

Our Recommendations

The Southeast Michigan Restaurant Industry Coalition recommends the following steps to address the workplace problems documented in our study:

- 1. Enforce employment laws in the restaurant industry. Labor, employment and health and safety standards should be strictly enforced.** Legislators should consider an employers' compliance with such legal standards in granting government licenses, which by statute are intended to be granted only to responsible employers. Employers must also be educated about their legal responsibilities towards their employees and be provided necessary support to meet their obligations to their workers and to the public. It is in the interest of both workers and the public at large that existing standards be observed and enforced.
- 2. Incentivize high road practices. Initiatives and incentives should be considered to assist and encourage employers to provide living wages, basic workplace benefits, and opportunities for advancement to restaurant workers.** Such initiatives could include rent and property tax incentives for employers who implement exceptional workplace practices, and subsidies to employment-based health insurance or support of collective health insurance provision across the industry.
- 3. Level the playing field by providing paid sick days and increasing the tipped minimum wage.** Policymakers should level the playing field by requiring all employers to provide paid sick days to their employees. The lack of paid sick days can result in real public health challenges for the entire region. Policymakers should also raise the minimum wage for tipped workers to be closer to the minimum wage for all other workers.
- 4. Promote opportunity, penalize discrimination. Policymakers must explore initiatives that encourage internal promotion and discourage discrimination on the basis of race and immigration status in the restaurant industry.**
- 5. Promote model employer practices. Model employer practices should be publicized to provide much-needed guidance to other employers in the industry.** The vast majority of employers we interviewed agreed in theory that high road workplace practices were better. However, many appeared unable to implement them in practice.
- 6. Allow workers the right to organize. Barriers to organizing restaurant workers should be addressed and the public benefits of unionization in this and other industries should be publicized in light of the significant benefits to workers and employers alike which can arise when restaurant workers unionize.**
- 7. Support further industry research. Further study and dialogue should be undertaken that includes restaurant workers, employers, and decision-makers in order to ensure effective and sustainable solutions to the issues identified in our study – especially race-based discrimination, and the impacts of the industry's practices on health care and public program costs.**

The information collected here from workers, employers, and industry experts is critical to ensuring that the Detroit metropolitan region's restaurant industry truly shines not only as an important contributor to the region's job market and economy, but also as a beacon to the well-being of its workers and communities.



**The Restaurant Opportunities Center of Michigan
The Restaurant Opportunities Centers United**

Southeast Michigan Restaurant Industry Coalition partners include:

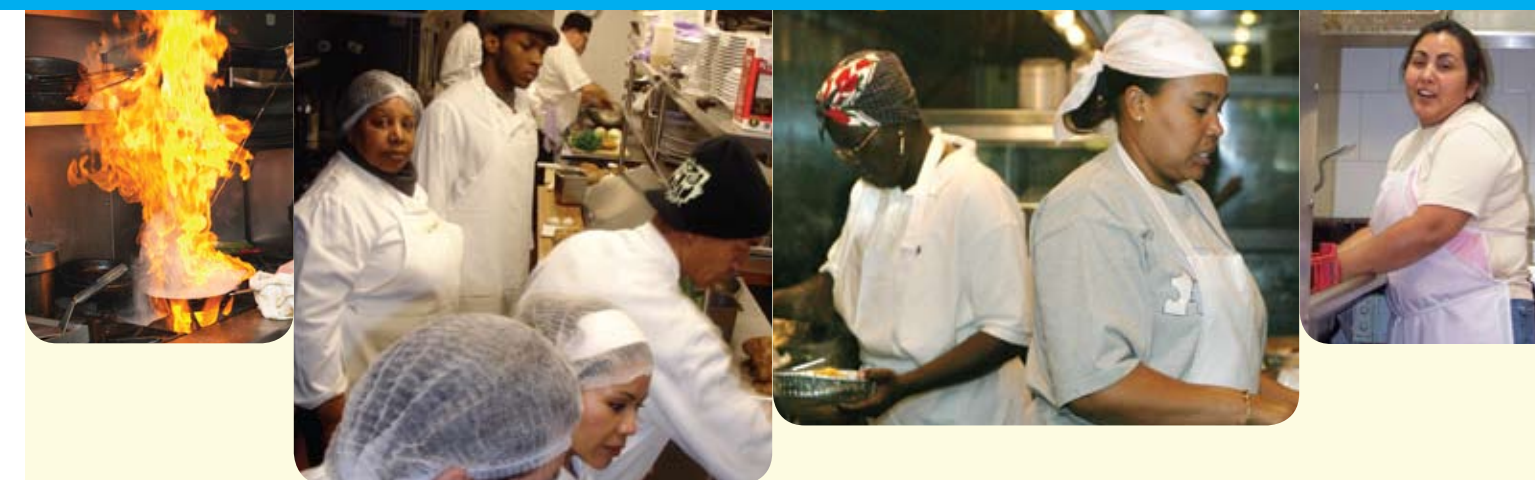
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Restaurant Workers
Restaurant Owners
Southeast Michigan Coalition for Occupational Safety and Health
Southeastern Michigan Jobs with Justice
Sugar Law Center for Social and Economic Justice
Urban and Regional Studies Program, University of Michigan-Dearborn
Detroit Area Community Information System
Union of Part-Time Faculty, Local 477 AFT, Wayne State University
UNITE-HERE, Local 24
United Food and Commercial Workers, Local 876

