

# The Great Service Divide

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**Occupational Segregation  
& Inequality in the US  
Restaurant Industry**



**BY**

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# The Great Service Divide

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**The restaurant industry employs nearly 11 million workers and is one of the fastest-growing sectors of the U.S. economy.**<sup>1</sup> Despite the industry's growth, restaurant workers occupy seven of the ten lowest-paid occupations reported by the Bureau of Labor Statistics.<sup>2</sup> The economic position of workers of color in the restaurant industry<sup>3</sup> is particularly precarious. Restaurant workers experience poverty at nearly three times the rate of workers overall, and workers of color experience poverty at nearly twice the rate of white restaurant workers.<sup>4</sup>

The restaurant industry argues that an increase in the minimum wage for tipped workers is not necessary because livable wages are available in bartending and serving (Tier I Front-of-the-House, or FOH) positions in fine-dining,<sup>5</sup> but these livable wage opportunities are available to only a small percentage of workers.<sup>6</sup> Additionally, previous research on fine-dining in New York found that those doors are largely closed to workers of color.<sup>7</sup> This report replicates those findings and finds people of color in the restaurant industry often face:

**A GLASS CEILING:** Workers of color with equal qualifications are granted living wage opportunities only 73% of the time, compared to white workers. Workers of color are denied upward mobility or entry into fine-dining, a situation that can be remedied through clearly defined and fairly implemented career ladders that would benefit all workers.

**A LOW FLOOR:** Workers of color face a race tax of 56% lower earnings compared to equally qualified white workers. The restaurant industry offers poverty wages, including a subminimum wage for tipped workers, and no benefits, necessitating one fair wage that will provide all workers with greater opportunities.

**OR A LOCKED DOOR:** Twenty-two percent of Black workers are unemployed, compared to 10% of white workers, among bartenders and servers currently on the job market. Massive unemployment among workers of color, in particular Black workers,<sup>8</sup> requires stronger workforce development programs targeted at communities of color, and mechanisms to allow workers to compete fairly for job openings and promotions.

## METHODOLOGY

The following methods were employed in this study:

**1 Matched Pair Testing**, sending equally credentialed pairs of white testers and testers of color to apply for server positions in 273 fine-dining establishments in Chicago ( $N=95$ ), Metro Detroit ( $N=88$ ), and New Orleans ( $N=90$ ) from May 2011 to August 2012.

**2 Census Analysis**, using the Census Bureau's American Community Survey to compare the earnings of white workers and workers of color employed in Tier I FOH positions.

**3 Worker and Employer Interviews and Focus Groups**, for a qualitative analysis of segregation and discrimination.

**4 Demographic Canvassing** to measure the extent of visible occupational segregation in 133 fine-dining restaurants.

**5 Survey Wage Analysis** to analyze wages, benefits, and other working conditions.

**TABLE A**  
Effect of Higher Education by Race, Gender, and Citizenship on Annual Earnings Among Employed FOH Tier I Employees

**Annual Added Value of Higher Education by Race**

White \$3,461

Worker of Color \$1,536

Difference \$1,925

**Annual Added Value of Higher Education by Gender**

Male \$2,736

Female \$2,443

Difference \$293

**Annual Added Value of Higher Education by Citizenship**

Citizen \$3,040

Non-naturalized immigrant \$1,321

Difference \$1,719

Building on the findings of *The Great Service Divide: Occupational Segregation and Inequality in the New York City Restaurant Industry*, this study provides a deeper analysis of apparent and not-so-apparent inequalities in fine-dining restaurants based on testing in three principal majority minority cities where the majority of the population is comprised of communities of color.<sup>9</sup> Using a wide range of research methods, this *Great Service Divide* analysis demonstrates that the industry is failing to provide equal opportunities to all of its workers.

Using the American Community Survey, we compared the earnings of white workers and workers of color currently employed in Tier I FOH positions in the US. We found that the lack of workers of color and women in living-wage positions cannot be explained by a lack of education, or command of the English language.<sup>10</sup>

After adjusting for these factors, we found that:

- **Workers of color in the US pay a “race tax” in the form of 56% lower earnings than they would have if they had the same qualifications but were white.**<sup>11</sup>
- **Similarly, women workers pay a “gender tax” of 11%.**<sup>12</sup>
- **Non-naturalized immigrants pay an “immigrant tax” of 57%.**<sup>13</sup>

**While a worker's education tends to increase his or her annual earnings, we found that the education of workers of color, women, and non-naturalized immigrants is valued less than the education of white workers, men, and citizens.**

In addition, workers of color, and in particular Black Tier I FOH workers, face over twice the rate of unemployment as that faced by white workers. Among workers who describe their occupation as Tier I FOH, 22% of Black workers are unemployed, compared to 10% of white workers and 11% of Latino workers. This matches the national pattern of Black unemployment persistently being twice that of white workers.<sup>14</sup> Examining within currently employed vs. unemployed workers, Black workers make up 6% of employed Tier I FOH, compared to 14% of unemployed Tier I FOH workers; while Latinos make up 17% of both categories.<sup>15</sup>

Discrimination & Occupational Segregation  
Pervades the Industry

Segregation prevents many workers of color and women from obtaining the industry’s living-wage positions. Although workers of color account for almost 45% of the restaurant industry’s workforce nationwide — compared to 33% of the rest of the economy — they are largely underrepresented in the highest-paid, coveted front-of-the-house positions, known as Tier I positions. Women workers are also highly underrepresented in these positions.<sup>16</sup>

Casual observation through canvassing of fine-dining restaurants<sup>17</sup> in Chicago, Detroit, and New Orleans, showed that:

- White workers and a disproportionate amount of white males, held the vast majority of both management and non-management living-wage, front-of-the-house Tier I positions, such as servers and bartenders.

Both explicit (conscious) and implicit (unconscious) discrimination pervade the restaurant industry, producing visible occupational segregation and inequity for workers of color and women. Matched pair audits of 273 fine-dining restaurants revealed discrimination in hiring, which led to significant discrepancies in the opportunities afforded to white testers over testers of color.

Matched pair testing showed that in Chicago:

- Testers of color were only 53% as likely as white testers to get a job offer, and were less likely than white testers to receive a job interview in the first place.
- These two adverse effects experienced by testers of color — lower likelihood of receiving a job interview and lower likelihood of receiving a job offer — together result in a 40% net rate of discrimination. The net rate of discrimination refers to the proportion of tests in which the tester of color achieved success in the application process minus the proportion of tests in which his or her white testing partner achieved the same level of success.

Matched pair testing showed that in Detroit:

- Testers of color were only 75% as likely as white testers to get a job offer, and were less likely than white testers to receive a job interview in the first place.
- These two adverse effects experienced by testers of color — lower likelihood of receiving a job interview and lower likelihood of receiving a job offer — together result in a 20.6% net rate of discrimination.

Matched pair testing showed that in New Orleans:

- Testers of color were only 62% as likely as white testers to get a job offer, and were less likely than white testers to receive a job interview in the first place.
- These two adverse effects experienced by testers of color — lower likelihood of receiving a job interview and lower likelihood of receiving a job offer — together result in a 14% net rate of discrimination.

Matched pair testing showed that across all audits:

- When equally-qualified minority and white job-seekers applied for wait-staff positions in fine-dining restaurants, the average minority applicant was only 73% as likely as a white applicant to be offered a job, and was less likely than a white applicant to receive a job interview in the first place.
- These two adverse effects experienced by testers of color — lower likelihood of receiving a job interview and lower likelihood of receiving a job offer — together result in a 22% net rate of discrimination.

FIG A  
Canvassing by Race and Gender in Front of House Positions  
Workers of color are underrepresented in front-of-the-house Tier I positions

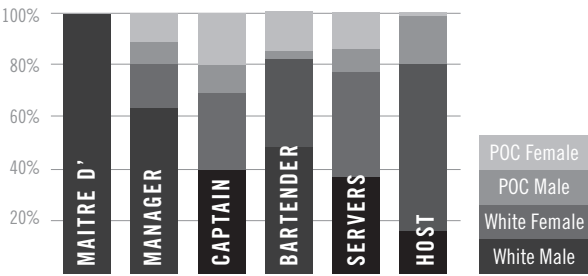
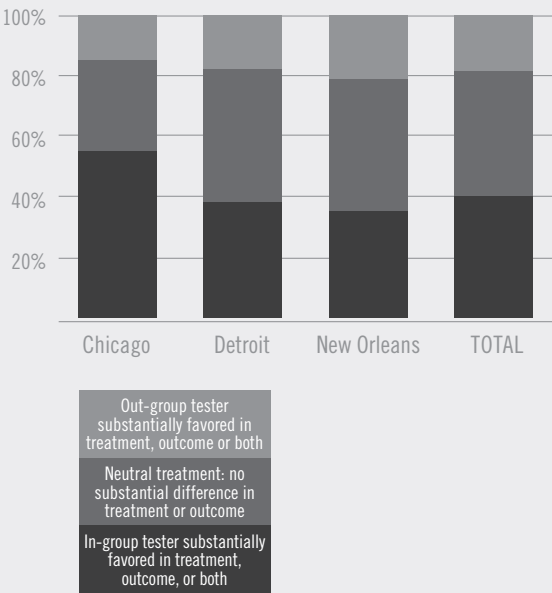


FIG B  
Race Differences in Treatment and Outcome  
Among FOH Applicants to Upscale Restaurants  
Results of matched-pair audit tests.





## A Workplace Culture with No Rules and Little Fairness

Our interviews and focus groups involving workers and employers revealed that a culture of informality — characterized by a lack of human resource practices defining objective criteria for hiring and promotion — is one of the key barriers to ending occupational segregation, harassment, and discrimination.

These interviews showed that:

- **A culture of favoritism, informality, and a lack of infrastructure to guide hiring, training, and promotion perpetuate workplace biases in all phases of restaurant employment, from when a worker first seeks entry into a workplace, to how he or she is treated while working, to the worker's future in that workplace.** Employers rely heavily on social networks to recruit new workers and very rarely publicize information about new openings or advancement. Subjectivity and informality in hiring lead to preferences based on race, national origin, and other considerations unrelated to workers' knowledge, skills, abilities, or interest in advancement. As one server interviewed observed, those who move up in restaurants are:

*"Mostly the favorites of the owners, because in this particular company that's the only way you really can move up, if you were favored in some way. If you're not favored, you're invisible and if you're invisible then you didn't get a raise."*



- **Workers of color in lower-level positions are oftentimes not able to obtain promotions to the living-wage jobs in the industry, regardless of whether they have qualifications, experience, and seniority in a particular workplace.** 'Promotions from within' for workers of color are the exception not the norm, are infrequent within the front-of-the-house (visible workers — waiters, bussers, etc.), and almost never occur from the back-of-the-house (kitchen workers) to the front. One back-of-the-house worker explained that rather than promoting people of color, their restaurant manager preferred to hire in new white employees — even where they had less experience — because where the staff member is visible to the public "they say that...it looks better to have a white face". This is reflective of the broader dynamics operating within the restaurant industry, where, as another worker noted, "back of the house is more diverse [because] customers don't see them, but as far as front of house [goes], that diversity fades away."
- **Lack of promotions for workers of color cannot be explained by a lack of qualifications.** There are few particularized qualifications for the living-wage wait staff positions that cannot be learned on the job relatively easily. If English fluency is considered the main qualification for these better-compensated jobs, most workers of color who would seek these positions are already front-of-the-house workers who must, by necessity of interaction with wait-staff, management, and clients, speak English. Instead, it is race rather than qualification that determines people's job prospects. One server interviewed confirmed this dynamic, stating: "I think a lot of the time, minorities and women are already cast in the role of what they're going to work."

