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***Preliminary Report***

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## **Impact of Tipping on Workers' Motivation: Comparison between the Hospitality and Gaming Industries in Slovenia**

### ***Abstract***

*The main goal of the article is to explore the impact of various types of tipping on the motivation of workers in the Slovenian hospitality and gaming industry, and to develop a model – on the basis of the findings – for distributing tips among workers in order to increase their motivation.*

*The main finding of the research is that employees in the Slovenian companies with a regulated system of tip distribution tend to be better motivated and treat their guests better than their colleagues in unregulated environments. On the other hand, employees in the hospitality industry are less motivated by tips than their colleagues in the gaming industry, despite receiving individual tips directly.*

*The underlying reason for this difference is that companies in the hospitality industry generally do not apply distribution methods for tips, and employees are directly entitled to each tip. Tips are received in small (daily) amounts. Meanwhile, employees in the gaming industry receive their tips together with their monthly salaries. Therefore, we state that the model and the process of tips distribution greatly influence the motivation of the employees.*

**Keywords:** *tips, motivation, hospitality, gaming, waiter, croupie.*

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## **Introduction**

The catering and gaming industries of today are facing increasingly complex challenges. Since guests take a high quality of service more and more for granted, employee skills must evolve to meet their demands (Raspor, Miglič, Vukovič, & Rodič, 2014). For this reason, the managers as well as experts are trying to devise ways to persuade employees to enhance the quality of service, improve their work motivation and enhance the labour output.

At present, the system of remuneration in catering and gaming industry is based on guaranteed salaries and regulated benefits. Due to the catering and gaming industry's work intensity, the increase of salaries and consequently labour costs is undesirable. Since the sum total of their wages is not directly related to the quality of their work, employees can gradually become dissatisfied. These characteristics are not present only in the Slovenian business environment, but also in most of the developed Western countries. An innovative approach – or a comprehensive reform of the reward systems – is thus needed to increase the motivation of employees without increasing labour costs. In our opinion, an increase in the share of tips in the income of employees is a viable method which could be implemented through training the employees in techniques for increasing tips.

### **1. Tips**

In the English language the most general expressions for gratuity of guests towards employees in the catering industry is 'to tip (a waiter)'. Also, sometimes the expression 'drink money' is used (Foster, 1972 in Lobb, 2001). At present there is no law that requires that one must tip for services rendered (Wight, 2006, p. 1); the decision to leave a tip is left to the discretion of the customer. In most countries, if the customer is satisfied with the service, they will tip, otherwise not (Raspor, 2002a).

There are countries like the United States where guests are expected to tip. The tip is therefore an optional part of payment for a service but is nevertheless sometimes expected by the service employees for services rendered (Wight, 2006). The amount of the tip is usually calculated as a certain percentage of the service price. Raspor (Raspor, 2002b, p. 143) defined a tip as a 'gift for a high standard service'. Therefore, if someone wants to receive a tip,

the service has to be of a high standard. Lynn and McCall's research (Lynn & McCall, 2000) also found this to be true: the participants in their survey linked tipping with rewarding the service provider for a high quality service.

## **2. Motivation**

There are at least 140 different definitions of motivation (Gibson, Ivancevich, & James H Donnelly, 1999, p. 181), but the motivation generally has two meanings (DuBrin, 2002, p. 105). The first viewpoint is to see it as a management activity. The second viewpoint concerns the internal attitude and effort, which leads and directs individuals towards their objectives, so as to encourage a certain behaviour. Kim (1996, p. 9) defined motivation as a force that creates a behaviour, with which we satisfy a need. A well motivated person is someone who has clear goals and who takes full responsibility in reaching their objective (Armstrong, 2006). In short, it is the readiness to put in a high level of effort, in order to achieve the objectives of the organization while also satisfying personal needs (Robbins & Coulter, 2009). Motivation refers to the input of energy in order to meet specific needs (Boone & Kurtz, 1992). This energy may only be temporary, and is activated in order to achieve individual goals (Gibson et al., 1999). From a managerial point of view, motivation means engaging the employees in doing what is expected of them by their manager.

Making effective decisions and accepting increasing responsibility are qualities which can only be expected from people who are trained, skilled and enthusiastic about their work (Johnson, 1999, p. 55). Therefore, motivational systems are also directly related to the training and awareness of employees. Considering motivation types as identified by Herzberg (1959), motivation can be divided into internal, which drives people from the inside towards their goal, and external, which reflects what was done to motivate people (Armstrong, 2003, p. 217; George & Jones, 1999, p. 184).

The motivational process consists of the need, from which arises the desire to reach a goal, the activities to achieve the goal, and the goal itself. This cycle is repeated as long as the the need exists. Arnold (Arnold, Randall, & Patterson, 2010, p. 310) describes the motivational process as a direction or path taken by an individual (from the need to the goal), the effort they put in and their persistence (activity).

The most common motivational factors affecting individuals in an organization (Bahtijarević-Šiber, 1999, p. 558; Lipičnik, 1998, p. 162) are: the dif-

ferences between individuals (needs, opinions), job characteristics (different capacities, identification of tasks, task characteristics, autonomy, and feedback) and work specifics (reward system, rules). On the basis of motivational factors, various scales have been developed.

### **3. Tip sharing**

Generally speaking, there are two types of tip-sharing systems. The most common English expression are *tronc* and *tips* (Lucas, 2004, pp. 128–131); *tronc* for so called group tips<sup>3</sup> (tips, which are shared among all co-workers) and individual tips..

