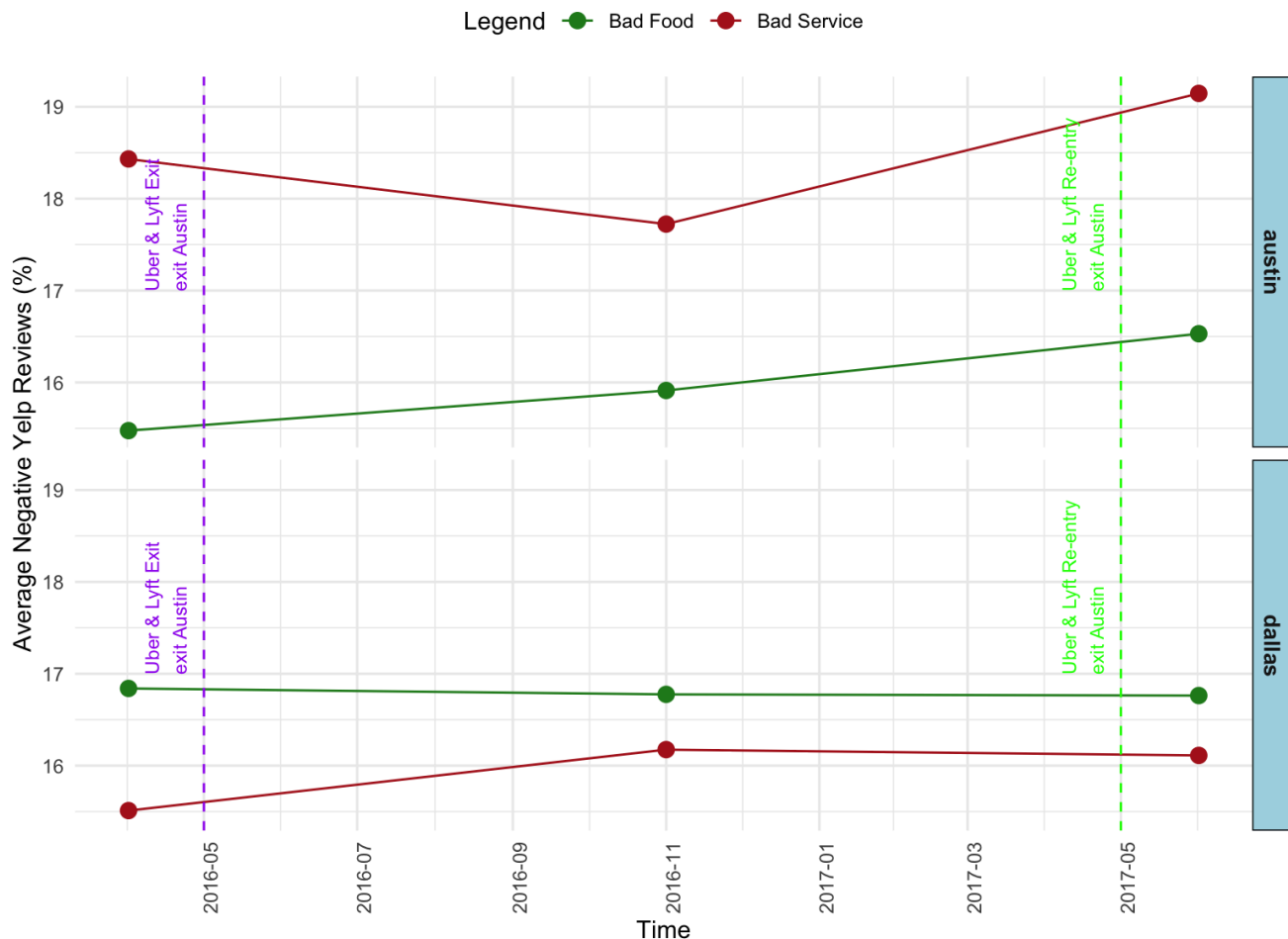


Trends in % of Bad Yelp Reviews Over Time



This graph illustrates the spillover effects of regulatory changes in Austin's ride-sharing industry on the food-service sector. To derive these insights, Yelp reviews from the year preceding the regulatory changes - categorised as 'Before Exit' in Table 1.0 - were compared to the reviews during the year-long absence of Uber and Lyft (May 2016 to May 2017). These figures were further analysed in comparison to Yelp reviews from the year following the reinstatement of these services in Austin. By implementing time lag analysis (Angeler et