

THE PENNSYLVANIA STATE UNIVERSITY
SCHREYER HONORS COLLEGE

SCHOOL OF HOSPITALITY MANAGEMENT

TIPPING AND SERVICE CHARGE

CAROLYN CHAI FOONG LOW
SPRING 2015

A thesis
submitted in partial fulfillment
of the requirements
for a baccalaureate degree
in Hotel, Restaurant, and Institutional Management
with honors in Hotel, Restaurant, and Institutional Management

Reviewed and approved* by the following:

Anna S. Mattila
Marriott Professor of Lodging Management and Professor-in-Charge of Graduate Program
Thesis Supervisor

Breffni Noone
Associate Professor of Hospitality Management
Honors Adviser

* Signatures are on file in the Schreyer Honors College.

ABSTRACT

Dining is a large part of our lives, but with it comes the practice of tipping. Tipping seems easy but without an understanding of the many tipping practices, patrons may be caught by surprise and foodservice operators may find themselves saddled with indifferent servers. In the restaurant industry where the customer is king and profit margins are slim, it is beneficial to foodservice operators to understand customer preference between the two common tipping methods: voluntary tipping and service charge. Moreover, with the emerging trends of tipping recommendations and no-tipping policy, foodservice operators must focus on keeping employees motivated to provide patrons with memorable dining experiences. In this qualitative study, eleven individuals were interviewed to understand their exposure to the restaurant industry, tipping behavior, preferred tipping methods, and the underlying reasons for their choices. Tipping recommendations and no-tipping policy were also discussed to explore the feasibility of their implementation in the current foodservice environment. While many participants expressed that they tip based on the server's performance, some based their decisions on the cohesiveness of their dining experience. Each method has its advantages and disadvantages but regardless of their choice, the participants wanted their dining experience to be enhanced by the server's presence and appreciated it when restaurants are transparent about their tipping policy. In sum, foodservice operators can select the tipping method that best suits their restaurant as long as they provide quality service and ensure that patrons are informed about the restaurant's tipping policy.

TABLE OF CONTENTS

LIST OF FIGURES	iii
LIST OF TABLES	iv
ACKNOWLEDGEMENTS	v
Chapter 1 Introduction	1
Chapter 2 Literature Review	9
Tipping	9
Service Charge	13
Emerging Trends in the Restaurant Industry.....	14
Chapter 3 Methodology	17
Sample.....	17
Data Collection and Analysis.....	17
Validity and Reliability Considerations	20
Chapter 4 Results	22
Demographics	22
Exposure to the Restaurant Industry	24
Tipping Behavior	26
Tipping Preference and Trends	29
Chapter 5 Discussion	38
Equity Theory	38
Service Attributes.....	40
Variable Interval Reinforcement Schedule	42
Ambiguity in the Customer-Server Relationship.....	43
Heuristics	46
Implications.....	47
Chapter 6 Conclusion.....	53
Chapter 7 Limitations and Future Research.....	54
Appendix A Interview Questions.....	57
BIBLIOGRAPHY	59

LIST OF FIGURES

- Figure 1: Tipped minimum wage relative to federal minimum wage, 1966-2010. Reprinted from "Waiting for Change," by S. A. Allegretto and K. Filion, 2011, EPI & CWED Briefing Paper, 297, p. 2. Copyright 2015 by Economic Policy Institute. Reprinted with permission. 2
- Figure 2: Real value of the federal minimum wage and subminimum wage for tipped workers, 1966-2014. Reprinted from "Twenty-Three Years and Still Waiting for Change" by S. A. Allegretto and D. Cooper, 2014, EPI & CWED Briefing Paper, 379, p. 5. Copyright 2015 by Economic Policy Institute. Reprinted with permission.3
- Figure 3: Tipped minimum wage and regular minimum wage levels, by state, 2014. Reprinted from "Twenty-Three Years and Still Waiting for Change" by S. A. Allegretto and D. Cooper, 2014, EPI & CWED Briefing Paper, 379, p. 5. Copyright 2015 by Economic Policy Institute. Reprinted with permission.4

LIST OF TABLES

Table 1: Summary of Participants' Demographic Information.....	23
Table 2: Summary of Participants' Work Experience as a Tipped Employee.	24
Table 3: Summary of Participants' Tipping Standard	27
Table 4: Summary of Participants' Opinion on Voluntary Tipping	31
Table 5: Summary of Participants' Opinion on Service Charge	34

ACKNOWLEDGEMENTS

First and foremost, I would like to thank my thesis adviser, Dr. Anna S. Mattila, for being a source of strength to me throughout the process of conducting research and writing my thesis. Learning from her in HM503 (Research Methods in Hospitality Inquiry) has assisted me in approaching a research topic that interested me, giving me an intrinsic motivation to work toward each step within the research process, culminating in the composition of this thesis. This thesis would not have been possible without the advice and encouragements she has offered me throughout my journey.

I would also like to express my gratitude to my honors adviser, Dr. Breffni Noone, for believing in my capabilities and encouraging me to join the Schreyer Honors College. Her guidance throughout my time in Penn State has shaped me into the person I am today. I am thankful for all the opportunities she has given me to grow and understand myself better.

Moreover, I am grateful to my peers who have contributed to my thesis in one way or another, be it in the form of highly-esteemed opinions or emotional support, I am blessed to have you by my side.

Lastly, I would like to thank my dearest parents, Low Siak San and Mary Leong, whom though faraway throughout my time abroad in university, were constant companions who never stopped believing in me.

Chapter 1

Introduction

Tipping is a prevalent practice in the United States, particularly in the full-service restaurant industry, in which customers give voluntary payments of money to service providers who have served them (Lynn and Graves, 1996). As tipping is an exchange that happens between customers and service providers, it is seen as a unique consumer behavior because the payment for the service is set solely by the customer rather than the service provider (McCarty et al., 1990). Consequently, this intangible and customized service provided to customers is often difficult to capture and evaluate as the service needed by customers is different in each case whereby the server has to adapt to the level of service required by their customers. In fact, only the parties involved (the customer and the service provider) during a dining experience will truly understand if the optimal level of service is achieved. Therefore, tipping is also seen as a way of enlisting the customer's help in performing this task of quality control (Lynn and Graves, 1996). Moreover, Lynn (2001) illustrated in his article that some foodservice operators rely on tips to (1) motivate servers to deliver good service, (2) measure server performance, and (3) identify dissatisfied customers. This is so because the average tips received by employees are the function of customer perception of the service received.

In the United States, tipped employees are heavily dependent on tips awarded by customers for the service rendered (Lin and Namasivayam, 2011). Many restaurant servers in the United States receive wages that are below the federal minimum wage standard, hence they rely tremendously on tips to supplement their income (Lin and Namasivayam, 2011). Moreover, the

National Employment Law Project (2009) emphasized that while the federal minimum wage was raised to \$7.25 in 2009, workers who rely on tips are subjected to a special tipped worker minimum wage, which has remained frozen for 18 years (at the time of publication) since 1991 at a meager \$2.13 per hour – just \$4,430 per year for a full time worker. Figure 1 illustrates this widening gap (Allegretto and Fillion, 2011).



Figure 1: Tipped minimum wage relative to federal minimum wage, 1966-2010. Reprinted from "Waiting for Change," by S. A. Allegretto and K. Fillion, 2011, EPI & CWED Briefing Paper, 297, p. 2. Copyright 2015 by Economic Policy Institute. Reprinted with permission.

To make matters worse, at the time of publication, the report also stated that since the tipped worker minimum wage was frozen at \$2.13 in 1991, its value has fallen by 36 percent in real terms (National Employment Law Project, 2009). As of January 1, 2013, the federal minimum hourly wages for tipped employees was \$2.13 (making it stagnant for 22 years in 2013), less than one-third of the federal minimum wage of \$7.25 (Minimum Wages for Tipped Employees, n.d.). A more recent publication supported previous reports and illustrated the

increasingly large gap between minimum wage and tipped worker minimum wage in real value as shown in Figure 2 (Allegretto and Cooper, 2014).

Real value of the federal minimum wage and subminimum wage for tipped workers, 1966–2014

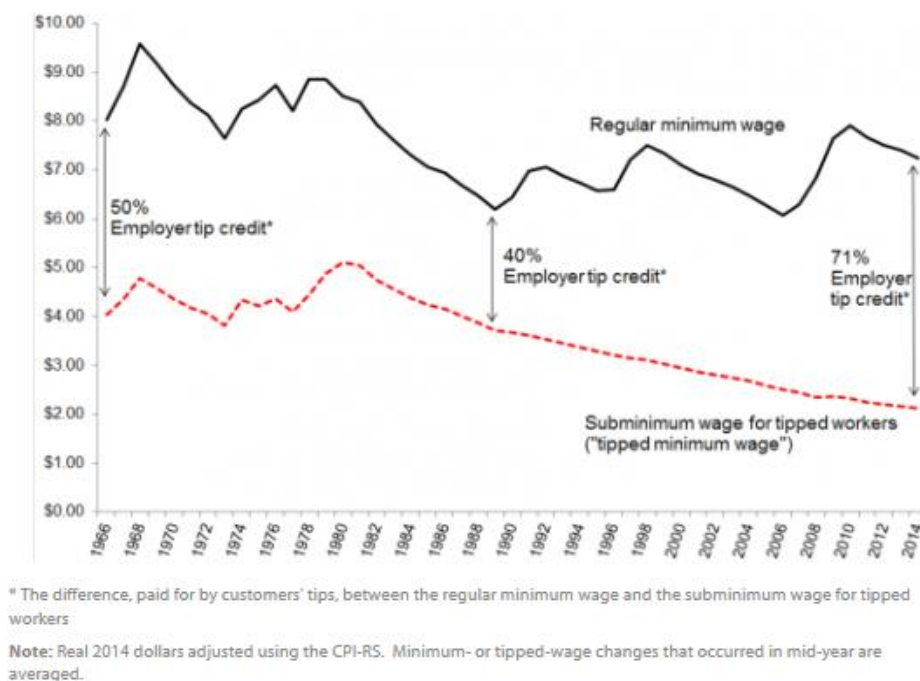


Figure 2: Real value of the federal minimum wage and subminimum wage for tipped workers, 1966-2014. Reprinted from "Twenty-Three Years and Still Waiting for Change" by S. A. Allegretto and D. Cooper, 2014, EPI & CWED Briefing Paper, 379, p. 5. Copyright 2015 by Economic Policy Institute. Reprinted with permission.

Under Section 3(m) of the Fair Labor Standards Act (FLSA), employers are permitted to take a tip credit toward its minimum wage obligation for tipped employees, the maximum being \$5.12 which is the difference between the required cash wage (at least \$2.13) and the federal minimum wage of \$7.25 (Wage and Hour Division, 2013). This means that employers have to pay \$2.13 or more in cash wage and if the employee does not receive sufficient tips to make up the difference between the cash wage payment and the federal minimum wage, the employer must make up the difference (Wage and Hour Division, 2013).

Therefore, some managers choose to replace tipping in their firm with automatic service charges for large parties (often six or more diners), calling this fixed service charge a ‘gratuity’ (Azar, 2009). This may be beneficial as it prevents diners from stiffing (i.e., refusing to pay or tip) (Merriam Webster, 2013) considering that the average check will be substantially larger for a bigger party and more attention is required to service the group. Furthermore, in some cases, restaurants replaced tipping with service charges regardless of the party size (Azar, 2012). This is observed by the move from the traditional tipping system to automatic service charge system taken by some establishments. For instance, at Thomas Keller’s Per Se restaurant in Manhattan, tipping has been replaced with a flat service fee of 20 percent in 2005. This was done after observing that the system worked well for more than seven years at The French Laundry, Keller’s Californian restaurant, which charges 19 percent for service (McGeehan, 2005). Mr. Keller justified his action by stating that he realized that there is an imbalance of earnings between front of the house and back of the house staff. He also said that the servers no longer have to worry about how much they take home on a particular night as all employees will earn steady wages (McGeehan, 2005). He also felt that the tipping system created a false servant-master relationship between servers and guests at the restaurant. For instance, receiving a small tip or no tip at all would just make the servers feel really horrible, as if they had done something wrong (McGeehan, 2005).