*Tronc* or shared tips are the tips, which have been collected in special cashiers, which are originally intended for such purpose. Such kind of tips are shared among all the employees according to the prescribed point system (Lucas 2004) or according to the equal share (Wight, 2006). Lynn and McCall (Lynn & McCall, 2000) have found that rewarding all employees with the collected tips is connected to Adams' (Adams, 1965) theory of equity. It is a fact that all employees do not have equal rights to receive tips. Furthermore, tips can also influence employees work satisfaction so they tend to deliver a higher quality of service (Azar, 2007).

Of course better quality service usually has a positive impact on the tip-related income of the employees. This can furthermore be represented in the variable components of remuneration as in such cases workers usually have a lower or minimum hourly rate. Employees can receive this kind of tips even if they are not given any directly. Some such examples would be middle management and assisting personnel (Wight, 2006) or chefs, who all influence service quality through cooking and other processes. Shared tips are usually paid through the monthly salary and it is easy to keep track of them as they are represented in the taxable amount. If we take the example of cruise ships, individual tips are very rare. More common practice for cruise ships' personnel is to receive 15 % of the price for all the services delivered through the cruising. Such kinds of tips are usually delivered at the time when passengers disembark. The key of sharing tips on cruise ships is: 40 % rooms, 40 % restaurant and 20 % others (Wight, 2006).

Also (Lin & Namasivayam, 2011) researched the satisfaction of 205 employees working in 12 restaurants with the handle share. They discovered that

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<sup>3</sup> Other English expressions: *Poll*, *Jar*, *Handle Share* (Wight, 2006)).

the system of sharing tips which is found the fairest by the employees is the one when tipping is first collected and later fairly shared among all employees. However, they found out that the *guests* consider individual tips the fairest system of tipping.

**Individual tipping** is the amount of money, which is awarded by satisfied customers to individual employees when they receive good service or when they receive more than what they expected. Individual tips are delivered directly to the employee and this is what differentiates them from handle share. However, the method of delivery is the reason why it is hard to keep track on the amount of individual tipping.

Authors (Maynard & Mupandawana, 2009) analyzed the amount of tips received when a Canadian restaurant staff served 73,000 meals. Analyses showed that the amount of tips is in direct relation with the costs of the meals. Besides that, they also found that the most predictable element showing the amount of the tips is preliminary customer's behavior.

It is also possible to have a system **which combines shared and individual tips**. This kind of practice can be seen in casinos (for example among cashiers and receptionists) when employees receive apart of the tips collected by the gambling tables as well as the ones coming directly from the clients through individual tipping.

In practice, the following ways of collecting and sharing tips have been developed (Williams, Adam-Smith, & Norris, 2004):

- Individual employees who collect tips and keep the entire amount for themselves (individual tip).
- Individual employees who collect tips but at the end of the working shift share them with the co-workers (tips are collected individually but deposited into a common fund).
- The employer collects all tips in the name of his employees. At the end of the month the tips collected (tronc) are paid out as part of the monthly salary or are used to cover for the running costs and entertainment.

Employees, who can receive tips directly from the customers, put more effort in behaving nicely than the ones who share tips with the co-workers. This is supported by the research of (Brewster, 2013), where authors found out that tipping may cause employees to discriminately provide excellent service only to certain (types of) customers.

On the other hand, individual tipping can cause nervous tension and jealousy among employees ('Tipping Casino Dealers' n.d.). From the company's point of view, the advantage of sharing tips is to encourage cooperation and

mutual assistance among employees. On the contrary, employees are not sufficiently encouraged to employ all their efforts to raise the amount of tips as they know these will have to be shared with their co-workers (Azar, 2006, p. 6). The fact is that all the employees are not equally successful and so the more successful workers have to share their tips with the co-workers, who are less efficient. This can encourage splitting the work according to the competences of the individuals. Every employee could be concentrated on the working tasks which can be fulfilled successfully (for example in catering service one person accompanies guests to the table, another one takes the order, the third one delivers the order, the fourth issues the bill and the last one cleans the table).

Most of the guests would like to give tips to a specific person, otherwise they cannot be convinced that the tip will be received by the individual it is meant for (Stroman, 1990, p. 12). This is also the reason why, in the companies with poorly organized tip-sharing systems, tips are collected by individual employees. It is a matter of agreement and the generally accepted canons if the individuals share their tips with co-workers or they keep them for themselves.

Other interesting factors that influence tipping (such as music) were researched by (Jacob, Guéguen Nicolas, & Boulbry, 2010). Within their laboratory experiment they have confirmed the connection of listening to pro-social music with higher tips. Exposure of guest to altruism quotes (written over the bill) also increase tips (Jacob, Guéguen, Ardiccioni, & Sénémeaud, 2013; Jacob & Guéguen, 2012).

In Slovenian service industry tipping in casinos can be defined as *tronic* or shared tips. Other tipping (waiters, gas stations, hair saloons...) can be defined as individual (Raspor, 2007).

#### **4. Method**

The aim of the study was to find out how employees in the Slovenian catering and gaming industry (especially waiters and croupiers) are motivated for increasing tips and how the tip sharing scheme contributes to their motivation.

We claim our findings to be representative as the survey sample included employees from the hospitality and gaming industry (waiters and dealers) from several/various Slovenian companies. In accordance with the aim of the research we formed two hypotheses:

H1: "Employees employed in companies with managed tip-sharing and distribution system are more motivated than employees in companies without a tip sharing system."

