

## Highlighting New Poverty Research

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## Waiting Tables in Two Chains and States: Investigating Front-Line Job Quality across Organizations and Policy Contexts

**Background.** Low-wage jobs with similar qualifications and in similar settings can exhibit substantial variation in quality, including wages, scheduling, and access to benefits. Part of this variation can be attributed to employers' differing business strategies, as some firms choose to pay higher wages or offer benefits such as health insurance to improve service and retention while others keep labor and other costs as low as possible. Public policies such as U.S. and state minimum wages provide another source of variation. For waitstaff jobs, aspects of private employer discretion and publicly imposed constraint are heightened through the common managerial requirement that waiters share tips with non-tipped coworkers; and public “tip credit” policies that permit employers to pay waiters a sub-minimum wage. In combination, these factors are likely to fuel divergent working conditions for waitstaff across states and firms.

**Methods.** To explore how public employment policies and employer practices contribute to variation in job quality, WCPC Faculty Affiliate Anna Haley-Lock and University of Washington doctoral student Stephanie Ewert undertook a comparative organizational case study of restaurant waitstaff working conditions. They sampled 16 sites of two national, full-service chains at the lower end of the market: “Community Spot,” which operates in the service-oriented casual dining segment; and “Breakfast Place,” positioned in the budget-oriented family segment. Sites were drawn from suburban Seattle and Chicago, reflecting states that vary in both the basic state minimum wage rate (at data collection, \$7.93 in WA and \$7.50 in IL) and minimum wage rate for tipped workers (\$7.93 and \$4.50, respectively). All 16 establishments in the two chains were independently-owned franchises, subject to various chain-wide corporate policies but retaining some freedom to respond to local policy and labor market conditions. Data on employer practices were gathered through detailed, on-site interviews with managers.

**Findings.** Three central findings emerged. First, because waiters across the 16 sites earned just the mandated minimum wage, the state in which they lived substantially shaped their take-home pay. Employment policy, in other words, shaped working conditions. Though not legally regulated, employers' practices for requiring waiters to “tip out” a percentage of their shift sales also varied notably by state, with lower-paid waiters in Chicago often expected to share more than their higher-paid Seattle counterparts. Second, employment practices differed between the two chains independent of geographic location. Though none of the sites offered paid sick days, Community Spot offered paid vacation and employee health insurance at seven of eight sites, and six extended health plans to dependents. In contrast, Breakfast Spot offered no health care benefits and only one extended paid vacation. Finally, restaurants could shape their workers' take-home income and access to benefits through several practices that cut across geographic location and chain ownership. Sites used varying levels of full- versus part-time waiters, ranging from zero to nearly 100 percent full-time; they also differed in how many waiters they scheduled for given shifts, and how much input over work hours and days they allowed waiters.

These results highlight the considerable variation across employer practices, and roles for both public employment policy and private firm practices in influencing them. Findings suggest room for developing public policies that might better incentivize relatively “higher road” private business practices and that more securely establish “floors” for minimum working conditions.

# Poverty Research Flash

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Poverty Research Flash 2009-06

## Waiting Tables in Two Chains and States: Investigating Front-Line Job Quality across Organizations and Policy Contexts

New research from Anna Haley-Lock and Stephanie Ewert

### Key Findings

- In a study of job quality among waitstaff at two national restaurant chains, wages, “tip-out” requirements, access to benefits, and staffing and scheduling policies varied considerably across states, chains, and even restaurants in the same areas.
- In each state, waiters earned the minimum legal wage. In suburban Chicago, waitstaff earned a base wage of \$4.50 per hour before tips. In suburban Seattle, waiters earned a base wage of \$7.93 per hour.
- Waitstaff were required to give between one and two-and-a-half percent of their food sales to other restaurant employees. The exact amount of the “tip-out” required varied across establishments even in the same chain in the same area.
- The availability of fringe benefits varied across chains, with one offering paid vacation and health insurance for employees and the other offering neither. Restaurants’ varied use of part-time versus full-time waitstaff, and the link between full-time status and benefits eligibility, also often meant that benefits “on paper” were not functionally available to many (part-time) workers.