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RESTAURANT WORK EXPERIENCE AS STEPPING STONE TO THE REST OF LABOUR MARKET:

Entry to and exit from the restaurant sector among young people of immigrant backgrounds in Sweden

Abstract

The restaurant sector is expected to provide start-up jobs for young persons in the labour market in Sweden. This study uses data from the Swedish population and tax register, and follows the routes of employees in the sector from 2003 to 2008. The conclusion is that work experience in the restaurant sector can be considered an important stepping stone to other parts of the labour market. However, it is more common among individuals with foreign-born parents to remain in the sector or become unemployed, whereas individuals with Swedish born parents are more likely to go on to other sectors.

Keywords

First and second generation immigrants • integration in the labour market • restaurant sector • Sweden • discrete time-proportional hazard model

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1 Introduction

The unemployment rate among young people in Sweden is high in comparison with international standards, particularly among youth of immigrant backgrounds. Among young people (15–24 years old), 21.1 per cent of those born in Sweden are registered as unemployed, compared to 37 per cent among foreign-born youth (Statistics Sweden 2012). There are no official statistics on unemployment among second generation immigrants, but a number of studies show that in Sweden this group faces difficulties in establishing themselves in the labour market, even after controlling for parental and educational factors (OECD 2007; Behtoui 2004; Rooth & Ekberg 2003).

In Sweden, the restaurant industry is the most common sector among firms owned by persons with foreign backgrounds. In 2008, 20 per cent of all entrepreneurs with foreign backgrounds were engaged in this sector (Klinthäll & Urban 2010). It was the most or second most common sector among all non-Nordic groups with foreign backgrounds. Furthermore, it was the only sector that engaged more entrepreneurs with foreign rather than Swedish backgrounds. As of 1 January 2012, the VAT in this sector was halved. One important argument for this change was that a job at a restaurant provides experience that may be appreciated by other employers and therefore serve as an important first step to other parts of the labour market for young people and immigrants. However, there are no studies addressing the value of restaurant work experience for other parts of the labour market.

This study looks specifically at the restaurant sector in Sweden. It first analyses the determinants for entering the sector and then explores the odds for entering other parts of the labour market. The study follows the routes of employees from 2003 to 2008.

The analysis begins with a short overview of the research on immigrants' occupational careers and briefly surveys various attempts to explain the differences in attainment between natives and immigrants. The data are presented in the next section of the article. The first part of the analysis investigates the characteristics of those employed in the restaurant sector in 2003. The second part analyses whether young individuals (aged 18–26) have moved on to other industries during the next five year period, and if the odds of "moving on" differ between persons with different migrant backgrounds. The article ends with a summary of the results and discusses policy implications.

2 Theory and previous studies

There are three main theoretical approaches that are of importance for this study: the immigrant assimilation hypothesis, theories on social capital and networks, and labour market segmentation theory. The "immigrant assimilation hypothesis", as formulated by Barry Chiswick, proposes that the transferability of skills is the most relevant factor in accounting for the difference in socioeconomic status between the first job in the new country and the last job in the country of origin. According to this hypothesis, the immigrant will "make implicit and explicit investments that complement the skills

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they bring with them to increase the transferability of these skills to the destination, as well as investment in new skills" (Chiswick & Lee 2005: 335). These investments will cause immigrants' occupational status and earnings to increase over time in the new country to form a U-shaped occupational mobility profile. This hypothesis has been tested by a number of scholars. For example, Campbell *et al*. (1991) concluded that the initial allocation of immigrants in Australia to low skilled jobs in manufacturing has a long-term significance for their careers, rather than being a phenomenon of transition. Studies in the Netherlands have also shown that immigrants tend to improve their occupational status with the duration of residence in the new country but do not catch up to the native population, and argue that differences in occupational adjustment can be explained by a lack of country-specific knowledge and language (Zorlu 2011). A study based on Swedish data (Roth & Ekberg 2006) confirms the assimilation hypothesis, but suggests that the U-shaped relationship is deeper for refugees who had high occupational status in their home country compared to those with lower occupational status. Studies that compare immigrants' occupational positions, occupational mobility and incomes with natives have concluded that immigrants more often have occupations that belong to a lower socio-economic level and that their upward occupational mobility is lower than among natives at the same educational level (Ekberg 1994 & 1996; Rooth & Ekberg 2003). Roth and Ekberg (2006) also show that a large proportion of immigrants do not reach the occupational status that they once held in their home country, even 14 years after immigration. Studies on Swedish data have also shown that the difference between unemployment rates among natives and immigrants has increased since the eighties, which has been explained by the increasing importance of country-specific skills and informal human capital (Rosholm *et al*. 2006).

