



The effects of restaurant servers' perceptions of customers' tipping behaviors on service discrimination

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ABSTRACT

Scholars have noted that the institution of tipping may encourage restaurant servers to provide discriminate service. The prospect of receiving an excellent tip from a patron, for example, is thought to encourage servers to discriminately provide excellent service. In contrast, the prospect of receiving a poor tip from a patron is thought to encourage servers to extend service that is commensurately poor. The effects of service workers' a priori assumptions about customers' tipping behaviors on service discrimination have however not been adequately assessed to-date. This article addresses this gap in the literature by assessing how server sensitivity to demographic tipping differences affects their proclivities to discriminately provide either excellent or poor service in response to the prospect of receiving an excellent or poor tip, respectively. Using a multilevel modeling technique (HLM), findings show that server sensitivity to demographic tipping differences is predictive of servers' propensities to discriminately allocate excellent service but not poor service. The implications for the management of restaurant operations along with directions for future research are discussed.

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1. Introduction

Voluntarily relinquishing money in the form of tips to workers after services have been rendered is quite pervasive across various occupations in the United States and beyond (Lynn et al., 1993; Star, 1988). Tipping is a particularly salient element of the food service industry. In fact, the annual sum of all tips relinquished to workers in the US food industry alone has been estimated to be over \$40 billion (Azar, 2009). Given the pervasiveness and economic magnitude of this custom it is not surprising that a considerable body of literature has emerged around the topic of restaurant tipping (for reviews of this literature see Lynn, 2006a; Azar, 2007). Recently scholars have begun exploring the practical implications that the custom has for the management of restaurant operations (Azar, 2003, 2004b, 2011; Kwortnik et al., 2009; Lynn et al., 2011; Lynn and Withiam, 2008). One specific implication that has only recently received scholarly attention involves the use of tipping as a mechanism of managerial control.

The nature of many customer service positions makes it difficult and costly for management to directly monitor employee behaviors at the point of service delivery. This is especially the case in full-service restaurant establishments wherein invoking the experience of quality service necessitates that managers grant servers a certain

amount of occupational sovereignty so that they can customize their service in accordance with customer desires (see Kwortnik et al., 2009; Sallaz, 2002; Leidner, 1993, pp. 36–38; Ogbonna and Harris, 2002; Paules, 1991). As a result of management's limited ability to directly control the behaviors of servers at the point of service delivery they attempt to do so indirectly by delegating control responsibilities to consumers who leave tips in accordance with the quality of service they received (Azar, 2004a; Bodvarsson and Gibson, 1999; Kwortnik et al., 2009; Lynn and Sturman, 2010; Lynn and Withiam, 2008; Ogbonna and Harris, 2002). Fittingly, economists have referred to this mechanism of control as form of buyer monitoring of employee behaviors (Kwortnik et al., 2009).

Given that the vast majority of servers' take home income is in the form of customer gratuities (cf. Lynn, 2006a; Wessels, 1997) and that gratuities are, in part, predicated on service quality it is understandable why servers would be obliged to conform to management's expectations regarding their interactions with customers during service encounters (Ogbonna and Harris, 2002). The institutionalization of tipping thus allows restaurant managers to easily maintain server compliance with customer service expectations indirectly without the costs associated with paying higher wages (Wessels, 1997) nor those associated with more direct forms of supervision and surveillance (Azar, 2004b, 2009; Ogbonna and Harris, 2002).

Thus, on the one hand, the institution of tipping has been portrayed as a cost effective way to motivate servers to provide quality service thereby increasing organizational profits. However,

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as Kwortnik et al. (2009, p. 25) point out, “buyer monitoring is a complex control mechanism that is likely to have other [unintended] effects.” For instance, in tandem with motivating servers to provide quality service the tipping system may also function as an incentive to provide discriminate service to patron types that are commonly perceived to be noncompliant with tipping norms (e.g., African Americans, the elderly, teens, etc.) (Ayres et al., 2005; Brewster, 2012; Brewster and Rusche, 2012; Harris, 1995; Kwortnik et al., 2009; Lynn and Withiam, 2008; Maynard and Mupandawana, 2009; McCall and Lynn, 2009; Rusche and Brewster, 2008).

While a causal link between servers' perceptions of tipping behaviors across customer types and differential allocation of service quality is conventionally thought to exist there is limited empirical evidence of this relationship. Thus, in this article, I address this gap in the literature on tipping as a form of buyer monitoring by analyzing data from a community survey of restaurant servers ($N=200$) working in 18 full-service establishments. I begin by reviewing relevant research on tipping and service quality and deriving specific hypotheses to test. I follow by reporting results of multilevel models aimed at assessing the within-restaurant relationships between servers' perceptions of customers' tipping behaviors and servers' self-professed tendency to differentially allocate excellent and poor service based on the prospect of receiving an excellent or poor tip, respectively. Next, I discuss the contributions that findings make to the existing literature, identify study limitations, and offer directions for future research. Finally, I conclude by delineating some implications of these results for the management of restaurant operations.

