The Role of Motives and Decision Rules in Restaurant Tipping

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THE ROLE OF MOTIVES AND DECISION RULES IN RESTAURANT TIPPING

A Dissertation

Submitted to the Graduate Faculty of the
Louisiana State University and
Agricultural and Mechanical College
in partial fulfillment of the
requirements for the degree of
Doctor of Philosophy

in

The Interdepartmental Program of Business Administration (Marketing)

by
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B.S.B.A., Xavier University, 2007
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December 2015
For Mamaw, Adrian, & Chris
ACKNOWLEDGMENTS

First and foremost, I wanted to extend my thanks to my wonderful family who have always been my biggest supporters. I want to thank my parents, Craig and Sandra Hiler, who without their constant generosity, understanding, and love over these past five years I know that I would be on a very different path today. I also want to thank my sister, Jessica Hiler, my grandparents, Ed and Sue Hiler, and my Papaw, Joe Underwood. Without all of you, I know I would not be the man I am today.

I could not have completed this dissertation and the program without the help of my mentor and advisor, Dr. Ronald W. Niedrich. Over the past five years Dr. Niedrich has been my constant source of guidance, wisdom, and knowledge, and I look forward to being his colleague and friend for many years to come. My great appreciation also goes out to my co-chair, Dr. Judith Anne Garretson Folse. Dr. Folse has also been instrumental not only to the completion of this dissertation, but also to adjusting to the life of an academic. I want to thank the rest of my committee, Dr. Andrew Kuo, Dr. Daniel S. Whitman and Dr. Megan H. Papesh, for aiding me throughout the process of undertaking this dissertation. Additionally, I wanted to thank the following faculty members at LSU who I have learned so much from over the past five years at LSU: Dr. William C. Black, Dr. Alvin C. Burns, Dr. Dan H. Rice, and Dr. Suzanne D. Pawlowski. A special thanks goes out to Karen Watson who made so many things easier for me over the past five years.

My time in the doctoral program would not have been complete without the wonderful friends I have made at LSU. I could not have asked for a better person to take this journey with than my cohort mate, Stephanie Mangus. I want to thank Patrick Fennell for being both a great colleague and friend. I also wanted to thank Matt Lastner, McDowell Porter, Elle Wu, Dora
Bock, Linda Liu, and Ben McLarty who have all played an important part during my doctoral journey here at LSU.

Outside of my LSU family, I would also like to thank some of my great new academic friends I have made during my time in the doctoral program: Kristy McManus, Laurel Cook, William Northington, and Robert King. I want to thank Jesse Mangus for being one of my best friends during my time in Baton Rouge. I want to thank Jason Zimmerman for being my constant friend for the past eight years and for always being there when I needed someone to talk to. Lastly, I want to thank Marti Louviere, Cody Louviere, Dan Christensen, Kyle Christensen, and Wes Barney as each of you were very important to my time here in Louisiana, I truly could not have gotten through this experience without your friendship.

Lastly, I wanted to acknowledge those whose memory I have carried throughout the doctoral program and whose love and guidance have left an indelible mark on me that will last my entire life. Chris Manolis, my mentor and friend throughout my time at Xavier University, and who was my inspiration for getting a doctoral degree in marketing. Adrian Griffin, the big brother I never had, and the man who taught me the value of kindness and a smile, and Chieko Underwood, my Mamaw, and the woman who was in every way my second mother.
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ABSTRACT

The goal of this research is to address critical deficiencies in our understanding on how bill size, service quality, motives, and decision rules affect tipping behavior. This research uses social norm and equity theories to define the role of motives and decision rules used in determining tipping behavior. Additionally, it provides further evidence of other operant motives and decision rules through qualitative analysis. A conceptual framework and operational model are developed and empirically tested.
ESSAY ONE: A CONCEPTUAL FRAMEWORK OF RESTAURANT TIPPING BEHAVIOR

1.1 INTRODUCTION

Tipping is a pervasive consumer behavior in our world. Not only are many of the services that consumers engage with on a regular basis subject to the norm of tipping, such as dining at a restaurant, hair salons, valet parking, bell hops, etc., but it also accounts for a significant portion of our economy. Additionally, tipping has been a hotly debated topic in the popular press for many years, notably regarding topics like workers’ wages, tipping norms, and as a method of controlling service.

The extant knowledge on the phenomenon on tipping in consumer behavior is relatively unfocused and limited, though it is not without some significant and important findings. This research’s focus was drawn to the phenomenon of tipping itself and its relationship with two key independent variables to tipping behavior, service quality and bill size. In the extant literature, there have been conflicting findings regarding the relationship, or lack thereof, between these variables. This research examines this relationship and offers potential explanations for the inconsistencies within the current literature.

Additionally, little attention has been focused on the consumer motivations of tipping. Only recently have scholars begun to start categorizing and viewing the motivations of a consumer as an important variable in defining the relationship between other critical variables such as service quality and tip percentage. This dissertation also aims to build a framework for understanding the consumer motives that have an impact on tipping behavior.

Tipping has wide reaching impacts for consumers, employees, and managers alike. But before researchers are truly able to make claims and assess the viability of different managerial tactics on influencing tipping, researchers must first go back to the root of the phenomenon, re-
examine and re-evaluate exactly what tipping is, how individuals behave when tipping, and what drives tipping from a consumer perspective.

1.2 PHENOMENON OF STUDY

In this section, I define the focal phenomenon of this dissertation in order to set the scope of this research. The independent variables in this dissertation will be bill size and service quality. The dependent variable in this research will be tip amount. Additionally, I will focus on the moderating role of motives and the mediating role of decision processes. I will also provide definitions of the constructs and provide examples from the extant literature to reinforce the definition of the phenomenon.

1.2.1 Context of Study

This dissertation will focus on the context of restaurant tipping. This context was specifically chosen for a number of important reasons. The extant literature has demonstrated that there are significant behavioral differences on how individuals tip in different contexts, e.g. restaurant tipping is different from hair salon tipping (Chapman & Winquist 1998; Seiter 2007; Seiter & Dutson 2007; Koku 2007). Each set of tipping contexts would likely contain its own set of norms and decisions rules, and thus to narrow the scope of this dissertation I have chosen to focus on the most prevalent context of tipping. Given that a critical contribution of this dissertation is the impact that motives and decision rules have on tip amounts, it is important for the research to hold the context constant. With additional consideration on the context of restaurants, this research will also focus solely on dine-in instances as well. Extant research has also demonstrated that there are a different set of social norms and considerations when consumers consider tipping at carry-out situations as compared to dine-in instances (Azar 2007; Koku 2007; Hiler, Rice, & Schmit 2012). Through narrowing the context to a specific
but extremely prevalent instance of tipping, the relationships between the focal constructs will be able to be examined in a more detailed manner.

Additionally, this research is only specifically focused on instances where one individual is paying the whole bill. Party size & check splitting have also been demonstrated to have a significant effect on an individual's tipping behavior (Freeman et al. 1975; Snyder 1976; May 1978; Lynn & Latane 1984; McCarty et al. 1990). The scope of this dissertation is focused on the most prevalent restaurant tipping situation, i.e. where one individual pays the whole bill. The focal constructs for this dissertation are defined in Table 1.1 below.

Table 1.1 - Focal Construct Definitions

<table>
<thead>
<tr>
<th>Construct</th>
<th>Definition</th>
<th>Citation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tip Amount</td>
<td>The dollar value of the tip.</td>
<td>Freeman et al. 1975</td>
</tr>
<tr>
<td>Tip Percentage</td>
<td>(Tip Amount / Bill Size) x 100%</td>
<td>Freeman et al. 1975</td>
</tr>
<tr>
<td>Bill Size</td>
<td>The dollar amount of the bill.</td>
<td>Lynn &amp; Latane 1984</td>
</tr>
<tr>
<td>Subtotal</td>
<td>The dollar amount of the bill with tax.</td>
<td>Lynn &amp; Latane 1984</td>
</tr>
<tr>
<td>Service Quality</td>
<td>A consumer’s judgment about the superiority or excellence of a service.</td>
<td>Parasuraman, Zeithaml, &amp; Berry 1988; Bodvarsson &amp; Gibson 1997</td>
</tr>
<tr>
<td>Reliability</td>
<td>The ability to perform the promised service dependably and accurately.</td>
<td>Parasuraman, Zeithaml, &amp; Berry 1988</td>
</tr>
<tr>
<td>Assurance</td>
<td>The knowledge and courtesy of the employees and their ability to convey trust and confidence.</td>
<td>Parasuraman, Zeithaml, &amp; Berry 1988</td>
</tr>
</tbody>
</table>
(Table 1.1 continued)

<table>
<thead>
<tr>
<th>Construct</th>
<th>Definition</th>
<th>Citation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tangibles</td>
<td>The appearance of the physical facilities, equipment, personnel, and communications materials.</td>
<td>Parasuraman, Zeithaml, &amp; Berry 1988</td>
</tr>
<tr>
<td>Empathy</td>
<td>The provision of caring and individual attention the server gives to the consumers.</td>
<td>Parasuraman, Zeithaml, &amp; Berry 1988</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>The willingness to help customers and to provide prompt service.</td>
<td>Parasuraman, Zeithaml, &amp; Berry 1988</td>
</tr>
</tbody>
</table>

<p>| Decision Rules  | The performing of some composite cognitive activity. Thus, it is the engagement of cognitive effort in processing some information into some further cognition or behavior. | Einhorn &amp; Hogarth 1981; Evans 1984; Petty &amp; Cacioppo 1986; Bettman, Johnson, &amp; Payne 1991 |
| Tip Percentage  | A critical and common decision rule whereby the consumer uses a cognitively determined tip percentage to anchor from in the generation of their tip amount.                                                 | Freeman et al. 1975; Crusco &amp; Wetzel 1984; Rind &amp; Bordia 1995; Bodvarsson &amp; Gibson 1997 |
| Flat Amount     | A decision rule whereby an individual does not consider anything else when generating their tip amount other than their standard flat amount.                                                                      | N/A                                                                       |
| Round Total Amount | A decision rule used by consumers in the generation of a tip amount whereby the consumer uses their tip amount to produce a rounded total amount.                                                             | N/A                                                                       |
| Round Tip Amount | A decision rule used by consumers in the generation of a tip amount whereby the consumer simply uses a tip amount that is a round number.                                                                      | N/A                                                                       |</p>
<table>
<thead>
<tr>
<th>Construct</th>
<th>Definition</th>
<th>Citation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motives</td>
<td>The purpose or psychological causes of some action.</td>
<td>Allport 1937; Schacter 2011</td>
</tr>
<tr>
<td>Social Norm</td>
<td>The rules that a group uses for appropriate and inappropriate values, beliefs, attitudes, and behavior. These rules may be explicit or implicit, and may or may not be dependent upon context.</td>
<td>Kahneman &amp; Miller 1986; Coleman 1994; Azar 2003; Parrett 2006; Azar 2007; Azar 2010</td>
</tr>
<tr>
<td>Social Norm Motive</td>
<td>A tipping motive whereby the consumer’s tip amount is motivated by social norms.</td>
<td>Ben-Zion &amp; Karni 2007; Sisk &amp; Gallick 1985</td>
</tr>
<tr>
<td>Equity Motive</td>
<td>A tipping motive whereby the consumer’s tip amount is motivated by their judgments of service attributes.</td>
<td>Snyder 1976; Lynn &amp; Graves 1996</td>
</tr>
<tr>
<td>Social Exchange Motive</td>
<td>A tipping motive whereby the consumer’s tip amount is motivated by the desire to demonstrate social value to another.</td>
<td>Homans 1961; Becker, Bradley, &amp; Zantow 2012; Cook &amp; Rice 2003</td>
</tr>
<tr>
<td>Signaling Motive</td>
<td>A tipping motive whereby the consumer’s tip amount is motivated by the desire to control current or future service.</td>
<td>Lynn &amp; Grassman 1990; Connely, Certo, &amp; Ireland 2011</td>
</tr>
<tr>
<td>Altruism Motive</td>
<td>A tipping motive whereby the consumer’s tip amount is motivated by the goal of increasing another’s welfare.</td>
<td>Margolis 1981; Rushton, Chrisjohn, &amp; Fekken 1981; Cesarini et al 2009; Darity 2008</td>
</tr>
<tr>
<td>Lessen Mental Processing Motive</td>
<td>A tipping motive whereby the consumer’s tip amount is motivated by the goal of simplifying the decision making process.</td>
<td>Paas, Renkel, &amp; Sweller 2004; Becker, Bradley, &amp; Zantow 2012</td>
</tr>
</tbody>
</table>

### 1.2.2 Construct Definitions

The purpose of this section of the dissertation is to provide robust definitions of the focal constructs used in the operational model.
1.2.2.1 Tip Amount

Tip amount is the dollar value of the tip. Tip amount is always expressed in dollars and cents, and is conceptually distinct from the related construct tip percentage which is defined as a prevalent decision rule used in tipping by consumers.

1.2.2.2 Bill Size

Bill size is the dollar amount of the bill. The bill size does not include the tax on the bill, but instead is comprised solely of the sum of all food items purchased. A related construct, subtotal, is calculated by adding the tax amount to the bill size.

1.2.2.3 Service Quality

Service quality is a consumer’s judgment about the superiority or excellence of a service. In this dissertation, service quality is viewed through the lens of the well-established SERVQUAL literature. This dissertation views service quality as a multidimensional construct comprised of five distinct dimensions: reliability, assurance, tangibles, empathy, and responsiveness (Parasuraman, Zeithaml, & Berry 1988).

Reliability refers to the ability to perform the promised service dependably and accurately (Parasuraman, Zeithaml, & Berry 1988). The existing tipping literature has operationalized the reliability dimension as fragments of general service quality and service quantity (Lynn & Grassman 1990; Bodvarsson & Gibson 1997).

Assurance refers to the knowledge and courtesy of the employees and their ability to convey trust and confidence (Parasuraman, Zeithaml, & Berry 1988). The assurance dimension has been operationalized as a server complimenting a meal selection in the existing tipping literature (Seiter 2007; Seiter & Dutson 2007).
Tangibles are the appearance of the physical facilities, equipment, personnel, and communications materials (Parasuraman, Zeithaml, & Berry 1988). Most importantly, within this dissertation, tangibles are related to the construct of food quality as it is a critical variable attributed to service quality within the restaurant context (Lynn & McCall 2000; Azar 2007).

Empathy refers to the provision of caring and individual attention the server gives to the consumers (Parasuraman, Zeithaml, & Berry 1988). Representing empathy in the existing literature, researchers have operationalized and manipulated a servers expressed gratitude and a server touching a customer (Crusco & Wetzel 1984; Stephen & Zweigenhaft 1986; Hornik 1992).

Responsiveness is the willingness to help customers and to provide prompt service (Parasuraman, Zeithaml, & Berry 1988). Existing literatures have manipulated responsiveness through delivery speed and parts of this construct as service quality (Seligman, Finegan, Hazlewood, & Wilkinson 1995; Conlin et al. 2003).

1.2.2.4 Decision Rules

Decision rules are defined as the performing of some composite cognitive activity. Thus, it is the engagement of cognitive effort in processing some information into some further cognition or behavior (Evans 1984; Petty & Cacioppo 1986). In the phenomenon of tipping, decision rules aid in the generation of tip amount and can help inform how other critical independent variables are cognitively used when considering tip amount.

Tip percentage is most simply defined through the following equation: (Tip Amount / Bill Size) x 100%. Though this has been the traditional definition of tip percentage as how it pertains to its usage throughout the extant literature on tipping, this dissertation views tip percentage instead as a critical and common decision rule whereby the consumer uses a
cognitively determined tip percentage to anchor from in the generation of their tip amount.

Another prospective decision rule this research believes exists is that of a flat amount. Flat amount specifically refers to a decision rule whereby an individual does not consider anything else when generating their tip amount other than their standard flat amount. e.g. An individual may have a rule to always tip $2 per person at any dining situation regardless of the context. Flat amount is conceptually distinct from tip percentage as it does not require an anchored amount to reach but instead is the same in every tipping situation.

Round total amount refers to a decision rule used by consumers in the generation of a tip amount whereby the consumer uses their tip amount to produce a rounded total amount. e.g. for a subtotal amount of $20.87 the consumer would give a tip of $4.13 to produce a final total amount of $25.00 even.

Round tip amount refers to a decision rule used by consumers in the generation of a tip amount whereby the consumer simply uses a tip amount that is a round number. e.g. The consumer would tip an even number of $5.00 or $5.50 to produce an easily calculable total amount.

1.2.2.5 Motives

Social norms are the rules that a group uses for appropriate and inappropriate values, beliefs, attitudes, and behavior. These rules may be explicit or implicit, and may or may not be dependent upon context (Kahneman & Miller 1986; Coleman 1994; Azar 2003; Parrett 2006; Azar 2007; Azar 2010). Throughout the extant tipping literature social norms has primarily been explored only as a tipping motive whereby the consumer’s tip amount is motivated by a socially normative tip percentage. e.g. A consumer would feel socially obligated to adhere to a socially constructed and enforced 20% tip percentage. This dissertation begins by exploring
this example of a social norm, but also has the goal of exploring how various types of social norms identified within the more general literature base affect tip amount. The general construct of a social norm encompasses a wider breadth of types of norms, many of which could be present or operational within the context of restaurant tipping.

Within the literature, social norms have been employed upon a variety of different levels of abstraction including cultural (culturally constructed and enforced norms), societal (socially constructed and enforced norms at the societal level), and provincial (norms constructed and generated within a specific area) (Lin, Dahl, & Argo 2013; Goldstein, Cialdini, & Griskevicius 2008). Additionally, social norms have been used to define roles within different social contexts, aid in the categorization of things, and can inform how individuals are to behave in relation to others (Kahneman & Miller 1986; Aggarwal & Law 2006).

This dissertation will explore social norms from a broader perspective encompassing two primary categorizations of social norms; interpersonal & intrapersonal norms as well as instrumental and procedural norms (Kahneman & Miller 1986; Boella & van der Torre 2008). These norms are defined in Figure 1.1 below.