Young people's entry into the labour market can be understood as an assimilation process where they use their skills and networks in the best way possible. If there is no previous work position from another country to regain, then immigrants and Swedish-born individuals can be considered to have the same starting point when entering the labour market. Hence, differences among young people by immigrant status cannot be explained by differences in work experiences in the same way as those among older workers who have already been established in labour markets in other countries. However, if access to networks and fluency in Swedish are the valued skills, it could be argued that immigrants and children of immigrants have fewer skills compared to young people of Swedish background.

Various definitions of social status, social capital and access to networks (Bourdieu 2001; Granovetter & Tilly 1988; Coleman 1988; research in Sweden by Behtoui 2008; Behtoui & Neergard 2010) together with direct and indirect discrimination (in the US: Bertrand & Mullainathan 2004, and in Sweden: Attström 2007, Rooth 2007, de los Reyes 2008, and Ahmed & Ekberg 2009) have frequently been used to explain differences in occupational statuses and incomes between natives and immigrants from different origins. Ejrnæs (2008) argues, on the basis of Danish data, that the segmentation of the labour market in terms of social networks means that work in low status work does not lead to integration into the wider society over the long term because immigrants mostly meet immigrants from the same origin in their workplaces. Results provided by Andersson Joona and Wadensjö (2012) indicates that self-employed immigrants recruit newly arrived co-nationals to help them get a job and earn an income, but that these firms offer very low wages. However, employment by a co-national does not seem to be a short cut into the main road of the labour market since those employed by co-nationals are less likely to work as employees in the private sector (other than being employed by a self-employed) in the future and are much more likely to become self-employed.

According to the "labour market segmentation theory" (Doeringer & Piore 1971; Dickens & Lang 1985), the labour market tends to be divided into a dual labour market with 'core' and 'periphery' segments. Jobs in the periphery have lower skill requirements, lower wages, fewer career prospects, and higher risks of job loss and unemployment. According to this theory, flows into the core segments are limited because work experience in the periphery segment tends not to provide training opportunities required for upward mobility and may signal lack of qualifications and skills. Jobs on the periphery therefore risk being dead-end jobs. The restaurant sector has been depicted as a low-profit sector with poor personnel practices and high labour turnover (Price 1994; Wood 1992). Turkish immigrants in Finland stated that they had no other options than to work in the restaurant sector, mainly in small kebab and pizza restaurants (Wahlbeck 2007). Ram, Abbas and Sanghera (2001) identified a pattern among restaurant workers in Bristol who remained in the sector not only because of the quality of workplace relationships, positive interactions with costumers, embeddedness in family and kinship networks, but also because of lack of other opportunities. This indicates that the restaurant sector can be viewed as market in the periphery, at least for those with an immigrant background. According to the labour market segmentation theory, work experience in the restaurant sector will not be very useful for entering other parts of the labour market, but the value of job experience would be equivalent, regardless of origin. Given that immigrants are over-represented in the restaurant sector, it is likely that they will have access to networks that facilitate access to the sector and, accordingly, are likely to stay in the sector. It is also likely that discrimination in the labour market will hamper movement to other parts of the labour market for immigrants, especially those of non-European origin.

