Title

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Issue

In 2021, the restaurant industry made up 5% of the United States labor force, with an estimated 9 million workers.[1] Restaurant workers earn considerably lower wages than demographically similar workers in other industries, and are much less likely to receive benefits such as health care and paid time off. Women, immigrants, individuals without bachelor's degrees, people of color, and young workers are also overrepresented in this industry.[2] Notably, worker turnover in the industry has increased since the start of the COVID-19 pandemic.

Using Los Angeles County as a case study, this project aimed to identify policies and practices to improve workplace equity and increase job satisfaction for restaurant workers across Los Angeles, while still maintaining restaurants' financial stability.

Study Approach

This study used a mixed-methods research approach. The research team administered two online surveys of 65 restaurant employees and 42 operators. Survey questions addressed hiring practices, wage and tipping policies, current benefits offerings and preferences. Restaurant worker demographics, wages, and access to health insurance were also examined using data from the 5-Year American Community Survey from 2016-2020.

Thirteen restaurant employees and three operators were interviewed to better understand their personal experiences working within the industry, the pandemic's ongoing effects, and their personal views regarding wage and benefits practices, staffing, and unionization.

Research Findings

For many, working in the restaurant industry is a long-term career path. Over 92% of surveyed employees answered that their current restaurant job was their primary source of income. Nearly 60% of surveyed employees were employed full-time at their current restaurant. Mean and median tenures in the restaurant industry were 13 years, and several workers described their experiences in the industry in terms of career progression.

Better working conditions, higher pay, and access to benefits are likely to improve job satisfaction and reduce turnover in the industry. Seven interviewed employees had considered leaving their current restaurant job, citing low pay and a lack of access to benefits as the primary reasons for high restaurant worker turnover (See Table 1 for a more detailed breakdown of these sentiments around benefits.). Several also shared that poor working conditions had caused them to consider leaving the industry altogether.

Financial constraints prevent restaurant operators from offering more generous benefits to their workers. The majority of surveyed operators preferred to offer certain benefits to their employees over a pay raise, including: dental insurance, employee discounts, free meals, health insurance, paid sick leave, paid time off, professional trainings, and vision care.

Interviewed operators also indicated that limited financial resources, worsened by the pandemic, restricted their ability to offer such benefits. For example, one operator started to offer health insurance during the pandemic, but stated that it was financially infeasible for them to offer other benefits such as additional paid sick leave.

Tip structures can either improve or exacerbate wage inequity. Roughly half of interviewed employees were satisfied with their restaurant's practice of tip pooling or tip sharing. Often, they felt that these tip structures facilitated earnings stability and greater wage equity between front-of-house (FOH)

Table 1.

Preferences between receiving a benefit versus receiving a pay raise amongst all survey respondents.

Note: Highlighted benefits were selected over a pay raise by more than 50% of surveyed employees.

	Benefit	Pay Raise	Don't know/unsure	Decline to answer
Child/elder care reimbursement or services	7 (11.9%)	44 (74.6%)	8 (13.6%)	0 (0%)
Dental insurance	27 (45.8%)	24 (40.7%)	8 (13.6%)	0 (0%)
Employee discounts	16 (27.1%)	38 (64.4%)	4 (6.8%)	1 (1.7%)
Free meals/family meals	28 (47.5%)	28 (47.5%)	2 (3.4%)	1 (1.7%)
Health insurance for self	39 (66.1%)	17 (28.8%)	3 (5.1%)	0 (0%)
Health insurance for dependents	25 (42.4%)	29 (49.2%)	5 (8.5%)	0 (0%)
Health insurance for partner	28 (47.5%)	27 (45.8%)	4 (6.8%)	0 (0%)
Maternity leave	28 (47.5%)	27 (45.8%)	4 (6.8%)	0 (0%)
Mental health care reimbursement or services	32 (54.2%)	25 (42.4%)	2 (3.4%)	0 (0%)
Paid family leave (beyond 8 weeks required under CA law)	33 (55.9%)	23 (39%)	3 (5.1%)	0 (0%)
Paid sick leave (beyond 3 days required under CA law)	39 (66.1%)	19 (32.2%)	1 (1.7%)	0 (0%)
Paid time off (vacation)	43 (72.9%)	15 (25.4%)	1 (1.7%)	0 (0%)
Pension/retirement account	36 (61%)	18 (30.5%)	4 (6.8%)	1 (1.7%)
Professional trainings	21 (35.6%)	31 (52.5%)	7 (11.9%)	0 (0%)
Transportation benefits	19 (32.2%)	39 (66.1%)	1 (1.7%)	0 (0%)
Vision care	25 (42.4%)	33 (55.9%)	1 (1.7%)	0 (0%)
Wellness days	26 (44.1%)	31 (52.5%)	2 (3.4%)	0 (0%)

and back-of-house (BOH) workers. Most employees who were unsatisfied with these practices were BOH workers, who felt that their restaurant's tip structure overpaid FOH workers relative to BOH workers.

Some restaurants use baseline service charges to supplement wages and benefits. In the survey, four operators indicated that their restaurant charges an auto-gratuity or service charge (9.3%), and three charged a health insurance contribution fee (7%). Nearly 17% of surveyed employees responded that their restaurant charges an auto-gratuity/service charge, and approximately 25% responded that their restaurant charges a health insurance contribution fee. Further, two interviewed operators clarified that they use optional service charges to supplement wages for BOH employees.

Recommendations

Restaurant operators should consider implementing service charges, automatic gratuities, menu price increases, and/or service-inclusive menu pricing to fund higher wages and benefits for their workers. Operators can determine which option(s) is most appropriate given their employees' needs and restaurant's characteristics. Operators may implement one of these options independently, or apply multiple complementary options. With the addition of any new service charges, transparency is key. Both employees and customers should know exactly what this fee is funding.

State and local governments should increase the minimum wage, strengthen worker protection laws, and expand access to key benefits. Local governments must raise the minimum wage to meet communities' basic needs and ensure livable wages. Additionally, California must expand access to affordable health insurance by increasing Covered California Marketplace subsidies and establishing eligibility for undocumented communities to participate in the Marketplace. Finally, the state should strengthen wage theft regulations and expand access to Paid Sick Leave and Paid Family Leave, prohibit usage restrictions by employers, and reduce the administrative burdens that workers face when applying for state benefits programs.

For More Information

Betancourt, S., Hunt, M., Kwong, C., & Lopez, A. (2023). Building a Better Plate: Promoting Workplace Equity and Worker Satisfaction in the Los Angeles County Restaurant Industry (Master's capstone, UCLA). Retrieved from: https://escholarship.org/uc/item/8q56q8sr

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