

# CHAPTER 2

## DIVIDED WAGES AND DIVIDED WORKERS: TIPS AND THE TWO-EMPLOYER PROBLEM

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### ABSTRACT

*The extra-low minimum wage for US restaurant workers has remained unchanged for over 30 years. Periodic campaigns have brought this wage, and its connection to the perpetuation of inequality and exploitative work, to public attention, but these campaigns have met resistance from both employers and restaurant workers. This article draws on a workplace ethnography in a restaurant front-of-house, and in-depth interviews with tipped food service workers, to examine the tipped labour process and begin to answer a central question: why would any workers oppose a wage increase? It argues that the constituting of tips as a formal wage created for workers a two-employer problem, wherein customers assume the role of secondary, unregulated, employers in the workplace. Ultimately, the tipped wage poses a longer-term strategic obstacle for workers in their position relative to management and ability to organize to shape the terms and conditions of their work.*

**Keywords:** Service work; tipping; labour process; restaurants; ethnography; labour organizing

To the restaurant owners out here who think that their business model is dependent on paying people less than minimum wage, I would say they don't deserve to be in business. They should be ashamed of themselves to think that they can pay someone less than minimum wage for their hard work. And to the workers out here who are applauding people who want to pay them less than minimum wage, I think that you have really been tricked through fear into thinking that you won't have a job unless you get paid less than minimum wage.

*Bartender from Ithaca, New York*

I work hard for my money. I rely on my tips ... I receive no aid from New York. I have never received food stamps, I have never received any kind of help, anything. I have a beautiful home. I have supported my children. I have a mortgage, cars ... These people claiming that they can't make it, and they are getting harassed, and they are not making enough? You filled out an application to get that job. Fill out another one. A lot of us make it. If you know what you are doing, you know what you are doing.

*Diner server from Syracuse, New York<sup>1</sup>*

The above accounts are taken from the testimonies of Central New Yorkers at a 2018 public hearing to weigh the possible abolition of the state's tipped subminimum wage. The hearing drew restaurant and other tipped workers from around the region, and these excerpts epitomize two sides of an ongoing debate over the future of the widespread use and legality of the US' lower-than-minimum wage for tipped workers. Many labour advocates across the country advocate a stance articulated by the first worker: subminimum wages are super-exploitative and should be abolished. Yet, the second worker is not alone in their defence of this wage structure, and in their message to those who 'can't make it' in the industry: 'fill out another [job application]'. It may seem counterintuitive that any worker would object to mandated minimum wage increases from their employers. In what follows, drawing upon an ethnographic study of work on the floor of a US-based chain restaurant, I suggest that the strange circumstances surrounding the political status of the US subminimum wage are traceable to the formalization of the two-tier wage system itself. This is because the tipped wage structure creates the customer as a secondary – and, importantly, *unregulated* – employer. It shapes relations-in-production wherein an entrepreneurial, hyper-individualist ethos pervades, and where workers look not to their bosses for increased wages but to their own ingenuity. While management fades into the background, the labour process *appears* to unfold only between the worker and the customer in each individuated service transaction, over which workers are often in direct competition.

Many diners, and those who have escaped employment in one of the US' tipped service occupations, may not realize that workers in 43 states around the country may be paid below the minimum wage by their employers. While the 1938 Fair Labor Standards Act (FLSA) set a minimum wage for most of the country's workers, a few select categories of workers were, and remain, excluded from that modest guarantee. Tipped workers, those who earn at least \$30 a month in tips and spend at least 80 per cent of their time in tip-earning activities, are among those workers. Critics of the tipped wage link it to disproportionate rates of poverty among food service workers (Allegretto & Cooper, 2014), who account for over half of the nation's tipped workforce (Conlin, Lynn, & O'Donoghue, 2003).

Tips are, after all, a fundamentally uncertain source of income, and this wage structure compounds the overwhelmingly precarious position of food service workers, a condition only more glaring in the harsh light of the COVID-19 pandemic.

Opponents of the tipped wage have also argued that workers' reliance on informal tipped income creates unduly coercive working conditions, wherein workers are obliged to tolerate ill treatment to earn a decent living ([Restaurant Opportunities Center \(ROC\) United, 2012, 2020](#); [Ross & Welsh, 2021](#)). Studies have found that tipped work encourages self-exploitation in the workplace and, thus, functions as a mechanism for increasing managerial control ([Sallaz, 2002, 2009](#); [Sherman, 2007](#); [Ogbonna & Harris, 2002](#); and see [Azar, 2003](#) for a managerial perspective), where the enticement of the tip elicits workers' unwitting consent ([Burawoy, 1979](#)). Others have challenged, or at least tempered, such critiques to assert that workers derive meaning from, and experience agency through, tipped work ([Brewster & Wills, 2013](#); [Erickson, 2004a, 2009](#); [Gatta, 2002, 2009a](#); [Paules, 1991](#)).

Missing from both the emphases on managerial techniques and individual agency, however, is consideration of what the tipped wage and tipped work mean for workers collectively, united by shared material interests but also, in the workplace, through their engagement in a cooperative labour process. As organized workers recognized a century ago, it is to workers as a collective body that the two-tier wage system poses the greatest threat and has done the most significant damage. This distinction between workers as individuals, rather than a collective, helps explain the counterintuitive circumstance of workers publicly opposing a wage increase.

In what follows, I draw on an ethnography of the restaurant dining room and in-depth interviews with tipped restaurant workers to shed light on an under-theorized aspect of the tipped wage conundrum, which in these pages I refer to as *the two-employer problem*. In part, it is a basic unfairness identified by workers in the early years of the 20th century: waiters working for tips under an informal and unregulated system complained that they worked for 'two bosses', and felt 'at the mercy of the customer all the time' ([Josephson, 1956](#), pp. 89–90). The subsumption of the customer into the traditional worker-employer dyad is a fundamental feature of interactive service work but, as I will argue, the institution of a *formal* tipped wage goes even further, and the customer assumes the role of a secondary, and entirely unregulated, employer and disburser of a legal wage, wittingly or no. Employers – that is, the *real* employers – obscured behind the screen of their ephemeral doubles, the customers, can shed ordinary obligations to workers. The two-employer problem framework, thus, helps theorize the many conflicting features of tipped work, as well as the seeming paradoxes of the contemporary political context. Notably, it creates the appearance that workers are engaged in a subdivided labour process, involving multiple distinct employers, in the tipped service interaction.

In the following section, I briefly contextualize this study and the contemporary debate over tipped wages in an abbreviated account of the emergence of the US tipped wage system. This history sheds light on the struggle between workers and capital out of which this tipped wage emerged and throws into stark relief both the peculiarity of the US system and the condition of tipped workers today. I then review the literature on tipped work, and especially tipped restaurant

work, highlighting the various ways in which scholars have understood the tipped labour process. After a discussion of research methods, I turn to the world of the contemporary restaurant's front-of-house. Ultimately, I argue that, while this and other studies of tipped work demonstrate many ways in which working for tips can be a boon, materially or experientially, for certain individual tipped workers, the tipped wage has created a longer-term strategic problem for workers in their position relative to capital and in their ability to organize to shape the conditions of their work.

