

# Racial and Gender Occupational Segregation in the Restaurant Industry

#### BY RESTAURANT OPPORTUNITIES CENTERS UNITED

WITH RESEARCH SUPPORT FROM

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#### ENDING JIM CROW IN AMERICA'S RESTAURANTS

# Racial and Gender Occupational Segregation in the Restaurant Industry

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## **Executive Summary**

It shall be unlawful to conduct a restaurant or other place for the serving of food in the city, at which white and colored people are served in the same room, unless such white and colored persons are effectually separated by a solid partition extending from the floor upward to a distance of seven feet or higher, and unless a separate entrance from the street is provided for each compartment.

—JIM CROW LAW, ALABAMA<sup>1</sup>

im Crow laws were state and local laws regulating racial segregation in public and private spaces (public accommodations) in the US South. Discrimination in public accommodations was finally outlawed with the passing of the Civil Rights Act of 1964. While Jim Crow regulated the enforced separation between white and African American patrons in restaurants, today we largely find that restaurant workers are effectively segregated by race and gender by a partition between livable-wage server and bartender positions and poverty wage busser, runner, and kitchen positions, and between limited service (fast food), full service casual, and full service fine-dining restaurants. White males appear to be afforded the opportunity to work in the highest paying, most exclusive bartender and server positions in fine-dining restaurants; women, in general, appear channeled towards lower paying positions in casual full-service restaurants; while Latinos and African Americans seem largely channeled to lower paying busser, runner, or kitchen positions in full service restaurants and to limited-service, fast food establishments.<sup>2</sup> Women of color see the largest impact of such segregation on their wages, while African Americans, in many locations, are largely excluded from participation in the most lucrative segments of the industry.<sup>3,4</sup> It is time to end the occupational Jim Crow that pervades the industry and ensure women and workers of color are provided genuine opportunities leading to equitable outcomes.

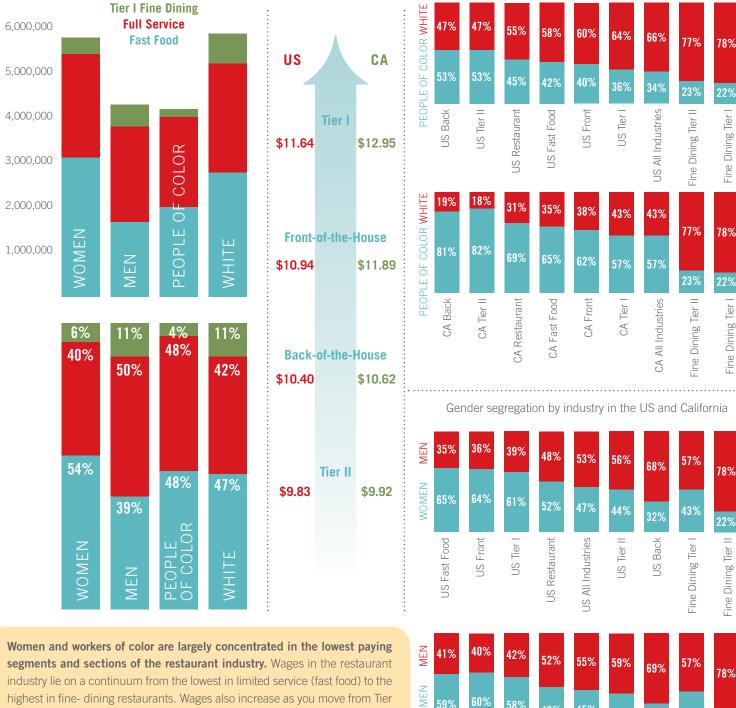
The restaurant industry employs nearly 11 million workers and is one of the fastest growing sectors of the US economy. Despite the industry's growth, restaurant workers occupy seven of the ten lowest-paid occupations reported by the Bureau of Labor Statistics, and the economic position of workers of color in the restaurant industry 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.

The restaurant industry can do better. Up to 20% of restaurant jobs provide livable-wages, and fine-dining servers and bartenders in cities like San Francisco and Oakland can earn between \$50,000 and \$150,000 per year.8 Unfortunately, people of color and in particular women of color face significant barriers in obtaining these livable-wage positions.9 From 2007 until 2013, the Restaurant Opportunities Centers United (ROC) conducted more than 400 matched pair audit tests, sending pairs of evenly matched white and people of color applicants into fine-dining restaurants to see who would be hired in fine-dining server positions, and on that basis published a series of reports called The Great Service Divide. ROC found that white workers were more likely to be interviewed, and twice as likely to be hired, as equally or better-qualified workers of color applying to the same fine-dining establishments. This finding has been bolstered by recent research by economist John Nunley, who found qualified young applicants of color less likely to be interviewed than their white counterparts, with the highest racial discrimination occurring in service jobs that have substantial customer interaction.

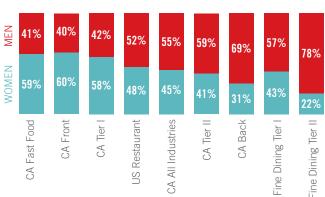
Workers of color are concentrated in lower-level busser and kitchen positions in fine-dining restaurants, and overall in segments of the industry in which earnings are lower. A canvass of 133 fine-dining establishments



#### Racial segregation by industry in the US and California



Women and workers of color are largely concentrated in the lowest paying segments and sections of the restaurant industry. Wages in the restaurant industry lie on a continuum from the lowest in limited service (fast food) to the highest in fine- dining restaurants. Wages also increase as you move from Tier II positions in the Back-of-the-House, or the kitchen, to Tier I positions in the Front-of-the-House, or the dining room where workers interact directly with guests. Tier refers to higher and lower paid occupations within each section. Upward mobility from a Tier II position to a Tier I position, and from a Limited Service to Fine Dining position represent the most natural and meaningful forms of advancement in the industry, and yet women and people of color are often denied advancement opportunities.



Total employment figures for full and limited service restaurants were derived from the Bureau of Labor Statistics (BLS) Current Employment Statistics. Since the BLS does not account for fine-dining restaurants as a percentage of the industry, we drew on the percentage of upscale fine-dining restaurants derived from a random sample of 1,150 restaurants in A National Study of Human Resource Practices, Turnover, and Customer Service in the Restaurant Industry (ROC United, 2015). Race and gender demographic percentages for casual full service were derived from overall restaurant demographics drawn from the Current Population Survey (CPS) 2013; percentages for limited service were derived from combined food prep and serving occupations, including fast food from CPS 2013; and Tier I fine-dining were derived from canvassing a random sample of 133 fine-dining restaurants in the Great Service Divide (2015). This should be seen as illustrative of both employment and demographic segregation within the industry. Wages, and race and gender segregation by industry in the US and California were drawn from CPS 2013, except for CA Fast Food, drawn from combined food prep and serving occupations, including fast food from the American Community Survey 2013, and fine-dining Tier I and Tier II, derived from the multi-city canvass of fine-dining restaurants in the Great Service Divide (2015).

found that 81% of management and 78% of higher-level non-management positions such as captain, manager, and bartender are occupied by white workers, a disproportionate amount of these male. <sup>12</sup> Mobility for workers of color is limited; of workers that have been denied a promotion, 28% cited race as the primary reason for their lack of opportunities. <sup>13</sup> Overall, after adjusting for education and language proficiency, workers of color receive 56% lower earnings when compared to equally qualified white workers. <sup>14</sup>

In this report, we go beyond simply the patterns of discrimination in the restaurant industry to understand in greater detail the factors contributing to this racial segregation and explore interventions that can be effective in overcoming these patterns. From 2013 to 2015, ROC convened a series of gatherings of employment discrimination experts and attorneys to explore potential policy and programmatic interventions; these cohorts determined that further research was needed to more deeply understand the biases, barriers, and challenges expressed by workers, employers, and consumers that perpetuate segregation in the industry. In this report, the first step after those gatherings, ROC conducted extensive analysis of government data and a series of interviews with employers to understand the



extent and methods of further research needed to design policy and programmatic interventions to address segregation. We then discussed the findings with employment discrimination experts and attorneys, and referenced an extensive database of worker interviews. We chose California as the appropriate place to conduct this research and to engage in future policy development.

California is a critical place to examine racial segregation in the restaurant industry, with implications for the industry nationwide. California is the state with the nation's largest restaurant industry, including several cities that are repeatedly named among the top dining destinations nationwide, and one of the most diverse populations of any state in the country. California state and local laws also provide restaurant workers with better wages and basic benefits, like paid sick days, than most other states, leaving racial segregation and lack of mobility among workers of color as one of the key issues restaurant workers seek to address.

In an effort to better understand occupational segregation within the restaurant industry, we engaged in an in-depth analysis of wages by gender, race, and occupation nationwide, by minimum wage level, and within California by examining the Current Population Survey, coupled with a more exploratory analysis comprised of a dozen interviews conducted with owners and general managers interested in discussing successes and challenges in addressing occupational segregation — primarily in Oakland and the San Francisco Bay Area, but also in Los Angeles, and San Diego — during June and July 2015. We then discussed these findings with academics and experts, and compared them to hundreds of worker interviews from previous ROC studies.

### Government Data Analysis of Wage Differentials by Race and Gender

Overall we found that there is substantial wage inequality, and significant occupational segregation, by both gender and race in the restaurant industry.

Women make up 52% of all restaurant workers, but 64% of all Front-of-the-House occupations (see Table 1). Women disproportionately occupy server positions, but earn substantially lower wages, likely as a result of working in lower-tipping segments of the industry, such as casual restaurants. Workers of color are concentrated in Back-of-the-House and Tier II occupations. African American workers earn the lowest wages in Back-of-the-House and Tier I occupations. While Latino workers have higher average wages in the lowest wage Back-of-the-House and Tier II occupations, where they are largely concentrated, they earn the lowest wages in Tier I and Front-of-the-House occupations.

All workers of color experience racial segregation, but in California, Latinos experience the highest levels of directly observable occupational segregation, with substantial under-representation in the higher-paying server

**TABLE 1**United States: Average restaurant wages by tier and front-of-the-house/back-of-the-house (FOH/BOH), and gender and race

|         | Men     | Women   | White   | African<br>American | Latino  |
|---------|---------|---------|---------|---------------------|---------|
| Tier I  | \$14.03 | \$10.10 | \$11.75 | \$11.73             | \$10.51 |
| FOH     | \$12.95 | \$9.81  | \$11.14 | \$10.33             | \$10.00 |
| Tier II | \$10.28 | \$9.25  | \$9.70  | \$9.08              | \$10.10 |
| ВОН     | \$10.81 | \$9.51  | \$10.36 | \$9.74              | \$10.51 |
| All     | \$11.83 | \$9.75  | \$10.89 | \$10.11             | \$10.25 |

Percentage of tiers and sections-of-the-house by gender and race

|         | Men | Women | White | African<br>American | Latino |
|---------|-----|-------|-------|---------------------|--------|
| Tier I  | 39% | 61%   | 64%   | 9%                  | 18%    |
| FOH     | 36% | 64%   | 60%   | 11%                 | 20%    |
| Tier II | 56% | 44%   | 47%   | 14%                 | 32%    |
| ВОН     | 68% | 32%   | 47%   | 12%                 | 34%    |
| All     | 48% | 52%   | 55%   | 11%                 | 25%    |

**TABLE 2**California: Restaurant wages by front-of-the-house/back-of-the-house (FOH/BOH) and race and gender

|                           | White   | White   | Men      | Women    |  |  |  |
|---------------------------|---------|---------|----------|----------|--|--|--|
|                           | Men     | Women   | of Color | of Color |  |  |  |
| FOH                       | \$15.06 | \$11.56 | \$12.85  | \$10.21  |  |  |  |
| вон                       | \$12.24 | \$9.96  | \$10.69  | \$9.92   |  |  |  |
| All                       | \$14.18 | \$11.30 | \$11.63  | \$10.13  |  |  |  |
| % Wage of White Men (All) |         |         |          |          |  |  |  |
|                           | 100%    | 80%     | 82%      | 71%      |  |  |  |
|                           |         |         |          |          |  |  |  |

and bartender occupations, while African Americans are largely absent from meaningful participation in full service restaurant occupations and overrepresented in limited-service fast food occupations. Like women overall, even those people of color employed in these typically higher wage categories earn substantially lower average wages. The greatest racial and gender wage inequality is in the highest wage occupational categories—namely fine-dining server and bartender positions. In the lower wage occupational categories (kitchen and non-managerial positions), average wages across all gender and race categories are low and the differences between race and gender are substantially less than in the higher wage occupational categories.