Comparing data that covers all of those aged 16–64 years who were employed by temporary employment agencies (TEAs) in Sweden in November 1999 with information on their employment status in 1998 and 2000, Andersson Joona and Wadensjö (2004) found that the employment mobility (employed in a TEA, other types of employment, unemployed, studying) differs between immigrants and natives in several respects. One result was that immigrants leave TEAs for another type of employment more often than natives, which Andersson Joona and Wadensjö interpret as employment in a TEA being used as a stepping stone to the wider labour market. Andersson Joona (2010) also analysed exits from self-employment in the period 1998–2002, concluding that exit from self-employment to paid employment is higher for natives compared to all groups of immigrants and that exit to unemployment is higher among immigrants than among natives. Exit to unemployment is very common for the self-employed in the hotel and restaurant industry.

The present study adds to the existing field of research on different routes to the core labour market among young people with different ethnic backgrounds using a comprehensive longitudinal dataset arranged as panel data composed of all individuals aged 18–26 years working in the restaurant sector in 2003. The primary question here is whether work experience in the restaurant sector is of equal value across ethnic groups in their routes to other parts of the labour market.

3 Restaurant sector in Sweden

The situation in the Swedish restaurant sector was widely debated between 2008 and 2010. In particular, employment in the sector was stressed as an important route to the labour market for young people. The development of more jobs, especially for young people, was an important rationale for reducing the restaurant VAT from 25 to 12 per cent as of 1 January 2011. Lower prices and reducing the large tax evasion in the sector were also goals of the policy change (see, for example, a debate article co-authored by the Swedish Minister of Finance and the Minister of Trade: Borg and Lööf 2011).

A government report (SOU 2011: 21) and investigations by the Research Institute of Trade (HUI 2010, HUI 2008) used economic theory to argue that unemployment rates will be reduced with this measure, but there are no studies assessing the related and common claim that this sector can serve as a route to other sectors. This study is the first to investigate this claim, although it is based on data prior to the tax reduction.

4 Data

This study uses data from the Remeso database, which is compiled from a number of different registers and administered by Statistics Sweden. Data on the whole population aged 18–65 years in 2003 are used for the first step of the analysis.

Information on sex, birth year, residential area, and birth country of the individual and parents is drawn from the Population register. Data on industry code (SNI2002) that yielded the highest income in the current year are drawn from the Tax registers. Those who have their highest annual income from a firm in the restaurant sector (restaurants including fast food, coffee shops, hot dog stands and others) are categorised as working in the restaurant sector. Since the data is based on tax register we will not identify "irregular" employment. Short term employment is also not covered, since the highest annual income is used to determine occupation in this study.

The level of the highest achieved education is taken from the Register of education and is transformed into years of education as follows: elementary school less than 9 years = 7 years; elementary school = 9 years; gymnasium (post-elementary school) = 12 years; post-gymnasium (university) shorter that two years = 13 years; post-gymnasium (university) two years or longer = 15 years; PhD = 20 years. A dummy for education specifically directed toward the hotel and restaurant sector is also used in the analyses.

Birth countries are originally measured in 73 categories, but are aggregated into 16 categories in this study. Individuals are assigned the country of origin based on the father (or the mother if the father's data is missing; own birth country is used if both parents' birth countries are missing).

Residential municipality is coded into the three largest metropolitan areas of Sweden, namely Stockholm, Gothenbourg and Malmö (Regionala indelningar 24/01/2005), and other regions.

Individuals with no incomes were removed from the dataset to avoid the problem of unregistered outmigration (Klinthäll 2003). Individuals with missing education data and unknown countries of birth were also omitted. This resulted in a dataset with 5,451,326 individuals aged 18–65 years living in Sweden in 2003, and 40,680 individuals in that age group working in the restaurant sector in 2003 and residing in Sweden from 2003 to 2008.