## **WORKING FOR 'TWO BOSSES': RESTAURANT WORK IN THE US CONTEXT**

Tippling in US service occupations was once an informal practice, as it remains in many other parts of the world. Today, it is a firmly entrenched and structural feature in many US industries, the food service industry foremost among them. At the federal level and in most US, tips, in fact, constitute not a gift or gratuity but a legal form of wage – as the Supreme Court ruled in 1942 (*Williams v. Jacksonville Terminal Co.* 1942). Where tipping is normalized, employers have recourse to a special, lower-than-minimum wage category, codified in a 1966 amendment to the FLSA. This allows employers to subsidize state and federal wage requirements with the tips workers receive directly from customers.

This peculiar system evolved out of the particular context of US capitalist work and labour relations in the late 19th and early 20th centuries. The development of tipping practices and tip work became bound up in the legacy of slavery and the insinuation of formerly enslaved workers into wage work. In the decades immediately following the Civil War, the Pullman Company was one of the country's earliest adopters, at scale, of a de facto tipped wage. Pullman cut labour costs by targeting formerly enslaved black men in the US South for their extremely low-wage and customarily tipped porter positions (Bates, 2001; Santino, 1989). Limited employment options made these workers more likely to accept substandard wages, and work in the sleeper cars – and the requirements of tip earning – invoked the very recent memory of racialized servitude.<sup>2</sup>

The Brotherhood of Sleeping Car Porters, in their struggle for recognition for their union and improved working conditions, linked tip earning to slavery and sought to ban the practice of tipping altogether (Bates, 2001). In contrast, the positions of the plethora of craft unions representing tipped service workers in the first decades of the 20th century were heterogeneous. Some workers clung to a system they found lucrative or that provided them a modicum of autonomy in work. More commonly, at the level of leadership, unions opposed tipping and the low hourly wages that became customary in many tipped occupations.<sup>3</sup> They recognized the challenge posed to the unions' growth and success, as tip earning encouraged individualism in the workplace rather than collective organizing. Tipped work lost some of the very socializing qualities from which would develop class solidarity (Segrave, 1998; U.S. Bureau of Labor Statistics, 1927). When service industry employers made the first large-scale push to cement those wages in a

low, tipped wage and special exemptions for restaurant employers under the 1933 National Industrial Recovery Act, they were met with worker protests and the threat of strikes (Needleman, 1937).

The final push towards the institutionalization of tips as wages came, for the first time, from workers themselves. Throughout the 1950s, the IRS had become more aggressive in pursuing cases of tax evasion on tip income, but there remained a disconnect: tips were considered part of the wage for the purposes of tax collection but did not count as income in the calculation of workers' Social Security benefits (Segrave, 1998). Through a multi-year effort, and facing the opposition of service industry employers, unions successfully lobbied congress and the Social Security Administration to add a tip income provision to the Social Security Act in 1966 (Arlen, 1964; Segrave, 1998).<sup>4</sup> Later that same year, a formal tip credit was established in an amendment to the FLSA, allowing employers to subsidize up to 50 per cent of hourly wages with workers' earned tips.<sup>5</sup>

Thus, the pattern of back and forth out of which emerged the contemporary tipped wage was one in which unions did have significant influence, but employer power predominated. While service worker (and especially restaurant worker) unions' presence declined, restaurant industry efforts have not abated. In the mid-1990s, the National Restaurant Association's lobbying efforts froze the federal tipped wage at \$2.13 per hour, and they have been further instrumental in blocking or overturning recent state-level efforts to eliminate the lower wage (Allegretto & Filion, 2011; Thielman, 2018). In what follows, we will see how, on a micro-level, the formalization of this wage system structures the tipped labour process and confirms the analyses of those early unionized service workers, creating and amplifying the two-employer problem. The institution and erosion of the value of the tipped wage had the effect of constituting the customer as a second, unregulated, employer in the workplace, and over time workers have become increasingly reliant on the generosity of that informal employer.

## UNDERSTANDING THE TIPPED LABOUR PROCESS

While the tipped wage can apply to workers in a number of service occupations – including car wash workers, delivery drivers, and nail salon technicians – tipped food service workers, who comprise more than half of US tipped workers (Conlin et al., 2003), are the primary focus in these pages. Nationally and at the state level, much of the debate over the tipped wage has unfolded in policy-focused literature advocating either the elimination (Allegretto, 2018; Allegretto & Cooper, 2014; Haley-Lock & Ewert, 2011; Specker, 2016; and see the Restaurant Opportunities Center (ROC) United's various publications) or maintenance (Glans, 2018; Zahringer, 2014) of state or federal tipped wages. Detractors of the two-tier wage system connect the tipped wage and super-exploitative working conditions, arguing that its elimination could help diminish the problems of tipped service work (Glans, 2018; Zahringer, 2014; and see ROC United policy reports), in keeping with other studies that link tipped food service work to precarity, vulnerability, and material inequality (e.g., see, Ehrenreich, 2001; Paules, 1991).

Unlike in a more typical employment relation, tipped workers are faced with the constant onus of having to weigh the costs of inappropriate treatment – whether from customers or management – against the risks of lost income. Women working in service occupations are especially likely to experience, and be compelled to tolerate, workplace sexual harassment or abuse (Restaurant Opportunities Center (ROC) United, 2012, 2020; Ross & Welsh, 2021; Specker, 2016). Studies of restaurant work have also demonstrated the connection between tipped work and the demands of gendered emotional labour (Erickson, 2004a, 2004b, 2009) and gender disparity in earnings (Restaurant Opportunities Center (ROC) United, 2012, 2020).

Other studies have highlighted the perpetuation of racial inequality both in the amount of tip earnings (Brewster & Wills, 2013; Lynn, 2006; Lynn et al., 2008) and the question of which workers, in workplaces that are spatially stratified by race and class, are likely to access (or, alternately, be subjected to) tip-earning front-of-house occupations (Sachs, Allen, Terman, Hayden, & Hatcher, 2014; Wilson, 2018). More recently, publications from anti-tipped wage advocates and the popular press have made the explicit connection between the early implementation of tipped wages and legacy of US enslavement, linking the predatory conditions of tipped work in the late 19th century and today (see, e.g., Alexander, 2021; Barber, 2019). Lastly, the tipped wage is unevenly implemented across the restaurant industry and the country, so outcomes vary greatly depending upon where and how workers are employed (Haley-Lock & Ewert, 2011).

Tips have also been described as a lucrative means for employers to organize work to meet the constraints of interactive service work and elicit effort from workers. The tipped wage in effect provides a subsidy to the food service industry, but tipped work also functions to orchestrate workplace consent (Burawoy, 1979). Tip earning redirects workers' attention away from management and their objective relation to their employers (Sallaz, 2002, 2009; Sherman, 2007), obscuring relations of production and ultimately reifying managerial control (Ogbonna & Harris, 2002). Tips cultivate a sense of personal responsibility, of autonomy and self-management, but in the end, this autonomy is bounded by the persistent, if veiled, authority of managers. Perhaps most significantly, tip earning elicits the work of service – and not just service, but *good service* (Sallaz, 2002). These observations are in keeping with Marx's (1867/1990) description of another 'non-standard' wage structure, that of the piece wage, which similarly compels workers' effort and structures their labour process. I discuss the resemblance between these wage structures, and where they diverge, below.