Some establishments found that their employees liked this change to automatic service charges and observed an improvement in service because the staff felt empowered (Are We Near the End, 2013). Moreover, they can also do their jobs with more confidence knowing that they have a reliable income (Are We Near the End, 2013). While there are supporters for the change, there are also those who resist it, claiming that tipping is better in terms of accountability,

ensuring that servers provide guests at a restaurant with quality service in return for tips (Are We Near the End, 2013). Moreover, there are instances where the tipping system is better than the automatic service charge. A former Chez Panisse employee stated that servers, bussers, and other so-called “front of the house” workers who traditionally get a share of a server’s tips are getting short-changed because the service charge goes to a “general fund,” which helps to pay for a variety of benefits and higher-than-average wages for all staff, not just servers. This situation is unknown to diners as hosts and managers were found to provide misleading explanations to diners who inquired about the service charge (Watts, 2013).

There are advantages and disadvantages in both systems. Hence, foodservice operators decide on which system to utilize in their establishment based on the restaurant type and level of service provided. Foodservice operators can also evaluate the tipping system adopted to determine if it ensures higher quality customer service and more satisfied customers who will return.

However, a recent updated tax rule caused foodservice operators to rethink the practice of adding automatic service charge to the tabs of large parties. In January 2014, the Internal Revenue Service (IRS) began classifying those automatic gratuities as service charges – which it treats as regular wages, subject to payroll tax withholding – instead of tips, which restaurants leave up to the employees to report as income (Jargon, 2013). While this new rule will prevent the abuse of service charge collected, foodservice operators will have to weigh the benefits and drawbacks of automatic service charge more seriously. The change will complicate payroll accounting for restaurants that stick with automatic tips, because they will need to factor those tips into pay, meaning that hourly pay rates could vary day to day depending on how many large parties are served (Jargon, 2013).

In addition to the increased paperwork and added costs for the restaurants, there is a potential financial hit for tipped employees (i.e., servers) who live on their tips but do not always report them fully (Jargon, 2013; Azar, 2009; Azar 2012). Also, employees are likely to support dropping the practice of automatic tipping because they do not like the idea of their tips being treated as wages, which requires upfront withholding of federal taxes, and means they will not see that tip money until payday (Jargon, 2013). Hence, foodservice operators are likely to continue using the traditional tipping system in order to retain its employees (Lynn et al, 2011).

This change in legislation that guides the restaurant industry in terms of tipping often goes unnoticed by the average diner. They would not be as aware of the impact of these changes as those who are actually in the situation – tipped employees. Nonetheless, it is important to understand how patrons at restaurants perceive the tipping system enforced (if any) and how it affects their dining experience. Furthermore, as tourism becomes more prevalent and travelling becomes more affordable, there is an increase in foreign nationalities in the United States (Top 20 Countries Generating, n.d.). As a result, foodservice operators often try to capture this extra revenue by appealing to tourists of different cultures who may not be as knowledgeable about the tipping norm that exists in the United States.

With the implementation of the new IRS tips rule which makes automatic gratuity a form of service charge, hence subject to payroll tax withholding, foodservice operators are getting creative at keeping their servers satisfied and reducing the amount of paperwork for management by including tipping recommendations at the end of customer's check. One such example is Olive Garden, a restaurant chain that previously charges automatic gratuity but is now affected by these amendments to the tax law (Berman, 2014). They have been experimenting with suggesting amounts that restaurant patrons can elect to tip by listing totals with 15, 18, and 20

percent tip options on all of its checks (Berman, 2014). Furthermore, there are also restaurants that completely removed the practice of tipping altogether, implementing a no-tipping policy in their restaurants instead (Greenblatt, 2014).

Therefore, this study explored customers' preference in terms of the type of tipping systems used in full-service, sit-down restaurants, taking into account their historical dining experiences, the customers' perception of the tipping system in restaurants they visit, and if it affects their selection of where to dine. Other issues related to the tipping culture such as tipping recommendations and no-tipping policy were also discussed.

Chapter 2

Literature Review

Tipping

Tipping is a voluntary, customer generated and decided “reward” for providing the desired service (Lin and Namasisvayam, 2011). This practice has received an increasing amount of attention as it has been found to be a measure of service quality which in turns influences customers’ satisfaction and future intentions such as re-patronage and positive word of mouth (Lynn and Graves, 1996; Lynn, 2001; Conlin *et al.*, 2003; Ha and Jang, 2012).

However, there are many factors that affect the amount of tips customers decide to leave. Research has found that customers who are White, male, young, educated, wealthy, from big cities, or from the Northeast tip more on average than do customers who are Black, female, older, less educated, less wealthy, from small towns, or from the South or West (Lynn and Thomas-Haysbert, 2003; Lynn 2006). This goes to show that although customers in full-service, sit-down restaurants in the United States are expected to tip their servers 15 to 20 percent of their bills (Lynn, 2006), not everyone does so due to their own personal background, available resources, perception and evaluation of service quality, as well as personal beliefs and values that influence their actions.

There is a proliferation of research into the effects of race differences that exist in customers that visit a restaurant on the amount tipped. Lynn (2011) found that African Americans typically tip less than Whites in the United States. The study also found that this

relationship is mediated by norm awareness (Lynn, 2011). On a similar note, Lynn (2006) found that knowledge about the restaurant tipping norm is greater among people who are White. Meanwhile, Lynn *et al.* (2012) also found differences in tipping between African Americans and Whites. Socioeconomic status is found to have a moderating effect on this relationship (Lynn *et al.*, 2012). On the other hand, Lynn and Thomas-Haysbert (2003) found that both Asians and Hispanics varied their tips with bill size less than did Whites. This suggests that the former ethnic groups are less compliant with the U.S. norm of tipping a percentage of the bill in restaurants. In an attempt to replicate the aforementioned research regarding tipping differences between people of different ethnicity, findings in a more recent study supports that Hispanics but not Asians tipped less on average than Whites after controlling for bill size, the customer's own ratings of service quality, and other variables (Lynn, 2013).

The restaurant industry attracts a vast variety of patrons from various backgrounds. With the existence of the findings that there are racial differences in terms of tipping, it is inevitable that servers will form stereotypes of different groups of customers based on various variables such as racial backgrounds, age, and gender and may consciously or unconsciously vary their service quality accordingly. McCall and Lynn (2009) conducted an extensive survey of restaurant servers that revealed that regular patrons and males were thought to be the best tippers; teenagers the worst. Females perceived males, African-Americans and foreign customers to be better tippers than did males (McCall and Lynn, 2009). Meanwhile, Lynn and Thomas-Haysbert (2003) discovered that many servers delivered poor service to ethnic minorities because they believed that ethnic minorities are poor tippers. There have also been documented situations where servers were simply unwilling to serve African American patrons and, to avoid doing so, they would participate in the servers' game of "Pass the [black] Table (Brewster, 2012). When

servers do wait on black patrons, they often will admittedly provide inferior service to them (Brewster, 2012). This is further supported by a recent study by Brewster (2013) that yielded findings showing that server sensitivity to demographic tipping differences is predictive of servers' propensities to discriminately allocate excellent service. As a result of these stereotyping behaviors, there is inconsistency in the level of service provided by the servers of an establishment.

To complicate matters, customers do not tip based solely on service performance. Rind and Strohmetz (1999) categorized factors affecting tipping into three groups, the first concerns characteristics of the dining party, including party size, method of payment, alcohol consumption, and mood. The second concerns characteristics of the server, including attractiveness, dress, and gender. The third concerns server-diner interactions, such as having servers briefly touch their customers, make additional non-task visits, squat during their initial interaction with customers, personalize their interaction by giving customers their first names during the initial contact, and display a maximal smile during initial interaction with customers.

Furthermore, customers also have various reasons for tipping. Findings in a recent study by Becker *et al.* (2012) supported the existence of six underlying behavioral dimensions associated with tipping: (1) Heuristic Model (heuristics involve simple straightforward rules that have evolved over time which provides a short cut that individuals rely upon to make decisions), (2) Impress Others, (3) Reciprocal Reward, (4) Social Obligation, (5) Generosity, and (6) Control Service (customers are in the position to use tips to exert control over service quality). Similarly, self-reported tipping motives include to reward service, help server, insure future service, satisfaction from doing right, express generosity, support the custom of tipping, follow social norms, impress the server, avoid guilt, avoid upsetting the server, avoid appearing

poor/cheap, impress other people, improve the groups' image, and reduce servers' envy – measured by the statement: “I tip in order to reduce the server's envy of me” (Lynn, 2009). This shows that on top of factors that exist inherently within individuals due to their unique historical backgrounds, external factors such as the circumstances of the dining process as well as servers' characteristics play essential roles in tipping.

The increased interest in travel and tourism also contributes to the complexity in the tipping norm as people from other countries may not be familiar with the system that has been in place in the United States for many decades. For instance, consumers tip over 30 different service professionals in the United States but tip no service professionals in Iceland (Lynn and Lynn, 2004). Consumers tip restaurant servers 15 to 20 percent of the bill in Mexico but tip only 5 to 10 percent of the bill in Romania (Lynn and Lynn, 2004). Findings from Maynard and Mupandawana (2009) indicate that the median Canadian tip rate is 14.3 percent, with a large majority of tips falling within the 10 to 20 percent range. Meanwhile, Hong Kong diners were found to tip 3.57 percent in addition to the 10 percent service charge to the bill as tipping is at the discretion of customers (Dewald, 2003). Compared to the United States, Israel has a slightly lower tipping norm rate of 12 percent (Azar, 2010). In New Zealand, interviews with restaurant employees and managers indicated that tipping is not considered part of the culture, but evidence was discovered that it is becoming more widespread and acceptable (Casey, 2001).

Previous studies have shown that voluntary tipping can prove to be quite a complicated task. While servers in full-service restaurants in the United States are used to the norm of receiving tips worth 15 to 20 percent of the bill, this may not always be the case as illustrated by the above discussion. Hence, foodservice operators have been debating whether they should in

some way ensure a minimum level of payment for service by incorporating the tip into the final bill in the form of a service charge (Strohmetz and Rind, 2001).

Service Charge

Service charge is defined by Lin and Namasivayam (2011) as additional gratuity or service fees charged on the customer's bill. In the United States, it usually ranges between 15 and 20 percent of the total bill (before taxes). While there is an abundance of research regarding voluntary tipping, research concerning service charge is relatively scarce. Azar (2012) noted that the firm's choice between tipping and an automatic service charge received little attention in the literature. Ayres *et al.* (2005) discussed the idea of moving from voluntary tipping to service-inclusive prices in the taxicab industry. The study pointed out that doing so can solve two forms of racial discrimination: the tendency of passengers to tip minority drivers less than other drivers, and the discrimination of some drivers against minority passengers (because the latter are known as poor tippers).

Respondent differences were discovered in terms of motivators between tipped and non-tipped employees, with non-tipped employees reporting higher scores for motivators such as interesting work, possibility for promotion or career development, and gratitude for a job well done (Curtis *et al.*, 2009). A possible explanation is provided by the authors, saying that given the nature of tipped jobs, tipped employees are much more like subcontractors in that work interest, promotion room, and gratitude may pale in comparison to excellent tips. Meanwhile, Lynn *et al.* (2011) explored how the firm's choice between service charges and tipping affects service quality in the leisure cruises and restaurant industries and concluded that a policy of

voluntary tipping positively affects the motivation and behavior of service workers and customers' perceptions of service quality. This shows that tipped employees are highly motivated because their income is very much dependent on tips received from customers but they are less likely to seek opportunities to rise in the establishment compared to non-tipped employees.

