

Structural Intelligence Brief

Accommodation & Food Services

NAICS 72 | Tier 2 Full Depth | 14 Metrics



The sector that feeds and houses Americans operates on the thinnest workforce in the economy — the lowest-tenured, lowest-paid, highest-churning labor force of any major sector — regulated by a food safety architecture that cannot inspect what it governs, managed through profit margins where a single cost shock becomes existential.

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Structural Thesis

Accommodation and food services is structurally configured to operate on the thinnest workforce in the American economy — the lowest-tenured, lowest-paid, youngest, highest-churning labor force of any major sector — regulated by a food safety architecture that cannot inspect what it governs, managed through profit margins so thin that a single cost shock becomes an existential event, and absent the mental health infrastructure, technology integration, and succession depth that a 75–130% annual turnover rate demands.

The sector produces the highest quits rate (7.0%) and the shortest median tenure (2.0 years) of any major industry while paying a median wage of \$14.92/hour, with 40% of its workforce under 25. The federal tipped minimum has been frozen at \$2.13/hour since 1991. FDA cannot inspect 40–49% of high-risk food facilities annually. Union density at 1.6% is the lowest of any sector. Profit margins of 2–6% leave no buffer against cost shocks while CEO-to-worker pay ratios at major chains reach 475–6,666:1. Mental health symptoms affect 76% of workers (up from 56% in 2018), 47% of managers report burnout, 65% of hotels remain understaffed, and delivery platforms extract 15–30% commissions while controlling 67% of the market through DoorDash alone.

Sector Profile

NAICS	72
Establishments	702,000
Employment	13.5 million
Median Hourly Wage	\$14.92
Monthly Quits Rate	7.0% (highest of any sector)
Median Tenure	2.0 years (lowest of any sector)
Annual Turnover	75–130% by segment
Workforce Under 25	~40%
Union Density	1.6% (lowest of any sector)
Tipped Minimum Wage	\$2.13/hr (frozen since 1991)
Restaurant Failure (5yr)	~60%
Profit Margins	2–6% full-service, 6–9% limited-service

Thinness | Vulnerable

Where the sector operates on the thinnest workforce in the American economy by every available federal measurement.

At 7.0% monthly (BLS JOLTS), accommodation and food services produces more voluntary departures per worker than any other sector. The all-industry average runs approximately 2.3%. In a restaurant employing 25 people, this means roughly two workers leave voluntarily every month — every month, continuously. The operation never reaches workforce stability.

Median tenure at 2.0 years (BLS CPS) is the lowest of any major sector. The all-industry median is 3.9 years. In an industry where quality depends on practiced skill — a line cook's muscle memory, a hotel front desk agent's knowledge of regular guests — a workforce where half the people have less than two years of tenure is perpetually re-learning what the operation requires.

Approximately 60% of restaurants close within five years. Roughly 80% close within ten years. Over 72,000 restaurants closed in 2024, according to National Restaurant Association data. These closure rates are structural measurements of an operating model where the margin between survival and failure is thinner than in any other sector.

Federal data anchors: BLS JOLTS (7.0% quits rate); BLS CPS (2.0-year median tenure, 40% under 25); BLS OES (\$14.92/hr median wage); National Restaurant Association (72,000+ closures, 60% five-year failure rate).

Permission | Strained

Where a frozen wage floor, fragmented food safety enforcement, minimal collective authority, and immigration dependency create a Permission architecture that constrains the workforce it depends on.

The federal tipped minimum wage of \$2.13/hour has been frozen since 1991 — 35 years without adjustment, the longest-standing federal wage floor in American history. This creates a Permission condition where a significant share of the food services workforce operates under a compensation structure that assumes customer tips will bridge the gap. Seven states have eliminated the tipped minimum entirely with comparable employment outcomes.