A tradition of restaurant ethnographies also draws attention to the experience of tipped work. William Foote Whyte (1946, p. 129) warned that 'the emotional hazards of tipping [were] an evil that the server [was] helpless to combat', compelled as they were to extend the 'itching palm' (Scott, 1916). Others have contested this vision of tipped work, arguing that workers strategically navigate those 'emotional hazards' of restaurant service work to both maximize their earnings and preserve their wellbeing (Erickson, 2004a). So too have scholars studying the restaurant argued that tipped workers exert control over the labour process and customer interactions (Erickson, 2009; Mars & Nicod, 1984; Paules, 1991) and through the very informality of tipped work exert agency in the workplace (Brewster & Wills, 2013;

Gatta, 2002, 2009a). Gatta (2009a) explicitly argues for the preservation of tipping systems for this reason. Brewster and Wills (2013, p. 198) call ‘the institution of tipping ... the most salient source of servers’ experiences of empowerment at work’, writing that ‘the institution of tipping ... gives [servers] the ability to manipulate their presentation of self and influence the emotions of their customers’.

Notable in these accounts is an emphasis on the worker at the individual level, their sense of self and individuated customer encounters. Tipped work has also been construed as an important avenue through which workers can demonstrate resistance in the workplace (Gatta, 2009a; Paules, 1991), but these acts of resistance are likewise constrained by their individualized nature, and workers’ efforts to resist – whether by circumventing ordinary rules of the workplace or refusing the tip altogether – typically rebound on their coworkers or are bounded by a singular act of wage forfeiture.

A few studies have begun to shed light on the way tipping structures translate to relationships between workers and emphasize the way tip earning can function to divide workers in the workplace. Tips can heighten extant class and race inequalities (in one restaurant tips ‘brightened the boundaries’ between tipped and non-tipped workers; Wilson, 2018) and spur competition between tipped workers, fostering certain strategic alliances and antagonisms (Gatta, 2009b). In the pooled house, where tips are shared, the effects are markedly different. Workers may experience more cooperation in the labour process (Sallaz, 2002) but also a mutual pressure to perform (Wilson, 2019). Workers may also see tip pooling as a strategy by which they can exert some measure of control over their earnings, making them more consistent and less unpredictable (Mulinari, 2019).

These studies begin to illuminate the relationship between the tipped wage and the labour process and highlight the relations-in-production that span the workplace. From these accounts of tipped work, workers emerge as individuals – who suffer, cope with, and make meaning from tipped work – while managerial control is reified. Missing from this picture is a collective view of workers – whether and how workers can shape the terms of their work and increase their earnings in a way that is both more inclusive and more lasting than what can be accomplished in the individual service interaction. This individualizing is perhaps unsurprising under the circumstances, as today only 1.4 per cent of workers in the food service and drinking sector are unionized (U.S. Bureau of Labor Statistics, 2020a). This was not always the case, and the brief survey of the history of tipped work above reveals how organized service workers struggled to shape the laws and norms of their industry. It is this missing perspective of the tipped wage on which I will try to shed light over these pages, through the framework of the two-employer problem.

## RESEARCH METHODS

This article draws upon ethnographic field notes, interview transcripts, news articles, and transcripts and video from the 2018 New York State hearings on the subminimum wage, gathered as part of a broader project on contemporary restaurant work and the history and political status of tipped wage systems in the

United States. Supplementing these data are ninety-five surveys with New York State restaurant workers collected by undergraduate student researchers from Syracuse University in a separate, 2019 project in partnership with ROC United.<sup>6</sup> These provided background on the Syracuse-area restaurant workforce as I formulated my own research plan and, where relevant, I also draw in this article on specific statistics gleaned from the worker surveys.

This research takes as a case study a large US-based chain restaurant, which I call 'Tastee Co.', located in a shopping mall in Syracuse, New York. There I undertook three-and-a-half months of participant observation, working two to three shifts per week as a host in the restaurant's front-of-house. I also conducted 10 in-depth interviews with area tipped restaurant workers. These conversations provided an opportunity to discuss my observations and early theorizing with my coworkers and to compare that experience with those of several workers in other Syracuse-area food service establishments.

While ultimately my field site was determined the moment the Tastee Co. general manager offered me a position, I had concluded early on that employment in the family-style chain restaurant offered several advantages to this project. The Tastee Co. front-of-house provided access to a larger and more diverse workforce than would many smaller establishments. Its design and labour process – in many ways indistinguishable from those of the other, similarly cavernous restaurants within a stone's throw of the entrance – was one that had been worked out in distant corporate offices and replicated across the country's suburban landscapes. Such restaurants share with those in the fast-food segment a degree of industrialization<sup>7</sup> but retain the labour-intensive production process characteristic of independent restaurants and the fine dining segment.

The confluence of my own project and the ROC United collaboration also pointed me towards this restaurant segment. Worker surveys had revealed that tipped wages were in widespread use in the relatively low-priced chain restaurants in local malls. I was surprised to find, as well, watching videos and reading transcripts from the New York State hearings that it was not only workers in the fine dining sector (where high menu prices translate to high tips) who defended the maintenance of their wage system. Many workers who turned out in favour of the continuation of tip credits worked for comparatively low-priced local chain restaurants such as Applebee's and TGI Friday's (Subminimum, 2018).

My first foray into the field was a job seeker, and in this process, I made clear my willingness to accept any front-of-house position available, a tactic which had both practical and investigatory purposes. Flexibility gained me access to the field as speedily as possible, but it also gave me insight into the managerial sorting mechanisms and the 'logic of aesthetic labor' through which prospective workers are shuffled into particular service positions (Williams & Connell, 2010). My own sorting was unsurprising. I had in common with most other Tastee Co. hosts that I was a woman and that I had minimal prior restaurant experience. It also proved fortuitous. The host stand was the place where servers, bartenders, bussers, runners, and managers congregated throughout the shift to discuss customers, tips, and anything else of note and positioned me at a way station from which I could observe the entire drama of the dining room.



Accessing the workplace, I would study in this manner was not without its drawbacks and hurdles. Entering the field without managerial approval required that I first obtain a waiver of the informed consent requirement from my university's Institutional Review Board (IRB). This approach left me with limited access to managerial decision making or the conflicts that arise between multiple layers of management. While I was open with my coworkers about my project and research interests, any notetaking I was able to do in the field was surreptitious or confined to the restroom when I was sent to perform 'checks' (clean), out of sight of the cameras through which our general manager observed us at the host stand. I recorded quick voice memos on my phone when it was more convenient and often began recording a narration of the night's events the moment I stepped out of the mall. That said, I had little confidence that I would be hired if I revealed my project, and I feared that managerial approval would come with managerial surveillance – or, worse still, might imply some expectation that I participate in surveilling my coworkers. Immediately following each shift, and into the small hours of the morning, I cobbled together those notes and voice recordings I had amassed while on the floor and wrote up lengthy field notes recounting the day's events.

Tastee Co. had a large floating workforce. Frequent turnover meant that the size of the front-of-house staff was in a state of perpetual flux, but the number hovered at around 100 workers during my months of employment. Many of these workers never appeared on the schedule, and a typical shift was comprised of just six to eight servers, two or three hosts, two bartenders, a take-out person, and managers. Overseeing our location's front-of-house operations were a general manager, assistant manager, front-of-house manager, and bar manager, and on any given shift two or three of their cohort would preside over the floor. The front-of-house staff was racially diverse and skewed young, a large proportion of college age, and many were students working part time. Save for one male worker, the host stand was made up entirely of young women, while the staff of bartenders and servers was fairly evenly split between women and men.