Namasivayam and Upneja (2007) studied employees' preferences for different tipping systems; they found that individuals perceived the pooled tipping system among all servers as providing high levels of control, but rated the system as low in fairness and distributive justice. They also found that respondents considered systems that levy a service charge to be fair and just. Findings from Lin and Namasivayam (2011) also supported this and explored the effects of different tips distribution methods on employees' perceptions of fairness, distributive justice, and control.

However, with the introduction of the new taxation rules discussed in Chapter 1, the application of a service charge may begin to lose its appeal. Therefore, foodservice operators have begun to explore new methods such as tipping recommendations and no-tipping policy.

Emerging Trends in the Restaurant Industry

Tipping recommendation is the practice of providing restaurant patrons with "gratuity guidelines" to suggest what tip amount would be appropriate based on the check total and quality of service (Strohmetz and Rind, 2001). The few journal articles on tipping recommendations touted the benefits of this practice but there were conflicting findings between studies. In Strohmetz and Rind (2001), servers at a family-owned restaurants randomly provided customers with or without tipping recommendations by using "gratuity guidelines" card that listed

calculations of tips and service quality level according to percentages or were blank. The difference in the mean tip percentages for the two group was not significant but the variation in tip percentages was significantly greater for parties that did not receive tip cards than for those that did receive the card (Strohmetz and Rind, 2001). Meanwhile, Karniouchina *et al.* (2008) used an online simulation to measure the effects of tipping recommendations on the amount participants will tip. Findings revealed that tips were significantly higher when the amount of tips were already calculated and listed compared to the tips received when no assistance was provided (Karniouchina *et al.*, 2008). Seiter *et al.* (2011) in his study also found that customers left significantly more tips with the presence of tipping recommendations.

Another trend that is taking the restaurant industry by storm is the adoption of no-tipping policy. Some restaurants are paying its staff competitively by raising food prices ever so slightly while some still give their employees a reason to work hard without the need for tips by offering them 20 percent of their total sales per shift if they hit certain targets higher than their hourly wage (Greenblatt, 2014). It has been suggested that, not only are customers relieved of the duty to tip, but employees are also more satisfied and they are protected against slow demand days. Foodservice operators also save by reducing the amount of paperwork for the accounting department (Greenblatt, 2014). Tipping is very much a culture in the United States but looking outside of the United States, a no-tipping policy does work in many other countries. As Greenblatt noted (2014), restaurant workers are professionals and in other countries are paid like professionals - \$18 or \$20 an hour which is far from what restaurant workers in the United States make. Whether or not this tipping model will thrive in the United States will only be known with time.

In sum, differences exist between voluntary tipping and automatic service charge, both with its own advantages and disadvantages. However, there seems to be a lack of research in terms of customers' preference between the two methods and if their preferences actually affect their choice of restaurants. Taking into consideration their prior experience of restaurant dining, this study attempted to explore customers' awareness, and perceptions, of the tipping method that restaurants choose to employ. Moreover, as seen by the rich diversity in the type of tipping methods that exist in the restaurant industry, tipping recommendations and no-tipping policy were also explored to gain a better understanding of customers' openness to such practices.

Chapter 3

Methodology

Sample

The study was conducted in an area near a large Northeastern university in a state that has the same minimum wage as the federal minimum wage and a slightly higher minimum wage for tipped employees. The study's participants were consenting adults who frequently dine in full-service restaurants in the surrounding area and were recruited by convenient sampling through email Listservs and social media. Giorgi (2008) recommends recruiting at least three participants, arguing that the differences between them make it easier to discern the individual experience from the more general experience of the phenomenon. After interviewing three participants in this study, additional informants were interviewed until theoretical saturation was achieved (Trochim and Donnelly, 2006).

Data Collection and Analysis

Through qualitative research, we can explore a wide array of dimensions of the social world, including the texture and weave of everyday life, the understandings, experiences and imaginings of our research participants, the ways that social processes, intuitions, discourses or relationships work, and the significance of the meanings that they generate (Mason, 2002). More specifically, this study adopted the phenomenology tradition. It is defined as “a philosophical

perspective as well as an approach to qualitative methodology that focuses on people's subjective experiences and interpretations of the world" (Trochim and Donnelly, 2006). The phenomenology study includes in-depth interviewing. Phenomenological interviewing rests on the assumption that there is a structure and essence to shared experiences that can be narrated (Marshall and Rossman, 2010). The purpose of this type of interviewing is to describe the meaning of a concept or phenomenon that several individuals share (Marshall and Rossman, 2010).

Phenomenology is not a dominant approach in management and business research, but it has a long-standing tradition in psychology, aiming for elucidation of complex cognitive and nebulous phenomena that may not be accessible by more objective and quantitative research approaches (Stierand and Dorfler, 2012). Finlay (2009) stresses that, essential to all phenomenological research, is a rich description of lived experience which can be understood through the concept of the life-world being the context of experiences. A person's lived experience of a phenomenon is only understandable in the context of this person's life-world, because in this world individual perception and experience are altered by others, who also bring a wider range of perspectives through their opinions and experiences (Husserl, 1936). This supports the usage of this strategy in this study as a whole array of influences shape each of us as we are today and it can be difficult to distinguish and separate each part. Consequently, this strategy allows researchers to explore more thoroughly the experiences of each participant and to see what their beliefs and cultures are and how it may affect how they respond to changes in their surroundings.

Using phenomenological interviews, this study focused on gaining a better understanding of customers' preferences between voluntary tipping and automatic service charges. When

participants lacked experience with either of the two tipping methods, their openness to experiencing these methods were discussed. Factors influencing their preference were also explored to enable industry practitioners to gain a better understanding of these preferences. In order to control for the variation in service level, tipping preferences were discussed across situations where the level of service was satisfactory and unsatisfactory. Informants' historical background, including their prior experience with full-service restaurants (familiarity with either voluntary tipping or automatic service charge, work experience in the foodservice industry), were also taken into consideration (see Appendix A for interview questions). Additional topics related to tipping were also discussed as they came up during the course of the interviews, providing further insights into the phenomenon of tipping.

Interviews were held between August and December 2014 using the recording facilities available in the university at times that were convenient for both the participants and researcher. These sessions were recorded using an audio recorder with the individuals' permission to ensure that participants' comments could be easily referred to if necessary. Notes were also taken to ensure that intangible elements that could not be captured by a recording could be used to fully describe the interview sessions.

Recorded interviews were transcribed verbatim and the researcher's notes were used to complement the data. Demographic information was also collected.

This study adopted Trochim and Donnelly's (2006) seven phase approach to data collection and analysis: (1) interview participants regarding a phenomenon of interest from an everyday perspective, (2) transcribe/prepare raw data for review, (3) read transcripts for a sense of the whole, (4) determine parts (establish meaning units), (5) transform meaning units into psychologically sensitive expressions, (6) determine psychological structure of meaning units,

and (7) complete post-structural analyses (Trochim and Donnelly, 2006). Marshall and Rossman (2010) also suggested a similar approach which includes (1) organizing the data, (2) immersion in the data, (3) generating categories and themes, (4) coding the data, (5) offering interpretation through analytic memos, (6) searching for alternative understandings, and (7) writing the report or other format for presenting the study.

Validity and Reliability Considerations

Trochim and Donnelly (2006) present four criteria for judging qualitative research. Credibility involves establishing that the results of the study are believable from the point of view of the participants in the research. This can be done by presenting the interpretation of the interview to participants in order to check the authenticity of the work (Yanow and Schwartz-Shea, 2006). However, since participants' identities were kept confidential and all identifying information were not stored, supplementary questions were asked during interviews to ensure that the data collected was as error-free as possible.

Transferability can be ensured by thoroughly presenting the findings of the study such that future researchers can replicate the study (Trochim and Donnelly, 2006). This was done by clearly stating the methods used, the questions asked to stimulate discussion, and the analysis done to arrive at the conclusion of the study.

Dependability can be established by presenting the factors encountered during the study that may change with time and how they influenced the conclusions of the study (Trochim and Donnelly, 2006). This was done by clearly describing the setting and the time period during

which the interviews took place, the informant selection process, and any events that may have taken place that might affect the conclusion of the study.

Lastly, conformability refers to the degree to which others can confirm or corroborate the results and this can be done with a data audit that examines the data collection and analysis procedures and make judgment about the potential for bias or distortion (Trochim and Donnelly, 2006). Disconfirming evidence can also be searched to provide a contrast between the findings of this study with prior studies (Marshall and Rossman, 2010).

Chapter 4

Results

This section will outline the results of data collection beginning with participants' (1) demographics, (2) exposure to the restaurant industry, (3) tipping behavior, (4) tipping preference between voluntary tipping and service charge, and (5) openness to the implementation of tipping recommendations and no-tipping policy.

Demographics

The study's participants comprised of eleven females who identified with a variety of ethnicities, the majority being Caucasian White, followed by Asian/Pacific Islander and African American. They were primarily students in their twenties with an annual income of less than \$20,000, the exception being Participant F who was an academic adviser in her sixties who had an annual income between \$50,001 and \$70,000. All of the participants were Americans with Participant F having both American and Canadian citizenship. Some of the student participants also held part-time employment. The following table summarizes the study participants' demographics:

Table 1: Summary of Participants' Demographic Information

	Ethnicity	Age	Occupation; Class Standing; Major	Annual Income	Highest Education Level Earned	Nationality
A	Caucasian White	>18, <20	Student; Junior (transfer student); Hospitality Management	Less than \$20,000	High school	American
B	Caucasian White	20-29	Student; Junior; Health Policy and Administration	Less than \$20,000	High school	American
C	Asian/ Pacific Islander	20-29	Student; Junior; Biobehavioral Health	Less than \$20,000	High school	American
D	Caucasian White	20-29	Student; Junior (transfer student); Nutritional Sciences	Less than \$20,000	High school	American
E	Caucasian White	20-29	Student, Cashier at a convenience store; Senior; Biobehavioral Health	Less than \$20,000	High school	American
F	Caucasian White	60-69	Academic Adviser	\$50,001- 70,000	PhD	American and Canadian
G	Caucasian White	20-29	Student, Equipment Attendant at a sports center, Server at a restaurant; Junior; Nutritional Sciences	Less than \$20,000	High school	American
H	Caucasian White	20-29	Student; Junior; Nutritional Sciences	Less than \$20,000	High school	American
I	Asian/ Pacific Islander	20-29	Student; Senior; Violin Performance, Psychology	Less than \$20,000	High school	American
J	African American	20-29	Student; Junior (transfer student); Kinesiology	Less than \$20,000	High school	American
K	Asian/ Pacific Islander	>18, <20	Student; Freshman; Communication Sciences and Disorder	Less than \$20,000	High school	American

Exposure to the Restaurant Industry

Most of the participants have lived in the United States for the most part of their lives with some of them having never traveled outside of the United States and others having traveled to Dominican Republic, Mexico, Ecuador, Tanzania, India, Canada, The Bahamas, United Kingdom, Ireland, France, Austria, Germany, Belgium, Thailand, Jamaica, Cayman Islands, or India to visit family or for vacation and school-related trips. Some of the participants were born in other countries such as Vietnam and Canada but grew up in the United States and had little memory of their time in their country of birth.

Table 2: Summary of Participants' Work Experience as a Tipped Employee.

