The Proposed Overtime Regulations’ Impact on Retail and Restaurant Managers
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Recently-conducted research on behalf of the National Retail Federation (NRF) among retail and restaurant managers reveals that the current administration’s instructions to the Department of Labor to redefine existing provisions of the Fair Labor Standards Act (FLSA) and strip managers of salaried positions in favor of hourly pay spark division. The change leaves retail and restaurant managers feeling as though they are performing a job instead of pursuing a career, undercutting the values with working held almost universally – personal satisfaction and career stability.

The following details the methodology, and key findings from the survey.

**Key Findings**

- Duties and salary are not effective litmus tests for successful management. Retail and restaurant managers already spend two-thirds of their day (66%) providing management to staff, and a majority (56%) believes the proposed change would not increase their pay or benefits. These figures call into question the need for a federal redefinition of the executive exemption set forth in the FLSA.

- Over nine in ten retail and restaurant managers value and want to derive personal satisfaction (95%) and career stability (94%) from their work. Having risen through the ranks and into management also provides retail and restaurant managers with a range of functional [e.g., bonuses (66%), management experience for their résumé (53%)] and emotional [e.g., career stability (41%) and personal satisfaction (39%)] benefits that they did not receive as non-managers.

- Divesting retail and restaurant managers of their executive status by making them hourly employees threatens their self-worth and undercuts many of the benefits tied to the managerial role. Over eight in ten (85%) see some negative consequence stemming from this action, and nearly half (45%) report that the change would leave them feeling as though they perform a job, instead of pursuing a career.

- Though the bulk of managers’ time is dedicated to managerial and supervisory tasks (over 60% among both retail and restaurant managers), almost all (96%) report spending some of their time on non-managerial tasks. However, time spent on non-managerial tasks is in service of company- and customer-centric objectives, ranging from training and leadership to meeting sales quotas. Because almost all managers engage in some non-managerial tasks, any change to the “duties test” portion of the executive exemption will affect the entirety of the industry.
  - Over eight in ten (81%) say their customers would also be adversely affected if retail and restaurant managers were banned from partaking in non-managerial tasks as needed.
  - Coworkers and customers are not the only ones impacted by a possible prohibition of managers participating in non-managerial tasks; managers’ impressions of themselves would also deteriorate among nearly nine in ten (86%).
• Tracking time, which may be required under the proposal, would drastically increase paperwork burdens. Only three in ten retail and restaurant managers track and report the time they spend on each task over the course of the day.
  o Retail and restaurant managers already spend 15% of a typical workday mired in paperwork, despite the fact that one of the main reasons they pursued a managerial position is because they enjoy the interpersonal aspects of the job (52%).
  o While retail and restaurant managers believe the accounts of their time are or would be accurate, there is an argument to be made as to why retail and managers would want to spend precious time justifying their every move, when they are already multitasking, evidenced in that the time dedicated to a variety of tasks exceeds 100%.

Additional Bureaucracy, Centralization Not the Answer in a Fast-Paced, Customer Satisfaction-Driven Field

There is a disconnect between what Washington would define as the role of retail and restaurant managers, and the role retail and restaurant managers carve out for themselves.

Retail and restaurant managers see themselves dedicating the majority of their time (66%) to managerial tasks without any federal intervention. Retail and restaurant managers see scheduling (83%), sales forecasting (83%), hiring (81%) and managing (78%) employees, and working with vendors and corporate headquarters (72%, each) as primarily the responsibility of managers – and see these tasks as essential to serving in their capacity as a manager to staff, customers, and themselves. Though a majority of time is spent on managerial tasks, 96% percent of retail and restaurant managers also perform some non-managerial tasks.

Customer service comprises 50% of retail and restaurant managers’ typical workday. Though some of these customer-service tasks are non-managerial in nature, retail and restaurant managers see a role for managers to play. Over eight in ten believe a redefinition of the duties test that strips managers of their non-managerial tasks would adversely affect customers. Moreover, fully half of retail and restaurant managers (50%) believe that refusing to allow managers to partake in non-managerial tasks has business implications, including a possible impact on the bottom line, as customers would tell other people of the poor service.

