Restaurant Service Employees Motivation and Organizational Commitment: Shared Gratuity versus Independent Gratuity Environments

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ABSTRACT

This study attempts to identify if there are statistical differences in motivational and organizational commitment levels between restaurant service employees that work in different type of gratuity distribution environments, particularly those that pool (or share) gratuities and those that retain their own gratuities. Identifying any differences in motivation levels between restaurant service employees working in unlike gratuity distribution environments may assist managers in choosing which gratuity environment, shared or individual, to establish for their restaurant operations. A survey assessing motivation and organizational commitment levels of gratuity earning employees is planned. Four hypotheses are posed with an analysis of variance being conducted on twelve employee motivation factors and on nine organizational commitment measures to determine statistical differences between pooled gratuity employees and independent gratuity employees.

Keywords: restaurant, gratuity, motivation, organizational commitment, tips

INTRODUCTION

Tips are a substantial part of a restaurant service employees’ compensation and an important part of the economic environment with the amount of tips in the US restaurant industry estimated at US$27 billion per year (Azar, 2004; Lynn, 2003). For purposes of this study, tips and gratuities are synonymous and are defined as voluntary payments for services received, made after-the-fact (Bodvarsson & Gibson, 1997). Namasivayam and Upneja (2007) define pooled gratuity environments as restaurants where all gratuities are equally distributed among employees. For this study, pooled gratuity restaurants will be those that are shared by service staff. Independent gratuity environments are defined as restaurants where restaurant service staff retains all individually earned tips (Namasivayam and Upneja, 2007).

Tipping has been investigated in several different facets including economic (Wessels, 1997; Bodvarsson and Gibson, 1997; Azar 2004), consumer behavior (Conlin et al., 2003; Lynn and McCall, 2009), manager control (Ogbonna and Harris, 2002), and employee preference for tipping systems (Namasivayam and Upneja, 2007). In addition, there has been significant work completed in restaurant service employees’ motivational factors and organizational commitment (Wildes, 2008; Dermody et al., 2004; Curtis et al., 2009).

This study attempts to identify if there are differences in motivational and organizational commitment levels between restaurant service employees that work in different type of gratuity distribution environments. The previous research suggests that a further understanding of what impacts employees’ motivation is imperative to reduce labor costs, particularly the cost of turnover (Dermody et al., 2004). Similarly, a greater level of organizational commitment relates
to higher levels of customer orientation and more willingness of employees to invest in efforts toward customer satisfaction (Pettijohn et al., 2004). Identifying any differences in motivation levels between restaurant service employees working in unlike gratuity distribution environments may assist managers in choosing which gratuity environment to establish for their operation.

**LITERATURE REVIEW**

Much of the current hospitality research on tipping is concerned with what it is, why people do it, and how servers can impact the amount of the gratuity. Azar (2004) explains that tipping is a social norm and that consumers benefit from the act of tipping including impressing others and improving their self-image as being generous and kind. Lynn (2003) states that tips are only weakly related to customer satisfaction, but it is likely related to improved server morale and reduced turnover. Bodvarsson & Gibson (1997) suggest that diners use rules of thumb as starting points and then vary gratuities on the bases of service just received, expected future service, whether they dine alone or with a group, alcohol consumption, and the location of the restaurant. Conlin et al. (2003) also indentified a variety of factors that influence tipping behavior, although it suggests the percent of tip based on service quality levels depends on “noise” which includes the day of week dining and group size. Lynn and McCall (2009) suggest a variety of tip-enhancing behaviors that servers can utilize to increase tips incomes.

The idea of using tipping as a source of managerial control was investigated by Ogbonna and Harris (2002). Their study provides strong evidence that the management strategy of individualization through the institutionalization of tipping can be viewed as an effective means of behavioral control, wage-cost control, and potentially, a route to enhanced organizational profitability.

Several motivational studies have been conducted of restaurant employees. Many have found money to be a primary motivator (Wildes, 2008; Dermody et al., 2004). Other research proposes attributes like work environment, atmosphere, and understanding management are important to restaurant service employees (Curtis et al., 2009). Wildes (2008) explains four theories; equity theory, expectancy theory, attribution theory, and relationship theory, in relation to motivation in foodservice employees. The study suggests that food servers are far more likely to stay in their jobs based on their perception of being treated well. Several studies agree that there are intrinsic factors that also affect employee motivation (Nicholson, 2003; Simons & Enz, 1995).

For the purpose of this study, organizational commitment is defined as relative strength of an individual’s identification with and involvement in a particular organization (Mowday et al., 1979). Pettijohn et al. (2004) find positive relationships exist between the wait staff’s customer service orientation and their skills, job satisfaction and organizational commitment. Wildes (2008) found that a third of those working in foodservice see their job as a profession and plan to stay in the industry for five or more years.

