

Effective model of building Tip Pooling Functionality in Workday Payroll

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Abstract – This article focusses on how we can effectively design the pool tips calculation in Workday Payroll by integrating data from Point of Sales System (POS) using PRISM and Workday payroll. This research outlines the data integration for various tips categories across location and tips calculation for the employees based on the tips collected in the pool for the various categories. This article proves the success of this design with a successful case study by implementing this design in the Retail industry with over forty thousand employees and concludes with the implementation strategy.

Keywords: ERP, Workday Payroll, US Payroll, PRISM, POS, Integration, Studio, Dashboards, Reports, Gratuity.

1. Introduction

Organizations who own businesses to serve people like Cafeteria, Bistro etc. are expected to receive tips from the people who are being served. These tips are collected and recorded in a system named point of sales system (POS) and these tips can be paid directly to the employee who did the transaction or collect all the tips for the entire day and share the tips among all the employees in that category of location. Organizations use various business rules to determine how the tips will be shared among the employees. These tips need to be paid to the employee in the payroll cycle or on each day based on the companies' contract with the employee and the options of the payroll.

1.1. What is Workday Payroll?

Workday Payroll is a Cloud-Based payroll management solution which is designed to automate and streamline the payroll business process for organizations irrespective of sizes and categories of employees. It helps payroll businesses to effectively manage their employees' compensation, earnings and deductions configuration rules, tax deductions, tax compliance, payroll reporting, and payroll analytics in a single software solution platform. Workday Payroll offers real-time calculations, managing FLSA rules, delivered connectors with major vendors like ADP, Fidelity, seamless integrations between HR and Finance Systems. Workday Payroll also comes in with best user self-service experience interface, maintaining employee tax elections, direct deposit information and pre built audit controls which make payroll administrator to administer the payroll activities effectively.

1.2. What is Point of Sale System?

Point of Sale is the system used by merchants to handle payments and record the transactions. It is a computer-based system used to track the inventory, money collected. This system can be used for both physical and online platforms which have integrated technologies including barcode and touchless payments. The main advantage of POS System is to streamline the sales, money collected etc.

1.3. What is Workday Reporting?

Workday reporting is the process which is used to build reports based on the functional needs. Report Writer is a tool designed to help the users to create their custom reports for their application. Workday reporting allows users to schedule and manage reports effectively. Some of the key features like Scheduling Reports, Display options and Organizing Reports help the business function to schedule and manage the report with their desired output format. The report can be attached with tags which can help in organizing reports. Workday reports can also be used to get/send data from/to other teams and vendors and can be part of outbound and inbound integrations



Fig 1: Workday Reporting Overview

1.4. What is Workday Dashboard?

Dashboards are self-service, interactive visualizations of data, including Adaptive Planning data. They enable **data-driven decision-making** and enhance accountability within organizations. Some of the key features of dashboards are Monitoring Performance, Data Visualization, Dynamic Data Entry, Historical Analysis and Collaboration. Dashboards can be organized into **perspectives**, allowing users to group them by themes or subjects, such as revenue or expenses. Each perspective can contain multiple dashboards, each displaying various charts and data analyses.

1.5. What is PRISM?

PRISM Analytics is a data hub that allows users to blend Workday data with large volumes of non-Workday data. This capability helps uncover new insights through Workday reports, dashboards, and Discovery Boards. Key functionalities include:

- **Data Ingestion and Blending:** Users can ingest, blend, and transform data from Workday and external sources.
- **New Data Sources:** The output can be published as a new Prism data source, providing a comprehensive view of financial and people's performance.
- **Business Insights:** This enables business leaders to effectively drive their business results by gaining a full perspective on performance metrics.

PRISM also includes features like calculated fields and data sources that support custom reporting and visualization, enhancing the analytical capabilities within the Workday ecosystem.

1.6. What are TIPS?

In the service industry, gratuity refers to a voluntary payment made by customers to service staff as a way of expressing gratitude for their service. It is an integral part of the compensation received by individuals working in service industries such as hospitality, food and beverage, beauty, and wellness, and more. Gratuity acts as a powerful motivator for service industry professionals to deliver exceptional experiences to their customers, enhancing service quality and fostering positive relationships. It also serves as a tangible way for customers to show their appreciation for outstanding service, boosting the morale and job satisfaction of employees in service industries.

1.7. What is Tip Pooling?

In the service industry, POOL TIPS typically refers to tip pooling, a system where tips earned by customer-facing employees, such as servers and bartenders, are collected and redistributed among a wider group of employees, including those who do not directly interact with customers, like kitchen staff and bussers. This approach aims to promote fairness and teamwork within the team by ensuring that all employees contribute to the overall tip pool. Under federal law, employers can require employees to participate in this system, which helps in redistributing tips based on a pre-established formula.