5 Results

The first part of the analysis uses a binary logistic regression to calculate odds to be employed in the restaurant sector in 2003 for the total population between 18 and 65 years of age (table 1). When looking at the total population in Sweden in 2003, it is clear that females, young people and less educated people are over-represented in the restaurant sector (model 1). Country of origin is also a very important factor; all foreign-origin categories except those of the Nordic countries have higher rates of restaurant employment than those of Swedish origin. In particular, individuals from Turkey, Syria, Lebanon and Asia stand out as being highly represented in the sector. This is partly because these groups tend to live in metropolitan areas with an opportunity structure that includes a larger restaurant sector. When including residential areas in the model (model 2), the rates for origin categories are somewhat reduced but remain high. The final model (model 3) includes dummies for having a parent employed in the restaurant sector and for having an education directed to the sector. Having parents who work in the sector increases the odds for working in the same sector. Having an education directed to the hotel and restaurant sector also unsurprisingly increases the odds. However, despite these control variables, differences between Swedish origin and immigrant origins are still high.

For the second part of the analysis, individuals in the restaurant sector aged 18–26 years were selected. In 2003, these totalled 43,339 individuals. After selecting those who had some transactions in Sweden in each of the subsequent five years, 40,680 individuals remained in the sample. These were observed until their highest income was no longer derived from the restaurant sector. Status for every observed year is measured as 1) restaurant sector: highest income is from the restaurant sector; 2) other sectors: highest income is from any other sector; 3) unemployed: no income from work and registered as unemployed during the year; 4) student: no income from work, not registered as unemployed during the year but has had student allowances; and 5) other: no income from work, unemployment or student allowances but some sort of other income, such as income from welfare, parental leave, military service or disability pension.

By observing the percentage of exits to each status per year (table 2) alone, it is obvious that the proportion leaving the sector is quite high. Just one year after the cohort was selected, only 58 per cent remain in the sector, and in 2008, only 23 per cent of the original cohort still receives their highest annual income from the restaurant sector. Most of them move to other sectors; there is only in total, 8–9 per cent who have exits to statuses with no income from work in the following years and they are evenly distributed among unemployed, student and other. These figures seem to suggest that work in restaurants is a good way to gain work experience that is valued in other parts of the labour market.

However, if exits to different statuses are compared between origins (table 3) it seems like work experience in the restaurant business does not function as a stepping stone to the rest of labour market in similar ways for everybody. Workers in all categories except East Europe, Poland and Iran remain in the sector at higher rates than those in the Swedish category. The same categories that have high rates of work in the restaurant sector in 2003 (i.e., Lebanon, Syria, Turkey and East Asia) also more often remain in the sector five years later at higher rates.

A discrete time-proportional hazard model was used to investigate how much other characteristics can explain differences in relative risks to exit from the restaurant sector between countries

Table 1. Binary logistic regression to be employed in the restaurant sector in 2003, total population 18–65 years old. Odds ratio and standard error. n=5 511 574.

	Model 1		Model 2		Model 3	
	OR	SE	OR	SE	OR	SE
Female (male ref)	1.083*	.007	1.079*	.007	1.045*	.007
Age group (18-26 ref)						
Age 27-35	.435*	.009	.430*	.009	.461*	.009
Age 36-50	.240*	.009	.238*	.009	.261*	.009
Age 51-65	.105*	.014	.104*	.014	.117*	.014
Years of education, less than nine years ref.						
9 years	1.035*	.017	1.016*	.017	1.032*	.017
12 years	.871*	.016	.858*	.016	.686*	.016
13 years	.584*	.021	.564*	.021	.569*	.021
15 years	.282*	.019	.270*	.019	.270*	.019
20 years	.083*	.124	.078*	.124	.077*	.124
Country of origin (born in Sweden with both parents born in Sweden ref)						
Nordic	.835*	.015	.805*	.015	.773*	.016
f. Yugoslavia	1.285*	.021	1.269*	.021	1.233*	.021
Poland	1.477*	.032	1.387*	.032	1.306*	.032
Other West	2.296*	.016	2.141*	.016	2.015*	.017
East Europe	1.283*	.029	1.206*	.029	1.182*	.029
Lebanon	3.693*	.029	3.509*	.029	3.316*	.030
Syria	4.752*	.031	4.284*	.031	4.116*	.032
Turkey	7.622*	.019	6.673*	.019	5.937*	.020
Iraq	2.119*	.027	1.950*	.027	1.977*	.027
Iran	2.246*	.026	2.040*	.027	2.038*	.027
Chile	1.434*	.036	1.285*	.036	1.187*	.037
East Asia	3.980*	.022	3.784*	.022	3.423*	.023
Other Asia	2.317*	.026	2.169*	.026	2.065*	.027
Other	1.246*	.024	1.110*	.024	1.084*	.025

