

Effects of the COVID-19 Pandemic on the Restaurant Industry: Comparisons Between Immigrants and US-Born Workers

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Question and background

- Did immigrants experience worse employment outcomes in restaurants during the pandemic?
- Focus on restaurant workers
 - Low-skill, nontraded industry where immigrant and US-born competition should be most intense (Borjas et al. 2008; Burstein et al. 2020; Mandelman, Zlate 2022)
 - 4th largest occupational group: 11.3% in 2020
 - Lowest mean earnings: \$27,655 in 2020
 - 8.1% of newly arrived immigrants are in restaurant jobs, compared to 5.3% of other immigrants (2022)
 - Opportunities for specialization, which can mitigate adverse effects (Albert 2021; Peri, Sparber 2007; Deming 2017)

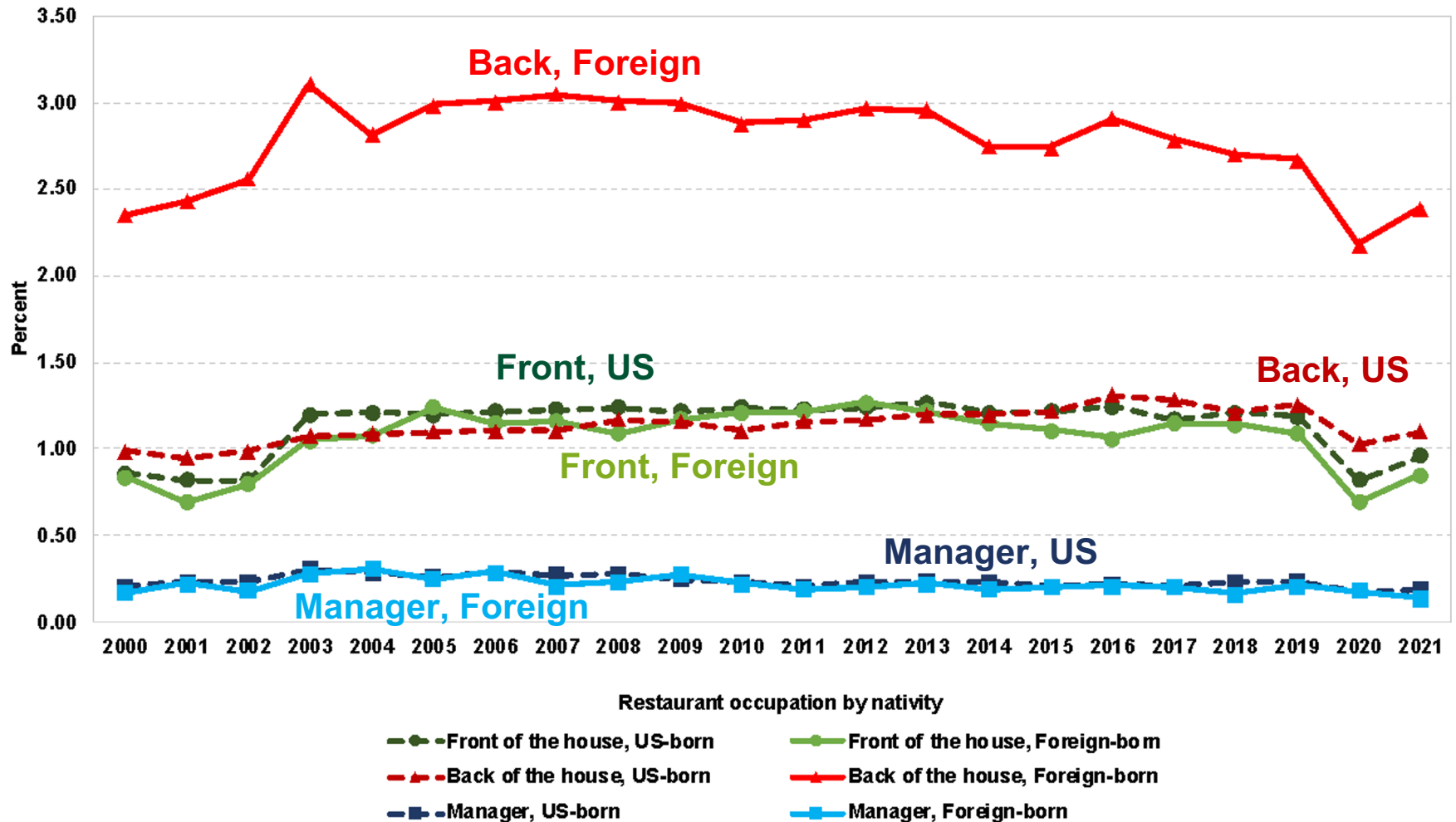


Data and methods

- **Current Population Survey (CPS)**
 - 2000–2021 Annual Social and Economic Supplement (ASEC)
 - 2000–2022 Basic Monthly data
 - Multinomial logistic: occupational transition to next year
 - From restaurant (independent) to another occupation (dependent)
 - From all occupations (independent) to restaurant (dependent)
- **Data collection with restaurant owners/managers**
 - Summer 2021 (n=457)
 - Survey about changes over time: Jan. 2020 (before pandemic), Jan. 2021 (height of pandemic), time of survey
 - OLS models estimate percentage changes in numbers of workers by nativity and occupation within restaurants