- **A culture that tolerates discrimination results in a hostile work environment for workers of color and women.** The brunt of such abuse is expressed in the form of sexual harassment, which is often perpetuated from the top down. There is a lack of clarity amongst both management and workers about what sort of conduct constitutes sexual harassment, concrete policies preventing sexual harassment, and enforcement of those policies. Women workers reported that not only were they subject to unwanted sexual behavior at work, but were also retaliated against for standing up for their rights:

*"[the supervisor] was more, like, flirtatious with the girls. He liked to play, he liked to touch a lot, and I had confronted him, and when I confronted him, you know, I guess he [did not] like it. And then after, I thought that I should go to the manager. And when I went to the manager, I don't know, the next day, they called me and they said, 'we won't be needing you anymore.'"*

## Discrimination and Occupational Segregation Impacts Both Workers and Employers

Our research also showed that:

- **The concentration of workers of color and women in lower-wage jobs in the industry prevents these workers from adequately supporting themselves and their families.**
- **As a result, the industry suffers from high levels of turnover, as workers move from restaurant to restaurant seeking positions that will allow them to support themselves and their families.** Workers who are denied opportunities to advance are less likely to demonstrate loyalty to their employer and his or her clients. As a result, both businesses and consumers suffer.

# Our Recommendations

ROC United recommends a two-pronged approach — one that increases opportunities for qualified workers of color and women to obtain living-wage jobs on an equal basis with whites and men and one that ensures that all positions in the industry allow workers to support themselves and their families.

## Employers

- Create career ladders in the restaurant industry that provide opportunity for people of color, immigrants, and women to move into the best paying positions in the industry.

### To this end:

- Clearly explain and communicate company policies and procedures through the use of employee handbooks, orientations and trainings, or through other ways of concretely demonstrating these policies and practices, for all aspects of work.
- Adopt formal practices for recruitment, including clear and explicit criteria for each position and structured and uniform interview processes.
- Adopt bi-annual or annual performance evaluations by which all workers may be evaluated.
- Consider current workers to fill job vacancies before recruiting from the outside. To do so, employers should provide a formal and transparent protocol for current workers to find out about higher-paying positions.
- Provide ongoing training to all workers so that they may advance to higher positions.
- Adopt, enforce, and publicize policies and practices to protect the well-being of all workers, including anti-harassment training and adoption of appropriate grievance or complaint procedures.
- Permanently enhance job quality by increasing wages and benefits.
- Proactively learn about the laws and regulations governing equal opportunity.

## Policymakers

- Should enact, without delay, one fair wage, eliminating the tipped sub-minimum wage and raising the minimum wage. The minimum and sub-minimum wage disproportionately impacts women and people of color. The lowest paid positions in the restaurant industry will continue to be disproportionately occupied by people of color for the near future; we should raise the wage floor for those positions to ensure workers of color, and all workers, who work full time can earn a living wage sufficient to care for themselves and their families.
- Enact a legislative requirement that all employers provide information about job openings in the highest-paid positions and develop a uniform promotions policy.
- Support workforce development programs such as ROC's COLORS Hospitality for Workers program that provide free or low cost, quality front-of-the-house hard and soft skills training for all workers, but primarily targeted at workers of color and women, to advance within the industry. Workers of color, in particular Black workers, face an unemployment crisis that can be positively impacted through targeted workforce development initiatives.
- Publicize and support model employer practices to provide much-needed guidance to other employers in the industry.
- Protect workers suffering from egregious violations of federal, state and local equal employment opportunity laws.
- Publicly support collective organizing among restaurant workers to help them improve working conditions in their workplace.
- Initiate or support further study, particularly about the public cost of discrimination and the true profitability of taking the 'high road,' as well as the extent and nature of gender discrimination and sexual harassment in the industry.

# GLOSSARY OF TERMS

## Occupational Segregation

Disproportionate rates of representation of race, ethnic and/or gender-based groups in different job titles.

## Discrimination

Unfair differences in employment treatment or employment outcomes (such as hiring, promotions, earnings) that negatively impact certain race/ethnic groups or genders. These differences may reflect explicit (conscious) bias or implicit (unconscious) stereotypes.

## Front-of-the-House (FOH) and Back-of-the-House (BOH)

Restaurant industry terms for placement and function of workers in a restaurant setting. Front-of-the-house generally represents those interacting with guests in the front of the restaurant, including hosts, waitstaff, bussers, and runners. Back-of-the-house generally refers to kitchen staff, including chefs, cooks, food preparation staff, dishwashers, and cleaners.

## Tier I and Tier II

Tier I is a term we use to describe the higher-paid positions in both the front and back-of-the-house; Tier II is the term we use to describe the lower-paid positions in both the front and back-of-the-house. Tier I positions offer the highest wages, opportunities for advancement, access to benefits, and career paths. Upward mobility from a Tier II position to a Tier I position is the most natural and meaningful form of advancement in this industry. This report primarily focuses on Tier I FOH positions.

## High Road and Low Road

Industry terms describing alternative business strategies for achieving productivity and profitability. High Road employment practices seek to reduce employee turnover, enhance employee productivity, and increase service quality by offering living wages, comprehensive fringe benefits, reasonable workloads, opportunities for training and advancement, and safe, legal working conditions. Low road employment practices seek to minimize labor costs by offering low wages and few fringe benefits, little training, heavy workloads, and minimal attention to maintaining safe and legal working conditions.

## White and Workers of Color

White is shorthand for non-Hispanic whites, and workers of color refer to the categories of African Americans/Blacks, Latinos, Asians, American Indians, Native Hawaiians and Pacific Islanders, mixed race individuals, and other categories, as gathered by the American Community Survey. The Census treats all individuals from North Africa and the Middle East as white.

## Matched Pair Audit Testing

A research methodology that measures the extent of discriminatory treatment given by an employer of two equally-qualified job applicants. Applicants (auditors) are matched on as many characteristics as possible, varying only on the observable characteristic being tested, such as race or gender.

## Canvassing

A research methodology involving observation of the perceived gender, race, and ethnicity of workers in a given workplace.

## Fine-Dining

Restaurants with a price point per guest of \$40.00 or more including beverages but excluding gratuity.

## Living Wage

The minimum level of earnings sufficient to support a typical worker and his or her family in any high cost area. In this report, this wage is assumed to be \$20.86 per hour in Chicago, which equals \$43,388 for a person with one dependent and no benefits employed 40 hours per week for a full year. The comparable wage for Metro Detroit is \$18.77, and for New Orleans is \$19.72 per hour.

## Soft Skills and Hard Skills

Hard skills refer to the technical information and technical skills required to perform a specific occupation. For example, a bartender must understand how to properly make a cocktail, while a server must be able to suggest appropriate food-wine pairings in fine-dining restaurants. These skills are typically acquired through training, either in a classroom, or on-the-job, and can be defined and measured. In contrast, soft skills are the personal traits, work habits, and interpersonal abilities typically required to succeed in many different occupations — for example, the self-discipline to arrive at work on time or the communication skills to interact appropriately with supervisors and co-workers.



# INTRODUCTION & METHODOLOGY

## Importance of the Restaurant Industry

The service sector, and in particular the restaurant industry continues to displace manufacturing as a primary driver of the economy. Although the industry is responsible for many poverty level jobs, it provides livable-wage jobs to nearly twenty percent of its workforce, and has the potential to provide a sustainable career ladder to millions of workers.<sup>18</sup>

Even with dramatic fluctuations in our nation's economy, the restaurant industry continues a trajectory of slow but steady growth. While the rest of the economy experienced a massive fluctuation in employment during the Great Recession, the restaurant industry experienced only a small drop then quickly recovered its previous trajectory. Figure 1 depicts employment in the restaurant sector, in manufacturing, and in the entire private sector from 1990 to 2014. While the Great Recession negatively impacted employment in general, the restaurant industry declined slightly in 2008 and 2009, but was able to rebound and recover nearly all the jobs lost in only two years.<sup>19</sup>

The industry employs nearly 11 million workers nationwide, making it one of the nation's largest employers outside of the public sector.<sup>20</sup> It is expected to add 1.5 million jobs over the next decade.<sup>21</sup> In 2013, the industry grew at the rate of 3.7%, reaching over \$683 billion in sales.<sup>22</sup>

People in the US love to eat out, and the restaurant industry is an intrinsic part of US culture. The restaurant industry is of particular importance to the economy of this nation's large metropolises, yet it fails to live up to its promise. In the three majority-minority cities of Chicago, Detroit, and New Orleans examined in this report, the restaurant industry should provide livable wage jobs to at the very least a proportionate number of workers of color, yet instead it disproportionately delegates workers of color to poverty level wages and denies workers the opportunity to advance.

The restaurant industry in these three majority-minority cities is a key component of the city's vitality, diversity, and promise. These three cities, and the entire country depend heavily on the restaurant industry's contribution to the economy and tax base. Restaurants provide vibrancy as a tourist attraction and a primary source of livelihoods for nearly 11 million workers.<sup>25</sup> In fact, the industry is also a portal of opportunity to immigrants, who often find themselves in restaurants as their first job in this country, and often make a career in the industry. The restaurant industry is an important economic and cultural epicenter in the country, and its promise needs to be realized by all.

## About this Study

While the nation's restaurant industry provides jobs for many workers of color, many of the industry's advancement opportunities are wrongfully withheld from these workers. The Restaurant Opportunities Centers-United Behind the Kitchen Door studies in Chicago, Metro Detroit, and New Orleans have shown that discrimination and inequality plague the industry, particularly for immigrants, workers of color, and women.<sup>26, 27, 28</sup>

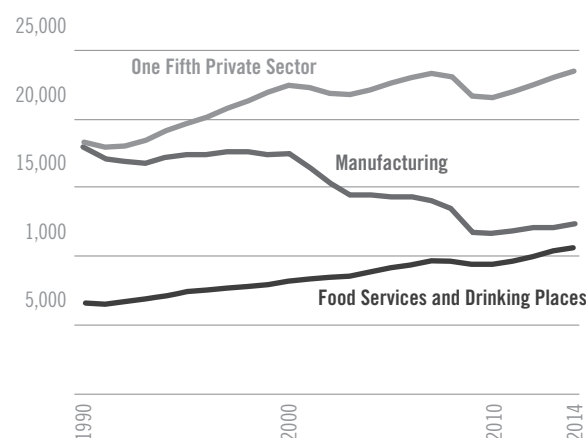
Building on the findings of *Behind the Kitchen Door*, this study provides a deeper analysis of apparent and not-so-apparent inequalities in the fine-dining establishments of these three majority minority cities. Using both qualitative and quantitative methodologies, this study demonstrates that

## Why Study Majority-Minority Cities?

A majority-minority city refers to those jurisdictions whose population is composed of less than 50% non-Hispanic whites. Currently, 7 out of the 15 most populous American cities are majority-minority.<sup>23</sup>

The US Census estimates that America as a whole will become majority-minority by 2043.<sup>24</sup> By focusing on majority-minority cities this study is positioned to capture the complex dynamics that shape opportunities and employment conditions for workers of color in an increasingly diverse society.

**FIG 1**  
Employment in Restaurant Industry, Manufacturing, and [One Fifth] Total Private Sector Employment, from 1990 – 2014  
Analysis of Bureau of Labor Statistics Current Employment Statistics public data series.



discrimination is pervasive in all phases of restaurant employment, from when a worker first seeks entry into a workplace (hiring and placement phase), to how he or she is treated while working (workplace conditions), and the worker's future in that workplace (promotion or advancement).

## Methodology

We employed five different research methods to capture the complexities and subtleties with which discrimination adversely affects the opportunities and employment conditions in restaurants for workers of color and women.

### MATCHED PAIR TESTING

To test directly whether discrimination exists in the upscale restaurant industry, we employed matched pair testing. Matched pair testing allows observation of employers making employment decisions when they are not aware of being observed. In this procedure, pairs of auditors ("testers") applied simultaneously for the same actual job vacancy. Within these pairs, the testers differed in only one demographic characteristic, that of race. Otherwise, the testers had matching qualifications. Hence, a controlled environment was created to observe the effect of race on differences in employment outcomes — who is hired and what position they are hired into. Between May 2011 and August 2012, 54 testers completed 273 tests on fine-dining restaurants in Chicago ( $N = 95$ ), Metro Detroit ( $N = 88$ ), and New Orleans ( $N = 90$ ).

