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 micropolitan 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-tip policy?

### RESULTS

![Figure 1: Management Perception on No-Tip Policy](image)

- 20%: Mostly Negative
- 80%: Moderately Negative

![Figure 2: Customers Perception on Tipping Policy](image)

- 47%: A more unfair transaction
- 40%: A fairer transaction

![Figure 3: Feasibility to Establish a No-Tipping Policy](image)

### 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