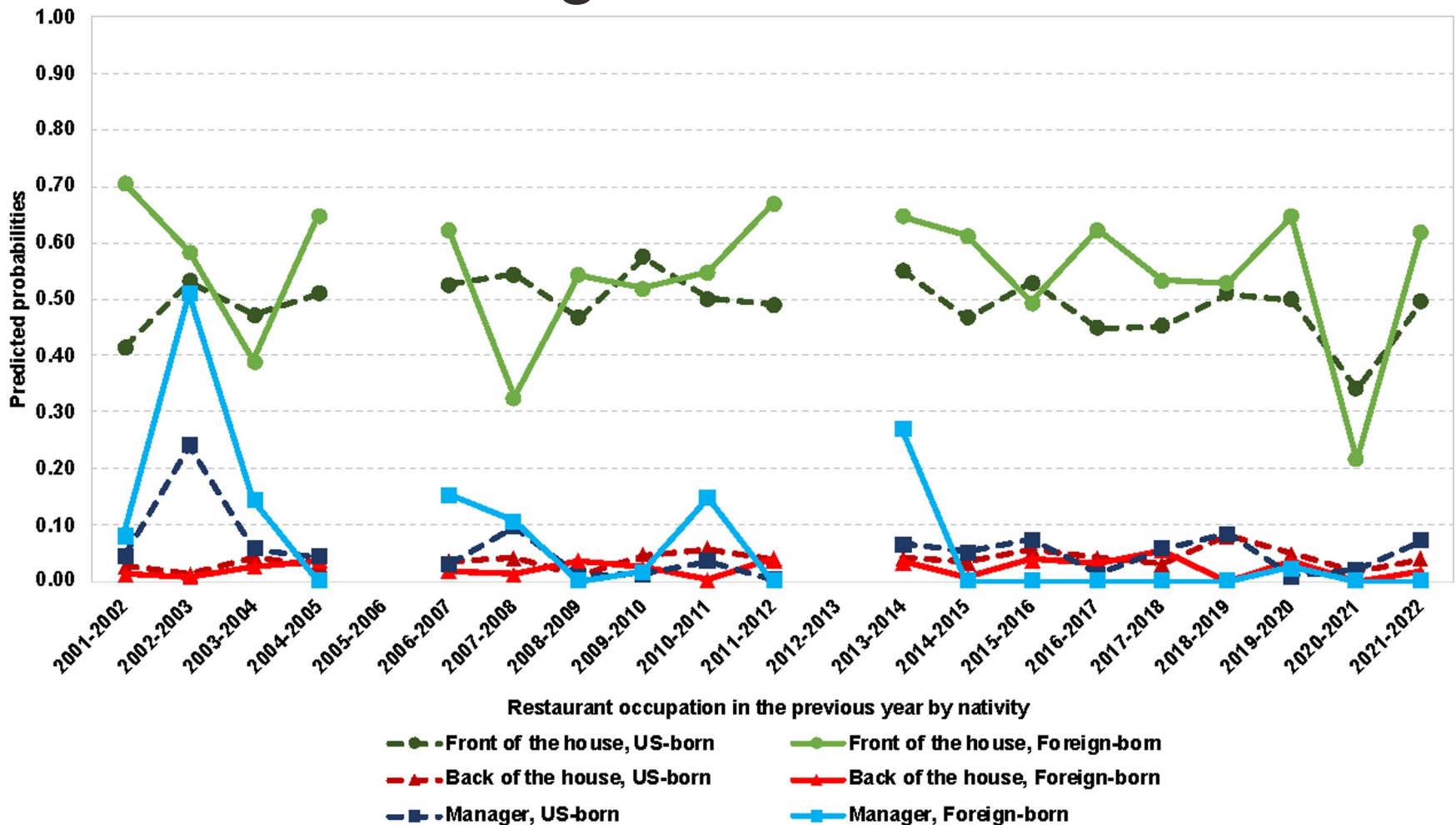


Foreign-born and US-born in restaurant occupations