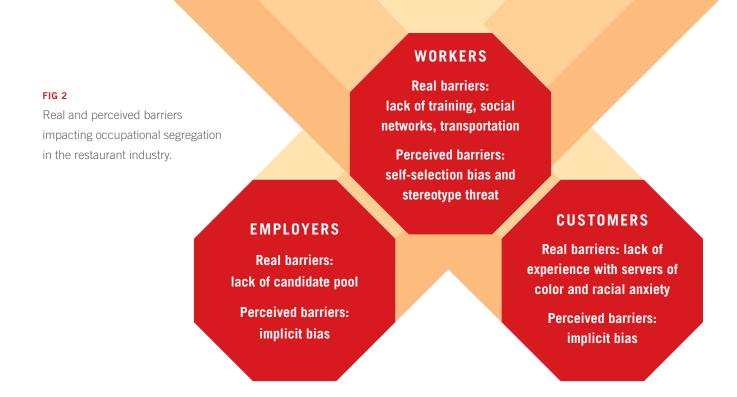
Examining restaurant wages by race and gender in California, women of color earned \$10.13 per hour on average, compared to \$11.30 for white women, \$11.63 for men of color, and \$14.18 for white men (see Table 2). Women of color, on average, earned 71% of what white men earn.

All of these trends make California an ideal place to study and consider solutions to racial inequality in the industry. States with higher minimum wages tend to have less race and gender inequality. As one of those states with a minimum wage that is higher than the Federal minimum wage, California appears to have less gender and race wage inequality than the national average, but inequality is higher when combining race and gender, and patterns of racial occupational segregation are as evident in California as elsewhere.

## What Underpins These Patterns? **Qualitative Research Results**

Even though the restaurant owners interviewed were asked specifically and agreed to be interviewed on race and occupational segregation, many found it challenging to discuss the topic, with several declining to give details about the racial and ethnic composition of their staff. In the restaurants we studied and have data for, a majority had white serving and bartending staff, and overwhelmingly majority Latino kitchen staff, but most expressed that they were "diverse" or even "very diverse." Several successful restaurants had majority staff of people of color, demonstrating the possibility of hiring and retaining workers of color in top-tier service positions, but these tended to be smaller restaurants with ethnic cuisine and some geared to specific communities of color. The restaurants with the highest wages and greatest number of employees had the highest rates of segregation in both Front-of-the-House service positions and Back-of-the-House kitchen positions. There was much variation in both recruitment practices and training materials.

As a rule, the restaurants expressed that they sought work-



ers who were "clean-cut," had "good hygiene," or a "professional" appearance, all potential code-words for race, and the majority expressed that there were no barriers to hiring or mobility except for language skills. The majority denied that race was an issue, while some felt it was an issue in the industry for others but not for them, and only two thought it was an issue they faced. The restaurant owners and General Managers interviewed varied in their opinion towards the cause of segregation, and stated that a lack of diversity was either not a problem, or was caused by self-selection, and a lack of self-esteem, among the individuals who applied to certain positions, by education and language barriers, by a lack of family structure and work ethic, or by the legacy of slavery that made African Americans unwilling to work as servers.

Overall, the interviews of employers, combined with interviews with experts and workers, pointed to internalized, implicit, and deep-seated biases among all three restaurant stakeholders — workers, employers, and consumers — that combine with real barriers all three stakeholders face to perpetuate racial segregation in the industry.

#### 1 WORKERS

Worker interviews point to real barriers workers face in applying to livable-wage fine-dining service positions, including lack of training, social networks, transportation, childcare, interactions with the criminal justice system, and more. In addition, both worker and employer interviews point to the existence of self-selection bias, the fact that workers of color are less likely to apply for top-tier positions in fine-dining establishments, either because management and/or clientele behavior makes them uncomfortable, or because they feel they lack the education or skills to succeed in those positions. This bias is augmented by the fact that workers of color, due to structural inequality, may succumb to stereotype threat in response to a perceived deficit in skills, and fail to apply to Front-of the-House positions. Many restaurants rely largely on word of mouth outreach by their staff to recruit applications for open positions, perpetuating the social networks that are currently employed.

"I mean someone [of color] will walk in and they will specifically ask for a position. And that's when I recognize, okay. Not that there's availability . . . , but they'll go, 'do you need a dishwasher, or do you need a busperson', and I'm like, oh, my goodness." —RESTAURANT OWNER, casual full-service Asian restaurant, on the positions workers of color tend to apply for

## 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 and Back-of-the-House

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 Front-of-the-House 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 American/Black, Latino, Asian, American Indian, Native Hawaiian and Pacific Islander, mixed race individuals, and other categories, as gathered by the Current Population Survey (CPS) and American Community Survey (ACS). The CPS and ACS use the term Hispanic, but here the term Latino is used throughout.

#### **Segment**

The North American Industry Classification System (NAICS) categorizes the restaurant industry ("Food Services and Drinking Places") into four segments: full-service, limited service, special food services, such as catering, and drinking places, or bars which serve drinks but not food.

#### **Full-service**

Restaurants have table service where the consumer orders from a menu at a table. The restaurant categories described in this report are similar to the NAICS categories, with the addition of a distinction within full-service between fine-dining and casual restaurants. Distinguishing these two categories proves critical to our analysis because job quality, employer practices, and patterns of ethnic and racial employment and occupational segregation differ across the two segments.

#### **Fine-Dining**

Full service restaurants with a price point per guest of \$40.00 or more including beverages but excluding gratuity. Full-service restaurants are commonly referred to as "upscale" restaurants, and it is common for fine-dining restaurants to have a unique concept (the name, menu, and decor of a restaurant).

#### Casual restaurants

Also described as casual dining or family style restaurants, are moderately priced full-service restaurants. They include franchise or chain restaurants, such as Olive Garden or Applebee's, as well as independently-owned establishments.

#### Limited service

Also called Quick Serve, are restaurants that serve food without table service. Examples include fast food restaurants like McDonald's, or fast-casual restaurants, like Chipotle, that may have higher prices and cater to different clientele.

#### **Living Wage**

The minimum level of earnings sufficient to support a typical worker in any high cost area. In this report, this wage is assumed to be \$19.04 per hour in the Oakland-Fremont, CA Metro Area, which equals \$39,603 for a person with no dependents and no benefits employed 40 hours per week for a full year, according to the Economic Policy Institute's Family Budget Calculator. [http://www.epi.org/resources/budget/]

#### 2 EMPLOYERS

In interviews, employers pointed to the lack of a sufficient candidate pool of workers of color as a real barrier to desegregating their workplace. However, previous studies of employers in multiple sectors find implicit bias is an institutional and structural factor leading to hiring and promotion discrimination, <sup>15</sup> and this current study also points to the presence of perceived barriers and implicit bias among employers.

*Implicit bias* is the subconscious bias or attitude towards a given characteristic, here race and gender, among restaurant owners and customers, that were expressed through code-words, through the definition of diversity, or through the unexamined expectation that mobility takes place within but not across kitchen and service positions.

"The restaurant is really equal opportunity. Most restaurants, I would say, it's about who hustles, who is smart, it's total Darwinism. This restaurant, well, most restaurants depend on speed. The sharpest, the brightest, the fastest usually go to the top."—RESTAURANT OWNER, fine-dining organic farm-to-table restaurant, on opportunity and mobility within the industry

#### 3 CUSTOMERS

We also found evidence of implicit, if not explicit, bias from customers. Most restaurant owners were reticent to ascribe racial preferences to their customers, although at least one was certain that restaurant patrons did prefer to be served by workers of their own race, and ethnic restaurants were the only ones to have a significant presence of workers of color in the dining room. Also of note is the haughty attitude of customers towards staff of color that one restaurant owner described. This behavior, unless purposeful, is indicative of the implicit biases many restaurant patrons carry, and to which they are most likely oblivious. In addition, recent research from the Center for Social Inclusion has found that racial anxiety can actually increase when individuals are faced with racially diverse messengers, despite an expressed desire for greater racial diversity.<sup>16</sup>

"I guarantee you, if I put all whites in uniforms in chef hats in the front, this café would be taken much more seriously as a food place than what I have right now, and I could have the exact same food."—RESTAURANT OWNER, casual full service Café, on customer attitudes towards race of service staff

The real and perceived barriers of all three stakeholders all reinforce each other and allow current conditions to reproduce themselves. Additional study is merited to both test these relationships, but also to examine interventions that might break this cycle.

### Introduction

he restaurant industry employs 11 million workers and is one of the fastest growing sectors of the US economy. The Despite the industry's growth, restaurant workers occupy seven of the ten lowest-paid occupations reported by the Bureau of Labor Statistics. The economic position of workers of color in the restaurant industry 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. Restaurant workers are also disadvantaged by federal minimum wage laws, which allow tipped workers to be paid as little as \$2.13 per hour.

The restaurant industry does provide livable-wage opportunities primarily in tipped Tier I, Front-of-the-House positions such as bartending and serving, but these occupations are held largely by white male workers in fine-dining establishments. While women make up over 66% of tipped occupations, they are primarily found in casual full-service establishments where check-size, and tips, are much lower, and where the federal tipped subminimum wage of only \$2.13 is more likely to lead to economic insecurity. Our previous research has found that workers of color face: a glass ceiling, granted living wage opportunities only 73% of the time; a low floor, in a race tax of 56% lower earnings, both compared to equally qualified white workers; and a locked door, since workers of color face structural and durable inequalities that exclude them from the industry. For example 22% of African American workers are unemployed, compared to 10% of white workers, among those seeking positions as bartenders and servers, compounding the exclusion of people of color in Tier I Front-of-the-House positions. A similar picture emerges for women in the restaurant industry, who are 47% less likely to earn a living wage in Front-of-the-House occupations, and who experience a gender tax of 11% lower earnings than their equally qualified male counterparts.<sup>21</sup>

With over one million restaurant workers<sup>22</sup>—more than 10% of the nation's total restaurant workforce, California is one of the seven states without a lower subminimum wage for tipped workers. While this has led to concrete improvements such as reductions in poverty rates, restaurant workers in California face many of the same challenges and racial disparities as workers in other parts of the country.<sup>23</sup> Despite higher wages overall, we still see high rates of segregation, with women and workers of color primarily working in lower earning tiers and segments than their male and white counterparts.

At the same time, California has one of the most diverse restaurant workforces in the nation, the nation's largest restaurant industry, and several cities that rank among the top dining destinations nationwide, as well as better wages and basic benefits than most other states, making the state a ripe candidate to study gender and racial segregation in the restaurant industry.

In an effort to better understand occupational segregation within the restaurant industry, we conducted an in-depth analysis of wages by gender, race, and occupation in California and across the nation, coupled with a series of interviews of restaurant owners in California for an exploratory analysis of successes and challenges employers face when addressing occupational segregation. We then discussed these findings with academics and experts, and compared them to hundreds of worker interviews to understand how best to create equitable career ladders within the restaurant industry.

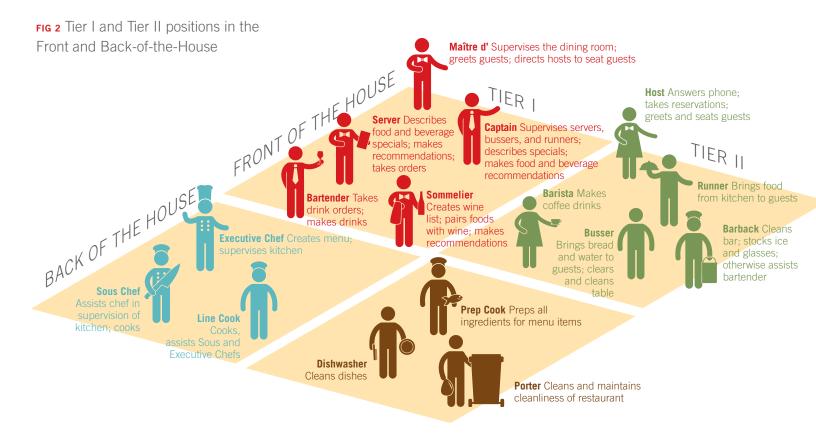
### Methodology

Ending Jim Crow in America's Restaurants represents the first step in exploring interventions after establishing the extent of segregation and the role of discriminatory hiring practices through the Great Service Divide reports. From 2013 to 2015, ROC convened a series of gatherings of employment discrimination experts and attorneys to explore potential policy and programmatic interventions; these cohorts determined that deeper research was needed to more deeply understand the biases, barriers, and challenges of workers, employers, and consumers that perpetuate segregation in the industry. In this report, the first step after those gatherings, ROC conducted extensive government data analysis and a small set of initial interviews with employers to understand the extent and methods of further research needed to design policy and programmatic interventions to address segregation, discussed the findings with employment discrimination experts and attorneys, and referenced an extensive database of worker interviews. We chose California as the appropriate place to conduct this research and to engage in future policy development.