Figure 1.1 - Social Norm Perspective Chart
Interpersonal norms refer to norms established through interactions with others and enforced between members of those groups. Intrapersonal norms refer to norms generated within the individual and whose method of enforcement is generated within the individual. Instrumental norms help aid in the explanation of why individuals should behave in a given manner within some normative institution. Procedural norms are instrumental norms that also guide the conduct of an individual within that normative institution. More simply, instrumental norms help to explain the what & why in a normative institution, whereas the procedural norm helps to explain how. Through combining these lenses, the research will be able to provide a much more robust definition as to how social norms impact tipping behavior than has been previously explored with the tipping literature. These norms are explained in Table 1.2 below.

Table 1.2 - Social Norm Categories

<table>
<thead>
<tr>
<th>Norm</th>
<th>Definition</th>
<th>Usage in Tipping</th>
<th>Citation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instrumental</td>
<td>Norms that help definitionally in assigning meaningfulness to actions.</td>
<td>Instrumental norms help to assign meaning and organization to the process of tipping for the consumer.</td>
<td>Korsgaard 1997; Finlay 2008</td>
</tr>
<tr>
<td>Procedural</td>
<td>Instrumental norms addressed to agents playing a role in the normative system, for example to motivate these role playing agents to recognize violations or to apply sanctions.</td>
<td>Procedural norms help to inform consumers of a restaurant about what normative processes and behaviors are in a tipping context.</td>
<td>Boella &amp; van der Torre 2008</td>
</tr>
<tr>
<td>Interpersonal</td>
<td>Norms established between individuals or groups.</td>
<td>Interpersonal norms in tipping are generated based upon a consumer’s interactions with others regarding tipping.</td>
<td>Kahneman &amp; Miller 1986</td>
</tr>
<tr>
<td>Intrapersonal</td>
<td>Norms established within the individual.</td>
<td>Intrapersonal norms in tipping are generated solely on the basis of how a consumer feels in and of themselves about tipping.</td>
<td>Kahneman &amp; Miller 1986</td>
</tr>
</tbody>
</table>
An equity motive is a tipping motive whereby the consumer’s tip amount is motivated by their judgments of service attributes. Becker, Bradley, & Zantow’s (2012) proposed motive of reciprocal award mirrors equity theory, in that an individual will tip an amount equal to the service they believe they received (Adams 1965; Huppertz, Arenson, & Evans 1978). Specifically, in the equity motive a consumer would attempt to match input, i.e. the tip amount, to the server’s input, i.e. the service quality.

A social exchange motive is a tipping motive whereby the consumer’s tip amount is motivated by the desire to demonstrate social value to another. In Becker, Bradley, & Zantow’s (2012) research, the impress others motive is closely related to social exchange theory & the social exchange motive, both similarly indicate that one individual or party wishes to impress or demonstrate some social value to the other party (Homans 1961; Cook & Rice 2003). In the context of tipping the other party could refer to either other members of the dining party or the waiter or waitress. Further evidence of this motive is provided by May (1978) and Stillman & Hensley (1980), both of which found effects of server attractiveness on tip percentage.

Signaling is a tipping motive whereby the consumer’s tip amount is motivated by the desire to control current or future service. In Becker, Bradley, & Zantow’s (2012) research, control service indicates that an individual has some desire and propensity to control how another behaves, and is very similar to signaling theory wherein an individual primes another with some action to get a desired or expected outcome (Connely, Certo, & Ireland 2011). Additional extant research has demonstrated that a consumer’s patronage intentions have an impact on the consumers tipping behavior (Ben-Zion & Karni 1977; Kahneman, Knetsch, & Thaler 1986; Lynn & Grassman 1990).
Altruism is a tipping motive whereby the consumer’s tip amount is motivated by the goal of increasing another’s welfare. In Becker, Bradley, & Zantow’s (2012) research, the generosity motive is a mirror to altruism theory and what this research defines as an altruism motive, wherein Margolis (1981) suggests that an individual forgoes any type of personal gain in committing to an action, in this case tipping, but instead is only concerned with the benefit of the other party (Piliavin & Charng 1990).

The lessen mental processing motive is a tipping motive whereby the consumer’s tip amount is motivated by the goal of simplifying the decision making process. Thus, the consumer would employ a decision rule that would most lessen the cognitive effort in generating a tip amount. Referencing Becker, Bradley, and Zantow’s (2012) definition of heuristic model, it is apparent that their suggestion is that one will use a heuristic when their motive is to lessen mental processing.

1.3 CONCEPTUAL FRAMEWORK DEVELOPMENT

1.3.1 Tipping Behavior

Tipping behavior has been viewed throughout a number of differing perspectives within the extant literature. One perspective examines tipping behavior simply as a reward for a service well done (Ben-Zion & Carney 1977). From this perspective, tipping is how consumers assess levels of service, defined as service quality, from some service provider, a process which Jacob & Page (1980) called buyer monitoring (Kwortnik, Lynn, & Ross 2009). Others also insinuated that the action of tipping provided some level protection for the consumer against a service provider who could potentially take advantage of them (Sisk & Gallick 1985). The roots of this perspective have been firmly derived from economic theories and suggest that tipping is merely a quid pro quo behavior. Though as the research on the
phenomenon of tipping behavior progressed, the nature of the relationship between service quality and tipping behavior did not prove to be as strong as the above explanations would have suggested.

In an attempt to explain the inconsistent relationship between service quality and tipping behavior, another perspective examining tipping behavior as an action resulting from a desire to comply with a socially constructed norm emerged. This social norm perspective of tipping has dominated much of the current literature on the phenomenon of tipping behavior (Lynn & Graves 1996; Azar 2007). This perspective begins to explain the weak and inconsistent relationship between tipping behavior and service quality as the result of competing antecedents to tipping behavior (Lynn & Grassman 1990). The social norms motive for tipping behavior suggests that people engage in tipping behavior because they wish to comply with some socially constructed acceptable behavior. The motivations for compliance with the social norm have been discussed in a number of papers, but the commonly viewed dominant motive would be to avoid some experience of guilt or some other social punishment (Lynn & Graves 1996; Parrett 2006). Those researchers who follow the social norms perspective also have begun to view the buyer monitoring process, which they relate closely to the concept of reciprocity, as one of two dominant social norms (Lynn & McCall 2000; Parrett 2006).

Thus, the research has arrived at a point in the literature where the definition of tipping has become so intrinsically tied to the motives behind the action that researchers have perhaps lost perspective of what the phenomenon of tipping is in and of itself. At its purest form, tipping behavior is the giving of a monetary amount to a service provider beyond what is contractually expected. This definition looks at the action purely as a behavior and does not
include any of the motivational aspects associated with previous definitions. This delineation is important for defining the phenomenon separately from what motivates it, as the examination of the motivations for tipping is an important theoretical contribution of this dissertation.

Throughout the extant literature there are two primary operationalizations of tipping behavior: tip amount and tip percentage. These operationalizations are distinctly different and can perhaps serve as both important dependent variables in research, but the operationalization of the tipping behavior construct could also be an important antecedent toward how a consumer engages in their own tipping behavior. These operationalizations are discussed in the following sections.

1.3.1.1 Tip Amount

Tip amount is defined simply as the dollar amount of a tip expressed in currency. This operationalization of tipping has been shown to be most closely related to bill size. The operationalization of tip amount is important as it does capture the tipping behavior construct at its most basic form and represents the form that consumer’s often put directly on a bill. It does, however, provide its own set of challenges as much of the variance surrounding tip amount can be explained by bill size. Thus, an additional measure that will control for this relationship is needed.

1.3.1.2 Tip Percentage

Tip percentage is defined as the percentage of a tip given based on the bill size. The equation for tip percentage is defined as: Tip Percentage = Tip Amount / Bill Size. Alternatively, tip percentage may be a cognitively employed strategy before or during the process of tipping.
1.3.2 Service Attributes

Service attributes are defined as any attribute that resides outside the domain of the consumer that affects tipping behavior. These attributes have been the focus and attention to many researchers in the extant literature as they serve as controllable variables and areas for improvement from both a server and managerial perspective (Azar 2007; Kwortnik, Lynn, & Ross 2009). These service attributes can be broken up into two major categories: server controlled and external variables.

1.3.2.1 Server Controlled

Server influenced variables are defined as any behavior or experience that can be directly controlled by the server. Within the scope of this dissertation, this would specifically refer to the waiter or waitress. The notable server controlled variables in the existing literature are service quality, service quantity, server gratitude, server complimenting, and server touching the customer.

Service quality is defined as an assessment of service performance influenced by an individual’s existing service expectations. Though there have been numerous operationalizations of service quality across the literature on tipping, many have only captured small parts of the overall construct (Bodvarsson & Gibson 1997; Lynn & McCall 2000; Conlin et. al 2003; Azar 2007). As Parasuraman, Zeithaml, & Berry (1988) suggested, “service quality is an elusive and indistinct construct.” Thus, their development of the SERVQUAL scale served as a unifying point for the measurement and definition of the service quality construct, and will be used primarily in this dissertation.

Service quantity is primarily assumed to be the amount of actions and effort put into the service experience by the server. This is differentiated from service quality as it removes the
valence from the evaluation of the consumer’s perspective, i.e. a server who puts forth a lot of effort but fails on providing a generally good experience is still providing high levels of service quantity (Azar 2007).

Interpersonal connection with the server is the level of social connection felt by a consumer toward the server resulting from verbal and nonverbal communications. This was operationalized in a number of different ways throughout the literature including server gratitude, server complimenting & interpersonal touch (Crusco & Wetzel 1984; Stephen & Zweigenhaft 1986; Hornik 1992; Seiter 2007). Server gratitude is defined as the server expressing appreciation for the customer’s patronage of the restaurant. This was operationalized by Rind & Bordia (1995) as the server writing of a “thank you” or a smiley face on the bill. Server complimenting is defined as the server complimenting the customer on their meal selection. This was operationalized as whether or not a server simply complimented a customer’s meal selection (Seiter 2007). Server touching the customer is defined as any action where the server physically touches the customer. The operationalization of this variable used in Crusco & Wetzel (1984) and in subsequent research involved a waiter or waitress touching a customer’s shoulder or hand (Stephen & Zweigenhaft 1986; Hornik 1992). This variable was used as a manipulation for developing an interpersonal connection with the server just as server gratitude and server complimenting were.

1.3.2.2 External Variables

External variables are defined as any variable that resides beyond the control of the server. The notable external variables in the existing literature are bill size; group size; tipping policy; gratuity guidelines; food quality; and delivery speed.

Bill size is defined as the currency amount of the bill received by the customer. Bill
size is perhaps the most important and relevant external variable as it directly affects tip amount and potentially also directly impacts tip amount. Group size is defined as the number of individuals the consumer is dining with. Tipping policy is defined as the rules that a restaurant has regarding how they should tip their servers. Gratuity guidelines are a less global and policy oriented construct. Gratuity guidelines are defined as the presence or absence of suggestions on what the restaurant recommends that a consumer tips their server. Food quality is defined as a consumer’s judgment about the superiority or excellence of the food. Delivery speed is simply defined as the speed in which the food is delivered to a consumer’s table or home depending on the context.

1.3.2.3 Service Quality

In this research, service quality is defined as a consumer’s judgment about the superiority or excellence of a service (Zeithaml 1988; Zeithaml, Parasuraman, & Berry 1988). This research will primarily rely upon the SERVQUAL scale developed by Zeithaml, Parasuraman, and Berry (1988). This scale was originally comprised of 10 dimensions that impacted service quality. This operationalization of service quality was comprised of the following items: reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding/knowing the customer, and tangibles.

Reliability refers to the consistency with which a service provider is able to provide a given level of service. Responsiveness refers to the speed and and readiness to deliver the service. Competence refers to the service provider’s having the necessary skills and general ability to provide quality service. Access refers to the degree of difficulty getting in contact with or going to the service provider. Courtesy refers to the general respect for the consumer and friendliness of the service provider. Communication refers to the service provider
delivering effective and complete messaging that is also easy for the customer to comprehend. Credibility refers to the service provider having artifacts that would enhance a consumer’s ability to believe in and have confidence in the service provider. Security refers to a consumer freedom from risk or doubt in the service provider. Understanding the customer and their needs refers to the service provider’s ability to gain knowledge of customer needs and comprehend them. Lastly, tangibles refers to any physical artifacts that are resultant of the service experience (Parasuraman, Zeithaml, & Berry 1988).

These dimensions were later refined through factor analyses into a five dimensional construct of service quality that Parasuraman, Zeithaml, & Berry (1988) labeled the RATER scale of service quality. The dimensions included in the RATER scale were reliability, assurance, tangibles, empathy, and responsiveness. For the purposes of this dissertation, I have categorized the service attributes construct using the RATER model. For instance, under the reliability dimension the existing tipping literature has operationalized this as fragments of general service quality and service quantity (Lynn & Grassman 1990; Bodvarsson & Gibson 1997). The assurance dimension has been operationalized as a server complimenting a meal selection in the existing tipping literature (Seiter 2007; Seiter & Dutson 2007). There are a number of tangibles that have been shown to impact tip behavior including; bill size and food quality (Lynn & McCall 2000; Azar 2007). Representing empathy in the existing literature, researchers have operationalized and manipulated a servers expressed gratitude and a server touching a customer (Crusco & Wetzel 1984; Stephen & Zweigenhaft 1986; Hornik 1992). Lastly, with regards to responsiveness, existing literatures have manipulated delivery speed and parts of this construct as service quality (Seligman, Finegan, Hazlewood, & Wilkinson 1995; Conlin et al. 2003).
1.3.3 Consumer Characteristics

Throughout the literature, there are a number of consumer characteristics that have played an important role in determining a consumer’s tipping behavior. Much research has focused on the various individual level differences, which cause individuals to tip differently devoid of any difference in service quality (Lynn 2006; Lynn 2007). For the purpose of this dissertation, consumer characteristics can be viewed across two major categories: motives and intrinsic characteristics.

1.3.3.1 Motives

Motives are the purpose or psychological causes of some action (Allport 1937; Schacter 2011). Given the scope of this dissertation, I will be examining the purposes or psychological causes of a consumer’s tipping behavior. The extant literature has a number of fragmented perspectives on the motives that underlie tipping behavior (Azar 2007). These specific uncovered motives will be discussed in further sections of this dissertation.

1.3.3.2 Intrinsic Characteristics

Intrinsic consumer characteristics are defined as any characteristic that is held within the consumer and not activated with a purpose toward some goal directed behavior. The extant literature has examined a number of these characteristics including mood, patronage frequency, food service experience, country of origin, gender, and ethnicity (Lynn, Zinkhan, & Harris 1993; Lynn 2006; Azar 2007).

1.3.4 Decision Rules

Decision rules are defined as the performing of some composite cognitive activity. Thus, it is the engagement of cognitive effort in processing some information into some further cognition or behavior. The conceptualization of decision rules in this dissertation are derived
from the dual processing theory perspective of having two primary systems, one implicit and one explicit, in which individuals engage in mental processing (Evans 1984; Petty & Cacioppo 1986).

1.3.4.1 System 1 - Implicit (Automatic)

The first system defined by Petty & Cacioppo (1986) describe activities that are performed involuntarily and impulsively. They suggest that these systems are evolutionarily old, in that actions performed through this system are somehow hardwired into our brains, and thus are often times performed without even our conscious awareness of the action. Actions generated by this system can take many different forms. One such form would be the natural involuntary action to prevent or guard oneself against a stimulus that an individual perceived as a threat. Another form, more applicable to this dissertation, would be the reorganization and recall of information in order to achieve a level of efficiency in making decisions and providing judgments. Thus it is argued that certain stereotypical and perceptual biases can be activated without an individual’s conscious awareness. In the existing tipping literature, it can be argued that the perceptual bias against black waiters and waitresses by both white and black consumers alike could be driven by System 1 actions rather than by some willful and deliberate prejudice (Lynn et al. 2008).

According to Petty & Cacioppo (1986), System 1 has four primary characteristics: awareness, intentionality, efficiency, and controllability. Petty & Cacioppo suggest that in order for a process to be categorized as automatic it must embody at least one of these characteristics, i.e. it must be activated without the individual’s knowing, it must not be activated willfully by the individual, it needs to be enacted efficiently, i.e. with minimal effort and/or speed, and that it must be beyond the scope of the individual’s control.
1.3.4.2 System 2 - Explicit (Controlled)

Petty & Cacioppo (1986) describe System 2 as a more highly evolved level of decision making, unique to humans. Specifically, System 2 refers to slow and deliberate processing of information to prepare a decision, judgment, or action. Thus, in contrast to the characteristics of System 1, System 2 is more conscious, intentional, deliberate, and controlled. System 2 is primarily rule driven and is intensive in its demands of cognitive resources. Though it is much less efficient, System 2 allows individuals the ability to process many variables and make complex decisions after utilizing a number of variables that that individual deems important.

Interestingly, System 2 is also increasingly complex because of the variety of different rules and variables that can be used in generating decisions, judgments, and actions derived from this process. A summated overview of the relevant constructs from the extant literature is presented in Table 1.3 below.