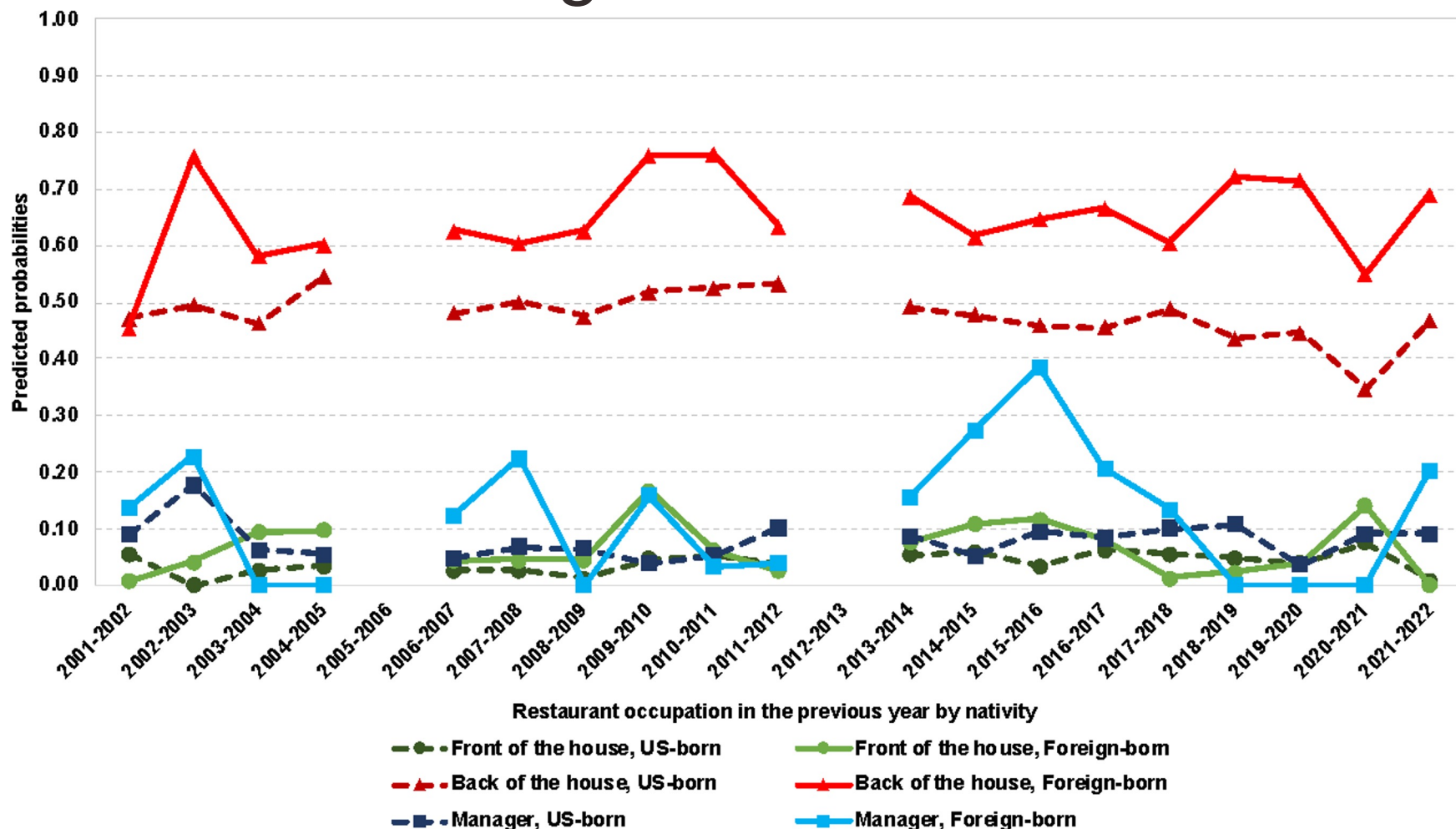
Source: 2000–2021 ASEC CPS (denominator is population by year for each nativity).