In examining the patterns of racial and gender segregation in the restaurant industry, we used the Current Population Survey (CPS) Outgoing Rotation Group data, which is also sometimes known as the "earnings files" or "quarter sample" of the CPS. This is the standard data set for analyzing hourly wages and employment patterns. We used the annual merged file for 2013, as downloaded and processed by the Center for Economic and Policy Research in Washington D.C.<sup>24</sup> This data source provides hourly wage data, along with demographic data (race, gender) that is the core of our analysis.

In analyzing patterns of occupational segregation, one of our interests is in the impact of having a separate tipped minimum wage, not just on wages but also on patterns of occupational segregation. Thus, we make a distinction between states based on the different laws governing minimum wages, and in particular how much tipped workers can be paid as a minimum cash wage from their employer. Based on information from the Department of Labor on Minimum Wages for Tipped Employees<sup>25</sup>, these categories in 2013 were:

- Between \$2.13 and \$2.99/hour: AL, AR, DE, DC, GA, IN, KS, KY,LA, MA,MI, MS, NC, NE, NJ, NM, OK, PA, RI, SC, SD,TN, TX, UT, VA, WI, and WY
- Between \$3.00 and full minimum wage for tipped workers: (state tipped minimum in parentheses): AZ (\$4.80), CO (\$4.76), CT (\$5.69), FL (\$4.77), HI (\$7.00), ID (\$3.35), IL (\$4.95), IA (\$4.35), ME (\$3.75), MD (\$3.63), MO (\$3.68), NH (\$3.26), NY (\$5.00 for most), ND (\$4.86), OH (\$3.93), VT (\$4.17), and WV (\$5.80).
- Full minimum wage for tipped workers (with higher than federal minimum wage indicated in parentheses): AK (\$7.75), CA (\$8.00), MN, MT (\$7.80 for businesses with gross sales over \$110,000), NV (\$8.25 if no health), OR (\$8.95), WA (\$9.19)



In analyzing patterns of occupational segregation, we distinguish between types of occupations in two different ways (see Fig. 2):

#### Front-of-the-House versus Back-of-the-House

These are 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 to describe the higher-paid positions in both Front-of-the-House and Back-of-the-House. Front-of-the-House occupations in Tier I include the maître d', supervisors, hosts, bartenders, and servers, while Back-of-the-House occupations in Tier I include executive chefs, sous chefs, and line cooks. Tier II is a term describing lower-paid positions in both Front-of-the-House and Back-of-the-House. In Front-of-the-House, this includes bussers, runners, and baristas, while in Back-of-the-House this includes prep-cooks, dishwashers, and porters.

In the government data analysis that follows, we first examine national conditions, then review patterns based on our clustering of states by minimum wage, and finally discuss specific conditions in California. California has a substantially higher percentage of the workforce who are people of color, which might suggest a greater ability to overcome racial segregation, so in that final section we also specifically compare the California patterns to the national patterns.

In order to deepen our understanding of the causes of differences in wages by occupational category and position, and race and gender, we also interviewed twelve restaurant owners on the subject of occupational segregation and diversity within their restaurant(s) and the industry. As mentioned above, we also interviewed over a dozen experts and combined this information with previous worker survey data.

TABLE 3 California: Establishment size

| Employees                         |     |       |       |       |      |  |  |
|-----------------------------------|-----|-------|-------|-------|------|--|--|
| 1-4                               | 5-9 | 10-19 | 20-49 | 50-99 | 100+ |  |  |
| Sample                            |     |       |       |       |      |  |  |
| 0%                                | 25% | 25%   | 42%   | 8%    | 0%   |  |  |
| San Francisco-Oakland-Hayward, CA |     |       |       |       |      |  |  |
| 30%                               | 21% | 22%   | 18%   | 7%    | 1%   |  |  |

The majority of restaurant owners interviewed have been recognized for their success at promoting staff within their restaurant and many have shown an interest in issues of occupational segregation. These restaurants were chosen to see how they were or were not succeeding at promoting diversity, and all agreed to be interviewed "for an upcoming report on occupational segregation in the restaurant industry [in particular about] the stories of restaurant employers who have succeeded in creating a diverse workforce that is not segregated by position, but also the stories of restaurant employers who have attempted and faced significant challenges in reaching this objective." An additional four restaurants were interviewed due to their willingness to participate in the project, though we did not have prior knowledge of their promotions practices.

The interview guide began with a survey of the number of staff, staff turnover, wages, and benefits, followed by a set of questions on the individual interviewee's personal history, the history of the restaurant, the ownership structure, gender and race of staff, hiring, training, and promotions practices, staff turnover, wages and benefits, and a specific set of questions on segregation in the industry. The interviews lasted from 30 to 90 minutes. Interviews were transcribed and then coded in Dedoose for analysis.

Twelve restaurant owners and general managers were interviewed in a range of full-service restaurants. Six of the restaurants were fine-dining establishments, and six were casual full service (including two fast-casual-style establishments, both with table service). Five of the interviews were conducted in Berkeley, four were conducted in Oakland, two were conducted in Los Angeles, and one was conducted in San Diego.

The establishments were all small to mid-sized, employing from 8 to 68 non-managerial employees (see Table 3). Three establishments (25%) had from five to nine employees, three (25%) had from 10 to 19 employees, and five (42%) had from 20 to 49 employees. Only one (8% of total) had over 50 employees. For comparison, according to US Census County Business Patterns, in the San Francisco-Oakland-Hayward, CA Metro area, 21% of full service restaurants had from five to nine employees, 22% had 10 to 19 employees, 18% had from 20 to 49 employees, and 7% had from 50 to 99 employees.

TABLE 4 United States and California: Comparing demographics of labor force by select industry

|                       | Gen  | der    |       | Race                |        |       |       |
|-----------------------|------|--------|-------|---------------------|--------|-------|-------|
|                       | Male | Female | White | African<br>American | Latino | Asian | Other |
| United States         |      |        |       |                     |        |       |       |
| All Industries        | 53%  | 47%    | 66%   | 11%                 | 16%    | 6%    | 1%    |
| Restaurants           | 48%  | 52%    | 55%   | 11%                 | 25%    | 8%    | 1%    |
| Fast Food Occupations | 35%  | 65%    | 64%   | 14%                 | 16%    | 3%    | 2%    |
| California            |      |        |       |                     |        |       |       |
| All Industries        | 55%  | 45%    | 43%   | 5%                  | 36%    | 16%   | 1%    |
| Restaurants           | 52%  | 48%    | 31%   | 3%                  | 51%    | 14%   | 1%    |
| Fast Food Occupations | 41%  | 59%    | 35%   | 6%                  | 47%    | 9%    | 3%    |

Note: The findings for CA-Fast Food are derived from the American Community Survey, 2013 to ensure a sufficient sample size. "Fast Food Occupations" refers to SOC Code 35-3021 "Combined Food Preparation and Serving workers, Including Fast Food"

## Government Data Analysis on Wage Differentials by Race and Gender

## NATIONAL FINDINGS: RESTAURANT WAGES IN THE UNITED STATES

Overall it is clear, before even examining racial occupational segregation within the restaurant industry, that there is a significant amount of racial sorting into the restaurant industry overall (see Table 4). Nationally, 66% of the total labor force is white, while in the restaurant industry, this is only 55%. Latinos make up 16% of the national labor force, but make up 25% of the restaurant workforce. In California, the racial sorting is even more pronounced. In California, white workers make up 43% of the labor force, but only 31% of workers in restaurants. Latinos are 36% of the overall labor force, but make up 51% of workers in the restaurant industry. Patterns of gender sorting are also apparent, with the majority of workers in the restaurant industry, both national and in California, being women, though they make up less than the majority of the overall labor force.

There is significant gender inequality and occupational segregation in the industry (see Tables 5 and 6). Overall, nationally 48% of restaurant workers are male and 52% are female, but women are disproportionately in service positions, accounting for 64% of all Front-of-the-House workers, and disproportionately in Tier I occupations, accounting for 61% of all Tier I workers. This does not translate, however, into better wages. The average Front-of-the-House male worker in 2013 earned \$12.95 per hour, compared to only \$9.81 for women in Front-of-the-House positions, or the equivalent of about 76% of the average male wage. There is evidence that this differential can be attributed to the fact that women are more likely to work as servers in the casual restaurants that make up the majority of full service restaurants in America, where wages and tips are far less than in fine-dining restaurants. Our previous canvass of fine-dining restaurants found that men held 57% of observed fine-dining server positions, compared to only 43% of women. <sup>26</sup>

In kitchen positions, the wage differential is less, though wages are significantly lower. The average man in back of the house occupations earned \$10.81 per hour, compared to the average woman who earned \$9.51 per hour, or about 88% of the average Back-of-the-House male worker. When looking at Tiers of occupations, the pattern is somewhat similar. In Tier I occupations, women on average made only 72% of their male counterparts—\$10.10 compared to \$14.03. In Tier II occupations, women made about 90% of what their male counterparts made—\$9.25 compared to \$10.20 per hour. These patterns show that, despite women being disproportionately employed in Tier I and Front-of-the-House occupations, they are paid substantially less, but that these inequalities are more pronounced in the higher paid and more visible occupations in the industry.

An examination of overall patterns of inequality and occupational

TABLE 5

Average wage by sex and Front/Back-of-House

|     | Male    | Female | All     |  |
|-----|---------|--------|---------|--|
| FOH | \$12.95 | \$9.81 | \$10.94 |  |
| ВОН | \$10.81 | \$9.51 | \$10.40 |  |
| All | \$11.83 | \$9.75 | \$10.74 |  |
|     |         |        |         |  |
|     | Male    | Female | All     |  |
| FOH | 36%     | 64%    | 100%    |  |
| вон | 68%     | 32%    | 100%    |  |
| All | 48%     | 52%    | 100%    |  |

Average wage by sex and tier

|         | Male    | Female  | All     |
|---------|---------|---------|---------|
| Tier I  | \$14.03 | \$10.10 | \$11.64 |
| Tier II | \$10.28 | \$9.25  | \$9.83  |
| All     | \$11.83 | \$9.75  | \$10.74 |
|         |         |         |         |
|         | Mala    | Famala  | Λ Π     |

|         | Male | Female | All  |
|---------|------|--------|------|
| Tier I  | 39%  | 61%    | 100% |
| Tier II | 56%  | 44%    | 100% |
| All     | 48%  | 52%    | 100% |

TABLE 7 Average wage by race and Front/Back-of-House

|     | White   | Black   | Hispanic | Asian   | Other  | All     |
|-----|---------|---------|----------|---------|--------|---------|
| FOH | \$11.14 | \$10.33 | \$10.00  | \$13.11 | \$9.72 | \$10.94 |
| ВОН | \$10.36 | \$9.74  | \$10.51  | \$11.42 | \$9.20 | \$10.40 |
| All | \$10.89 | \$10.11 | \$10.25  | \$12.49 | \$9.54 | \$10.74 |
|     |         |         |          |         |        |         |
|     | White   | Black   | Hispanic | Asian   | Other  | All     |
| FOH | 60%     | 11%     | 20%      | 7%      | 1%     | 100%    |
| ВОН | 47%     | 12%     | 34%      | 7%      | 1%     | 100%    |
| All | 55%     | 11%     | 25%      | 7%      | 1%     | 100%    |
|     |         |         |          |         |        |         |