The Coalition would like to thank the many students, interns, restaurant owners, and restaurant workers who devoted many hours to conducting surveys, interviews, and generally assisting with this project. In particular, we would like to thank the following Brooklyn College students for their assistance in inputting and analyzing survey data: Nancy Tang, Svetlana Goyacheva, Ademilola Ogunmokun, Yinet Rodriguez, Jesse Bayer, Jakub Borkowski, Kevin Hartnett, Renee Murdock, and Emmanuel Jeanty.

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EXECUTIVE SUMMARY

Behind the Kitchen Door: Inequality & Opportunity in Metro Detroit's Growing Restaurant Industry



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February 9, 2010

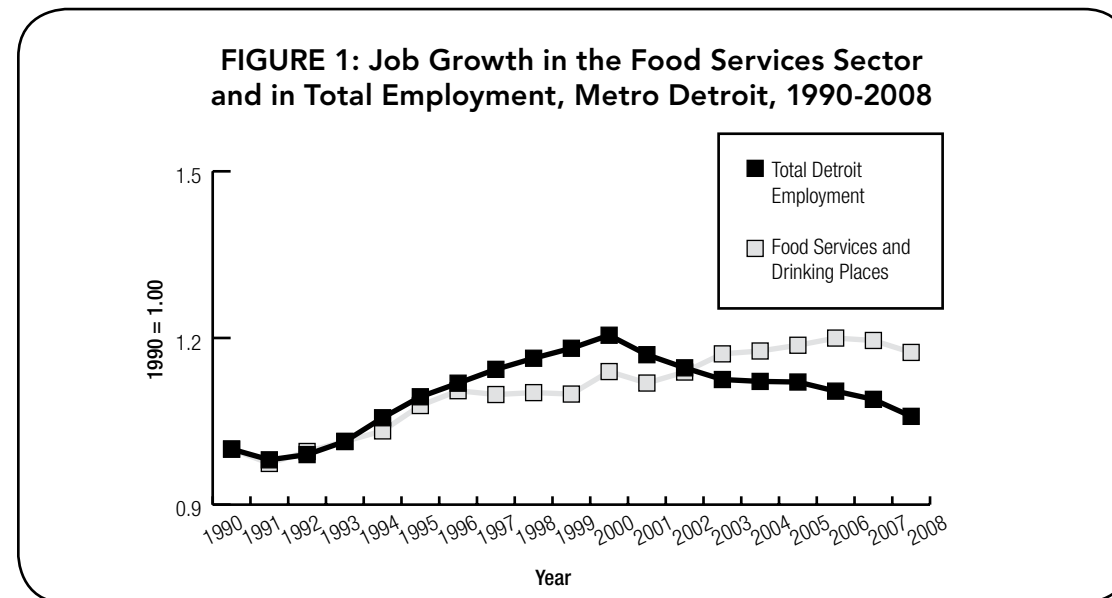
Funding Provided By:
The Ford Foundation
The Sociological Initiatives Foundation
The United Way for Southeastern Michigan

Executive Summary

A Resilient and Growing Industry

Southeast Michigan is home to a vibrant, resilient, and growing restaurant industry. The industry includes more than 7,700 food service and drinking places that make significant contributions to the region's tourism, hospitality and entertainment sectors and to its economy as a whole. In 2008, the restaurant industry accounted for over \$12 billion of the state's revenue.