From restaurant to front of the house: **Foreign-born** have deeper 2021 decline of continuing in front of the house

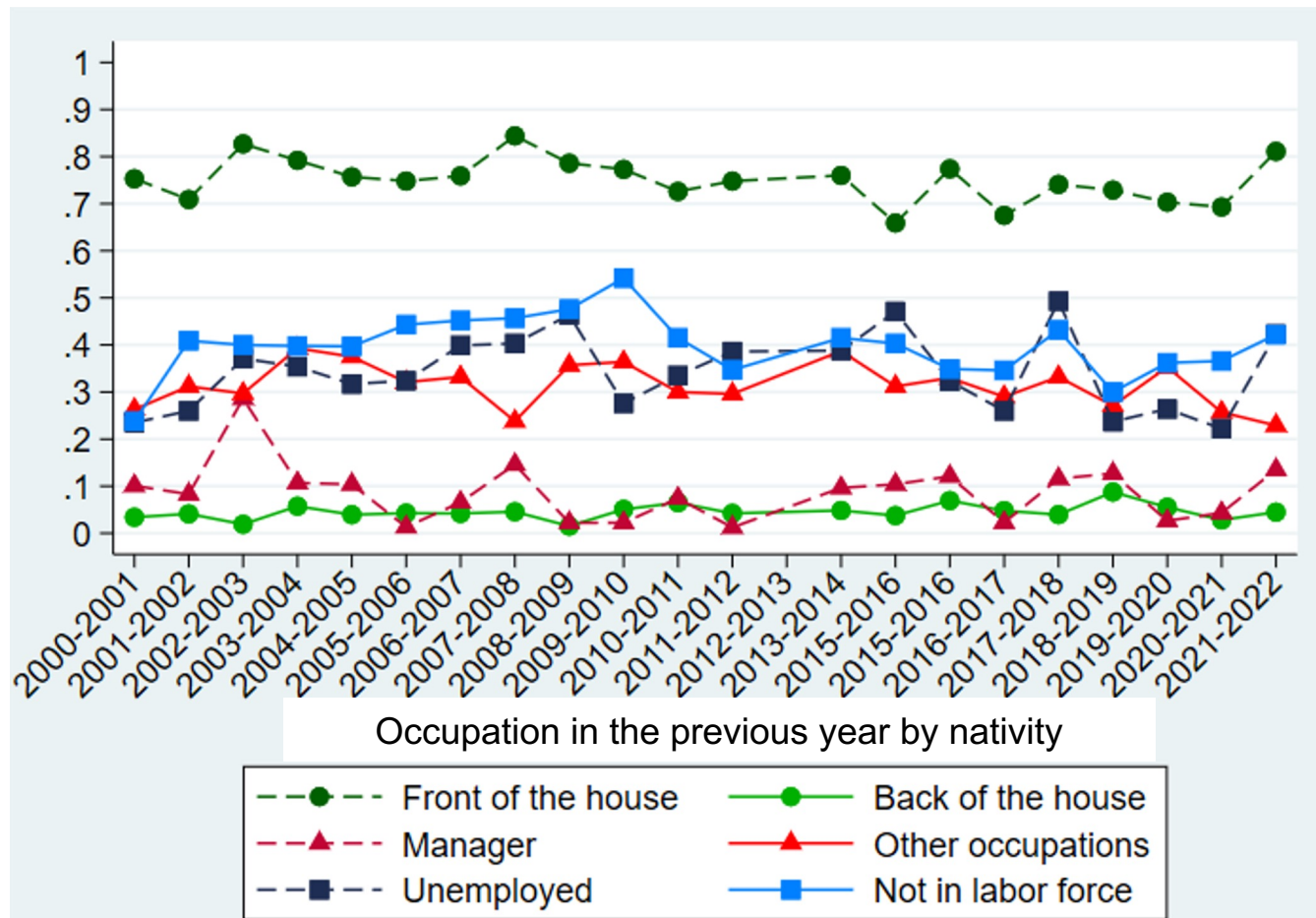


Source: Multinomial logistic models using the 2000–2022 Monthly CPS (January).

From restaurant to back of the house: **US-born** have better 2022 recovery of continuing in back of the house



From all occupations to front of house: US-born come from **unemployment**, **not in labor force**



OLS: Pct. changes on number of workers from January 2020 to Summer 2021

Independent variables	Front of the house		Back of the house	
	US-born	Foreign born	US-born	Foreign born
Type of service				
Upscale fine dining	-22.84** (13.34)	-20.50 (16.24)	4.17 (14.10)	-24.55* (15.13)
Casual fine dining	-2.38 (9.92)	12.52 (12.01)	-7.68 (10.31)	5.13 (11.28)
Moderately priced style	-2.50 (5.03)	-9.46* (6.71)	0.35 (5.43)	-0.20 (6.09)
Fast food	1.87 (6.90)	21.79*** (9.27)	-0.66 (7.49)	15.01* (9.21)