H2: "An appropriate tip-sharing system increases the motivation of employees (also the ones without direct contact with customers) to perform quality services."

#### ***4.1. Research methodology***

To test the above mentioned hypotheses we used the following research design: on the basis of a literature review we devised the gathering of empirical data by conducting a survey (1) and using the focus group method (2) among employees of the Slovenian catering and gaming industries. The focus groups were mainly used for clarifying the findings obtained by the survey.

We used probability sampling to select the target group and sample. In order to test the hypotheses, statistical methods (such as univariate analysis and bivariate analysis) were used as well as analysis, synthesis and compilation. In the next section, the process of gathering data and characteristics of the sample are described as well as the measuring instrument we applied. The gathering of data took place between May 2007 and December 2007 (Tables 1 and 2).

#### ***4.2. Research project: Catering industry employees and tipping 2007***

The catering industry employees (waiters, headwaiters, head chefs, chefs, kitchen assistants, receptionists and heads of reception) were the target population. According to the Agency for Public Legal Records and Related Services of the Republic of Slovenia (AJPES), there were 1,644 catering enterprises<sup>4</sup> in Slovenia as of 31 December 2007<sup>5</sup>. After reviewing some other databases we supplemented our list of companies by adding companies that were not mentioned in the AJPES database. By using this method we managed to include the majority of employees in the catering industry.

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<sup>4</sup> The enterprises are placed in group I CATERING INDUSTRY in the AJPES database, which is further divided into: I 55.1 Hotel industry, I 56.1, Restaurants and other types of catering enterprises and 56.3 Drinking Establishments (<http://www.ajpes.si/prs/>).

<sup>5</sup> The Statistical Office of the Republic of Slovenia (SURS) states there are 1,720 catering enterprises in Slovenia for the same time period (<http://www.stat.si/>)

**Table 1:** General information on “Catering industry employees and tipping 2007” research project

Duration of research		2007			
Method of collecting data		Mail survey			
Questionnaire		Designed specifically for this project by Andrej Raspor			
Site		Slovenia			
Group: Catering industry and Gambling establishments		Target population: Number of companies with more than 30 employees	Realized sample	The share of answers with regard to target population	The share of answers with regard to business activity (catering industry)
Number of companies (Source: AJPES)	1,644	80	20	25 %	1.2 %
Employees (Source: SURS)					
Wait staff	4,537	2,700	197	7.3 %	4.3 %
Kitchen staff	2,835	1,687	71	4.2 %	2.5 %
Reception desk staff	963	573	26	4.5 %	2.7 %
TOTAL	8,335	4,960	294	5.9 %	3.5 %

Among the enterprises listed in the above mentioned databases there were 80 companies that had more than 30 employees. They represented our final selection for sampling on the first level. According to AJPES, they employ 10,617 persons or 59% of the total number (17,600) of the employees in this industry. The data however, covers all the employees and not only the profiles we were interested in. For this reason, we estimated the total number of wait staff, cooking staff and reception desk staff by using the more detailed data collected by SURS<sup>6</sup>. According to their data, there were 4,573 persons employed as wait staff (25.4 %), 2,835 persons as kitchen staff (15.9 %), and 963 persons (5.4 %) as reception desk staff. The rest are managerial and supporting occupations<sup>7</sup>. Following these numbers we estimated the number of persons working as waiters, cooks and receptionists in the above mentioned 80 selected companies.

After selecting the target group, we sent our questionnaire to each of the CEOs of these companies requesting to make copies of the questionnaire and distribute them among their employees. From the 80 companies selected at first, 20 companies responded, which in total manage 62 catering establishments (restaurants, bistros, coffee bars, hotels). The response rate achieved was therefore 25%. Our questionnaire was filled out by 294 respondents (127

<sup>6</sup> SURS warns that there can be inconsistencies regarding the data mentioned due to mistakes in the process of companies reporting data to them. According to SURS 20% of work profiles can be miscategorised.

<sup>7</sup> According to the SURS survey there are 17,320 employees in the catering industry. Together with other companies included in our survey there is a total of 17,840 employees included in our target population. We should add that AJPES and SURS data on employees differ to some extent. This is due to Different methodologies: AJPES uses the average number of employees in a given year, while SURS collects data on 31 December.



male and 167 female). Their ages varied: 47 respondents were between 18 – 25 years of age, 60 respondents were in the age cohort of 26 – 30 years old, the majority – 144 – were between 31 – 50 years of age, 29 respondents were between 51 – 65 years old and 1 participant was above 66 years of age. Their educational background was as follows: vocational schools – 108 participants, secondary school 135, higher degree 22 participants, university degree 12 participants and one participant with a Master's degree. The response rate in this group is 7.3% among wait staff, 4.2 % for kitchen staff and 4.5 % for reception desk staff.

## **5. Research: Employees in gaming industry and tipping 2007**

The target population in the research conducted were employees working in the gaming industry (croupiers, table managers, inspectors at the gambling tables, controllers and inspectors at slot machines and cashiers)..

According to the information from AJPES, on 31 December 2007, 42 corporations working in gambling industry were listed in Slovenia and in SURS, 36 such corporations were listed on the same date (a total of 92,001 whose main activities are in the gambling industry). Overall, only 28 such companies (with real registered employees and an income from this industry) were actually fully active in this business. They own 13 casinos and 36 amusement arcades (UNPIS, 31 December 2007). To point out; these 28 corporations, which were active with their core business being gaming industry, were our target population in the first . Within those 28 corporations, we aimed at interviewing all the employees working in the positions mentioned above. According to the AJPES data about average numbers of employees, there were 2,328 employees in this sector back in 2007. On the other hand, the SURS data shows 2,732 employees. This is the number of all employees. According to SURS, this figure included 1,381 individuals (50%) working at the gambling tables, slot machines and as cashiers. This can be seen in Table 2.