Table 1.3 - Relevant Constructs from Extant Literature

<table>
<thead>
<tr>
<th>Construct</th>
<th>Definition</th>
<th>Citation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Attributes (Server Influenced)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service Quality</td>
<td>A consumer’s judgment about the superiority or excellence of a service.</td>
<td>Parasuraman, Zeithaml, &amp; Berry 1988; Bodvarsson &amp; Gibson 1997</td>
</tr>
<tr>
<td>Service Quantity</td>
<td>The amount of time and effort dedicated to a service encounter by a service provider.</td>
<td>Azar 2007</td>
</tr>
<tr>
<td>Server Gratitude</td>
<td>The level of appreciation and gratitude a server demonstrates to a customer.</td>
<td>Rind &amp; Bordia 1995</td>
</tr>
<tr>
<td>Interpersonal Connection with the Server</td>
<td>The level of social connection felt by a consumer toward the server resulting from verbal and nonverbal communications.</td>
<td>Crusco &amp; Wetzel 1984; Stephen &amp; Zweigenhaft 1986; Hornik 1992; Seiter 2007</td>
</tr>
</tbody>
</table>
### Construct Definitions and Citations

#### Service Attributes (External Variables)

<table>
<thead>
<tr>
<th>Construct</th>
<th>Definition</th>
<th>Citation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bill Size</td>
<td>The dollar amount of the bill.</td>
<td>Lynn &amp; Latane 1984</td>
</tr>
<tr>
<td>Party Size</td>
<td>The number of individuals in the dining party.</td>
<td>Freeman et al. 1975; Snyder 1976; May 1978</td>
</tr>
<tr>
<td>Tipping Policy</td>
<td>The restaurants policy regarding tips. i.e. Whether or not the restaurant allows tipping at all, encourages tipping as a source of managerial control for their employees, or has an optional policy regarding tipping.</td>
<td>Kwortnik, Lynn, &amp; Ross 2009; Azar 2011; Lynn &amp; Wang 2013</td>
</tr>
<tr>
<td>Gratuity Guidelines</td>
<td>The presence or absence of gratuity guidelines or recommended gratuity amounts in percentage and/or dollar form.</td>
<td>Seiter, Brownlee, &amp; Sanders 2011</td>
</tr>
<tr>
<td>Food Quality</td>
<td>A consumer’s judgment about the superiority or excellence of the food.</td>
<td>Lynn &amp; Latane 1984; Lynn &amp; McCall 2000</td>
</tr>
<tr>
<td>Delivery Speed</td>
<td>The speed of the delivery of the service.</td>
<td>Seligman et al. 1985</td>
</tr>
</tbody>
</table>

#### Motives

<table>
<thead>
<tr>
<th>Motives</th>
<th>The purpose or psychological causes of some action.</th>
<th>Allport 1937; Schacter 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Norm Motive</td>
<td>A tipping motive whereby the consumer’s tip amount is motivated by social norms.</td>
<td>Ben-Zion &amp; Karni 2007; Sisk &amp; Gallick 1985</td>
</tr>
<tr>
<td>Equity Motive</td>
<td>A tipping motive whereby the consumer’s tip amount is motivated by their judgments of service attributes.</td>
<td>Snyder 1976; Lynn &amp; Graves 1996</td>
</tr>
<tr>
<td>Social Exchange Motive</td>
<td>A tipping motive whereby the consumer’s tip amount is motivated by the desire to demonstrate social value to another.</td>
<td>Homans 1961; Becker, Bradley, &amp; Zantow 2012; Cook &amp; Rice 2003</td>
</tr>
<tr>
<td>Signaling Motive</td>
<td>A tipping motive whereby the consumer’s tip amount is motivated by the desire to control current or future service.</td>
<td>Lynn &amp; Grassman 1990; Connelly, Certo, &amp; Ireland 2011</td>
</tr>
<tr>
<td>Altruism Motive</td>
<td>A tipping motive whereby the consumer’s tip amount is motivated by the goal of increasing another’s welfare.</td>
<td>Margolis 1981; Rushton, Chrisjohn, &amp; Fekken 1981; Cesarini et al 2009; Darity 2008</td>
</tr>
</tbody>
</table>
(Table 1.3 continued)

<table>
<thead>
<tr>
<th>Construct</th>
<th>Definition</th>
<th>Citation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lessen Mental Processing Motive</td>
<td>A tipping motive whereby the consumer’s tip amount is motivated by the goal of simplifying the decision making process.</td>
<td>Paas, Renkel, &amp; Sweller 2004; Becker, Bradley, &amp; Zantow 2012</td>
</tr>
<tr>
<td>Intrinsic Characteristics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mood</td>
<td>A general global emotional state that the consumer currently holds.</td>
<td>Gardner 1985; Lynn 1988; Lynn &amp; McCall 2000</td>
</tr>
<tr>
<td>Patronage Frequency</td>
<td>How frequently that consumer patrons the establishment where the service encounter occurs.</td>
<td>Ben-Zion &amp; Karni 1977; Kahneman, Knetsch, &amp; Thaler 1986; Lynn &amp; Grassman 1990</td>
</tr>
<tr>
<td>Food Service Experience</td>
<td>The amount of work experience a consumer has in the food service industry.</td>
<td>Parrett 2010</td>
</tr>
<tr>
<td>Country of Origin</td>
<td>The country of origin of the consumer.</td>
<td>Lynn, Zinkhan, &amp; Harris 2003</td>
</tr>
<tr>
<td>Gender</td>
<td>The sex of the consumer.</td>
<td>Stillman &amp; Hensley 1980</td>
</tr>
<tr>
<td>Ethnicity</td>
<td>The ethnicity of the consumer beyond that simply of the country of origin.</td>
<td>Koku 2005; Lynn &amp; Katz 2013</td>
</tr>
<tr>
<td>Mental Processes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decision Rules</td>
<td>The performing of some composite cognitive activity. Thus, it is the engagement of cognitive effort in processing some information into some further cognition or behavior.</td>
<td>Einhorn &amp; Hogarth 1981; Evans 1984; Petty &amp; Cacioppo 1986; Bettman, Johnson, &amp; Payne 1991</td>
</tr>
<tr>
<td>Tipping Behavior</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tip Amount</td>
<td>The dollar value of the tip.</td>
<td>Freeman et al. 1975</td>
</tr>
<tr>
<td>Tip Percentage</td>
<td>(Tip Amount / Bill Size) x 100%</td>
<td>Freeman et al. 1975</td>
</tr>
</tbody>
</table>

1.4 LITERATURE REVIEW

In this section a literature review of over 40 years of research conducted on tipping is presented. This framework is presented in Figure 1.2 on the following page.
1.4.1 Tipping Research

Research in tipping didn’t become popular or prevalent until the late 1980’s. Though there was some earlier work conducted in the 1970’s, it was very intermittent and the stream of research didn’t begin to become developed until much later. The early work on tipping focused primarily on the establishment of what the percentage norm for tipping was at the time and its relationship to size of the dining party (Freeman et al. 1975; Snyder 1976; Elman 1976). This research found that the tipping norm was roughly 15% at the time and proposed that tip percentage had an inverse relationship with the number of people in the dining party which researchers believed was the result of a diffusion of responsibility amongst the dining party. Ben-Zion & Karni (1977) was the first to explore the relationship between service quality and
tip. They built a theoretical framework which incorporated repeated interactions with a customer as an important variable, which suggested that turnover within either the customer base or the service staff would decrease tips. From a managerial perspective, they also found that there must be a significant and positive relationship between extra effort expended and the increase in tip amount for the service provider to expend anything more than minimal effort on service.

Moving into the 1980’s the focus of the literature began to expand into a number of different territories. The first area that continued to expand was the understanding of how tipping as an institution could be used as a managerial tool, and whether that tool had any viability whatsoever. Jacob & Page (1980) were the first to begin to view tipping as an operationalization of the economic concept of buyer monitoring, wherein the buyer has a means to appropriately evaluate a service exchange. Sisk & Gallick (1985) also conducted research which suggested that tipping was an instrument that could protect a customer against an “unscrupulous seller” or poor service provider (Azar 2007). The second area of exploration during the decade focused on variables that could increase or decrease tips. Patronage frequency was an area of continued study, but the decade also added important findings on the impact of server touching, food quality, delivery speed (Crusco & Wetzel 1984; Lynn & Latane 1984; Seligman et al. 1985; Stephen & Zweigenhaft 1986; Kahneman, Knetsch, & Thaler 1986).

The stream of literature on tipping began to expand rapidly in the 1990’s primarily led by Michael Lynn who asserted himself as the predominant researcher of the phenomenon during the decade. Research in this decade began to have a much more focused shift toward the variables that impact tips. In the decade the relationships between tips and a host of
variables including bill size, group size, tipping policy, recommended gratuity amounts, server complimenting, & server gratitude (Lynn & Grassman 1990; McCarty et al. 1990; Lynn, Zinkhan, & Harris 1993; Rind & Bordia 1995; Lynn 1996; Bodvarsson & Gibson 1997).

Freeman et al. (1975) was one of the very first articles to examine tipping in a consumer behavior context. The authors explored a number of important topics related to the tipping phenomenon. In a study of 396 groups of restaurant diners, Freeman et al. (1975) found the first evidence that the number of people eating together, or party size, had a negative effect on tip percentage. They also found that the tipping amount social norm of the time (15%) was the most accurate predictor of tip percentage, explaining one-third of the variability. Freeman et al. (1975) proposed that the explanation of the negative impact of party size on tip percentage was the result of a diffusion of responsibility amongst the party members.

Snyder (1976) offered an alternative explanation to the findings from Freeman et al. (1975). Snyder proposed that the negative effect of party size on tip percentage was not the result of a diffusion of responsibility, but instead was a result of equity. Snyder interviewed ten waitresses and one waiter across nine different restaurants, and concluded that the amount of attention and service that can be offered to a party of one or two people was much easier to keep at the same level per customer. In larger parties, however, a server would be more likely to unevenly distribute that amount of service and attention paid to each customer, and thus the service experience would be different from customer to customer. As a result, there would likely be a larger number of customers who received less service and attention from the waiter or waitress as the party size grew larger, and if these individuals were tipping based upon the equity of their service experience this was an alternative explanation for the phenomenon in Freeman et al. (1976). Snyder’s proposition that equity was an important and invaluable
contribution to scholarly understanding of the tipping phenomenon.

Elman (1976) also challenged the results from Freeman et al. (1975) from a methodological standpoint. Elman argued that since Freeman et al.’s (1975) finding was based purely on correlational data, all of their data was collected at a single restaurant, and since there was not very much variability of the pricing at the restaurant that their findings were not strong enough to suggest that this is a consistent and reliable phenomenon. Elman also argued for the alternative explanation of equity suggested by Freeman et al. (1975), as he also felt that Freeman et al.’s (1975) explanation was based purely upon opinion and suggested that before they could make such claims alternative explanations should be understood and ruled out.

Ben-Zion & Karni (1977) were the first to offer an economic model of tipping. Their research found the earliest evidence for a number of significant important phenomenon in the tipping context. Arguably, their most important contribution is their model of repeated interactions in tipping. This allowed researchers to begin understanding differences between one-time customers and repeat customers and even suggested the presence of different motives and behaviors amongst these two groups of customers. Based upon this model, Ben-Zion & Karni found evidence that the percentage of tips lessen as both customer and employee turnover increase. They also found evidence that a customer’s patronage frequency has a positive effect on tip percentage, in that the more (or less) a customer patrons the restaurant the more (or less) they will tip. Ben-Zion & Karni were also the first research to suggest the presence of different customer motives suggesting that repeat customers were likely to engage in self-interest seeking behavior such as maintaining high levels of service, whereas explanations for one-time customers’ tips were likely more closely associated with altruism or social norms (Azar 2007).
May (1978) was another early empirical study conducted on the phenomenon of tipping. This research provided a number of important findings in the tipping context. Amongst their findings was additional evidence supporting that tipping adheres to a 15% norm and evidence of the negative effect of party size on tip percentage. In addition to these findings, May (1978) provided the first evidence that attractiveness of a waitress has a positive impact on the tip they receive, and that customers using charge or credit cards leave larger tips than those leaving cash tips. Additionally, May (1978) also provided the first empirical evidence that service quality demonstrated no effect on tip percentage. Instead, they found that the number of table visits the server performs increased tips, suggesting the first evidence of the effect of service quantity on tip percentage (Lynn & Latane 1984).

Another early empirical study, Stillman & Hensley (1980) also contributed a number of important early findings on the tipping phenomenon. Their research also provided evidence that the attractiveness and the attractiveness of the server’s apparel has a positive impact on tip percentage. In addition to this finding, their research also provided the first empirical evidence of the gender of the customer having an impact on tip percentage. Their research provided evidence that all male groups tipped more than all female groups. Freeman et al. (1975) did not find any impact of customer gender on tip percentage (Lynn & Latane 1984).

Jacob & Page (1980) explored the broader issue of buyer monitoring and used restaurant tipping as an important concept to the tipping phenomenon. This marked one of the first occasions of examining tipping from a managerial perspective and as a method of control. Buyer monitoring specifically refers to any instance where the owner and the buyer are responsible for the evaluation of an employee. In the tipping context, through the process of providing a tip it was viewed that the customer or “buyer” was in fact evaluating the service
provider, i.e. the waiter or waitress. This research provided a number of important theoretical contributions. First, it offered the first truly managerial perspective on tipping. Secondly, it suggested that tips were an important and central component towards generating high levels of service quality, thus making equity and the relationship between service quality and tipping behavior a more important topic for researchers. These theoretical contributions would be a springboard for a number of research topics that would permeate the stream of literature for the next decade.

Crusco & Wetzel (1984) represented the first experimental study conducted in the 1980’s on the phenomenon of tipping. Their research demonstrated a positive effect of interpersonal touch on tip percentage. Conditions with an interpersonal touch produced tip percentages that were significantly higher than both a control and no touch condition. The research also continued to demonstrate that female will react more negatively to undesired touch, but that to males an unwarranted touch will produce no such effect. These findings were important to the stream of literature as the social elements of tipping, including interpersonal behaviors between the server and consumer.

Lynn & Latane’s (1984) contribution was significant. It served as an examination of the current state of the field at the time, and conducted two empirical studies which replicated a number of existing findings from previous work including findings of a 15% norm, that consumers paying their bills with credit tipped more than those paying with cash, that men tipped more than women, and the negative effect of party size on tip percentage. They also found that bill size had a negative effect on tip percentage, indicating that as the bill size increases the percent of the tip lowers. Another unique contribution was Lynn & Latane’s findings of a lack of relationship between atmosphere, food, and service ratings. Lastly, they
found that separate checks did not impact tip percent in any way, thus indicating that normative behaviors held regardless of potential diffusion of responsibility effects.

Sisk & Gallick (1985) offered an interesting perspective on the role of tipping in the lives of consumers. They argued that the institution of tipping existed to protect individuals from an unscrupulous seller, further lending support to the process of buyer monitoring. They argued that tipping exists as a social contract between the buyer and provider of the service, and suggested that the exchange of the tip was developed upon a social norm, i.e. that the server provides an acceptable level of service and then the buyer would tip the accustomed norm. Their theory is important because it suggests that regardless of additional effort, once a certain threshold is reached for service quality, then the marginal increases in tip plateau. This theory serves as a foundational explanation as to why the relationship between service quality and tip percentage has been found to be inconsistent throughout the stream of literature.

Seligman et al. (1985) focused on the impacts of attributions in service successes and failures on tip percentage. The context of their study focused on sixty subjects who were waiting for pizzas to be delivered by a local pizzeria. In 2x2 experimental design respondents were given a scenario where the pizza was either delivered early or late, and this delivery speed was either then attributed to the delivery man or some other variable outside of the delivery man's control. The author's used attribution theory to predict that customers would tip more or less in situations where the delivery speed was attributed to the delivery man, and that there would be no significant differences between when the attribution for the speed was placed elsewhere. The results proved consistent with their predictions. This article serves as a foundational piece that contributed the first empirical support that attributions of service successes or failures played a critical role in the determination of a tip percentage.
Stephen & Zweigenhaft (1986) also examined the effect of touch on tip percentages. They examined 116 pairs at a restaurant where a female server would touch either a male customer, a female customer or neither. In their research they found that effect of interpersonal touch was greatest when the server touched the female respondent which led to a tip percentage of 15%. Male customers in this study only tipped 13% when touched. Though these results were both significant larger than the control condition where neither customer was touched and subsequently tipped an average of 11%. Their research further reinforced the importance of interpersonal touch and continued to demonstrate evidence that interpersonal connection with the server is a critical determinant of tip percentage.

Kahneman, Knetsch, & Thaler (1986) conducted phone interviews with respondents and examined the impacts of patronage frequency on tip amount, operationalized as dollars. These respondents were given a set bill size and told that the service was satisfactory. They were then asked how much they would tip, and then subsequently asked how much they would tip if they intended to return to the restaurant. Their results concluded that patronage frequency does not have an impact on an individual's tip amount, demonstrating no significant difference between how much an individual would tip in either situation.

Lynn (1988) examined the impacts of alcohol consumption on restaurant consumer's tipping behavior. Lynn theorized that alcohol leads to mood enhancement and cognitive impairment, and thus should lead to higher tips. Their results indicated that the number of drinks an individual has during their dining experience was positively correlated with the amount an individual would tip. Though this was certainly an interesting finding, I would argue that Lynn's (1988) greatest contribution was not the primary finding in the paper, but through his utilization of multiple dependent measures. Lynn (1988) was the first paper to
suggest that some effects might be masked based upon the usage of tip percentage as a dependent variable. In this paper, Lynn operationalized their dependent variable in three ways. The first as tip percentage, then as bill size, and finally as a residual tip. Residual tip referred to the residuals of a regression of bill size on tip amount. This methodological contribution served as an important building block of this dissertation, as I am predicting that the relationship between key independent variables such as bill size and service quality have been found to be inconsistent throughout the literature due to methodological issues regarding the dependent variable, just as Lynn suggested here.

Lynn & Grassman (1990) examined three possible rational theories for customer's motivations for tipping. These theories were rooted in the rational-choice perspective which suggests that individuals would tip only in situations where they anticipated receiving some desired outcome there or in the future. Lynn & Grassman proposed that individuals might tip for any number of three reasons: to buy social approval, equitable relationships, or to ensure future service. By interviewing consumers leaving a restaurant, Lynn & Grassman found evidence that individuals would commit to behaviors that suggested that they tipped in order to gain social approval and equitable relationships but not to ensure future service. They found positive effects of service quality, bill size, patronage frequency, and the interaction of bill size with patronage frequency on tip amount.

Though Lynn & Grassman's empirical findings are interesting, I do not feel that their theoretical explanations for their findings justifies their claims that these findings lend credence to the idea that individuals tip in order to buy social approval. Service quality, bill size, and patronage frequency are not constructs that have been shown to be related to the construct of social approval. Though, I do see some claim in their justification that these
variable may indicate that an individual is tipping merely to not subject themselves to some level of distress from an action that would initiate an inequitable relationship, I do not feel that these results are conclusive enough to warrant their theoretical explanation of buying social approval.

McCarty et al. (1990) contributed a qualitative examination into the phenomenon of tipping. Through interviews with thirteen servers in a representative sample of different levels of restaurant establishments, they uncovered what these servers believed were critical factors that would determine what a customer would tip. They found that server's believed that the individual factors such as an individual's appearance and personality were not always a good indicator of how much they would tip. Interestingly, their research, though focused on the server's interpretation of the tipping phenomenon yielded that server's too believed that variables such as party size and perceived social pressure to tip in front of others impacted an individual's propensity to tip well. Additionally, they found that server's attributed an individuals tipping behavior primarily to their knowledge of the tipping custom. This focus on knowledge of a tipping norm also overshadowed the importance of the quality of the service experience as determined by the server. This lends further credibility to the notion that individuals would merely tip up to the social norm as long as service met some appropriate threshold, and that marginal effort past this point was not rewarded (Sisk & Gallick 1985).