1.8. How does tip pooling work?

Tip pooling is the process of collecting all tips earned by customer-facing employees, servers, bartenders, etc. and redistributing those tips among a wider group, including workers who do not directly interact with customers, such as kitchen staff and bussers. It is important to keep in mind the differences between tip pooling vs. tip sharing. Pooling is often mandatory, while *sharing is voluntary* between employees. Sharing is more flexible, but pooling must follow strict laws. Tip pooling increases fairness by ensuring all those who contribute to the customer experience share in the

reward. Proponents also suggest that pooling encourages teamwork and a shared sense of responsibility while reducing inequality. Opponents of these policies say pooling is unfair to employees who directly interact with customers because they are the ones directly generating the tips. They argue pooling takes money from customer-facing employees and may reduce their motivation to provide exceptional service. Regardless of your stance, it is important to understand that pooling laws exist. If your establishment decides to implement a mandatory tip pooling policy, it must comply with all existing laws and regulations.

2. Distribution Methods of Tip Pooling

2.1. Equal distribution

Equal distribution is the simplest method. Employees combine credit, cash tips, and divide them equally. The technique is easy to implement and can promote a strong sense of teamwork, but it might not be fair to all employees.

2.2. Hourly distribution

Hourly distribution is more challenging but improves fairness. The distribution of the tip pool accounts for the time each employee contributes. However, this still does not always reflect the varying levels of responsibility among employees and positions.

2.3. Role-based distribution

Role-based distribution attempts to counteract the shortcomings of the previous two methods. In this method, employees with more responsibility receive a more significant portion of the tip pool. The main downside is the difficulty in figuring out fair percentages.

2.4. Point-based distribution

Finally, points-based distribution awards a specific number of points to each employee based on position, shift length, and performance. Each employee receives tips in accordance with their accumulated points. This is a flexible method, but it is complex and requires careful monitoring.

3. Live Case Study

One of the Top Retail Company in USA having more than forty thousand employees across fifty states of USA having Cafeteria, Bistro and Bar in their same locations. This organization wants to implement Tip pooling, and the tip pool needs to share among the employees working in Cafeteria and Bistro only. Bar will be considered as Direct Tipping and those tips should not be part of Tip Pooling. Also, this organization wants to use the Hourly distribution - Daily model to distribute tips for each day which means the tips recorded in Cafeteria needs to distribute to the employees who recorded their time in the Cafeteria related Job Positions and Bistro to the employees recorded their time in Bistro related Job Positions.

3.1. Logic to be Implemented

- (a) Tips collected for each location - each day needs to be categorized as Café and Bistro separately
- (b) Summing the Tips received by Café and Bistro for each location – each Day

- (c) Sum the total hours recorded for each location – each day for Café and Bistro
- (d) Calculate each employees recorded time for each location – each day for Café and Bistro
- (e) Divide the Employee Hours by Total Hours based on location and category as percentage
- (f) Multiple the percentage of hours * total tips for the location, day, and category to derive the employee Actual Tips for the day
- (g) Send the Employee Tips to Payroll for processing and payment

The Implementation Methodology uses the process flow of daily data from POS System will be received with each tip classified as Café or Bistro location wise. This data will be loaded into Workday PRISM as data source. Workday will provide the time recorded for each eligible employee with each punch classified as Café or Bistro based on Time Type and Job profile. PRISM will consume this data and with both POS Data and Workday Timekeeping data the total hours and total tips for each day and location will be derived with percentage and actual tips. This tips data will be published as data source for Workday to generate the report and use it to load the same into Workday Payroll inputs to process the payments.