Servers and bartenders were compensated in the same manner. They were paid the New York State food service tipped wage<sup>8</sup> from the restaurant and earned tips directly from customers, as did the worker running the restaurant's take-out operation, who earned tips on top of the regular state minimum wage. Support staff – runners and bussers – was also paid the tipped wage and was expected to receive a 'tip out' from servers at the end of the shift, the total amount of which was left to the server's discretion, while hosts were paid the state minimum. Each wage structure adhered to the constraints and managerial objectives attending the various front-of-house positions. As I explore in what follows, these different wage structures corresponded also to distinct labour processes and the form of relations between workers, and between workers and customers, on the floor.

In this ethnographic research, I loosely followed the extended case method (Burawoy, 1998, p. 6), the 'reconstruction of existing theory', which has a lengthy history in ethnographic studies of the labour process (see, e.g., Burawoy, 1979; Sallaz, 2009; Sherman, 2007). Seeing in worker support for the tipped wage an unexpected expression of workers' *interests*, I sought to trace these back to the

point of production and understandings of the orchestration of workplace consent and control. Field notes and interview transcripts were uploaded into the program Atlas.ti and then read, reread, and coded throughout the research process, using a semi-open coding system that mirrored the ‘iterative’ approach that I took as the project unfolded (Luker, 2008). While I began the project with a set of key codes drawn from prior studies of restaurant work and consent in the labour process, others emerged through this back and forth, in turn, bolstering and challenging the theoretical framework I brought to the field.

## FINDINGS

While tipped service workers in the first half of the 20th century leveraged their collective power to pressure employers or entire industries to increase their wages, today, tipped workers primarily turn to customers for their pay. In this reliance on tipped income, the terrain of struggle has shifted from that between workers and capital to that between the individual worker and customer. But, workers are owed a wage by their employers and can make no such demands of the customer. Instead, they individually strategize, cajole, and attempt to demonstrate the value of their labour. In what follows, I examine the consequences of the two-employer problem for workers, as well as the way that this particular wage structure shapes the tipped labour process.

### *The Customer as Employer*

Like many states, New York mandates a tipped wage above the federal tipped wage, but one is still low enough that many tipped restaurant workers dismiss their ‘hourly’ as something merely pro forma, and not their *real* wage. ‘My hourly rate stays the same no matter what, but I’m not working off my hourly’, Vanessa,<sup>9</sup> a Tastee Co. server, told me. ‘I’m working off tips’. This was something I heard from servers time and again. Jack, a career server at a downtown restaurant, described his base wages as essentially pocket money: ‘You would spend that as soon as you left’, he told me. ‘Stop at a gas station for a Gatorade and, you know ... I’ve never even budgeted that into anything I do. It’s just extra money’. Workers’ lack of attention to, and even ignorance of, the value of base wages was also reflected in surveys with New York State restaurant workers. While all respondents were paid the tipped subminimum wage, a majority (56 per cent) either incorrectly reported the amount of that wage or said they simply had no idea what it was. As Jack put it,

I get it direct deposited and I don’t ever see it. I don’t ever notice it, open it up. It just goes into my bank account ... If you’re worried about your paycheck, then you shouldn’t be in the restaurant business, because you’re just working on tips.

The significance of the tipped portion of the wage, over and above that provided by the employer, is part and parcel of a system in which workers are not only encouraged, but in fact compelled, to perform the work of tip earning. The very existence of a tipped wage category assumes, and functionally requires, that

workers earn tips. Employers are legally required to ensure that workers earn at least the hourly full minimum wage, but it is questionable to what extent tipped workers can really count on this modest guarantee. Wage theft cases are rampant in the food service industry (U.S. Department of Labor, 2019), and in New York City alone, restaurant wage theft lawsuits made up 23 per cent of FLSA cases in 2018 (Allegretto, 2018). The FLSA also, as Ross and Welsh (2021) point out, only secures back pay for workers up to the regular state or federal minimum wage, and so does not address circumstances in which wage theft might include earned tips.

Even at Tastee Co., a moderately priced chain restaurant, servers expected to earn well above the minimum wage of \$7.50 in combined income and servers commonly told me that they considered \$150 for a 5- to 6-hour shift a 'good night'. One of the higher earners told me, just after preparing her taxes, that she had calculated her earnings averaged about \$30 per hour, a not-uncommon wage for tipped restaurant servers (Haley-Lock & Ewert, 2011). Many tipped workers remain in service jobs for just this reason because they are unable to earn as much in their alternative or preferred modes of employment. Such was the case for Alex, who had returned to waiting tables after working as an adjunct instructor. Of course, restaurant service jobs are not, on the whole, extremely lucrative – in 2018, the median hourly income for tipped workers in New York was just \$11.16 (Allegretto, 2018). But that so many workers rely on the customer for such a disproportionate amount of their earnings suggests that it is really to the customer, and not the employer, that workers look for their wages.

While Leidner (1993, 1996) argued that allegiances in the 'service triangle' were constantly shifting, in the case of the restaurant server paid the tipped wage, these relationships take on a very particular formation. This is not a matter of misapprehension on the part of restaurant workers, but the direct result of the codification of a tipped wage. The effect of the court's ruling in *Jacksonville Terminal*, that the tip was a form of legal wage, is to turn the customer, as the provider of this wage, into a secondary employer. As such, a tipped wage redefines, and doubles, the typical employer-employee relationship, as Josephson (1956, p. 89) wrote of mid-century workers wearied of serving 'two bosses'.

On a slow day at Tastee Co., I asked Dori, a server, who she worried about more while she was working: the customers or the managers? 'Oh, the customers', she replied. 'I'm not worried about the managers. They don't do anything. They don't care'. Servers relied on customers for the bulk of their earnings and perceived other workers either as helpmates or impediments to their work, and these two facts combined to contribute to the relative invisibility of management in the labour process and on the dining room floor. Given the choice between those 'two bosses', many servers professed a distinct preference for keeping their interactions limited to the customers, whenever possible. When I asked him about his own interactions with management at work, Jack replied, 'The manager? The less work they have to do, the better. They're happy with you'. Managerial involvement was 'the game changer', he told me, and likely to spark 'a disciplinary action of some sort'. This accords with a finding common in labour process theory: work can be organized in such a way as to obscure the very relations of production by

which it is governed (Burawoy, 1979). In the restaurant, where tips are calculated as a percentage of the bill, worker and managerial objectives largely align, and so the ‘game’ of tip earning comprises the near-entirety of work for many servers. Accordingly, the labour process appears to unfold between the worker and the customer, and management’s authority on the floor primarily reemerges in times of strife or, especially, as Sallaz (2002) observes, in the rare occasions when a worker’s tip-seeking conflicts with managerial aims.

In this way, beyond simply providing them a subsidy, a tipped wage provides additional services to employers. While real employers retreat behind the screen of the customer-as-employer, workers willingly self-exploit. This vanishing act is reminiscent of an effect Marx describes among workers paid a piece rate, determined not by hours worked but work completed. ‘Since the quality and intensity of the work are here controlled by the very form of the wage’, he writes, ‘superintendence of labour becomes to a great extent superfluous’ (Marx, 1867/1990, p. 695). Specifically, tips ensure that workers will generally perform the work that management requires, skilled service customization. As with the piece wage, tipped wages synchronize this managerial aim and workers’ own monetary objectives, and so ‘it is naturally in the personal interest of the worker that he should strain his labour-power as intensely as possible’ (Marx, 1867/1990). Joseph, a Tastee Co. host with little patience for the servers, summarized it thusly: ‘If the company was paying you, I highly doubt some of these servers would kiss their tables’ asses like they do now. Some servers just do any bitty thing’. He put on a mocking, falsetto voice and continued:

‘Oh, no, I know my table so well. They don’t want green onions in the chicken. Oh, no, don’t do that!’ The managers probably look at that table fifty-six as dollar signs. And you better take care of that dollar sign, because if the dollar sign doesn’t leave with the money we want it to leave, then – well, there’s not much they can do, but they’re just going to be a little upset. But if they’re like, ‘Oh my god, your server was wonderful. We’re definitely coming back’, and they see those dollar signs coming back in ....

