

Labor shortage puts strain on island restaurants

By LAURA ELDER The Daily News | Posted: Thursday, March 10, 2016 7:00 am

Sunday business was good last spring at Maceo Spice & Import Co. The specialty food store had begun serving beignets. People lined up for the deep-fried pastries and loaded up on spices, olive oils and other products while they waited.

But the scene was starkly different last Sunday. The shop at 2701 Market St. in downtown Galveston was closed and owner Ronnie Maceo took to Facebook to air frustrations shared by restaurant owners and service industry operators across Galveston. Maceo no longer had enough staff to stay open on Sundays.

“Here it is Sunday, and I’m not open,” Maceo posted. “I can hardly stand it; people knocking at my door, calling on the phone. Are you open? I need a Sunday crew.”

Elsewhere in the island’s downtown, Asad Khan was struggling with the same problem. Khan in February opened ZaZa Bar & Bites, 2219 Postoffice St. ZaZa, which serves Indian cuisine, is open for dinner and is generating strong reviews. But staffing challenges have delayed Khan’s plans to open for lunch.

“It’s been extremely difficult,” Khan said. “I was supposed to open for lunch starting March 1, and I don’t have the staff to do that.”

The employees ZaZa’s does have are good workers, but many have jobs at other island restaurants, Khan said.

“The majority work at two or three different restaurants,” he said. “We’re sharing cooks and prep cooks.”

As the season looms

The struggle to staff restaurants, shops and tourist destinations isn’t a new island phenomenon — many businesses have for years relied on foreign workers to fill entry-level jobs during the busy summer season, particularly after Hurricane Ike struck in 2008. The storm pushed hundreds of people



Island restaurants are having trouble finding staff

Asad Khan, owner of ZaZa Bar & Bites, wants to offer lunch service at his Postoffice Street restaurant, but hasn’t been able to hire enough staff.

off the island and shrank the pool of available workers.

And while it isn't exclusively an island issue, it's felt acutely in a city that relies heavily on visitors to fuel its economy, and with spring break, the official launch of tourism season, just days away.

The inability to fully staff restaurants is changing operating hours and driving wages higher as restaurants attempt to compete and it's driving up overtime expenses as workers are asked to cover more shifts. The workforce shortage has even delayed openings of new restaurants.

And, in a broader cultural sense, it's changing the service experience at restaurants and tourist spots, industry stakeholders say.

With more hotels and restaurants coming online, not to mention expansion of existing tourist attractions, the problem worsens.

"You're not having as many people looking for jobs as there are jobs being created," said Johnny Smecca, principal of Galveston Restaurant Group, which operates seven island restaurants. "You won't find a restaurant with a full waitstaff this summer at any point in time."

Smecca also is a member of a Galveston Economic Development Partnership task force created a few years ago to address the issue.

"We've had serious conversations," Smecca said. "We're trying to come up with solutions."

Task force members are looking at the reasons for the shortage of workers in food service and hospitality industries, Smecca said.

They're asking such questions as whether there's enough affordable housing on the island that fits the needs of workers. And they're reaching out to schools and universities on the island.

But Smecca and others in the industry also are working to get the message out that there's opportunity for growth in the restaurant industry. Midlevel managers at larger restaurants can make \$50,000 to \$60,000 a year. Chefs at larger restaurants can, too. Most waiters on average make about \$25,000 a year, depending on the restaurant. The minimum wage in Texas is \$7.25 per hour. On the island, and in other competitive markets, some restaurants are offering \$10 an hour, and as much as \$13 in high tourist season.

Where are the teens?

A generation ago, it was almost a rite of passage for teenagers to work in a restaurant. But those days are fading fast. Teenagers are choosing other paths or not working at all.

At its peak in the late 1970s, about 58 percent of 16- to 19-year-olds were in the labor force, according to a report by the National Restaurant Association. That participation rate remained above 50 percent until 2001, when it started trending downward, Bruce Grindy, chief economist for the

association, said in the report.