Testing allows for closer examination of the industry and provides both statistical and anecdotal data. While the other methodologies employed in this study also illuminate the attitudes, behaviors, and practices that underlie occupational segregation and discrimination, the matched pair testing most accurately measures the prevalence of discrimination in recruitment in the upscale, fine-dining segment of the industry.

### CENSUS ANALYSIS

Earnings — as reported by the most available American Community Survey sample — provide one important measure of workers' employment success. Using the statistical technique of multiple regression analysis, we compared the earnings of white workers and workers of color employed in the restaurant's front-of-the-house Tier I positions that require customer interaction, and hard and soft skills, in particular servers and bartenders. This analysis allowed us to estimate the effect of race, gender, and citizenship on these workers' earnings after controlling for other important determinants of occupational success, such as higher education, and command of English.

### WORKER AND EMPLOYER INTERVIEWS

We conducted 30 in-depth interviews with fine-dining restaurant workers to gain an understanding of their experiences with hiring, promotions, working conditions, and trends and patterns within the industry. We also conducted 44 in-depth interviews with owners and managers in fine-dining establishments to gain an understanding of their needs and constraints as employers seeking to run a successful business, their hiring and promotion practices, their perspectives on discrimination, and potential points of common interest between employers and workers. We also conducted 1 focus group with a total of 5 female workers with experience in fine-dining restaurants to examine issues women face working in this industry.

### DEMOGRAPHIC CANVASSING

To determine the extent to which workers are segregated by race or gender, we gathered data on the observable jobs people hold. To measure the extent of visible occupational segregation in the fine-dining segment of the industry, we conducted canvassing in which 23 research assistants were sent to observe employees' demographics in the front-of-the-house at 133 fine-dining restaurants in Chicago ( $N = 40$ ), Metro Detroit ( $N = 48$ ), and New Orleans ( $N = 45$ ). Canvassers tabulated the number of white workers, workers of color, and male and female workers they observed holding various front-of-the-house positions.

### SURVEY WAGE ANALYSIS

To analyze wages, benefits, and other working conditions of workers in different restaurant segments, we surveyed restaurant workers in each city to produce a comprehensive *Behind the Kitchen Door* (BKD) analysis. This BKD analysis addressed, among other things, wages, benefits, and work quality. These analyses are here used to tabulate employment outcomes by race and ethnicity for workers in Tier I and Tier II positions in both the front-of-the-house and back-of-the-house, for a comprehensive analysis of wages by race and position in each city's industry.

# RESTAURANT INDUSTRY OVERVIEW

## Segments of the Restaurant Industry

Not all restaurants are created equal. Although all restaurants, ultimately, are in the business of serving their guests a meal, factors such as ambience, type of service, and type of targeted patrons segment the industry into three categories which vary markedly with respect to wages, working conditions, and workforce composition. In this report, we categorize those segments as fast-food or “quick-service,” casual full-service, family-style or franchise, and fine-dining or “white-tablecloth.”

At one end of the spectrum, fast-food or quick-service restaurants provide limited table service and are often characterized by low-paying jobs and large employment of workers of color and youth.

The next segment, family-style restaurants, includes those that are often considered “casual-dining” with moderately-priced meals and informal environments. This segment includes both chain restaurants and franchises such as Olive Garden or Applebee’s, and smaller, independently-owned or family-owned establishments such as neighborhood restaurants.

At the other end of the spectrum lie fine-dining or “white-tablecloth” restaurants. Fine-dining is often defined by a price point per guest of \$40.00 or more including beverages but excluding gratuity. Restaurants within this segment are known for high-quality service, talented — oftentimes celebrity — chefs, name recognition or notoriety, and unique restaurant concepts. As a result of the growth of the industry, there is a growing trend of casual fine-dining within this segment, with an emphasis on high-quality food and service in a relaxed or thematic setting. Increasingly, “white-tablecloth” refers to upscale fine-dining at a much higher price point. Although each establishment in this category seems unique, many of these establishments are owned and operated as part of small corporate chains or “mini-empires,” both within the city and across the country.

The type of establishment in which a person works significantly affects earnings. Fine-dining establishments offer employment with the highest wages — especially via tips. However, employment discrimination based on race and ethnicity can lead to exclusion from jobs in this segment. This segment is therefore the most closely-studied segment in this research.

## Occupational Structure

While a worker’s ability to gain employment in a fine-dining establishment significantly increases his or her earnings’ potential, a more important determinant of a worker’s potential for earnings is the type of position attained in that establishment. A worker’s position in a restaurant also shapes how she or he experiences work on a daily basis. The sommelier helping to pair a wine with an entrée has very different duties from a dishwasher cleaning dirty pots. Each position corresponds to different roles, compensation, and working conditions.

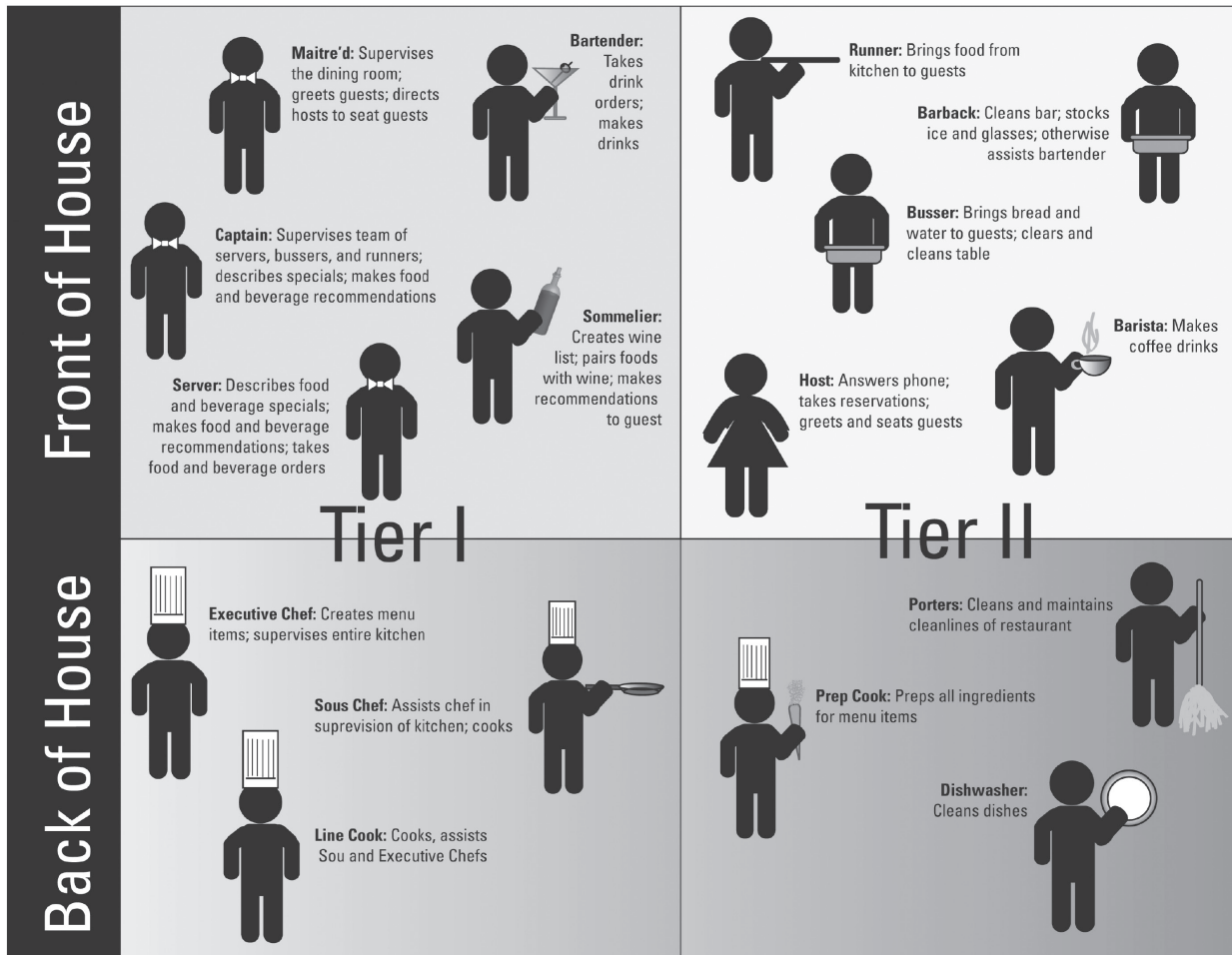
While many restaurants have their own internal structure of jobs and job titles, a common pattern for classifying occupations is applicable throughout the industry.

- **Managerial and Supervisory Positions.** These positions include General Managers, Assistant Managers, Wine Directors/Sommeliers, Chefs and Sous Chefs. Many of these positions require specific vocational training or experience.

## Why Study Fine-Dining?

This study focuses primarily on the fine-dining segment. Restaurants in this segment tend to be the most elite, visible, and influential establishments in the industry. Each new opening in this segment is met with buzz in epicurean food circles, further elevating the profile of the segment. Industry stakeholders — owners, investors, managers, workers, reviewers, and customers — pay very close attention to these restaurants. It is also these restaurants that the nation’s policy-makers and other elite tend to frequent, and influence their perception of the industry. Although fine-dining represents a small fraction of the industry, this segment sets trends and standards for the industry as a whole. It is in this segment where the great majority of living-wage jobs can be found. Ironically, these living-wage positions are used to justify inaction on raising wages for workers outside this segment. For these reasons, our research focused primarily on this segment and the jobs within it.

- **Front-of-the-House (FOH) Positions.** These positions involve direct customer contact, and include Hosts, Maitre D's, Bussers, Food Runners, Servers, Captains, Bartenders, and Barbacks.
- **Back-of-the-House (BOH) Positions.** These positions involve no direct guest contact, and include Cleaners, Dishwashers, Preparatory Cooks, Line Cooks, and Chefs.



**FIG 2**  
Tier I and Tier II positions  
in the Front and Back of  
the House

### Workplace Hierarchies, Tier I and Tier II

Both the front-of-the-house and the back-of-the-house contain positions that can be categorized into tiers based on compensation and other aspects of job quality, which we refer to as Tier I and Tier II within both FOH and BOH. This study closely examines the differences in outcome associated between these two tiers, and in particular the outcomes associated with Tier I FOH positions in fine-dining. As Figure 2 demonstrates, Tier I positions include those such as servers and bartenders in FOH, and chefs and sous chefs in BOH, while Tier II positions include those such as bussers and runners in FOH, and prep cooks and dishwashers in BOH.

### The Significance of Position

Analysis of wages in our BKD surveys of restaurant workers in Chicago, Metro Detroit, and New Orleans, throughout various segments of the restaurant industry reveal important distinctions with respect to wages among both the type of restaurant and the type of position.

- The probability of receiving a living wage goes up substantially as a worker moves from a quick serve, to a casual-dining, to a fine-dining establishment. Median wages in fine dining, across all three cities, are 1.5 times higher than quick serve, across all three cities, and 1.2 times higher than in casual dining.
- That probability also increases as a worker moves from a lower-level to higher-level position such as from Tier II FOH to Tier I FOH or from Tier II BOH to Tier I FOH. The only positions where a substantial proportion of workers make a livable wage is Tier I FOH in fine-dining establishments. Workers in FOH are more than six times as likely to earn a living wage as BOH workers across all three cities, and nearly twice as likely to be white.<sup>29</sup>

# GATEWAY TO OPPORTUNITY, GATEWAY TO ECONOMIC INSECURITY

## Diversity Defines Dining

Diversity defines the restaurant industry and its workforce. Although the industry is overrepresented by large chain conglomerates and franchises, restaurants representing every ethnic cuisine imaginable dot the landscape and are putting even small towns on the map. While workers of color represent 34% of the employed population as a whole, they represent 44% of the employed restaurant workforce, and this percentage is higher in majority-minority cities, ranging from 46% in Chicago and Metro Detroit, to 53% in New Orleans.