As Joseph highlights, were it not for the fact that servers rely on customers directly for such a disproportionate amount of their wages, they would be unlikely to exert nearly as much of this customized service labour. The tipped wage structure itself accomplishes managerial aims more economically than could a traditional wage and direct managerial oversight. Tip earning, as Sallaz (2002, p. 421) observed among casino blackjack dealers, ‘spontaneously generates service provision’, and so the customer-as-employer is a time- and money-saving boon to restaurant management. In what follows, we will see that for workers, this two-employer situation means something else entirely.

#### *Antisocial Animals: Tips and Cooperative Labour*

One significant effect of this two-employer problem, wherein the customer emerges as a secondary employer – informal, yet the server’s primary preoccupation – is that tipped workers appear to be engaged in separate and distinct labour processes on the dining room floor. This effect is evident both between tipped workers and between the tipped and non-tipped workers of the front and back

of house. Studies of tipped restaurant work have found that tip earning can fuel competition between workers and accentuate extant divisions and hierarchies in the workplace (Gatta, 2009b; Wilson, 2019). In the provision of customized service, tipped service and non-tipped kitchen workers are often at cross purposes, as their modes of income and the requirements of their jobs may suggest opposite courses of action.

Unlike the kitchen staff, tipped restaurant servers, when engrossed in the individuated service interaction, appear to be working for different employers. A server quoted in Brewster and Wills (2013, pp. 200–201) puts it most succinctly:

This isn't [the restaurant's] table; this is your table. ... The way you should look at it, whenever you're serving, is you're renting out, kind of like you're renting out a little section in the mall to have your business. You got your little business stand up there, and that's the way you should look at it and sell yourself. That's basically the way I look at it. *I'm not working for [the restaurant] I'm working for myself.* [emphasis added]

Such entrepreneurialism is a commonly described feature of tipped service work (see, e.g., Paules, 1991; Sallaz, 2009) but is particularly notable here for a couple of reasons. First, this worker articulates the perception that, when engaged in tip earning, they are not, in fact, working for their primary employers. Second, the worker also sums up the non-cooperative, or antisocial, quality of this work. If workers see themselves as 'renting out' tables and 'working for [themselves]', relations-in-production take on an particularly antisocial form.

Brewster and Wills (2013) understand this feature as a positive avenue for workers' empowerment in the workplace, and it may well be experienced as such. Some Tastee Co. servers enjoyed the apparent autonomy that customer-facing tipped work provides, and in the two-employer context favoured the customer over management, when the two were at odds. They might re-seat customers asking for a coveted booth or a window view to the mall, upsetting the table rotation and its veneer of fairness.<sup>10</sup> They were quick to 'comp' (provide free of charge) and replace items when faced with a frequent customer complaint, hairs in the food, thus infuriating the kitchen staff, who (wearing caps and hairnets) insisted the offending hairs came from the customers themselves.

The fact remains that workers, regardless of how they see themselves on the floor or from where their money comes, *are* employed by the restaurant, and management always retains the ability to fire a worker or to censure them through unfavourable scheduling or section assignments. Tastee Co. workers were always reminded of this last threat by the malign presence of the so-called cursed table near the kitchen, at which customers refused to sit. When, at the beginning of a shift, server Jane saw that she had been assigned this table, she shook her head and said to me in dismay, 'Oh man, I'm in the time out section'. The cursed table was but one reminder that servers' autonomy remains incomplete and that the entrepreneurial server may in fact 'misrecognize ... their own agency' (Sallaz, 2009, p. 61).

These qualities recall again the conditions of piece-wage work, to which interactive service work more generally has been compared (see Sherman, 2007), and where 'the wider scope that piece wages give to individuality tends to develop both that individuality, and with it the worker's sense of liberty, his independence

and self-control, and also the competition of workers with each other' (Marx, 1867/1990, p. 697). The wage form itself structures relations-in-production, spurring competitiveness between workers who might otherwise experience their work as cooperative. But where the resemblance stops is that in piece-wage work, workers still labour for, and are paid by, the same capitalist employer. They are 'brought together ... employed simultaneously by the same capital, the same capitalist', and 'their labour-powers are bought simultaneously by him' (Marx, 1867/1990, p. 447). In the case of tipped work, workers appear to receive the tipped portion of their wage from separate employers. Because earning this second, and usually larger, portion of the wage requires servers' unfettered access to the customer, servers might see other workers as competition for tables – or jobs – within the workplace.

This was certainly the case at Tastee Co. Servers' anxiety over access to tables typically manifested in their hawkish monitoring of the host stand, and perpetual squabbles with hosts over fairness and adherence to the 'rotation', the order by which tables were allocated. Kyle, a server at a popular downtown restaurant, generally attested to the cordiality of his relationships with coworkers, but admitted, 'If someone gets hired, I do start thinking about my shifts being taken'. At the more extreme end of the spectrum was Jack's workplace, a restaurant notorious among other servers I interviewed for its intense and high stakes dining room. 'I like to spread the wealth, whereas some people like to hoard the wealth', he said.

To work with strong personalities, you have to be a strong personality, I feel. Because if you're a weak personality you will get taken advantage of, one hundred percent, and you will make \$100 to \$200 less than that person. So you have to stand on your toes and make sure the people around you understand that you can't just come up and steal a table.

I asked Jack how he projected that to other people, and he laughed. 'Uh, how I project that is, "Stop stealing my tables'. In the restaurant where Jack worked, servers were engaged in constant territorial skirmishes, attempting to eke out additional tips by encroaching on tables and poaching customers. Of course, servers can only maximize their earnings by these means at the expense of their coworkers, and so Jack cultivated an aggressive, imposing posture on the floor to discourage those sorts of advances. At Tastee Co., the functioning of the table rotation system and clear delineation of sections meant that there were rarely direct confrontations between servers over customers or tables. More often, servers would blame the hosts, who mediated between them and who they perceived to be in control of the allocation of customers and tables. When a server named Jeff believed that he had been skipped twice in the table rotation, he harangued my coworker at the host stand, reducing her to tears, insisting that he had earned only half of what the other servers had made that night in tips and that she was to blame.

Conflict also frequently emerges over the distribution of tips themselves, as it is common for non-pooled restaurants to require that servers allocate a portion of their tips to the support staff – usually bussers, runners, and hosts – who are not directly tipped but facilitate service in the front of house. Tastee Co. workers on both sides of the tip out described these kinds of eruptions to me. Server

Kim refused to tip out a busser who she felt had left her in the lurch during an especially busy shift. Afterwards, she faced an oblique censure, akin to being shunned, from our general manager. Joseph, my fellow host at the stand, harboured years-long grudges against the servers he felt had stiffed him when he worked as a runner. In a sense, the tip out functioned as tip work in miniature, making the server the employer of support workers' services. Unlike in the wage relation between servers and customers, however, management still retained some authority over these transactions, and so might step in to curtail any perceived tyranny on the part of servers, as Dale did in the interaction between the server and busser noted above.