TABLE 8 Average wage by race and tier

|         | 0       | 0       |          |         |        |         |
|---------|---------|---------|----------|---------|--------|---------|
|         | White   | Black   | Hispanic | Asian   | Other  | All     |
| Tier I  | \$11.75 | \$11.73 | \$10.51  | \$13.66 | \$9.24 | \$11.64 |
| Tier II | \$9.70  | \$9.08  | \$10.10  | \$11.05 | \$9.94 | \$9.83  |
| All     | \$10.89 | \$10.11 | \$10.25  | \$12.49 | \$9.54 | \$10.74 |
|         |         |         |          |         |        |         |
|         | White   | Black   | Hispanic | Asian   | Other  | All     |
| Tier I  | 64%     | 9%      | 18%      | 8%      | 1%     | 100%    |
| Tier II | 47%     | 14%     | 32%      | 6%      | 1%     | 100%    |
| All     | 55%     | 11%     | 25%      | 7%      | 1%     | 100%    |
|         |         |         |          |         |        |         |

TABLE 9 Average wage by race, gender, and Front/Back-of-the-House

|     | Wh      | ite    | People  | of Color |         |  |
|-----|---------|--------|---------|----------|---------|--|
|     | Male    | Female | Male    | Female   | All     |  |
| FOH | \$13.91 | \$9.73 | \$11.69 | \$9.95   | \$10.94 |  |
| ВОН | \$10.80 | \$9.51 | \$10.83 | \$9.51   | \$10.40 |  |
| All | \$12.45 | \$9.69 | \$11.19 | \$9.83   | \$10.74 |  |
|     | Wh      | ite    | People  | of Color |         |  |
|     | Male    | Female | Male    | Female   | All     |  |
| FOH | 20%     | 40%    | 15%     | 24%      | 100%    |  |
| ВОН | 31%     | 16%    | 37%     | 16%      | 100%    |  |
| All | 24%     | 31%    | 23%     | 21%      | 100%    |  |

TABLE 10 Average wage by race, gender, and tier

|         | Wh      | ite    | People  | of Color |         |  |
|---------|---------|--------|---------|----------|---------|--|
|         | Male    | Female | Male    | Female   | All     |  |
| Tier I  | \$15.15 | \$9.92 | \$12.53 | \$10.49  | \$11.64 |  |
| Tier II | \$10.08 | \$9.22 | \$10.44 | \$9.28   | \$9.83  |  |
| All     | \$12.45 | \$9.69 | \$11.19 | \$9.83   | \$10.74 |  |
|         | Wh      | ite    | People  | of Color |         |  |
|         | Male    | Female | Male    | Female   | All     |  |
| Tier I  | 22%     | 42%    | 17%     | 19%      | 100%    |  |
| Tier II | 26%     | 21%    | 30%     | 23%      | 100%    |  |
| All     | 24%     | 31%    | 23%     | 21%      | 100%    |  |

segregation by race shows that the occupational segregation is most pronounced for Latinos and African Americans (see Tables 7 and 8). Latinos represent 25% of all restaurant workers, but they represent 34% of Back-of-the-House occupations, and 32% of Tier II occupations. Even when they reach Frontof-the-House positions, Latinos earned less-on average \$10.00 per hour, compared to \$11.14 for white Front-of-the-House workers. African Americans also face occupational segregation and wage inequality, though this is particularly pronounced in terms of Tiers, rather than in terms of Front or Back-of-the-House. Overall, African Americans were 11% of restaurant workers in 2013, but they represented 14% of all Tier II workers, and only 9% of Tier I workers. The average Tier II African American worker earned only \$9.08 per hour, less even than Tier II Latino workers, who earned \$10.10 per hour. While African Americans are represented in Front-of-the-House positions in closer proportions to their overall representation in the industry (11%), they earned significantly lower than whites in the industry (\$10.33 per hour compared to \$11.14 per hour). As with women, this can likely be explained by their predominance as servers in quick-service casual rather than fine-dining restaurants.

Examining the interaction nationally between race and gender, we find that the situation is most dire for both white women and women of color, who face the highest levels of segregation and the lowest wages (see Tables 9 and 10). At the national level, white women overall appear to earn the lowest wages, even lower than women of color which might be explained in part by the over-representation of white women in rural and suburban places where wages are lower and by some evidence (see below) that wages for Asians are actually higher on average than whites. However, women of color are relegated in greater numbers to Tier II occupations. Nationally, while women of color make up 21% of the overall restaurant workforce, they make up 23% of Tier II occupations, while white women, who make up 31% of the overall restaurant workforce, make up only 21% of Tier II occupations. White women make up 40% of Front-of-the-House occupations, while women of color only make up 24%. Wages for white women are lower, overall, \$9.69 per hour on average, compared to \$9.83 per hour for women of

TABLE 11 Average wage by state minimum wage range for tipped workers

|         | \$2.13 to \$2.99 |        | \$3.00 to | \$3.00 to Federal Minimum |         |         | Above F | ederal M | inimum  | All States |         |         |         |
|---------|------------------|--------|-----------|---------------------------|---------|---------|---------|----------|---------|------------|---------|---------|---------|
|         | Male             | Female | All       | Male                      | Female  | All     |         | Male     | Female  | All        | Male    | Female  | All     |
| FOH     | \$12.43          | \$9.44 | \$10.46   | \$13.36                   | \$9.97  | \$11.22 |         | \$13.49  | \$10.64 | \$11.73    | \$12.95 | \$9.81  | \$10.94 |
| ВОН     | \$10.43          | \$9.36 | \$10.07   | \$11.28                   | \$9.52  | \$10.76 |         | \$10.90  | \$9.92  | \$10.58    | \$10.81 | \$9.51  | \$10.40 |
| Tier I  | \$13.63          | \$9.82 | \$11.25   | \$14.18                   | \$10.07 | \$11.73 |         | \$14.76  | \$10.94 | \$12.50    | \$14.03 | \$10.10 | \$11.64 |
| Tier II | \$9.84           | \$8.89 | \$9.40    | \$10.87                   | \$9.58  | \$10.34 |         | \$10.28  | \$9.79  | \$10.07    | \$10.28 | \$9.25  | \$9.83  |
| All     | \$11.38          | \$9.42 | \$10.32   | \$12.25                   | \$9.87  | \$11.05 |         | \$12.16  | \$10.47 | \$11.30    | \$11.83 | \$9.75  | \$10.74 |

#### Percent of workforce category

|         | Male | Female | Male | Female | Male | Female | Male | Female |
|---------|------|--------|------|--------|------|--------|------|--------|
| FOH     | 34%  | 66%    | 37%  | 63%    | 38%  | 62%    | 36%  | 64%    |
| вон     | 66%  | 34%    | 70%  | 30%    | 68%  | 32%    | 68%  | 32%    |
| Tier I  | 38%  | 62%    | 40%  | 60%    | 41%  | 59%    | 39%  | 61%    |
| Tier II | 54%  | 46%    | 59%  | 41%    | 58%  | 42%    | 56%  | 44%    |
| All     | 46%  | 54%    | 49%  | 51%    | 49%  | 51%    | 48%  | 52%    |

TABLE 12 Average wage by state minimum wage laws for tipped workers, by Front/Back-of-House occupations

|           | \$2.13 to \$2.99 |         | \$3.00 to | \$3.00 to Federal Minimum |         |         | Above F | ederal M | inimum  | All States |         |         |         |
|-----------|------------------|---------|-----------|---------------------------|---------|---------|---------|----------|---------|------------|---------|---------|---------|
|           | Front            | Back    | All       | Front                     | Back    | All     |         | Front    | Back    | All        | Front   | Back    | All     |
| Average V | Vage             |         |           | F                         |         |         |         |          |         |            |         |         |         |
| White     | \$10.87          | \$10.10 | \$10.63   | \$11.07                   | \$10.55 | \$10.91 |         | \$12.27  | \$10.78 | \$11.81    | \$11.14 | \$10.36 | \$10.89 |
| Black     | \$9.90           | \$9.79  | \$9.86    | \$11.31                   | \$9.35  | \$10.54 |         | \$10.20  | \$11.87 | \$10.78    | \$10.33 | \$9.74  | \$10.11 |
| Hispanic  | \$9.19           | \$10.15 | \$9.66    | \$10.64                   | \$11.26 | \$10.97 |         | \$10.62  | \$10.19 | \$10.42    | \$10.00 | \$10.51 | \$10.25 |
| Asian     | \$12.10          | \$10.34 | \$11.44   | \$13.59                   | \$12.27 | \$13.10 |         | \$13.46  | \$11.46 | \$12.78    | \$13.11 | \$11.42 | \$12.49 |
| Other     | \$9.83           | \$9.20  | \$9.57    | \$10.21                   | \$8.53  | \$9.78  |         | \$9.27   | \$9.56  | \$9.35     | \$9.72  | \$9.20  | \$9.54  |
| Total     | \$10.46          | \$10.07 | \$10.32   | \$11.22                   | \$10.76 | \$11.05 |         | \$11.73  | \$10.58 | \$11.30    | \$10.94 | \$10.40 | \$10.74 |
|           |                  |         |           |                           |         |         |         |          |         |            |         |         |         |

#### Percent of workforce category

| White    | 62%  | 49%  | 57%  | 65%  | 51%  | 60%  | 48%  | 36%  | 44%  | 60%  | 47%  | 55%  |
|----------|------|------|------|------|------|------|------|------|------|------|------|------|
| Black    | 15%  | 16%  | 15%  | 10%  | 11%  | 10%  | 3%   | 3%   | 3%   | 11%  | 12%  | 11%  |
| Hispanic | 18%  | 30%  | 23%  | 17%  | 31%  | 22%  | 34%  | 49%  | 40%  | 20%  | 34%  | 25%  |
| Asian    | 4%   | 4%   | 4%   | 8%   | 8%   | 8%   | 13%  | 11%  | 12%  | 7%   | 7%   | 7%   |
| Other    | 1%   | 1%   | 1%   | 1%   | 0%   | 1%   | 2%   | 1%   | 2%   | 1%   | 1%   | 1%   |
| Total    | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

color, but both are lower than men of color, who earn \$11.19 per hour on average, while white men earn \$12.45 per hour. Here again we see the impact of concentrating women, particularly white women, in lower paying jobs in casual full-service restaurants.

Overall we see clear evidence of both gender and racial wage inequality and substantial occupational segregation by gender, and at least moderate occupational segregation by race that most dramatically affects Latinos and African Americans. To what extent do different minimum and tipped minimum wage law affects these patterns? That is what we turn to next.

## WHAT DIFFERENCES DO MINIMUM WAGE LAWS MAKE? RESTAURANT WAGES BY VARIATIONS IN SUB-MINIMUM WAGE

As a reminder, in analyzing the impact of minimum wage laws on occupational segregation and inequality patterns, we divided the states into three categories: those that have a tipped minimum for restaurant workers between \$2.13 per hour (the Federal minimum) and \$2.99 per hour; those that have a tipped minimum between \$3.00 and \$7.25 per hour (including those that don't have a separate tipped minimum); and those with a minimum wage higher than \$7.25/hour.

In looking at segregation and inequality, it is clear that gender occupational segregation is even more pronounced in the lowest wage states than other states, and that it is somewhat less prevalent (though still strong) in those states that pay above the Federal minimum. As shown in Table 11, in the lowest wage states overall, women make up 54% of all employees (compared to 52% in all states), and they made up 66% of Front-of-the-House positions (compared to 62% in the highest wage states) and 62% of Tier I positions (compared to 59% nationally). But wages for women remain below average across all states. In the lowest wage states, the average wage for women in Front-of-the-House positions was \$9.44/hour, or only 76% of the average wage for men in the same positions, while women in Tier I positions made \$9.82, only 72% of the male Tier I average wage of \$13.63. In the highest wage states, there was only slightly better wage parity, with women in Front-of-the-House positions earning 79% of their male counter parts (\$10.64 versus \$13.49), and women in Tier I occupations earning 74% of their male counter parts (\$10.94 versus \$14.76). Average wages overall in the highest wage states are nearly 10% higher than in the lowest wage states, but even though the minimum wage isn't designed to address gender inequality at all, there is also evidence that those states with higher minimum wage levels also have somewhat less gender segregation and gender wage inequality.