	Worked as a Tipped Employee?	Position, Duration and Location of Employment
A	Yes	Server for four years during high school at a restaurant.
B	Yes	Server for the past two summers at a sports bar restaurant.
C	No	
D	Yes	Server for four years at a yacht club, promoted to server from busser six months ago.
E	Yes	Server for the past three summers at a patio bar restaurant. Server for three years during high school at a fine-dining restaurant.
F	No	
G	Yes	Server for the past year at a bar and grill restaurant, still working there.
H	Yes	Server for two summers at a family dining restaurant.
I	No	
J	Yes	Server for one semester at a newly opened restaurant.
K	No	

The above table illustrates the work experience of all eleven participants. Out of the eleven participants, seven of them have worked as a tipped employee at a restaurant (i.e. server), and out of those who had worked as servers, only one of them was employed as a server at the

time of the study. Those who had worked as a server in a restaurant either did so when they were in high school or during breaks when they were away from university. When asked how they enjoyed working as server, Participant A, having four years of serving experience said that “some days I liked it and some days I hated it” while Participant B supported that by saying “it has its ups and downs.” Participant D who worked at a yacht club for the past four summers and worked her way up to become a server from a busser said that “it was a big change... it is a lot more stressful.” Meanwhile, Participant J who served for a semester, said that she will never serve again.

All of the participants stated that they often frequent casual dining restaurants such as Applebee’s, Chili’s, Olive Garden, and T.G.I. Fridays. There were also some who were more adventurous in trying local, ethnic, and independent restaurants, pubs, and breweries. The participants only frequent fine-dining restaurants for special occasions.

The participants dine out for brunch, lunch, and dinner for special occasions such as birthdays, graduation, and other celebrations with family and friends. Sometimes, participants dine out for no special reason, as Participant A put it, “sometimes it’s just if I don’t feel like cooking, we’ll go out.” Participants also frequently dine out when meeting up with friends or when they have friends visiting from out of town. For Participant H, “it’s easier to go get something to eat than like ‘hey, I’ll cook you something at my apartment’, like I rather just go get something to eat so it’s easier that way.” Participant F also echoed a similar thought, saying that, “usually (when dining out) it’s just us and we say, ‘well, I’m sick of everything today, let’s go out.’” When traveling, participants also dined out for every meal during the span of their vacation. However, there were also participants who do not usually dine out while in school. As Participant E indicated, she likes to go to the farmer’s market for fresh produce because she

makes a lot of salads and wraps that are easy and quick to make but dines out a lot when she is home with her family. Participant H said that she watches her finances and dines out according to her ability: “I don’t really go to any places too fancy just because I’m a poor college student”.

The party size for participants’ dining experiences ranged from two to seven, consisting of family, boyfriend, and close friends. Participant E preferred eating with one or two other people because she likes to “meet up and catch up on a more intimate level because when it gets to be big groups of friends, you don’t really get to talk.” Participant I sometimes has a party size of ten to fourteen when she goes to social gatherings at various restaurants in town with one of the organizations she is part of to welcome and bond with new members of the organization.

Tipping Behavior

All of the participants said that they usually tip the server when dining out. A few of them said that they tip the bartender when they get drinks. Participant H mentioned that she would tip the server when eating, and then (based on her understanding) the server tips out the other front of the house staff such as bartender and busser while Participant I hoped that whatever tip she added to her check would go to the server.

When asked what they evaluate when tipping, many stated that they tip according to the friendliness, politeness, attentiveness, and effectiveness of the server, how long they had to wait for service, whether the server put in the effort to make their dining experience enjoyable, and whether the server was proactive and showed initiative. They would tolerate the server forgetting things when the restaurant was busy but not when the server was rude and visibly unhappy to be working. Essentially, most of the participants agreed that they tip based on the server’s

performance and attitude. They said that they were unlikely to penalize the server if their food was bad because they feel that the servers are not in control of the food. However, there were a few participants who based their tips on the quality of the food. Some of the participants who have worked as servers were able to understand a server's position and mentioned that they started reflecting on what they based their tips on ever since they gained the perspective of both sides of the dining experience.

Table 3: Summary of Participants' Tipping Standard

	Tipping standard
A	Fifteen to twenty percent. No less than five dollars at places like Pizza Hut where she does not get a lot to eat.
B	Fifteen to eighteen percent.
C	Fifteen to twenty percent.
D	Fifteen to eighteen percent. Two dollars if leaving that amount is more than eighteen percent.
E	Fifteen to twenty percent.
F	Fifteen percent (defer tipping to husband who tips around twenty percent when dining together).
G	Twenty percent.
H	Fifteen to thirty five percent.
I	Fifteen to seventeen percent.
J	Five or six dollars.
K	Fifteen to twenty percent.

Participants' tipping styles were also explored and it was found that most of them leave a tip of between 15 and 20 percent of the bill, with the higher end of this range reserved for excellent service and the lower end of the range used when service was okay or unsatisfactory (see Table 3). Participant H even stated that she would "leave between twenty-five and thirty-five (percent) just because I am a server and I know." Some participants leave a fixed dollar amount when their check is smaller. Participant J does not tip according to a percentage but will leave five or six dollars in tips, increasing or decreasing her tips from that base amount depending on the type of restaurant she is dining in and the server's performance. Participant F

on the other hand, leaves tipping to her husband when dining out because she is innately not a generous tipper and tips around 15 percent in contrast to the 20 percent her husband tips. Even where the level of service is bad, most of the participants voiced that they would tip no lower than 15 percent, attributing this to their experience as a server and their family upbringing. When service goes beyond expectations, participants are willing to tip at or slightly more than their upper range.

After gaining a better understanding of how they tip, participants were asked to describe a dining experience. While the dining experience described by three of the participants aligned with what they explicitly stated in the earlier questions, there were instances where they tipped more or less than their standard due to various reasons. This illustrates the intricacies of the tipping process as each dining experience is unique. Some participants tipped more than twenty percent because of service recovery (i.e. correcting an initially bad experience) and exceptional service. Moreover, when describing her dining experience, Participant H said that “this one might be kind of biased because this is the restaurant that I worked at... I think I tipped them probably like forty or fifty percent of my bill.” On the other hand, Participant G who received poor service from one server and good service from another server while dining out at a restaurant only tipped the server who gave her good service.

Furthermore, there were instances where participants did not tip when dining out with their boyfriends or family. Participant B and her boyfriend experienced a long wait due to a busy Friday night but while she still wanted to tip their server well because she understood that the delay was not caused by the server, her boyfriend who paid the bill said “we’re only tipping her the minimum gratuity.” So she attempted to advocate for their server but in the end, she does not know how much he gave her but she assumed he just went with 15 percent. Participant D also

had dinner with her boyfriend who paid the bill. While she did not get to see how much he tipped, she believed that he would tip well because he worked at the same yacht club she did as a busser who gets tipped out by the servers. Participant E who dined in the city with her mother and boyfriend had a prix fixe (i.e. a complete meal offered at a fixed price) three-course meal in which she thinks her mother tipped 25 percent. Meanwhile, Participant C who was vacationing in Las Vegas with her parents had a mediocre experience but still tipped their server 20 percent. Even though her parents paid the bill, she said, “my parents weren’t brought up in a tipping culture, they were from India and I think that they sometimes have to ask my brother and me how much to tip.” Therefore, she justified the decision to tip 20 percent by saying, “sometimes, the age of the server also affects how much I want to tip because if they are older, I think like, ‘oh, they probably have children or... (other burdens). I tend to tip around the same percentage but still... they make me want to tip more.”

Tipping Preference and Trends

Moving on to the crux of this study, it was found that while most of the participants preferred the voluntary tipping method, they understood the existence of a service charge and would accept it when faced with it. However, not all participants were in favor of a service charge. In fact, only one would prefer a service charge over voluntary tipping.

The main appeal of voluntary tipping is that customers are given the freedom to choose what they want to tip based on the server’s performance. Some of the participants felt that they can show their appreciation when given excellent service and reprimand servers when subpar service is received. Participant A remarked that “if you (server) are friendly and you do come to

the table and you do impress me, that should reflect in your tips and you should get paid twenty percent tips. If you are unfriendly and you shouldn't be a waiter or waitress then I don't think that you should get twenty percent tips," and Participant D supported that by saying "voluntary tipping gives you more freedom of choice and it allows you to show your appreciation for all the effort that your server has put in."

Additionally, participants preferred voluntary tipping because they are in control of the tipping process. Participant B said "I like to be in charge of how much I give them," while Participant I also said that with voluntary tipping, she has a choice and she is not forced to pay this (service charge) on top of everything else.

Moreover, those who habitually tip well felt that they are doing fine as it is with voluntary tipping because they felt that the service charge is usually equal or lower than what they would tip. Participant A and E explicitly stated that there were good tippers so there was no need to tell them what to do while some of the participants implied it through their responses. Participant C on the other hand, commented that "it (service charge) is usually around eighteen percent so it pretty much matches up with what I would already give, so it's fine."

However, one participant (Participant F), who preferred to have service charge, said that "tipping can be so arbitrary." She also felt that voluntary tipping can be subjective as each customer interprets things differently. Moreover, she believes that "there should be some way for the server to get feedback, but would love to separate that from money." Table 4 summarizes the participants' opinion on voluntary tipping.

Table 4: Summary of Participants' Opinion on Voluntary Tipping

	Voluntary Tipping?	Comments
A	Yes	She feels she is a good tipper. Tips should reflect server's performance.
B	Yes	She likes to be in charge of how much she gives them.
C	Yes	She feels she is a good tipper.
D	Yes	She has more freedom to choose. It allows her to show her appreciation.
E	Yes	She feels she is a good tipper.
F	Tolerable	It is arbitrary and differs according to people's interpretations.
G	Yes	She feels she is a good tipper.
H	Yes	She can tip as much or as little based on server's performance.
I	Yes	She feels like she has a choice and is not forced.
J	Yes	She feels she is a good tipper. She feels she can reward good performance.
K	Yes	She can decide on how much to tip herself.

The second tipping method explored in this research was service charge. Service charge was preferred by only one out of the eleven participants interviewed while seven participants were not big supporter of the practice but will accept it if they found themselves in that situation. There were also three participants who expressed that they were against it.

Participants understand that the purpose of charging a certain percentage of the bill as service charge is to protect the interest of servers. Participant F said that she would “rather have it (service charge) included, then the server is not vulnerable to somebody getting in a snit and say, ‘well, I am not going to tip you because...’”. She also suggested using comment cards as a way to provide servers with feedback about their performance after each meal.

Many participants were able to understand and accept the addition of a service charge when dining out at full-service restaurants, particularly when service charge was added to the bill of a large party. Participant E supported the addition of service charge for larger parties as she understood that they have more needs and more time is invested by the server to care for them.

Participant H also said, “I think that is fair in some cases because if you have a party of twenty people and the bill was like four hundred dollars, I think it is fair for you to add a gratuity on to that because you never know what the customers are going to do” and shared an anecdote of her coworker who served a party of twenty-five for three hours but did not receive a tip.

However, some were more likely to be upset when service was bad and when they were uninformed about the service charge. Participant A illustrated this when she said, “I definitely would be more upset about it (service charge). If the service was really good, I would probably feel a little better about it,” while Participant B and H commented that they would feel better if the servers told them ahead of time that a gratuity will be charged. Moreover, some participants also felt that service charge can sometimes be obscured, leading customers to over-tip. Participant G said, “it (service charge) is not usually noticeable on the receipt and there is still a spot for you to tip and a lot of the time, the people that I am with won’t realize that they have already been charged gratuity and they will tip their normal rate,” and Participant H expressed a similar thought but defended the practice if it was printed in the menu, saying that it is the customer’s fault for not paying attention to the fine print.

They also felt that since service charge has been added, they do not feel inclined to reward the server by means of extra tips. Participant A said, “if they are charging ten or fifteen percent tip, I would feel like I want to tip more, but if I leave two or three more dollars on the table, that looks bad,” while Participant E, when faced with a service charge, said that since it is lower than what she usually tips, she will keep the extra dollar instead of giving it to the server.

