

## ABSTRACT

Restaurateurs applying no-tipping policies are attempting to fix wage inequality between servers and back-of-house employees (Thorn & Kruse, 2016). Restaurants in metropolitan areas found they lost customers and servers after instating a no-tip policy (Chandler, 2016). Found from a manager survey, the average tipped wage in the micropolitan area is \$2.35, customers usually tip 18%, and a majority of the surveyed managers believe tipping is not very fair amongst employees. A survey of customers in the area suggests they experience social pressure to tip and mainly tip based on attitude and skill level of the server. Both managers and customers are concerned with a possible decline in quality of service if a no-tip policy were instated because tips are seen as an incentive to work well.

## INTRODUCTION

The purpose of this research is to examine the issues surrounding the recent trend to establish a no-tipping policy in American full-service restaurants. Most businesses experimenting with alternative tipping policies are in metropolitan areas, so this research attempts to examine a micropolitan city's perspective on tip and no-tip policies in full-service restaurants in the area. Three questions are answered by manager and customer surveys collected in this research:

**Question 1:** What are the views of management on tipping and establishing a no-tip policy in the rural area of Texas?

**Question 2:** How do customers in the rural Texas area view tipping and no-tipping policies?

**Question 3:** Would it be feasible for a restaurant in this rural Texas area to implement a no-tipping policy?

## METHOD

- This study utilized quantitative survey research design.
- Online questionnaire was delivered via Qualtrics.
- After IRB approval, the manager survey was administered to 32 restaurant managers with a 16% response rate.
- The customer survey, administered online via Qualtrics had a 30% response rate.
- Data analysis was done using SPSS. Cross-tabulation percentages was the statistical analysis used for questions 1-3.

# Perceptions of Current Tipping Customs and Feasibility of a No-Tip Policy in a Micropolitan Area of Texas

Suzanne Choate, HADM Honors Student; Mary Olle, Ph.D.; Todd Barrios, CEC; Gina Fe G. Causin, Ph.D.

Hospitality Administration, School of Human Sciences, J. I. Perkins College of Education, Stephen F. Austin State University