Perhaps the industry's most important contribution to the region's economy is the thousands of job opportunities and career options it provides. Despite the current economic recession, and Michigan's own economic crisis since 2001, the Metro Detroit restaurant industry continues to grow. Employment growth in the Metro Detroit food services sector has outpaced that of the Metro Detroit regional economy overall (see Figure 1). Detroit metropolitan area restaurants employ more than 134,000 workers – 7.8% of the region's total employment. Since formal credentials are not a requirement for the majority of restaurant jobs, the industry provides employment opportunities for new immigrants, whose skills and prior experience outside the United States may not be recognized by other employers, workers who have no formal qualifications, and young people just starting out in the workforce.



Source: Bureau of Labor Statistics, Current Employment Statistics.

Note: Metro Detroit refers to the Detroit-Warren-Livonia MSA, which includes the six counties of Lapeer, Livingston, Macomb, Oakland, St. Clair, & Wayne.

Many Bad Jobs, A Few Good Ones

There are two roads to profitability in the Southeast Michigan restaurant industry – the “high road” and the “low road.” Restaurant employers who take the high road are the source of the best jobs in the industry. High road employers provide living wages, access to health benefits, and advancement in the industry. Taking the low road to profitability, however, creates low-wage jobs with long hours, few benefits, and exposure to dangerous and often-unlawful workplace conditions. Many restaurant employers in the Detroit metropolitan area appear to be taking the low road, creating a predominantly low-wage industry in which violations of employment and health and safety laws are commonplace.

While there are a few “good” restaurant jobs in the restaurant industry, and opportunities to earn a living wage, the majority are “bad jobs,” characterized by very low wages, few benefits, and limited opportunities for upward mobility or increased income. According to the U.S. Bureau of Labor, the median hourly wage for restaurant workers is only \$8.32, which means that half of all metropolitan Detroit restaurant workers actually earn less.

TABLE 1. An Overview of Workplace Conditions Faced by Metro Detroit Restaurant Workers

Wages Earned by Restaurant Workers	Percent of Workers	Health and Safety Violations Reported by Restaurant Workers	Percent of Workers
Less Than Minimum Wage (< \$7.40)	9%	Unsafely hot in the kitchen	29.7%
Below Poverty Line (\$7.40 - \$8.45)	29%	Fire hazards in the restaurant	20.5%
Low Wage (\$8.46 - \$15.49)	49.10%	Missing mats on the floor to prevent slipping	34.5%
Living Wage (\$15.50 and higher)	12.90%	Missing guards on cutting machines	12.1%
Job Benefits and Health Reported by Restaurant Workers	Percent of Workers	Workplace Injuries Reported by Restaurant Workers	Percent of Workers
Employer does not provide health insurance	81.40%	Did not receive instruction or training about workplace safety	27.7%
Do not have any health insurance coverage	55.30%	Burned while on the job	51.4%
Have gone to the emergency room without being able to pay	25.90%	Cut while on the job	54.9%
Do not get paid sick days	95%	Slipped and injured while on the job	16.6%
Do not get paid vacation days	81.40%	Came into contact with toxic chemicals while on the job	31.1%
Have worked when sick	60.90%	Have chronic pain caused or worsened by the job	24.3%
Raises and Promotions Reported by Restaurant Workers	Percent of Workers	Workplace Practices Reported by Restaurant Workers	Percent of Workers
Do not receive regular raises	68.2%	Worked when the restaurant was understaffed	84.1%
Have never been promoted in current job	67.3%	Performed several jobs at once	83%
Did not move up in position from last job to the current job	60.3%	Experienced verbal abuse from supervisors	30.6%
Did not receive on-going job training needed to be promoted from employer	48.5%	Performed a job not trained for	35.4%
Employment Law Violations Reported by Restaurant Workers	Percent of Workers	Done something due to time pressure that has put own health and safety at risk	26.9%
Worked off the clock without pay	31.70%	Done something due to time pressure that might have harmed the health and safety of customers	15.1%
Experienced overtime wage violations	51%		
Experienced minimum wage violations	9%		
Management took share of tips	17.30%		

Source: Southeast Michigan Restaurant Industry Coalition Survey Data

In our own survey of restaurant workers, the vast majority (81.4%) reported that they do not have health insurance through their employers. Earnings in the restaurant industry have also lagged behind that of the entire private sector. In terms of annual earnings, restaurant workers on average made only \$14,136 in 2008 compared to \$50,914 for the total private sector, according to the Quarterly Census of Employment and Wages, Bureau of Labor Statistics.