In attempting to determine potential employees’ preferences for tipping systems, Namasivayam and Upneja (2007) investigated the predilection between four different tipping environments, including shared gratuity, independent gratuity, service charge, and service charge with minimum wage guarantee. The study consisted of an experiment to determine potential
employees’ preferences on gratuity distribution systems. The study was one of the first to understand the employee side of the tipping equation and the researchers state the results encourage research in how to design tip systems so that both employee motivation and customer satisfaction can be improved. Wessels (1997) explains the variety of gratuity environments that exist in restaurants including servers retaining their own gratuities, pooled restaurants where tipped employees share tips with other employees, and the use of a restaurant implemented service charge in replacement of or in addition to gratuities. Namasivayam and Upneja (2007) also suggest future research explore the relationships between tipping systems and organizationally relevant variables such as job satisfaction, job involvement, and organizational commitment. This study attempts to address that need in relationship to organizational commitment and motivation.

**RESEARCH QUESTIONS**

This study was designed to identify if statistically significant differences exist between shared gratuity restaurant service employees and independent gratuity restaurant service employees on a predetermined set of motivational and organizational commitment factors. Four hypotheses are posed to test for differences between employees working in a shared gratuity environment and those working in an independent gratuity environment.

**H1:** There is no statistically significant difference in mean ratings for Kovach’s 12 motivational factors between restaurant service workers in an individual tipped environment and restaurant services workers in a shared tipped environment.

**H2:** There is no statistically significant difference between positions as measured by Kovach’s 12 motivational factors.

**H3:** There is no statistically significant difference between Mowdy et al.’s organizational commitment factors between restaurant service workers in an individual tipped environment and restaurant services workers in a shared tipped environment.

**H4:** There is no statistically significant difference between Mowdy et al.’s organizational commitment factors between positions.

**METHODOLOGY**

The study would utilize a survey questionnaire replicating Curtis et al. (2009) that studied motivation and occupational commitment in tipped and nontipped employees. The instrument would include demographic questions, twelve motivation questions established by Kovach (1995) and nine organizational commitment questions developed by Mowday et al. (1979). A 5-point Likert scale was used to measure both dependent measures of motivation and organizational commitment.

The demographic information requested by the survey was similar to Curtis et al. (2009) including age, gender, marital status, race, education level, job type, length of time in current position, and length of time in hospitality industry. Two demographic questions added to the survey would be: type of gratuity environment and average guest check (per person) at current restaurant.
Motivation factors including a feeling of being involved, job security, supervisor’s help with personal problems, good wages, interesting work, tactful discipline, promotion or career development, good working conditions, management/supervisor loyalty to employees, gratitude for a job well done, monetary incentives for a job well done, and public celebration for a job well done (Kovach, 1995). These questions would be posed with a 5-point Likert scale ranging from 1 to 5 representing very unimportant to very important respectively. The responses to these motivational factors would be used to compare the motivations of restaurant service employees in pooled gratuity environments and those in independent gratuity environments.

The final section of the instrument would include the shortened organizational commitment measure utilized by Curtis et al. (2009) that was originally developed as the OCQ inventory from Mowday et al. (1979). The nine statements would be rated on a 5-point Likert scale ranging from 1 to 5, with one representing strongly agree and 5 representing strongly disagree.

The survey would be administered to one restaurant organization that operates four different restaurants in four different regions of the United States. Two of the restaurants operate in a pooled gratuity environment and two operate in an individual gratuity environment. In order to control for variances in organizational structure, the four restaurants are all operated by the same management structure with equal benefits and administrative policies. The surveys will be administered in person by the researcher to service staff members including servers, bartenders, bus staff, hostess and food runners.

RESULTS AND ANALYSIS

Analysis of the data would refer in order to the four null hypotheses. ANOVA’s would be conducted on the twelve employee motivation measures between pooled gratuity employees and independent gratuity employees. A similar analysis of the results of the twelve motivation factors in relation to the differences between positions would be conducted. The organizational commitment differences between pooled gratuity and independent gratuity employees would be reported. In addition, to determine if demographic information influenced any of these statistically significant differences for motivation or organizational commitment, conduct a MANOVA with respective motivation and organizational commitment factors as dependent variables, and demographic information as independent variables.

Summary, Limitations, and Future Research

It is possible that other variables could influence motivation and organization commitment outside of gratuity distribution method. This study is intended as an exploratory look into the comparison of shared and independent gratuity environments. Future research could be conducted to determine if there are differences in other factors including customer satisfaction or job satisfaction based on type of gratuity distribution method.
REFERENCES