Lynn, Zinkhan, & Harris (1993) was the first study to examine the phenomenon of tipping from an international perspective. The authors proposed that cross-cultural differences at the macro level affected the value one assigns to the tipping custom. Their hypotheses stated that they believed tipping customs would be different from country to country dependent upon how that culture tolerates uncertainty, the structure and power distance between individuals,
how much they value communal relationships, and how much emphasis is placed on social versus economic relationships. Utilizing cultural dimensions evaluations of various countries, they found support for their hypotheses by comparing the aforementioned dimensions with the number of tipped jobs in that country. Their study indicates a number of interesting cultural implications and explanations for the institution of tipping. These implications include the ideas that tipping increases the power distance between individuals, increases uncertainty, weakens social relationships, and weakens organizational commitment. This cultural perspective of the institution of tipping provided interesting theory as to why individuals tip, and why there are different cultural perspectives on the institution of tipping.

Rind & Bordia (1995) examined the impact of a different operationalization of building interpersonal connection with the server. In their experiment, a server would either write thank you or not on the bill, and they would also either personalize the bill by signing their name or not. Their results indicate a significant positive effect of writing thank you on the bill on tip percentage, as consumers who received the thank you tipped more on average than those consumers who did not. Their experiment did not show any effect of personalizing the receipt with the server's name. Their research contributes the first finding that a display of gratitude on the behalf of the server increases tip percentages, and further reinforces the notion that the interpersonal connection between the server and the consumer is a predictor of tip behavior.

Utilizing data gathered from two different restaurant chains, Lynn & Graves (1996) examined whether tipping was an incentive or reward for service. In keeping with the tradition of inconsistent findings on the relationship between service quality and tip amount. Though they found a relationship, this relationship was weak. Bill size explained the most variance for tip amount in their regression model as was expected. Other variables that have shown effects
on tip amount and percentage in the past were found insignificant in this study. These variables include group size, alcohol, server gender, and customer gender. Lynn & Graves theorized that their results indicated the tipping was a reward for good service, as it was the second largest predictor of tip amount in their model, but they suggested that though it may be a reward this reward may not prove to be an incentive to the server to provide good service.

Lynn & Graves (1996) also were amongst the first to evoke equity theory in their research. Equity theory suggests that an individual tipping behavior may be driven by the quality of the service, i.e. that tips are equitable to the quality of service received. This is an important distinction from much of the literature as it suggests that while tipping may also be a norm driven behavior, it too has a component of equity in the motivational mix being used during a tipping scenario.

Further expanding upon Lynn & Graves (1996) proposition that tipping was not simply a normative driven behavior, Bodvarsson & Gibson (1997) examined 700 diners across seven restaurants in Minnesota. Utilizing game theory, Bodvarsson & Gibson examined whether or not the decision to tip had any impact on whether or not other consumers of the restaurant tipped in the scenario. They suggest that the decision on whether or not to tip may be the result of the normative behavior, i.e. what other customers are doing, in a specific restaurant rather than a more global assumption that one should tip in restaurants.

In addition to their game theory based model, they also found a number of additional interesting findings. They found support of a positive effect of service quality on tip percentage and support for a positive effect of patronage frequency on tip percentage. Additionally, they found additional evidence that bill size was the largest single predictor of tip amount. Another such finding was evidence that individuals use some rule of thumb to begin
the tipping process, and then vary that amount based upon the service received. This theorization suggests that there are multiple operant motives in a tipping scenario, and serves as a foundational piece for the model proposed by this dissertation.

Furthering the knowledge of the relationship of bill size on tip percentage, Chapman & Winquist (1998) examined tip percentages in three separate contexts: restaurant meals, haircuts, and taxi rides. They found evidence of a negative effect of bill size on tip percentage, such that when bill size increased the percentage of a tip decreased. They also found evidence that for small bills individuals would often tip significantly higher than the percentage associated with the social norm for tipping in those scenarios. They proposed that this was due to a magnitude effect as discussed in Prelec & Loewenstein (1991), and that consumers had less sensitivity toward the percentage of a tip at smaller dollar amounts.

Lynn (2000) was a commentary piece on the findings of Bodvarsson & Gibson (1997). Bodvarsson & Gibson (1997) proposed that there was a relationship between service quality and tipping, and suggested that the lack of findings in this existing literature was due to the variability in service ratings and that this weakness was not the result of methodological problems involving service ratings. Lynn also challenged Bodvarsson & Gibson’s role-playing survey collection method as another potential reason for the finding, suggesting that the role-playing did not adequately create behavior that would be representative of real actions.

Further expanding upon the relationship between service quality and tipping, Lynn & McCall (2000) conducted a meta-analysis of the research that examined service quality and size. Examining seven published and six unpublished studies, they found a positive and statistically significant effect of service evaluations on tip size. Lynn & McCall also examined the effects of related variables such as mood and patronage frequency on tip sizes, and
suggested that individuals were concerned about maintaining equitable economic relationships with servers. They also examined the impact of server bias towards customers who have shown to be good tippers and demonstrated that server favoritism had no impact on the relationship between tip size and service quality, thus indicating that patronage frequency's role in the determination of a tip was relatively small. Methodologically, they concluded that there is a relationship between service quality and tip percentage, but the measure of tip size may not be the best way to examine this relationship.

Ogbonna & Harris (2002) offered a managerial perspective on the institution of tipping. Utilizing a case study of restaurants in the United Kingdom, they theorized that the institution of tipping is used a source of managerial control and that this control is recognized by the servers. Their concern was that they believed server's viewed the institution as exploitive and one sided, but this concern was found to be invalid. Instead, server's willingly and consciously submitted to the institution of tipping because of the potential gains from providing high quality service and that they were being rewarded in accordance with effort rather than being paid some flat rate. This research lends further support for the process of buyer monitoring in the tipping institution suggesting that customers and servers both realize they are part of an evaluative process and that the tip is a tool by which the service encounter is assessed.

Though the process of tipping was not the primary focus of Johns & Pine's (2002) research, in their review they include tipping behavior and site Lynn & Graves (1996) as providing valuable insight towards the understanding of consumer behavior in the food service industry. This review provides support for tipping research and demonstrates its importance in the stream of consumer behavior literature. Additionally, their review also cites the importance
of the development of the SERVQUAL measure as critical finding in the existing literature on food service, a measure that has been vastly underutilized in the tipping literature stream when assessing the construct of service quality.

Stohmetz et al. (2002) examined the impact of a different interpersonal connection operationalization on tip percentage. Their results lend further support for interpersonal connection with the server being a critical variable in the determination of a tip. Results indicated that consumers who received candy with their bills tipped more on average than those who did not. In addition, they demonstrated that the more candy a consumer received also subsequently continued to further increase the percentage of the tip. They theorized that this demonstrated the importance of reciprocity in the tipping process, but this dissertation would also argue that this further demonstrates evidence of the importance of equity in the tipping process as well, as this action could be incorporated into an individual's evaluation of the service encounter.

Azar (2003) argued that though the consumer behavior and psychological literature of tipping was growing, not enough attention was devoted towards it's managerial and economic impacts. From a consumer behavior perspective, Azar suggests that tipping is a social norm driven behavior. He suggests that the presence of numerous emotions guides and impacts a consumer's behavior in the tipping process in that they desire not to experience any degree of negative emotional, or what he calls emotional disutility, by not tipping in accordance with the social norm. Additionally, he provides labor statistics and economic impacts of tip based jobs, and calls for more research to be conducted on the managerial and economic impacts of the prevalence of these jobs.
Conlin, Lynn, & O'Donoghue (2003) examined the norm of tipping and assessed through the development of a theoretical framework to test whether or not tipping was an efficient process from an economic perspective. They conceptualized that a customer's utility was derived from his deviation from the social norm. They found that tipping exhibited elements of being efficient though the process as a whole could not be stated to be fully efficient. Thus, this suggest the process of tipping represents more than the surrogate for a contract for service obligations between a server and consumer, and demonstrates further evidence that the process of tipping involves more than just the presence of the adherence to a social norm and that there were other evaluative factors of importance.

Barkan & Israeli (2004) focused on the server side of the tipping scenario, and examined how well servers were able to predict their own tips. Their research indicates that servers have an "impressive predictive ability" when it comes to their own tips. They suggest that due to this ability, servers are more likely to exhibit biases towards certain tables in which they predict that they will receive better tips, and devote less time and attention to those that they deem will be less valuable to them as a server. This research raises an important question as to what the nature of the relationship between a server's level of effort and the table they are serving, specifically whether it is merely intuition that allows them to predict their tips or through their pre-judgment of tables that their tips are affected by their subsequent behavior. From a different theoretical perspective, their research also lends support for the relationship between service quality and tip percentage as the servers would dedicate more time and effort to the service encounters where they received larger tips.

Boyes, Mounts, & Sowell (2004) examined a new concept in the literature of tipping, a behavior in which they called "free-riding." They defined free-riding as the the piggy backing
on the tips of other members of the dining party in a split-check scenario. This concept, seems very closely related to the earliest findings of the negative relationship between party size and tip percentage. They found that both men and women engage in free-riding in varying scenarios and that this behavior directly contradicts a rational explanation of the voluntary action of tipping. It also suggests the importance of contextual variables such as the members of the dining party. Additionally, they found that men are more influenced by the social acceptance or approval of the tipping behavior than women.

Lynn & Lynn (2004) was a replication and extension of Lynn, Zinkhan, & Harris (1993). Lynn & Lynn examined the national values and tipping costumes of 45 different countries. Through examining the cultural dimensions of power distance, uncertainty avoidance, masculinity, and individualism, they were able to predict international differences in both the normative tip percentage and international differences in the number of tipped professions in a country. This further lends support for the idea that cultural dimensions and ideals not only represent the number of tipped professions, but also the social norms surrounding the tip percentages.

Koku (2005) further examines the impacts of gender on tipping behavior, but they extend this research by focusing on both restaurant and non-restaurant encounters. He additionally added the first empirical testing on whether ethnicity has an impact of tipping behavior. Utilizing data collected from consumers outside of the restaurant or other service environment, he found that ethnicity makes no difference in determining tip percentage at non-restaurant encounters but does not in restaurant encounters, and that gender only represented a marginal difference in both scenarios. With regards to the differences between restaurant and non-restaurant tipping, Koku finds evidence that restaurant tipping is primarily norms based,
whereas non-restaurant tipping is driven more by appreciation. He also attributes the differences in tipping in restaurant scenarios in the restaurant context to the lack of knowledge of the social norm in those situations.

Utilizing experimental and survey based data, Parrett (2006) examined the impacts of party size, service quality, gender, method of payment, and a number of previously tested constructs on tip percentage. Their data demonstrates that men tip more on average than women, and show continued support that tip sizes decrease as party size increases. Their data also supports a significant and positive effect of income on tip percentage. They also showed results that conflicted with previous research on method of payment, as their data had suggested no difference in tip percentage across credit and cash payments. Parrett uses his data to support the theory that individuals tip for both reciprocity and guilt aversion motives. Parrett contributes definitions to both of these ideas in the tipping context. Reciprocity refers to the idea that people will reward and punish good and bad actions respectively, whereas guilt aversion suggests that individuals tip to avoid a situation where they feel bad about not having conformed to a tipping norm. Parrett categorizes both of these motives under the social norm category, but this dissertation argues that this is continued support for two predominant motives used in tipping: equity and social norms.

Lynn (2006) finds evidence that geo-demographic differences in average tip percentages are the result of a lack of knowledge about the restaurant tipping norm. Lynn’s data collected by a national telephone survey suggested that individuals that were white, aged 40-69, highly educated, wealthy, living in metropolitan areas, and living in the northeast tipped more on average than individuals living in other parts of the country. Lynn calls for an educational campaign to educate individuals of the restaurant tipping norm and suggests that
this will promote servers’ propensity to serve all consumers equally. This research lends further support that social norms plays a critical role in tipping.

Brewster & Mallinson (2006) conducts further research on the impacts of racial differences in restaurant tipping. They examined the previous explanations suggesting that the differences in average tip percentages between white and black consumers are either due to discriminatory practices of a server or lack of knowledge of the tipping social norm. They contribute an explanation from the labor process perspective that servers are not intentionally discriminating based upon race, but that they are subtly withholding service elements from consumers who they deem are unpredictable tippers and undesirable consumers based upon their existing experience.

Mattila (2006) examined the impacts of explanations in mitigating service failures. Mattila used perceived fairness and tip percentage as dependent measures. Utilizing a three by two experimental design, she found that the type of explanation interacted with the presence of a service recovery effort on both fairness perceptions and tip percentage. She sounds that tip percentage increased with the presence of an explanation and this interacted with the presence of a 20% off the total bill service recovery action. This finding, however, is confounded by the inherent decrease in the bill size, which would magnify the amount of the tip percentage. It does, however, suggest that individuals still tip on the original bill size when receiving a discount. Mattila’s research demonstrated the first evidence of a relationship between tip percentages, service recovery efforts, and perceived fairness. These findings serve as an important foundation in the literature for not only tipping but in service recovery as well.

Azar (2007a) provided the first literature review on the phenomenon of tipping. Focusing on a social norms perspective, Azar recounts the previous three decades of tipping
literature and examines their findings from a social norms perspective. He argues that social
norms are the primary dominant driver of restaurant tipping, and provides ideas for future
research in the domain. He recommends research be conducted on how the norm of tipping
evolves, especially with the growth of the normative tip percentage from 15% to 18%. He also
suggests research be conducted on the boundary conditions where consumers stop tipping, and
to explore situations where individuals begin to tip a service provider who was not typically
tipped before. Lastly, he recommends that more research on the tipping phenomenon be
conducted outside the domain of restaurant tipping and explore other service providers such as
taxis, hotels, barbershops, and valet parking.

Azar (2007b) contributes a model to examine whether or not individuals tip to ensure
future service. Using an economic model where tipping (which in this research is viewed as a
social norm) is incorporated with psychological utility and allowed to vary with future
considerations, Azar examined whether or not future service was a consideration in generating
a tip percentage. Azar’s survey of 597 consumers indicated that individuals do not use tips as a
mechanism to ensure high levels of future service.

Leodoro & Lynn (2007) further examined differential impacts of server related
activities across consumer race on tip percentages. Using a scenario where a white waitress
would either lean in or sit down with a table of white or black consumers Leodoro & Lynn
demonstrated a significant interaction of race where the action taken by the waitress had a
significant positive effect on tip percentage amongst the white consumers but a significant
negative effect on tip percentage amongst the black consumers. Leodoro & Lynn offer a
number of potential explanations for this interaction including that the waitress was adjusting
her expectations for each table because she was aware of the experimental conditions.
Additionally, they believed that the interaction could be due to consumers’ preference to be in close proximity of a server of the same race, but not that of a different race. Finally, they proposed that black customers might generally prefer less interpersonal interactions from servers in general than whites do.

Koku (2007) provided insight into factors that affect tips outside of the restaurant industry, i.e. barbershops, spas, auto mechanics, plumbing services, auto detailing shop, valet parking, and lawn care services. Though, tipping contexts outside of the restaurant industry is not within the scope of this dissertation, by beginning to define the antecedents toward tipping in non-restaurant contexts researchers can begin to define the differences between the contexts and have a better understanding of tipping in the restaurant context. Koku suggests that tipping in the restaurant industry is primarily norm driven, but that tipping in other industries is driven by other items such as time, repeat purchase, service quality, and a consumer’s budget. These considerations are interesting because in certain restaurant scenarios it would be reasonable to assume that time and a consumer’s budget would also play a small role dependent upon the motive of the consumer. An inherent weakness in this study is the generality of the “non-restaurant contexts,” in that Koku did not examine each of these contexts independently to assess any potential differences between these non-restaurant contexts.

Lynn (2007) replicated and extended his studies on national personality on tipping behavior. Lynn utilizes a relatively new construct in this research, national psychoticism. He defines psychoticism as “the extent to which people are anti-social, egocentric, tough-minded and unempathic.” He found that both psychoticism and extraversion affected a nation’s average tip percentage, but that neuroticism did not. This can be explained by neuroticism having a tendency to both over tip and under tip depending on the consumer, and thus the variability is
not predictable. This research contributes further support that an individual’s and a nation’s personality traits are an important determinant in the development of personal or national tipping customs.

Seiter (2007) further examined the effects of a server complimenting customers’ meal selections, an action which he defines as ingratiation. Seiter’s contribution to the stream of literature was the development of a methodological procedure for randomizing which customers would receive compliments and which would not. Two part-time waitresses were given six pennies, three with marks and three without, whenever the server would approach a table she would pull out a penny and this would determine whether or not those specific customers would receive a compliment or not. Consistent with the extant research, Seiter found that ingratiation had a positive effect on tip percentages.

Seiter & Dutson (2007) was a replication of Seiter (2007) in a different context. In this study the researchers examined the effects of complimenting customers in a hairstyling salon context. The hairstylists would either compliment their customer or not in the experiment. Results indicated that customers would tip a higher percentage when they were complimented in comparison to when they were not. Seiter & Dutson’s suggest that their contributions could potentially lead service providers to receive more income just by adopting the practice of complimenting their customers. They also suggest that future research should be conducted on tipping behaviors across various contexts. Additionally, the effect of the rarity versus over saturation of consumer ingratiation attempts should be examined to determine whether the effect found in this research is based upon the rarity of compliments or if it’s rooted in a desire to be complimented innately.
Azar & Tobol (2008) created a model of time-series data in which they demonstrated that tipping behavior creates a reputation that then subsequently affects future service. They demonstrate differing models that suggest different patterns of reputation erosion and consequently service quality. Their research demonstrates evidence that service quality is determined by the tips contributed by individual consumers, and that servers pre-determine the level of service that they will provide for different consumers.