In terms of racial inequality and occupational segregation, it is less clear whether higher minimum wage laws make any difference (see Tables 12 and 13). For example, in the lowest wage states, Latinos make up 23% of the total workforce, 30% of Back-of-the-House occupations, and 28% of Tier II occupations, while in the highest wage states, Latinos make up 40% of the total workforce, 49% of the Back-of-the-House occupations, and 51% of Tier II occupations, which is a slightly more disproportionately segregated workforce in those higher minimum wage states. Similarly, in low-wage states, African Americans made up 15% of the total restaurant

TABLE 13 Average Wage By State Minimum Wage Laws for Tipped Workers, by Occupation Tiers

|          | \$2.13 to \$2.99 |         |         | \$3.00 to Federal Minimum |         |         | Above F | ederal M | inimum  |         | All States |         |  |
|----------|------------------|---------|---------|---------------------------|---------|---------|---------|----------|---------|---------|------------|---------|--|
|          | Tier 1           | Tier 2  | All     | Tier 1                    | Tier 2  | All     | Tier 1  | Tier 2   | All     | Tier 1  | Tier 2     | All     |  |
| White    | \$11.63          | \$9.30  | \$10.63 | \$11.54                   | \$10.02 | \$10.91 | \$12.67 | \$10.42  | \$11.81 | \$11.75 | \$9.70     | \$10.89 |  |
| Black    | \$11.36          | \$8.93  | \$9.86  | \$12.70                   | \$9.11  | \$10.54 | \$10.51 | \$10.95  | \$10.78 | \$11.73 | \$9.08     | \$10.11 |  |
| Hispanic | \$9.58           | \$9.70  | \$9.66  | \$10.87                   | \$11.02 | \$10.97 | \$11.61 | \$9.74   | \$10.42 | \$10.51 | \$10.10    | \$10.25 |  |
| Asian    | \$12.22          | \$10.57 | \$11.44 | \$13.98                   | \$12.04 | \$13.10 | \$14.54 | \$10.24  | \$12.78 | \$13.66 | \$11.05    | \$12.49 |  |
| Other    | \$9.22           | \$9.97  | \$9.57  | \$10.24                   | \$8.57  | \$9.78  | \$8.47  | \$10.35  | \$9.35  | \$9.24  | \$9.94     | \$9.54  |  |
| Total    | \$11.25          | \$9.40  | \$10.32 | \$11.73                   | \$10.34 | \$11.05 | \$12.50 | \$10.07  | \$11.30 | \$11.64 | \$9.83     | \$10.74 |  |

#### Percent of workforce category

| White    | 66%  | 48%  | 57%  | 68%  | 51%  | 60%  | 53%  | 34%  | 44%  | 64%  | 47%  | 55%  |
|----------|------|------|------|------|------|------|------|------|------|------|------|------|
| Black    | 12%  | 19%  | 15%  | 8%   | 13%  | 10%  | 2%   | 4%   | 3%   | 9%   | 14%  | 11%  |
| Hispanic | 17%  | 28%  | 23%  | 15%  | 29%  | 22%  | 29%  | 51%  | 40%  | 18%  | 32%  | 25%  |
| Asian    | 5%   | 4%   | 4%   | 8%   | 7%   | 8%   | 14%  | 10%  | 12%  | 8%   | 6%   | 7%   |
| Other    | 1%   | 1%   | 1%   | 1%   | 0%   | 1%   | 2%   | 2%   | 2%   | 1%   | 1%   | 1%   |
| Total    | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

workforce, 16% of the Back-of-the-House occupations, and 19% of Tier II occupations, while in the highest minimum wage states, African Americans made up 3% of the total restaurant workforce, 3% of Back-of-the-House occupations and 4% of Tier II occupations, again showing no better and perhaps worse patterns of occupational segregation than in the lowest minimum wage states. In terms of wages, overall in the lowest wage states, Latinos on average earned 91% (\$9.66 versus \$10.63), and African Americans earned on average 93% (\$9.86 versus \$10.63), of what whites made, and in Back-of-the-house or in Tier II occupations, there were not substantial wage differences (in Tier II occupations, Latinos actually earned on average more than whites – \$9.70 versus \$9.30). But in the Front-of-the-House and Tier I occupations, more substantial racial differences in wages are apparent. Latinos in Front-of-the-House occupations, for example, earned on average only 85% of what whites did, and Latinos in Tier I positions earned only 82% of what their white counterparts did. African Americans in Front-of-the-House positions earned 91% as much as their white counterparts, and in Tier I positions made almost the same amount (98%).

In states with higher minimum wage laws, the levels of racial wage inequality were not dramatically different, but were perhaps slightly better in terms of wages in the better-paying occupations for Latinos, and slightly worse for African Americans. In these states, on average Latinos earned 88% of what whites earned overall, but in Front-of-the-House occupations, they earned 87% of the average white wage (compared to 85% in the lowest wage states), and in Tier I occupations, they earned 92% of the average white wage (compared to 82% in the lowest wage states). African Americans overall earned 91% of the average wage for white workers (\$10.78 versus \$11.81), which was slightly worse relatively than the 93% in the lowest wage states, but in Front-of-the-House and Tier I occupations they earned only 83% as much as their white counterpart (\$10.20 versus \$12.27 in Front-of-the-House occupations, \$10.51 versus \$12.67 in Tier I occupations). Across all categories of states, Asians continued to show the highest average wage levels.

We should stress here that what we are exploring is correlations. We do not know if there is any direct causation between minimum wage laws and patterns of racial or gender inequality, and it is possible to argue that there may be causative effects that go both ways (i.e. minimum wage laws may influence patterns of occupational segregation and inequality, and patterns of occupational segregation and inequality may influence the ability to pass state minimum wage legislation that differs from the Federal law). It is also important to stress that the racial demographics are quite different across these different categories of states—the states with the lowest minimum wage laws have a substantially higher proportion of African Americans in the restaurant workforce, while those with minimum wages above the Federal minimum have a substantially higher proportion of Latino and Asian workers.

Nonetheless, the different patterns of gender and racial inequality and occupational segregation are striking. In sum, in terms of gender segregation and inequality, the lowest wage states have substantially greater levels of occupational segregation, but inequality in wage levels are pretty consistent across all states. In terms of racial segregation and inequality, there is little difference in occupational segregation across states, but there are substantial differences in the levels of racial wage inequality. In all states, women and people of color clearly have lower wages, regardless of the occupational category they are in.



TABLE 14

| California: Restaurant wages by Front/Back-of-House and gende | er |
|---|----|
|---|----|

|     | Male    | Female  | All     |  |  |
|-----|---------|---------|---------|--|--|
| FOH | \$13.62 | \$10.74 | \$11.89 |  |  |
| ВОН | \$10.93 | \$9.93  | \$10.62 |  |  |
| All | \$12.27 | \$10.56 | \$11.42 |  |  |
|     |         |         |         |  |  |

#### Percent of Front-of-House/Back-of-House Category

|     |     |     |      | <u> </u> |  |
|-----|-----|-----|------|----------|--|
| FOH | 40% | 60% | 100% |          |  |
| вон | 69% | 31% | 100% |          |  |
| All | 51% | 49% | 100% |          |  |

TABLE 15

California: Restaurant wages by tier and gender

|         | Male        | Female  | All     |  |
|---------|-------------|---------|---------|--|
| Tier I  | \$15.33     | \$11.22 | \$12.95 |  |
| Tier II | \$10.11     | \$9.64  | \$9.92  |  |
| All     | \$12.27     | \$10.56 | \$11.42 |  |
| Percent | of workford | ce tier |         |  |
| Tier 1  | 42%         | 58%     | 100%    |  |
| Tier 2  | 59%         | 41%     | 100%    |  |
| All     | 51%         | 49%     | 100%    |  |

#### TABLE 16

California: Restaurant wages by Front/Back-of-House and race

|  | White   | Black | Hispanic | Asian   | Other | All     |
|--|---------|-------|----------|---------|-------|---------|
| FOH  | \$12.85 | NA    | \$10.58  | \$14.37 | NA    | \$11.89 |
| ВОН  | \$11.28 | NA    | \$10.16  | \$11.34 | NA    | \$10.62 |
| All  | \$12.49 | NA    | \$10.39  | \$13.19 | NA    | \$11.42 |
| Percent of Front-of-House/Back-of-House category |         |       |          |         |       |         |
| FOH  | 38%     | 3%    | 45%      | 13%     | 1%    | 100%    |
| вон  | 19%     | 2%    | 65%      | 14%     | 0%    | 100%    |
| All  | 31%     | 3%    | 52%      | 13%     | 1%    | 100%    |

#### TABLE 17

CALIFORNIA: Restaurant Wages by Tier and Race

| CALIT ORTHAL Restaurant Wages by Her and Race |         |       |          |         |         |      |
|---|---------|-------|----------|---------|---------|------|
|   | White   | Black | Hispanic | Asian   | Other   | All  |
| Tier I  | \$13.45 | NA    | \$11.62  | \$15.56 | \$8.05  | NA   |
| Tier II                                       | \$10.25 | NA    | \$9.69   | \$10.14 | \$12.27 | NA   |
| All   | \$12.49 | NA    | \$10.39  | \$13.19 | \$9.53  | NA   |
| Percent of Tier Category                      |         |       |          |         |         |      |
| Tier I  | 43%     | 2%    | 38%      | 15%     | 1%      | 100% |
| Tier II                                       | 18%     | 4%    | 66%      | 12%     | 1%      | 100% |
| All   | 31%     | 3%    | 52%      | 13%     | 1%      | 100% |

### CALIFORNIA EMPLOYMENT PATTERNS: RESTAURANT WAGES IN CALIFORNIA

What do patterns of gender and racial occupational segregation and inequality in California look like? In general, despite California's reputation as a progressive state, patterns of gender and racial inequality are still quite pronounced.

Women made up 49% of all restaurant workers in 2013. Like the rest of the country, women are disproportionately employed in service occupations—in California they comprise 60% of Front-of-the-House workers (see Table 14). They also comprise 58% of Tier I workers (see Table 15). Women still face high levels of inequality in wages, which is again most pronounced in Front-of-the-House or Tier I occupations, and somewhat less pronounced in Back-of-the-House or Tier II occupations. The average Front-of-the-House female restaurant worker earned \$10.74 in 2013, which was 78% of male Front-of-the-House workers, while Back-of-the-House female workers made 91% of Back-of-the-House male workers (\$9.93 versus \$10.93). Differences were even more pronounced by occupational tiers: women Tier I workers made only 73% as much as male Tier I workers (\$11.22 versus \$15.33), though female Tier II workers made on average more than 95% as much as male Tier II workers (\$9.64 versus \$10.11).

In looking at racial patterns of employment in California restaurants, there is also quite significant occupational segregation and wage inequality (see Tables 16 and 17). Latinos make up 52% of all restaurant employees, but they make up 65% of all Back-of-the-House workers and 66% of Tier II workers, and only 45% of Front-of-the-House workers and 38% of Tier I workers. Even once they advance to Tier I occupations, Latinos continue to receive significantly lower pay. In service occupations, Latinos make only 82% as much as whites in the same occupations (\$10.58 versus \$12.85), and in Tier I occupations, they make 86% as much (\$11.62 versus \$13.45). The racial differences in wages are not so dramatic in the lower wage occupations. However, African Americans make up only 3% of the total workforce in the restaurant industry even though they make up 5% of all employed workers. They are disproportionately in Tier II occupations (4% of all positions), and can primarily be found in limited service occupations (6%, see Table 2)27. As is the pattern across the country, Asians generally have higher than average wages and don't face substantial occupational segregation overall.

A closer examination of race and gender in California, with a more diverse workforce, again finds a more compli-

cated picture, where women of color are a higher percentage of the workforce but are relegated to the lowest paying positions in both the Front and Back-of-the-House (see Table 18). Women of color make up the highest percentage of both Front-of-the-House (36%) and Back-of-the-House (23%) workers, yet earn the lowest wages in both categories (\$10.21 and \$9.92 per hour, respectively). As with white women nationally, women of color in California dominate the lowest paying segments of casual full-service, denied access to livable-wage jobs in fine-dining. We can also see that men of color are overwhelmingly relegated to kitchen positions, making up 58% of all Back-of-the-House workers even though they only represent 38% of the restaurant workforce in California.