Server Alex described her thinking around the tip out, of which she was not especially proud: 'I haven't counted it, but maybe I have \$25 in cash, and it's the end of the night, and I'm tired and I don't care, and the host – maybe they didn't help'. This kind of hyper-individualism around the tip also seemed to explain the negative attitudes servers I interviewed expressed about the prospect of tip pooling. Vanessa said of a tip pool, 'The kitchen would get it, the dishwashers would get it, and honestly, I don't think that's fair'. The tip, she said, was 'my money' given by customers who 'just want to see me'. When I asked Kyle if he would want to work in a pooled house, he made a face. 'I don't like that. I'm selling my personality'.

In this context, it is perhaps not surprising that workers' resistance is often highly individualized and directed towards customers or fellow workers. Workers might demonstrate that resistance by refusing to engage emotionally with customers (Erickson, 2004b; Gatta, 2002) or by attempting to influence the rotation system or speed through customers (Paules, 1991). Such resistance does not pose any challenge to capital but may impinge on other workers, especially when workers refuse a task that ultimately falls to a coworker or circumvent the rotation and 'steal' a table. At times, servers might signal refusal by forgoing the tip altogether (Gatta, 2009a), but I would argue that this mode of resistance is also bounded. Restaurant servers, for whom tip earning constitutes the near-entirety of work, cannot make a habit of forgoing their earnings, or refusing to do the job for which they have been hired, and likely reserve these extreme approaches for the worst and most abusive customers. Crucially, tip earning is not only divisive in creating hyper-competitive relations-in-production on the floor. It also performs a further degree of mystification, wherein the subjective experience of the sale of workers' labour-power does not appear to reveal the shared objective sale of their labour-power to a single employer.

One caveat, however, to the heightened divisions of the tipped labour process comes with the pooled house, where tips are shared according to various schemes, either by all servers, all workers in the front-of-house, or throughout the restaurant. My data do not provide sufficient evidence to discuss the pooled context at length; as I noted above, Tastee Co. was a non-pooled house, and while several the workers I interviewed had experience with tip pools, only one was at that time employed in a pooled house. That said, the reports of even these few workers support observations of other studies of tip pooling (see Mulinari, 2019; Sallaz, 2002), that in the pooled house workers may experience more cooperation and

solidarity, and such systems may contribute to diminishing, or even eliminating, the two-employer problem. Alex, whose former employer had utilized a tip pool that included the back-of-house workers, said,

The kitchen was more willing to work with us when we had difficult tables that wanted annoying things. They were less likely to blame us, or be tense, or make it hard on us, because they understood that if they did this annoying thing that the table wanted, they were probably going to get some return on it as well, not just me. Why go out of their way and ruin their flow, and they're not going to see any difference for that?

Compared to her current, non-pooled employer, there was 'a lot more cohesiveness, and the feeling of folks and the way they related in the workplace was great'. Gia, who worked in a restaurant that utilized a tip pool, made frequent reference to the 'team' environment, where her coworkers were generally willing to lend a hand and assist one another in running food out to the floor or handling customer requests. That said, tip pools might pose their own challenges, and Alex described the light-hearted, but nonetheless real, mutual pressure to perform: 'People will be puttin' on their push-up bras like, 'It's for the tip pool'.

Of the workers I spoke to during this ethnography and in interviews, only Alex had any first-hand experience of collective organizing with her coworkers. In her previous, pooled, workplace, workers had banded together and conducted a button-wearing campaign to demand the censure of a manager who had harassed a worker in the kitchen with a racial slur. As a result of the campaign, the restaurant's general manager grudgingly agreed to hold a meeting with the workers, ultimately demoting the offending manager. While these accounts offer just a glimpse into the pooled house, it seems that this would be a fruitful avenue for future study of the tipped labour process.

### *The Unregulated, Informal Employer*

While pooling arrangements may provide workers some buffer from the vicissitudes of tipped work, the worker earning tips directly and individually may be more likely to be subject to uneven, and even exploitative, treatment in the workplace. A worker's legal employer is (or, at least, should be) subject to regulation regarding their treatment of employees, but the same is not true of the customer. As such, and in the interest of tip earning, workers may be subjected to and even feel compelled to tolerate treatment from customers that they would not from their employer of record. Studies of restaurant work suggest this is the case, finding disproportionate rates of workplace sexual harassment reported by tipped restaurant servers ([Restaurant Opportunities Center \(ROC\) United, 2012, 2020](#)). In the 2019 survey of New York State tipped workers, 47 per cent of workers reported that they or a coworker had experienced sexual harassment in the workplace, and 52 per cent said that they or a coworker had experienced verbal abuse. Studies on tipping practices (see [Lynn, 2006](#); [Lynn et al., 2008](#)) also demonstrate that customers often discriminate when they tip, and on average leave higher tips for white servers than they do for black servers.

Many of my Tastee Co. coworkers had witnessed or experienced discrimination, racial or otherwise, from customers, and it was commonplace enough that



workers were generally unphased by it. When I asked Vanessa about unequal treatment from customers on the floor, she shrugged and responded, ‘Yeah, I’ve had tables turn me down. I’m like, “Hi, my name is Vanessa”. And they’re like, “We’d like to speak to your manager”. They don’t even say my name, but they want a male server’. Reflecting on her own workplace, server Alex said that one of her male coworkers, whom she described as ‘outwardly queer’ and ‘fairly effeminate’, consistently earned less in tips than did the rest of the servers, something Alex attributed to prejudice on the part of diners. In her own customer interactions, Alex frequently experienced ‘subtle’, but nevertheless disconcerting, attention, including ‘unwelcome looks of appraisal’. I asked her how she handled these situations, and she told me,

I make a decision about the kind of friendly I’m going to be. It’s like a huge, crazy algorithm. ... It’s like, am I going to be curt and short? Am I going to make eye contact, and smile, and be like, you’re nice, I’m nice ...

She paused and sighed, and I began to ask her if this ‘algorithm’ of decision making was simply about getting through the night without altercation, or if it meant walking a fine line to maximize her tips. She cut me off, saying bluntly:

Yeah, frankly. Because you don’t want to. In any interaction, even if you’re not a server, in the world, when you feel intimidated by a guy like that, or uncomfortable, you’re always doing math about, what can I do to not provoke this person, but avoid feeling uncomfortable? It’s intensified when there’s money involved because *you don’t just need them to not harass you. You need them to give you money.*

Alex’s description encapsulates the conundrum workers face due to this informal wage relation. In every customer interaction, they must weigh the cost of accepting mistreatment against the cost of refusing to do so. Workers are responsible not only for the management of their own emotions but are also burdened with the onus of managing the behaviour of their customers, including potential harassers. Up to a point, abuse and harassment may be tolerated precisely because refusal comes with the threat of the lost tip. Workers are for the most part left to make these impossible decisions entirely on their own. From the employers’ perspective, the tip ‘spontaneously generates customized service provision’ (Sallaz, 2002, p. 421), but Alex’s account demonstrates that only from the *outside* does this customization, and the allocation of workers’ efforts, appear spontaneous. What goes unseen is the labour workers perform calibrating each one of these service interactions, tailoring their own behaviour, attempting to smooth ruffled feathers and deflect inappropriate behaviour, and weighing risk against possible reward.