While retail and restaurant managers report that 15% of their typical day involves paperwork, given the myriad tasks for which retail and restaurant managers already assume responsibility, why bog them down with additional paperwork? Seventy-percent of retail and restaurant managers do not currently account for how they allocate their time when working. Yet the Department of Labor’s new rules may require managers to start doing so. The of managers that currently account for their time do not necessary do so in a form that would be acceptable under the new regulations, requiring possible increased paperwork and administrative burdens. Furthermore, a majority (52%) reports that an inherent desire to work with people – not paper – motivated them to become a retail or restaurant manager.
**Burdensome Regulation Undermines Managers’ Expertise**

Retail and restaurant managers have a unique understanding of their business, which is rooted in hands-on industry experience. **Two-thirds of retail and restaurant managers (67%) say that when charting their career path, the phrase, “I moved up the ranks in the retail/restaurant industry first (for example, as a store associate/server/drive-thru employee,” describes them completely.** Not only does additional regulation in retail and restaurant managers’ workday fail to recognize the fluidity of the environment in which they operate, but retail and restaurant managers also predict such a decision would:

- Erode the efficacy of training and hamstring managers’ ability to lead by example (75%),
- Compound costs by requiring the hiring of additional staff (72%),
- Decrease morale (68% believe employees would become frustrated with both the manager and the situation and 66% believe morale would decrease), and
- Increase inefficiency (65%).

When coupled with the customer service-centric concerns mentioned previously, these demonstrate the knowledge retail and restaurant managers have cultivated. Forcing managers to realign their workday – ridding them of tasks that bolster leadership and training in the workplace – undercuts the understanding of the business they bring. Furthermore, redefining the “duties test” results in a diminished sense of self-worth, as 86% believe their perceptions of themselves as managers would deteriorate in some way.

**Changes Strip Managers of the Benefits They Associate Both with Being a Manager and Having a Salary, Underscores How Washington is Out-of-Touch**

**Salary and duties are not litmus tests for effective management.** While possibly well-intentioned, policymakers in Washington simply do not know or understand managers in retail stores and restaurants.

As an effort central to the administration’s endeavor to rebuild and support America’s middle class, the directive on pay garners mixed reviews from its target audience and intended beneficiaries. In fact, **over eight in ten (85%), believe a change to paying managers hourly instead of a salary would usher in an array of negative consequences.** The most widely-held detriment calls into question the career stability and personal satisfaction for which retail and restaurant managers strive in the workplace, as **45% say this change would leave them feeling like they are just working a job instead of pursuing a career.** In addition, over four in ten (41%) believe that they would also be paid less, likely because as an hourly employee, they would no longer be eligible for a bonus.
Retail and restaurant managers’ current conception the benefits realized by being in management sits at the intersection of personal satisfaction, career stability, and opportunity. Over nine in ten retail and restaurant managers value personal satisfaction (95%) and career stability (94%) in their professional lives most highly.

Not only is “opportunity” a highly-prized value associated with working (as evidenced above), opportunity and the ability live out their ambition is one of the primary motivations driving managerial aspirations.
Functional benefits are at the forefront of the advantages retail and restaurant managers identify with being a manager that they did not see at the non-managerial level. Majorities of managers say they associate bonuses and management experience for their résumé as the top benefits of being a manager. Career stability, personal satisfaction, and opportunity for advancement – the chief benefits sought when working – would disintegrate among roughly four in ten if managers no longer felt like managers because of a redefinition of executives and supervisors.

### Benefits of Being a Manager Not Received as a Non-Manager

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<thead>
<tr>
<th>Benefit</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Bonuses</td>
<td>66%</td>
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<tr>
<td>Management experience for my résumé</td>
<td>53%</td>
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<tr>
<td>Career stability</td>
<td>41%</td>
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<td>Personal satisfaction</td>
<td>39%</td>
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<td>Opportunity for advancement</td>
<td>36%</td>
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<td>Training opportunities</td>
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<td>Status</td>
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<td>Flexible hours</td>
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<td>Ownership in the business</td>
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<td>Other</td>
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<tr>
<td>None of the above</td>
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**Methodology and Research Objectives**

GfK conducted an online survey among 200 salaried retail and restaurant managers nationwide. The survey was fielded October 13-21, 2014. Please note, the findings and recommendations contained in this memo are based solely on the opinions of retail and restaurant managers, not a general population audience.