Continued *Table 1. Binary logistic regression to be employed in the restaurant sector in 2003, total population 18–65 years old. Odds ratio and standard error. n=5 511 574.*

	Model 1		Model 2		Model 3	
	OR	SE	OR	SE	OR	SE
Foreign born (born in Sweden ref)	1.713	.014	1.736	.014	1.828	.014
Metropolitan residents, living in other regions ref.						
Stockholm metropolitan area			1.382*	.008	1.396*	.008
Gothenborg metropolitan area			1.252*	.011	1.229*	.011
Malmö metropolitan area			1.069*	.014	1.083*	.014
Mother employed in the restaurant sector					4.253*	.029
Father is employed in the restaurant sector					2.575*	.028
Restaurant education					8.833*	.012
Constant	.044*	.017	.041*	.018	.039*	.018

** Significant at 5 per cent level.*

Table 2. Occupation status in 2004–2008 for young individuals in the restaurant sector in 2003. Percentage.

	2004	2005	2006	2007	2008
Restaurant sector	58.4	42.9	33.8	28.1	23.3
Other sector	32.9	47.2	56.6	63.5	67.8
Unemployed	3.8	4.3	3.8	2.4	2.0
Student	3.2	3.2	2.9	2.7	2.5
Other	1.7	2.3	2.9	3.4	4.4
Total	100.0	100.0	100.0	100.0	100.0

of origins. The data have been ordered so that each individual has one line per observed year (monitored until exit from the restaurant sector, as indicated by the highest annual income deriving from outside the sector). The models include the highest level of education as the time-variant variable; all other variables are measured in 2003. Using this method in STATA simply means that a logistic regression is estimated, and the data are organised as panel data, where each row corresponds to a year when the individual is at risk. The inclusion of dummy variables for each year controls for duration dependence. Both single and competing risk models are estimated to distinguish between all exits and exits to different statuses. This setting follows Jenkins (1995) and Andersson Joona (2010).

The baseline is the following: remaining in the restaurant sector in 2008, male, born in Sweden, parents born in Sweden, less than elementary education, without specified education directed to the restaurant sector, living outside the three largest metropolitan areas and no parent is employed in the restaurant sector.

The result (table 4) confirms the previous conclusion that exits to other sectors from the restaurant sector vary among countries of origin. The differences are partly explained by sex, age, years of education, restaurant-oriented education, metropolitan residence and parental employment in the sector, but large differences between countries of origin remain unexplained. A few members of the cohort were employed in restaurants owned by their parents, but including the dummy for that factor did not alter the results. The odds of exit to other sectors are significantly lower for individuals with parents in most country categories (except for Nordic, Poland, other West, East Europe, Chile and other) compared to individuals with parents born in Sweden. Exits to unemployment are higher or not significant for

Table 3. Occupation status in 2008, by country of origin. Percentage.