However, accurate is a worker’s ‘huge, crazy, algorithm’ telling them how much and what type of service labour to extend to customers, workers ultimately must perform this labour on faith. Only when the check has been paid do they know how well, and if, they have been remunerated. This is typical of capitalist employment, wherein ‘the worker advances the use-value of his labour-power to the capitalist’, letting ‘the buyer consume it before he receives payment of the price’ (Marx, 1867/1990, p. 278). What is different about this ‘credit’ (Marx, 1867/1990) to the customer, rather than capitalist, is the absence of any contract between

worker and customer fixing the tipped portion of the wage at a historically and morally determined rate (Marx, 1867/1990). Workers may employ any number of strategies to influence the amount of the tip, including small actions or subtle cues to the customer (Lynn, 2006; Lynn et al., 2008; Lynn & McCall, 2009), but ultimately there remains an element of divination as servers seek to read the tea leaves in the faces, dress, and behaviour of their customers. Kyle admitted that he expected white, middle-class customers to tip the best and most regularly, and Gia had low expectations of non-American customers or those who were dining in the company of their children.

Tipped workers do seem to have fairly firm ideas of what constitutes an acceptable tipping percentage: when asked, most workers were appalled by anything short of 18 per cent of the check, considering 20 per cent the baseline of decency. While servers may conceive of the tip as a fee for service (Mulinari, 2019), and there exists a broad cultural consensus around tipping percentages, customers are in no way obligated (saving an automatic gratuity charge)<sup>11</sup> to acknowledge it. Nothing prevents the customer from leaving without tipping, even if a server has exerted an enormous amount of service labour. Not surprisingly, servers that I worked with and interviewed frequently told me that restaurant industry workers themselves were the best and most consistent tippers. Complaining one night about a table that had ‘stiffed’ her, Lauren, a longtime Tastee Co. server, said wistfully, ‘Give me a table of industry people, industry people flush with tips’.

As with the piece wage, tips do ‘not alter the general relation between capital and wage-labour’ (Marx, 1867/1990, p. 697). The core relationship of surplus value extraction remains intact underneath all the apparent particulars of the restaurant labour process, and though tips are both unpredictable and apparently attached to a specific exertion of service labour. However, the unique relationship between customer and server in the context of tipped work sets the restaurant industry apart. For piece-wage workers, the rate attached to a piece was both fixed in advance and a constant source of struggle with their employers (Marx, 1867/1990), as wages are a general ground for economic and political struggle between workers and capital (Mann, 2007).

While food service workers can and do struggle with their employers and, in legislative fights, over the amount of the employer-provided tipped wage, there is no comparable terrain of struggle between workers and customers over the amount of the tip. To put it another way, workers are engaged in a double sale, and double advancing, of the use-value of their labour-power. To their employers, they advance its use-value at a fixed rate that both parties (and state and federal governments) agree is substantially below its exchange value. Then, workers attempt the resale of their labour-power by again advancing its use-value, this time to customers with no guarantee of payment. Moreover, the exchange value of this second iteration of labour-power remains unclear. While there exists a loose social consensus around tip percentages, and workers (‘industry people’, as server Lauren put it) have clear notions of what constitutes an acceptable tip, these norms may or may not be recognized. Further, the customer might not even be aware they are making a purchase.

All workers can really do is attempt to demonstrate the value of their service labour to the customer through its skilled provision. As a result, many servers place a great deal of importance on the *skill* of service. ‘I pride myself on being very personable and giving good service’, said Gia, who worked at an upscale restaurant catering to Syracuse’s wealthy suburbanites. ‘It’s something I prioritize’. Kim, a recent hire at Tastee Co., reflected on the high tips that she earned at a previous restaurant job, saying, ‘I was recognized for my hard work. ... I just have a lot of pride in that’. But workers also frequently acknowledge the fundamental insecurity of seeking the bulk of their incomes from customers who can choose not to pay or who – due to bad weather or some misalignment of the stars – may fail to materialize altogether. Vanessa shrugged, and of this uncertainty told me, ‘It’s just the name of the game’. Alex, too, said,

I compare it to a game, like gambling, but not like slots. Like blackjack or something. You can learn to read. It’s chance, and you’re not going to win every time, but you can be better or worse at it.

They felt they had some control, but it was only ever partial.

Sam, who worked a tipped counter service job, had a somewhat less equivocal take on this extension of credit to the customer and the way it placed workers in the position of perpetual supplicants.

Everyone’s like, ‘Oh, you don’t like tips? Then I guess you’re not a good worker, because you’re not getting the tips you want’. And it’s not the fact of that. It’s the fact that you’re relying on other people, outside your employer, for a substantial amount of your living. That’s grotesque in a way ... asking people to be like, Oh, you have to perform for this stranger, and make sure it’s optimal, so that they may or may not give you money.

Sam was clear on the solution to this issue, as well as the crux of the problem. Employers should have to pay more – at least the regular minimum wage, he told me. The ‘grotesque’ element of tipped service work that Sam describes reflects the real precariousness of tipped service work, where customers ‘may or may not give you money’. It is a condition made only more glaring by the COVID-19 crisis, which escalated rapidly in the weeks after I left the field. Most of my former coworkers were by that point out of work and the pandemic continued to make the work of ‘good service’ largely impossible. It was, after all, difficult to read or communicate emotions behind the masks.

When I asked Sam why he thought restaurant employers did not pay the full minimum wage, he said simply, ‘It’s just capitalism’, an observation that hints at two broader points about this two-employer problem. First, though these wage and workplace dynamics may be so pervasive as to seem an inevitability, they are historically contingent. The profit motive is an ever-present feature of capitalist economies in general, but tipped wages are not. It is primarily in the US, where for workers like Sam an extreme form of free market capitalism is entirely normalized, that this entrepreneurial system persists. That said, while the informality of tip earning may be experienced by workers as intimately tied to their identities or outward presentations, ultimately it is a structural feature of the tipped labour process. It is precisely *because* this tipped labour process is so individualizing that workers generally face each new iteration of the service encounter, where they ‘perform for [a] stranger’, alone.

## CONCLUSION

While tipped restaurant work has long attracted sociological study, in these pages, I have attempted to provide a missing piece of the tipped wage puzzle and to cast tipped restaurant workers in a light in which they are not often considered: as a collective workforce ‘brought together ... by the same capital’ (Marx, 1867/1990, p. 447). It is precisely this view of tipped work, and the challenges posed to workers collectively, that the two-employer problem lays bare. As I have argued, in the two-employer problem, workers appear to be engaged in separate labour processes, whether they see themselves as employed by the customer or as canny entrepreneurs making sales at a ‘rented’ table. Tips are an uncertain source of income at best, disbursed by customers who are most likely unaware that the gratuity they provide is a worker’s legal (and often primary) wage. Finally, the presence of the secondary employer ultimately obscures workers’ objective relationship to their employers, as well as the fact that they share this objective relationship with their coworkers on and off the floor.