Table 3.1 below shows that women are the majority of the workforce, both nationwide and in all of these three cities. Workers of color, although overrepresented nationally, are not yet a majority of the workforce in these cities except for New Orleans.<sup>31</sup> These workers of color include both U.S. born and immigrant workers, though out of these majority minority cities, only in Chicago are the majority of workers of color immigrants. Nationwide, nearly a quarter of the industry's workforce is comprised of immigrants, as is over a third of the workforce in Chicago, but only slightly over 10% for Metro Detroit and New Orleans.<sup>30</sup>

- **Positions throughout both FOH and BOH are highly segregated by race, ethnicity, and gender.** Although workers of color account for close to half of the industry's workforce, they are concentrated in the less visible, lower-wage jobs, and are underrepresented in the coveted, highest-paid FOH positions.<sup>32</sup> The distribution of workers of color among the different positions does not reflect the diversity of the industry's workforce, suggesting inequitable systems of hiring and promotion into higher-paying, Tier I positions.

The rich tapestry of diversity found in the restaurant industry does not translate into equal opportunity and equal treatment for workers of color. Workers of color do not fully share in many of the opportunities the industry has to offer. The absence of equal opportunity can best be illustrated by looking at the positions workers of color and women occupy in the industry, compared to those held by whites, and the economic consequences of these arrangements. Positions differ significantly with respect to wages, opportunities for training, advancement, and overall working conditions.

To obtain a sample of employee demographics in the fine-dining segment, a total of 23 research assistants canvassed the front-of-the-house in 40 fine-dining restaurants in Chicago, 48 fine-dining restaurants in Metro Detroit, and 45 fine-dining restaurants in New Orleans. Coupled with other research, the canvassing helped to quantify the visible occupational segregation in the fine-dining segment of the industry.

## Neither Interviewed, One Steered to an Alternative Job

On a weekday in June, a white female tester and an African American female tester applied for employment at a fine-dining restaurant randomly selected from the study's restaurant list. Both testers were greeted in a welcoming fashion by an assistant manager, who reviewed their resumes, told them that his restaurant was not currently hiring, and then suggested an alternative place for them to apply. He referred the white tester to a sister upscale restaurant owned by the same mini-empire, and when she followed that suggestion, she was immediately interviewed. He did not mention that same opportunity to the African American tester and instead suggested that she apply for a maid's position at the hotel in which his restaurant was located.

—AUDIT OF CHICAGO FINE-DINING RESTAURANT

Table 3.1 A demographic profile of restaurant workers by city and state<sup>33</sup>

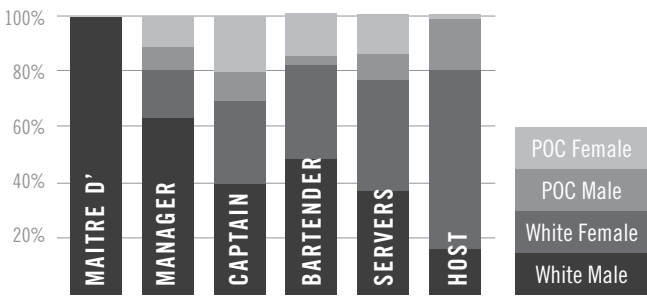
	US	Chicago	Illinois	Metro Detroit	Michigan	New Orleans	Louisiana
<b>SEX</b>							
Male	45%	44%	46%	41%	42%	47%	40%
Female	55%	56%	54%	59%	58%	53%	60%
<b>RACE</b>							
White	56%	54%	57%	54%	77%	35%	47%
Black	11%	4%	8%	28%	9%	43%	41%
Latino	24%	37%	29%	8%	7%	15%	7%
Asian	6%	3%	4%	6%	3%	6%	4%
Other	3%	2%	2%	3%	3%	1%	2%
<b>CITIZENSHIP</b>							
Citizen by Birth	77%	66%	71%	89%	93%	88%	93%
Naturalized Citizen	7%	5%	7%	4%	3%	6%	3%
Foreign Born	16%	29%	22%	7%	4%	6%	4%



The Interplay of Race and Gender

While racial and ethnic discrimination functions in some ways differently from gender, we found that they share many of the same underlying causes, including a culture of white, male dominance of the industry and the historical absence of both females and workers of color in most of the fine-dining segment. Many of the same obstacles that hinder workers of color are shared by female workers. By extension, many of the solutions that will help address race-ethnic discrimination should help to ameliorate gender discrimination.

FIG 3.1  
Canvassing by Race and Gender in Front of House Positions  
Workers of color are underrepresented in front-of-the-house Tier I positions



Race and Ethnicity

Although workers of color account for nearly half of the industry's workforce in Chicago and Metro Detroit, and 65% of the workforce in New Orleans, a large proportion of these workers are concentrated in the fast-food and family-style segments. As Figure 3.1 illustrates, those workers of color who do work in fine-dining have little representation in the segment's coveted, high-paying front-of-the-house positions. The large majority of Tier I positions are occupied by white workers.

Casual observation of fine-dining restaurants, through canvassing, in Chicago, Metro Detroit, and New Orleans, showed that:

- White workers held 81% of observed FOH management positions.
- White workers held 78% of observed non-managerial Tier I FOH positions, while workers of color held only 22%.
- White workers held 77% of observed host positions. Although hosts' wages are similar to those of other Tier II positions, host positions tend to share other non-wage job characteristics of Tier I positions, such as direct customer contact, opportunity for advancement, and social networks with management.

Gender

Like their male worker of color counterparts, female workers are highly underrepresented in the industry's highest-paid jobs, even though they are a majority of the industry. Positions in fine-dining establishments in particular are highly gendered. Women are markedly underrepresented in Tier I fine-dining positions and are overrepresented in specific low-paying positions, such as the host position.

- Men held 74% of observed FOH management positions compared to 26% of women.
- Men held 57% of observed FOH Tier I positions, compared to 43% of women
- Women held 78% of observed host positions, compared to 22% of men.

TABLE 3.2 Characteristics of employed restaurant workers by living wage

	US	Illinois	Chicago	Michigan	Metro Detroit	Louisiana	New Orleans
WORKERS OF COLOR							
Below Living Wage	44%	43%	47%	23%	46%	65%	19%
Above Living Wage	42%	44%	19%	16%	49%	53%	55%
% Difference	-6%	1%	-59%	-30%	6%	-2%	-17%
FEMALE							
Below Living Wage	56%	55%	57%	59%	60%	61%	54%
Above Living Wage	30%	32%	22%	34%	42%	32%	25%
% Difference	-47%	-42%	-62%	-42%	-30%	-48%	-54%
FOREIGN BORN							
Below Living Wage	16%	22%	29%	4%	7%	4%	6%
Above Living Wage	15%	22%	19%	5%	10%	3%	11%
% Difference	-8%	0%	-35%	35%	49%	-36%	73%

The Role of Race and Gender on Wages

Casual observation of dining rooms through canvassing suggests that the more elite the establishment, the fewer workers of colors occupy Tier I front-of-the-house positions. Fifty-three percent of Tier I FOH workers of color live at or below twice the poverty level, compared to only 46% of white Tier I FOH workers.<sup>34</sup>

An analysis of Census data in Table 3.2 shows that front-of-the-house workers earning a living wage were:

- 6% less likely to be persons of color
- 47% less likely to be female
- 8% less likely to be a U.S. citizen

Undoubtedly, worker characteristics other than race, ethnicity, and gender must be considered before concluding that discrimination alone produces the substantial race and gender segregation signaled in both Table 3.2 and our canvass of fine-dining establishments.

However, as seen in Table 3.3,<sup>35</sup> after controlling for workers’ experience, higher education, and command of English:

- Workers of color pay a “race tax” in the form of 56% lower annual earnings than they would have if they had the same qualifications but were white, suggesting discrimination in the workplace post-hiring.<sup>36</sup>
- Female workers pay a “gender tax” in the form of 11% lower annual earnings than their male counterparts.<sup>37</sup>
- Similarly, non-U.S. citizens pay an “immigrant tax” of 57% lower annual earnings.<sup>38</sup>
- Even when possessing the same education level, the education of workers of color is valued less than the education of white workers.

The valuation employers place on education can partly explain the \$1,925 reduction in annual earnings for workers of color shown in Table 3.3. White workers with education beyond high school (e.g. some college or college degree) earn an average of \$3,461 more than those with only a high school diploma. However, for workers of color, the same extra education is only ascribed an earnings increase of \$1,536, or 56% less. In other words, even when possessing the same education level, workers of color are valued less than white workers. A similar effect can be seen with women, and non-naturalized immigrants, who are valued 11% less and 57% less than their male and citizen counterparts, respectively.

Importantly, these figures represent the effect of a worker’s demographic characteristic *after the effect of the worker’s qualifications has already been taken into account*. Thus, these negative effects of race and gender on earnings cannot be explained by language ability, or education.

The Locked Door

In addition, workers of color, and in particular Black Tier I FOH workers, find that they are structurally excluded from their chosen profession. Black Tier I FOH workers face over twice the rate of unemployment as that faced by white workers. Among workers who describe their occupation as Tier I FOH, 22% of Black workers are unemployed, compared to 10% of White workers and 11% of Latino workers. This matches the national pattern of Black unemployment persistently being twice that of white workers.<sup>39</sup> Examining within currently employed vs. unemployed workers, Black workers make up 6% of employed Tier I FOH, compared to 14% of unemployed Tier I FOH workers, while Latinos make up 17% of both categories.<sup>40</sup> Black restaurant workers are unable to find employment in Tier I FOH positions at twice the rate of whites, even though restaurants are experiencing positive growth.

Neither Interviewed,  
One Informed about an Alternative Job

On a weekday in June, a white male tester and an African American male tester applied for employment at an upscale Italian restaurant randomly selected from the study’s restaurant list. Both testers were greeted in a welcoming fashion and offered their resumes. Both were told that the restaurant was not hiring, and both left soon after their arrival. However, as the white tester was leaving, the restaurant staff member who had greeted him told him to apply at a different Italian restaurant nearby, which he said was hiring. He gave the tester the first and last name of the manager to ask for and also his own name, instructing the tester to say that he recommended him.

—AUDIT OF FINE-DINING RESTAURANT IN NEW ORLEANS

TABLE 3.3  
Annual added value  
of education – FOH TIER I – US

White \$3,461
Workers of Color \$1,536
Difference \$1,925   56%
Male \$2,736
Female \$2,443
Difference \$293   11%
Citizen \$3,040
Non-naturalized Immigrant \$1,321
Difference \$1,719   57%



# DISCRIMINATION IN HIRING

## Testing Employers for Discrimination

While the canvassing and census data in Chapter 2 provides information on race, ethnic, and gender-based differences among multiple employers, this chapter focuses on race-based differences in treatment of different applicants by the same employer during the hiring process. To determine whether race and ethnic-based discrimination plays a role when a worker seeks entry into the workplace, we conducted 273 matched pair tests on fine-dining restaurants in Chicago (*N* = 95), Metro Detroit (*N* = 95), and New Orleans (*N* = 95) from May 2011 to August 2012.

These tests revealed some of the inside mechanics of recruitment in the front-of-the house, specifically in the Tier I server position in fine-dining, a position that offers the most opportunities to earn a living-wage. By pairing white testers with testers of color, we were able to test the hypothesis that discriminatory attitudes and behaviors play a role in producing the type of occupational segregation that we see in fine-dining establishments. The results revealed significant discrepancies between the opportunities afforded to white testers over testers of color.

