

Macro Roundup Article

Headline: Labor Shock and Pay Raises Fuel a Dining Transformation

Article Link: <https://www.bloomberg.com/opinion/articles/2023-11-02/labor-shock-and-pay-raises-fuel-a-restaurant-transformation?srnd=undefined&sref=U3dOGIDF>

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Tweet: In response to higher wages associated with the pandemic, the US restaurant sector has significantly improved productivity: from a 1.2%/year rate from 2014-20, productivity jumped 21% in 2021 and has retained most of those gains. @foxjust

Summary: It does seem as if employers in the sector have made peace with having fewer workers — and not unreasonable to think that higher minimum wages are playing some role in their calculations. The shock of the pandemic and the accompanying labor shortages allowed for and in many cases required a rethinking of how to do business in a way that the pre-pandemic wage increases did not, and restaurants overall appear to have found a way to do this with less labor. The best measure of this is real output per hour worked, aka labor productivity. After years of little to no growth at full-service restaurants, it rose at a 1.2% annualized rate from 2014 to 2020, then jumped 21% in 2021. It receded a little last year, but most of its gains are still intact.

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Primary Topic: Investment

Topics: Database, Investment, Op-Ed/Blog Post, Productivity

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