Liu (2008) explores whether or not servers and customers are aware of the variables that researchers feel affects tip amounts and percentages. Liu contributes a dyadic model comprised of waiters and customers to examine how each type of individual tips in different scenarios. Liu finds that regular customers often exaggerate the amount that they tip and proposes that this is due to self-serving biases. The research also found that customers with experience waiting tables often tipped higher amounts than those who had never worked as a waiter or waitress. Liu also finds that waiters were more accurate in computing the normative percentage (15%) of a bill than those of regular customers. Lastly, Liu finds that both waiters and customers are relatively aware of the variables that the other uses in determining service, and as a result of the social norm being one of these variables that managers should not solely rely upon tips as motivation for their servers to maintain the quality of their service.

Lynn et al. (2008) extends the research on race and tipping by examining the impacts of a server’s race on a consumer’s tip percentages. Their study indicates that both white and black customers tip black servers less than white servers. They conclude that this is due to the preconceived notions about the level of service quality that consumers are going to receive based upon their perceived service quality. They also found a negative effect of dining party size, further supporting this effect. Lynn et al. (2008) concluded that their research found an
adverse and unjust relationship between the race of the server and their consumers and recommended action be taken to prevent this inequity from continuing to occur.

Holland (2009) demonstrates that tipping isn’t purely socially norm driven. He theorizes that tipping is not immune to rational economic behaviors and proposes that tipping is also an effective mechanism for risk sharing and welfare improvement. He suggests that restaurant consumers have more to lose in a dining scenario than customers of a retail store. Holland insinuates that the experience customers have in a retail outlet is less determined by the service provider, but in restaurant scenarios the service is very dependent upon the server. This suggests that customers are more willing to tip in these situations so that they feel they have some level of protection, or risk mitigation, and recourse against situations where they received they did not receive an adequate level of service.

Kerr & Domazlicky (2009) use data from a large database from the restaurant industry to examine the impact of delivery time on tip percentages. Their research indicated that tips decreased by 0.12% for every minute spent on delivery time. The research also further lent support that minorities and the elderly tip in smaller amounts than other groups of consumers. This research also showed a positive effect of time of day and payment method, further supporting that consumers paying with credit tip more than those with cash.

Kwortnik, Lynn, & Ross (2009) provided an important theoretical contribution further refining the understanding of the buyer monitoring concept discussed in previous work. They demonstrate the impact of tipping policies on consumer and server behavior and indicate that the process of utilizing a buyer monitoring, specifically the operationalization of voluntary tipping, yielded higher service performance than different restaurant tipping policies including adding a service charge based on the service received, and the server just receiving a higher
wage without receiving tips. This was the first piece of empirical research to suggest that buyer monitoring, and by corollary equity behavior, is a critical component to the understanding of the tipping. This research also was the first to examine differences in tipping policies of restaurants, which has not been explored since.

Lynn (2009) demonstrates that female attractiveness, operationalized by a series of measures including self-perceived attractiveness as well as objective measures, has an effect on tip percentage. Lynn examined a host of variables including hair color, age, breast size, waist-to-hip ratio, and body mass in their regression model. He found that breast size, hair color, and age provided significant effects on tip percentage. The results indicated that waitresses with larger breasts, who were blonde, and younger would receive better tips that those who did not, amongst both male and female consumers.

Saunders & Lynn (2009) examined tipping behavior in another non-restaurant context. Examining individuals tipping car guards in South Africa, they find evidence to support several motives being the primary reason for tipping behaviors. In this context, Saunders & Lynn (2009) found evidence that individuals decide to tip to reward good quality service, help service workers, and gain social approval. In addition to the motives that they found evidence for in the car guard context, they also proposed that individuals would use other motives in tipping. These additional motives were conforming to internalized tipping norms and gaining good quality service for the future. This research contributes significantly to the literature as it provides an early stage conceptualization of the motives that individuals use in tipping.

Azar (2010) continues the stream of research on consumer motivations for tipping. Azar conducted a cross cultural study of the U.S. and Israel, and found that in both countries consumer’s primarily tip to show gratitude, conform to the social norm, or because they know
that workers’ income is dependent upon it. Along the conformity of the social norm motive, they found that the primary driver within social norms was avoiding guilt or embarrassment, especially amongst those individuals in the U.S. Tipping to ensure future service was a relatively weak motive in determining tipping behavior and fear of the server yelling was non-significant. Additionally, Azar found that patronage frequency as a positive effect on tip percentages when dining alone, but a negative effect when dining with a friend. They also found that individuals in the U.S. tip roughly 4% more than those in Israel. Respondents reported that they tipped a significantly larger amount for excellent service than poor service. Additionally, Azar found that most consumers in the U.S. and Israel preferred to tip than have service charges added to their bills.

Lynn & Sturman (2010) conducted a within-subjects analysis of consumers in a dining scenario. Their results found that when controlling for a consumer’s personality service quality can be a reliable determinant of tip percentage. Lynn & Sturman (2010) claim that by controlling for the identity of the tipper that they are handling all potential stable dispositional confounds. This claim assumes that their measure of personality and identity is perfect and that there were no additional dispositional confounds present due to the scenario. Regardless, their research provides valuable insight into the relationship between service quality and tip percentages.

Parrett (2010) explores the relationship between consumers with food service experience versus consumers without. Given that interpersonal connection with the server has been a reliability predictor of larger tip percentages, they theorized that consumers with food service experience would be able to relate and identify more closely with their servers, and as a result their tips would increase. He finds that consumers with food service experience tip
roughly 4 to 5% more than those who do not, and theorizes that this is due to an enhanced level of interpersonal connection with their server.

Seiter & Weger (2010) examines the impact of the server ingratiation in the form of complimenting across different server genders. Conducting a field experiment with two male and two female servers who waited on 360 tables. They found that server gender had no significant effect on tip percentages, but found a disordinal interaction between complimenting or not and the number of people in the dining party such that when the dining party was less than three server complementing had a positive effect on tip percentage, but on tables five and larger complementing had a negative effect on tip percentages. In the no compliment condition, average tip percentage held at roughly 17% regardless of dining party size, whereas the tip percentage would decrease from 24% to 13% as party size increased from 1 to 7.

Azar (2011) discusses different tipping policies and provides a framework for examining tipping from a strategy and economic perspective. Azar provides many valuable insights into the tipping phenomenon, including that one important consideration in determining the motivations of consumers is that the tip comes after the service is provided and thus the tip has no direct effect on the service that the consumer receives at that point in time. Azar’s framework of the tipping phenomenon also proposes that the reasons for tipping might directly influence a consumer’s behaviors, preferences, and utility of the process of tipping. He also indicates that all of this is somehow correlated to firm and governmental policies and strategies as well as worker’s behavior and income and the greater social welfare. This research also further illuminates the importance of tipping as an economic phenomenon as it involves roughly $47 billion a year in the US food industry alone. Azar also examines the benefits and drawbacks of different tipping policies, including voluntary tipping and
compulsory service charges. He assesses that the common policy of adding a compulsory service charge on large party tables is to protect the server from the negative impact of party size on tip percentage, but he also suggests that this defeats the buyer monitoring role of having a tip policy to begin with and provides the consumers with no way to punish a poor service provider in those contexts.

Lin & Namasivayam (2011) examine various tipping systems, such as equal tip sharing and no sharing of tips. Their research indicates that the servers found fairness and distributive justice perceptions to be increased by having a tip sharing policy with an imposed service charge on bills. Though this research is conducted from a human resources and management perspective rather than that of a consumer perspective, it does provide interesting insights into the other side of the dyadic partnership in tipping and suggests that servers prefer policies that consumers oppose.

Lynn (2011) continues the stream of research on race effects on tipping. In this research, Lynn examines the role of norm familiarity on the differences in tip percentages previously exhibited in other research amongst whites and blacks. He finds that norm awareness mediates the differences in tip percentages between races. Lynn argues that this is an important contribution from a policy perspective because restaurants are aware of the inequalities in tipping and thus business shy away from predominantly black neighborhoods. He suggests that an educational system be developed to inform people less familiar with tipping norms and customs, and thus this would help decrease the differences in tip percentages and subsequently cause more tip-dependent businesses to move into non-white neighborhoods as an increase in social norm knowledge would also lead to an increase in tip amounts.
Seiter, Brownlee & Sanders (2011) examines the impact of gratuity guidelines on tip percentages. They find that the inclusion of tip guidelines, operationalized as pre-calculated 15% & 20% amounts on the bill increase tip percentages by roughly 2%, a 15% increase over the standard average. They suggest that this is a valuable way to inform customers of the social normative tip percentages as well as increase server wages. This further lends evidence to support Lynn’s (2011) finding that norm familiarity is an important mediator to tip percentage.

Becker, Bradley, & Zantow (2012) provided the first comprehensive look at the underlying motivations operationalized in the tipping scenario. Using a survey of items and factor analysis they found six primary motivational factors affecting tipping behavior. These factors were a heuristic model, to impress others, reciprocal reward, social obligation, generosity, and to control service. Many of these findings serve as the underlying basis for the current understanding of motivations in the tipping research. Additionally, many of these findings echo constructs and theories discussed in past literature such as social norms and equity related behaviors. Their research serves as the starting point for the exploration of motives in tipping examined in this dissertation.

Lynn (2013) expands his research on racial differences in tip percentages by comparing Asians, Hispanics, and whites in this research. Lynn finds that only Hispanics tip less than whites after controlling for bill size & service quality, and that there were no significant differences between Asians and whites. Interestingly, Lynn did not explore the mediating impact of norm awareness, as he did for his previous (2011) research. He, however, does propose that this difference could be due to a lack of familiarity of the tipping norm. Additionally, he suggests that this finding suggests that managers will not be able to ensure
good service quality for Hispanic consumers due to the discrepancy between their average tip percentage in comparison to whites and Asians.

Lynn & Wang (2013) continued the stream of research on tipping policies and how these affect consumers' behavior intentions. Their research examined the effect of tipping policy on an individual's patronage intentions. They found that having a voluntary tipping policy increased a consumer's patronage frequency, and that this effect can be explained through perceived expensiveness. i.e. Consumer's perceived their meal to be less expensive if the restaurant had a voluntary tipping policy as opposed to an automatic gratuity policy.

Lynn & Katz (2013) is the first demonstrated research on examining a cultural variable’s, other than nationality or ethnicity, impact on tip percentage. Lynn & Katz examine the impact of religion on tip percentage and find that Jews and non-religious consumers tip more on average than consumers of the Christian faith. Their research suggests that while average tips of Christians was significantly less than those of other religious affiliations, Christians did still reliably tip above the 15% norm. Lynn & Katz also found that there was a significant interaction between worship frequency and service quality, such that tip percentages varied less with people who worship frequently when compared to those who worship less frequently.

Kinard & Kinard (2013) demonstrated further support for the impact of receipt personalization in the form of writing thank you or including a smiley face on the bill itself. Kinard & Kinard extended this research by examining the impact of differing levels of service-quality on the scenario. Utilizing a scenario-based approach they demonstrated that adding a personalized message on the receipt, operationalized as has a negative effect on tip percentages. Additionally, they found a moderation effect of service quality in that when
service quality was low, this magnified the negative effect of receipt personalization. This research provided contradictory evidence to previous research on receipt personalization, and suggests the need for future research to clarify the relationship between receipt personalization and tip percentages.

Resultant from this literature review, a simplified conceptual model was developed from the basis of the conceptual framework and is presented in Figure 1.3 below.

![Conceptual Model](image)

Figure 1.3 - Conceptual Model

1.5 RESEARCH TOPIC 1: THE EFFECT OF BILL SIZE & SERVICE QUALITY ON TIP PERCENTAGE & TIP AMOUNT

The current state of literature on tipping behavior, especially that related to tip percentage has used analyses intended for linear relationships as the foundation for support of their hypotheses. Given the number of motives & heuristics associated with tipping behavior that’s presence has at least been acknowledged even if they are not particularly well defined,
one could only assume that the relationship between critical independent variables such as service quality and tip percentage is not necessarily consistently linear. This proposition is supported by the inconsistent findings in the extant literature on the relationship between service quality and tipping behavior.

Azar (2007) addresses this issue in his literature review where he states simply “Whether service quality plays a role in the determination of tip size is one of the most important questions about tipping behavior.” To support the importance, Azar suggests that if the relationship between tip percentage and service quality is not strong then the institution of tipping is not doing one of its primary functions well, i.e. to encourage excellent service on the part of the server. Following Azar’s work, no one has yet to address that it may not be that the relationship isn’t strong, but that the assumptions about the nature of the phenomenon are incorrect.

One of the primary contributions of this dissertation is to reexamine the assumptions about the nature of the tipping phenomenon, and to challenge the fields thinking on the methods researchers have been using to explore and make determinations about the antecedents to tipping behavior. I hope that by shedding light on the instances where non-linearity is a reality in measuring tip percentages that researchers can begin to understand why certain relationships that tip percentage has with variables such as service quality have received inconsistent findings in the literature when at face value they should be very closely related.

After developing an understanding of the effect of bill size and service quality on tip amount, the effect of some key additional variables will be examined. This dissertation identifies two critical additional variables to be included in the model: motives and decision rules. Given that motives are defined as processes that initiate, guide and maintain goal-
oriented behaviors, this dissertation proposes that the motives of tipping behavior also act as a selection variable for the decision rules & processes of the consumer in a tipping scenario (Allport 1937; Schacter 2011). Thus operationally, differing motives will affect the decision rule & processes used in determining tip amounts.

1.5.1 Research Question

What are the effects of bill size and service quality on tip amount?

1.5.2 Conceptual Framework

As stated earlier, and based upon an extensive literature review there have been a number of papers that have found inconsistent results on the relationship between tip percentage. Bodvarsson & Gibson (1997) found a positive relationship between tip percentage and service quality, whereas Conlin et al. (2003) did not. Lynn & McCall (2000) suggest that service quality has very little effect on tip at all. These are just a few of the copious studies that have produced differing results and opinions on the relationship between tip percentage and service quality. The current state of the debate on whether or not tip percentage and service quality are related has devolved into an argument as to whether or not its effect is simply multicollinear with other important variables, or whether or not the measures different researchers were using were truly assessing the same dimensions of service quality. I propose a new explanation to these inconsistent findings, that the relationship between tip percentage and service quality is non-linear. I believe that there is a cap on how high an individual is typically willing to tip, and that this cap resides somewhere between 20-25%. As a result, no matter the increase in service quality, there is a point where it will not affect tip percentage.

Another critically important and related construct to tip amount is that of bill size. Bill size is perhaps the most important variable in influencing tip amount, but in the literature it has
primarily only demonstrated consistently well-supported effects on tip percentage (Bodvarsson & Gibson 1997). Supporting this claim, Chapman & Winquist (1998) found that smaller bill sizes led to larger tip percentages than large bills. Azar (2007) also suggests that if individuals are rounding their tips to whole dollars the incremental effect on the percentage is much greater for a small bill than it is for a larger bill. As a whole, I believe that the relationship between tip percentage and bill size will be linear in comparison to the relationship between tip percentage and service quality.

There is no evidence in the existing tipping literature to suggest a relationship between motives and decision rules, as the understanding of both motives and decision rules operationalized within the phenomenon of tipping is relatively limited. There is, however, ample evidence outside of this stream of literature to suggest that motives play a critical role in any type of decision-making or judgment oriented process. Bettman, Luce, & Payne (1998) propose that current goals change the voluntary attentional direction from different information and variables and suggest that individuals will make decisions differently dependent upon current goals due to their attentional focus being directed to differing types of information (Payne, Bettman, & Johnson 1993).

Pham (1998) demonstrated the differences between consummatory and instrumental motives, and found significant differences on an individual’s behavioral intentions and feelings towards different targets by varying motives. He demonstrates that individuals rely upon different information in determining feelings and taking actions dependent on how the individual would view the context. In this context, individuals could view the action of tipping as a purely instrumental or consumptive task, which would vary the goals, motives, and subsequently the information incorporated into the decision process when determining tip
amount. From this reasoning, an operational model was developed around the propositions developed in this section of the dissertation and is presented in Figure 1.4 below.

![Operational Model Diagram]

Figure 1.4 - Operational Model

**1.5.3 Propositions**

Proposition 1.1: The effect of bill size on tip amount is nonlinear.

Throughout the literature there has been evidence of a negative effect of bill size on tip percentage (Chapman & Winquist 1998; Sisk & Gallick 1985). Given this evidence of a negative effect of bill size on tip percentage, I postulate that the relationship between bill size and tip amount is nonlinear. Specifically, I assume that as bill size increases tip amount will reach a point where the tip amount will discontinue linearly increasing. As such a quadratic relationship is predicted. This prediction is also rooted in the existing literature which suggests that as bill sizes increase tip amounts may decrease as a result of limited financial resources or fairness perceptions of the service, e.g. individual’s may perceive the level of service they receive for a $400 bill similarly to that of a $100 bill size and thus can not justify tipping $80 in those situations to adhere to the 20% norm (Sisk & Gallick 1985). In situations where a bill is very small, individuals may also not behave linearly and adhere to a certain percentage, e.g.
individual’s receiving a bill size of $3 might tip $1 which is much higher than the social norm of 20% (Matilla 2006).

Proposition 1.2: Service quality affects tip amount.

Service quality’s impact on tip percentage has been well documented throughout the literature, but the findings have also been relatively inconsistent. The first study on tipping involving service quality demonstrated that service quality has no effect on tip percentage (May 1978). Jacob & Page (1980) argued that tipping was essentially a form of buyer monitoring, whereby a consumer makes judgments based upon service quality and tips accordingly, thus suggesting the importance of service quality on tipping. Bodvarsson & Gibson (1997) provided evidence that service quality does have a positive effect on tip percentage. Following this finding, much further evidence was reported on the effect of service quality on tip percentage (Lynn 2000; Lynn & McCall 2000; Johns & Pine 2002; Barkan & Israeli 2004; Parrett 2006; Azar 2007; Azar & Tobol 2008).

Those who found a lack of evidence for an effect of service quality on tip percentage suggested that their lack of findings could be the result of measurement issues of the variable of service quality (Lynn 1988; Johns & Pine 2002) or that in the cases where tipping is being driven by a social norm motive that the impact of service quality is lessened and the impact of the social norm is increased (Sisk & Gallick 1985; Lynn & Graves 1996; Koku 2007).