	Restaurant sector	Other sector	Unemployed	Student	Other	Total N
Sweden	20.9	71.8	1.3	2.3	3.7	26726
Nordic	21.1	69.4	2.2	2.7	4.6	2443
f. Yugoslavia	21.3	66.6	4.4	2.3	5.5	1137
Poland	19.6	69.1	2.4	4.2	4.7	550
Other West	25.2	64.8	1.5	3.9	4.7	1584
East Europe	19.1	68.1	2.5	4.7	5.6	554
Lebanon	34.5	45.7	7.8	2.9	9.0	409
Syria	35.5	46.0	7.0	2.4	9.1	417
Turkey	47.2	40.5	3.5	1.7	7.1	1681
Iraq	29.0	55.6	6.7	2.4	6.4	891
Iran	18.9	68.9	3.4	4.6	4.3	790
Chile	24.4	65.0	3.1	2.7	4.9	451
East Asia	44.4	44.2	2.8	1.9	6.6	1060
Other Asia	25.8	66.0	2.3	1.5	4.5	888
Other	21.8	65.7	3.0	3.8	5.6	1099
Total	23.3	67.8	2.0	2.5	4.4	40680

all groups compared to the Swedish group. Rates for exit to student or other status are also higher for most groups, compared to the Swedish group.

To illustrate the difference in survival in the restaurant sector, figure 1 compares the estimated survival years for a male born in Sweden with parents also born in Sweden, 22 years old, with 12 years of education, not living in the three largest metropolitan areas, without a parent working in the restaurant sector and without a restaurant-directed education, to that of a person with the same characteristics but with parents born in Turkey.

The largest transitions from the restaurant sector take place in the first year for all categories; thereafter, the difference between stayers and leavers by category of origin increases, despite their similarities apart from having worked in the restaurant sector in 2003.

It is well-known that changes in unemployment affect immigrants to a larger extent than natives. Hence, to compare exits and transfers between sectors, it is important to compare the same time period to control for changing employment patterns in the overall labour market. For this study, it is particularly interesting to relate the results to the study on exits from temporary employment by Andersson Joona and Wadensjö (2004). However, the two studies cover two different time spans. Andersson Joona and Wadensjö measure exits from 1999 to 2000, and the current study measures exits from 2003 to 2008. The first time period had falling unemployment figures, while the second time period had rising unemployment figures, especially for young people (Nordström Skans 2009). This could be one factor that explains the different exit patterns from the temporary employment industry compared with exit patterns from the restaurant sector. The same model is therefore also tested for the period of 1999–2000 with similar, and even stronger results (i.e., individuals with immigrant backgrounds had even lower odds of going on to other sectors and even higher odds of becoming unemployed than those with Swedish backgrounds).

6 Conclusion and discussion

The conclusion of this study is that work experience in the restaurant sector can be considered an important stepping stone into other parts of the labour market for young people. However, individuals with parents born in Sweden are more likely to go on to other sectors than those with parents born in other countries. Individuals with immigrant backgrounds are more likely, compared to those with parents born in Sweden, to remain in the sector or to become unemployed within five years. This is partly explained by the fact that immigrants tend to live in metropolitan regions where the restaurant sector is larger than in smaller cities and that they are more likely to have parents that are employed in the sector. The difference in odds ratios between

Table 4. Single and competing discrete hazard estimates, for exit statuses from restaurant sector 2003–2008, odds ratios.