2. Literature review and hypotheses

2.1. Tipping and service quality

A sizable body of literature exists exploring the relationship between customers' ratings of service quality and the size of tip left at the end of the service encounters (Lynn and Withiam, 2008). The degree to which tips are contingent on service quality is an important empirical question because the efficacy of tipping as a form of buyer monitoring is predicated on the ability of gratuities to encourage quality service via rewards that are commensurate with performance (Kwortnik et al., 2009). In a meta-analysis of 13 studies on the topic that collectively represented 2547 dining parties across 20 different restaurants, Lynn and McCall (2000) and Lynn (2001) found a reliable, positive, and statistically significant relationship between service quality ratings and tips thus lending credence to the efficacy of tipping as a mechanism of employee control. However, the authors note that the correlation between service quality and tips was on average between .11 and .22 (depending on how service quality was measured), and service quality only explained about 5% of the variability in tips after adjusting for bill size. The relatively weak relationship between service quality and tips led some scholars to question the utility of tipping as a means to encourage good service (Azar, 2004b, 2009; Lynn, 2001, 2003; Lynn and Withiam, 2008; Schwartz, 1997).

However, recent developments in this literature suggest that scholars may have prematurely dismissed the effectiveness of tipping as a means to motivate servers to provide quality service. First, in an analysis of 107 restaurants located in Miami Beach, Florida Kwortnik et al. (2009) found that restaurants with a voluntary tipping policy had on average higher aggregate service quality ratings than comparable restaurants (e.g., décor, expensiveness, and food) with a mandatory service charge policy. In the same article Kwortnik et al. (2009, p. 577) analyzed survey data derived from a large national sample of current restaurant servers in the United States ($n=1189$) and found that the vast majority of respondents

perceived “a meaningful contingency between the service they deliver and the tips they receive” and that such perceptions were statistically significant and positively predictive of employing the types of service enhancing behaviors that have been shown to increase servers' tip earnings (e.g., calling customers by name, touching customers, smiling, suggestive selling, etc., see Lynn and McCall, 2009).

Finally, for this study, Kwortnik et al. (2009) also asked 469 current and former servers to read a randomly assigned restaurant work scenario and respond to a series of questions ascertaining the degree to which they would be motivated to engage in a variety of service behaviors. The scenarios presented to respondents varied only according to server compensation policies (e.g., voluntary tipping, service charges added but tipping discouraged, and inclusive pricing with high wages but no tips) thus permitting for a direct assessment of the magnitude of the incentive value of voluntary tipping. The authors found that voluntary tipping enhanced self-professed customer-oriented service motivation (e.g., motivated to provide friendly, enthusiastic service) and service behaviors (e.g., visit the table to ask your customers if they are enjoying their meal) by half a standard deviation or more relative to the hypothetical conditions representing service charges (tipping discouraged) and inclusive pricing (higher wages, no tips). Considered collectively, the authors provide consistent and convincing evidence that buyer monitoring in the form of voluntary tipping is an effective control mechanism to encourage the delivery of high quality personalized service.

2.2. Perceptions of tipping and service discrimination

While there is a growing body of literature on tipping related phenomena, few scholars have focused on the potential importance of servers' perceptions about customer tipping patterns (McCall and Lynn, 2009, p. 594). This topic is important because, as Lynn and Withiam (2008, p. 331) suggest, in addition to motivating servers to provide quality service, tipping customs may also “encourage servers to give less attention to members of groups known to be poor tippers” (see also Kwortnik et al., 2009; Margalioth, 2006). If this is true, then the effects of a tipping system on servers' motivations to extend high quality personalized service should be moderated by servers' perceptions of customers' tipping behaviors. In other words, buyer monitoring via a tipping system may motivate servers to provide service to those customers that is commensurate to their perceived odds of being justly compensated at the end of the service encounter. Further, since servers perceive there to be differences in tipping behaviors according to customer attributes (Brewster and Rusche, 2012; Harris, 1995; McCall and Lynn, 2009) servers may base decisions regarding the allocation of service quality upon customers' group affiliations rather than upon individual tipping differences.

There are an infinite number of customer characteristics that servers might consider when attempting to ascertain the likelihood of receiving fair gratuities. However, existing empirical studies have focused mostly on easily identifiable attributes such as party size, customers' race/ethnicity, gender, age, and attire. One of the most widely studied and robust findings in this line of research is that African American, Asian, and Hispanic customers are *perceived* by servers to be poor tippers relative to their white counterparts (Brewster and Rusche, 2012; Lynn, in press, 2004, 2006b; Mallinson and Brewster, 2005; McCall and Lynn, 2009; Noll and Arnold, 2004; Rusche and Brewster, 2008). Among other customer types that have been shown to be perceived by servers to be comparatively inadequate tippers are women, teenagers, elderly adults, and tables with small children (Harris, 1995; Maynard and Mupandawana, 2009; McCall and Lynn, 2009).

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