Some were also concerned about the service quality that they will receive when servers automatically receive gratuity regardless of their performance. Participant D said that service charge can lead to servers not having the mindset that they have to be a good server to get more

money and that it takes away the incentive to work harder. Participant A also expressed a similar opinion regarding the server's motivation level while Participant G went as far as to say that service charge "is going to ruin service ultimately because if someone knows that they are automatically going to get that tip, they are not going to try any harder."

One participant also felt that, with service charge, there is more ambiguity as to who ultimately receives that money. Participant I said, "I would sincerely hope that however much I tipped is going to my server because he or she is doing most of the work, like they are interacting with us personally. And service charge is... I don't know, it's a lot of unknown things..."

The largest opposition toward service charge was that by including a service charge, it is indirectly telling customers what they should tip and customers do not appreciate it. Participant B expressed that just the fact that she is being told what she owes annoys her while the first thought that comes to the mind of Participant E when she is charged with a service charge is "why should you tell me?" Meanwhile, Participant J felt that service charge is a disadvantage to customers because if they receive low quality service, there is nothing they can do as the service charge is automatically applied. She also related a terrible dining experience she had while treating her family to a meal with the money she earned as a server. She had to pay for an automatically included service charge even though service was unsatisfactory to her. However, while she did not have a choice but to pay the service charge, she did make sure that a manager was notified of the issue. Table 5 summarizes the participants' opinion on service charge.

Table 5: Summary of Participants' Opinion on Service Charge

	Service Charge?	Comments
A	Tolerable	She feels a bit cheated and have no control over the situation. She will be more upset about it. She thinks it will demotivate servers and it is not going to give them the morale to work harder.
B	No	She feels like she is being told what she owes.
C	Tolerable	It is easier as she doesn't have to think much about it. Service charge percentage is usually similar to what she tips.
D	Tolerable	It takes away the incentive for server to work harder. It is not a big deal to her unless she gets horrible service
E	Tolerable	She feels like she is being told what to do. She is understanding when it is done for larger parties.
F	Yes	It ensures that the server's not vulnerable to somebody getting in a snit. She would rather provide feedback to servers through evaluation cards
G	No	It is usually not noticeable on the receipt and there is still a spot to tip. She feels like it is a sneaky way into getting someone to over-tip. It is going to ruin service ultimately.
H	Tolerable	Some customers may not notice that the gratuity is added. She thinks it is fair with larger parties.
I	Tolerable	The service charge might not go to those who deserved it. She would be ticked off if service was bad.
J	No	She feels that money is taken away involuntarily.
K	Tolerable	She understands when it is done to larger parties.

While trying to establish participants' preference between voluntary tipping and service charge, many of them brought in their perspective as a tipped employee because they have experience working in the restaurant industry as a server. Some of them expressed that voluntary tipping and service charge are similar in the sense that whether you get an excellent tip here and a bad tip there or a standard amount in the form of service charge, the money received will balance out. Even though service charge is said to effectively protect the interest of the servers, participants also said that server motivation and service quality may be negatively affected. Moreover, the actual dollar amount taken home by the server may also be smaller when service charge is employed instead of voluntary tipping. Participant H, having read that tips may be

taxed if added in the form of service charge, said that she would lose more of her tips because in her opinion, people usually deflate their tips when self-reporting it.

The general consensus regarding tipping recommendations was that it would be helpful for customers if it was included at the end of the check, especially for those who are unfamiliar with tipping and those who do not like to do the calculations. It is a convenience that most of the participants appreciate. The recommendations were also said to be a friendly reminder to restaurant patrons that they should tip. Hence, it may encourage people to tip more and reduce stiffing by gently prodding them into leaving a suitable tip. Moreover, the participants felt that by listing out the levels of service that correspond to recommended tipping percentages and the dollar amount they will be paying, customers will have a better understanding of the amount they should leave based on their perception of the service quality they received.

Since the recommended tipping percentages are roughly in the range that people usually tip, participants felt that it is reasonable but may be a little restrictive. Participant G said that it will make her tip less because the tipping recommendations only span a small range, so when she received great service, she might be inclined to just pick the highest recommendation instead of considering tipping more than that amount. However, most of the participants who felt that they are good tippers said that they usually do not even notice the recommended tipping percentages and will leave the usual amount of tip for the server.

Therefore, providing tipping recommendations is a convenient way to help customers decide on the tip that they should leave. Whether they do not have time to do the calculations themselves, or they are unsure of the standards in the area that they are in, or they are simply new to the practice, it was agreed that recommended tipping percentages can only help. However, Participant B who worked in a sports bar that adopted this practice found that it has

some drawbacks. Since it is a sports bar, she said that most of her customers were there to consume alcohol while watching sports and were oftentimes in an inebriated state by the time they were ready to close their checks. Consequently, they often misunderstood the tipping recommendations as a service charge already included in the bill and refused to leave a tip.

With regards to the emerging trend of implementing a no-tipping policy in restaurants, all of the participants stated that they have not experienced it before. Many of them would not oppose it if such a practice is applied in a restaurant that they patronize. Participant B said that a no-tipping policy would not affect her dining experience as she believes that a restaurant will make up the difference by raising food prices. Participant C expressed a similar opinion saying that the reason she tips is because servers do not get paid at or above minimum wage so if the restaurant is taking responsibility for making sure that employees are paid well, she is fine with the policy. Meanwhile, Participant D felt that it would be easier on customers because they do not have to worry about tipping as it is already taken care of. She also implied that by raising prices, customers might feel better about paying for it because their perception would be that they are paying for their meal, and the service they receive is part of it, instead of the perception that they are paying for their food and the service received as two separate components as with the voluntary tipping method.

However, about half of the participants also said that they would still be inclined to leave a tip even with such a policy because it is such a natural habit to them. Participant K said that if she wants to tip a server for a job well-done she would do it as it does not matter that the server is being paid competitively, saying, “you (the restaurant) cannot tell me not to extend my gratitude for the service that you (the server) presented me with.” On the other hand, Participant

K would also leave a tip even with the presence of such a policy because “it is hard... just seeing what they do.”

Meanwhile, Participant F said that she would seek out such a restaurant because she would admire such an employer who is willing to pay his or her employees properly. She supported the policy because she felt that voluntary tipping does not motivate servers enough, citing several of her dining experiences where voluntary tipping method was practiced but service was still poor, leading her to tip lower than she would normally do.

On the contrary, many of the participants who have worked as tipped employees in the restaurant industry disagreed with Participant F saying that, with a no-tipping policy, motivation would be affected as the incentive to work harder and treat customers better would be gone. Some of them admitted that they would not work as hard if they were to work in a restaurant with such a policy. Participant H also said that with a no-tipping policy, servers may be less likely to upsell by recommending a dessert or alcoholic beverage to drive up their bill in order to get better tips. A few participants also said that management would have to handle the implementation of such a policy with care to ensure that servers are still highly motivated and willing to engage in behaviors that will keep customers happy and help the restaurant increase sales and thus profit.

Chapter 5

Discussion

Based on the unique descriptions of each of the participants, several common themes about the tipping practice emerged. These will be discussed in this chapter. While participants spoke mostly from the perspective of a restaurant patron, some of the participants that have worked in the restaurant industry enriched the discussion by having the perspective of both sides of the dining experience.

Equity Theory

After understanding the participants' tipping behavior, many indicated that they tip based on the service that they received. Some of the criteria mentioned by participants included the friendliness and attentiveness of the server, promptness of service, and visible effort invested by the server in the interaction. Lynn (2001) stated that this exchange can be supported by psychologists' theories about the need for equity in interpersonal relationships. An inequitable relationship occurs when the benefits one person receives from the relationship are not proportionate to the benefits that he or she delivers to the relationship partner (Lynn, 2001). As people are socialized to feel anxiety or distress when their relationships with others are inequitable, people strive to maintain a balance between the benefits delivered and received in their relationships (Lynn, 2001). The finding that participants reward their servers with tips supports this theory. When the customer benefits from a given level of service quality, he or she

will leave an appropriate tip as a benefit for the other party in the relationship. Lynn (2001) also provided a similar example, citing a national survey which found that 54.5 percent of respondents reported that the best explanation for why they do or do not tip restaurant table servers had to do with the quality of service received.

However, there are various reasons to question this belief. First, researchers have found that equity motivations are weak in traditional economic relationships between buyers and sellers (Lynn, 2001). This can be seen by the finding that consumers usually dine out at various locations on special occasions and weekends. Participants also frequently referred to their servers as “the waiter” or “the waitress” instead of by a name. This shows that the nature of restaurant dining does not necessarily allow for the cultivation of long-term, traditional relationships that have frequent interactions. A study by Lynn and Graves (1996) also found that tipping is indeed positively related to consumers’ service evaluations, but that this relationship is weak. Second, researchers have demonstrated that people are poor at identifying the cause of their own actions (Lynn, 2001). There were instances when participants stated explicitly that they tip based on the service they received but when asked to describe a dining experience, mentioned that they still left a 20 percent tip even though service was average or unsatisfactory. Therefore, one should be aware that self-reported statements may not reflect reality. Lastly, it has been suggested that people feel strong social pressure to tip 15 to 20 percent of the bill size (Lynn, 2001). Surveys have revealed that people tip mainly because it is a social norm, because they want to show their gratitude for good service, because servers depend on tips to supplement their income, and because stiffing causes negative feelings, such as embarrassment and guilt (Azar, 2007). Some of the participants disliked it when their friends did not tip well and tried to convince them to leave a suitable tip. One participant even had a bad impression of her ex-boyfriend because he did not

tip well. Given that tipping is typically voluntary, there is no reason why customers should be pressured into paying more if they decide that the amount they chose to leave is enough. The choice to do so may reflect badly on them according to social norm so some may choose to tip between the acceptable range of 15 and 20 percent simply to be part of the group.

Although the above argument casts some doubt on the fact that the better the service provided, the more the customer will tip, there is both support for and against that statement. Lynn (2001) found that tips only increased slightly as service increased while Azar (2009) found that tips were hardly affected by service quality. Conversely, there have been studies that support the positive relationship between service quality and tip size (Lynn and McCall, 2000; Lynn and Sturman, 2010).

Service Attributes

Since a relationship exists between service quality and tip size but varies in strength according to the aforementioned studies, service quality should still be given adequate attention because participants usually dine out when friends and family are visiting or when there is a celebratory occasion such as birthdays and graduation. Therefore, the last thing they want is an unpleasant server. When describing their dining experience, some participants felt that their experience was made better by servers who anticipated their needs, interacted with them sincerely, and carried out service recovery successfully. However, participants also mentioned that sometimes they were so engrossed in their dining experience with their party that they did not really notice the servers. One participant even talked about how she was not sure if she waited a long time for her food because she was busy discussing plans with her dinner partner.

However, when bad service is received, it is immediately noticeable. A few participants described their bad dining experience by saying that they were ignored or were treated rudely.

This may suggest that service is a core attribute of the whole dining experience when determining tip size. Slevitch and Oh (2010) stated that all products and services are viewed as a bundle of attributes or features that influence consumer choice. Their research adopted the ring model which illustrated (1) the innermost ring as the core attributes of the offering, the “musts” that encompass consumer expectations for what the basic offering should constitute, while (2) the outer rings, delights (or “facilitators”), support and enhance core attributes (Slevitch and Oh, 2010). Slevitch and Oh (2010) found that when core attributes performed below the acceptable level, there was a larger impact on customer satisfaction (i.e. dissatisfaction in this case) than core attributes performing above the acceptable level had on customer service (i.e. satisfaction in this case) in a hotel setting. The condition of the room, bathroom, and bed, safety of the property, and the responsiveness of hotel personnel were categorized as core attributes while extra services such as personalization, complimentary in-room items, ambiance, and extra facilities were grouped as facilitating attributes (Slevitch and Oh, 2010). Therefore, when service quality is a determinant of tip size, it is a core attribute as participants revealed that, even when their dining experiences were above satisfactory, they still tipped around 20 percent which is similar to what they tip when service was satisfactory. On the other hand, when service was bad, participants’ tip size dropped to about 15 percent of the bill.