	Single Exit		Competing Exits							
	Exit all		Exit other sectors		Exit unemployed		Exit student		Exit other	
	OR	SE	OR	SE	OR	SE	OR	SE	OR	SE
Female	.930*	.013	.890*	.013	.926*	.037	.807*	.036	1.066	.053
Age	.842*	.002	.819*	.002	.896*	.005	.707*	.006	.905*	.006
Nordic	1.020	.030	.992	.031	1.406*	.117	.930	.095	1.133	.118
f. Yugoslavia	.960	.044	.884*	.045	1.295*	.147	1.193	.159	1.450*	.188
Poland	1.045	.064	1.004	.067	1.242	.211	1.569*	.249	.947	.211
Other West	.979	.036	.937	.037	1.418*	.146	1.162	.127	1.113	.145
East Europe	.976	.060	.936	.063	1.405*	.232	1.546	.245	.779	.197
Lebanon	.765*	.056	.503*	.047	2.471*	.320	.700	.181	1.510*	.279
Syria	.866*	.063	.559*	.051	2.638*	.342	1.224	.256	1.675*	.305
Turkey	.628*	.025	.431*	.021	1.479*	.132	.770*	.097	1.431*	.148
Iraq	.864*	.049	.649*	.044	1.885*	.209	1.340*	.211	.924	.152
Iran	1.011	.058	.865*	.056	2.144*	.262	1.697*	.237	1.018	.201
Chile	1.035	.071	1.031	.077	1.563*	.264	1.289	.263	.529*	.165
East Asia	.646	.032	.557*	.032	1.120	.133	.868	.132	1.101	.153
Other Asia	.867	.046	.867*	.050	1.138	.157	.884	.147	.845	.156
Other	1.033	.049	.976	.050	1.692*	.194	1.296*	.171	.995	.165
Foreign born	1.038	.030	.953	.032	1.281*	.089	1.093	.092	1.112	.098
Stockholm	.712*	.018	.730*	.020	.535*	.035	.416*	.030	.365*	.028
Gothenbourg	.675*	.018	.699*	.021	.338*	.024	.624*	.047	.405*	.033
Malmö	.713*	.022	.732*	.024	.514*	.042	.478*	.044	.376*	.038
EducYrs	1.002	.004	1.042*	.005	.733*	.007	1.167*	.016	.721*	.009
RestEduc	.587*	.011	.609*	.012	.563*	.037	.166*	.018	.988	.067
Mother is employed in the restaurant sector	.721*	.031	.668*	.033	.762*	.088	.958	.120	1.150	.134
Father is employed in the restaurant sector	.664*	.026	.605*	.028	.747*	.072	.889	.100	.911	.098
Year dummies		Yes	Yes*		Yes*		Yes*		Yes*	

* Indicates significant at 5 per cent level.

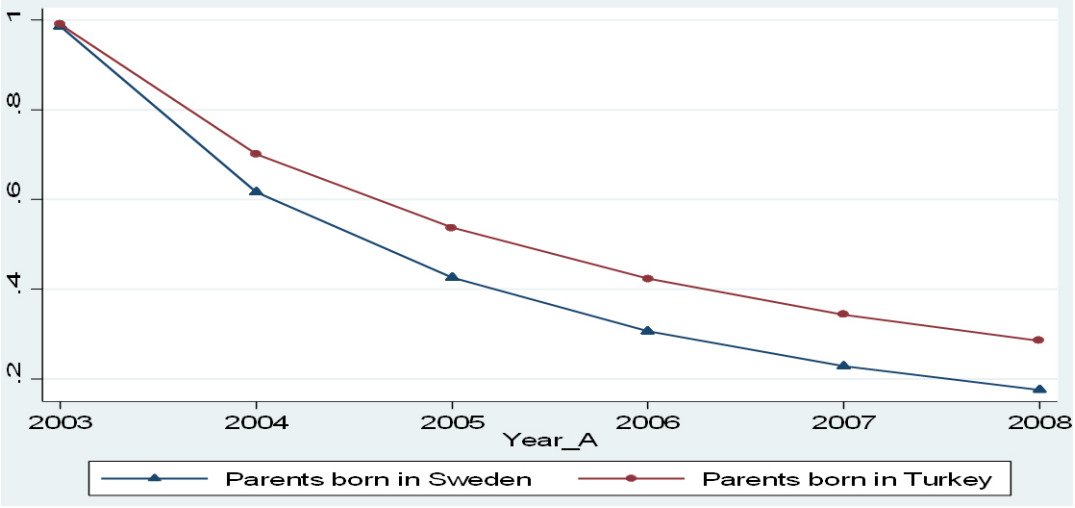

Fig 1. Survival estimates for staying in the restaurant sector.

individuals with parents born in Sweden and with parents born in former Yugoslavia, Lebanon, Syria, Turkey, Iraq, Iran and Asia regarding exit to other sectors are significant even after controlling for sex, level and type of education, metropolitan area, having education directed to the restaurant sector and having parents employed in the sector. One explanation for this may be co-ethnic employment, which was not tested in this study.