Those employees who worked in the gambling industry at gambling tables, slot machines and as cashiers in the active corporations, were our target population at the second level.

**Table 2:** General information on “Gaming industry employees and tipping 2007” research project

Duration of research	2007		
Method of collecting data	Mail survey		
Questionnaire	Designed specifically for this project by Andrej Raspor		
Site	Slovenia		
Number of all active corporations in registered activity R 92.001 Activity of casinos- population	Answers	The response rate according to the casino's activity	
<b>Number of companies (Source: AJPES)</b>	<b>28</b>	<b>12</b>	<b>43 %</b>
<b>Employees (Source: SURS)</b>			
Gambling tables	963	279	29 %
Slot machines	147	72	49 %
Cashier	271	122	45 %
<b>Total</b>	<b>1,381</b>	<b>473</b>	<b>34 %</b>

We sent the questionnaire along with a cover letter to the director of each company. They were asked to distribute the questionnaire among their employees working at the gaming tables, slot machines and as cashiers in each of their casinos and amusement arcades. 12 employers out of 13 (from the total of 13 casinos) and 7 (from the total of 36 amusement arcades) provided feedback. The percentage of the answers received from the companies was 43%. In total, 473 interviewees answered the questionnaire. They worked at slot machines (casino technician, manipulator, controller and inspector of the slot machines) and as cashiers (cashier's assistant, cashier and chief cashier). 29% of the answers received at the second level of our research were from the gaming tables, 49% from slot machines and 45% from cashiers.

### 5.1. Focus groups with the employees

We used this method for clearing up certain inconsistencies which emerged while surveying employees. The focus group method is a qualitative research method where the respondents are invited to a group session without prior knowledge of the conversation content. The topic is clearly defined by the research team. The moderator has a set of pre-prepared questions, but can also react to the debate in order to obtain clearer answers.

We carried out the focus group sessions immediately upon completion of the survey in the years 2007 and 2008. The focus group sessions usually lasted 2 hours and 30 minutes. Moderating was performed by the author of the questionnaire. We conducted focus group sessions in 5 catering enterprises (Sava Hoteli; Hit Alpinea d.d.; Turizem Kras, destinacijski turizem, d. d.; Hit,

d. d., Nova Gorica; Hotel Astoria) and 6 casinos (Casino Kastel, Igralni salon Dama, Igralnica Fontana, Casino Ljubljana, Casino Maribor, Igralnica Čatež) owned by 4 gaming companies (Hit, d. d., Nova Gorica; Casino Ljubljana; Casino Maribor; Casino Portorož) and two Casino and entertainment centres (two sessions were conducted in Perla and two in Park). In total we carried out 8 focus group sessions with 100 participants.

## **6. Questionnaire**

The questionnaire comprised several thematic components<sup>8</sup>. Within the scope of this article we will mention only the questions, which are relevant to the application of the techniques for increasing tips, the frequency of tipping and motivation for tipping. The answers to the survey questions were either YES or NO, or alternatively from 1 to 5 where 1 stands for "I always do" and 5 "I never do".

The focus groups consisted of 20 participants, who were later divided into groups of five. To achieve consensus on the questions among group participants we devised a two-phase procedure. In the first phase we looked for a consensus among the participants in a smaller group, and in the second phase among the participants in the entire focus group. The composition of groups differed somewhat depending on whether the group participants were from the catering industry (wait staff, kitchen staff, maids, cleaning staff) or from the gambling industry (also other employees working in the casinos – dealers, hostesses etc.). In the second phase, the smaller groups presented their standpoints to the rest of the focus group participants, who then reacted to the views that had been expressed. The question was dealt with until a consensus among all the participants was reached. Again, only the questions relevant to this paper are mentioned.

## **7. Data processing**

In accordance with the aims of the research, statistical analysis of the collected data was performed by using the SPSS software package. In the first phase we conducted a univariate analysis.

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<sup>8</sup> Due to the very broad range of questions that were included in the questionnaire we mention here only the most relevant for the content of this paper.

## 8. Results

### 8.1. Tipping as one of the main motivational factors for better quality of work

#### *Hospitality business*

In the service, guests are taken care of not only by employees in catering who are in direct contact with the customers, but also by the employees who work as support staff and are not in direct touch with the guests. This is also the reason why high quality of service is required. The problem is, however, to demonstrate how a cook, for example, will benefit from the high quality meal prepared in the kitchen, if only the waiter receives the tip. Does the tip received by the waiter and shared with the kitchen staff have any influence on their behavior, i.e. does it motivate it them in any way? Does the kitchen staff feel more motivated to cook high quality food if the waiters share their tips? We asked the cooks, how much they agree (No. 1 ranked as “I fully disagree” to 5 “I fully agree”) with the sentence: “I feel more motivated for work if the tips received by the waiters are shared with me (or in case the tips are not shared yet, I would definitely feel more motivated for work if tips were shared with me.”).

To sum up, we asked if the kitchen service and the work done by cooks would be better, if the waiters shared their tips with them. Table 3 shows a high degree of agreement with this statement which means that work motivation is (or would be) higher, if waiters share(d) their tips with kitchen staff.

