

Studying the Restaurant Tipping Dilemma: The triangular structure of tipping stakeholders

Summary

This case study meant to show the dilemma of the tipping practice, tipping is not only a fascinating topic that is practiced in many countries of the world, but it also impacts on millions of people's livelihoods. A research conducted by Lynn (2006) in the US has revealed that 10% of the population eats at a restaurant and on an average month, it totals 58% of the population. Lynn (2006) adds that 3 million of the 4,7 million people who are employed in the food services sector earn at least a portion of their income from tipping, which amounts to more than \$27 billion per year (Azar, 2009). Tipping can be defined as a voluntary gift of money given in appreciation for service received and retained by the person giving the tip. (Brewster, 2013).

Even though the motivation that drives tipping behavior has been well researched, it remains a phenomenon that is little understood. Some customers relate tipping to service quality. The most acceptable common explanation, people give tip to reward good service (Lynn and McCall, 2000). However, in the same paper, they claimed that service quality is not a solid clarification for tipping, nor is it the main component that influences tipping behavior. It was captured some significant reasons that push the customers to leave tip for servers, e.g. the social and psychological motivations, awareness of servers' wage, custom/ social norms, as a sign of gratitude, or as a reaction of the internalized feeling that blame and disgrace the customers who are planning to leave without leaving tip, etc.

It was also investigated the servers' perception of customer tipping behavior, Barkan (2004) found that the servers not only act and behave in a way that would guarantee getting a tip, but also accurately predict the size of the tip they would get from specific customers. Server perceptions of customer tipping behavior motivate servers to provide superior or inferior service based on the expected behavior and tip size they will receive (Barkan, 2004). Nevertheless, inexhaustible evidence shows that servers regularly hold stereotypes about specific group tipping practices, frequently paired with stereotypes about their behavior generally as customers, that can impact the level or sort of service provided to members of stereotyped groups (Lu-in Wang, 2014), in addition, these stereotypes will affect significantly on the behavior and attitude of customers when encountering and serving particular type of customers. The completely understanding of the tipping dilemma impose investigating the employers' perception of tipping practice, and where their position is located in the triangular structure of tipping stakeholders. It noted that, the tipping tradition enabled the employers to shift the economic burden of the social security taxes they pay to employees by reducing their wages (tax evasion).

Also, tipping tradition enhanced the employers position in controlling their employees and workers who have a direct contact with customers and get tip and who don't; their position give them the ability to assign servers to a good section (in a good area in the restaurants or has a larger number of tables and seats) where they can get good tip, or distributing them to another section. This also added more power in their hands to control other workers - who have no connection with the customers and don't get tip - by adopting tip-pooling practice, by which they aggregate an amount of tip and distribute it according to some formula to all other workers. To sum up, the tipping tradition shaped the three stakeholders in different positions, vantage position for the customers, the control position was reserved for the employer, and the servers found their seat in the begging position.

Target Audience

The case study itself is understandable at the undergraduate level and still relevant to the graduate level student. However, the analysis of the case study, including the additional readings, is more suited for graduate level work. While the intention of this teaching note is geared more toward the graduate level of study, instructors of undergraduate students could easily adapt this case study for use in their classrooms in the management courses that focus on the labor issues or even the courses that investigate the customer-worker relationship.

Learning Outcomes

Presented in this case study are real-world examples of the restaurant industry stakeholders' relations that resulted in shaping them in different positions and imposed them to develop new behaviors and attitudes when dealing with each others. Studying of what constitute the servers' perceptions of customer tipping behavior, what the reasons that make the customers leave extra amount of money to their servers, and the employers attitudes toward this financial cycle, contribute to more understanding of the tipping dilemma in the industry and shed the light on the new perspectives of behaviors that hospitality employees when contacting with the customers, in addition to show how the employers manage this cycle. Generally, this case study can be used in the following ways to maximize the learning outcomes. The different methods are explained below:

This case study can be used as a research tool to help students gain a better understanding of tipping dilemma. Students should read the case study, research tipping and develop a paper on the critical issues of tipping dilemma.

This case study can be used to stimulate further research and discussion about the psychological factors that drive both the customers to pay extra for servers, and the servers who behave in such humili-

ated way that in some encountering situations make the customers feel guilty and generate a feeling of disgrace if they did not leave tip.

This case study can be used to simulate certain environment in the food and beverage world. For example, you can have students pose as a food and beverage serving property management and argue how support and how reject the tipping system.

This case study can be used to help students develop a paper on the sever perception of customer tipping behavior, and enable them to identify or investigate the stereotypes that servers hold about specific group tipping practices.

Lesson Plan

Prior to the lesson, students will be asked to read this case study along with additional readings on tipping behavior. The case study can be utilized to shed the light on the different reasons that make the customers leave tips for the servers and in turn identify the factors affecting the servers' perception of customers tipping behavior. Also, it addresses the positions of tipping stakeholders.

Students will also be asked to have a general understanding and be able to discuss the following topics:

1. Tipping dilemma:
 - a. The triangular structure of tipping stakeholders.
 - b. The history and origin of tipping.
 - c. The relation between tipping and the quality of service.
 - d. Advantages and disadvantages of tipping.
2. The reasons of tipping (the customer perspective):
 - a. Tip as a habit.
 - b. Psychological reasons.
 - c. The customers' high awareness of the servers' low wages.
3. Determinants of Server Perceptions of Customer Tipping Behavior:
 - a. Customer personality.
 - b. Customers ethnicity.
 - c. Customers' demographic profile.
 - d. Number of courses ordered.
 - e. Number of customers on the table.
 - f. Time.
4. Triangular structure of tipping stakeholders:
 - a. Vantage position.
 - b. Control position.
 - c. Beg position.
5. The Opponents of Tipping

Discussion questions

1. **As an X restaurant manager, what makes you accept the tipping system?**

The suggested answer: The reasons that make the restaurant manager accept the tipping system are the cost savings in labor wages in the first place; because the management can cut

the servers' wages as long as they can get tips. In addition to the economic factor, there is also the quality factor, as servers strive to highly satisfy the customers' needs to get tip and this in turn affects the overall quality the restaurant provides.

