

Restaurant Server Perspectives on Gratuity Pooling

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ABSTRACT

This case study is intended to conduct an exploratory investigation of servers' opinions regarding pooled gratuity restaurants on three related interests – servers, guests, and the restaurant entity itself. Servers that have experience working in a shared gratuity environment were asked their perceptions of advantages and drawbacks of pooling gratuities to the three major stakeholders in the restaurant experience. The interviews were cross case analyzed and a preliminary model was built that discuss the antecedents, operational processes, and outcomes of gratuity pooling. This inquiry is posed to assist restaurant operators in determining which method of gratuity distribution, either shared or individual, might best fit their establishment.

Keywords: *restaurant, gratuity, server, perceptions, tips*

INTRODUCTION AND LITERATURE REVIEW

Gratuities are a significant part of the compensation for restaurant servers (Aaronson, French & McDonald, 2008). Several restaurants have implemented a process where gratuities are pooled among individuals that have contributed to the service experience. The distribution of those pooled gratuities is dependent on the structure of the organization. Frank and Sunstein (2001) predict that the difference between productivity and pay will increase with the extensiveness of interaction between coworkers.

Estreicher and Nash (2004) discuss the laborer's perspective on tipping stating it may be in the economic self-interest of waiters and waitresses to engage in tip pooling. This speculation was postulated, but not investigated. In addition, Lynn and McCall (2000) find that gratuities increase with service quality. Estreicher and Nash (2004) again hypothesize that “management may conclude that service is kinder and friendlier in a setting where servers get along well, and may determine that tip pooling fosters that goal.” This study attempts to identify servers' perceptions on the value of tip pooling.

There is a gap in the current literature as to the impact of a shared gratuity distribution in restaurants, and more specifically, the restaurant servers' perspective of the benefits and drawbacks of working in a pooled gratuity environment. The purpose of this study is to conduct an exploratory investigation of servers' opinions regarding pooled gratuity operations on three related interests – servers, guests, and the restaurant entity itself. This inquiry intends to serve as a foundation for continued academic research efforts in the area of pooled gratuity distribution systems.

RESEARCH QUESTIONS

The study was designed to answer the following research questions:

- 1) What are servers' perceptions of the salient benefits of working in a restaurant with a pooled gratuity environment to each stakeholder in the restaurant: servers, guests, and the restaurant entity itself?
- 2) What are servers' perceptions of the drawbacks of working in a restaurant with a pooled gratuity environment to each stakeholder: servers, guests, and the restaurant entity itself?

METHODOLOGY

Six individuals with at least twelve months experience working for a restaurant that operates with a gratuity sharing policy were recruited to participate in individual interviews. Because the goal was to understand servers' perspectives of the impact of gratuity sharing, it was necessary to engage in purposeful sampling, where participants were recruited based on a shared experience. In this study, the shared experience is the participant's experience in working in a restaurant with a shared gratuity system for at least twelve months.

In-depth interviews and document review were the two major sources of data collection. In-depth interviewing allows for immediate follow up and clarification (Marshall and Rossman, 2006) which adds value in this exploratory study. Selecting in-depth interviews as a primary method of data collection is reflective of the overall purpose of the study, to understand the participant's perceptions on the phenomenon of interest.

As each of the participants interviewed worked at different restaurants that pooled gratuities, this research can be categorized as a case study that covers multiple cases and then draws a single set of "cross-case" conclusions (Yin, 2009). Participants were asked to share any documentation that they might have received as part of employment that describes or explains the gratuity pooling process. These documents were analyzed to determine if the participant's opinions are consistent with the employer intended benefits of pooled gratuity. Yin (2009) states the case study inquiry relies on multiple sources of evidence, with data needing to converge in a triangulating fashion.

The focus of this research is to develop an in-depth analysis of the social phenomena of restaurant servers that have worked in respective pooled gratuity environments. The sociological nature of the study paired with multiple sources data collection (in-depth interviews and document review) results in data that generates descriptions, themes and assertions about the participant's perceptions of working in pooled gratuity restaurants. Yin (2009) states the case study method allows investigators to retain the holistic and meaningful characteristics of real-life events.