al., 2009), it helps in understanding both the immediate and delayed consequences of new regulations, hence analysing a year of data for each period negates seasonal trends.

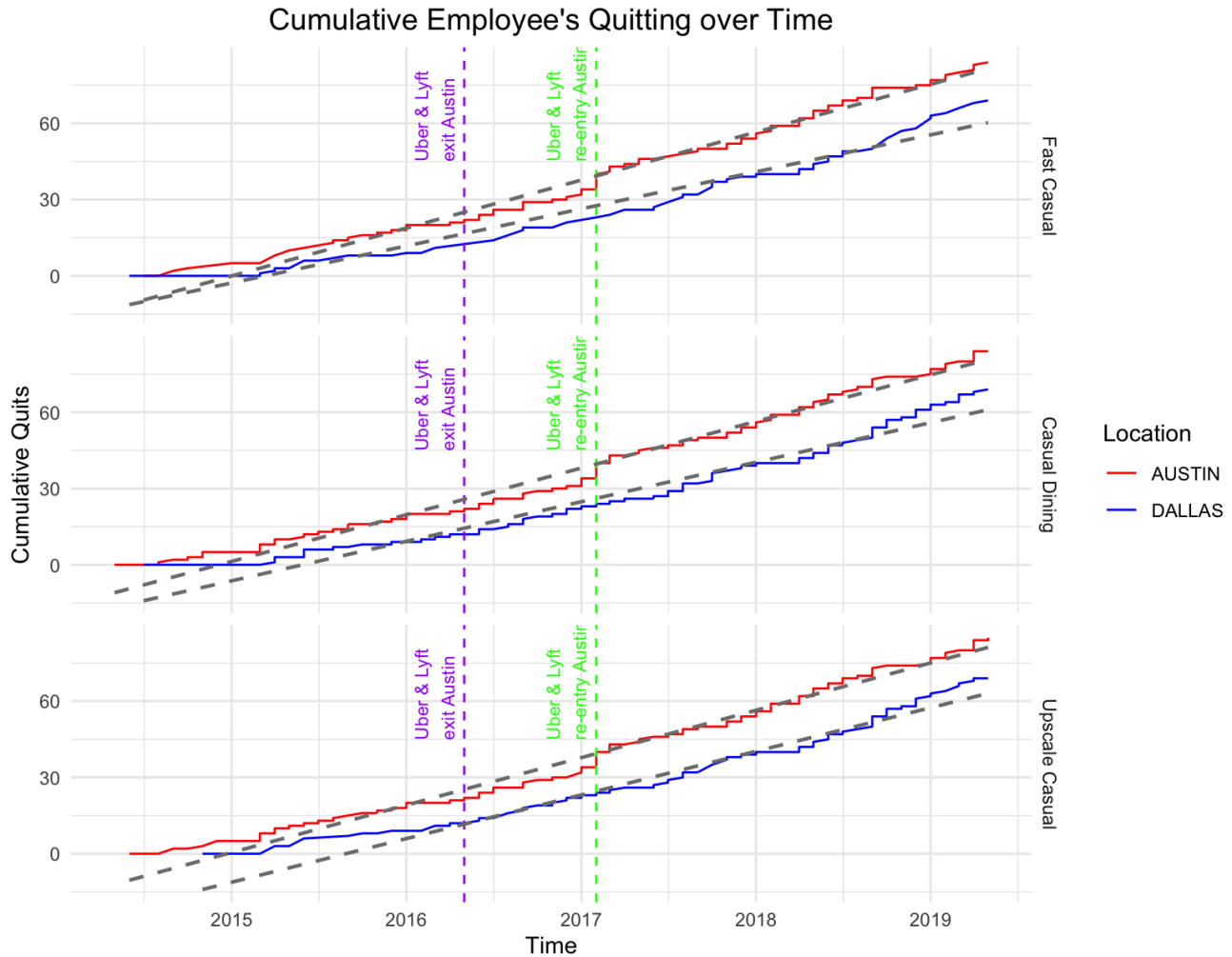
Dallas serves as a control group in this analysis. Unlike Austin, its platform economy remained unaffected during the same period. As another comparably sized city within Texas, Dallas provides a baseline for understanding consumer behavior in a context where ride-sharing platforms continued to operate without disruption, allowing for a clearer assessment of the regulatory impact on other industries in Austin.