3.2. Implementation Methodology – Process Flow

Tip Pooling Process

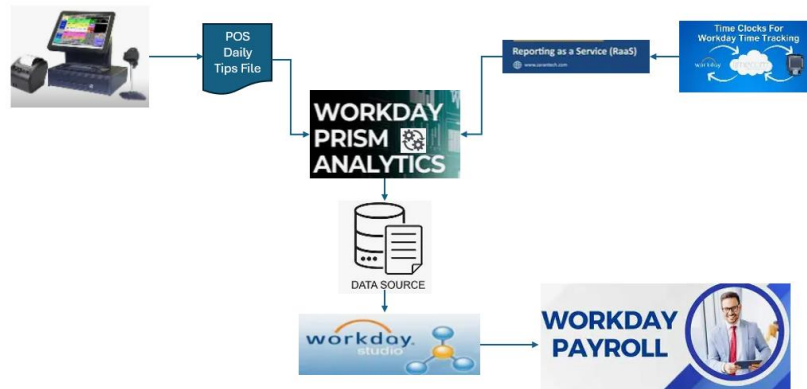


Fig 2: Implementation Methodology – Process Flow

Step 1: Categorize the Tips in POS System as Café or Bistro

FACT_CAFE_ETIPS_PAYMENT_ID	TRANSACTION_DATA_ID	TENDER_SEQUENCE_ID	CHECK_NUMBER	TENDERED_DATE	EMPLOYEE_ID	ORDER_TIP_AMOUNT	PAYMENT_TYPE	PAYMENT_TYPE_TIP_AMOUNT	LOCATION	STORE_NAME	PROFIT_CENTER_NAME2
3544850	276981385	0	41462875	10/3/2025 0:00	TEST123	0.3	Master CardEMV	0.3	1133	Reston	Cafe
3542442	276969281	0	44405227	10/3/2025 0:00	TEST123	4	AmexEMV	4	1190	Miami at the Falls	Bar
3543932	276976507	0	41106116	10/3/2025 0:00	TEST212	1.45	Clubtab	1.45	1150	Ft. Washington-PA	Cafe
3544797	276980684	0	42469730	10/3/2025 0:00	TEST213	1.1	VisaEMV	1.1	1232	Denver West	Bistro

Fig 3: POS System Classification

Step 2: Create a report in Workday to pull the Employee Recorded Time

View Custom Report
Time Blocks for Job Profiles - for Tip Pooling

Report Name	Time Blocks for Job Profiles - for Tip Pooling	Report Tags	Prism
Report Type	Advanced	Report Definition Usages	5
Data Source	All Time Blocks		
Data Source Filter	Reported Time Blocks (includes deletes)		
Data Source Type	Indexed		
Primary Business Object	Time Block		

Fig 4: Flowchart of Custom Report Setup: Time Blocks for Job Profiles – Tip Pooling

25 items

Business Object	Field	Column Heading Override	Column Heading Override XML Alias
<input checked="" type="checkbox"/> Worker	<input checked="" type="checkbox"/> Employee ID		Employee_ID
<input checked="" type="checkbox"/> Worker	<input checked="" type="checkbox"/> Worker		Worker
<input checked="" type="checkbox"/> Worker	<input checked="" type="checkbox"/> Terminated (based on report date)		Terminated_based_on_report_date_
Time Block	<input checked="" type="checkbox"/> CF EE Hourly Rate from Position or Worker as of calc date	Hourly Rate	Hourly_Rate
Time Block	<input checked="" type="checkbox"/> CF LVAOD Job Profile from Position as of Calc Date	Job profile	Job_profile
Time Block	<input checked="" type="checkbox"/> Calculated Date		Calculated_Date
Time Block	<input checked="" type="checkbox"/> Reported Quantity		Calculated_Quantity
Time Block	<input checked="" type="checkbox"/> In Time (Format)		In_Time
Time Block	<input checked="" type="checkbox"/> Out Time (Format)		Out_Time
Time Block	<input checked="" type="checkbox"/> Comment		Comment
Time Block	<input checked="" type="checkbox"/> CF AC Total Payout		CF_AC_Total_Payout
Time Block	<input checked="" type="checkbox"/> Time Type		Time_Type
Time Block	<input checked="" type="checkbox"/> Time Entry Code		Time_Entry_Code

Fig 5: Data Field Mapping Flow for Time Block–Based Tip Pooling Report

4 items

Condition	Return Value If Condition is True
<input checked="" type="checkbox"/> CF T/F Direct Tips	<input checked="" type="checkbox"/> CF Tx Direct Tips
<input checked="" type="checkbox"/> CF T/F Pool Tip Eligible	<input checked="" type="checkbox"/> CF Tx Pooled
<input checked="" type="checkbox"/> CF T/F Time Block - Pooled new Restaurant Cook	<input checked="" type="checkbox"/> CF Tx Pooled
<input checked="" type="checkbox"/> CF T/F Time Block - Pooled new LifeCafe Chef - 9/21/25	<input checked="" type="checkbox"/> CF Tx Pooled

Fig 6: Workday Employee Timekeeping RaaS Report

Step 3: Build the PRISM data source to consume POS Data and Workday Data to compute the Tips Calculation

Cafe ETips New BDS

Table

✓ Data Load Successful

08/01/2025, 12:38 PM

6 hours ago

...

✓ Success

Details

Enabled for Analysis

Not Enabled

API Name

Cafe_ETips_New_BDS

Description

New BDS/table file picked from the SFTP. Includes both direct and pooled tips.