ANALYSIS

Yin (2003) recommends a cross case analytic strategy of identifying issues within each case and then looking for common themes that transcend the cases. Cresswell (2007) supports this analysis process stating that when multiple cases are chosen, a typical format is to first provide a detailed description of each case and themes within the case, called a within-case analysis, followed by a thematic analysis across the cases, called a cross-case analysis.

Following Yin's (2003, 2009) the data was first evaluated in each individual case using word tables to display the data from individual cases according to some uniform framework. After review of the overall patterns in the word tables, it became necessary to arrange data from individual cases according to some uniform framework (Yin, 2009). Sixteen open codes were condensed into eight axial codes to clarify their meaning further.

To represent the eight axial codes in more detail, samples of the participants' perceptions of each of the eight major constructs appear in their own words.

Integrity

"When you predetermine and you structure it and you let me know who's in the tip-pool and why and how it works, then fine. Give me the choice of whether to be in this system or not".

"I had an instance in a previous restaurant where I found out that some servers were side tipping certain bussers. And I can see outside of the pool. I can see where that helps them. But it made me really upset because it's breaking down the system. You're taking away that power this system has. And now those servers will not - or those bussers, will not work as hard for me. And I shouldn't have to side tip them. That's not how it works"

Equity

"...where you knew exactly who was in the tip-pool, why they were in the tip-pool and how much they were getting in the tip-pool"

"...that it's a pooled room when so and so always gets this guest when he comes in. It's okay because we know he's gonna work him really well and he's gonna get the most money out of him and we're all okay with that."

Cooperation

"...if you've got the team spirit going on as it were, you've got more eyes looking at more tables. I'm likely to, if I'm not doing anything, likely to walk around, see where the fires are, put them out. Because when you've been doing it this long, you know where the fires are."

"You don't think of it as, 'This is my money.' No, it's just more money being thrown into it. Everybody works together. There's no, 'This is my table. That's my section.' You really get the ideal working it. It does work with the right group."

Free-riding

“So, here they are, a perfect example of somebody not doing their job because they know they're gonna make the same amount of money regardless of them working hard or not. And, unfortunately, they don't see the bigger picture of the harder they work and the more they get done actually contributes to the amount of money that's made.”

Competition

“In my room, there is a competitive spirit. Everybody wants to be the high man. So with that same competitive spirit of everybody wanting to drop the most, so what we consider dropping the most is whatever we put into the tip pool, there's that same ambition of making sure that the guest is serviced, then they reward us with the highest amount we can possibly get out of them. Of course, there is that same competitive spirit where if you're coming in low, we'll kind of make fun of you. But it's just part of the business, and it is a competitive nature.”

Policing

“People get to notice you bringing in a little less tips. And they might pick at you or make subtle jokes about it. But I've never seen anything really severe as far as harsh treatment toward someone else based on the tips that they're building. Another thing that happens is a manager might notice that your sales performance is less than others and they might put a little pressure on you to pick it up. And I work in a room where that takes place.”

Legitimacy of Service Staff Position

“Whereas, when you've got the pooled room, it's - a good example of the ups and downs of it was in the first two weeks that we opened, all the ballers were coming in, and I had a \$14,000.00 check. My personal record, that was pretty cool. He left me \$2000.00. Guess where that went? Into the pool, right? So I didn't get to keep my \$2000.00 tip. But the next night, it happens to the other guy. So if you're in for the long haul, it all evens out. That's the way you have to look at it is it is a long term proposition. It's not - like I said, it's not a straight line of profitability. It's up and down, but once again, you're never gonna get below a certain point.”

“You really start to get a pride. I mean, ‘This is our restaurant. All of us together.’ And whoever comes in here, whatever reviews are written up, whatever critics, whatever awards we get, it's because of us. It's not necessarily the chef. You really get more of a cohesive feel.

Improved Guest Service

“As a restaurant as a whole, I think what it does is provides a level of consistent service for the guest that have the guests feeling comfortable, for lack of a better word. I think it puts their dining experience at a comfort level that makes them more familiar with how things move during the course of the evening.”