Participants who have worked in the restaurant industry tip 20 percent regardless of the service they receive (the exception being extremely bad service). When service was satisfactory they were more than willing to tip the 20 percent but when service was unsatisfactory they sympathized with the servers and gave them the benefit of the doubt, tipping them 20 percent by

reasoning that they may be having a bad day. This leads to the narrowing of the range of tipping percentages. As observed in Table 3, participants usually try to stay within the range of 15 to 20 percent. Strohmetz and Rind (2001) found that when tipping suggestions are provided, the tip percentage range is narrower than when customers are not provided with tipping suggestions. However, even without the tipping suggestions, customers may still be moving towards tipping a standard percentage because it is the amount that is acceptable and they are more likely to overlook mediocre service.

Variable Interval Reinforcement Schedule

The narrowing of the tip percentage range gradually changes the practice of tipping by eroding the variable-interval reinforcement schedule. Tipping practices in the restaurant industry can be seen as a form of operant conditioning. In operant conditioning, servers associate their own actions with consequences (i.e. providing excellent service leads to a high tip, being rude leads to a low tip) so, actions followed by reinforcers increase while those followed by punishers decrease (Myers, 2009). Tipping operates on a variable-interval schedule because the response desired (i.e. excellent service) is reinforced (with tips) after varying time intervals (Myers, 2009). Servers at a restaurant that uses voluntary tipping know that their behavior (i.e. serving the customer) will lead to a reward (i.e. tips) but they do not know the amount of tips they will receive until after they have served the customer. Therefore, servers will continuously exhibit the desired behavior in anticipation of a favorable tip beyond what they normally get because every time a server attends to a table, there is a chance that he or she will get a standard 15 to 20 percent tip or a tip below or above the standard. Servers will continue to provide customers with

great service because it is uncertain when a customer will reward them with a generous tip above the standard. However, when customers start to leave similar tip percentage regardless of the service they received, the steady response (i.e. excellent service) developed by the variable-interval reinforcement schedule starts to deteriorate because servers still receive the standard 15 to 20 percent of tips whether or not they put in the effort to serve the customers. As a result, the incentive to delight customers by being friendly and anticipating their needs decreases and the motivation level of servers may drop if there is no difference between average and excellent service.

Ambiguity in the Customer-Server Relationship

There are uncertainties in the tipping process which are tolerated by the customers to varying degrees. There are many different factors that motivate customers to tip, some tip because it is a social norm, some treat it as a reward to servers, while some use it to impress others and exhibit their generosity (Becker *et al.*, 2012; Lynn, 2009). Participants revealed that as much as their tips are based on service, there are various other factors that affect their decision. Many of the participants expressed that they will tip around 20 percent because it is the norm, even when service was mediocre because they were able to sympathize with their servers, having been servers themselves. One participant also mentioned that the age of her server will affect her tip size because if her server was older, she feels that he or she has more obligations and financial needs. However, these are all assumptions made by customers without being certain of their server's predicament.

Meanwhile, foodservice operators use tips as an incentive for servers to deliver quality service, evaluate server performance, and identify dissatisfied customers (Lynn, 2001). Based on the data gathered, participants that have worked as servers stated that they are motivated by tips and that they evaluate their own performance based on the tips that they received. However, if tips are not solely determined by service, servers may receive mixed feedback about what constitutes as 'good' or 'bad' service. This is observed when some of the participants who have worked as servers said that they received a poor tip even when they felt they have given their customers good service. One participant who worked at a restaurant said that when a server received a poor tip, another server would head to the table to inquire about their service. She had an experience where the customer merely said that they simply decided to give a poor tip. Moreover, when participants described their dining experiences, some enjoyed it when their servers engaged in conversation with them, integrating themselves into the dining experience, while others preferred if servers did not insert themselves into the dining experience. Therefore, the definition of excellent service may vary for each and every table and sometimes tips are not a good reflection of server performance.

Besides the aforementioned uncertainty in the process of tipping itself, there are also uncertainties in terms of the ultimate recipients of tips. One of the participants said that she hoped that the tips she left would go to the right people, the ones who gave her service. However, there are different methods of distributing accumulated tips amongst the service employees. Servers may retain all the tips that they made from the tables they served or a pooling system may be in place to redistribute collected tips (Lin and Namasivayam, 2011). Additional ambiguity is introduced when the restaurant enforces a service charge on checks as management can distribute it among staff as they see fit or pay everyone a flat rate; or worse, unethical

restaurant operators may keep the service charge as opposed to distributing it to the service employees (Lin and Namasivayam, 2011). Participants who have worked in the restaurant industry mentioned that they preferred voluntary tipping as a server because this approach means that they receive their tips at the end of their shift and they do not lose more money to taxes (as they would with service charges that are treated by the IRS as regular wages).

As employers have to pay the difference between the tipped minimum wage (i.e. \$2.13) and the federal minimum wage (i.e. \$7.25) if the server does not receive sufficient tips to achieve the federal minimum wage, foodservice operators can shift the burden of meeting the minimum wage to customers in the form of tips received from them. It appears that this is not common knowledge because throughout the interviews almost all of the participants were convinced that tipped employees (i.e. servers) receive a much lower minimum wage relative to the federal minimum wage. This is inferred when participants justify their 20 percent tips for mediocre service with the statement that servers are paid below the federal minimum wage. Even those who have worked as servers felt that they were wholly dependent on tips when they received zero dollars paychecks due to tax deductions. This suggests that the tips they received and reported were sufficiently high to reach the federal minimum wage. A recent publication demonstrated that, after taking into account tips, tipped employees (i.e. servers) do make an hourly wage above the federal minimum wage, with the median wage for servers/bartenders at \$10.11 (Allegretto and Cooper, 2014). Given that it is a median wage, there may be servers or bartenders who receive more or less than that median. Participants with work experience still preferred voluntary tipping over a no-tipping policy because they feel that they can make more using that method and they feel more motivated to provide service. In some cases, that perception may be true as most of the participants worked only during summer holidays when

restaurants are busier. However, that perception can be misleading to those who work full-time for a longer period of time. Therefore, the fluctuating hourly wage that a tipped employee receives can cause customers and servers to form different assumptions when tipping and providing service respectively.

Heuristics

Heuristics involve simple straightforward rules that have evolved over time which individuals rely upon to make decisions that may involve incomplete information or complex calculations (Becker *et al*, 2012). Therefore, with the many uncertainties that exist in the practice of tipping, customers do not have all the information before having to make a decision about how much to tip their server. Customers have to decide how much to tip based on their limited interaction with the server, sometimes without ever knowing what the server's predicament is or whether their tips end up with the right people. Meanwhile, servers sometimes have incomplete information about their pay structure and feel that tips are their only source of income. This leads them to categorize customers into groups of those who tip well and those who do not, forming stereotypes that can sometimes cause discrimination.

Stereotypes can be considered as a form of heuristic thinking as they are processed quickly and efficiently and may be activated automatically (Hinton, 2000). Participants who have worked in the restaurant industry expressed that they do have stereotypes of foreigners as they feel that foreigners do not tip as well as Americans. One participant who worked near the border dividing the United States and Canada said that it is known amongst the servers there that their Canadian patrons do not tip well while, on the contrary, other participants expressed the view

that the tipping norm in Canada is similar to that in the United States. Another participant said that whenever they have a table of foreigners they serve the table with lower expectations because there is a perception that they do not tip well. When questioned if she varies her level of service when attending to a table of foreigners, she said that the perception just prepares her so that if she does get a bad tip, she is not greatly disappointed. Stereotypes can assist in helping us simplify our thought process but if it gets in the way of providing quality service it will be a great disservice for foreigners who do tip well. Therefore, being aware of the stereotype and understanding that there are exceptions to each stereotype is the first step toward providing a consistent, quality service.

Implications

Implications for Customers

In the restaurant industry, there is no doubt that customers are the main driver of revenue. Therefore, foodservice operators are more than willing to make customers' dining experiences memorable in order to retain their patronage. However, if customers do not voice their dissatisfactions, it is difficult for managers to try to resolve the issues faced by customers actively as, with every dining experience, it is a close interaction between the server and the customer. Some of the participants have spoken to managers when their service was unsatisfactory while some merely left a small tip. While both are certainly forms of feedback, the former is more directed at the issue while the latter may create more questions than answers because of the vagueness behind the motivation to do so. Therefore, by calling the attention of the manager to the dissatisfactions experienced during the meal, customers can contribute to the

task of quality control, giving the manager the opportunity to attempt service recovery and assisting the manager in identifying areas of improvement in the service component of the restaurant to ensure better service quality in future interactions between customers and servers.

Moreover, customers should be more aware of the tipping method used in the restaurant they choose to dine in to avoid any surprises at the end of the meal. They can certainly ask their server about it or they can be attentive to the fine print on menus about their tipping policy such as automatic service charge for party larger than six. Furthermore, customers should also be aware when closing out their checks. Before paying the check, it is best to take a closer look at the items one is being charged for because one of the participants had a dining experience where a service charge had already been added to the bill but a blank space for tips was still being placed on the check. Hence, oblivious patrons may find themselves paying for the service received twice.

Implications for Tipped Employees in the Restaurant Industry

As tipped employees (i.e. servers) in the restaurant industry, it is important to understand that seasonality exists in this industry. There will be times when the restaurant is busy and there will be times when it is not. Nonetheless, there are opportunities to make a decent amount of money each day as tips in the United States food industry alone amount to about \$42 billion annually (Azar, 2009). Therefore, individuals who intend to join this industry as servers will have to evaluate their choices thoroughly before deciding on which restaurant would suit their style of working. For example, one participant said that she could never understand how people can work in a restaurant where there is limited service hence there is no tips. Some people can appreciate the routine of doing so with a stable, reasonable hourly wage while some people are highly motivated by tips.

It is important to build rapport with customers because one never knows if the customers today will be repeat customers tomorrow. One participant mentioned that because she had good memories working at a restaurant, she always makes it a point to drop in for a meal when she is in the area while another talked about how the repeat customers at the restaurant she worked at know, and remember, her and thus usually tip her well. On the other hand, another participant said that she would never patronize the restaurant that gave her bad service.

Servers should also educate themselves on what the job of a server entails. They should be aware of the cash wages that they will be paid, and the minimum wage they are entitled to if they do not meet their cash wage in the form of tips. Different restaurants may have different tipping policies and minimum tipped wages, so servers should definitely question their hiring manager and pay attention to it to avoid losing wages. Once servers gain a better understanding of their own situation, they can then communicate it more efficiently to the people around them without being overly critical. For example, some of the participants who have worked in the restaurant industry can be over-judgmental about their friends' tipping behavior when voluntary tipping allows customers to freely decide how much they would like to tip. However, with more knowledge, a more convincing argument can be presented.

Implications for Foodservice Operators

The origins of the practice of tipping may not be exactly known but it has survived the passage of time and is very much part of the American culture (McCarty et al., 1990). Tipping is a social norm but because the service has already been provided by the time the tip is given, the service provider can no longer change the service in response to the tip (Azar, 2009). Since it is the nature of the beast, foodservice operators will have to make the best of it by being proactive

at ensuring that the interests of their servers are protected. For example, a participant said that, at the restaurant she worked at, servers can assist their co-workers who receive a bad tip by enquiring about the customers' experience. Sometimes, a customer may genuinely forget to tip or do the math incorrectly. Interestingly, the management at the yacht club where one of the participants worked can charge members an automatic 18 percent service charge if they feel that the tip amount given to servers is unfair.