**Table 3:** Motivation of the kitchen staff in case they receive(d) a share of tips from the waiters

Please mark (from 1- totally disagree to 5 as totally agree) how much you agree with the following sentence: “The fact that I receive the tips from gambling tables (or if I received the shared tips in case your casino is not using this practice yet) according to the success unit (Foe) gives me additional motivation for my work.”	Aritmetic mean	Standard deviation	Number of interviewees
Chef	4.40	0.89	5
Cook	4.05	1.13	40
Cook’s assistant	4.22	0.97	9
Total number of kithchen staff	4.11	1.08	54

Source: own research

We asked a same question to interviewees in the focus groups, composed of support staff in hospitality industry. They shared the same opinion; if they receive(d) the tips from their co-workers, then they (would) feel more motivated for better quality of work. They felt puzzled, however, as the waiters currently do not share their tips with other staff and therefore the amount received by the waiters is unknown to everyone else. On the contrary, the waiters were of the opinion that shared tips would lead to more equal incomes of individuals regardless of the quality of work performed by individual staff members. They thought that this could have a negative impact on the best workers' performance. To summarize, it seems to be taken for granted that the guests in hospitality industry give the tips to the best workers and this is the reason why waiters feel the tip should belong to an individual, or else the motivation could drop drastically.

## **8.2. Gambling industry**

During the survey, the tips received at the gaming table were shared among all the casino staff. The reason for this was mostly to avoid the negative tension between employees and to avoid the difference in personal incomes. In gambling industry, most tips are usually received at the gaming tables. This was the reason to devise our question (see Table 4) if that could be additional motivation for the rest of the tip recipients such as employees at the cashier desk, slot machines and front desk.

On average, the answers showing agreement with the sentence "*Receiving a share of the tips from the gaming tables gives/would give me additional motivation for my work*" would be marked as 3.66, which means, that the interviewees more agree than disagree with such sentence. However, the employees coming from the companies, where shared tips are not in use, would feel more motivated (average agree: 4.07) for work as the ones already receiving such kind of shared tips (average agree 3.43).

**Table 4:** *The impact of the shared tips received at the gaming table among casino employees and the effect of shared tips on motivational behavior*

Please mark (from 1- "I totally disagree" to 5- "I fully agree") how much you feel related to the following sentence: "The fact that I receive the tips collected at the gambling tables (or if I received a share of tips in case your casino is not using this practice yet) according to the success unit (Foe), gives/would give me additional motivation for my work"	How the company is organized in rewarding the tips	Aritmetic mean	Standard deviation S	Number of interviewees
Employees working at slot machines- total	Organized system	3.29	1.33	14
	No organized system	4.75	0.50	4
	Total	3.61	1.34	18
Cashier	Organized system	3.51	1.36	35
	No organized system	3.95	1.40	21
	Total	3.68	1.38	56
All employees in gambling industry, but not including the department at gambling tables	Organized system	3.43	1.38	51
	No organized system	4.07	1.27	28
	Total	3.66	1.37	79

Source: Own research.

This encouraging finding shows that employees would feel more motivated, if the system was more unified. However, the reason for a low level of motivation to receive tips can be assigned to the fact that during our research most of the systems were not organized in a way which would assure the sharing of received tips. Nevertheless, even in the companies which shared the tips, it was impossible to track them on the payslips and therefore they could not be considered as a motivational element.

Similar questions were asked in our focus groups. We first explained the structure of the payslips to the employees and we pointed out that a variable part of the remuneration consists of the tips received at the gambling tables. After this explanation, we asked them if the shared tips motivated them to better cater for their guests. All the participants agreed– in case they truly believed this to be true – that this would definitely make them feel more motivated and improve their service and relations to the guests. But in such case the sum total of the tips should be clearly seen on the payslips and should be listed in a separate column. They also pointed out that it was not only the financial aspect they found important, but also the feeling of being appreciated and their work being valued. This shows that they want to be included in the system of shared tips.

We can see that the employees in the hospitality industry would be more motivated if they received a share of tips collected by their co-workers (average 4.11) than the employees in the gambling industry (average 3.66). The biggest difference in the gambling industry can be seen between a well-organ-

ized system (average 3.43) and a badly organized one (average 4.07). Well-organized systems are aimed at workers being more motivated to increase their tips.

### ***8.3. The relation between received tips and the desired tip rate which would motivate the employees to better cater for their guests***

Here we would like to find out if the employees feel that the guests tip them frequently enough and if the sum total of the tips collected gives them additional motivation. In Table 4 we compare the data about the average sums of tips given to the employees by the guests. The comparison includes the total number of all Slovenian employees working in the hospitality and gambling industry as opposed to the area of Nova Gorica, where we collected answers. This comparison shows how the frequency and the amount of tips motivate employees for high quality of work. The comparison also shows the average sum of the tips they actually receive.

In section *Tips rate according to the percentage of the bill* Table 5 clearly shows that even tips lower than expected give additional motivation to employees all over Slovenia. The situation is the same in Nova Gorica, however, the workers there need higher tips to feel more motivated to better cater for their guests.

