

Labor Trends and Recommendations for Retail & QSR

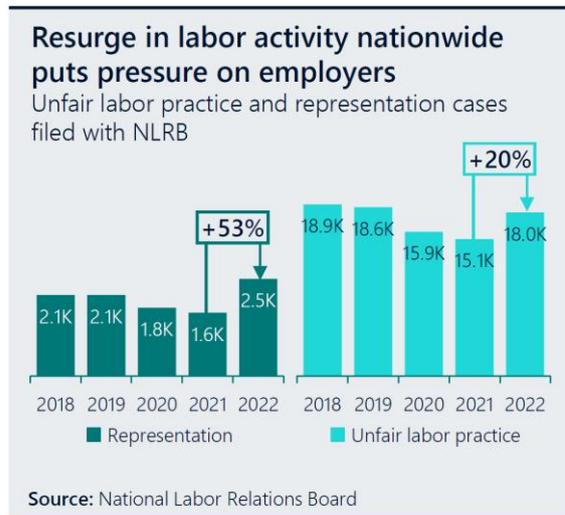
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The US is experiencing a historic surge in labor activism, with union representation petitions filed with the National Labor Relations Board (NLRB) up 53% in FY2022, and unfair labor practice charges increasing by nearly 20% since last year.

Nearly three times as many US workers went on strike in the first half of 2022 compared to the same time last year. Labor activism is backed by the White House with President Biden identifying himself as “the most pro-union White House ever.” In addition, the American public’s support for unions is the highest it has been since 1965.



Key trends to watch

While this phenomenon has touched many sectors, the retail/quick service restaurant (QSR) sectors have been a particular focus for organized labor. The most successful organizing activity has been at the single-unit level, where the team of employees is small and in close contact on a regular basis. Efforts to organize a single retail or QSR location can often stir interest among employees at other company sites, creating a domino effect.

Brunswick sees the following key trends driving labor activism in retail/QSR:

- **Conditions for workers have created the perfect storm for renewed interest in unions after decades of decline in membership.** Inflationary pressures have outpaced pay increases for hourly workers, labor shortages mean units are sometimes understaffed, and there has been a significant uptick in security incidents involving both aggressive customers and theft. These conditions have led to more stressful working conditions for frontline staff. The US labor shortage has also given employees more leverage to demand change.
- **Younger workers with more progressive values are leading activist efforts.** This reflects a generational shift, as both employees and consumers have high expectations for corporate behavior and a core belief that companies should pay significantly higher wages, especially in the current inflationary environment. This generation is also more likely to expect employers to make real commitments on social issues, including increased diversity, equity and inclusion in the workplace.
- **The younger generation has grown up on social media and is particularly adept at networking over digital platforms including Reddit, TikTok, and Discord.** Activists use these platforms to share step-by-step organizing tips. Because these are not channels that companies tend to be active on or monitor, this information sharing is able to continue with little notice from employers. In fact, traditional labor unions are increasingly looking to their digital-native employees to help them better target employee groups and use tracking information to gauge engagement.

- **Activists are targeting progressive companies with historically good reputations as employers.** While many of these companies believe that they are doing right by their employees, organizers look to call out any gaps between their consumer brand messages and the actual employee experience. These companies have sometimes been caught off guard by unionization efforts within their ranks. Additionally, given their progressive stance on other issues, many companies find it difficult to articulate why they don't think a union is needed within their organization.
- **Perception of the level of difficulty for successful organizing has shifted significantly.** The bar for unionization has been lowered, and all retail businesses/QSRs should assume an increased likelihood of organizing activity in the US. There is a notable increase in petitions being filed with the NLRB for independent employee unions, rather than unions that are clearly affiliated with an established labor organization. These independent unions tend to give their organizations a name that closely resembles their company name to indicate that the union belongs to employees, as opposed to being driven by "third parties." Employees claim that these worker-driven unions enable them to better control the petitioning process and serve as a rebuttal to the traditional company argument that it is not in employees' best interests to have a third-party negotiating on their behalf. However, while these independent unions are often launched and overseen by workers, many of them receive support and backing from established unions, such as the Communications Workers of America, which supports the Starbucks unions.

Recommendations for the current landscape

Leaders should be aware of general developments in the sector, as well as specifically in their own stores, restaurants, distribution centers, and call centers. In order to address issues before they come to a head, below are some steps to begin taking now.

Listen to employees, and have a feedback collection mechanism. It's no longer sufficient to only check in with employees once a year through an employee engagement survey. While those instruments are still useful to show trends, progress, and areas for improvement, they won't necessarily indicate that an organizing campaign is underway. Instead, managers and leadership should speak with employees on a regular basis and be trained to spot potential issues that could push employees to unionize. Social listening is crucial to understand commentary and planning. A process should be designated to analyze incoming information ensuring potential problems are found early and addressed immediately. Critically, leadership needs to follow up by explaining to employees what changes are being made based on their feedback, helping to reiterate the fact that employees are heard and that their concerns are acted on. Proof points should be used as much as possible to demonstrate how the company is doing right by its workforce. Waiting until unionization is imminent to start this engagement process makes it more difficult for these positive stories to break through and feel authentic.

Be proactive, and think creatively. Waiting for an emerging issue to engage employees means a company has waited too long to act. Employers should look for ways to proactively engage employees on a consistent basis, focusing on a regular cadence of communications that reinforces company culture, celebrates milestones, and highlights the benefits of working at the company. It is critical that the channels for this engagement are accessible to and used frequently by the workforce. For example, while retail employees may have a company email address and access to the intranet, if they rarely log on to use those platforms, other channels – including in-store team meetings and printed materials for breakrooms – should be used instead.

Develop the company's perspective on unions, and have an action plan. Unions are particularly adept at using the element of surprise to catch leadership off guard. In a union organizing situation, time is of the essence, especially once a petition for election is filed with the NLRB. At that point, it's almost certain that an election will be held within a matter of weeks. Companies need to be prepared well ahead of time with a perspective on unionization that has been approved by leadership and a plan for how they will explain that point of view to employees. Companies should also plan responses to additional

scenarios, including union drives for NLRB petition signatures, elected officials getting involved in the debate, and employee walk outs or other demonstrations. The more prepared a company is for these situations, the better they'll be able to respond quickly and effectively.

To continue the conversation:

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