Proposition 1.3: The effect of bill size on tip amount is moderated by service quality.

Given that bill size most directly impacts tip amount and is often directly considered by a majority of consumers one can assume that the effect of bill size on tip amount is a direct one (Chapman & Winquist 1998; Sisk & Gallick 1985). Service quality, however, has produced a legacy of inconsistent direct effects on tip amount. One potential explanation is that service
quality does not have a truly direct effect on tip amount, but instead has a different role in the operational model for generating tip amount. This dissertation proposes that service quality serves the role of a moderator of the effect of bill size on tip amount, such that a consumer will adjust their tip amount which is directly impacted by bill size based upon the level of service quality that they receive (Lynn & Graves 1996; Azar 2007). Though service quality has not been explicitly examined as a moderator to this relationship within the existing literature on tipping, the lack of inconsistent evidence of these direct effects are likely evidence that a role a variable as critical to the evaluation of a service encounter and tipping in general is not being considered in the right way (Lynn & Grassman 1990). Thus, this dissertation proposes that service quality’s role is an important and unexplored area of research.

1.6 RESEARCH TOPIC 2: IDENTIFICATION OF TIPPING DECISION RULES

In addition to motives, decision rules also play a critical role in the determination of tip amount. An overlooked area in the tipping literature has been the identification of a framework or typography of the decision rules used to determine tip amount. Thus an important area of exploration and additional work is the identification of what these decision rules are.

1.6.1 Research Question

What decision rules do consumers use in determining tip amount?

1.6.2 Conceptual Framework

Tipping is a complicated consumer behavior that is likely informed by a myriad of different decision rules. These processes can either be preselected or evoked by some external stimuli. Understanding these decision rules is critical to the understanding of tipping behavior. If researchers are to truly understand how individuals go about determining tip amounts, it will
be of critical importance to understand what decision rules can be activated. Examining tip amount as a direct consequence of service quality, bill size, or any of the myriad of other independent variables would only explain a small portion of the overall phenomenon as many decision rules have been shown to overpower behavioral intentions. Lynn & Grassman (1990) acknowledge the presence of alternative explanations for their correlational data between different independent variables and tip percentage. This dissertation proposes that there are numerous decision rules that could serve as alternate explanations to tipping behavior and even better inform the reason behind inconsistent results in past studies.

I conceptualize that deciding on an intended tip amount is essentially a decision making process. Using existing psychological theories of decision making behavior, such as prospect theory, anchoring and adjusting, decision fatigue, cognitive load, group-decision theories, and various decision heuristics (Bell & Whitfield 1956; Reason 1990; Kahneman & Tversky 2000). For instance, if a consumer submits to group decision making regularly on tipping by asking other in their party what an appropriate tip would be how does the consumer then decide and reconcile amongst possibly disparate recommendations. Additionally, does a recommended amount on a receipt or suggested some other way by the restaurant translate into the exact tip amount that was suggested or does the consumer use other decision rules to deviate from that result, either to lessen mental processing or to round a bill size to an even number. As mentioned above, there are also a number of anchoring effects given tip percentages that can either be evoked from memory or primed through the dining experience. One predominant anchor that could occur is the utilization of a cognitively pre-determined tip percentage.

The extant literature has focused primarily on relationships between tipping and different independent variables and operationalizations of these variables such as interpersonal
connection with the server and server complimenting (Stephen & Zweigenhaft 1986; Hornik 1992; Seiter 2007). There has been no existing research conducted specifically on the decision rules that help to guide consumers tipping behaviors. As a result, my predictions in this research should be guided by a grounded theory approach based upon the presence of two primary systems, one implicit and one explicit, in which individuals engage in mental processing (Evans 1984; Petty & Cacioppo 1986). Under this model, the researcher can begin to categorize the decision rules found in this dissertation.

1.6.3 Propositions

Proposition 2.1: Consumers employ a variety of decision rules when determining tip amount.

Throughout the extant literature, there have been conflicting results of what variables individuals consider when determining a tip amount. This dissertation proposes that each of those different subsets of variables is the result of the consumer using a variety of different decision rules in the process of determining a tip amount. Sometimes individuals may base their tip amounts on a percentage and at other points they may use dollar amounts in determining what the tip amount will be (Seiter, Brownlee, & Sanders 2011). The usage of these rules is dependent on a number of additional contextual and motivational variables. Becker, Bradley, & Zantow (2012) also suggested the presence for a variety of decision rules found in their heuristic model motive which suggested that individuals would use different decision rules to simplify the calculation of a tip amount. One of the most common decision rules, as mentioned above, is likely tip percentage.

Proposition 2.2: Tip percentage is the most common decision rule.

In the literature, tip percentage is the most prevalent dependent variable of study (Freeman et al. 1975; Azar 2007), but researchers have acknowledged that it is simply a
calculated variable in order to standardize their data (Lynn 1988; Johns & Pine 2002). This dissertation conceptualizes the usage of tip percentage from the consumer perspective to be that of an anchoring decision rule, in that a consumer uses tip percentages in order to calculate their tip amount (Tversky & Kahneman 1974; Bettman, Johnson, & Payne 1991). Based upon this theorization, the consumer will sometimes decide what to tip based initially upon a tip percentage, and then adjust their behavior based a number of other considerations when calculating tip amount, thus the tip percentage plays a critical mediating role explaining how an individual takes bill size, along with other variables, and translates that into a tip amount. These tip percentages can be based upon a variety of different motives including social norms motives and equity motives (Snyder 1976; Kahneman & Miller 1986; Lynn & Graves 1996; Azar 2007).

I believe that tip percentage is the most commonly used decision rule because artifacts of this process are prevalent in tipping and present on many bills in the form of gratuity guidelines. Gratuity guidelines are recommended gratuity amounts often present on bills in the form of percentages. These guidelines often appear in the following format 15%, 18%, & 20%, insinuating that the consumer should tip 15% for low, 18%, for average, 20% for high (Seiter, Brownlee, & Sanders 2011).

1.7 RESEARCH TOPIC 3: IDENTIFICATION OF TIPPING MOTIVES

To begin understanding the impacts of motives on tipping behavior, it is important to understand what motives are present, how often they are activated, and if there are any predominant instances of simultaneous activation. The purpose of this research topic is to provide empirical support for my hypothesized taxonomy of tipping motives and provide additional understanding on the patterns they are most commonly activated in.
1.7.1 Research Question

What motives do consumers use in determining tip amount?

1.7.2 Conceptual Framework

Perhaps, one of the earliest studies to suggest that there may be the presence of tipping tipping behaviors, which would indicate the presence of motives, was Rogelberg et al. (1999) which found a relationship between tip percentage and service quality only amongst conditions involving individuals who consumer restaurants regularly. This indicates that people behave differently in different situations, and is one of the first empirically supported findings on the suggestion that people may have different motives influencing how they tip in different situations.

That being said, the exploration of what motives underlie tipping behavior is relatively new and limited. Researchers have acknowledged compliance with social norms has been a significant and dominant motive throughout much of the existing literature (Lynn, Zinkhan, & Harris 2003; Lynn 2006; Azar 2007). Becker, Bradley, & Zantow (2012) began to do some foundational work on establishing a broader spectrum of what motives are potentially activated in a tipping scenario. Their research uncovered six motives: heuristic model, impress others, reciprocal award, social obligation, generosity, and control service.

The foundation for Becker, Bradley, & Zantow’s (2012) motives was not grounded in existing theory, but each motive can be matched to an existing theory within the marketing and psychology literature. The notion of social obligation is very much representative of the findings in social norms theory, which mirrors the notion of needing to engage in tipping simply because of the assumption that everybody else does (Kahneman & Miller 1986; Coleman 1994). Becker, Bradley, & Zantow’s (2012) proposed motive of reciprocal award
mirrors equity theory, in that an individual will tip an amount equal to the service they believe they received (Adams 1965; Huppertz, Arenson, & Evans 1978). The impress others motive is closely related to social exchange theory, similarly both indicate that one individual or party wishes to impress or demonstrate some social value to the other party (Homans 1961; Cook & Rice 2003). The generosity motive is a mirror to altruism theory, wherein Margolis (1981) suggests that an individual forgoes any type of personal gain in committing to an action, in our case tipping, but instead is only concerned with the benefit of the other party (Piliavin & Charng 1990). Control service indicates that an individual has some desire and propensity to control how another behaves, and is very similar to signaling theory wherein an individual primes another with some action to get a desired or expected outcome (Connely, Certo, & Ireland 2011). Though I feel this is certainly an action that can be engaged in certain tipping conditions, I feel that the construct might be too closely related to social exchange or just be one form of a social exchange behavior, and thus I have chosen to reserve studying this phenomenon for future research.

The last of Becker, Bradley, & Zantow’s (2012) motives, the heuristic model, in our conceptualization does not meet the definition of a true motive. In our conceptualization motives and motivation are the purpose or psychological causes of some action (Allport 1937; Schacter 2011). Though the usage of a heuristic such as rounding is certainly a method of engaging in some unconscious motive, it is not the motive itself (Maslow 1943). Referencing Becker, Bradley, and Zantow’s (2012) definition of heuristic model, it is apparent that their suggestion is that one will use a heuristic when their motive is to lessen mental processing.

Overall for this dissertation, I will be examining five of the motives and related theories that are proposed by Becker, Bradley, & Zantow (2012). These motives will herein be
described by their related theories, social norm, equity, social exchange, altruism, and lessen mental processing.

Additionally, this research assumes that motives will be activated simultaneously at times and that some motives may behave similarly to one another even though the desired goal may be different the action will remain the same (Sedikides & Strube 1995).

1.7.3 Propositions

Proposition 3.1: Consumers employ a variety of motives when determining tip amount.

Motives have been discussed as an important topic since the earliest of articles examining the phenomenon of tipping. Ben-Zion & Karni (1977) were the first research to suggest the presence of different customer motives suggesting that repeat customers were likely to engage in self-interest seeking behavior such as maintaining high levels of service, whereas explanations for one-time customers’ tips were likely more closely associated with altruism or social norms (Azar 2007). Utilizing experimental and survey based data, Parrett (2006) uses his data to support the theory that individuals tip for both reciprocity and guilt aversion motives.

More recently, Becker, Bradley, & Zantow (2012) provided the first comprehensive look at the underlying motivations operationalized in the tipping scenario. Using a survey of items and factor analysis they found six primary motivational factors affecting tipping behavior. These factors were a heuristic model, to impress others, reciprocal reward, social obligation, generosity, and to control service.

Proposition 3.2: Social norms motives and equity motives are the most common motives.

The social norm motive is the most widely discussed throughout the tipping literature. Azar’s (2007) literature review on tipping highlights various findings from a social norms
perspective. Many researchers believe that social norms is the more prevalently used motive or
driver of tipping in the restaurant context (Azar 2003; Lynn 2006; Azar 2007). In comparison
to tipping in other industries, Koku (2007) suggests that restaurant tipping is much more
socially norms driven whereas other industries are driven more by variables such as time,
patronage frequency, and service quality.

The equity motive has also been discussed at length throughout the tipping literature.
Lynn & Graves (1996) were amongst the first to evoke equity theory in their research. Equity
theory suggests that an individual tipping behavior may be driven by the quality of the service,
i.e. that tips are equitable to the quality of service received. This is an important distinction
from much of the literature as it suggests that while tipping may also be a norm driven
behavior, it also has the potentially to be driven by an equity motive. Parrett’s (2006)
reciprocity motive also suggests the presence of an equity motive in that both of these motive
suggest that individuals will tip in accordance with service quality. Kwortnik, Lynn, & Ross’s
(2009) suggestion that buyer monitoring plays an important role in the institution of tipping
also strongly supports the notion that individuals will equitably tip based upon service quality.

1.8 RESEARCH TOPIC 4: THE EFFECT OF DECISION RULES ON TIP AMOUNT

After the identification of the decision rules, it will be important to begin developing
our understanding of the effects the different decision rules have on tip amount. Specifically,
by uncovering the role that the decision rules play in the operational model.

1.8.1 Research Question

What is the role of decision rules in the operational model?
1.8.2 Conceptual Framework

The selection of decision rules is an important topic for the understanding of the tipping phenomenon, not only for academics, but for practitioners as well. If a practitioner were able to influence the decision rules or at least understand the decision rules being used by a consumer that would give them a better understanding on why a consumer chose to tip in the way that they did and potentially influence the consumer to tip differently.

I can conceptualize the generation of a tip amount generally as a decision making process. Using existing psychological theories of decision making behavior, such as prospect theory, anchoring and adjusting, decision fatigue, cognitive load, group-decision theories, and various decision heuristics (Bell & Whitfield 1956; Reason 1990; Kahneman & Tversky 2000). For instance, if a consumer submits to group decision making regularly on tipping by asking other in their party what an appropriate tip would be how does the consumer then decide and reconcile amongst possibly disparate recommendations. Additionally, does a recommended amount on a receipt or suggested some other way by the restaurant translate into the exact tip amount that was suggested or does the consumer use other decision rules to deviate from that result, either to lessen mental processing or to round a bill size to an even number. As mentioned above, there are also a number of anchoring effects given tip percentages that can either be evoked from memory or primed through the dining experience (Tversky & Kahneman 1974).

Tipping has been of managerial concern for many reasons, not only does it act as a form of buyer monitoring, but it also acts as a source of managerial control (Ogbonna & Harris 2000; Barkan & Israeli 2004). For tipping behavior to appropriately act as an evaluative and managerial tool, the relationship between key variables such as service quality and tip amount
must be understood completely. If decision rules are dramatically influencing this relationship, then the direct correlation between these variables would be blurred and as a result any accuracy in using tip amount as a source of managerial control or an evaluative tool for either the restaurant or the server.

1.8.3 Propositions

Proposition 4.1: The effect of bill size on tip amount is mediated by tip percentage.

I propose that bill size has an effect on tip percentages. This effect has been well documented throughout the literature. Lynn & Latane (1984) demonstrated that bill size has a negative relationship with tip percentage, such that when the bill size increases the tip percentage decreases. Bodvarsson & Gibson (1997) also found evidence supporting this effect. In their study of 700 diners across seven restaurants in Minnesota, they provided evidence that tipping may be the result of a social norm and demonstrated that bill size was a predictor of tip percentage. Chapman & Winquist (1998) further demonstrated evidence of this effect, once again providing results of a significant negative effect of bill size on tip percentage.

Lynn (1988) is the first paper in the tipping literature that the emphasis placed on tip percentage as the focal dependent variable may be masking some of the effects of other variables on tip amount. Lynn (1988) believed that the residual difference between reported tip amounts and tip percentages also was an important issue in the judgments that consumers make about the tipping process. Additionally, given that tip percentage is often not measured but instead a calculated variable based upon tip amount there is an intrinsic relationship between the two variables (Freeman et al. 1975; Azar 2007).

Tip percentage has often been used as the focal dependent variable throughout the tipping literature. Throughout a number of these operationalizations tip percentage has not
been an explicitly asked variable, but instead a calculated variable based upon a reported tip amount provided by the respondent. One of the earliest articles on tipping by Freeman et al. (1975) collected field data from servers about tip amount and bill size. In their analysis, Freeman et al. (1975) converted tip amounts to tip percentages through the following formula:

\[(\text{Tip Amount} / \text{Bill Size}) \times 100\%\].

Freeman et al. (1975) argued that this for analytical reasons so that individual’s tipping behavior was standardized across all respondents. Throughout the literature many other articles have used this formula in order to calculate tip percentage for use in analysis (Crusco & Wetzel 1984; Rind & Bordia 1995; Bodvarsson & Gibson 1997; Kinard & Kinard 2013).

From a theoretical perspective, this dissertation proposes that consumers often use tip percentages as a decision rule and operationally as an anchor for determining tip percent (Tversky & Kahneman 1974; Bettman, Johnson, & Payne 1991). Based upon my theorization, the consumer will sometimes decide what to tip based initially upon a tip percentage, and then adjust their behavior based a number of other considerations when calculating tip amount, thus the tip percentage plays a critical mediating role explaining how an individual takes bill size, along with other variables, and translates that into a tip amount. These tip percentages can be based upon a variety of different motives including social norms motives and equity motives (Snyder 1976; Kahneman & Miller 1986; Lynn & Graves 1996; Azar 2007).

Proposition 4.2: The effect of service quality on tip amount is mediated by tip percentage.

This dissertation proposes that the effect of service quality on tip amount can be explained through tip percentage. I believe that consumer will often initially use tip percentages in the calculation of a tip amount operationalized as an anchor, e.g. consumers might use 10% as an anchor in determining tip amount after experiencing bad service quality.
Artifacts of this process are also evident in the presence of gratuity guidelines on some receipts. Gratuity guidelines are recommended gratuity amounts often present on bills in the form of percentages. These guidelines often appear in the following format 15%, 18%, & 20%, insinuating that the consumer should tip 15% for low, 18%, for average, 20% for high (Seiter, Brownlee, & Sanders 2011).

1.9 RESEARCH TOPIC 5: THE EFFECT OF MOTIVES ON TIP AMOUNT

The next step in understanding how tipping behavior is related to motivation is to understand how the motives have an effect on tipping behavior, and more specifically the relationship between tip percentage, bill size, and service quality. From my propositions in research topic 1 regarding the non-linearity and linearity of the relationship between tip percentage and service quality or bill size respectively, this research assumes that individuals with different motives will place differing levels of importance on each of these critical independent variables influencing tip percentage.

1.9.1 Research Question

What is the role of motives in the operational model?

1.9.2 Conceptual Framework

In the extant literature there is very little empirical demonstration of motives directly affecting tip amounts. The only study to date that have even demonstrated weak results of tip amount varying dependent on the operative motive is Parrett (2006) who demonstrated differences in tip amount across reciprocity and guilt aversion conditions. Though there is not a significant amount of evidence suggesting an empirically measurable effect of motive on tip amount, there is, however, a wealth of information suggesting the presence of such an effect.
One of the earliest pieces in the stream of knowledge on tipping theorized in their conclusions that motives would be a critical variable to understanding why consumers tip in the amounts that they do (Ben-Zion & Karni 1977). Bodvarsson & Gibson (1997) also suggest that a reason for inconsistent findings within the literature could be due to the presence of multiple emergent motives. Additionally, Azar (2010) found continued evidence for the presence of a social norms motive founded upon the concept of guilt aversion, and suggested that individuals would tip differently if their motive was to avoid guilt instead of reward or punish service.