## Employment Outcomes

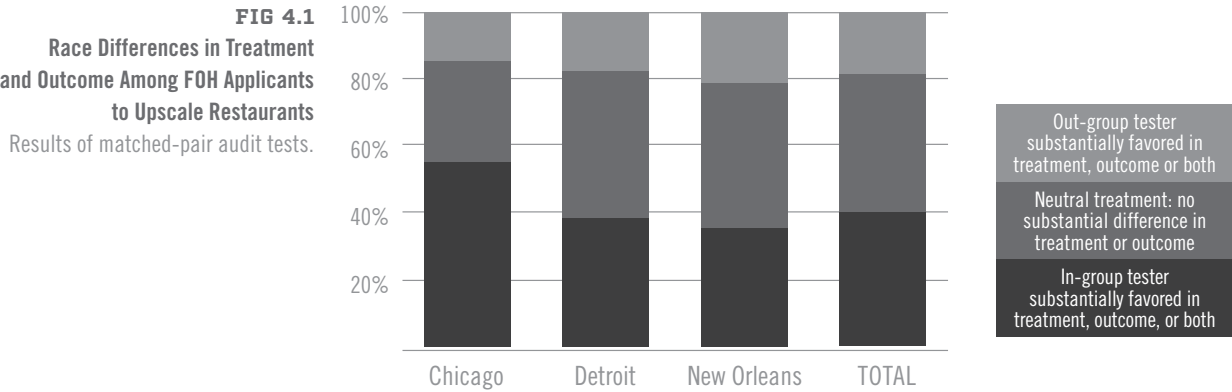
In 96 tests at least one tester received a positive employment outcome — an interview, a likely job offer, or a definite job offer — therefore suggesting the availability of a job vacancy for which testers appeared qualified. Here, we were able directly to examine race-ethnic discrimination since we were able to compare differences in treatment between those who had a positive response and those who did not.

- Across all three cities, testers of color experienced discrimination in seeking server positions from 11% of fine-dining restaurants.
- White testers were more than twice as likely as testers of color to receive favorable treatment in the interview process.
  - > 41% of white testers were granted an interview or a job offer, compared to 19% for testers of color.
- Testers of color were only 73% as likely as equally qualified white testers to get a job offer.
- The two adverse effects experienced by testers of color — lower likelihood of receiving a job interview and lower likelihood of receiving a job offer if interviewed — together result in a 22% net rate of discrimination.<sup>42</sup>

## One Hired, the Other Not Interviewed

In response to a Craigslist ad, an African American woman presented herself at the restaurant at a country club in a Detroit suburb. She was greeted in a neutral fashion, given an application form to fill in, left the restaurant, and was never contacted. Shortly thereafter, a white woman arrived to apply for the same position. She was greeted warmly and given an application to complete. As she was leaving, the general manager of the restaurant intercepted her in the parking lot and brought her back into the restaurant. During the 15 minute interview that followed, the manager read her resume, asked a few questions about her background, and commented that because of her wine experience (which was equivalent to that shown in the African American tester's resume) she would fit right in at the restaurant. The manger provided information about the vacant position without the applicant needing to ask questions. At the end of the interview, the manager said that, if she passed the background check and the drug test, the job was hers. He then took her to the Human Resources office to get paperwork for the drug test and then walked her to the door, where he shook her hand warmly and said, "Welcome."

—AUDIT OF FINE-DINING RESTAURANT IN METRO DETROIT



## Matched Pair Testing in the Fine-dining Restaurant Industry

Between May 2011 and August 2012, testers completed 273 matched-pair audit tests of fine-dining restaurants in Chicago, Metro Detroit, and New Orleans. The auditing procedure is described below.

### How Testers were Recruited, Matched and Trained

- The research was designed to test the prevalence of discrimination in the upscale, fine-dining segment in Chicago, Detroit, and New Orleans.
- Testers were recruited from among restaurant workers and college students in the three cities of interest.
- Two-person teams were formed consisting of persons of the same gender and similar age, appearance, and manner, differing only in race or ethnicity.
- Testers were selected, trained, and credentialed to appear equally qualified for the server positions they sought. Each team was carefully matched for physical and non-physical characteristics. Resumes were developed to give members of each team equivalent education, restaurant experience, and other work experience, with the person of color's credentials slightly stronger to eliminate ambiguity in interpreting test results.
- Testers were provided training in key fine-dining restaurant skills.
- Teams were coached together so that personal attributes, such as presentation style and demeanor, were similar and so that responses to employers' questions would be similar.

### How Tests were Conducted

- A list of 705 fine-dining establishments in Chicago ( $N = 234$ ), Metro Detroit, ( $N = 226$ ), and New Orleans ( $N = 245$ ) was compiled, and restaurants were randomly selected for audits.<sup>41</sup> If one of these establishments advertised on Craig's List, they were also selected to be audited.
- A test was defined as completed if both testers succeeded in (a) informing the employer that they were seeking a job and (b) revealing their race to the employer by their appearance.
- Immediately after completing an interaction with an employer and without speaking with their testing partner, testers recorded their experiences on a structured questionnaire.
- No employer appeared to suspect that any tester was not a bona fide job applicant.

### In Chicago:

- Tests were conducted between May 2011 and June 2012. Typically, the two testers presented themselves to employers on the same day, between the lunch rush and the dinner rush (e.g. 2-5PM). The testers arrived an average of 27 minutes apart, with the in-group tester and the out-group tester alternating initial arrival.
- Of 95 tests conducted in Chicago, 57 (60%) were conducted by male teams, and 38 (40%) were conducted by female teams.
- In all 95 tests, the in-group tester was a non-Hispanic white. The out-group testers were all persons of color, distributed as follows:
  - > Black: 51 tests (53.7%)
  - > Latino: 35 tests (36.8%)
  - > Other: 9 tests (9.5%; including Asian and Mixed Race)
- No restaurant was tested more than once. Of the 95 restaurants tested, 83 (87.4%) were selected at random from a list of fine-dining establishments, while the remaining 12 (12.6%) were selected from that same list because the restaurant advertised on Craigslist that they had a vacancy for waitstaff.
- Of the 95 restaurants tested, over 70% (67) were known to be part of a local mini-empire or national chain, while the remaining 28 were independently owned.
- All 95 restaurants tested were located within Chicago city limits.

### In Detroit:

- The results reported here are based on 88 completed, analyzable tests. A test was defined as completed if both testers succeeded in (a) informing the employer that they were seeking a job and (b) revealing their race to the employer by their appearance.
- Tests were conducted between May 2011 and June 2012. Typically, the two testers presented themselves to employers on the same day, between the lunch rush and the dinner rush (e.g. 2-5PM). The testers arrived an average of 18 minutes apart, with the in-group tester sometimes arriving first and the out-group tester sometimes arriving first.
- Among the 88 tests, 80 (91%) were conducted by female teams, and 8 (9%) were conducted by male teams.
- In all 88 tests, the in-group tester was a white non-Hispanic person. The out-group testers were all persons of color, distributed as follows:
  - > Black: 83 tests (93.3%)
  - > Latino: 5 tests (5.7%)
- No restaurant was tested more than once. Of the 88 restaurants tested, 65 (73.9%) were selected at random from a list of fine-dining establishments, while the remaining 23 (26.1%) were selected from that same list but were selected not at random but rather because they advertised on Craigslist that they had a vacancy for waitstaff.
- Of the 88 restaurants tested, 29 (33%) were known to be part of a local mini-empire or national chain, while the remaining 59 (67%) were not known to be so owned.
- All 88 restaurants tested were located in the Detroit metropolitan area, either in the city of Detroit (15% of tests, primarily in or near the center city area) or in adjacent suburbs (such as Dearborn, Plymouth, Royal Oak, Novi, Rochester, Southfield, or Bloomfield).

### In New Orleans:

- The results reported here are based on 90 completed, analyzable tests. A test was defined as completed if both testers succeeded in (a) informing the employer that they were seeking a job and (b) revealing their race to the employer by their appearance.
- Tests were conducted between June 2012 and August 2012. The two testers presented themselves to employers on the same day, typically between the lunch rush and the dinner rush (e.g. 2-5PM). The testers arrived an average of 19 minutes apart, with the in-group tester sometimes arriving first and the out-group tester sometimes arriving first.
- Among the 90 tests, 42 (46.7%) were conducted by male teams, and 48 (53.3%) were conducted by female teams.
- In all 90 tests, the in-group tester was a white non-Hispanic person. The out-group testers were all persons of color, distributed as follows:
  - > Black: 60 tests (66.7%)
  - > Latino: 22 tests (24.4%)
  - > Multi-Racial: 8 tests (8.9%)
- No restaurant was tested more than once. Of the 90 restaurants tested, 69 (76.7%) were selected at random from a list of fine-dining establishments, while the remaining 21 (23.3%) were selected from that same list but were selected not at random but rather because they advertised on Craigslist that they had a vacancy for waitstaff.
- Of the 90 restaurants tested, 9 (10.0%) were known to be part of a local mini-empire or national chain, while the remaining 81 were not known to be so owned.
- All 90 restaurants tested were located within the city of New Orleans.



## Both Interviewed, One Hired

On a weekday in May, a woman of color responded to an ad in Craigslist by applying at a mid-level chain ethnic restaurant in a popular Chicago neighborhood. Twenty-three minutes later, her white female testing partner, carrying a resume showing the same types of experience and qualifications, followed her. An assistant manager interviewed each applicant, but there the similarity ends. The person of color's interview was held in a noisy location, while the white tester's interview was held in a quiet part of the restaurant. During the person of color's interview, which lasted 15 minutes, the interviewer called her primarily by her last name, offered no refreshments, and provided no application form to complete. He read her resume quickly, skeptically questioned her about her experience and qualifications, told that her previous restaurant's style of service did not match that of the present restaurant, inquired if she would be comfortable with the "vibe" of the restaurant, and warned her that a new server could expect only 3-4 shifts per week. At the end of the interview, he told her that she would be called if they decided they were interested in her. During the white tester's interview, which lasted 25 minutes, the interviewer called her by her first name, offered her water to drink, and provided an application form to complete. He read her resume carefully but then asked few questions about her experience and qualifications. Instead, he asked what shifts she was interested in and told her how much she could expect to earn. He told her that the restaurant was a good place to work and gave her a tour of the restaurant. At the end of the interview, he said that she should expect to be hired if she did well on a second interview. The white tester subsequently received two follow-up calls requesting her to come in for that second interview, while the person of color heard nothing. — AUDIT OF FINE-DINING RESTAURANT IN CHICAGO

Employers often appeared to make favorable stereotypical assumptions about white testers' competence and unfavorable stereotypical assumptions about the competence of testers of color.

Employers expressed skepticism and scrutiny of testers of color suggesting that, to be hired, workers of color must meet a consistently higher threshold of qualifications.

Although testers of color and white testers experienced differences in employment outcomes, employers were generally as polite during the interview process to testers of color as they were to white testers. It is therefore no surprise that the above differences in employment outcomes were masked behind equally polite treatment of testers during the hiring process. Examining treatment of auditors as a whole shows that although there was a trend towards discriminatory treatment of auditors of color, the results in favorable treatment could be the result more of implicit, rather than explicit discrimination. As Fig. 4.2 shows, white testers tended to spend more time in both the restaurant and in the interview itself. However, this was not always the case. Similarly, as shown in Fig. 4.3, although employers were friendlier with in-group testers, compared to out-group testers, testers of color evaluated their interactions as generally positive.

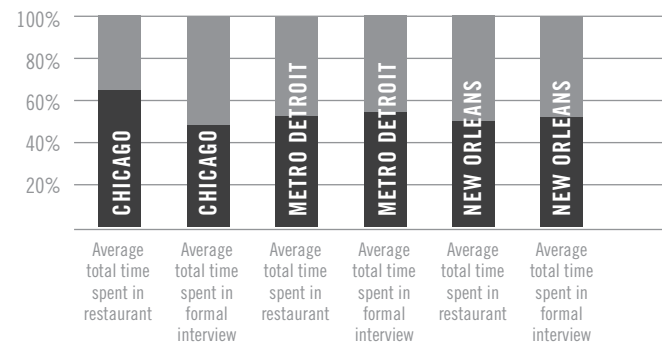
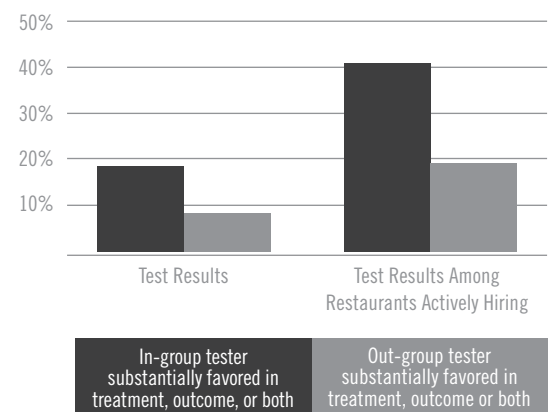
The combination of equal politeness and time spent during interviews suggests that some employers go through the motions of interviewing those same workers whom they might have already decided, consciously or unconsciously, they will not hire. This suggests that employers' early predisposition that the worker of color is not qualified for the job becomes a self-fulfilling prophecy.