Management can also create an environment where constructive criticism is welcomed so that customers feel good about expressing their dissatisfactions and complaints. By doing so, management can attempt to recover from the setback if it is warranted instead of letting unhappy customers express their dissatisfactions in the form of small tips for the servers.

Moreover, foodservice operators should conduct sufficient research before they open their doors to the public. When selecting a tipping method for their restaurant, foodservice operators should consider how the restaurant's target market will respond to it and whether their employees are supportive of it.

Foodservice operators also play a major role in educating both their internal and external customers, employees and restaurant patrons respectively. Besides the basic job skills required to perform their jobs, servers should be educated about the tipping method employed at the restaurant and how it benefits them. If they can understand the rationale for the tipping approach used, they are more likely to accept it. Foodservice operators should also be transparent with regard to the tipping method used with their customers. For example, putting up a notice that a service charge is included, or that there is no need to tip, is helpful to create awareness among customers. Additionally, servers can play an active role in informing customers at the beginning of their meal if an automatic charge will be included in the check. Voluntary tipping is the norm

in the restaurant industry but other options such as tipping recommendations, service charge, and the implementation of no-tipping policy have their strengths too. Tipping recommendations provide a helpful guide for those who are unfamiliar with the practice of tipping and a speedy way for those who do to decide on a tip. However, this method does narrow the range of the tipping percentage. Meanwhile, enforcing a service charge has its merit in ensuring that customers do not stiff servers for the service they have provided. But management will have to shoulder the burden of filing paperwork under the new IRS tips rule and treat service charges as normal wages subject to payroll tax withholding. A different incentive plan will also have to be used to motivate servers to treat customers well such as an effective comment card system or competitive wages and benefits. If foodservice operators are courageous enough to join the others who have implemented no-tipping policies, some considerations include the shift in the burden of paying servers from the customer to the foodservice operator, and the issue of motivating servers in the absence of tips.

With the gradual integration of technology into the restaurant industry, foodservice operators should also be aware of advancements in restaurant technology to better serve their customers. One of the participants talked about tablets that were located at the dining tables that allowed customers to order more food and drinks and to make payment. She said that she was able to decide on the tip size by moving along a scale which ranges from zero to a hundred. This helps expand the range of tipping percentage by giving customers more options beyond the traditional 15 to 20 percent window. Still, foodservice operators will have to decide if the technology fits with their restaurant concept and target market instead of trying to force it when it clearly is inappropriate. It may be useful if labor is scarce and customers enjoy the interaction

with these gadgets but if a restaurant's target market prefers a server, the foodservice operator should be cautious about the introduction of technology.

Chapter 6

Conclusion

A server is a very important component of a restaurant experience. Providing service in a restaurant is an art and a science as there is a fine line between being a complement to the customer's experience and being invasive. Nonetheless, customers appreciate when servers show initiative and put in the effort to make their dining experience a great one. The study's findings suggest that customers prefer voluntary tipping but are amenable to other tipping methods if they are informed, and understand, that it is the restaurant's policy. There is no superior tipping method but only a tipping method that is appropriate for each individual restaurant, its management, its staff, and its target market. Therefore, foodservice operators will have to have a heightened awareness of the operation of their establishment and make appropriate modifications and improvements to keep their staff motivated and their customers satisfied by constantly monitoring employee performance and maintaining an environment that is open to feedback from staff and customers so that gradual changes can be made to enhance the server-customer relationship.

Chapter 7

Limitations and Future Research

There are some limitations to the phenomenological approach. As a form of qualitative research, subjectivity is present throughout the research but some would say that it is precisely the realization of the intersubjective interconnectedness between the researcher and the researched that characterizes phenomenology (Finlay, 2009). The researcher should strive to be open to the “other” and attempt to see the world afresh, in a different way (Finlay, 2009). The researcher of this study has an interest in the topic and has attempted to remain open to new opinion and knowledge of the tipping culture and the restaurant industry in general but there may have been instances when the researcher unconsciously overlooked a comment because it disagreed with the researcher’s perception.

The researcher also needs to avoid preoccupation with his or her own emotions and experience if the research is not to be pulled in a direction which privileges the researcher over the participant (Finlay, 2009). This was done by allowing participants to speak while the researcher asked questions and follow-up questions to prompt participants.

The phenomenology method may lack the strength of quantitative research such as manipulation, control, predictability, measurement, generalizability, and identification of cause-effect interactions but the imposition of quantitative strategies on qualitative dimensions, such as rating scales and most surveys and questionnaires, is not theoretically satisfactory (Giorgi, 2005). However, the phenomenological approach is not anti-quantitative as it is a different method to

conduct research, understanding the whole human person instead of fragmented psychological processes (Giorgi, 2005; Giorgi, 2012).

Although the findings of this study may not be representative of the population, they do provide a wholesome perspective on the tipping culture from the worldview of the study's participants. Moreover, the researcher has provided participants' demographic and geographical information, in addition to the time period when data was collected, and the methods used to do so, in order to assist readers in identifying the origins of the data and if it is applicable to them.

There are several avenues that can be explored beyond this study. As the study's participants have primarily worked as tipped employees in restaurants that utilize the voluntary tipping method, it may be interesting to recruit participants who have experience as tipped employees in restaurants that enforce service charges, tipping recommendations, or a no-tipping policy, to understand the reasons behind their choice to work in those establishments, how the foodservice operators motivate their staff in the absence of voluntary tipping, and how this work experience has an impact on their perceptions of the tipping culture and their tipping habits.

Furthermore, most of the study's participants belong to a younger age group and are students without an annual income. While the findings in this study may be applicable to restaurants in student-dense areas, it may not benefit restaurants in areas that cater largely to other age groups of varying income levels. Those with more spending power may have tipping habits and beliefs that are different from those of students.

Lastly, with globalization being such a vital part of the 21st century, a cross-cultural point of view can also be helpful as immigrants and tourists represent a potentially large revenue source for the restaurant industry. Given that there are countries that do not practice tipping, understanding the perceptions of individuals from different cultural backgrounds can help

foodservice operators that have a large foreign market make changes or establish guidelines to assist them through the process of tipping. Moreover, gaining a global view can also expose foodservice operators to the strengths and weaknesses of various tipping methods used in other countries so that they can choose to adapt the appealing components of other tipping methods into the current tipping method they are employing.

Appendix A

Interview Questions

Demographics (can decline to provide information)

- Ethnicity
 - Caucasian/White
 - Hispanic/Latino
 - African American
 - Native American
 - Asian/Pacific Islander
 - Others
- Gender
 - Male
 - Female
- Age
 - >18, <20
 - 20-29
 - 30-39
 - 40-49
 - 50-59
 - 60-69
 - More than 70
- Occupation (if student, what is your major?)
- Annual income
 - Less than \$20,000
 - \$20,001 to \$35,000
 - \$35,001 to \$50,000
 - \$50,001 to \$70,000
 - \$70,001 to \$100,000
 - \$100,001 to \$150,000
 - \$150,001 to \$200,000
 - More than \$200,000
- Highest education level earned
 - High School
 - Bachelor's degree
 - Master's degree
 - Professional degree
 - Doctorate degree
 - Others
- Nationality
 - American/international/others

Exposure to the Restaurant Industry

- How many years have you lived in the United States?
- Have you traveled anywhere outside of the United States?
- Have you worked as a tipped employee? If yes, what did you work as?
- Are you currently working as a tipped employee? If yes, what are you working as?
- What type of full service restaurants do you usually dine in? (price point-wise, family-type restaurant/casual/fine dining)
- When do you usually dine in full service restaurants?
- What is your usual dining party size?

Historical tipping behavior

- Who do you usually tip? (wait staff, busser, bartender, host, chef)
- What component(s) of the dining experience do you evaluate when tipping? (service, food, atmosphere, etc.)
- How do you tip? (percentage, fixed amount)
- Recall a recent dining experience and describe it.
 - How much did you tip?
 - What component(s) of this dining experience did you evaluate?
 - Do you recall what the gender of your server?
 - Do you recall what your party size?
 - What type of restaurant did you went to?
 - What time of the day, day of the week was this?

Preference

- Tipping is a voluntary, customer generated and decided “reward” for providing the desired service while service charge is additional gratuity or service fees charged on the customer’s bill. If given a choice, would you prefer one over the other?
 - What are some of the advantages/disadvantages of tipping?
 - What are some of the advantages/disadvantages of service charge?
 - Being subjected to service charge.
- Tipping recommendation suggests to customers what tip amount would be appropriate based on the check total and quality of service, have you ever experienced tipping recommendations in full-service restaurants?
- Have you ever experienced no-tipping policy in full-service restaurants?
- What do you think about tipping recommendations?
- What do you think about the move toward no-tipping?

BIBLIOGRAPHY

- Allegretto, S. A. and Fillion, K. (2011, February 23). Waiting for Change: The \$2.13 Federal Subminimum Wage. *Economic Policy Institute*. Retrieved from http://www.epi.org/publication/waiting_for_change_the_213_federal_subminimum_wage/
- Allegretto, S. A. and Cooper, D. (2014, July 10). Twenty-Three Years and Still Waiting for Change: Why It's Time to Give Tipped Workers the Regular Minimum Wage. *Economic Policy Institute*. Retrieved from <http://www.epi.org/publication/waiting-for-change-tipped-minimum-wage/>
- Are We Near the End of Restaurant Tipping? (2013). [Video file]. Retrieved from <http://live.wsj.com/video/are-we-near-the-end-of-restaurant-tipping/60968EA4-F6DF-4CEC-AA05-CD93E2EC0A11.html#!60968EA4-F6DF-4CEC-AA05-CD93E2EC0A11>
- Ayres, I., Vars, F.E., and Zakariya, N. (2005). To Insure Prejudice: Racial Disparities in Taxicab Tipping. *Yale Law Journal*, 114, 1613–1674.
- Azar, O. H. (2007). The Social Norm of Tipping: A Review. *Journal of Applied Social Psychology*, 37(2), 380-402.
- Azar, O. H. (2009). Incentives and service quality in the restaurant industry: the tipping – service puzzle. *Applied Economics*, 41, 1917-1927.
- Azar, O. H. (2010). Tipping Motivations and Behavior in the U.S. and Israel. *Journal of Applied Social Psychology*, 40(2), 421-457.
- Azar, O. H. (2012). The effect of the minimum wage for tipped workers on firm strategy, employees and social welfare. *Labour Economics*, 19, 748-755.
- Becker, C., Bradley, G. T., and Zantow, K. (2012). The underlying dimensions of tipping behavior: An exploration, confirmation, and predictive model. *International Journal of Hospitality Management*. 31, 247-256.
- Berman, J. (2014, October 10). Major Shakeup At Olive Garden. *The Huffington Post*. Retrieved from http://www.huffingtonpost.com/2014/10/10/darden-shareholder-meeting_n_5965434.html
- Brewster, Z. W. (2012). Racially Discriminatory Service in Full-Service Restaurants: The Problem, Cause, and Potential Solutions. *Cornell Hospitality Quarterly*. 53, 274-285.
- Brewster, Z. W. (2013). The Effect of Restaurant Servers' Perceptions of Customers' Tipping Behaviors on Service Discrimination. *International Journal of Hospitality Management*. 32, 228-236.