Last Modified By

opadataprep

Data Source Security

Not Applied

Status

Available

Dependencies

none

Imported by

Cafe ETips New BDS

Base Dataset - SFTP

Dataset Created 08/01/2025, 12:38 PM

8 hours ago

Fig 7: Data Load and Dataset Management Workflow for Cafe ETips New BDS

View Dataset Details Cafe Pooling ETips DDS

Details

Description
For cafe pooling tips

API Name
Cafe_Pooling_ETips_DDS

Source Type
Derived Dataset

Tags
Cafe Tips

Last Successful Publish
10/27/2023, 08:02 PM

Created
08/01/2023, 05:25 PM

Created by
Anant Sharma

Last Modified
10/15/2023, 12:02 PM

Last Modified by
Anant Sharma

Data Source Security
Applied

Dataset Status
Published

Fields (44) Activities Trends

Last Refreshed: 5 seconds ago

Sample 20k Rows

Quick Actions

Name	Distinct Val...	NULLS	Median	Top 10 Values
Tip Date	11	0		
profit_center_name2	3	0		
sum of order_tip_amount	1728	0	71.810000	
sum of Calculated_Quantity	182	1611	15.488611	
Employee_ID	379	1611		
Worker	379	1611		
Terminated_based_on_report_date	2	1611		
Hourly_Rate	2	1611		
Job_profile	5	1611		
Calculated_Date	2	1611		
Calculated_Quantity	349	1611	6.777778	
In_Time	264	1611		
Out_Time	252	1611		
Comment	134	1616		
CF_AC_Total_Payout	392	1611	115.910000	
Time_Type	2	1611		

Fig 8: PRISM Data Load and Processing

Step 4: Publish the Final Data source to Workday

View Custom Report Cafe Tips Pooling Worker Data - For Admin

Report Name: Cafe Tips Pooling Worker Data - For Admin

Report Type: Advanced

Data Source: Cafe Pooling ETips DDS

Data Source Type: Prism

Primary Business Object: Cafe Pooling ETips DDS [Prism]

Fig 9: Final Data Source Published

Step 5: Create the Custom Report to pull the Tip Data to process in Workday payroll

View Custom Report Cafe Tips Pooling - Report

Report Name: Cafe Tips Pooling - Report

Report Type: Advanced

Data Source: Cafe Pooling ETips Final Grouping PDS

Data Source Type: Prism

Primary Business Object: Cafe Pooling ETips Final Grouping PDS [Prism]

Additional Info

Columns Sort Filter Prompts Output Share Advanced

6 items

Business Object	Field
Cafe Pooling ETips Final Grouping PDS [Prism]	Employee_ID
Cafe Pooling ETips Final Grouping PDS [Prism]	Worker
Cafe Pooling ETips Final Grouping PDS [Prism]	Region_ID
Cafe Pooling ETips Final Grouping PDS [Prism]	Profit_Centre
Cafe Pooling ETips Final Grouping PDS [Prism]	Tip Date
Cafe Pooling ETips Final Grouping PDS [Prism]	Grouped Tip Amount \$

Fig 10: Final Tip Pooling Data Report for Payroll

3.3. Case Study Outcome:

This model has been successfully implemented to process more than six thousand employees across all states in USA for both Café and Bistro tips every week. More than \$60000 tip amount is processed every week, and it has been processed successfully for more than 3 months without issue. The payroll process team was able to process the data without much extra time from their processing and an individual payroll audit report for each row of calculation is also provided to payroll team to address any queries.

3.4. Future Implementation Strategy:

For future enhancements, there are areas wherein we can build the steps as automation strategy. The existing custom report can be used to build new Workday Studio integration which can automatically load the tip pooling data to Workday payroll for automatic processing. Also, using the existing data source we can build dashboards with the calculation data for the location leaders to analyze their specific location employees and their tips processing. We can achieve this by building dashboards and providing appropriate security access.

4. Conclusion

Workday Payroll is revolutionizing payroll management by its unique process model with robust configuration capabilities. It provides the payroll business function to configure their own earnings, deduction, and calculation rules. Often organizations change policies to keep their employees happy and one of the major talking points in service industry is how effectively the Tips can be processed and what distribution model to be followed. This research article not only researched various distribution model but based on the research the model has been built and successfully implemented in a Live US Retail industry. The main advantage of the model is that it used the functionality of the Workday SaaS solution and not any out-of-box technology. This model is very robust, and any addition of locations and category is automatically handled. This model also provides all the necessary audit reports from the same data source which helps the payroll team to review individual calculation and answer queries. As this model is built on the existing framework of Workday there is no need to convert into modern technology after a later point of time. This model also preserves the data calculation of previous payroll period as payroll team can go and view the calculation at any point of time.

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