**Table 5:** *The relation between tips received and the sum total of tips, which would actually motivate the employees to better cater for their guests*

		Slovenia		Nova Gorica	
		Waiter per abill issued (n=108)	Croupier per winning prize (n=131)	Waiter per a bill issued (n=45)	Croupier per winning prize (n=85)
Tips rate according to the percentage	Received tips (from guests)	6.11 %	2.73 %	6.11 %	2.73 %
	Motivates to better cater for the guests (from employees)	3.69 %	2.23 %	2.90 %	2.47 %
	<b>Index according to the expectation of employee</b>	<b>166 %</b>	<b>122 %</b>	<b>211 %</b>	<b>111 %</b>
Tips rate according to absolute value	Received tips (from guests)	2.21 EUR	4.00 EUR	2.21 EUR	4.00 EUR
	Motivates to better cater for the guests (from employees)	2.65 EUR	4.34 EUR	2.11 EUR	4.43 EUR
	<b>Index according to the expectation of employee</b>	<b>83 %</b>	<b>92 %</b>	<b>105 %</b>	<b>90 %</b>
Tips according to the frequency given by the guests	Received tips (from guests)	44.5 %	74.0 %	44.5 %	74.0 %
	Motivates to better cater the for the guests (from employees)	38.0 %	63.0 %	47.0 %	73.0 %
	<b>Index according to the expectation of employee</b>	<b>117 %</b>	<b>117 %</b>	<b>95 %</b>	<b>101 %</b>
Real tips according to the percentage	Received tips (from guests)	2.72 %	2.02 %	2.72 %	2.02 %
	Motivates to better cater for the guests (from employees)	1.40 %	1.40 %	1.36 %	1.80 %
	<b>Index according to the expectation of employee</b>	<b>193.9 %</b>	<b>143.8 %</b>	<b>199.5 %</b>	<b>112.0 %</b>
Real tips according to the absolute value	Received tips (from guests)	0.983 EUR	2.96 EUR	0.983 EUR	2.96 EUR
	Motivates to better cater for the guests (from employees)	1.007 EUR	2.73 EUR	0.992 EUR	3.23 EUR
	<b>Index according to the expectation of employee</b>	<b>97.7 %</b>	<b>108 %</b>	<b>99.2 %</b>	<b>92 %</b>

Source: own research

On the other hand, there is a Slovenian characteristic, which shows that employees are more motivated by the sum total of the tips (see the section *Tips rate according to the absolute value*) than by the tips they individually collect on a daily basis. On the contrary, only in Nova Gorica the waiters expect to receive the tips more frequently than they actually do and the waiters actually feel more motivated by a lower sum total of the tips that they actually receive. (It is) the frequency which actually motivates all Slovenian employees.

The actual tip collected according to the percentage is presented in the section *Real*. This section shows that motivation has been achieved. On the other hand, the section *Real tip according to the value* shows that motivation is only achieved in the group of croupiers on the national level but not in Nova Gorica. Other groups demonstrated that less motivation has been achieved.

#### ***8.4. The impact of income on employee motivation to serve their guests on a higher level***

We have also researched (Table 6) if the income has any impact on the employees and their motivation for better quality of work. We explored the relationship between the importance of tips as perceived by the employees and their gross salary (survey question: “*Please, mark how much the following elements motivate you for better quality of work with the guests: tips received.*”) (Table 3).

Waiters and croupiers are usually the ones who directly create and receive the tips and this is the reason that we bring a them into special focus. As the basic salary grows, less and less motivation is felt by waiters and other employees in the hospitality sector. The situation is quite the opposite among croupiers in the gambling industry.. The reason is that tips (especially in case of croupiers) are a share (percentage) of their income (salary) so they are more motivated when the two are related .



**Table 6:** *Tip-generated motivation as related to gross salary*

Please, mark how much the following elements motivate you for better quality of work with the guests: tips received.« In each section, only mark one of the given answers: (1) »It does not motivate me.« (2) »It motivates me.« (3) »It motivates me to ascertain point.« (4) » It mostly motivates me.« (5) »It motivates me a lot.«		The basic of gross salary		
		0–500 EUR	501–1,001 EUR	Above 1,000 EUR
Waiter	Arithmetic mean	4.91	4.15	
	Standard deviation	0.30	0.99	
	Number of interviewees	11	34	
Hospitality – total	Arithmetic mean	4.53	4.12	2.00
	Standard deviation	1.13	1.00	
	Number of interviewees	15	57	1
Croupier – well-organized system of tip sharing	Arithmetic mean	4.17	4.36	4.62
	Standard deviation	0.75	0.89	0.77
	Number of interviewees	6	83	13
Croupier – badly organized system of tip sharing	Arithmetic mean		4.25	
	Standard deviation		0.50	
	Number of interviewees		4	
Croupier – total	Arithmetic mean	4.17	4.36	4.62
	Standard deviation	0.75	0.88	0.77
	Number of interviewees	6	87	13
Gambling – total	Arithmetic mean	4.38	4.27	4.62
	Standard deviation	0.74	1.01	0.73
	Number of interviewees	8	153	29

Source: Own research

Table 7 shows the impact of the gross salary on the workers' motivation. In the hospitality industry, the motivation for better work caused by tips (among waiters, for example) decreases as the gross salary rises. The average ... (figure?) in gambling industry is about the same and it gets lower with the salary over 2,001 EUR. In the cases when croupiers work in a badly organized tip-sharing system (tronc), a lower level of motivation can be observed in the range between the gross salary of 1,001 and 2,000 EUR.