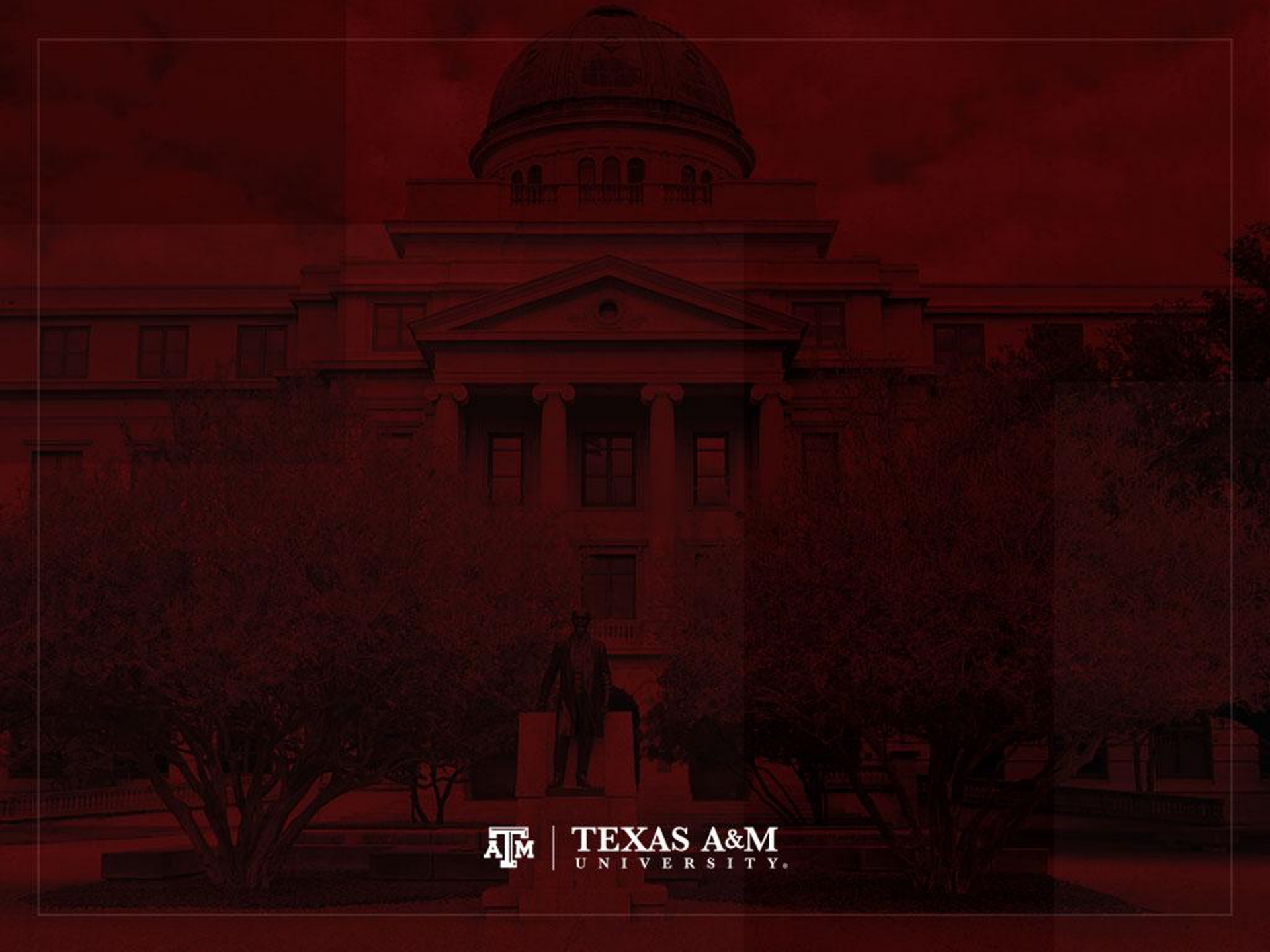
Note: ***Significant at $p < 0.01$, **Significant at $p < 0.05$, *Significant at $p < 0.1$ (one-tailed test).

Source: Nationwide survey with restaurant owners and managers (Summer 2021), $n=457$.

Final considerations

- Why is recovery slower for foreign-born?
 - Newly arrived immigrants are more likely to be in restaurant occupations (lower earnings), since they are less established than other immigrants
 - Thus, lower flows of documented immigrants and (probably) lower flows of undocumented immigrants might decrease supply of workers to restaurants
- We are developing a simulation model
 - It predicts little changes in immigrant employment when demand falls, which is what we find with CPS and our survey data





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