The underlying dimensions of tipping behavior: An exploration, confirmation, and predictive model

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Abstract

Tipping is unique in that the customer provides a major portion of the employee’s wage. Because tipping is voluntary and because it usually occurs retrospectively of the service rendered, tipping practices have stimulated historic interest from both economic and psychological perspectives. This research extends the body of knowledge on tipping by integrating recent advances in motivational research which support the existence of a universal, multifaceted model of intrinsic motivation. Inasmuch, the present research investigated the underlying motives for tipping under various conditions of service. Findings supported the existence of six underlying behavioral dimensions associated with tipping: (a) Heuristic Model, (b) Impress Others, (c) Reciprocal Reward, (d) Social Obligation, (e) Generosity, and (f) Control Service. Each of these six corresponded closely with the basic motivators proposed by the multifaceted model. Results from a hierarchical linear regression confirmed the overriding influence of heuristics on tip amounts under various service conditions.

1. Introduction

Among possible organizational compensation strategies, tipping is unique in that the customer, not the employer, provides a, if not the, major portion of the employee’s wage. Compensation associated with tipping is not trivial; in the United States foodservice industry alone, tipping accounts for approximately $42 billion annually (Azar, 2008). Because tipping is voluntary on the part of the customer, and because tipping usually occurs retrospectively of the service rendered, tipping practices have stimulated historic interest from both economic and psychological perspectives. A number of theories have been proposed to explain why people tip. These theories include the belief that tipping (a) influences service quality, (b) is an ingrained social norm, (c) provides a reward for good service, (d) supports the notion of equity, (e) promotes economic efficiency, (f) facilitates customer control of the service exchange, (g) avoids insult and poor service from workers, and (h) provides ego gratification to the tipper. A review of 32 published research studies covering the years from 1985 to 2010 provides many insights but also leaves unanswered questions about the nature of tipping practices.

Predominant among existing studies is an emphasis on tip amount as the dependent variable of interest, measured either as a percentage of the bill or as an actual dollar amount. Behavioral manipulations by servers, demographic characteristics of tippers, and motivational factors underlying tipping practices are typically employed as independent variables and studied using correlation and regression analyses. Although this design should provide the most direct approach for identifying a significant and sizeable relationship between tip amount and a particular predictor, no silver bullet has emerged from research to date. Thus, prominent researchers in the field continue to encourage research that broadens our understanding and knowledge base in this area (Azar, 2007; Lynn, 2009; Lynn and Sturman, 2010).

The present research was guided by the belief that tipping behavior is complex and simultaneously motivated by multiple factors. Existing research provides strong support for this thesis. Yet, to date, research has only begun to examine tipping behavior in the context of the multidimensional aspects of motivation. Traditional studies typically infer motivation for tipping as an explanatory tool in the aftermath of empirical analysis. This research diverges from tradition by examining the conscious motivations underlying tipping behavior as a precedent. This approach was guided by integrating recent work in psychology which supports the existence of a multifaceted model of intrinsic motivation and confirms the existence of 16 basic and underlying constructs responsible for directing human behavior (Reiss, 2004). The integration provided support for the assumption that multiple motivations inspire
tipping behavior and that examining these in concert may assist in determining the prevalence and importance that the different motivations exert upon determining both the inclination to tip and the amount of the tip provided relative to excellent, satisfactory, and poor service conditions.

2. Literature review

2.1. Psychology research

During the period from 1990 to 2010, a number of studies on tipping have been generated from the psychology discipline. Field experimentation provides the primary approach to research design and, with limited exceptions, tip size serves as the dependent variable. Behavioral manipulations by servers have typically served as the predictors. Garry and Degelman (1990) investigated the practice of servers introducing themselves to diners in a restaurant serving Sunday brunch buffets and found that the treatment of employing self-introduction increased the size of tips from 15.0% to 23.4% based upon a constant check size of $23.21. The impact of a server squatting to maximize eye contact with customers was investigated first by Lynn and Mynier (1993), who found that squatting increased tip percentages by 2.6% in a Mexican restaurant setting. The same practice was investigated later by Davis et al. (1998) who replicated the earlier study and found squatting increased tip percentages by 2.03% in a family restaurant setting. McCall and Belmont (1996) investigated the use of tip trays with credit card insignias versus those with no markings in two separate field experiments. They found that use of the insignia embellished trays increased tip percentages by 4.29% in the first experimental study and 4.38% in the second. Gueguen and Legoherel (2000) investigated the impact of drawing a sun on the check presented to customers and found this increased average tip sizes by 7.3% over those associated with unembellished bills. Rind and Strohmetz (2001) examined the manipulation of servers giving customers an interesting task to complete in a mid-scale Italian restaurant setting. An average tip increase of 3.55% was realized across two separate treatments of the manipulation as compared to the control group where no tasks were provided.