**Table 7: Tip as motivation related to gross salary**

Please mark how much the following elements motivate you for better quality of work with the guests: tip received. In every section, only mark one of the answers: given (1) »It does not motivate me.« (2) »It motivates me a little.« (3) »It motivates me to a certain point.« (4) »It mostly motivates me.« (5) »It motivates me a lot.«		Total gross salary			
		Under 1,000 EUR	1,001-1,500 EUR	1,501-2000 EUR	Above 2,001 EUR
Waiter	Arithmetic mean	4.24	3.50	5.00	
	Standard deviation	1.09	1.00		
	The number of interviewees	17	4	1	
Hospitality – total	Arithmetic mean	4.13	3.90	3.67	
	Standard deviation	1.04	1.37	1.15	
	The number of interviewees	30	10	3	
Croupier – well-organized system of tip sharing	Arithmetic mean	4.33	4.42	4.44	4.31
	Standard deviation	0.58	0.67	0.88	0.63
	The number of interviewees	3	12	9	13
Croupier – badly organized system of tip sharing	Arithmetic mean	4.71	4.38		
	Standard deviation	0.49	0.74		
	The number of interviewees	7	8		
Croupier – total	Arithmetic mean	4.60	4.40	4.44	4.31
	Standard deviation	0.52	0.68	0.88	0.63
	The number of interviewees	10	20	9	13
Gambling – total	Arithmetic mean	4.48	4.48	4.50	4.26
	Standard deviation	0.87	0.77	0.73	0.96
	The number of interviewees	25	42	16	23

Source: own research

### ***8.5. The influence of motivation caused by tips and the frequency of receiving tips***

The last thing we focused on in our research was the question whether the employees which feel more motivated for better quality work when receiving the tips, do actually receive the tips more often (Table 8).

**Table 8:** *Relation between motivation for receiving tips and between the frequency of receiving tips*

Please mark how much the following element motivates you to better cater for the guests. In every section only select one of the answers: (1) »It does not motivate me.« (2) »It motivates me a little.« (3) »It motivates me to a certain point.« (4) »It mostly motivates me.« (5)»It motivates me a lot.«/Received tip		How often have you received tips in the last month?	
		Receives the tip (always, very often, often)	Does NOT receive the tip (seldom, almost never, never)
Waiter	Arithmetic mean	4.32	4.12
	Standard deviation	0.80	1.05
	The number of interviewees	88	65
Hospitality – total	Arithmetic mean	4.26	3.94
	Standard deviation	0.85	1.17
	The number of interviewees	115	124
Croupier – well-organized system of tip sharing	Arithmetic mean	4.31	4.14
	Standard deviation	0.93	0.69
	The number of interviewees	135	7
Croupier – badly organized system of tip sharing	Arithmetic mean	4.13	4.18
	Standard deviation	1.21	1.25
	The number of interviewees	32	11
Gambling – total	Arithmetic mean	4.32	4.16
	Standard deviation	0.93	1.25
	The number of interviewees	276	104

Source: own research

The employees who receive tips ranked tipping as a motivational factor on average 4.26 in hospitality and 4.32 in gambling. This means tips motivate most of them. Even those who do not receive any tips, chose the tip as a motivational factor, only with a slightly lower mark (3.94 on average in hospitality and 4.16 on average in gambling). This can lead to the conclusion that those who feel motivated by tips, actually receive tips slightly more frequently than others.

Furthermore, there are differences between croupiers, who work in companies with a well-organized system of sharing tips and between the companies, where such system is not in place. In the companies where sharing tips is well organized, the tips as motivation are ranked higher than in the companies where sharing tips is not well organized.

This shows again that the tip can have a large motivational influence, especially if the system for sharing tips is well organized.

Besides that, we can further develop our thinking: if the workers receive tips, the tips themselves are the reason why they are more motivated to better cater for their guests. This means that when the employees believe they might receive (a share of) the tips, they focus on delivering better service. Better service, in turn, can be the reason that guests will tip the employees. We researched this aspect and found out that tipping influences the quality of

service in a positive way. It also has the potential to influence the behavior of the employees (Raspor, 2010).

### **8.6. Motivation for quality service with guests and systems for rewarding with tips**

We conclude with an explanation of how motivation from tips can be changed by implementing a suitable reward system. This has been partly explained in previous chapters. For this purpose, we compared the average answers of the interviewees. The question was: Please mark how much the following elements motivate you for higher quality of service with guests: Received tips (with answers from (1) “*It does not motivate me*” to (5) “*It motivates me a lot*”). Interviewees were put in different groups, depending on the type of the reward system used in their company.

Table 8 includes all interviewees who completed the questionnaire. The first line includes all interviewees. All interviewees ranked highly (average 4.21) the answer that tips give them motivation to deliver quality service to their guests. The reason for this is that we excluded the ones who did not answer this question (because they do not receive tips – for example chef, inspector and manipulant at the slot machines in certain casinos, as they were not allowed to receive tips).

**Table 9:** *The influence of motivation in relation to the frequency of receiving tips and the organization of the reward system (including tips)*

Please mark how much the following elements motivate you for better quality of your work with guests? In every section, please select one of the following answers from (1) »It does not motivate me to « (5) »It motivates me a lot. «	Received tip		
	Average	Standard deviation	Number of employees
All participants in survey	4.21	1.03	619
Does not receive tips (seldom, almost never, never)	4.03	2.00	228
Receives tips (e.g. waiter, receptionist, croupier, cashier)	4.30	0.91	391
Can only get his/her own tip (f.e. waiter, receptionist)	4.27	0.87	183
Shares tip (tronc) collected at gambling tables with his/her co-workers; croupiers, leaders at the tables, inspectors of the gambling tables and slot machines, manipulants, cashiers, ticket sellers	4.29	0.99	241
System for sharing tips (tronc) collected at gambling tables is not organized (employees at gambling tables in Casino Ljubljana, Bled, Maribor, Portorož, Lipica, Lido)	4.23	1.16	39
System for sharing tips (tronc) collected at gambling tables is organized (employees at gambling tables in Hit Group)	4.34	0.89	169