Despite the relatively equal opportunity afforded to both testers of color and white testers to interview with employers, there were some examples where the discrepancies were substantial and negatively influenced the outcome for testers of color.

To ensure that discrepancies in treatment between the two testers were more than just trivial, we looked to see whether differences in treatment were encountered in multiple aspects of the tests and whether differences in treatment could be attributed to some alternative, non-discriminatory explanation. When in doubt, we erred on the side of caution by treating unclear cases as "no difference." Thus, our test results, summarized in a 22% net rate of discrimination, captured only the most substantial and visible differences in hiring. Therefore, it should not be assumed that the other 78% of fine-dining restaurants that did not document such substantial discrimination were free of discriminatory practices. The sections and chapter that follow capture some of the more complex and subtle ways that employment decisions and workplace practices adversely impact workers of color and women.

**FIG 4.2 Discrimination in Fine-dining Restaurants**

White testers were twice as likely to receive favorable treatment as testers of color.



**FIG 4.3 Average Time Spent in Restaurant and Interview**

White workers tended to spend more time in the restaurant, both total time and in the actual interview.

### One Interviewed, the Other Not.

An upscale casual American cuisine restaurant in a Detroit suburb advertised a server vacancy in Craigslist. In response, an African American man presented himself at the restaurant. He was greeted in a neutral manner, told that both the owner and hiring manager were not available, that he should leave his resume, and that he would be called in the next several days; subsequently, he never heard from the restaurant. That same day, a white man presented himself at the restaurant. He was greeted warmly and sent to the owner for an interview that lasted 20 minutes. The owner greeted the applicant warmly, read the applicant's resumes and discussed the restaurants listed there but did not ask anything about the applicant's qualifications. Without prompts from the applicant, the owner discussed job duties, shifts, and compensation. At the conclusion of the interview, the owner made no commitment about hiring.

—AUDIT OF FINE-DINING RESTAURANT IN METRO DETROIT

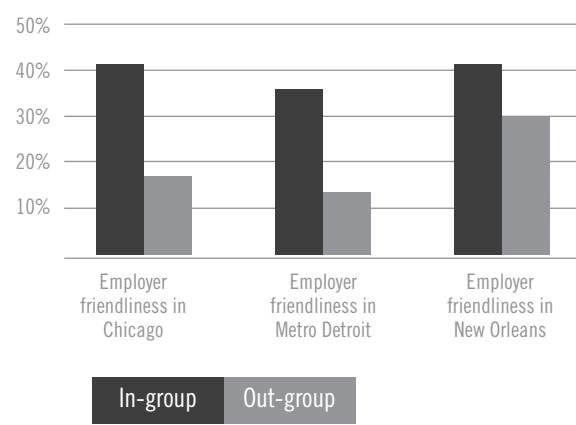
### One Hired, the Other Not Interviewed.

A highly rated French restaurant in New Orleans was selected for testing at random from the study's restaurant list. On a mid-afternoon in July, the restaurant was approached successively by two male job applicants. The African American applicant was told that the manager was not in the restaurant, so the tester dropped off his resume and departed. The white applicant was similarly told that the manager was not there, and he similarly dropped off his resume and began to leave. However, the restaurant staff member who had initially greeted him ran after him and brought him back to meet with the manager. In an interview that lasted 11 minutes, the manager greeted the applicant in a welcoming fashion, called him by his first name, and took him to a quiet place in the restaurant. The manager read the applicant's resume, asked a few questions about his qualifications, and commented that he liked the applicant's "clean cut appearance," referring specifically to short hair and no tattoos (which was also true of the African American applicant). He then offered the applicant a job ("let's try it out"), emphasizing that the applicant would make lots of money.

—AUDIT OF FINE-DINING RESTAURANT IN NEW ORLEANS

FIG 4.4 Employer Friendliness During Audit

Employers were friendlier during audits with in-group testers (scale of +2 = very friendly, -2 = very unfriendly), but most interactions were described as positive.



### Proxies, Pretexts and Stereotypes in Hiring

Restaurant employers often place significant reliance on a worker's personality and other "soft skill" criteria to qualify for the highest-paying, front-of-the-house positions. However these "soft skills" often serve as proxies for race, by which workers of color are excluded from these positions.

Restaurant employers often rely on vague and subjective criteria about what qualifies someone for the highest-paid positions in the restaurant, namely Tier I front-of-the-house positions. For these positions, most employers that we interviewed agreed that they look for the right personality and attitude, more so than experience. While employers and workers alike agreed that experience is helpful for front-of-the-house work, most employers admitted that they will train someone with no experience who has the right attitude, the right personality, or the right "look." So while experience alone is rarely enough for front-of-the-house, personality may be.

Although soft skills such as personality and attitude are important, the type of reliance placed on these soft skills creates unconscious or conscious biases that negatively impact workers of color and women. For example, cultural or class-based differences that may exist might be deemed personality issues that doom an application, and implicit racial biases on the part of employers may be rationalized as problems of a worker's personality, or lack thereof.

While personality is important and even essential for an industry which relies so heavily on customer interaction and service, notions of the "right personality" or the "right fit" are often riddled with class and race-based assumptions. For example, many employers felt that customers preferred to be served by a worker with the same socio-economic status. They therefore felt that Tier I, front-of-the-house staff should have the same personal connection or socio-economic backgrounds as the clientele, and should be able to interact with guests in a significant way. Several managers said that a front-of-the-house, Tier I worker should be able to "relate" with his or her guests, and must be able to engage in "table talk," or small talk with his or her guests, when expected.

Although appropriate guest interaction might be a perfectly legitimate qualification for Tier I front-of-the-house positions, such reliance on customer preference might be problematic for several reasons. First, many employers might not recognize that it might be illegal to make hiring decisions based on customer preferences or their assumptions about what a customer prefers, particularly when that employment decision negatively impacts workers of color. The preferences and assumptions of customers may, in themselves, be very flawed.

Moreover, many employers mistakenly conflated the absence of a worker's shared socio-economic status with clientele to indicate a lack of ability to interact with guests in a sufficient way. However, these class-based preferences may unfairly impact workers of color who are less likely than white

workers to share a similar socio-economic background with the clientele. Workers of color are therefore mistakenly perceived as unqualified for such positions. In fact, many workers of color with whom we spoke said that employers held unfounded assumptions and stereotypes about their ability to relate with guests.

While class-based requirements are problematic in and of themselves, they most often include race-based assumptions about what a worker of color knows and has experienced.

## **Appearance as a Proxy for Race and Gender**

**Restaurant employers often rely on a worker's perceived attractiveness to qualify for certain positions. However, attractiveness often serves as a proxy for gender, disproportionately applied to women over men.**

Although employers and workers alike recognize the importance of maintaining a clean and groomed appearance, many workers we spoke with agreed that in order for a woman to qualify for Tier I, front-of-the-house positions, attractiveness was necessary. Indeed, some employers and workers said that in many restaurants, all of the waitstaff were models and actors. One worker interviewed recounted that at her restaurant, "appearance plays a major role in getting the job in the first place, but also in getting a promotion... lighter skinned women are placed in the martini bar in the front and darker skinned women in the cigar bar towards the back."

Both female and male workers we interviewed said employers placed significantly more emphasis on a woman's attractiveness when being considered for a front-of-the-house position over men. Many female workers in our focus groups described the restaurant hiring process for women as an audition, where a headshot is required and physical appearance is scrutinized. Some employers place such a great deal of emphasis on a female applicant's appearance when making a hiring decision that many solicitations for employment are riddled with requests for model-type and attractive applicants; some even require female applicants to bring in head shots along with their resumes, but do not ask the same for men.

Most workers that we interviewed said that while men had to be "clean-cut" or "groomed" to work in the front-of-the-house, there was no blatant or unspoken requirement or expectation that they had to be attractive, certainly not to the same extent as women. Despite employers' heavy reliance on appearance for women and not men, many might not recognize the illegality of imposing special appearance requirements on women, but not doing the same for men.

**The importance employers place on a worker's appearance often serves as a proxy for race, excluding workers of color from certain positions.**

Many workers we spoke with suggested that female workers of color were doubly burdened by employers' reliance on attractiveness. These workers felt that their employers, predominantly white males, had perceptions of "attractiveness" that often excluded workers of different races. Several workers stated that when their employer did hire a female worker of color in a front-of-the-house position, it was because that worker was exceptionally attractive. In other words, employers would hold a higher standard for workers of color. Many workers felt that unless the worker of color met these expectations or preferences, there was little chance of being hired into front-of-the-house positions.

## **Blatant Gender Discrimination in Hiring**

**While workers of color are generally struck by subtle, though pernicious, forms of discrimination that rely on proxies for race rather than race itself, women are often confronted by blunt image-consciousness and sexism, excluding them from some of the highest-paid positions in the industry.**

Many women we spoke with in interviews and focus groups said that many restaurants blatantly exclude women from certain positions altogether, and instead concentrated them in particular positions. For example, several workers said that if a woman was attractive, she would probably qualify for the host position. In fact, some women in the focus groups explained that although they were able to obtain the host positions because of their appearance, they were locked in those positions because the manager did not want to lose them there, where their attractive qualities were most valued. Most workers and employers we interviewed agreed that women are rarely found in the back-of-the-house altogether in the restaurant industry. While worker and employer speculations for this underrepresentation varied, some employers and workers suggested that women could not handle the pressure associated with the job; others felt that a "good old boys' club" kept or forced women out of the kitchen.





# A Workplace Culture with No Rules and Little Fairness

The restaurant industry is dynamic and potentially very profitable, particularly for fine-dining restaurants that build a strong buzz and reputation. However, despite the success of some establishments, even the most renowned restaurants typically lack an established infrastructure for hiring, promotion, grievances, and other personnel practices. This unprofessional workplace culture translates into a lack of transparency and accountability, which, in turn, breeds discriminatory employment practices.

Through interviews with 74 workers and employers from fine-dining establishments, in addition to one focus group with 5 women workers, we discovered the following:

- Discriminatory hiring and promotion practices are largely a result of a culture of informality in the fine-dining industry. These practices do not exist in a vacuum, nor are they primarily a result of explicit racism on the part of employers.
- This informal system creates an uneven playing field that offers some workers a range of possibilities for growth and success while cutting off others, mostly workers of color and women.
- Lack of systematic procedures, coupled with the subjective nature of job interviews, opens the door for discriminatory recruitment practices and hiring decisions. For many workers of color, most notably immigrants and women, becoming hired into living-wage jobs is only an illusion.
- The same lack of formal procedures applies in decisions about promotions, including absence of formal performance reviews where employers may evaluate the strengths and weaknesses of a worker's current performance, determine the worker's interest and goals within the workplace, offer coaching on performance improvement and preparation for advancement, and encourage qualified workers to apply for vacancies in higher positions.

## The Informal Environment

The restaurant industry is largely characterized by an informal work environment, lacking procedures to define objective criteria for hiring, promotion, grievances, and other personnel practices. Interviews with both employers and workers revealed that this informal work environment created — and was reflected in — the following notable characteristics of the restaurant industry:

- The strong presence of a 'family environment' that serves as a substitute to more formal workplace practices around hiring, promotions, and other conditions of work.
- Unstructured and subjective recruitment practices that favor word-of-mouth and social network hiring, rather than open postings and wide recruitment.
- Unofficial or nonexistent protocols or practices for promotion.
- Absence of training to prepare workers for upward mobility.
- Absence of formal human resources management practices, such as employee handbooks, performance reviews, and structured grievance procedures.
- Uneven and arbitrary disciplinary practices.
- Lack of Sexual Harassment policies.





