



Who uses tips as a reward for service and when? An examination of potential moderators of the service–tipping relationship

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ABSTRACT

Consumers in many countries often give voluntary payments of money (tips) to the workers who have served them. These tips are supposed to be a reward for service and research indicates that they do increase with customers' perceptions of service quality. This paper contributes to the service–tipping literature by examining numerous potential moderators of this relationship in two studies. Results indicate that the service–tipping relationship is robust across meal type, day of week, sex and race of server as well as customers' alcohol consumption, education, income, race, worship frequency, and hospitality work experience, but that it is stronger for older consumers than for younger ones and for parties with large bills than for parties with smaller bills. The practical and theoretical implications of these and other findings are discussed.

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1. Introduction

Consumers in many countries often leave voluntary sums of money (tips) for workers in the service industry who have served them. Among the many service workers commonly tipped are bartenders, barbers, concierges, cruise cabin stewards, delivery drivers, doormen, exotic dancers, golf caddies, hotel maids, musicians, parking valets, porters, restaurant waiters, taxicab drivers, and tour guides (Star, 1988). Although the amounts given by a single customer to any one worker are typically modest, they are not negligible. For example, tipping typically increases the cost of dining out by 10–16% and often

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increases the costs of taxicab rides by 7–12% depending on the country in which the service occurs (Lynn & Lynn, 2004). Moreover, the total amount tipped to all workers is substantial with one estimate placing the annual tips in the United States alone at over \$45 billion (Azar, 2011a). Understanding the motivations, causes, and processes underlying this behavior is important from both a practical and theoretical perspective.

From a practical perspective, tipping affects the perceptions and experiences of consumers (Lynn & Withiam, 2008), the incomes, attitudes, and behaviors of service workers (Kwortnik, Lynn, & Ross, 2009; Lynn, 2002; Lynn, Kwortnik, & Sturman, 2001), and ultimately the performance and profitability of service firms (Azar, 2011a; Lynn & Withiam, 2008; Schwartz, 1997). A better understanding of the determinants of tipping would inform consumers' efforts to reform the practice (May, 1980), servers' efforts to increase their incomes (Lynn, 2011), service managers' efforts to train and motivate their employees (Azar, 2004a; Lynn, 2005), and executives' efforts to expand into new geographic markets and to set optimal pricing and tipping policies (Azar, 2003; Lynn, 2004; Lynn & Withiam, 2008).

From the perspective of neoclassical economic theory, tipping appears to be irrational (Lynn, 2006, chap. 31; Saunders & Lynn, 2010). Tips are not legally required and are not given until after service is delivered, so they are not necessary to ensure good current service. If tip sizes are made contingent on service quality they could be used to buy future service, but repeated failures to find a service quality by patronage frequency interaction effect on tip size undermines this potential rational explanation for tipping (Azar, 2009; Conlin, Lynn & O'Donoghue, 2003; Lynn & McCall, 2000) as does the fact that people tip in establishments they will never revisit (Kahneman, Knetsch, & Thaler, 1986). An adequate explanation of tipping must go beyond a rational economic motivation and embrace psychological motivations such as desires to reward good service, help servers, and gain social approval or status (Lynn, 2006; Saunders & Lynn, 2010). A better understanding of the motivations and causes underlying tipping would inform economists' and other scholars' attempts to build more realistic and comprehensive theories and models of consumer behavior.

2. Research on the service–tipping relationship

Research on tipping has appeared in the journals of such diverse disciplines as anthropology, economics, hospitality management, services marketing, psychology, sociology, and tourism (see Azar, 2007b, and Lynn, 2006, for reviews). A recurring theme in this research is the relationship between tipping and service. Tips are supposed to be an incentive/reward for service, so researchers have repeatedly examined the relationship between ratings of service and tip size, especially in restaurant settings. This research frequently supports three conclusions about the service–tipping relationship – (i) restaurant tips do increase with service ratings, though the relationship is weak (Azar, 2009; Lynn & McCall, 2000), (ii) the service–tipping relationship is not moderated by patronage frequency (Azar, 2007a; Conlin, Lynn & O'Donoghue, 2003; Lynn & McCall, 2000), and (iii) some individuals base their restaurant tips on service more than do other individuals, though what specific traits or characteristics underlie these individual differences is unclear (Lynn & Sturman, 2010; Rogelberg, Ployhart, Balzer, & Yonker, 1999).

In addition to the above consistent findings, limited evidence suggests that the tendency to increase tips with service quality is stronger among Asian and Hispanic consumers than White consumers (Lynn & Thomas-Haysbert, 2003), among older consumers than young ones (Lynn and Katz, in press), and among those who attend religious worship services less frequently (Lynn and Katz, in press). Furthermore, isolated findings in the published literature suggest that the service–tipping relationship may be stronger on weekdays than weekends (Conlin, Lynn & O'Donoghue, 2003), for waiters than waitresses (Lynn & Simons, 2000), for dinner than lunch (Lynn & Simons, 2000), and for white servers than black servers (Lynn, Sturman, Ganley, Adams, Douglas & McNeil, 2008). These isolated findings are interesting, but need to be replicated.

This paper contributes to the literature on the service–tipping relationship by attempting to replicate many of the isolated findings of moderation effects described above and by testing several potential new moderators, namely customer political affiliation, customer personality, customer sex, customer hospitality work experience, alcohol consumption and bill size. Reasons for believing these new variables may moderate the service–tipping relationship are described below.

- Conservatives tend to value equity (vs. equality) based distributions of resources more than do liberals (Farwell & Weiner, 2000; Rasinski, 1987), so Republicans may be more inclined than Democrats to base tips on service.
- The Big Five personality trait of agreeableness reflects a tendency to be gentle, acquiescent, lenient, flexible, and forgiving (Shafer, 1999), so highly agreeable people may be reluctant to punish bad servers with small tips, which would weaken the service–tipping relationship.
- The Big Five personality trait of conscientiousness reflects a tendency to be hardworking, responsible, and self-disciplined (Shafer, 1999), so highly conscientious people may want to reward hard work and good service more than do less conscientious people, resulting in a stronger service–tipping relationship among the former group.
- Men tend to like “proportional merit” based rules for resource distribution more than do women (Austin & McGinn, 1977; Dickinson & Tiefenthaler, 2002), so men may be more likely to base tips on service than are women.
- Hospitality workers self-images are more strongly affected than those of others by perceptions of tips as charity vs. deserved income (Suarez, 2009), so they may be more likely than others to base the tips they give on service as both a reflection and reinforcement of their motivated conviction that tips are and should be earned.

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