Source: own research

As we can observe, the interviewees who receive tips, feel more motivated (average 4.30) for higher quality of work with the guests as the interviewees who do not receive any tips (average 4.03). We split the interviewees who receive the tips in two groups; the ones, who receive their own tip (for example waiter, cashier) directly from the guest and do not share it with their co-workers, although the co-workers would have the right to receive a certain share of the tips received at the gambling tables (for example cashier). In the second group we put the interviewees, who put their tips into a common fund. The interviewees who only receive their own tips marked that tips have lower (average 4.27) influence on their quality of work than the employees, who share their tips (average 2.29) with others. The latter we split into two more groups: those who work in the companies without a well-organized tip sharing system (Ljubljana, Portorož, Bled, Maribor) and those, who work in a company with a well-organized tip sharing system (Hit Group). The employees working in companies with badly organized systems, are less motivated for better quality of work (average 4.23) compared to the croupiers, who work in companies with a well-organized system for sharing tips (average 4.34).

It can be concluded that employees in companies with an organized tip sharing system are more motivated than in those with a less organized system. The correlation is almost linear – the motivation increases with the maturity of the tip sharing system.

This can be explained by the fact that the waiter usually receives tips directly and at the end of the working day. The sum total of a waiter's daily tip is relatively low (for example up to 20 EUR). A croupier receives the tips as part of the monthly salary and the sum total of tips can reach up to a half of the basic gross salary (even a more than 1,000 EUR net salary). This is also represented in the common acquiescence of the employees working in gambling to the statement: "*Tipping belongs to the financial stimulation for work*". (average 4.44 on the scale from 1 "*I totally disagree*" to 5 "*I totally agree* "). Employees working in the hospitality sector mostly disagree with this statement (average 3.33). Croupiers believe that they receive a higher sum total of tips and therefore consider tipping as higher motivation than waiters, who have no direct insight into the monthly sum total of their tips (unless they have their own way of keeping a record of the tips received).

## 9. Discussion

### 9.1. Hypothesis testing

The research shows (H1) that employees working in the companies with a well-organized tip sharing system feel more motivated for better quality work than the employees working in the companies, where tip sharing is not well organized. Those who receive only their own tips (waiters, receptionists) and those who share their tips received at the gambling tables (croupiers, leader at the tables, inspectors at the gambling tables and inspectors at the slot machines, manipulants, cashiers and ticket sellers) have all ranked the statement (*“Please mark, how much the following elements motivate you for better quality of work with the guests”* “Received tip” on the scale from (1) *“It does not motivate me”*, to (5) *“It motivates me a lot”* is ranked 4.27; average 4.29) almost on the same level.

A more significant discrepancy is evident among employees who work in casinos with a poorly organized system for sharing *tronc* gathered at the gambling tables; they ranked the answer with an average mark (on the scale from 1 to 5) 4.23, and among those who work in a well-organized system – they ranked the answer with an average mark 4.34.

Hypothesis H1 is partially confirmed.

We set out to establish whether the chef would deliver better service if the waiters shared their tips. We found out (H2) that motivation (Statement: Motivation of the interviewees working in the kitchen is higher, if waiters share their tips with them.) among kitchen staff is higher if the waiters share or shared their tips with them (an average on the scale from 1 *“I totally disagree”* to 5 *“I totally agree”* is marked 4.11).

As we have already explained, tips received in casinos at the gambling tables are shared among all employees in the casino. This practice came into use to avoid tension among employees and to eliminate drastic differences in incomes; most of the casino tips are received at the gambling tables. This is the reason why we wanted to discover if this serves as additional motivation to the rest of the staff who receives *tronc* (staff working at the cashier, slot machines and reception desk). We found out that motivation (statement: *“The fact that I receive tips collected at the gambling tables (or “if I received the shared tips” in case the casino is not using this practice yet according to the success unit, gives me additional motivation for my work”)* is lower among the employees

working in companies with well-organized systems for sharing tips (average 3.43) than among the employees working in poorly-organized systems (average 4.07). Other companies could use these results to further motivate their employees. The hypothesis H2 is confirmed.

## **Summary**

The article reports the results of a survey (combined with an interview and focus group) about tipping motivations and behavior. Various conclusions are drawn about tipping behavior throughout the analysis. We have summarized only a subset of those conclusions.

The practical value is reflected in the finding that tipping is not used enough as a tool to motivate employees. We believe that employers should first be made aware of what tipping can offer. Then employees can be made aware of their potential benefits. We think that employers have to motivate employees to pay more attention to customers, as it would increase customer satisfaction and the chances of receiving a tip, which, in turn, would increase employee income.

The original value of this contribution is shown in that we are the first to research tipping in relation to motivation in the sense of exploring factors, such as motivation in the hospitality and the gaming industry that confirm the impact of tipping on worker' motivation.

This research gives a new understanding of tipping as a variable part of wages, which would ease the burden on employers and would make companies more competitive.

In our past research we found a correlation between methods used to increase the value of tips and better service quality, increased financial and numerical flexibility, motivation, satisfaction upon receipt of tips and the method used to increase the value of tips (Raspor et al., 2014). In order to decrease labour costs we propose that the management take control of tipping and integrates tips into the reward system. Also, the employees should be made aware of how tipping improves service and increases their income.

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