A number of workers in our study reported overtime and minimum wage violations, lack of health and safety training, and failure to implement other health and safety measures in restaurant workplaces. Most workers surveyed in our study (51%) experienced overtime violations and 31% reported working “off the clock” without being paid.

Occupational Segregation and Discrimination

Historical discrimination, residential segregation, and negative transportation effects are compounded by current structural inequity and discrimination in the industry. It is largely workers of color who are concentrated in the industry's “bad jobs,” while white workers tend to disproportionately hold the few “good jobs.” Workers of color are overrepresented in lower-paying positions and in lower-paying segments of the industry. This segregation is further compounded by geographical segregation and discrimination against restaurant workers of color in Metro Detroit. While access to transportation is a problem for many workers in the region, one of the key findings of this study is the extent to which the city in which a worker lives contributes to barriers to employment, *regardless of that particular worker's access to transportation*, particularly in segments of the industry that offer living wages. These differences in where restaurant workers live and work have a direct impact on earnings and working conditions, since low-wage jobs are concentrated in the City of Detroit, and living-wage jobs tend to be located in the suburbs. Workers also reported discriminatory hiring, promotion and disciplinary practices. Nearly 40% of the restaurant workers we surveyed who reported experiencing verbal abuse stated that verbal abuse was on the basis of race.

The Social Costs of Low-Wage Jobs

Our research also reveals the hidden costs to customers and taxpayers of low-wage jobs and low road workplace practices. Violations of employment and health and safety laws place customers at risk and endanger the public. For example, restaurant employers who violate labor laws are also more likely to violate health and safety standards in the workplace – such as failing to provide health and safety training, or forcing workers to engage in practices that harm the health and safety of customers.

The pervasiveness of accidents coupled with the fact that so few restaurant workers have health insurance can lead to escalating uncompensated care costs incurred by public hospitals. For example, more than one quarter of workers surveyed (25.9%) reported that they or a family member had visited the emergency room without being able to pay for their treatment. Eighty-eight percent (88%) of workers going to the emergency room without being able to pay did not have health insurance.

Finally, low wages and lack of job security among restaurant workers some to rely on social assistance programs, which results in subsidies to employers who are engaging in low road practices. A key finding of our research is that whenever restaurant workers and high road employers are hurt by low road practices, so is the rest of society.

The High Road Is Possible

It is possible to create good jobs while maintaining a successful business in the restaurant industry. Our interviews with employers revealed that as long as there is an enduring commitment to do so, it is possible to run a successful restaurant business while paying living wages, providing workplace benefits, ensuring adequate levels of staffing, providing necessary training, and creating career advancement opportunities.

In fact, close to 13% of the workers we surveyed reported earning a living wage, and similar numbers reported receiving benefits, thereby demonstrating both the existence of “good jobs” and the potential of the industry to serve as a positive force for job creation. Workers who earn higher wages are also more likely to receive benefits, ongoing training and promotion and less likely to be exposed to poor and illegal workplace practices. For example, workers earning \$15.50 per hour were also much more likely to have health insurance than workers earning less than the minimum wage of \$7.40 per hour. Workers earning a living-wage were also more likely to have received training to be promoted and to have been promoted in their current workplace.

ABOUT THIS STUDY

Behind the Kitchen Door: Inequality & Opportunity in Metro Detroit's Growing Restaurant Industry was conceived of and designed by the Southeast Michigan Restaurant Industry Coalition - a broad gathering of academics, policy analysts, worker advocates, worker organizers, unions, restaurant workers and restaurant industry employers. This report represents one of the most comprehensive research analyses of the restaurant industry in Michigan.

The report uses data from 501 worker surveys, 32 one-hour interviews with restaurant workers, and 37 one-hour interviews with restaurant employers in metropolitan Detroit. The results of this primary research are supplemented by analysis of industry and government data, such as the Census, as well as a review of existing academic literature.

Our study was inspired by the need for examination and analysis of the overall health of the restaurant industry, which is fundamental to Southeast Michigan's economy and critical to the lives of thousands of restaurant workers and employers. The restaurant industry is an important and growing source of locally based jobs, and provides considerable opportunity for development of successful businesses. It is therefore essential to make information about the industry from the perspectives of both workers and employers available to all stakeholders to ensure the industry's sustainable growth.