TABLE 18
California: Restaurant wages by race, gender, and Front/Back-of-the-House

|     | White   |         | People  |         |         |
|-----|---------|---------|---------|---------|---------|
|     | Male    | Female  | Male    | Female  | All     |
| FOH | \$15.06 | \$11.56 | \$12.85 | \$10.21 | \$11.89 |
| ВОН | \$12.24 | \$9.96  | \$10.69 | \$9.92  | \$10.62 |
| All | \$14.18 | \$11.30 | \$11.63 | \$10.13 | \$11.42 |

#### Percent of Front-of-House/Back-of-House

|     | White |        | People |        |      |
|-----|-------|--------|--------|--------|------|
|     | Male  | Female | Male   | Female | All  |
| FOH | 14%   | 24%    | 26%    | 36%    | 100% |
| вон | 11%   | 8%     | 58%    | 23%    | 100% |
| All | 13%   | 18%    | 38%    | 32%    | 100% |

#### **Qualitative Research: Durable Inequality**

The real barriers and gaps revealed through the quantitative analysis of wages and occupational segregation were borne out in the general patterns and trends revealed through the qualitative interview analysis, pointing to a compelling interactivity between potential biases and discrimination. Overall, the interviews of employers, combined with interviews with experts and worker survey data analysis, pointed to internalized, implicit and deep-seated biases among all three restaurant stakeholders – workers, employers, and consumers – that combine with real barriers all three stakeholders face to perpetuate racial segregation in the industry.

#### WORKER CHALLENGES

Previous worker surveys and interviews point to real barriers workers face in applying to livable-wage fine-dining service positions, including lack of training and social networks, transportation, the high cost of childcare, interactions with the criminal justice system, and more. For example, much of the training in the industry is only offered during pre-shift meetings for Tier I Front-of-the-House staff to assist their daily interactions with guests, and excludes bussers, runners, and Back-of-the-House workers, disproportionately impacting workers of color; likewise, social networks are essential not only for hearing of job openings, but receiving informal training, perpetuating the current racial and gender dynamic. <sup>28</sup> Long commutes and lack of public transportation prevent workers from accessing higher wage jobs, for example, in Los Angeles where 81% of restaurant workers who ride the bus are people of color, and 63% of workers who forego job offers due to a lack of transportation are women. <sup>29</sup> Working mothers in the restaurant industry report spending 35% of their income on childcare, and nearly half of these mothers are women of color. <sup>30</sup> These problems are confounded for the formerly incarcerated; the food service industry is one of the few job sectors open to returning offenders who are limited by low-skill sets and education. <sup>31</sup> Moreover, many prisons offer employment training in culinary arts to facilitate a transition to restaurant industry employment on the outside, but mostly in entry-level positions with little opportunity for advancement.

In addition, a primary cause of inequality in the restaurant industry are the real structural barriers that many workers of color face, primarily in African American and Latino communities.<sup>32</sup> Poor people of color are more likely to experience higher unemployment levels, lower quality education and housing, increased probability of violence, and reduced health outcomes, directly leading to lower economic opportunities, weaker social networks, and reduced chances of economic mobility.<sup>33, 34, 35</sup> These barriers provide the foundation for the system that channels workers into particular occupations, and create self-justifying rationales for self-selection bias among workers, implicit bias among employers, and bias from customers.<sup>36</sup>

These real barriers can perhaps be seen in the experience of one fine-dining employer, who felt she made undue allowances to recruit staff of color:

"The bottom line is, I expect them all to show up here on time everyday, and I am constantly making an allowance. Making an allowance for bad behavior, or problems out in the field as [a] reason not to show up for your job on time ... it was almost reverse discrimination. And it's been painful, she was important to us for a lot of reasons ... Sadly, the burden left me immediately once she left, and the change here was pretty dramatic ... There is another African American boy that just didn't make the cut and I am very, its a hard thing for me to speak [about]."

In this study, however, employers' self-reported accounts of their hiring practices add to the real challenges workers of color face due to their lack of social networks. The majority of the restaurants interviewed sought new hires through word-of-mouth and through networks of current employees. This practice tends to reproduce the existing racial dynamics present in the restaurant and excludes workers without access to strong social networks.

Our newest set of employer interviews also indicate an additional, less tangible barrier for workers. Employers reported a lack of a candidate pool of workers of color, indicating that few workers of color applied for server positions in their restaurants – in other words, a self-selection bias. Under self-selection bias, workers choose not to apply for new positions because they feel they will be unwelcome or unable to perform the required duties.

One restaurant owner at an ethnic Asian restaurant noted that people of color frequently or only apply for lower-paying positions. "Yeah, they do. I mean, someone [of color] will walk in and they will specifically ask for a position. And that's when I recognize, ok ... they'll go, do you need a dishwasher, or do you need a busperson, and I'm like, oh, my goodness."

Likewise, another employer at a fine-dining restaurant noted that white applicants do not apply for the lower-paying positions: "We almost never get that typical Front-of-the-House employee [i.e. a white person] applying for a Back-of-the-House dishwashing job. It just never happens."

The mirror image of this experience can be seen in the ethnic restaurants who are able to hire staff comprised entirely of workers of color, and some of which lament the dearth of applicants of other races, white or otherwise. One General Manager at a casual full-service restaurant stated, "I inherited a kitchen full of Mexican men. And they are really good at their job and great guys to hang out with, and responsible workers. But they do not make it comfortable to work with them for people that they do not like ... and part of that scenario is when they are working with a bunch of men and then there is a woman there."

Another owner of a casual full service café found a similar dynamic, while reiterating the importance of social networks:

"I think it is classic in the restaurant industry to have Latinos in the back and whites in the front ... That is what the industry is. I think a lot of times Latino workers, you can get other workers through the network that exists. Like ... it is sort of easier to rely on that network than to go and try and challenge that network. There is also, quite honest, because we have experienced it, where you will bring someone in who is of another ethnicity, into the group, and ... there needs to be time for adjustment . . . I will bring African American people in, and there happens to be an all Latino crew there, there is an obvious tension that exists, and there is no denying it"

Related to self-selection bias is the concept of stereotype threat, in which the negative stereotypes of the outside

world are internalized and dampen an individual's ability to perform, for example, as has been shown in students of color working on standardized tests, and women working on math tests. When a stereotype is invoked, performance declines, and when it is not, performance matches that of white students and men.<sup>37,38</sup>

#### The experience of an owner at a fine-dining farm-to-table restaurant exemplifies this:

"I would say people with more education tend to apply for serving positions because there is so much communication and computer work involved. But then, people who are maybe not native English speakers tend to apply more for dishwasher, where language skills aren't required."

The legacy of slavery was also mentioned by one of the fine-dining employers as the root cause of self-selection bias by African Americans who are largely absent from service positions in the industry:

"Ironically, I don't know why, we do have African American employees in both restaurants, but there is a lower percentage of them in the industry. And I think it's just because, it's like slavery, a lot of people don't want to serve ... A lot of my African American friends – I have a sister who has an African American father – have expressed to me that they have no interest in being a server and having to get things for people, because, you know, that reminds them of slavery."

In our interviews, a certain look and demeanor was the desired quality for service positions, and work ethic was praised as a necessary quality for kitchen positions. Interviewees indicated that that work ethic was embodied in the Latino worker in the Back-of-the-House. One of the interviewees attributed turnover in the kitchen to the "lack of a strong work ethic ... Back-of-the-House has a higher turnover rate because people aren't up to the job." This restaurant had a kitchen without a Latino majority, whereas other restaurants with a Latino Back-of-the-House spoke of low turnover. While language was seen by many as a strong barrier to promotion, the invisible barrier described between the Front and Back-of-the-House also serves as a disincentive for workers to apply to, in particular, Tier I service positions, since it was assumed beforehand that they would prove incapable of doing the job.

One of the owners at a mid-sized fine-dining restaurant offered her interpretation of what led to success: "People who have had really good parenting, where there's been boundaries, and encouragement, and positive feedback, do the best. And people who come from broken homes, and don't understand boundaries, who don't understand punctuality, or make bad choices, or have never really faced consequences for their choices do the worst ... this is very much a performance based environment." It is possible that such blanket assumptions about groups of individuals – without real knowledge of these individuals' circumstances - become self-fulfilling prophecies. If it is believed an individual will not succeed, that individual becomes less likely to succeed.

#### EMPLOYER VOICES: CHALLENGES AND EFFORTS AT DESEGREGATION

The restaurants interviewed for this project varied widely in both their hiring and promotions practices, and their attitudes towards both mobility in particular and occupational segregation in general. The majority of the restaurant owners and general managers interviewed were willing to be interviewed on the topic of occupational segregation, and a few were deeply concerned about the topic. We see three major sources of employer discrimination. First, our initial matched pair audit testing studies revealed explicit bias, in which employers knowingly discriminate or respond to customer discrimination. Second, interviews for this report revealed implicit bias, where unexamined, unconscious biases lead employers to accept or rationalize current employment patterns and thereby perpetuate segregation. Third, as described above, employers experience a genuine lack of qualified candidates, due to the actual deficits, either educational, cultural, or social deficits associated with a lack of resources in impoverished communities, that functionally might prevent workers of color from advancing to higher paying occupations. We observe that these three phenomena perpetuate one another to blur the lines between real and perceived barriers to desegregation.

### 1 Implicit Bias

Implicit bias, or the subconscious attitudes and stereotypes that impact our behavior and decisions, arises as a strong candidate choice for understanding racial segregation in the restaurant industry. Implicit bias affects behaviors and intentions, such that even though employers state they are not racist or aim to have a diverse staff, it can ultimately lead to inhibition of fair hiring, promotion, and working processes.<sup>39</sup> Implicit bias on the side of owners seems to be at play both in the practice and discourse of the individuals interviewed, both in the actual demographics of the restaurants and the expressed and unexpressed attitudes towards the demographics of the restaurants, hiring practices, and opportunities for mobility within the restaurant.

Implicit bias can be discerned in the attitudes towards the demographic composition of the restaurants. The restaurant owners interviewed generally took pride in the diversity of their restaurants, yet tended towards having more segregation between service and kitchen positions – the same trend previously observed for fine-dining restaurants in the Great Service Divide, and several of the interviewees declined to offer specifics on the ethnic breakdown of their restaurants, noting only that their Front-of-the-House staff was "diverse." Overall, the restaurants interviewed had a higher percentage of white workers in the Front-of-the-House and a lower percentage in the Back-of-the-House, with the inverse for workers of color. Front-of-the-House Asian and Latino workers, and both Front and Back-of-the-House African American workers were largely absent from the restaurants that were not specifically ethnic restaurants.

The figures in Table 19 do not include two restaurants that declined to give exact numbers for staff in the Back-of-the-House by race, and four restaurants that declined to give exact numbers for race of staff in the Front-of-the-House. All of the restaurants that declined to give exact figures claimed that they had a "very diverse" staff, noting "it's like United Colors of Benetton in here," "we have Asian, we have African American, we have Latino," and "Hispanic, African American, Caucasian." One simply stated they were "diverse," but did not elaborate. All four of these interviewees were white males. Similarly, two of these same interviewees declined to give the racial breakdown of Back-of-the-House staff, one simply noting it was "diverse," and the other noting it was "Hispanic, African American, Caucasian." The other two interviewees noted that kitchen staff was "mostly Latino," over 90% in fact.

The two restaurants that declined to give Back-of-the-House figures represented 20% of the total employees in the sample, and the four restaurants declining to give Front-of-the-House figures represented 43% of the employees in the sample. In addition, two of the restaurants that declined specifics gave other indications that service staff was primarily white. One of these owners noted that their Front-of-the-House staff was a diverse mix but "weighted towards native English speaking Caucasians."