Outside of the context of restaurants, Koku (2007) & Saunders & Lynn (2009) found evidence of different patterns of tipping dependent on context. Each researcher found that individuals tipped for different reasons than those individuals within a restaurant setting. Amongst these reasons or motives were time spent on the service, repeat purchase, service quality, a desire to help the worker out, and a consumer’s budget. Subsequently, they found that tipping patterns varied between individuals in the same context as well as from consumers in a restaurant context further supporting the proposition that motives will affect an effect on tip amount.

1.9.3 Propositions

Proposition 5.1: The effects of bill size and service quality on tip amount is moderated by motives such that:

Proposition 5.1a: Under the social norms motive, service quality has no effect on the relationship between bill size and tip amount.

Proposition 5.1b: Under the equity motive, service quality affects the relationship between bill size and tip amount.
The presence of different motives in tipping has been suggested as early as Ben-Zion & Karni (1977). In examining repeated interactions in tipping, they suggested the presence of different customer motives suggesting that repeat customers were likely to engage in self-interest seeking behavior such as maintaining high levels of service, whereas explanations for one-time customers’ tips were likely more closely associated with altruism or social norms (Azar 2007). Bodvarsson & Gibson (1997) further expanded upon this notion by suggesting that inconsistencies in findings in the literature regarding the relationship between service quality and tip percentage was the result of multiple operant motives. In an effort to begin defining different motives, Parrett (2006) identified a process whereby individuals would tip based upon motives he would call reciprocity and guilt aversion motives. In his definition, reciprocity motives mirror what this dissertation is labeling an equity based motive, in that consumers will reward and punish good and bad actions respectively with their tips. The guilt aversion motive is tied to what this dissertation is labeling a social norms motive whereby the consumer tips at a socially normative level in order to not experience some guilt from not adhering to the norm.

Specifically referring to the social norms and equity motives, this dissertation proposes that individuals will use service quality differently in the determination of a tip percentage. When using an equity motive, individuals will be actively considering service quality in the determination of their tip percentage as it is a critical variable to their assessment of the service encounter (Jacob & Page 1980; Lynn & Graves 1996). When using a social norms motive, individuals will place little or no emphasis on service quality as the social norm in those cases is the primary driving force behind the tip percentage (Azar 2003; Parrett 2006).
ESSAY TWO: A QUALITATIVE STUDY OF RESTAURANT TIPPING MOTIVES AND DECISION RULES

1.1 INTRODUCTION

The purpose of this essay is two-fold. In order to better understand the operational model developed in Essay One, this essay will provide a better understanding of the relevant constructs as well as the holistic process employed by consumers within the context of restaurant tipping. In order to achieve these objectives, this essay utilizes a qualitative research approach. In support of the choice to examine the phenomenon from a qualitative perspective, the two objectives of this essay correspond very closely to the three reasons offered by Belk, Fischer, & Kozinets (2012) to conduct qualitative research. The first objective of this research, corresponding to the first two of motivations for qualitative research, would be to confirm and understand the constructs of study and relevant antecedents and outcomes, and the second objective of this research, corresponding to the third motivation for qualitative research, to understand the process employed by consumers when in the context of study. Additionally, this essay further contributes to the knowledge of restaurant tipping in a number of different ways, and adds to the understanding of the operational model developed in the propositions from Essay One using the accounts of consumers’ lived experiences.

Over the years, qualitative research has enhanced marketing knowledge, and there continues to be a strong tradition of utilizing qualitative methods to discover and understand phenomena. Still, perspectives on qualitative research vary. While both involve capturing information from consumers’ lived experiences, they differ in terms how the data is collected and how the descriptive data is treated. One perspective tends to use more open-ended surveys or short interviews to collect data and focuses more heavily on quantifying descriptions provided by consumers to analyze these data, which has been embraced by marketing scholars.
For instance, Brady & Cronin (2001) evaluated service quality by first gathering descriptions of the process offered by consumers through an open-ended survey and then coding and quantifying these data using quantitative methods. Dhar & Simonson (2003) also employed a similar qualitative methodology, whereby they coded textual data in order to quantify it, but examined the phenomenon of forced choice on the consumer. Following this perspective, scholars are often interested in consumers’ perspectives and quantifying the occurrence of descriptions, which is commonly referred to as content analysis. Another perspective focuses on collecting data pertaining to consumers’ lived experiences through depth interviews, participant-observation, etc. and analyzing it by identifying and understanding the thick descriptions provided by consumers, and has been embraced by marketing scholars, as well. For instance, Fournier (1998) explores the relationships that consumers have with different brands and provides a categorical framework for various types of consumer-brand relationships. Other researchers have followed this tradition where the overarching goal is often uncovering rich and thick accounts of varying phenomenon involving the nature of being as a consumer to understand phenomena, the processes by which they occur and how they relate to other phenomena of interest (Belk, Wallendorf, Sherry 1989; Kozinets 2001; Arnould & Thompson 2005). This process of analyzing data is often referred to as interpretive analysis (Hirschman & Holbrook 1992).

From a methodological standpoint, this essay will honor both of the existing traditions in qualitative research by incorporating elements of both the positivist and interpretivist domains to provide the benefits associated with each tradition. This essay embraces both perspectives by quantifying the occurrence of descriptions and understanding the tipping phenomena and process by which decisions on tipping occur. However, a greater emphasis is
placed on the quantifying perspective to gain insight necessary for Essay Three. Specifically, with regards to the contributions of qualitative research to the overall dissertation, this essay will provide insight into the frequent motives and decision rules consumers employ during the process of tipping, and provide descriptive language to use in future measures or manipulations of their related constructs in Essay Three. This essay will also provide evidence of the relevance and salience of each identified a priori theme from the preceding essay and will also provide evidence of any additional emergent themes or constructs relevant to the process of tipping. Through the incorporation of elements of both traditions this research will provide both the more quantitative outputs of positivist research as well as the rich and thick descriptions and understanding provided by interpretivist qualitative research.

When examining the contributions of this essay to the tipping literature, this essay is amongst the first to conduct qualitative research with consumers about restaurant tipping as opposed to the service providers themselves (McCarty et al. 1990). This essay is also the first to examine motives and decision rules using qualitative methods, and is the first to examine the process consumers employ when engaging in restaurant tipping. The findings provide a foundation for subsequent inquiries concerning restaurant tipping. Specifically, it offers a richer understanding of the relevant constructs (i.e. motives and decision rules) that determine tip amount for the restaurant context and the processes consumers use to determine tip amount. Further, it offers a foundation for inquires about tipping in other contexts, such as taxi services, hair salons, and hotel services.

This essay will review sections of Essay One that specifically relate to the research questions in Essay Two. Relatedly, this essay will provide extended versions of Research Questions 2 and 3. A more general theoretical perspective on the relevant constructs from
Essay One will be explored and organized into sets of a priori themes based upon the research questions. The qualitative methodology of this essay will then be discussed and procedures outlined. Additionally, contributions made by this essay to the field of qualitative analysis will be discussed as well as a brief overview of the traditions within the purview of qualitative methodologies. Next, this essay will describe the twenty in-depth interviews conducted utilizing a semi-structured discussion guide approach, and the analyses of these data collected from these interviews using the content analysis perspective while incorporating elements of a ground theory approach. This essay then provides the results of the content analysis through establishing guidelines of support specifically for the dimensions of service quality as well as motives and decision rules. Additionally, this essay will provide a holistic view of the process of restaurant tipping in order to develop a general theory of the process the consumers undergo when deciding upon their tip amounts. Implications and contributions of the findings will then be discussed.

2.2 RESEARCH QUESTIONS

The first, more operational, purpose of the research conducted in this essay is to aid in the refinement of the operational model established in the first essay. Though all of the research questions from Essay One are addressed in this essay, the most focal research questions from the first essay include:

- RQ2: What decision rules do consumers use in determining tip amount?
- RQ3: What motives do consumers use in determining tip amount?

This study will focus on identifying if the a priori themes related to motives and decision rules identified in recent literature are supported and their use is warranted in future quantitative studies, as the existing literature does not provide many tools for the study of these constructs.
within the context of tipping. This research will also aid future research by providing evidence of the appropriate language and verbalizations to use in the establishment of scenarios and to be used in items of measurement. Although not a specific research question, this research will provide support that the operational model established in Essay One is grounded in reality and is an accurate representation of what consumers use to determine a tip amount in a restaurant context. It will also clarify any areas of need in the lack of understanding the model from a process-based view. The better this study is able to generate an understanding of the decision rules and motives used by consumers, the better that researchers will be able to understand the process being used by consumers in the context of restaurant tipping. Additionally, it will help to explain how these variables may affect a consumer's usage of bill size and service quality in determining a tip amount.

The second, more theoretical, purpose of this research is to begin establishing a grounded theory of the process consumers use when determining tip amount. The existing literature does not provide much, if any, evidence of the motives, decision rules, and process consumers use in determining tip amount (Azar 2007). This research aims to address and remedy that critical deficiency within the understanding of the phenomenon of restaurant tipping. In order to do so, this research will need to delve into deep descriptions of the process being used by consumers while determining a tip amount at a restaurant. To this end, I have extended research questions 2 & 3 to more completely address the scope of this essay.

- **RQ2\text{Extended}**: How do consumers use decision rules in determining tip amount and why do they use these decision rules?
- **RQ3\text{Extended}**: How do consumers use motives in determining tip amount and why do they use these motives rules?
As mentioned in the introduction, in order to examine these extended research questions, I have incorporated elements of the motivations for qualitative research provided by Belk, Fischer, & Kozinets’ (2012) and their three objectives for qualitative analysis help to guide the objectives in order to answer the research questions. The primary purpose of these extended research questions is to comply with Belk, Fischer, & Kozinets (2012) third objective of qualitative research which is to understand the process used by consumers or in the context to better understand the process of tipping.

2.3 CONCEPTUALIZATION

For the conceptualization of this essay, the constructs that were identified in Essay One were examined from a more general and less contextually bound perspective. This more general approach was employed to ensure that the research in this essay was guided but not constrained by the initial knowledge and understanding developed in Essay One. This section will further present a priori themes based on knowledge gained and generated from Essay One to create a general focus around the phenomenon of study. These a priori themes will then be examined and refined based on the data collected throughout the rest of this essay. Additionally, this section will provide tables of a priori theme definitions supported by the literature and organized according to the research questions.

2.3.1 Bill Size

Bill size is the dollar amount of the bill. The bill size does not include the tax on the bill, but instead is comprised solely of the sum of all food items purchased. A related construct, subtotal, is calculated by adding the tax amount to the bill size. Bill size is also determined by the choices that the dining party makes, i.e. that the meal selection of the dining party directly impacts the total amount of money spent.
2.3.2 Service Quality

Service quality is a consumer’s judgment about the superiority or excellence of a service. In this dissertation, service quality is viewed through the lens of the well-established SERVQUAL literature. This dissertation views service quality as a multidimensional construct comprised of five distinct dimensions: reliability, assurance, tangibles, empathy, and responsiveness (Parasuraman, Zeithaml, & Berry 1988).

Reliability refers to the ability to perform the promised service dependably and accurately (Parasuraman, Zeithaml, & Berry 1988). The existing tipping literature has operationalized the reliability dimension as fragments of general service quality and service quantity (Lynn & Grassman 1990; Bodvarsson & Gibson 1997).

Assurance refers to the knowledge and courtesy of the employees and their ability to convey trust and confidence (Parasuraman, Zeithaml, & Berry 1988). The assurance dimension has been operationalized as a server complimenting a meal selection in the existing tipping literature (Seiter 2007; Seiter & Dutson 2007).

Tangibles are the appearance of the physical facilities, equipment, personnel, and communications materials (Parasuraman, Zeithaml, & Berry 1988). Most importantly, within this dissertation, tangibles is related to the construct of food quality as it is a critical variable attributed to service quality within the restaurant context (Lynn & McCall 2000; Azar 2007).

Empathy refers to the provision of caring and individual attention the server gives to the consumers (Parasuraman, Zeithaml, & Berry 1988). Representing empathy in the existing literature, researchers have operationalized and manipulated a servers expressed gratitude and a server touching a customer (Crusco & Wetzel 1984; Stephen & Zweigenhaft 1986; Hornik 1992).
Responsiveness is the willingness to help customers and to provide prompt service (Parasuraman, Zeithaml, & Berry 1988). Existing literatures have manipulated responsiveness through delivery speed and parts of this construct as service quality (Seligman, Finegan, Hazlewood, & Wilkinson 1995; Conlin et al. 2003). A priori independent variables are presented in Table 2.1 below.

Table 2.1 - A Priori Primary IVs

<table>
<thead>
<tr>
<th>Name</th>
<th>Definition</th>
<th>Citation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bill Size</td>
<td>The dollar amount of the bill.</td>
<td>Elman 1976; Freeman et al. 1976; Synder 1976; Lynn &amp; Latane 1984</td>
</tr>
<tr>
<td>Service Quality - Reliability</td>
<td>“The ability to perform the promised service dependably and accurately.”</td>
<td>Parasuraman, Zeithaml, &amp; Berry 1988; Carman 1990; Cronin &amp; Taylor 1994</td>
</tr>
<tr>
<td>Service Quality - Assurance</td>
<td>“The knowledge and courtesy of the employees and their ability to convey trust and confidence.”</td>
<td>Parasuraman, Zeithaml, &amp; Berry 1988; Teas 1993; Cronin &amp; Taylor 1994</td>
</tr>
<tr>
<td>Service Quality - Tangibles</td>
<td>“The appearance of the physical facilities, equipment, personnel, and communications materials.” e.g. Food quality</td>
<td>Parasuraman, Zeithaml, &amp; Berry 1988; Cronin &amp; Taylor 1994; Teas 1994</td>
</tr>
<tr>
<td>Service Quality - Empathy</td>
<td>“The provision of caring and individual attention the server gives to the consumers.”</td>
<td>Parasuraman, Zeithaml, &amp; Berry 1988; Carman 1990; Cronin &amp; Taylor 1994</td>
</tr>
<tr>
<td>Service Quality Responsiveness</td>
<td>“The willingness to help customers and to provide prompt service.”</td>
<td>Parasuraman, Zeithaml, &amp; Berry 1988; Zeithaml, Berry, &amp; Parasuraman 1996; Lassar 1998</td>
</tr>
</tbody>
</table>
2.3.3 Motives

Equity is defined as the balance between the inputs given by one party relative to the outputs received by another party (Adams 1965). When operationalized as a tipping motive, equity is employed as a motive whereby the consumer’s tip amount is motivated by their judgments of service attributes. Becker, Bradley, & Zantow’s (2012) proposed motive of reciprocal award mirrors equity theory, in that an individual will tip an amount equal to the service they believe they received (Adams 1965; Huppertz, Arenson, & Evans 1978). Specifically, in the equity motive a consumer would attempt to match inputs of the two parties.

Social norms are the explicit or implicit rules established and used by a group to guide which values, beliefs, attitudes, and behavior are deemed appropriate or inappropriate (Kahneman & Miller 1986). When operationalized as a tipping motive, social norms are the rules that a group uses for appropriate and inappropriate gratuity provided to a server following a dining experience. These rules may be explicit or implicit, and may or may not be dependent upon context (Kahneman & Miller 1986; Coleman 1994; Azar 2003; Parrett 2006; Azar 2007; Azar 2010). Throughout the extant tipping literature social norms has primarily been explored only as a tipping motive whereby the consumer’s tip amount is motivated by a socially normative tip percentage, e.g. a consumer would feel socially obligated to adhere to a socially constructed and enforced 20% tip percentage. This dissertation begins by exploring this example of a social norm, but also has the goal of exploring how various types of social norms identified within the more general literature base affect tip amount. The general construct of a social norm encompasses a wider breadth of types of norms, many of which could be present or operational within the context of restaurant tipping. These a priori motives are presented in Table 2.2 on the following page.
<table>
<thead>
<tr>
<th>Name</th>
<th>Definition</th>
<th>Citation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>The balance between the inputs given by one party relative to the outputs received by another party.</td>
<td>Adams 1965; Snyder 1976; Lynn &amp; Graves 1996; Becker, Bradley, &amp; Zantow 2012</td>
</tr>
<tr>
<td>Social Norm</td>
<td>The explicit or implicit rules established and used by a group to guide which values, beliefs, attitudes, and behavior are deemed appropriate or inappropriate.</td>
<td>Sisk &amp; Gallick 1985; Kahneman &amp; Miller 1986; Coleman 1994; Azar 2003; Parrett 2006; Ben-Zion &amp; Karni 2007; Becker, Bradley, &amp; Zantow 2012</td>
</tr>
<tr>
<td>Altruism</td>
<td>An action solely performed to benefit the welfare of another.</td>
<td>Margolis 1981; Rushton, Chrisjohn, &amp; Fekken 1981; Cesarini et al 2009; Darity 2008; Becker, Bradley, &amp; Zantow 2012</td>
</tr>
<tr>
<td>Signaling</td>
<td>When one party primes another party with some action in order to get a desired or expected outcome.</td>
<td>Ben-Zion &amp; Karni 1977; Kahneman, Knetsch, &amp; Thaler 1986; Lynn &amp; Grassman 1990; Connely, Certo, &amp; Ireland 2011; Becker, Bradley, &amp; Zantow 2012</td>
</tr>
<tr>
<td>Social Exchange</td>
<td>When one party performs an action to impress or demonstrate social value to the other party.</td>
<td>Homans 1961; Cook &amp; Rice 2003; Becker, Bradley, &amp; Zantow 2012</td>
</tr>
<tr>
<td>Lessen Mental</td>
<td>An action performed because it requires the least cognitive effort.</td>
<td>Paas, Renkel, &amp; Sweller 2004; Becker, Bradley, &amp; Zantow 2012</td>
</tr>
<tr>
<td>Processing</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Within the literature, social norms have been employed upon a variety of different levels of abstraction including cultural (culturally constructed and enforced norms), societal (socially constructed and enforced norms at the societal level), and provincial (norms constructed and generated within a specific area) (Lin, Dahl, & Argo 2013; Goldstein, Cialdini, & Griskevicius 2008). Additionally, social norms have been used to define roles within different social contexts, aid in the categorization of things, and can inform how individuals are to behave in relation to others (Kahneman & Miller 1986; Aggarwal & Law 2006).

