



Improve Retention, Recruitment, and Employee Financial Wellness in the Hospitality Industry **Through On-Demand Pay**



The hospitality industry has historically faced high levels of turnover, despite offering employees perks such as benefits, upward mobility, and transferable skills. Recently, the Bureau of Labor Statistics reported a 73.8% annual turnover rate — one of the highest of any industry — meaning about 6 in every 100 hospitality employees leave their hospitality jobs each month.¹

Even though we're several years beyond the Covid-19 pandemic and subsequent shutdowns from the early 2020s, the effects are still being felt across the industry. The additional staffing hurdles for hospitality companies that presented during that time have become annual, recurring themes.

Fortunately, there are still solutions that can help. In this whitepaper, we'll look at the industry's challenges and how on-demand pay is helping companies retain talent while improving employee financial wellness.

¹<https://www.bls.gov/news.release/pdf/jolts.pdf>

*Employee minimums may apply.

The Hospitality Industry Faces Growing Turnover

Retention remains difficult in the hospitality industry because the positions employees fill can be very demanding mentally and physically, and the pay (\$12.47/hr mean²) often leaves more to be desired. In a survey by PwC, 63% of Hospitality and Leisure CEOs said that they faced difficulties hiring employees — not because they lacked the skills but because of the working conditions and reputation of the industry.³

Employees are often customer-facing, ensuring that guests enjoy their experience in hotels, motels, etc. The hours can be demanding, with shifts ending late and starting early. Further, at the end of last year, there were over a million vacant jobs in the industry, leaving many companies short-handed, according to Rosanna Maietta, president of the American Hotel and Lodging Educational Foundation.⁴

Insufficient staff can leave managers scrambling to fill shifts and asking people to take on roles aside from their own, which creates a hectic and stressful environment. Additionally, there's a psychological toll. Employees are absorbing customer dissatisfaction day in and out while trying to turn negative experiences into positive ones. All of this can create an environment where morale is down, engagement drops, and employees feel the rewards of the job don't justify the costs.



The Lasting Impact on Hospitality Companies

Since the hospitality industry relies on people interacting, and often traveling, it was one of the hardest hit by the Covid-19 pandemic, leading to almost 70% of employees facing reduced hours, workplace closures, or layoffs.⁵ As occupancy rates plummeted at hotels such as Marriott, Hilton, Hyatt, Accor, and MGM, hospitality companies implemented furloughing schemes as well as pay cuts for remaining employees. Even CEOs put a halt to cash dividends and reduced salaries to senior executive teams by 50%.⁶

Due to the big hit and the nature of the industry, recovery is still taking place.⁷ Businesses are still looking for workers to replace those that have left the industry through upskilling or other paths.

²<https://www.bls.gov/oes/current/oes434081.htm>

³<https://www.pwc.com/gx/en/ceo-survey/2019/Theme-assets/reports/hospitality-leisure-trends-report-2019.pdf>

⁴<https://www.hotelbusiness.com/report-hotel-industry-supports-more-than-1-in-25-u-s-jobs/>

⁵<https://www.fool.com/the-ascent/personal-finance/articles/which-industries-are-being-hit-hardest-coronavirus-crisis/>

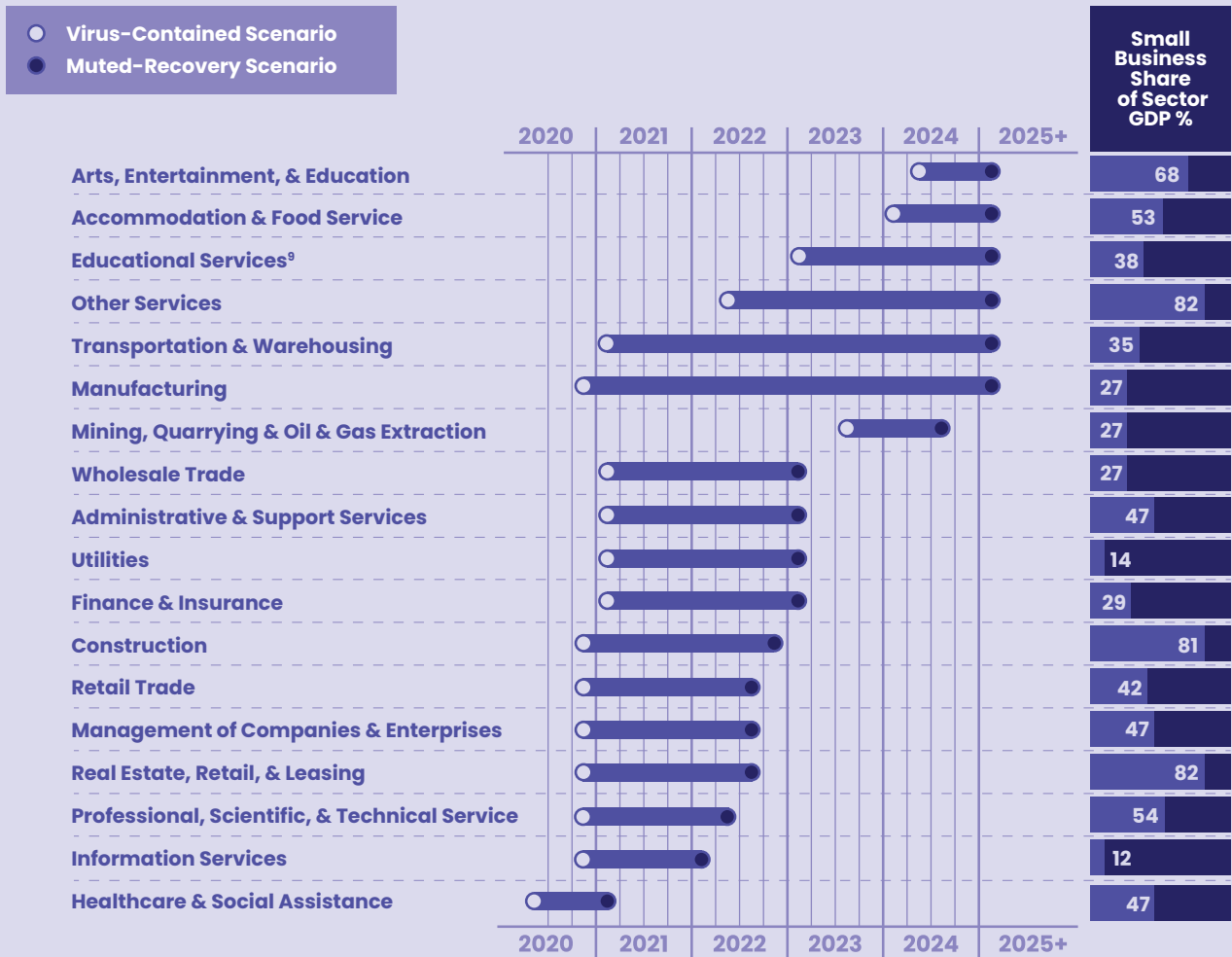
⁶<https://www.hospitalitynet.org/opinion/4098660.html>