During The Great Recession, which began in December 2007 and ended in June 2009, teenagers were having to compete with college students and even retirees or other workers that were more seasoned and needed to earn a paycheck, industry observers say.

“The Great Recession exacerbated this decline, with the teen labor force participation rate plunging from 41.3 percent in 2007 to just 34 percent in 2014, a record low,” Grindy said.

By 2014, teens made up only 16.6 percent of restaurant employees, Grindy said.

Although restaurants are still the economy’s largest employer of teenagers, the shrinking teen labor pool had led many employers to “alternative age cohorts” to fill their staffing needs, including millennials — people in their 20s and early 30s.

Millennials ...

Mountains of articles have been written about millennials’ approach to work. The recurring themes include assertions that millennials, who at a very young age have been consulted about everything from dinner to family vacation plans, want to start at the top, not work their way up. Millennials, according to study after study, value work-life balance and have a disdain for old rules.

“Nobody wants to work,” Maceo said. “I lose one of my workers at the end of the month because they want to go on a hiking trip. Some of them say, ‘I’m vegetarian, I can’t serve meat.’ I just don’t get it, they’ll find every excuse not to work.”

The kitchen help is pretty steady, but it’s the upfront workers that are hard to find, Maceo said. Work ethics are changing, he said.

“I was working when I was 9-years-old, washing the decks down on my father’s shrimp boat,” Maceo said. “I guarantee you, I was up at 4 a.m. in the morning on a Saturday. My father said, ‘Before you go have fun, you wash some decks.’”

Ricky Craig has been working for months to open downtown island restaurant Harborside Mercantile, 2021 Strand, said it’s tough hiring anywhere.

Craig, who owns the popular Hubcap Grill concept in Houston and another in Kemah. Craig had hoped to open Harborside Mercantile by now, but was slowed by hiring. Some potential candidates asked whether they could try working at the restaurant for a few days before officially taking the job. They wanted to see how busy the restaurant was before committing, Craig said. Craig could understand where they’re coming from, but that isn’t how it works, he said.

“I told them, ‘I’m taking a gamble and you’re going to have to take a gamble,’ that’s part of the game,” Craig said.

Many of the people Craig interviewed wanted to keep the restaurant job they already had and also work at Harborside Mercantile.

“I can’t have a staff of 60 people, all part-time,” he said. “I want to condense to 30 people full-time.”

But Harborside Mercantile is nearly staffed now and the restaurant is awaiting all its health inspections before announcing an opening date. Still, staffing and staying staffed is the toughest part of the industry, he said.

“It’s hard; it’s very hard,” he said.

Foreign workers

Khan at ZaZa Bar & Bites is considering doing what other island businesses have done for years — hiring foreign workers who travel here under J-1 visas from Bulgaria, China, Jamaica, Japan, Romania, Russia, Ukraine, Taiwan, Turkey and the Philippines.

The young workers, mostly college students in their countries, flock here by the hundreds in the summer and typically work for three months to wait tables, cook in restaurants, take tickets and work various hospitality jobs.

The program has been a saving grace for many island restaurants and tourist destinations.

But it isn’t always ideal, Smecca said. Galveston Restaurant Group a few years ago contracted with a company to hire 40 people from the Philippines, he said.

“It was a disaster,” Smecca said.

The company contracting with Galveston Restaurant Group had promised the workers could speak English fluently and were trained in the restaurant business, but that didn’t turn out to be the case, Smecca said.

Smecca worries how the staffing shortage affects service across the island. Gone are the days when a staffer was from the island or lived here awhile and could converse well with patrons and direct tourists to other places to visit in Galveston, he said.

Battle everyday

The labor shortage is a problem everyone, including city leaders, should be trying to solve.

“We want people to come to the island and have a great experience,” Smecca said.

Maceo hopes to eventually open on Sundays again. But lately, he never knows what his day will be like.

“I get up and look in the mirror and wonder what I’m going to be doing today,” he said. “Am I going to be the dishwasher? Am I going to be the waiter? I’m the owner and I’m having to think that. It’s a

battle every day.”