSRs petitions were in coffee shops, employers should not overestimate the impact this employee activism could have throughout the restaurant industry.

In fact, recent Board petition filings show the organizing trend may be expanding slowly into smaller, independent restaurants as well. For example, 2023 has seen union organizing at an ice cream shop in Oklahoma, a Vietnamese restaurant in Maine, and an unsuccessful effort at an Italian restaurant in New York City. It will be crucial for employers to monitor unionizing beyond QSRs.

Younger Generations and Targeting QSRs

The uptick in organizing activity in QSRs can largely be attributed to the younger generations in the industry, many of whom want to use their place of work to

effect social change. For example, the Center for American Progress reported that Gen Z is “America’s most pro-union generation,” with a 64.3% union approval rating. Gen Z has also been eager to use social media and other platforms to raise awareness regarding broader workplace concerns, beyond pay and working conditions. Rather, they are expanding their focus toward issues surrounding health and safety measures, racial justice, and an end to sexual harassment in the workplace. Indeed, social media is critically important for this cultural movement because it provides employees a quick and efficient way to mobilize under the radar. It has also provided an avenue for independent and employee-led “grass roots” unions forming at major QSR chains across the country without the need for the larger union organizations.

Meanwhile, unions and activists have capitalized on Gen Z’s pro-union sentiment and are using employee-related legislation as marketing tools for such issues as the “Fight for \$15” and other minimum wage and predictive scheduling laws. Legislative developments specific to the QSR industry have also been making headlines, such as California’s Fast Food Accountability Standards Recovery Act (“FAST” Recovery Act). The Act establishes a Fast Food Council comprised of fast food employees, worker advocates, franchisors, franchisees, and government officials that would set industry-wide standards for wages, working hours, and other working conditions related to the health and safety of fast food workers. The Act also implements anti-discrimination and anti-retaliation measures for employees.

Targeting QSRs has also been effective because workers traditionally receive lower wages in this industry compared to their full-service counterparts. The Bureau of Labor Statistics reported that in 2021, cooks in fast food received an average annual wage of \$25,430 while cooks in restaurants received an average annual wage of \$31,380. Annual wages were also higher for waiters and waitresses (who received \$29,020) and even higher for first-line supervisors/managers (who received an average of \$38,140). Given the pay variations, unions are directing their attention toward younger and lower paid workers in the QSR industry and are adjusting their campaign tactics accordingly.

Looking Ahead

As the wave of restaurant organizing activity does not appear to be slowing down, employers should anticipate increased employee activism in the restaurant industry, especially in quick serve establishments where organizing activity is the highest.

It is also important for restaurants to take a closer look at their respective workforces and assess the potential impact of these developing issues on employee morale, organizational change, and corporate reputation, starting at the first-line supervisory level.

Likewise, it may be beneficial for employers to conduct a vulnerability assessment to address and eliminate perceived or legitimate workplace issues. Not only will this ensure compliance with new labor laws, but it will create a workplace that promotes positive employee relations between management

and employees. Taking steps early to highlight and support developing employee concerns will serve as a critical preventive strategy amid increased organizing activity in the industry.

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