- Despite the noble intention of creating a relaxed work environment, the 'family-like' workplace culture prevalent in restaurants often obscures the absence of formal practices that define objective standards for hiring, promotion, grievances and other personnel practices. The 'family environment' promotes a culture of informality that ultimately yields inequitable outcomes for many restaurant workers.

Those who own, run, and work in restaurants often pride themselves on the family-like environment that characterizes the restaurant industry perhaps more than many other industries. On the surface, this close and informal atmosphere allows for a comfortable, casual, and flexible workplace. Indeed, many employers see this informality as a means of building a strong sense of community and personal comfort at work through fostering relationships between staff and management. However, when familial-type relationships replace professional relationships, the result is often inequitable outcomes where some workers benefit and others suffer.

This word cloud indicates the frequency of recurring concepts that surfaced in our interviews with workers and employers.



For many restaurant workers the prevalence of the family environment at work means that management is governed by exclusive social networks highly shaped along race and gender lines. Several workers reported that this aspect of workplace culture resulted in inequitable access to management and biased allocation of favorable shifts, leave time, training, and promotion opportunities. Lower-level workers in Tier II positions often find themselves sealed out of the ‘family’ in the restaurant and without the benefits associated with that inclusion. Workers of color — particularly immigrants and women — are most likely to be outside those important social networks that provide access to improved working conditions.

In addition to generating feelings of social exclusion by workers outside these social networks, the 'family' approach to management often replaces formalized personnel practices more typical of other industries. For example, regular, standardized performance reviews are often replaced by 'open door policies,' where a worker's initiative solely determines whether an employer will be made aware of that worker's desire to advance. Indeed, when asked how workers would normally go about requesting promotions or airing grievances, almost all employers referred to their open door policies; virtually none cited formal one-on-one meetings such as a performance review or evaluation.



### Unfair and Subjective Recruitment Practices

- The industry relies heavily on unfair and subjective methods of recruitment, reproducing a highly segregated workforce, and excluding workers of color and women from the higher-paid positions.

There is consensus among employers and workers alike that recruitment and hiring in the restaurant industry often occurs informally. From the beginning, the hiring process is typified by absence of formal procedure, transparency, and explicit criteria, which reduce the likelihood for a worker of color to be hired in the higher-paying positions. In fact, prior studies demonstrate that the more formality in hiring, the higher the probability of employing workers of color.<sup>43</sup> Formal hiring procedures tend to reduce the force of biases and stereotypes in the recruitment process, providing more objectivity to the process. By delegating managers with authority to make hiring decisions without providing objective criteria and guidance, important decisions are placed solely within the discretion of persons who may harbor biases and stereotypes.

When a vacancy in a restaurant exists, employers often rely on social networks to fill them. While some employers solicit for vacancies in public forums, such as newspapers or the internet, many rely on network-based recruiting, which they consider less costly and time-consuming. The consequence of this informal network-based recruitment strategy is to reinforce occupational segregation by race, ethnicity, and gender. This effect is intensified when an employer asks servers to reach out to their networks to fill a waitstaff vacancy and bussers to reach out to their networks to fill a busser vacancy. Workers being asked to contact potential applicants from their networks are most likely to bring in a contact of the same race or ethnicity. In other words, the racially homogenous nature of Tier I front-of-the-house positions is itself an impediment to increasing diversity and a strong barrier excluding workers of color and women from the industry's highest-paid positions.

### Absence of Policies and Practices for Upward Mobility

- Most employers recognize the business value of hiring internally and promoting from within. Similarly, most workers recognize the potential for wage increases associated with moving from a Tier II to a Tier I position.

Restaurant owners and managers commonly recognize internal hiring and promotion as beneficial to business, as one employer related, “It makes our lives easier if we already know them.” Similarly, workers interviewed expressed the importance of advancement within the workplace, especially as the probability of earning a living wage goes up substantially when a worker moves from a Tier II position to a Tier I position in fine-dining.

- Promotion from within for workers of color is the exception, not the norm. When workers of color do receive promotions, they are often from one lower-level position to another lower-level position, suggesting a glass ceiling. Even less common is mobility from the back-of-the-house to the front-of-the-house.

Despite employers' recognition of the value of internal advancement opportunities for their current workers, our findings from interviews with both workers and employers suggest that such promotions for workers of color are rare. The most common type of promotions reported by workers and employers interviewed were from one low-level position to another, moving from one Tier II position to a higher Tier II position. Less common were examples where the worker moved from a Tier II to Tier I position. The lack of promotion opportunities for workers of color in the restaurant industry suggests the existence of a glass ceiling that acts as a barrier to better paid waitstaff and bartending positions.

When workers in Tier II positions are given opportunities to take on greater responsibility and duties, they report that they are often used as place holders and do not receive an increase in wages or consideration for permanently filling their de facto roles. Workers expressed how they often trained new managers in various duties, including how to carry a plate, open a bottle of wine and use the computers, while they remained fixed in Tier II positions without hope of promotion. For example, one worker reported filling in as a General Manager while the restaurant functioned without leadership for several weeks but not receiving any pay increase or title to match the increased responsibility. Another worker expressed that despite filling the same job duties as a bartender, “they don’t want to pay me the same. The girls that are working in the bar are getting paid as servers; they aren’t making the same as the bartender.”

- Female workers often face a glass ceiling, with men more likely to advance to higher-level positions than women.

Several female workers in our focus groups voiced frustrations over what they perceived as a glass ceiling, making it difficult for them to move from Tier II to Tier I positions. Female workers in restaurants reported that “Men got promoted way more than women” and “women could work there for years at their base pay, where most guys that worked there, . . . within like six months got a 55, 50 cent raise, at least.” Women have an especially hard time breaking into higher paid kitchen jobs, one female cook related that, “For me to work in the kitchen I had to work harder to get in there. Men get those jobs faster.” Another worker agreed that, “You never see too many women in the back. Only when they are preparing salad or other prep work, you’ll never see a woman on grill or anything like that.”

- There is widespread absence of protocols or policies for promotion.

Without firm, consistent, and uniform human resource practices, the majority of promotions that do occur within the restaurant industry reflect the whim of employers. Most workers we interviewed never experienced working in a restaurant that employed performance evaluations or other formal tools that allow employers to objectively determine whether a worker is qualified for advancement. Interviews with employers confirmed that few restaurants employ systematic and consistent protocols for hiring or promotion, one employer believed that, “We’re not big enough to really have a need to codify those kinds of practices.”

- The failure of employers to formally and openly notify staff of vacancies in higher-paid positions discourages many from taking the initiative to request a promotion.

Most workers interviewed reported that their employers didn’t publically post vacancies to higher-level positions within their restaurants and never made formal announcements addressed to the entire staff. These workers asserted that if they were notified of such vacancies, they would be more likely to request an upward move to fill such positions. Workers of color in particular felt left out of the advancement process, reporting experiences of being passed over repeatedly for promotion in favor of less-qualified, and less tenured white workers. One cook observed that in his restaurant experience,

“They’ll bring in a white chef, even if that white chef is straight out of culinary school . . . the cooks that have been there for five, six years who have been making the menu and doing all the work, they end up having to work under someone that they don’t know, who maybe has 3 days of experience in an actual kitchen. But they say that sometimes it looks better to have a white face behind that expeditor table.”

While many workers of color who occupy Tier II positions spend years accumulating the skills and knowledge that makes their restaurants run, they are often passed over for Tier I vacancies by white workers without previous restaurant experience. Without formal, public posting of vacancies, a worker’s experience and tenure do not usually lead to advancement within a particular restaurant, disproportionately impacting workers of color who are employed in lower-level positions and oftentimes remain in these positions for years.

### **Lack of Training**

- Few restaurants offer either on or offsite training to current workers that would allow learning new skills that might lead to advancement.

Training in the restaurant industry is informal and sporadic according to most of the employers and workers interviewed. Crucially, training is often available only to a favored subset of workers. Only workers already occupying Tier I positions receive any type of ongoing, albeit informal, training. If a worker outside of these positions wishes to receive training, they usually must rely on access to personal networks and assistance from Tier I workers in order to receive an improvised demonstration or instruction. This informal system for availing workers of training makes it difficult for lower-level workers to gain needed skills and secure advancement opportunities in their restaurants.

When the employers we interviewed described training, they indicated that it was only offered during pre-shift meetings for Tier I front-of-the-house staff, including captains, servers, and bartenders. These workers have the opportunity to participate in wine or food tastings, and are given lessons and quizzes on the menu. Employers agreed that this type of training is essential for those selling food and beverage to guests or interacting with guests. However, rarely are these trainings opened to Tier II front-of-the-house staff and almost never to back-of-the-house staff. Most bussers and runners and back-of-the-house workers we spoke with said there is little or no job-related training — not even upon hire, let alone for on-the-job-growth. The effect of this exclusion is to hinder persons in these lower positions from obtaining the exposure and knowledge necessary to move upward.

### **Absence of Human Resource Management Practices**

- Consistent, uniform, and standardized human resources practices are a rarity in the restaurant industry.

There is a lack of consistent, uniform, and standardized policies in the restaurant industry that guide practices for recruitment, advancement, and other conditions of work. Therefore, the restaurant industry largely relies on inconsistent, randomly adopted and enforced policies that tend to favor white workers over workers of color. Most restaurants do not have employee handbooks that clearly explain and communicate company policies and procedures.

Many workers we spoke with did not even receive an employee handbook upon first starting the job, and those that did have them said that the contents were often limited to administrative matters, such as required uniforms or the procedure for clocking in and out, but excluded information pertaining to protocols for requesting promotions, evaluations, training, or voicing grievances. Of those employers that do distribute handbooks, verbal orientations on its contents are rare. The absence of employee handbooks both reinforces the casual family structure and marginalizes workers who may not be part of the social networks where there is communication and more access to the employer to learn about the restaurant's protocols

### **Uneven and Arbitrary Disciplinary Practices**

- Without uniformly applied formal rules, many workers receive discipline arbitrarily, especially lower-tiered bussers, runners, dishwashers, and porters who fall outside the social networks that shield others from punishment.

Workers of color, particularly immigrants in the back-of-the-house, expressed that when discipline is administered — whether a verbal warning, write-up, termination, or otherwise — it is inequitably applied, without reference to any official protocol or transparent disciplinary procedure. These workers felt subjected to unequal treatment, noting that employers often turned a blind eye to white workers who erred.

### **Lack of Sexual Harassment Policy**

- Many employers fail to adequately respond to complaints of harassment, oftentimes ignoring the complainant, or allowing other workers to ridicule or retaliate against the complainant, suggesting a culture of tolerance and permissiveness.

Sexual harassment on the job is pervasive in the restaurant industry, with the vast majority of women and a significant portion of men reporting sexual harassment from management, co-workers, and customers.<sup>44</sup> Without an elaborated policy on sexual harassment, many restaurants leave workers to fend for themselves, shifting responsibility for taking action against sexual harassment away from management — where it should be — to the person being harassed. Moreover, without transparent procedures, those who experience unwanted sexual behaviors are left without clear protocols for reporting harassment or indications of what kind of follow-through might result from their complaints.

### **Consequences for Workers and Employers**

The restaurant industry's informal and unstructured approach to human resource management practices has a profound impact on workers of color in the industry. It promotes discriminatory hiring, barriers to upward advancement, arbitrary disciplinary practices, and provides no forum for airing grievances or reporting sexual harassment. Not only do these practices marginalize those workers occupying Tier II workers, who are largely workers of color and women, but they also incur additional costs related to turnover for employers.

The restaurant industry experiences very high levels of turnover, which inflicts both direct costs associated with recruiting and training new workers, as well as indirect costs associated with the diminished quality of service resulting from the inexperience of new workers. Currently, many employers alienate loyal, long-term workers by failing to adopt sound policies such as formal human resource practices. Workers interviewed explained the high turnover rate endemic to the industry is largely due to poor working conditions, low wages, and an inability to advance. Employers could improve retention and cut costs simply by adopting uniform and consistent policies around hiring, promotions, discipline, and grievance reporting.





