

PUBLICATION

Is Andrew Puzder the Knight in Shining Armor for the Hospitality Industry?

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The hospitality industry has arguably endured the most significant impact from the Obama Administration's employment legislation and regulation. From the Affordable Care Act to overtime expansion, to the attacks on the franchise business model, the hospitality industry (particularly franchised businesses) has spent the last eight years scrambling to address the ever-growing labor regulatory quagmire. When President Donald Trump announced his choice for Secretary of Labor, fast-food executive Andrew Puzder, employers everywhere saw a beacon of hope that some relief from the regulatory stronghold would be forthcoming. Puzder is the CEO of CKE Restaurants, the California-based (soon Tennessee-based) parent of Carl's Jr. and Hardee's, and an outspoken critic of the Obama Administration's labor policies.

Puzder, a former Midwestern lawyer, became president and CEO of CKE Restaurants in 2000 when the company was nearly bankrupt, burdened by more than \$700 million in debt and a market capitalization that had fallen to approximately \$200,000. Puzder rebuilt the Hardee's and Carl's Jr. brands into an empire. Under Puzder's leadership, CKE Restaurants now has 3,750 restaurants worldwide, employs approximately 100,000 employees (75,000 in the U.S.) and generates more than \$4.3 billion in revenue. Trump highlighted Puzder's work experience as beneficial for his new role leading the Department of Labor, saying, "Andy will fight to make American workers safer and more prosperous by enforcing fair occupational safety standards and ensuring workers receive the benefits they deserve, and he will save small businesses from the crushing burdens of unnecessary regulations that are stunting job growth and suppressing wages."

Puzder's nomination, however, is not without controversy. He is and has been an outspoken critic of the Obama Administration labor policies. In a [Forbes op-ed piece](#) that was published shortly after the announcement of the new overtime rule, Puzder wrote that the new regulations would "simply add to the extensive regulatory maze the Obama Administration has imposed on employers." He opposes an increase in the minimum wage beyond \$9/hour, supports deregulation and is a strong opponent of the Affordable Care Act. Puzder's opponents, both labor groups and Democrats, have come out in full force and are trying to make an issue of his record as the CEO of CKE Restaurants. Senators Patty Murray, D-Wash., and Elizabeth Warren, D-Mass., held a press conference January 10 criticizing Puzder for alleged violations of wage and hour, safety and equal employment opportunity laws at Carl's Jr. and Hardee's (mostly franchise) restaurants. The Restaurant Opportunities Centers United, an advocacy group for restaurant employees, released a survey of CKE workers, many of whom accused the chain of labor law violations. Two-thirds of women in the survey said they had been sexually harassed on the job. But in a battle of surveys, the Employment Policies Institute released [another survey](#) the same day that found that employees of Hardee's and Carl's Jr. franchises were overwhelmingly satisfied with their work environment.

Puzder has yet to be confirmed as Labor Secretary. His hearing, which was scheduled for January 17, was postponed by the Senate leadership and will likely not be rescheduled until February. News organizations recently reported that Puzder was having second thoughts about serving due to the weight of the scrutiny and criticism he is receiving. Shortly after the "second thought" stories were published, however, Puzder wrote a simple tweet stating, "I am looking forward to my hearing." Almost two dozen Senate Democrats are calling for Hardee's and Carl Jr.'s fast-food workers to testify at Puzder's confirmation hearing. A nominee is confirmed, however, with a simple majority of 51 votes and Republicans hold a 52-to-48 majority in the Senate. Therefore,

it seems unlikely that Democrats will be able to actually block Puzder's appointment. They can, however, certainly prolong the process and make it more difficult. Between Inauguration Day and Puzder's Senate confirmation, the cabinet position will essentially be rendered empty. Puzder's opponents and proponents will just have to wait a little longer to see what actions he will take once he is in office.