Another owner, asked about the ethnicity of her workers, offered that she hated these types of questions and would rather not say, "But I will say that we are very diverse." This same owner, while refusing to describe her own ethnic makeup or that of the restaurant directly, made reference to the ethnic identities of its employees throughout the interview. She reported that there is one

**TABLE 19**Demographics of the restaurant industry in California

|     | White | People of Color | Men | Women |  |
|-----|-------|-----------------|-----|-------|--|
| FOH | 38%   | 62%             | 40% | 60%   |  |
| ВОН | 19%   | 81%             | 69% | 31%   |  |

server who is African American and that most Latino workers are in the Back-of-the-House. In this restaurant with nine employees, there is one African American in the Front-of-the-House and another in the Back-of-the-House, two white workers in the Front-of-the-House, two Latinos in the Front-of-the-House, and three in the Back-of-the-House. This restaurant employer also had an African American business partner, and yet she also felt she had difficulty retaining workers of color, perhaps due to the interactions with customers: "We do get a lot of business people and then we get a lot of entitled people. There is a way in which they talk to the staff which is very inappropriate or is not respectful."

It is possible that the temperament and ethnic makeup of the clientele is what allows two of the Soul Food-themed restaurants, one fine-dining, one casual full service, to maintain an entirely African American Front-of-the-House staff: "because more people of color are familiar with the food and feel more welcome to come in off the street and ask for a job." This does not necessarily explain why the kitchen staff in these two restaurants is also overwhelmingly African American.

Ethnicity and language play an important role in maintaining a people of color, but primarily mono-ethnic staff at the Asian and one of the Latin American themed restaurants. At the Latin American themed restaurant, the majority of clientele was both of Latin American descent and spoke Spanish, and they only had one employee who was white. The manager there, lamenting that other ethnicities did not apply, noted, "We would love to be like the Culture Club here ... it would be awesome to have all the races here... No vienen. No one applies for a new job... We are open to everyone... we just want a hard worker...". However, she also complained about how slow their sole white employee was. "This particular person... was so slow, so slow. He has been in training for three months and he hasn't got it yet. But he has las ganas... the will to work and learn through experience." Of note, this manager found it offensive that the majority of Back-of-the-House workers throughout the industry were Latino. "I don't know if it's a racial thing or not, but I don't like it at some point. . . Why do they want to have us like that, in that one spot? For me, that is a particular spot. And if I go to [a restaurant], there is only one Latino attending, and all the other ones are Caucasian."

At the Asian themed restaurant, the family that ran it was entirely Asian except for the white owner. She noted, "people come in and they see me and they walk right out. The only explanation I can come up with is, because I am not [Asian], they won't think the food here is original and they will make a huge assumption and leave. Those that know me... I've been complimented." This contrasted with the white male owner of a fine-dining Latin American themed restaurant, who felt "weird" discussing the ethnic makeup of the restaurant, but expressed awareness that the big divide in ethnic make-up is between the Front and Back-of-the-House. This restaurant, one of the largest in the sample, had the highest earning potential for both service and kitchen staff due to its revenue-sharing structure, yet it was also the most clearly segregated establishment with a majority white Front-of-the-House (85%) and overwhelmingly Latino Back-of-the-House (90%).

It is of note that race was a difficult subject for most if not all respondents to discuss. Even though they all agreed to participate in an interview about occupational segregation and answer questions about their efforts "in creating a diverse workforce that is not segregated by position," employers still had difficulty addressing this issue directly and several refused to discuss race in detail at all. Even employers who acknowledged the problem of segregation in the industry and demonstrated an interest in addressing this issue in their own establishments felt uncomfortable answering questions about their efforts to promote a diverse workplace.

#### 2 Hiring Process and Code Words

Some of the language used to describe both the qualities desired for new hires, as well as the individual characteristics leading to turnover, could be construed as racialized code words: "good attitude," "work ethic," "lack of initiative," "drive," "clean cut," "presentable," or even words such as "warmth," "aura," and "personality." These and other words have become tropes to describe the group characteristics of racial categories without acknowledging race, and it is possible that these might be an example of implicit bias when consistently used by individuals who clearly are opposed to discrimination. While these qualities seem desirable qualities for any candidate, given the context of patterns of employment and other patterns of discourse, point to the usage of



these terms as code words. However, these are preliminary initial findings that warrant further research.

All of the respondents interviewed spoke highly of diversity and showed pride in their diverse workforce, even while having trouble discussing it specifically. When asked about what barriers their employees faced, most felt there were no barriers, but four individuals noted that individuals simply needed to "show initiative," and one noted that self-esteem was at times a barrier. One owner did recognize that implicit bias might play a role in hiring, "Yes, you hire who you are familiar with."

When asked if they sought a particular look when hiring, interview responses fell into two general categories, "No," and "clean-cut." Six restaurants responded with some variation of "no," four answered with some variation of "clean-cut," and one declined to answer. The

two ethnic restaurants with a primarily African American staff were the most explicit, stating that they looked for "potential employees that are professional looking, meaning they are well groomed, have good hygiene, present themselves well," and a "maintained, clean appearance." One of these also noted that they evaluated new hires on how they spoke, dressed, and how they carried themselves. The other restaurants specifically looked for someone who was "cleancut" and with "good hygiene," and one explicitly stated: "ethnicity doesn't matter as long as they make a good presentation." Of the restaurants that stated they didn't have a look in mind when they hired, one specified that they looked for people who were "interesting, confident, and colorful," and another that they looked for the ability to "smile and be warm; not a look so much as an energy." Another employer looked for individuals in the Front-of-the-House that had a "warm and generous feeling about them, but also the ability to multitask," and for the Back-of-the-House wanted individuals, "with pep to their step ... able to come out and be warm and generous to people even if they don't understand [English]."

Seven of the restaurants noted that they tried to hire from within the restaurant: "Ideally we are always promoting from within and only hiring entry level positions." This restaurant only hired externally after they had tried to promote internally. However, this practice occurred primarily in the kitchen where dishwashers were promoted to positions within the Back-of-the-House, and rarely from the Back to the Front-of-the-House. Several of the restaurants relied on the connections of current employees when hiring new staff, preferring to get recommendations from current employees or other connections instead of receiving random applicants, a practice that can make it more difficult for individuals without connections or in different social networks or ethnic groups to enter higher tier positions. Others preferred to post ads on Craigslist and other on-line resources, such as Lively, although one specifically preferred in-print resources such as newspaper ads. This restaurant also preferred to receive resumes in person "to see ... and get a feel for [the applicants]." A few restaurants discussed desirable attributes of an employee that they could only evaluate after meeting in person, including one who noted that he liked to see an applicant's "aura, their energy and general disposition on life," looking in particular for a general warmth and sense of hospitality.

One restaurant required two years experience, including wine knowledge in the Front-of-the-House, and "a passion for food" in the Back-of-the-House, and noted applicants should be particularly interested in the particular restaurant's cuisine. Only one restaurant, the longest operating one, had a very clearly articulated hiring practice, in which the assistant manager would interview six applicants and choose two candidates from whom the General Manager and Owner would make the final hire. This restaurant also had the strictest hiring and promo-

tions practice, hiring only for entry-level positions and promoting only from within, as described below, but also largely constrained within either the Back or Front-of-the-House.

#### 3 Training, Promotions, and Mobility

Training and internal promotions are often the key pathways by which workers of color can or cannot advance to higher paying positions. Our previous research has shown that the vast majority of workers in the restaurant industry do not have access to training or an internal promotions pathway, and that this lack of mobility contributes to segregation by race and gender. Workers have reported that employers tend to hire from outside of the restaurant for the highest-paying server and bartending positions rather than promoting workers of color from lower-paying positions, even when those workers have the experience and ability to serve. 40

In this study, several of the restaurant employers reported having training and promotion processes, but the quality and extent of training and promotions varied greatly. Some employers reported testing a worker for a higher paying position prior to providing a formal training process, in order to observe their work ethic and interactions with customers. For the majority of restaurants the training process provided was simply hands-on learning, within a two to three week formal training window. Workers are expected to shadow co-workers, or train prior to shifts. One of the restaurants expected two to three days training in each position, augmented by formal coffee and wine trainings, except for dishwashers who received only one hour of training.

Most of the restaurants did not seem to have a rigorous training system, exemplified by a lack of training materials. Four of the restaurants trained employees formally with an employee manual, and two used a training manual (one of these also used an employee manual.) Three other restaurants used ad-hoc materials, such as articles from restaurant service magazines, or emailed word documents with announcements. One of the California restaurants relied on a "large cookbook," and the Italian restaurant on a "wine bible" for on-going training. Most trainings were conducted by management or senior staff. One of the restaurants required everyone to seek SafeServ certification, including management, and saw higher productivity tied to the blanket requirement.

One of the owners saw it as her mission to in part, offer an educational component or training opportunity, since previous experience was not as important as personality and a desire to learn. This was a very different attitude than expressed by other interviewees, who wanted everyone to have experience, even though at least one did not see internal growth as a real possibility.

The majority (64%) of the interviewees said they tried to promote internally before hiring outside but in practice this translated to different outcomes in promotion practices. However, many of the restaurants did not have a set promotions policy or process. Four had an explicitly informal process, four explicitly stated that promotions were based on a performance evaluation, one noted that "management approaches workers," and another that promotions were addressed "verbally in meetings."

Two of the smaller restaurants had an identified mission to educate, train and promote workers, and these showed the greatest mobility from the Back to the Front-of-the-House. The owner of one of these restaurants tells all new dishwasher hires, "I tell everyone that comes to the door the goal is not to keep you there it is to move you forward." This owner has kitchen employees come out and clear dishes in order to get them out front and interacting with customers, and familiar and comfortable with the activity in the Front-of-the-House. While initiative plays a large role, the restaurant pushes employees to challenge themselves and move into new positions. As a result, "people are moving around all the time", and dishwashers have moved to the front counter in short amounts of time. This restaurant does not have a formal employee handbook or promotions practice.

In the second restaurant, one of the ethnic cuisine restaurants, management discusses promotions in the worker handbook, and workers move back and forth between the Front and Back-of-the-House. If necessary the owners or managers provide trainings to help employees advance.

In the Latin American themed restaurant with a primarily Latino staff, everyone is expected to perform in both sides of the house. "We always pick someone from here, and we put them in another position." However, staff generally stayed in one section. The manager at this restaurant also took pride in promotions by noting, "That blond chick was a server, and now she is a supervisor."

The restaurant with the highest wages emphasized internal promotions efforts, in particular in order to retain staff, but these efforts largely occurred within the either the Back or Front-of-the House. "We have one cook right now who is about to make the transition to a barback ... but, no, I don't think it has happened at all, maybe one time ... I haven't experienced a lot of that." This employer thought language was a barrier to mobility, noted that Back-of-the-House employees took English classes to improve fluency, often had to work multiple jobs, and was critical of the wage disparity between the Front and Back-of-the-House, yet did not acknowledge a need to try and move more of those workers to the Front-of-the-House. This restaurant did conduct yearly reviews to raise wages: "Every person at the restaurant is on an upward track some at faster paces and some at slower paces but no one has reached the peak of their compensations...We feel it is an open ended thing."

The longest serving restaurant had a clear policy of only hiring entry level staff and then promoting from within, but largely saw promotions taking place within the Back or Front-of-the-House. Moreover, promotions from the Back to the Front-of-the-House were, "less common than it should be." This practice of promoting

within either the Back or Front-of-the-House was common to six out of the eleven restaurants interviewed.

Two restaurants explicitly stated there was no promotions pathway, did not see many promotion opportunities, and did not have a promotions policy. One owner noted, "Well there is not really anything to promote to." She didn't think there were any barriers to employees taking initiative and generally didn't see restaurant workers as having a lot of initiative. That same owner felt that employees in the Back-of-the-House of were there due to choice and ability, "Usually Back-of-the-House people are back there because that's where they want to be, because they don't want to deal with customers, and that is where their skills set is." This owner also expected workers to arrive with experience and had no plan to offer raises.



#### CONSUMER BARRIERS: IMPLICIT AND EXPLICIT BIAS

Restaurant patron preferences and attitudes also play a role in racial segregation in the industry, but most owners declined to discuss customer bias extensively. One noted that bias was not an issue, since customers "just want good service," while another simply stated, "sure, sure, customers prefer [to be served by workers of their own race.]"

Past academic research has found race to be an important factor in the interactions between customers and restaurant staff. Restaurant customers have been found to rate workers of color as less attentive, even though they do not rate them differently on friendliness or appearance, and to tip them less than white workers. The ambiguity of the tipping system, where the outcome is believed to be dependent on the social encounter between server and customer, has been found to promote discrimination based on social stereotypes from both parties. Customers have been found to discriminate based on race and gender, leaving greater tips for women who have blond hair or that are rated as physically attractive. Also, the tipping system itself, in particular when tips are the primary source of an individual's income, appears to promote sexual harassment not only in interactions between customers and tipped workers, but in social interactions throughout the restaurant.