# Recommendations for Policymakers and Employers

Our research demonstrates that the restaurant industry holds enormous promise as a source of income and jobs for all types of workers, including women, immigrants, and workers of color. In particular, it has the potential to offer these workers opportunities for advancement into livable wage jobs. However, our research also demonstrates that women, workers of color, and immigrants, are overrepresented in poverty wage jobs and underrepresented in the industry's living wage jobs. Genuine opportunities for advancement do not currently exist for all workers, unjustly excluding many from economic self-sufficiency.

ROC United recommends raising the floor through one fair wage so all positions in the industry allow workers to support themselves and their families, increasing opportunities for qualified workers of color, women, and immigrants to obtain living-wage jobs on an equal basis with whites and men, and providing training and placement opportunities to train workers denied entry into the industry.

## Recommendations to Policymakers

While employers must be committed to raising workplace standards and establishing clear career ladders, public policy measures are needed to help restaurant employers fulfill the industry's potential to provide livable-wage jobs. A commitment on the part of government and regulatory agencies to find ways to level the playing field to support employers who take the “high road,” and enable them to do so, is a necessary ingredient for a truly successful restaurant industry.

### Policymakers should:

- Enact, without delay, one fair wage, eliminating the tipped sub-minimum wage and raising the minimum wage. The minimum and sub-minimum wage disproportionately impacts women and people of color. The lowest paid positions in the restaurant industry will continue to be disproportionately occupied by people of color for the near future; we should raise the wage floor for those positions to ensure workers of color, and all workers, who work full time can earn a living wage sufficient to care for themselves and their families.
- Enact a legislative requirement that all employers provide information about job openings in the highest-paid positions and adopt a uniform promotions policy.
  - > By requiring standard operating procedures for all restaurant employers, policymakers could both formalize career ladders in this growing industry and help ensure a level playing field for employers who do promote from within.
- Support workforce development programs such as ROC's COLORS Hospitality Opportunities for Workers program that provide free or low cost, quality front-of-the-house hard and soft skills training for all workers, but primarily targeted at workers of color and women, to advance within the industry. Workers of color, in particular Black workers, face an unemployment crisis that can be positively impacted through targeted workforce development initiatives.
- Enact a certification program formalizing requirements for employment, allowing all workers with certified skills and the requisite training the opportunity to compete for job openings on an equal footing.
- Provide incentives to employers that provide on-the-job or off-premise training for existing workers and promoting from within.
  - > Proactively and widely publicize and support model employer practices to provide much-needed guidance to other employers in the industry.
- Publicize and support model employer practices to provide much-needed guidance to other employers in the industry.
  - > The vast majority of employers we interviewed agreed in theory that “high road” workplace practices — including a diverse workforce and promotion from within — were better for both workers and for business. However, many were not implementing such practices.

## The Colors Hospitality Opportunities for Workers (CHOW) Institute

The CHOW Institute offers free or subsidized front-of-the-house training across the country, back-of-the-house training in select locations, and certification to approximately one thousand low-wage workers each year in the twelve cities around the country where ROC-United currently has an affiliate. While comprehensive job training of this nature allows low-wage workers to advance to living wage jobs in the industry, there are no other free or affordable quality industry-specific restaurant job training programs for low-wage workers. Most programs are expensive, private trade schools and the majority focus only on back-of-the-house training. The lack of formalized, on-the-job training in this industry keeps many workers of color and women from advancing to higher-paid positions. Employers who are unable or unwilling to provide in-house job training can choose to send their workers to the CHOW Institute to gain additional, even customized, training designed to increase workers' skills, confidence, prospects towards promotion — and ultimately, greater financial benefits for the employer. All of these reasons demonstrate the need for the type of formalized and comprehensive job training that the CHOW Institute offers.

### Specifically, policymakers should:

- > Ensure that the only employers who receive city or state-distributed incentives, such as tax credits or other existing subsidies, are those who agree to comply with a Restaurant Code of Conduct that includes not only legal obligations to their workers, but also 'best practices,' that go above and beyond legal practices;
  - > Provide monetary or other incentives to employers who engage in high-road practices;
  - > Require employers who currently receive public subsidies to adopt high-road practices;
  - > Support and facilitate research and the creation of educational materials to help employers understand the benefits of promoting from within and creating a diverse work environment in which all have opportunity for advancement, as well as the negative consequences of failing to provide such opportunities to workers.
- Protect workers suffering from egregious violations of federal, state and local equal employment opportunity laws.
    - > Assist advocates engaged in anti-discrimination campaigns through intervention and mediation, encouraging employers to change their discriminatory practices;
    - > Support legislative penalties against employers who violate anti-discrimination laws;
    - > Continue to work with advocates to provide free educational materials and events for employers on how to comply with local, state, and federal anti-discrimination laws;
    - > Ensure that restaurant employers understand their liability with regard to equal employment laws and the consequences for engaging in illegal discriminatory practices.
  - Publicly support collective organizing among restaurant workers to help them improve working conditions in their workplace.
    - > Rather than simply providing workers with access to living wage jobs, policymakers should simultaneously work to improve wages and working conditions for all workers in the industry. Governments, employers, and non-governmental social sector organizations should foster and support organizing among restaurant workers to improve wages and working conditions in their workplaces and publicize the public benefits of these collective actions.
  - Initiate or support further study, particularly about the public cost of discrimination and the true profitability of taking the 'high road,' as well as the extent and nature of gender discrimination and sexual harassment in the industry.
    - > Discrimination and occupational segregation is a complex and intricate issue, and is deserving of ongoing discussion and participation from all groups — workers, employers, policymakers — involved and affected. More detailed information is needed regarding the public cost of discrimination and occupational segregation and the true economic profitability of taking the 'high-road,' including providing workers with opportunities for advancement.
  - Fund free training programs for workers of color and women to obtain certificates in serving, bartending, wine, and other skills necessary to advance to living-wage positions within the industry.

## Recommendations to Employers

Employers can gain many short and long-term tangible benefits by adopting standards around hiring, training, and promotion, including retaining a more qualified and skilled staff, reduction in costs associated with turnover, and increased profit. Although some employers may recognize that employment discrimination is illegal, many are often unclear about what actions or practices actually constitute illegal discrimination. By adopting standard protocols, such as those outlined below, employers can eliminate or at least minimize conscious or unconscious discriminatory biases and practices, and therefore, reduce their liability.

### Employers should:

- Enhance job quality by increasing wages and benefits.
  - > Not all workers can move to higher-paid positions. Employers should ensure that workers in all positions earn a wage sufficient to support themselves and their families. Ultimately, enhancement of job quality with respect to higher wages and benefits is an essential way to increase productivity and retention.
- Create career ladders in the restaurant industry that provide opportunity for people of color, immigrants, and women to move into the best paying positions in the industry.

### To this end:

- Employers should clearly explain and communicate company policies and procedures through the use of employee handbooks, orientations and trainings, or through other ways of concretely demonstrating these policies and practices, for all aspects of work.
  - > Clearly communicate that harassment of any form will not be tolerated;
  - > Provide regular harassment trainings to all workers;
  - > Establish an effective complaint or grievance process and maintain records of such grievances or complaints;
  - > Take appropriate and immediate steps as soon as an employee voices a complaint.
- Adopt bi-annual or annual performance evaluations by which all workers may be evaluated.
  - > Develop specific criteria for evaluating performance;
  - > Evaluate workers' needs for further training;
  - > Evaluate workers' prospects for lateral or upward mobility;
  - > Involve other workers or managers in the evaluation process;
  - > Determine workers' interests and career goals within the workplace;
  - > Provide suggestions for improvement;
  - > Maintain records of the evaluations;
  - > Regularly utilize such evaluations for consideration of promotion;
  - > Avoid sole reliance on "open door policies," which wholly depend on the worker's initiative to bring forth concerns and request training or the opportunity for promotion.
- Adopt protocols for promotion.
  - > Adopt a standard promotion policy;
  - > Publish the promotion policy in employee handbooks;
  - > Explain the promotion policy at new staff orientations;
  - > Discuss the promotion policy during individual worker evaluations;
  - > Post the promotion policy within the workplace.
- Adopt formal practices for recruitment, including clear and explicit criteria for each position and structured and uniform interview processes.
  - > First consider current workers to fill job vacancies before recruiting from the outside;
  - > Avoid sole reliance on subjective methods of hiring, such as word-of-mouth, social network hiring;
  - > Post job vacancies of all positions for a certain number of days or until filled;
  - > Announce job vacancies to all staff during staff meetings;
  - > Indicate relevant information about vacancies, including qualifications required, pay rates, job duties, and descriptions of position;
  - > Approach current qualified workers after announcing the vacancy;
  - > Interview those workers with the potential to fill the vacancy;
  - > Maintain records of the interviews;
  - > Regularly utilize such interviews — together with performance evaluations — for consideration of fulfilling a current or future vacancy;
  - > Provide ongoing training to all workers so that they may advance to higher positions. Studies have repeatedly and unequivocally shown that emphasis on continuous training programs reduces turnover, improves guest service, and, increases profit;
  - > Provide cross-training, such as training a busser to wait on guests or training a prep cook to cook on the line. Cross-training can have many benefits including: increased productivity and maintenance of adequate staffing levels; an overall higher number of staff with a myriad of skills; decreased monotony at work; and real opportunities for upward or lateral mobility. If an employer has trained a busser in waiting skills, he/she might have the busser temporarily fill a server's position when understaffed;
  - > Make reference materials accessible to all workers;
  - > Provide all workers with the opportunity to trail and shadow;
  - > Encourage all workers to participate in pre-shift meetings, particularly when wine or food tastings or other opportunities to learn about the menu and specials are involved.

# Notes

- 1 Restaurant Opportunities Centers United (ROC-United) analysis of Bureau of Labor Statistics (BLS), Current Employment Statistics, 2014.
- 2 ROC-United analysis of Bureau of Labor Statistics (BLS), Occupational Employment Statistics, 2013. National Cross-Industry Estimates sorted by median hourly wage for all Standard Occupational classifications.
- 3 Throughout, workers of color is used to refer to Black, Latino, Asian, and other non-white workers.
- 4 Shierholz, Heidi. (2014, August 21). *Low Wages and Few Benefits Mean Many Restaurant Workers Can't Make Ends Meet*. Washington DC: Economic Policy Institute.
- 5 See testimony of Restaurant Association representatives to the Washington, D.C. Council hearing on October 28, 2013, concerning raising the minimum wage; and to the Berkeley, CA City Council session considerations re: minimum wage on April 1, 2014, as examples.
- 6 ROC-United analysis of BLS, OES, 2013 and the Behind the Kitchen Door database finds that between 10 and 20 percent of jobs in the industry can be considered living wage jobs.
- 7 Bendick, M., R. Eanni, and S. Jayaraman. 2009. "Race-Ethnic Employment Discrimination in Upscale Restaurants: Evidence from Paired Comparison Testing." *The Social Science Journal*. Vol. 39, Issue 10: 895-911.
- 8 Desilver, Drew. (2013, August 21). *Black unemployment is consistently twice that of whites*. Washington DC: PEW Research Center. Retrieved October 5, 2014.
- 9 ROC-United analysis of U.S. Census Bureau: State and County QuickFacts. Retrieved October 5, 2014.
- 10 Multiple linear regression was run on I.C. Stata 13 to examine effects on annual wage and salary income of the interaction of race, gender, and citizenship status with higher education and English proficiency among currently employed Tier I FOH workers.
- 12 ROC-United analysis of 2012 American Community Survey (ACS). Steven Ruggles, J. Trent Alexander, Katie Genadek, Ronald Goeken, Matthew B. Schroeder, and Matthew Sobek. Integrated Public Use Microdata Series: Version 5.0 [Machine-readable database] (IPUMS). Minneapolis, MN: Minnesota Population Center [producer and distributor], 2010.
- 12 Ibid
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- 41 Fine-dining establishments were placed in a testing pool compiled through third party lists such as Urban Spoon and Zagat's, then randomized for testing.
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## Occupational Segregation & Inequality in the US Restaurant Industry



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