A 2002 study by Strohmetz, Rind, Fisher and Lynn investigated the impact of providing chocolate candies to restaurant customers when presenting the bill. Their study found that including the candy resulted in average tip increases of 2.78%. They also investigated multiple treatments and found as the amount of candy given was increased, tip percentages also increased. The effect of complimenting diners on menu choices was found to increase tip sizes in studies conducted by Seiter (2007) and Seiter and Weger (2010) with the latter study finding that the compliment condition increased tips by 3.1% as compared to the no compliment condition. A 2010 field experiment explored the impact of waitress attractiveness as an influential factor in the determination of tip amount by using the professional application of facial cosmetics in the treatment condition and the absence of cosmetics in the control condition. The researchers found that male customers gave higher tips to waitresses in a makeup as compared to a no-makeup state (Jacob et al., 2010).

In the aggregate, the studies cited above offer a representative sample of the contributions to the literature on tipping practices as generated from the psychology perspective. Taken as a whole, they examine the impact of various social cues rather than the functionality of service as the critical factor in maximizing tipped revenues. While the increases in tip percentages vary across the studies, the positive impact of the treatments examined is consistently significant.

2.2. Economic research

A second vein of research emerged from 2000 onward which emphasized an economic rather than a psychological perspective. The predominant goal of these studies was to establish support for the notion that tipping was rational behavior that maximized economic efficiency. The argument for economic efficiency could be supported by a positive relationship between tip amount and the level of service quality experienced by the customers providing the tips or alternatively under repetitive conditions when a tip left today maximized the service received in future encounters. A meta-analysis of 13 studies employed tip percentages as the dependent variable and found that tip amount increases were small and accounted “for less than 2% of the variability in tip percentages,” (p. 211) but were consistent and significantly related to the service quality evaluations of customers. No relationship was found between tip amounts and evaluations of service quality reported by either servers or third party evaluators (Lynn and McCall, 2000). A follow-up study employed data secured from exit surveys of customers in a variety of restaurants located in the Houston, Texas area (Conlin et al., 2003). This study also used tip percentages as the dependent variable and found a small but positive relationship between service quality measures when applied in aggregate, but noted many factors that influence tip percentages appeared unrelated to measures of service quality. In explaining this apparent discrepancy the researchers suggested that tipping practices may be more accurately understood as normative behaviors related to social expectations and the degree to which customers can identify with the servers they are tipping. Similarly, one service-based study investigated the relationship between service quality and tip amounts in seven different restaurants spanning multiple restaurant categories. This study found evaluations of service quality did impact upon tip amounts but that the impact was marginal at best. In summarizing the study results the researchers concluded the practice of gratuity could not be explained by the neo-classical argument of economic efficiency (Bodvarsson and Gibson, 1997).

Azar (2005) investigated the efficiency argument under the assumption that tipping would be more prominent in industries where customers could effectively monitor the quality in service exchanges. Azar’s research diverged from the predominant methods in that he relied on expert evaluations of six independent judges to rate a customer’s ability to assess service quality in 23 different tipped occupations. His results determined that tipping did not appear to support theoretical assumptions that tips provide a means for controlling service. Rather he found that tipping appeared more prominent where motivations to tip were inspired by gratitude for service, by empathy and compassion for service employees and where tipping might serve to provide psychological utility through enhancing the tipper’s self image. In a subsequent study, Azar (2008) presented a model to test the alternative argument for economic efficiency by examining the tipping behavior of repeating customers as compared to non-repeating customers. Results secured in this study were unable to support the theory that customer tipping practices were influenced by future service considerations. In summarizing his findings, the author suggested that social and psychological factors might provide the dominant motivation for tipping behavior as compared to economic objectives.

A study by Kerr and Domazlicky (2009) investigated the relationship between tip size and service quality in a restaurant delivery service located in a mid-western college town in the United States where service quality was operationalized as a measure of delivery time. They found a small but significant relationship between delivery time and tip size but also indicated that the individual characteristics of customers appeared equally important as a determinant of tip amount. Most recently, Lynn and Sturman
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