- Casey, B. (2001). Tipping in New Zealand Restaurant. *International Journal of Hospitality Management*, 20, 219-225.
- Conlin, M., Lynn, M., and O'Donoghue, T. (2003). The norm of restaurant tipping. *Journal of Economic Behavior & Organization*, 52, 297-321.
- Curtis, C. R., Upchurch, R. S., and Severt, D. E. (2009). Employee Motivation and Organizational Commitment: A Comparison of Tipped and Nontipped Restaurant Employees. *International Journal of Hospitality & Tourism Administration*, 10, 253-269.
- Dewald, B. (2003). Tipping in Hong Kong Restaurants. *International Journal of Hospitality Management*, 22, 307-319.
- Finlay, L. (2009). Debating phenomenological research methods. *Phenomenology & Practice*, 3, 6-25.
- Giorgi, A. (2005). The Phenomenological Movement and Research in the Human Science. *Nursing Science Quarterly*, 18(1), 75-82.
- Giorgi, A. (2008). Concerning a serious misunderstanding of the essence of the phenomenological method in psychology. *Journal of Phenomenological Psychology*, 39, 33-58.
- Giorgi, A. (2012). The Descriptive Phenomenological Psychological Method. *Journal of Phenomenological Psychology*, 43, 3-12.
- Greenblatt, A. (2014, October 9). Customers Can Keep The Tip – Which Might Please Restaurant Workers. *NPR*. Retrieved from <http://www.npr.org/blogs/thesalt/2014/10/09/354656429/customers-can-keep-the-tip-which-might-please-restaurant-workers>
- Ha, J. and Jang, S. (2012). Perceived values, satisfaction, and behavioral intentions: The role of familiarity in Korean restaurants. *International Journal of Hospitality Management*, 29, 2-13.
- Hinton, P. R. (2000). *Stereotypes, Cognition and Culture* (1st ed.). New York, NY: Psychology Press.
- Husserl, E. (1936). *Crisis of European Sciences and Transcendental Phenomenology*. Evanston, IL: Northwestern University Press.
- Jargon, J. (2013, September 4). IRS Rule Leads Restaurants to Rethink Automatic Tips: Gratuities Added for Large Groups Will be Taxed as Service Charges. *Wall Street Journal*. Retrieved from <http://online.wsj.com/news/articles/SB10001424127887323893004579055224175110910?KEYWORDS=affects+restaurant+tips>

- Karniouchina, E., Mishra, H., and Verma, R. (2008). Exploring consumer reactions to tipping guidelines: Implications for service quality. *Cornell Hospitality Report*, 8, 4-16.
- Lin, I. Y. and Namasivayam, K. (2011). Understanding Restaurant Tipping Systems: A Human Resources Perspective. *International Journal of Contemporary Hospitality Management*, 23(7), 923-940.
- Lynn, M. (2001). Restaurant Tipping and Service Quality: A Tenuous Relationship. *Cornell Hotel and Restaurant Administration Quarterly*, 42, 14-20.
- Lynn, M. (2006). Geodemographic Differences in Knowledge About the Restaurant Tipping Norm. *Journal of Applied Social Psychology*, 36, 740-750.
- Lynn, M. (2009). Individual Differences in Self-Attributed Motives for Tipping: Antecedents, Consequences, and Implications. *International Journal of Hospitality Management*, 28, 432-438.
- Lynn, M. (2011). Race Differences in Tipping: Testing the Role of Norm Familiarity. *Cornell Hospitality Quarterly*, 52, 73-80.
- Lynn, M. (2013). A Comparison of Asians', Hispanics', and Whites' Restaurant Tipping. *Journal of Applied Social Psychology*. 43, 834-839.
- Lynn, M. and Graves, J. (1996). Tipping: an Incentive/Reward for Service? *Journal of Hospitality & Tourism Research*, 20(1), 1-14.
- Lynn, M. and Lynn, A. (2004). National Values and Tipping Customs: A Replication and Extension. *Journal of Hospitality & Tourism Research*, 28, 356-364.
- Lynn, M. and McCall, M. (2000). Gratitude and gratuity: A meta-analysis of research on the service-tipping relationship. *Journal of Socio-Economics*, 29, 203-214.
- Lynn, M. and Sturman, M. (2010). Tipping and Service Quality: A Within-Subjects Analysis. *Journal of Hospitality & Tourism Research*, 34 (2), 269-275.
- Lynn, M. and Thomas-Haysbert, C. (2003). Ethnic differences in tipping: Evidence, explanations, and implications. *Journal of Applied Social Psychology*, 33, 1747-1772.
- Lynn, M., Kwortnik, R. J., Jr., and Sturman, M. C. (2011). Voluntary Tipping and the Selective Attraction and Retention of Service Workers in the USE: an application of the ASA model. *The International Journal of Human Resource Management*, 22(9), 1887-1901.
- Lynn, M., Pugh, C. C., and Williams, J. (2012). Black-White Differences in Tipping: The Moderating Effects of Socioeconomic Status. *Cornell Hospitality Quarterly*. 53, 286-294.

- Marshall, C. and Rossman, G.B. (2010). *Designing Qualitative Research* (5th ed.). Thousand Oaks, CA: Sage Publications.
- Mason, J. (2002). *Qualitative Researching* (2nd ed.). Thousand Oaks, CA: SAGE Publications.
- Maynard, L. J. and Mupandawana, M. (2009). Tipping Behavior in Canadian Restaurants. *International Journal of Hospitality Management*, 28, 597-603.
- McCall, M. and Lynn, A. (2009). Restaurant servers' perceptions of customer tipping intentions. *International Journal of Hospitality Management*, 28, 594-596.
- McCarty, J.A., Shrum, L.J., Conrad-Katz, T.E., and Kanne, Z. (1990). Tipping as a Consumer Behavior: A Qualitative Investigation. *Advances in Consumer Research*, 17, 723-728.
- McGeehan, P. (2005, August 15). What, No Tip? Service Charges Faces Struggle at Restaurant. *The New York Times*. Retrieved from http://www.nytimes.com/2005/08/15/nyregion/15tips.html?pagewanted=all&_r=1&
- Minimum Wages for Tipped Employees. (n.d.). *U.S. Department of Labor*. Retrieved November 29, 2013, from <http://www.dol.gov/whd/state/tipped.htm>
- Myers, D. G. (2009). *Exploring Psychology* (8th ed.). New York, NY: Worth Publishers.
- Namasivayam, K. and Upneja, A. (2007). Employee Preferences for Tipping Systems. *Journal of Foodservice Business Research*, 16(3), 253-270.
- National Employment Law Project. (2009, August). *Restoring the Minimum Wage for America's Tipped Workers*. Retrieved from http://nelp.3cdn.net/f6df4ed353601d4c50_x6m6iy650.pdf
- Rind, B. and Strohmets, D. (1999). Effect on Restaurant Tipping of a Helpful Message Written on the Back of Customers' Checks. *Journal of Applied Social Psychology*, 29 (1), 139-144.
- Seiter, J. S., Brownlee, G. M., and Sanders, M. (2011). Persuasion by Way of Example: Does Including Gratuity Guidelines on Customers' Checks Affect Restaurant Tipping Behavior?. *Journal of Applied Social Psychology*, 41(1), 150-159.
- Slevitch, L. and Oh, H. (2010). Asymmetric relationship between attribute performance and customer satisfaction: A new perspective. *International Journal of Hospitality Management*, 29, 559-569.
- Stierand, M.R. and Dorfler, V. (2012). Reflecting on a phenomenological study of creativity and innovation in haute cuisine. *International Journal of Contemporary Hospitality Management*, 24, 946-957.
- stiffing. 2013. In Merriam-Webster.com. Retrieved November 29, 2013, from <http://www.merriam-webster.com/dictionary/stiffing>

- Strohmetz, D. and Rind, B. (2001). The Impact of Tipping Recommendations on Tip Levels. *Cornell Hotel and Restaurant Administration Quarterly*, 42, 71-73.
- Top 20 Countries Generating Travel to the United States. (n.d.). *Office of Travel & Tourism Industries*. Retrieved November 30 from <http://travel.trade.gov/view/m-2013-I-001/index.html>
- Trochim, W.M.K. and Donnelly J.P. (2006). *The Research Methods Knowledge Base* (3rd ed.). Mason, OH: Cengage Learning.
- Wage and Hour Division. (July, 2013). *U.S. Department of Labor*. Retrieved March 11, 2015, from <http://www.dol.gov/whd/regs/compliance/whdfs15.htm>
- Watts, J. (2005, August 15). Chez Panisse “Service Charge” Not What Many Customers Believe It To Be. *CBS: SF Bay Area*. Retrieved from <http://sanfrancisco.cbslocal.com/2013/02/23/chez-panisse-service-charge-not-what-many-customers-believe-it-to-be/>
- Yanow, D. and Schwartz-Shea, P. (2006). *Interpretation and Methods: Empirical Research Methods and the Interpretive Turn*. Armonk, NY: M.E. Sharpe

ACADEMIC VITA CAROLYN LOW

carolynlow92@gmail.com • www.linkedin.com/in/carolynlow

EDUCATION

The Pennsylvania State University, University Park, PA, U.S.A. Expected Graduation: May 2015
• B.S. in Hotel, Restaurant, and Institutional Management

EXPERIENCE

The Penn Stater Conference Center Hotel & The Nittany Lion Inn, State College, PA January 2015 – May 2015
Sales & Marketing Intern

- Shadowed and assisted sales managers with daily tasks in preparation of making bookings on my own.
- Promoted our products at the Central LGBTQA Support Network Fair and conducted sales calls.
- Updated bookings in Daylight and evaluated client inquiries using OPERA and Daylight.

IDEaS Revenue Solutions - a SAS Company, Minneapolis, MN June 2014 – July 2014
Academic Partner Program Summer Student

- Contributed to development of curriculum and toolkit of IDEaS assets and knowledge resources.
- Completed deliverables independently and communicated with a remote team.

The Penn Stater Conference Center Hotel, State College, PA January 2014 – May 2014
Housekeeping Intern

- Maintained cleanliness of the hotel as a guest room attendant, public space attendant, and houseman.
- Completed management-related tasks such as scheduling and room inspections.

Marriott's Harbour Lake, Orlando, FL May 2013 – August 2013
Food & Beverage Intern

- Provided customer service during various shifts as a bartender, server, and poolside server.
- Managed \$250 cash bank and operated Micros POS system.

The Penn Stater Conference Center Hotel, State College, PA November 2012 – May 2013
Banquet Server

- Set up, served, and cleared banquet events including company dinners, conferences, weddings, holiday parties, Penn State University, and off-premise events.
- Trained new hires and assisted kitchen in plating appetizers and entrees.

ACTIVITIES & AFFILIATIONS

- **Eta Sigma Delta Honor Society**, Member August 2014 - Present
- **Catholic Campus Ministry**, Mass Coordinator September 2012 - Present
- **Cook Like A Chef! Cooking Camp**, Camp Counselor June 2014
- **Cooking With Kids**, Co-Vice President; Activity & Snack Chair Spring 2014, Spring 2013
- **Malaysian Cultural Night 2014**, Performance, Hall Decoration Committee April 2014
- Teaching Assistant for HRIM350: Hospitality Decision Making and Information Systems Fall 2013
- **Penn State Learning**, Tutor for CMPSC203: Introduction to Spreadsheets and Databases Fall 2013
- **National Society of Minorities in Hospitality**, Communications Chair Fall 2012 - Spring 2013

HONORS & SCHOLARSHIPS

- Bayard D. Kunkle Scholarship Recipient Fall 2014 – Spring 2015
- Dean's List Fall 2012 – Fall 2014
- Perdana Scholar Award, Academic Excellence Award Recipient September 2014
- Schreyer Honors College Honors Thesis Research Grant Recipient Spring 2014
- Public Service Department of Malaysia Scholarship Recipient May 2010

FOREIGN LANGUAGE SKILLS

Fair in oral and written *Mandarin* and *Malay*, fair in *Cantonese*, intermediate knowledge of oral and written *Korean*.