This analysis demonstrates that the exit of Uber and Lyft from Austin did significantly impact the quality of service and food in local restaurants. With the exit of Uber and Lyft, we would expect to see an increase in low-skilled labour which could have positively impacted the level of service, more competition for roles making employees performance

The exit of Uber and Lyft from Austin likely led to increased competition for entry-level jobs in the food-service industry, positively impacting service quality. The absence of ride-sharing platforms caused people to seek employment in other sectors. This sudden influx of labour increased the supply of workers, intensifying competition for positions and hence explaining the temporary increase in the quality of service. The graph above highlights the interconnectedness of the platform economy and the broader local economy. Policymakers should consider these spillover effects when introducing regulation changes.

Average Percentage of Bad Reviews across Different Periods				
	Bad Food		Bad Service	
	Austin	Dallas	Austin	Dallas
Before Exit	15.48	16.84	18.43	15.51
During Absence	15.91	16.78	17.72	16.17
After Re-Entry	16.53	16.76	19.15	16.11

Table 1.0



Out of the five categories outlined in the dataset, there is only survey data for restaurants categories as fast casual, casual dining and upscale casual. The analysis reveals that Austin experienced consistently higher cumulative employee quits across all three restaurant categories compared to Dallas, particularly between May 2016 and May 2017, coinciding with the absence of Uber and Lyft. This period saw a noticeable spike in employee turnover, widening the gap between the two cities.

The findings highlight a spillover effect, where the regulatory disruption in the ride-sharing sector indirectly impacted labour availability and retention in Austin's food-service industry. Fast casual restaurants, in particular, exhibited higher turnover rates, likely due to the nature of their workforce. These roles often involve less-skilled, entry-level work, making it easier for employees to transition to other jobs. Employees working in fast casual restaurants may have left to fill the gap in the market caused by the absence of the platform economy. From Table 2.0, it can be inferred that fast casual restaurants are the most sensitive to regulatory changes affecting the platform economy, as their turnover rate deviates significantly from the control. This

highlights the heightened vulnerability of this Fast Casual restaurants compared to other categories of restaurants.

Regression Lines of Cumulative Quits of Different Restaurant Categories

	Austin	Dallas
Fast Casual	$y = 0.052 x - 848$	$y = 0.039 x - 658$
Casual Dining	$y = 0.050 x - 824$	$y = 0.043 x - 706$
Upscale Casual	$y = 0.051 x - 838$	$y = 0.047 x - 783$

Table 2.0

Higher turnover rates in Austin likely contribute to the higher percentage of bad food reviews observed in Graph 1. Empirical research, such as Hausknecht and Trevor (2011), highlights the negative impact of high turnover on organisational performance, particularly in industries dependent on cohesive teamwork and consistent operational standards. High turnover disrupts workflows, reduces institutional knowledge, and requires frequent onboarding of new staff, which can degrade food quality, especially in low-wage roles with minimal technical skill requirements.

This analysis underscores the critical role the platform economy plays in employee retention within the food-service sector. These findings emphasise how regulatory changes in one industry, have widespread implications for others.

References

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