## RESULTS

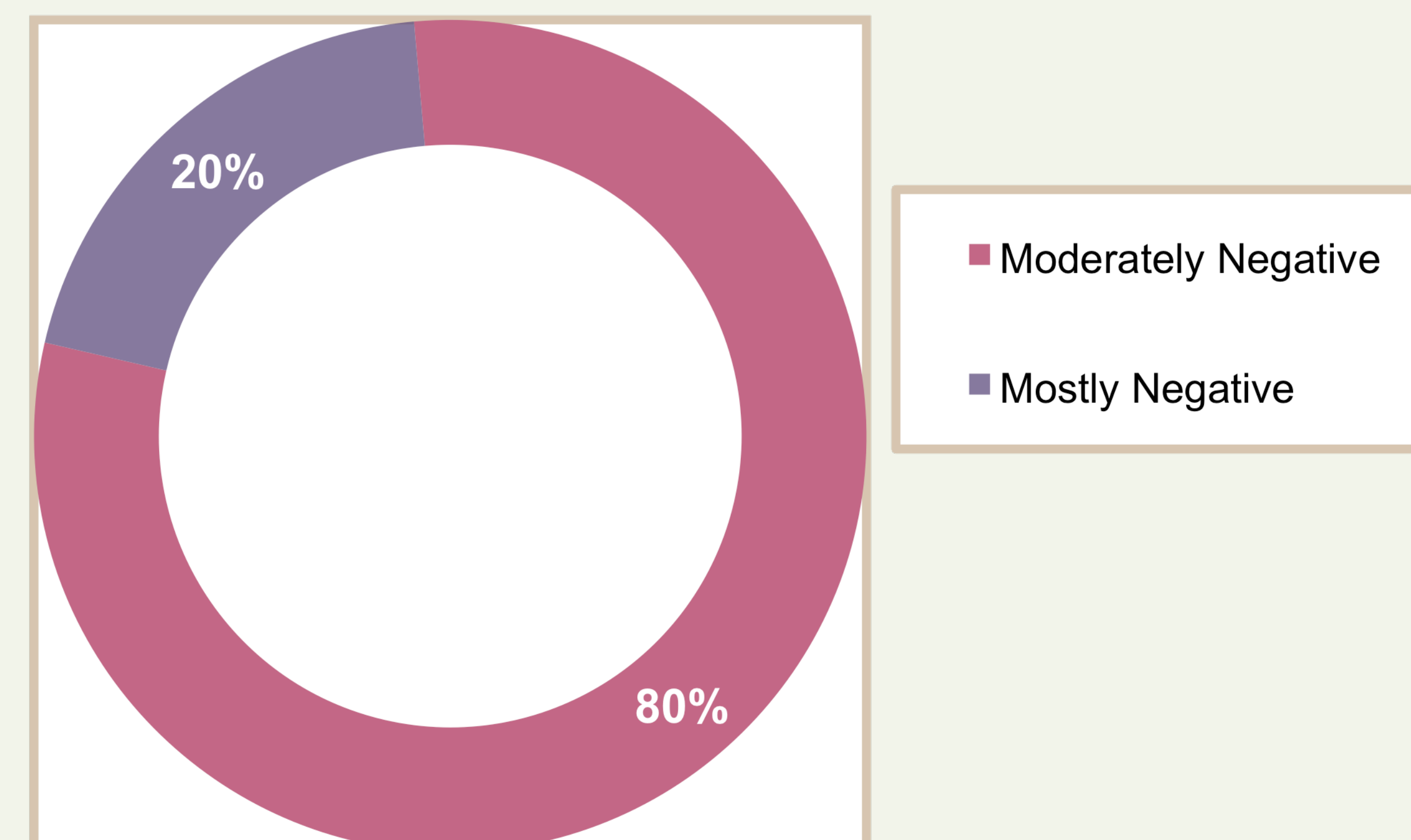


Figure 1: Management Perception on No-Tip Policy

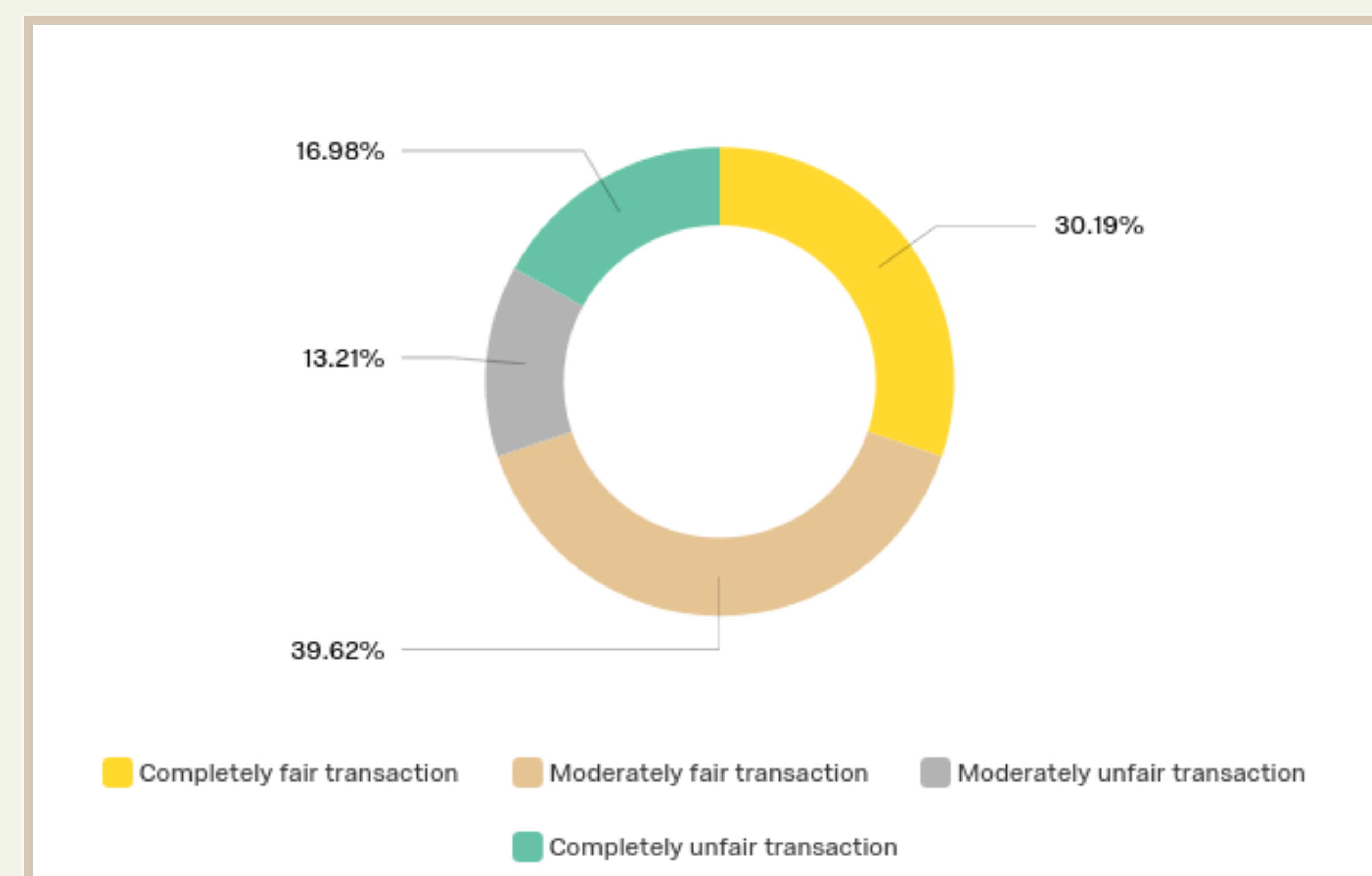


Figure 2: Customers Perception on Tipping Policy

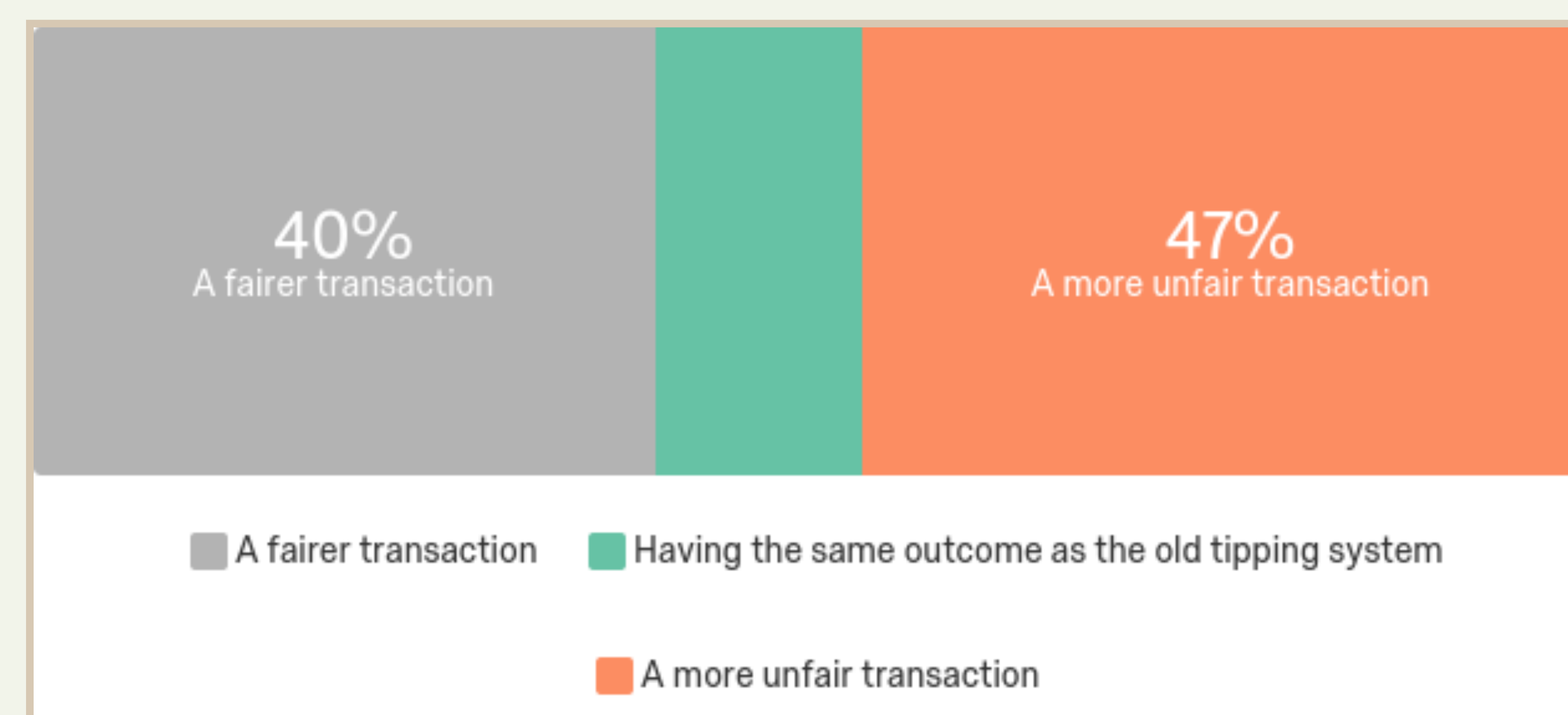


Figure 3: Feasibility to Establish a No-Tipping Policy

## CONCLUSION

The Fair Labor Standards Act (FLSA) has established a supplemental base wage of \$2.13 per hour for employees who earn significant tip income (such as waiters and waitresses). These employees must earn at least the federal minimum wage of \$7.25 when tips are included (<https://tippedwage.com/facts-about-the-tipped-wage/>, 2012). A majority of the respondents/managers believe tipping is fair amongst employees. However, if a no-tip policy were implemented, they indicated that customers would not approve of a necessary increase in the price of food that would result from the lack of tip income.

Regarding customers' perception on tipping policy, a majority of the respondents believed that it is a very fair transaction. This could mean that the customers are willing to give tips to the servers. In terms of the amount, it may be dependent on the quality of the service rendered by the server.

In this micropolitan community, the respondents are concerned that employee service would decline if a no-tip policy of any kind were instated. A no-tip policy in full-service restaurants in this micropolitan community in Texas would not be received well, and as a result would not be feasible for the business. Customers will be disgruntled because they want to determine the amount of the tip while the servers want the competitive wage advantage to stay in their jobs.

In a micropolitan community tipping is part of the culture of the people. People give tips for excellent service. In this connection, the investigators are continuing the study by comparing cultural dimensions of collectivist Southeast Asian countries, which normally don't accept service gratuity, to individualist American culture.

## REFERENCES

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