Two of the interviewees were willing to discuss the issue in greater detail. One owner made particular note of how customers treat employees, and in particular employees of color, "we do get a sector of the population, we do get a lot of business people, and then we get a lot of entitled people. There is a way in which they talk to the staff which is very inappropriate or is not respectful." Overbearing customers can create an unwelcoming atmosphere for workers of color, and this can be driven by their biases. This same owner was shocked at how her African American business partner was treated at times: "I have witnessed it. Because, I would be, 'that's not possible, that's not happening.' No, vendors come in and introduce themselves; they go right to me. They just avoid him. It's been really shocking to be part of that experience…" The other owner felt that customer bias was, "covered under layers of political correctness," and added:

"I mean, here is the sad commentary, I guarantee you, if I put all whites in uniforms in chef hats in the front, this café would be taken much more seriously as a food place than what I have right now, and I could have the exact same food. It's a [foodieism], its like, ... oh, these are people who are devoted to their craft. I guarantee you that would be the case. I have thought about that too, not doing it, but just like, we work hard to make the food really good and we source locally and there are all these expenses I have because of my philosophy, that don't fully get manifested ... because of their perception of us."

This same owner experienced complaints from customers when he tried to promote workers of color, "I promoted a bus boy to bartender ..., I promoted a Back-of-the-House cook to server, and these were Latinos, and they had heavy accents, and I got push back from guests, saying 'I can't understand' — in front of the guy — 'I can't understand this guy. I am paying this for my meal and I can't understand what he is saying."

Of course, there is also evidence that restaurant staff act out their prejudices on customers,<sup>47</sup> which perhaps also helps explain why ethnic restaurants were the only restaurants that successfully recruited workers of color into Front-of-the-House Tier I positions. According to one of the employers of a casual full service restaurant, "Being an [ethnic] restaurant, it attracts more ethnic workers than other restaurants, because more people of color are familiar with the food, and feel more welcome to come in off the street and ask for a job."

However, one of the owners of a fine-dining vegetarian restaurant found that this preference for staff of color only applied to ethnic restaurants: "If it's a restaurant that has a particular ethnic bent to it then — I think most Mexican restaurants like to have Hispanic workers. I think Japanese restaurants like to have Japanese workers. But with a restaurant with no particular ethnic bent, I don't think [there is a preference]. I would say no."

Implicit bias describes the subconscious discriminatory attitudes that many or most individuals hold or engage in, and this is a likely candidate for understanding customer behavior. Racial resentment or anxiety also must be taken into account: even though individuals express a desire for greater racial diversity, recent research from the Center for Social Inclusion has found that racial anxiety can actually increase when individuals are faced with racially diverse messengers. <sup>48</sup> Greater research is needed in these areas to fully understand customer behavior and how it impacts racial and gender segregation in the industry.

#### **Conclusions**

Although California represents a brighter picture than most of the nation due to its more diverse workforce and higher wages, both California and the rest of the country demonstrate substantial wage inequality and significant occupation segregation by both race and gender in the restaurant industry.

Most of the restaurant owners and General Managers interviewed did not seem to think that segregation was an issue at their establishment, however most lacked diversity in both kitchen and service positions. A qualitative analysis of their discourse seemed to show that they were consciously or subconsciously avoiding the issue of race. The restaurants that were the most diverse also spent more time training and focusing on flexible promotion pathways. The majority of the restaurants answered positively to being successful at promoting diversity, and for many this was defined as diversity when combining both the Back and Front-of-the-House, or due to other types of diversity, such as within Asian or Latino groups, or due to sexual orientation of staff.

Overall, the interviews pointed to real and perceived barriers among all three stakeholders – workers, employers, and consumers – as the primary barriers to desegregation. For workers, structural barriers and self-selection bias presented challenges; for employers, implicit bias and a real lack of applicants were barriers; and for consumers, implicit bias appears to be at play but needs more inquiry. The general patterns and trends revealed through the analysis of demographics and wages were borne out in the real barriers and gaps revealed through the analysis of interviews. All of these trends merit extensive further research with much higher sample sizes to investigate and understand these findings, both with employers, consumers, and workers, and to develop effective interventions to increase economic opportunity, reduce inequality, and promote racial justice in the restaurant industry.

#### **Policy Recommendations**

This study found occupational segregation leading to real world negative outcomes in wages for workers of color in the restaurant industry, and found that in a select sample of well-intentioned, primarily fine-dining establishments, structural barriers to occupational segregation remain a clear obstacle to establishing racially equitable career ladders within the industry. Extensive additional and original research is needed to uncover the extent of these structural barriers as well as strategies to overcome these barriers among employers, workers, and consumers. However, this initial study does point to some policies that should be immediately explored.

- 1. For employers, this study points to the need for incentives, mandates, and prohibitions to combat bias, as well as specific implicit bias trainings as have been adopted by a few police forces and other sectors to ward against the perpetuation of inequity. Local policymakers should explore proposals to incentivize race and gender desegregation and internal promotion, such as creating incentives for employers who provide transparent internal promotion pathways. Policymakers should also consider initiatives that prohibit racialized filters such as a criminal record information request of applicants (i.e. 'ban the box' initiatives).
- 2. For workers, this study points to the need for greater hard and soft skills training and other supports to build confidence and assist in job placement. Policymakers should support workforce development programs such as ROC's COLORS Hospitality for Workers (CHOW) 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 African American workers, face an unemployment crisis that can be positively impacted through targeted workforce development initiatives. Policymakers should also consider mandated training for all workers in a locality, thus creating equal opportunity pathways for all workers.
- 3. For consumers, this study points to the need for culture change, education, and engagement to enlist the support of like-minded consumers in creating a climate where racial equity is lauded and rewarded. Advertising campaigns should be enacted to raise awareness of racial inequity in the restaurant industry, and policymakers should publicize and support model employer practices to help educate consumers, and also to provide much-needed guidance to other employers in the industry.

### Appendix Additional details on the restaurants interviewed in the current sample.

Six of the establishments were fine-dining restaurants, three were casual full service establishments, and three could be considered 'fast-casual' full service or cafés (see Table 20). Three of the restaurants had been open three years or less, four had been open between four and ten years, three had been open between 15 and 18 years, and one had been open over 45 years. In total, the restaurants had 127 years of operation, averaging 11, ranging from 1 to 45 years (excluding the outlier of 45, the restaurants had been open a collective 82 years, max of 18, averaging 7.5 years experience).

Eight of the individuals were individual owners or partners, and four were general managers. Of these, seven were men, five were women, seven were white, three were African American, one was Latino, and one refused to disclose race or ethnicity (although they disclosed that they had an African American business partner.) The restaurant owners and general managers interviewed had a collective 177 years of experience, averaging 15, ranging from 1 to 49 (excluding the outlier of 49, the collective had 128 years experience, max of 21, averaging 12 years experience).

The race and gender composition of the restaurants interviewed varied from the race and gender composition of California as a whole, with tremendous variation within individual establishments. Overall, women appeared to be underrepresented in the Front-of-the-House, 52% of the employees in our small sample, compared to 60% state-wide. For Back-of-the-House, 43% of the workforce in the sample was women, compared to 31% throughout the state. The Back-of-the-House gender breakdown varied between the different restaurants, from 0% to 100% women. Five of the restaurants had 50% or more female staff in Back-of-the-House. The restaurants interviewed ranged from 30% to 80% female in Front-of-the-House, with the three largest ranging from 45% to 55% women in Front-of-the-House.

TABLE 20 Characteristics of restaurants interviewed

|    | Gender | Race                  | Ownership                          | Segment                  | Role            | Opening | Concept    |
|----|--------|-----------------------|------------------------------------|--------------------------|-----------------|---------|------------|
| 1  | Female | Refused (AA co-owner) | Two partners                       | Fine dining              | Owner           | 2014    | California |
| 2  | Male   | White                 | Two partners & financial investors | Fine dining              | Owner           | 2012    | Latin      |
| 3  | Male   | White                 | Individually owned                 | Fine dining              | General manager | 2008    | Italian    |
| 4  | Female | White                 | Two partners                       | Fine dining              | Owner           | 2009    | Vegetarian |
| 5  | Male   | African American      | Individually owned                 | Fine dining              | General manager | 2011    | Soul Food  |
| 6  | Male   | African American      | Three partners                     | Fast casual full service | Owner           | 2014    | California |
| 7  | Male   | African American      | Individual owner                   | Casual full service      | Owner           | 2012    | Soul Food  |
| 8  | Female | White                 | Individual owner - family          | Casual full service      | Owner           | 2000    | Asian      |
| 9  | Female | Latino                | Individual owner - family          | Fast casual full service | General manager | 2006    | Latin      |
| 10 | Male   | White                 | Two partners - family              | Casual full service      | General manager | 1969    | Latin      |
| 11 | Female | White                 | Two partners                       | Fine dining              | Owner           | 2000    | California |
| 12 | Male   | White                 | Individual owner                   | Fast casual full service | Owner           | 1997    | California |
|    |        |                       |                                    |                          |                 |         |            |

At first glance, the racial composition of the restaurants interviewed broadly mirrored that of California, with 46% white workers in the Front-of-the-House and 73% Latino workers in the Back-of-the-House. The percentage of African American workers in the restaurants interviewed, 32% in the Front and 18% in the Back-of-the-House, was much greater than that seen in the rest of California. However, nearly 90% of the African American workers in the restaurants interviewed worked in two Soul Food restaurants where 100% of Front-of-the-House staff was African American, and 90% of Back-of-the-House staff was African American. Without the inclusion of those restaurants, African American workers would represent 1% of Back-of-the-House, and 7% of Front-of-the-House staff. Similarly, 38% of the Asian workers in the restaurant sample worked at one Asian themed restaurant that had an entirely Asian kitchen staff, and 100% of the Latino Front-of-the-House staff were employed at only two restaurants, one of which had a primarily Latin American immigrant clientele (however, this does not include figures for restaurants that declined to provide a breakdown by race). Back-of-the-House staff in most of the restaurants was overwhelmingly Latino: four of the kitchens had over 90% Latino staff, one had 75% Latino staff, and one had 50% Latino staff, and the one restaurant with no differentiation between Back-of-the-House and Front-of-the-House staff was 80% Latino and 20% African American.

#### WAGES AND BENEFITS

While there were differences in the wages and benefits of these restaurants, one commonality among all but two of the restaurants was that they paid their servers minimum wage, yet at the same time the servers had the greatest earning potential due to tips. In one of the two other restaurants, all workers had the same earning potential because there were no differences between Front-of-the-House and Back-of-the-House – all staff were engaged in joint food preparation and serving. The restaurant with the highest wages shared a portion of daily revenues with servers and bartenders. Here, Front-of-the-House Tier I (servers and bartenders) earned a wage that was higher than minimum wage, but lower than other staff, yet still had a higher earning potential due to revenue sharing. Overall, dishwashers had the lowest earning potential. Wages at the restaurants interviewed ranged from \$10.50 to \$22 in the Back-of-the-House, and from \$12.25 to \$35 in the Front-of-the-House, when excluding the fast-casual restaurant with no differentiation between Back-of-the-House and Front-of-the-House. There, employees earned \$9.75 per hour. On average, cooks earned \$14.76, while servers earned \$21.64. In all cases, the absolutely highest wages were reported at the one fine-dining restaurant that had adopted a revenue sharing model.

Most of the restaurants did not provide benefits other than for management unless mandated by the state, although one did provide health insurance for all full time employees, and another "based on [Affordable Care Act] requirements". Many restaurants expressed a desire to provide it in the future, but said that it was not currently an option due to cost. The majority of restaurants noted that they provided paid sick days due to a new state law mandating three paid sick days per year.

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COVER PHOTO of Advanced CHOW Trainees Sheena Redmond and David Hardiman, serving The Ford Foundation Trustee Dinner held at Colors Detroit. Photo courtesy of Daphne Doerr Photography.

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#### ENDING JIM CROW IN AMERICA'S RESTAURANTS

# Racial and Gender Occupational Segregation in the Restaurant Industry



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