FDA food safety enforcement operates under structural capacity constraints. FDA data shows that 40–49% of high-risk domestic food facilities were not inspected within the required timeframe. The CDC estimates 48 million foodborne illness cases annually — roughly 1 in 6 Americans — resulting in 128,000 hospitalizations and 3,000 deaths.

Union density at 1.6% is the lowest of any major sector. Child labor violations rose 89% between 2022 and 2024. Approximately 1.4 million foreign-born workers (~23% of food services) carry authorization constraints creating enforcement vulnerability that reduces structural Permission available to raise concerns.

Federal data anchors: DOL (\$2.13 tipped minimum since 1991; child labor +89%); FDA (40–49% high-risk gap); CDC (48M foodborne cases, 128K hospitalizations, 3K deaths); BLS union membership (1.6%); Census/ACS (~23% foreign-born).

Management | Vulnerable

Where profit margins so thin that a single cost variable moving 3% can eliminate the entire margin, while the information architecture is continuously degraded by the turnover rate.

Profit margins in full-service restaurants run 2–6%. Labor consumes approximately 35% of revenue and food costs consume another 30–35%. When food costs increase 3% or delivery platform commissions extract 15–30% of order value, the margin absorbs the shock or the business fails. The 60% five-year failure rate is the arithmetic consequence of operating at margins this thin.

CEO-to-worker pay ratios reveal structural distance between decision authority and operational reality: McDonald's ~1,014:1, Starbucks ~6,666:1, Hilton ~577:1, Marriott ~475:1. The wider this gap, the more likely management information about ground-level conditions degrades before reaching decision-makers.

Nine of 25 publicly traded restaurant companies changed CEOs in 2024 — a 36% turnover rate at strategic leadership level. PE consolidation accelerating: Blackstone's \$8 billion acquisition of Jersey Mike's, Roark Capital's Subway and Inspire Brands portfolio. Ghost kitchen market ~\$65 billion. DoorDash at 67% market share extracting 15–30% commissions per order.

Federal data anchors: SEC DEF 14A (CEO pay ratios); BLS (labor ~35% of revenue); USDA food cost data (~30–35%); PE transaction data; delivery platform market data.

Absence | Vulnerable

Where mental health deterioration, chronic understaffing, platform dependency, and knowledge concentration create structural absences the sector has no mechanism to address at the rate they accumulate.

A 2023 survey found that 76% of hospitality workers reported experiencing at least one mental health symptom, up from 56% in 2018. Forty-seven percent of managers reported burnout. These are structural measurements of what happens to a workforce earning \$14.92/hour, turning over at 75–130% annually, working irregular schedules, handling customer-facing stress where tipping creates a power dynamic that other service industries do not experience.

The AHLA reported that 65% of hotels remained understaffed as of 2024 — four years after the pandemic's acute phase. Restaurant staffing has recovered numerically but shifted compositionally: more part-time, fewer experienced full-time staff, higher first-year tenure concentration.

Delivery platforms (DoorDash 67% market share) extract 15–30% commissions while controlling customer relationships and demand data. Sixty percent of operators lack supply chain visibility. Franchise structures concentrate knowledge at franchisor level: 51.5% of franchisees earn less than \$50,000 annually. In independent restaurants, the owner-operator frequently serves as the sole knowledge holder whose departure removes everything.

Federal data anchors: Mental health surveys (76% symptoms, 47% burnout); AHLA (65% understaffed); delivery platform data (DoorDash 67%, 15–30%); franchise FDD Item 19 (51.5% under \$50K); BLS JOLTS separation rates.

The Diagnostic Gap

This brief assesses 14 publicly measurable structural dimensions across the Accommodation and Food Services sector. Six additional dimensions require organizational-level diagnostic access because they describe internal dynamics that no external dataset observes.

T4 | Recovery Architecture

Whether the operation can absorb a key employee departure, supplier failure, or demand spike without degrading food safety or service quality below the threshold that drives customer loss.