The immigration assimilation hypothesis seems to be insufficient to explain the different exit patterns among young people employed in the restaurant business, since all persons in the study are young and new in the labour market, and educational level is controlled for. Neither access to "Sweden-specific knowledge", such as language and informal human capital, seems to be a very important explaining factor since the dummy for being born in Sweden did not have a large effect on the odds of exiting to other sectors. Unmeasured differences in resources transmitted through parents are likely to be part of the explanation, but it is difficult to grasp with the quantitative analysis.

It is reasonable to infer that access to networks among people with immigrant backgrounds – ethnic ties or ethnic capital – is an important factor explaining the higher chances for immigrants and their children to find work in the sector and why experience in the restaurant business leads to different careers for different groups. Individuals in groups that have high levels of establishment in the sector have easy access to the sector through their networks but also fewer contacts with people employed in other sectors. Having parents employed in the sector is a strong indicator of the network effect, which helps explain the differences in outcomes for workers of different origins. At the same time, the disparity in the odds of exit between most immigrant groups and those of Swedish origin remained high even for those without parents in the sector and without an education directed to the restaurant sector.

Even though the differences were not explained by having parents employed in the sector, it is reasonable to believe that contacts through parents, other family members or other ethnic ties are important for recruitment into the restaurant business, in particular among first and second generation immigrants, since young persons with parents born in Sweden more often use formal channels in order to find employment (compared to young people with parents born in Turkey, Urban & Klinthäll 2012).

The data available for this study are not sufficient to determine how much of the remaining differences can be explained by unmeasured factors; particularly access to networks, differences in unmeasured human capital and in recruitment strategies (direct or indirect discrimination) among employers in other sectors. It is also not possible to reveal how employers actually value work experience from the restaurant with the data used in this study. However, the opposite result on exits from temporary employment industries (TEIs) (Andersson Joona & Wadensjö 2004) indicates that work experience from TEIs gives access to more valuable social networks in the labour markets and that experience in TEIs is more valued in the labour market than experience in the restaurant business, at least for immigrants. Recruitment into these two different sectors is also an important explanation; it is plausible that recruitment to the restaurant sector is performed through informal networks to a larger extent than in TEIs, while temporary employment agencies might look more to formal education in their recruitment. However, both Andersson Joona and Wadensjö (2004) and this study control for the level of education.

The results show that alternative labour markets work in different ways depending on ethnic origin of the worker. The same market may function as a periphery segment of the labour market with high amount of dead-end jobs for one category of workers and as a pathway into the core segment for others. The results of this study reveal unequal terms in the restaurant sector leading to the expectation that an enlargement of the restaurant sector will be more beneficial for young people of Swedish background, as they will use the work experience gained in the sector as a stepping stone to the rest of the labour market. However, a large part of the immigrant group might not be able to move into higher status occupations or will go on to unemployment.

Growth of this market, and other markets that are not well connected to other parts of the labour market for immigrants, will then stimulate assimilation into other parts of the labour market foremost for young people with Swedish born parents, while increasing dead-end jobs in low status jobs for young first and second generation immigrants. Hence, the policy relevant conclusion is that a measure

that supports growth of the restaurant sector is likely to contribute to labour market segmentation rather than equalising the labour market. This unintended consequence can be considered in parallel with the development in the cleaning sector, where reduced taxes for domestic services also increased the informal part of sector alongside of the growth of the formal part of the sector (Gavanas & Darin Mattsson 2011). Hence, stimulation of sectors where working conditions and future prospects vary across ethnic groups and immigrant status, may pose risk of enhancing inequalities rather than reducing them.

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