Unions recognized the insidious strategic problems lurking within tipped work over a century ago. It was readily apparent that the endeavour of tip earning put workers in direct competition for customers and prompted workers to willingly self-exploit by opting to work longer hours (U.S. Bureau of Labor Statistics, 1919). As a result, and as I found in the Tastee Co. dining room, the constraints of tip-earning function to further mystify the social nature of capitalist work, from which class solidarity develops. Tips also set a ceiling on unions’ attempts to win higher wages for workers. A wage from an employer was something that unions could fight to increase, a site of political struggle, ‘a functional means through which capital and workers assert, contest, and address workers’ interests’ (Mann, 2007, p. 150). The value of the tip might be historically and morally determined (Marx, 1867/1990) in the sense that there exists a broad cultural consensus around appropriate percentages. But, any customer may choose to ignore that consensus, and there exists no contract, framework, or other means through which it can be enforced. That is to say, there is no real terrain of struggle between workers and customers, as there is between workers and capital, through which this pseudo-wage can be antagonistically determined (Marx, 1932), forcing workers to ‘depend on the generosity of the patron, an uncertain factor at best’ (U.S. Bureau of Labor Statistics, 1927).

It is also worth noting that these conditions do not arise endogenously but are actively cultivated by employers and by the food service industry writ large. Service industry employers fought for, and to maintain, this wage system, one that reduces their expenditure on labour to an almost unprecedented low. The National Restaurant Association has been particularly aggressive in defending and suppressing the value of this wage, and, in 1996, successfully lobbied for its decoupling from the regular minimum wage and freezing at \$2.13 per hour. The ‘other NRA’ has also continued to fight any increases to the wage through front groups like the misleadingly named Restaurant Workers of America and astro-turfed ‘Save Our Tips’ campaign (Fang & Jilani, 2018; Thielman, 2018).

Nor does some inherent quality of restaurant work mandate such arrangements, as workers and diners in many other nations can attest. In the US, restaurant workers’ wages have stagnated over the last two decades, and food service workers are some of the lowest paid in the country (Jayaraman, 2013; U.S. Bureau of Labor

Statistics, 2020b). In cities and states with separate tipped wages, tipped workers are almost twice as likely to live in poverty as non-tipped workers (Allegretto & Cooper, 2014). As for the organizations representing those workers, today, there is little union presence among tipped workers: only 1.4 per cent of workers in the broad food services and drinking sector, within which most tipped workers are employed, are union members (U.S. Bureau of Labor Statistics, 2020a). As unionized workers predicted a century ago, tip earning, beyond creating unstable work conditions and subsidizing employers, may have contributed to this state of affairs.

These figures, and the dispiriting history of the US tipped wage system, are no less significant today. While tipped work is a longstanding feature of the US restaurant industry, it is spreading to new occupations, as is use of the tipped sub-minimum wage category (Restaurant Opportunities Center (ROC) United, 2019). As tipped work expands in, for example, the unstable realm of the so-called gig economy, workers' dependence on the good graces of customers is compounded by the facts that they work not only for tips but also for ratings, and that companies eschew an employer status altogether. In these spheres, this story of the customer-as-employer and its effects on the labour process may presage things to come. If the use of tipped wages becomes more widespread and entrenched in these growing industries, it will be incumbent upon researchers to figure out how it is that such workers' undue reliance on customers for their wages shapes the labour process and influences how and whether workers organize (for two recent studies that do examine the role of the customer in the 'gig' labour process, see Belanche, Casalo, Flavián, & Pérez-Rueda, 2021 and Healy, Pekarek, & Vromen, 2020).

To return to the conundrum that began this study and the contentious hearing at which the two workers quoted at the top of this article spoke, I would argue that the concept of the two-employer problem aids in the analysis of contemporary debates over the tipped wage and the very real, impassioned split amongst tipped workers on the issue of their wages. The diner worker quoted above had tears in their eyes as they spoke. The bartender who followed, also quoted, had to pause their speech so that the jeering crowd could be chastised into silence. As Jack, one of the servers I interviewed for this study, put it, 'Change is bad for a lot of people. They don't like it. And that's what it would be for me, is change'. All told, a tipped wage may work to the advantage of some workers and the disadvantage of others and likely increases inequality across the workforce (Haley-Lock & Ewert, 2011). But therein lies the rub: the tipped wage divides workers – certainly across the industry, and even within one workplace. The effects of this wage on the tipped labour process suggest that the continued existence of a two-tier wage system forms an obstacle to the realization of workers' long-term abilities to present the organized front required to shape the terms of their own work.

## NOTES

1. Full transcripts from the New York State Department of Labor Syracuse hearing on the subminimum wage are available at <https://www.labor.ny.gov/workerprotection/laborstandards/subminimumwage/transcript-syracuse.pdf>, while video of the hearing is available at <https://www.youtube.com/watch?v=AFgCbuLHZf4>. Hearings were conducted throughout the state in the summer of 2018.

2. As a Pullman Company manager put it when questioned about the company's hiring practices during the 1915 Commission on Industrial Relations: 'the Southern negro is more pleasing to the traveling public. He is more adapted to wait on people and serve with a smile' (Scott, 1916, p. 107). At work in the sleeper cars, porters were called 'George' or 'Georgie' after the company's founder George Mortimer Pullman, and were expected to fade unobtrusively into the background (Bates, 2001; 'Pullman Porters', 1928).

3. In a letter to the manager of the Hotel Stowell in Los Angeles, AFL president Samuel Gompers wrote that he opted to tip at hotels while traveling but continued: 'yet I have maintained the principle of tipping to be unwise and that it tends to lessen the self-respect of a man who accepts a tip' (Scott, 1916, p. 146).

4. In 1960, several service industry unions – the Hotel and Restaurant Employees International Union; the Barbers, Hairdressers and Cosmetologists International Union; the National Maritime Union; and the Seafarers International Union – formed a coalition to lobby congress to address the issue of workers' earned tips in the calculation of Social Security benefits (Segrave, 1998). Four years later, a contingent of unionized restaurant workers planned a trip to the capital to argue the case before the Social Security Administration (Arlen, 1964).

5. At the time, employers could only apply this credit toward the wages of workers who earned at least \$20 a month in tips. That threshold is now \$30, and in addition workers must spend at least 80 percent of their time on the clock engaged in tip-earning activities (Weissner, 2021).

6. The surveys, asking workers about their wages and working conditions, were provided by ROC United, and extended the organization's reach into the upstate New York region.

7. At Tastee Co., this capital intensity was evident in certain surveillance technology, an algorithmic table management system and online scheduling platform, and in a tendency toward pre-made and standardized ingredients and menu items.

8. At the time of this study, the state food service tipped wage was \$7.50 per hour, while the regular state minimum wage for New York State (excluding three regions with higher wages, New York City, Long Island, and Westchester County) was \$11.10 (Offenhardt, 2018).

9. To protect participants' confidentiality, all names have been changed.

10. In these cases, workers' particular wage structures inclined them toward distinct responses. The servers, who relied for their wages primarily on tips from customers, were wont to placate customers whenever they could, within the bounds of reason. Hosts, who did not receive tips and were subject to greater scrutiny from managers, were far more likely to refuse customer requests to move or be seated at specific tables. Managers instructed hosts explicitly on this point: we were to politely decline requests for booths, saying that they were 'all reserved'. Often, we followed this direction even when the restaurant was nearly empty, and from the customers were met with blank and baffled stares.

11. It is not atypical for US restaurants to apply such automatic gratuity charges, that is, obligatory tips, to the bills of large parties – generally of six to eight or more persons. In these cases, a percentage of the bill (likely 18% or 20%) will automatically be tacked on and will form the server's tip, though diners may choose to supplement that amount. When restaurants opt to use these automatic gratuities, which provide workers some buffer in particularly high-stakes service interactions, it will generally be stated on the menu.

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