⁷<https://www.mckinsey.com/industries/public-and-social-sector/our-insights/us-small-business-recovery-after-the-covid-19-crisis>

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Historical Recovery Time by Sector GDP⁸

Pessimistic projections predicted the Hospitality industry to face recovery efforts deep into this year, five years beyond the outbreak. According to Oxford Economics and CoStar, after a rebound immediately after the pandemic, occupancy rates have stagnated. Rates in 2025 have remained virtually flat from 2024.



⁸Date as of June 5, 2020.

⁹Excluding Public Administration. Source: Oxford Economics; McKinsey Analysis; McKinsey Global Institute Analysis

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On-Demand Pay: A Source of Financial Flexibility and Motivation for Hospitality Employees

On-demand pay, also known as early wage access (EWA), plugs into an employer's payroll system. Once an employee has worked and earned wages, they can request them on-demand, instead of waiting for the fixed payroll schedule. After paying a small fee, the funds are sent to the employee's attached bank account. There is a small fee per transfer at Tapcheck, while employers do not pay to implement the EWA benefit.

How On-Demand Pay is Engaging Hospitality Employees

When employees have access to their earnings on-demand, it can reduce their stress by helping them to pay bills on time, cover surprise expenses, and make ends meet in general. Further, employees don't have to wait for the regimented schedule of payday. They work, and earnings become available right away.

The instant, on-demand access can help to motivate employees to not only go to work but to pick up extra shifts when they need money in the short-term. Further, it can help to reinforce the reward for stressful days at work. Hotels that implemented on-demand pay solutions have reported increases in employee retention and reductions of their turnover rates.

A Solution Hospitality Employees Need and Want

While most hospitality companies offer benefits such as retirement plans, health and dental insurance, and paid sick leave to help employees, benefits that financially support employees now are largely missing. In a survey by Visa, 95% of workers said they are interested in working for an employer that offers EWA, 89% would work longer for a company that provides the financial benefit, and 79% would be willing to switch employers for it.¹³ Additionally, a survey by Aite Group found that 94% of hourly employees think accessing their pay before payday would be helpful, providing financial stability during unstable periods.

Many employers are hearing the call. In 2019, workers reportedly accessed their paychecks early through workplace providers an estimated 37 million times, gaining access to more than \$6 billion, almost double the amount in 2018, according to Aite Group.¹⁴ The use of EWA also spiked during the early stages of the coronavirus pandemic, with providers reporting a 400% increase in the number of users requesting early paycheck access. It's easy to see why, as it's a way to improve employee satisfaction without any cost to the bottom line.

¹³<https://usa.visa.com/dam/VCOM/global/run-your-business/documents/visa-earned-wage-access-insights-report.pdf>

¹⁴<https://aitegroup.com/employer-based-loans-and-early-pay-disruption-reaching-scale>

*Employee minimums may apply.

Early Access to Earned Wages is Not a Loan

You may be wondering if it is a type of payday loan. Early wage access is not a “loan” or “advance” because it’s not based on credit, and no underwriting occurs. Employees are not borrowing from a lender, as with a payday loan, but are simply accessing their own earned money early for a small fee.

Support Hospitality Employees and Grow Your Business with EWA

Early wage access offers a win-win opportunity for employers and employees in the hospitality industry. Budget-pinched employers don’t incur costs to implement the benefit, meanwhile, they can offer employees more financial flexibility. Employees can enjoy immediate access to their wages, which helps reduce stress levels involved with trying to pay bills on time. Plus, work becomes instantly gratifying, which can lead to higher levels of motivation, engagement, and morale. When presented with other employment opportunities, employees with early wage access have a strong reason to stay.



Tapcheck

Tapcheck offers an on-demand, early wage access financial benefit that helps hospitality businesses drive productivity, promote employee health, and create a positive company culture. Learn how Tapcheck can help your company increase employee retention by improving morale and engagement.



**Contact us
today!**

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