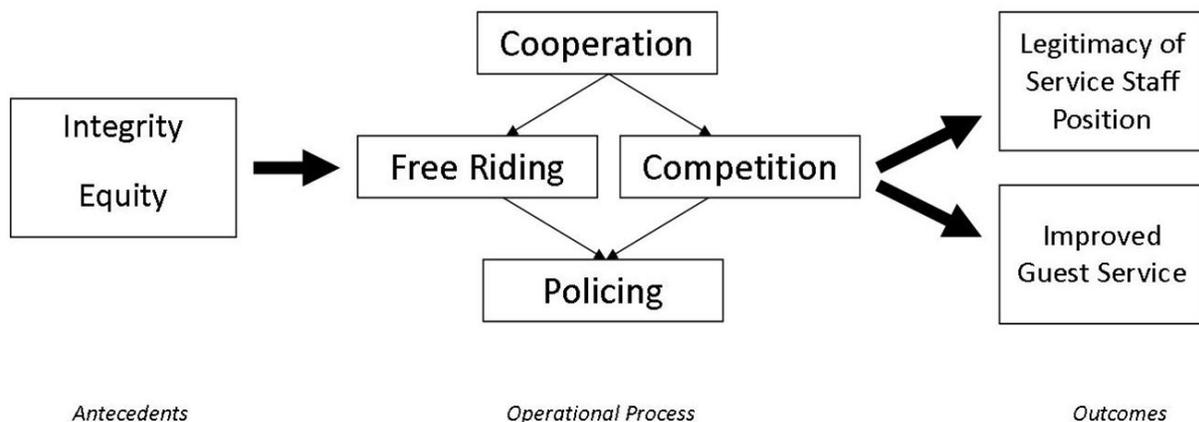
“But to a degree a guest is gonna notice. Especially when a guest looks for a little bit of service and their server, they haven't seen in several minutes. But when they kind of give

an eye or look towards another server, that server's more inclined to focus over on them and get them what they need and help the other server out."

CONCEPTUAL MODEL

The eight constructs that are included in the final conceptual model were identified and refined in the with-in case and between cases analysis. The linkages among the constructs can be broken down into antecedents, operational processes, and outcomes. It is important to realize that the constructs of Integrity and Equity appear as antecedents, but also must continuously appear throughout the process to deliver the outcomes of Legitimacy of Service Staff Position and Improved Guest Service.

Conceptual Model for Restaurants with Pooled Gratuity Distribution



DOCUMENT REVIEW

Yin (2009) describes that the most important use of documents is to corroborate and augment evidence from other sources. Participants provided a variety of documents including job descriptions and pooled gratuity agreements. Many of these documents were similar in nature and the information included in them was used to test the conceptual model that was developed. Job descriptions mentioned several items that could be interpreted to the constructs proposed. Teamwork is described as an essential job function which would support the cooperation construct. Professionalism would align with the legitimacy of service staff position construct.

Some job descriptions include service rankings like “five star and five diamond environment” which is reflective of the desired outcome proposed of improved guest service. Pooled gratuity agreements included verbiage that described the equity and integrity constructs such as, “in order to provide a fair and consistent environment” and “all participants of the gratuity pool agree that any and all gratuities received shall go into the team gratuity pool.” The outcome of improved guest service is also supported by the pooled gratuity agreement as it states: “You have agreed to work together with all service classifications in your restaurant.”

LIMITATIONS

As with any investigative research, there are potential limitations that must be considered. The purposeful sampling may not be representative of all pooled gratuity environments. As with an exploratory study, the purpose was to provide enough information to present an assertion about the phenomena and suggest future study possibilities. The interviews may have been biased due to the reflexivity. Participants were asked to provide documentations from their employers that described the gratuity structure as part of the document review. It is possible that there was a biased selectivity based on the fact that the presented documents were incomplete (Yin 2009). The exploratory nature of this case study suggests that additional research should be conducted to test and expand on the conceptual model proposed. The continual desire of restaurants to improve guest service suggests that future work in this area is important and relevant.

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