P4 | Escalation Integrity

Whether food safety concerns, harassment reports, or wage violations raised by line workers reach management with sufficient weight to produce corrective action, given 98.4% lack union representation.

M2 | Channel Integrity

Whether operational information (food safety incidents, customer complaints, equipment failures) changes shape as it moves from line worker to shift manager to general manager to corporate.

M3 | Noise Ratio

How much useful operational signal reaches decision-makers versus how much gets lost in POS data volume, customer review noise, and multi-unit reporting.

A5 | Adaptation Capacity

Whether the organization can learn and adapt when conditions change given that the workforce carrying operational knowledge turns over 75–130% annually.

T2 | Substitution Readiness

Whether critical functions (executive chef, head bartender, hotel chief engineer) can continue if the key person departs. In operations running lean, one departure cascades across every shift.

Structural Implications

Workforce Thinness as the Compounding Medium

What distinguishes this sector is that its Thinness is the most extreme of any sector in the economy by every available federal measurement: shortest tenure, highest quits rate, lowest wages, highest turnover rate. This means that interventions in any other frequency — better food safety programs, improved management information, mental health support, succession planning — must contend with a workforce that will be substantially different 12 months from now. The diagnostic question is not 'how do we reduce turnover?' but 'are our food safety systems, management architecture, and knowledge transfer mechanisms designed for the workforce we actually have?'

The Tipped Minimum Freeze as Permission Signature

The federal tipped minimum of \$2.13/hour has been frozen for 35 years while every other cost in the economy has moved. The structural consequence is a Permission architecture that constrains the workforce's authority to advocate for better conditions, invest in skill development, or sustain tenure long enough to develop the institutional knowledge that food safety requires. Seven states have eliminated the tipped minimum with no measurable damage to restaurant employment, suggesting the freeze is a structural artifact that amplifies every other vulnerability.

Platform Dependency as Structural Absence

Delivery platforms are not vendors. They are structural intermediaries extracting 15–30% of order value while controlling customer relationships and demand data. The ghost kitchen model takes this to its conclusion: 100% platform dependency, zero customer relationship, and a business model that exists entirely at the platform's discretion. The diagnostic question: what share of revenue flows through platforms you do not control, and what happens if terms change?

What This Means for Your Organization

This brief describes the structural environment your organization operates inside. Whether these sector-level conditions are amplified or mitigated within your specific organization depends on your internal structural profile.

The Four Frequencies diagnostic measures all 20 dimensions for a single organization, producing a 40-page structural analysis with the Structural Resilience Index.

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Federal Data Sources

BLS

QCEW establishment data (702,000 establishments, 13.5M employment); JOLTS (7.0% quits rate); CPS tenure (2.0 years) and age demographics (40% under 25); OES wage data (\$14.92/hr); union membership (1.6%).

FDA

Food facility inspection data (40–49% high-risk gap); enforcement actions and warning letters; FSMA compliance data.

CDC

Foodborne illness surveillance (48M cases, 128K hospitalizations, 3K deaths annually); FoodNet; outbreak investigation data.

SEC

CEO pay ratio data (McDonald's ~1,014:1, Starbucks ~6,666:1, Hilton ~577:1, Marriott ~475:1); material weakness disclosures; 10-K/DEF 14A filings.

Census Bureau

Establishment counts and size distribution; Annual Business Survey workforce demographics; County Business Patterns; Economic Census.

DOL

Tipped minimum wage (\$2.13/hr since 1991); child labor enforcement (+89% 2022–2024); Wage and Hour Division; H-2B visa program statistics.

Additional Sources

National Restaurant Association (72,000+ closures, economic impact); American Hotel and Lodging Association (65% understaffed); mental health survey data (76% symptoms, 47% burnout); delivery platform market data (DoorDash 67%, commission structures); franchise FDD Item 19 disclosures (51.5% under \$50K); Technomic/NPD Group foodservice tracking.

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