2. **Should X restaurant management be held responsible for providing a quality service in case it applies the tipping system?**

The suggested answer: Of course, yes, the customer in this case pays twice; he pays for both the food and the service. So, the customer must get a high standard of service.

3. **Should the restaurant management have more flexibility with the servers? Should servers have more rights because their wages come primarily from tipping not the employer?**

The suggested answer: Flexibility is required even if the source of the servers' wages comes from the management only, flexibility which I mean here, is to understand the personality and the status of every server, this makes the management able to put them in a good time (day or night shift), good place (outside or inside section) and with a good amount of work (considerable number of tables) that makes the server's psychology and subsequently the server's production is very high. Understanding the servers' personality and considering their psychology representing all the right that the servers need.

4. **How could the X restaurant's servers have improved themselves to get extra tip?**

The suggested answer: They have could improve their tip by improving their attitudes and following the common hosting rules (tips for getting tips) that are;

- Server introduction,
- Squatting Next to the Table,
- Smiling,
- Touching the customer,
- Writing/drawing sweet words/happy face on checks,

5. **What would you have done as an X restaurant's servers if the customers refused to leave a tip?**

The suggested answer: Thank him as always and invite him to come again.

6. **What are the reasons that make the customers pay extra?**

The suggested answer: See table 2 in the case study manuscript.

7. **What are the factors/ stereotypes that make the server thinks that he will get a tip?**

The suggested answer: See diagram 1 in the case study manuscript.

Instruction

This case study can be taught in a variety of ways. For example, time permitting, three separate class periods could be utilized to address the labor issue (over dependence on the tip) in the restaurant industry, customers- servers' relations, and the triangular structure of

tipping stakeholders. Alternatively, one class period could address all three and each topic could be divided among groups.

Regardless, each area of discussion requires at least 60 minutes to explore, discuss, and check for understanding. This class plan is designed to be taught with the minimal requirement of 60 minutes, however, instructors can expand these sections according to time available, as stated previous.

Small Group Discussion

Students will be asked to form small groups of no more than four per group (2 minutes). Each group will be given instructions to provide a summary of the case study, highlighting the main points (5 minutes). Each group will also be given the task of answering the questions from one of the three main topics provided above (15 minutes).

Class Discussion

Each group will present their thoughts to the class, allowing time for questions and discussion (25 minutes). The instructor will pose guided questions based on the additional readings.

Check for Understanding

In the remaining time (13 minutes), the instructor will ask the students to write a brief summary about their own opinions and perspectives on the three main topics. Additionally, students will be asked whether their own opinions and perspectives changed as a result of the larger group discussion.

Assessment

Students will be given an assignment to write a report on one of the main topic areas, which defends their respective views on the case study. Students must include three to five references other than those provided by the instructor.

Analysis of Teaching Approach

Tipping dilemma

In the context of this case study, it is important to understand what tipping is all about. How has the custom survived so long? Restaurant and bar patrons often leave voluntary payments of money (or tips) to the waiters and waitresses who have served them (Lynn & Sturman, 2010). Even though the motivation that drives tipping behavior has been well researched, it remains a phenomenon that is little understood. What makes the act of tipping even more unique, is the fact that people tip through choice rather than because they are ethically or legally bound to do so? What servers think about the clients' tipping?

So, the issue that this case study attempt to research is understanding server perceptions of the customer tipping behavior since it might influence the quality that servers provide and understanding the reasons that drives the customers to tip? As such prejudices and perception made the servers alter their service by withholding or add-

ing value to the service quality, which in turn might lessen or enhance tips respectively and courage or discourages customers from returning to the restaurant, which negatively influences the overall restaurant's profitability.

The reasons of tipping (the customer perspective)

Teacher can use this case study to explore the reasons that drive the customer to leave tip to the servers. Why the customers pay extra? Is such practice recommended? Does the customer feel pressured to tip at a restaurant even if he received bad service? What are the reasons that drive the customers to tip?

Determinants of Server Perceptions of Customer Tipping Behavior

Server perceptions of customer tipping behavior motivate servers to provide superior or inferior service based on the expected tip they will receive. This case study provides some great examples of the determinants that affect the server perception of customer tipping behavior. What is the ethnic group of customers does the server prefer to serve? Does the server think that the meal duration influences the tip size or amount you receive? What is server's opinion about this sentence "good mood, good tip"? To what extent do the server agree with the dinning time affect the tipping behavior of customer?

Triangular structure of tipping stakeholders

Tipping is a big dilemma that promote discrimination on the relationship among the establishment, the customer, and the server, and leave them in the following positions;

- Vantage position
- Control position
- Beg position

The Opponents of Tipping

The bigger problem, in my opinion, will be the enforcement of such contract: who will monitor the service quality? Will the consumer have to prove that service quality was not satisfactory, or the worker to prove that service quality was good? How can one prove what the service quality was when service is personal and depends to a large extent on the friendliness of the worker?

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