Altruism is defined as an action solely performed to benefit the welfare of another (Margolis 1981; Rushton, Chrisjohn, & Fekken 1981). When operationalized as a tipping motive, altruism is employed as a motive whereby the consumer’s tip amount is motivated by the goal of increasing another’s welfare. In Becker, Bradley, & Zantow’s (2012) research, the generosity motive is a mirror to altruism theory and what this research defines as an altruism motive, wherein Margolis (1981) suggests that an individual forgoes any type of personal gain in committing to an action, in this case of this research: tipping, but instead is only concerned with the benefit of the other party (Piliavin & Charng 1990).

Signaling is a tipping motive whereby the consumer’s tip amount is motivated by the desire to control current or future service. In Becker, Bradley, & Zantow’s (2012) research, control service indicates that an individual has some desire and propensity to control how another behaves, and is very similar to signaling theory wherein an individual primes another with some action to get a desired or expected outcome (Connely, Certo, & Ireland 2011). Additional extant research has demonstrated that a consumer’s patronage intentions have an impact on the consumers tipping behavior (Ben-Zion & Karni 1977; Kahneman, Knetsch, & Thaler 1986; Lynn & Grassman 1990).
Social exchange occurs when one party performs an action to impress or demonstrate social value to the other party (Homans 1961; Cook & Rice 2003). When operationalized as a tipping motive, social exchange is employed as a motive whereby the consumer’s tip amount is motivated by the desire to demonstrate social value to another. In Becker, Bradley, & Zantow’s (2012) research, the impress others motive is closely related to social exchange theory & the social exchange motive, both similarly indicate that one individual or party wishes to impress or demonstrate some social value to the other party (Homans 1961; Cook & Rice 2003). In the context of tipping the other party could refer to either other members of the dining party or the waiter or waitress. Further support of this motive is provided by May (1978) and Stillman & Hensley (1980), both of which found effects of server attractiveness on tip percentage.

In order to lessen mental processing, an action is performed because it requires the least cognitive effort (Paas, Renkel, & Sweller 2004). When operationalized as a tipping motive, lessen mental processing is employed as a motive whereby the consumer’s tip amount is motivated by the goal of simplifying the decision making process. Thus, the consumer would employ a decision rule that would most lessen the cognitive effort in generating a tip amount. Referencing Becker, Bradley, and Zantow’s (2012) definition of heuristic model, it is apparent that their suggestion is that one will use a heuristic when their motive is to lessen mental processing.

2.3.4 Decision Rules

Decision rules are also being studied as it relates to tipping in this dissertation. The cognitively determined tip percentage that is an internal reference point or anchor that will be later adjusted to dollars and cents. Operationally, tip percentage is most simply defined
through the following equation: \((\text{Tip Amount} / \text{Bill Size}) \times 100\%\). Though this has been the traditional definition of tip percentage as how it pertains to its usage throughout the extant literature on tipping, this dissertation views tip percentage instead as a critical and common decision rule whereby the consumer uses a cognitively determined tip percentage to anchor from in the generation of their tip amount.

The cognitively determined dollar amount that is a tip with no additional adjustments (Brewster & Mallinson 2006). Operationally, flat amount is another prospective decision rule this research believes exists is that of a flat amount. Flat amount specifically refers to a decision rule whereby an individual does not consider anything else when generating their tip amount other than their standard flat amount. e.g. An individual may have a rule to always tip $2 per person at any dining situation regardless of the context. Flat amount is conceptually distinct from tip percentage as it does not require an anchored amount to reach but instead is the same in every tipping situation.

The round tip amount is conceptualized as the process by which an initial tip is adjusted upward or downward to the nearest whole dollar (Freeman et al. 1976). Operationally, round tip amount refers to a decision rule used by consumers in the generation of a tip amount whereby the consumer simply uses a tip amount that is a round number. e.g. The consumer would tip an even number of $5.00 or $5.50 to produce an easily calculable total amount.

The round total amount is conceptualized as the process by which an initial total amount is adjusted upward or downward to the nearest whole dollar (Azar 2007). Operationally, round total amount refers to a decision rule used by consumers in the generation of a tip amount whereby the consumer uses their tip amount to produce a rounded total amount. e.g. for a subtotal amount of $20.87 the consumer would give a tip of $4.13 to produce a final
total amount of $25.00 even. A compiled list of these a priori decision rules, with descriptions and citations are presented in Table 2.3 below.

Table 2.3 - A Priori Decision Rules

<table>
<thead>
<tr>
<th>Name</th>
<th>Definition</th>
<th>Citation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tip Percentage - Decision Rule</td>
<td>The cognitively determined tip percentage that is an internal reference point or anchor that will be later adjusted to dollars and cents.</td>
<td>Tversky &amp; Kahneman 1974; Freeman et al. 1975*; Crusco &amp; Wetzel 1984; Rind &amp; Bordia 1995; Bodvarsson &amp; Gibson 1997</td>
</tr>
<tr>
<td>Flat Amount - Decision Rule</td>
<td>The cognitively determined dollar amount that is a tip with no additional adjustments.</td>
<td>Brewster &amp; Mallinson 2006*; Lynn 2007</td>
</tr>
<tr>
<td>Round Tip Amount - Decision Rule</td>
<td>The process by which an initial tip is adjusted upward or downward to the nearest whole dollar.</td>
<td>Freeman et al. 1976*; Lynn, Zinkhan, &amp; Harris 1993; Chapman &amp; Winquist 1998; Conlin, Lynn, &amp; O’Donoghue 2003; Azar 2007</td>
</tr>
<tr>
<td>Round Total Amount - Decision Rule</td>
<td>The process by which an initial total amount is adjusted upward or downward to the nearest whole dollar.</td>
<td>Freeman et al. 1976; Lynn, Zinkhan, &amp; Harris 1993; Chapman &amp; Winquist 1998; Conlin, Lynn, &amp; O’Donoghue 2003; Azar 2007*</td>
</tr>
</tbody>
</table>

*Based on but not specified by.

2.4 METHODOLOGY

A qualitative methodology was chosen to address (1) RQ2 and RQ3, both of which concern the operational model and (2) RQ2_{Extended} and RQ3_{Extended}, both of which concern how and why consumers use decision rules and motives when determining tipping amounts. The use
of this method of inquiry to address these two overarching issues maps well to two specific objectives of qualitative research outlined by Belk, Fischer, & Kozinets (2012) and advocated by both positivist and interpretivist marketing scholars. One objective is to understand the relevant antecedents and outcomes of the constructs identified, which pertains to RQ2 and RQ3. This method offers support of the existing (a priori) constructs and the discovery of emerging constructs that might modify the operational model developed in Essay One. Another objective relates to discovering the processes used by individuals in consumption experiences, which pertains to RQ2_{Extended} and RQ3_{Extended}. This method offers for the discovery of rich and thick descriptions to uncover and describe the process by which consumers tip at a restaurant. Only qualitative inquiry with consumers who describe their lived experiences allows these specific objectives to be achieved.

Regardless of whether a scholar adopts the positivist or interpretivist perspective of qualitative research, this method of inquiry has provided a significant amount of knowledge to the field of marketing over the years. The knowledge gained from qualitative methodologies has touched numerous topics within marketing ranging from service quality to search regret to brand relationships (Fournier 1998; Brady & Cronin 2001; Reynolds, Folse, & Jones 2005). As previously noted, Brady & Cronin (2001) utilized a more positivistic qualitative method whereby they used an open-ended survey to uncover three distinct and actionable dimensions of service quality. These data were then further quantified and coded using an inductive categorization method and used in the development of quantitative measures for further empirical inquiry of service quality (Strauss & Cobin 1990; Spiggle 1994). Reynolds, Folse, & Jones (2005) further employed qualitative methods by uncovering rich descriptions of search regret, which not only provided a deeper understanding of the phenomenon itself, but also further aided in the
development of hypotheses and measures for further quantitative inquiry. Their data analysis procedures also aligned with the positivist perspective. Through utilizing a phenomenological interviewing technique to collect her data and by applying an idiographic analysis style, Fournier (1998) was able to uncover various types of consumer-brand relationships. These types were complemented by the rich descriptions of these relationships of her informants that could only have been uncovered utilizing a qualitative method of inquiry (Thompson, Locander, & Pollio 1989). Through merging both the interpretivist and positivist perspectives in this dissertation, the research will provide usable tools for future quantitative analysis in Essay Three, and provide a phenomenological look on the context of restaurant tipping that has yet to be provided by the existing literature.

Before delving into the method employed for Essay Two, the following sections offer additional explanations of the two perspectives of qualitative research adopted by marketing scholars. They are offered, given that both perspectives are appreciated and used to address the primary research questions in this essay.

2.4.1 Traditions in Qualitative Research

The definition and purpose of qualitative research traditionally has been inextricably linked to one’s paradigm. Two prominent paradigms exist with varying perceptions on the role of qualitative research: the positivist and interpretivist paradigms. These paradigms widely differ across both ontological and epistemological assumptions (Spiggle 1994), which offer implications on the collection and the analysis of the data. Within the positivist paradigm, researchers assume that there is one concrete and attainable set of truths and tend to uncover these through quantifying qualitative data, such as using content analysis to identify the occurrence of themes and their frequency of occurrence (Brady & Cronin 2001). Positivists will
often collect data through open ended questions on surveys or provide more rigid discussion
guides that do not allow much back and forth between the interviewer and the informant in order
to avoid any potential confounds in the data. Within the interpretivist paradigm, researchers
assume that truth is relative and constructed within moments and within the individual. An
interpretivist’s assumptions of knowledge are also based within this relativistic perspective as
knowledge is created and resides within the context and individual, and thus the two are
inextricably linked and inseparable. Thus, they do not quantify qualitative data, but, instead,
seek rich, thick descriptions and aim to connect those descriptions into meaningful theories, for
instance. Interpretivists are much more liberal in their collection methods, as they often view
any method of capturing qualitative data as being appropriate, and often times even recommend
using more informal data collection methods to ensure capturing the actual phenomena.

With respects to data collection, the positivist and interpretivist paradigms also vary
widely. The positivist perspective often will create structured discussion guides that closely
mirror surveys often to find support for developed hypotheses through frequency counts and
further content analysis (Brady & Cronin 2001). Positivists primarily rely upon collection
methods were an interviewer is not present and could not influence the responses in any way
such as collected raw unsolicited data or through open-ended survey methods (Macias & Lewis
2003). The interpretivist paradigm often has a more fluid approach to the collection of data and
traditionally relies more on experiential data. An interpretivist generally relies upon
observations made by the researcher as well as deep and naturalistic discussions of relevant
topics to the informants and individuals ingrained within the context of study. To an
interpretivist any type of information that can be collected is considered valuable data (Belk,
Sherry, & Wallendorf 1988; Thompson, Rindfleisch, & Arsel 2006).
This research attempts to join both of these traditions to more completely address the developed research questions. Methodologically, this research utilizes a more interpretivist method of data collection because these methods provide the ability to gather and interpret rich and thick descriptions of the motives, decision rules, and processes that will allow the research to gather more deep insights into the phenomenon of tipping. Yet, it incorporates both positivist and interpretivist methods of data analysis. From the positivist perspective, this research adopts content analysis (see 2.4.3) procedures, providing support for the a priori themes as well as any additional emergent themes that specifically pertain to the operational model and RQ2 and RQ3. It uses consumer generated descriptions (e.g. descriptions of service quality, motives, and decision rules used in determining tip amounts), as evidence of commonly used salient and concrete language that contributes to the development of relevant measures and realistic scenarios to be used in Essay Three. From the interpretivist perspective, this research will follow a grounded theory approach and thus will provide rich and thick descriptions of the constructs when entrenched within the context of restaurant tipping as well as a detailed interpretation of the process of restaurant tipping as discussed by the informants (see 2.4.4). These descriptions will also aid in the development or relevant measures and offer insight as to the how and why aspect of RQ2\textsubscript{Extended} and RQ3\textsubscript{Extended}. Through merging both of these traditions, this research is not only able to more completely address the research questions of this dissertation but also adheres to the suggestions of analyzing qualitative data from the perspective that is most relevant to the questions at hand suggested by Spiggle (1994).

2.4.2 Depth Interviews

Qualitative data was collected using depth interviews. It was important for the researcher to speak directly with one informant at a time to ensure an unbiased and more reliable account of
what he/she would do in the context of study without the influence of other co-consumers. A semi-structured interview guide was created and used to facilitate each interview. During each interview, the researcher employed techniques to ensure that adequate data was collected to answer both Research Questions 2 and 3 which focused primarily on the identification and importance of the motives and decision rules employed by consumers when determining their tip amounts as well as the extended versions of those research questions which focuses on identifying the process by which the consumers utilized those motives and decision rules. The researcher engaged in salience coding of all the data collected throughout the interview process, which allowed for the addressing of the identification and importance tasks associated with Research Questions 2 and 3. Additionally, throughout the interview process, the researcher allowed the informants to fully describe their process and utilized a variety of tasks and qualitative probing techniques to collect rich and thick descriptions which specifically addressed the extended research questions developed for Essay Two.

Each interview began with a general discussion of the informant’s restaurant dining out habits gain initial insight about their behaviors and establish rapport. Next, the informant was provided with three separate receipts with varying bill sizes to establish a framework for the primary discussion and further transport the informant into the restaurant tipping situation. The informant was then asked to (1) write in the tip and total amount for each of the three receipts and (2) fully explain the process while doing so. As each informant explained the process, the researcher asked a series of follow up questions pertaining to the informant’s tipping decisions. The rest of the interview followed a loose structure in which the researcher asked questions related to bill size, service quality, motives, and decision rules, all of which were included in the semi-structured interview guide. During this process, the researcher engaged in salience coding
for different items of importance. Specifically, to incorporate elements of content analysis, the researcher coded the order in which specific items came up in the discussion (bill size, service quality, etc.) and whether those items were unaided (informant mentioned without prompting) or aided (researcher introduced to the discussion) during the interview, both of which indicate the salience of each item (Kassarjian 1977; Kolbe & Burnett 1991). To conclude each interview, each informant was given graphs that visually depicted by the propositions in Essay One and asked if any of them resembled their process of tipping. If an informant indicated none were indicative of the process used, the informant was asked to draw a graph to illustrate the process.

Twenty depth interviews were conducted. The interviews had an average length of approximately 43 minutes in length with the longest interview running 65 minutes, and were conducted in a location chosen by the informant. Data collection ended after those twenty interviews, as the research and his colleague felt that theoretical saturation (i.e. the continued finding of no new information) had been reached (Spiggle 1994; Holt 2002; Guest, Bunce, & Johnson 2006; Teddlie & Tashakkori 2008; Tumbat & Belk 2011). The interviews were transcribed and resulted in a total of 151 single-spaced pages of text.

Sample. To fully understand the phenomena and process of tipping, a sample was established based upon a number of foundations laid forth within the literature. The most important element was collecting a sample that paid respect to informant diversity (Hiestand & Levitt 2005). This was done to encompass a wide variety of potential different perspectives and processes used by consumers within the context of restaurant tipping. This allowed the researcher to collect richer and more encompassing data. Based upon the foundations of mixed-methodology research developed by Teddlie & Tashakkori (2008), Table 2.4 on the following page addresses how informants were recruited based upon important dimensions of contrast.
The dimensions of contrast outline various issues such as the overall purpose of sampling, generalizability, techniques, and other issues related to the qualitative sampling process.

Table 2.4 – Qualitative Sampling Across Dimensions of Contrast

<table>
<thead>
<tr>
<th>Dimension of Contrast</th>
<th>Focus of Research</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall purpose of sampling</td>
<td>Designed to generate a sample that will address research questions</td>
</tr>
<tr>
<td>Issue of generalizability</td>
<td>Through the process of selecting informants across a variety of different socio-economic, age, and ethnic backgrounds and undertaking the study until theoretical saturation this research assumes that the themes uncovered would be relatively generalizable.</td>
</tr>
<tr>
<td>Number of techniques</td>
<td>Depth interviews utilizing scenarios and examples to promote discussion. Standard interview techniques will be used such as probing and projective techniques.</td>
</tr>
<tr>
<td>Rationale for selecting cases/units</td>
<td>Informants will be non-randomly selected on the basis of seven critical variables identified from the literature to have an impact on tipping behavior.</td>
</tr>
<tr>
<td>Sample size</td>
<td>Approx. 15-25</td>
</tr>
<tr>
<td>Depth/breadth of information per case/unit</td>
<td>Roughly one hour of depth interview data per informant. Interview will focus on the context of restaurant tipping and examining general attitudes towards tipping, processes, motives, and decision rules.</td>
</tr>
<tr>
<td>Time of sample selection</td>
<td>Prior to the commencement of the depth interviews. No specific time bound issues will be specifically sampled for.</td>
</tr>
<tr>
<td>Selection method</td>
<td>Informants will be selected from existing contacts and/or solicited via a panel</td>
</tr>
<tr>
<td>Sampling frame</td>
<td>Both formal and informal</td>
</tr>
<tr>
<td>Form of data generated</td>
<td>Narrative data along with numeric data generated from coding</td>
</tr>
</tbody>
</table>

A number of variables were given special attention in the informant recruitment process in order to ensure informant diversity. Most specifically, the research attempted to recruit as diverse a sample as possible based upon informant sex, age, ethnicity, occupation, and marital status, as these are potentially influential variables impacting an individual’s experience of the
restaurant tipping phenomenon (Azar 2007). Additionally, informants were asked during the interview process about prior restaurant work experience as it has also been shown to influence attitudes and behaviors (Lynn, Zinkhan, & Harris 1993; Lynn 2006; Azar 2007). Informants were also recruited using a snowball sampling technique where informants could further recommend others to take part in the study, again with an eye for encompassing as much informant diversity as possible (Hiestand & Levitt 2005). Table 2.5 below outlines the details for each of the informants within this study.

Table 2.5 – Sample Demographics

<table>
<thead>
<tr>
<th>#</th>
<th>Name</th>
<th>Sex</th>
<th>Age</th>
<th>Ethnicity</th>
<th>Occupation</th>
<th>Marital Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Brian</td>
<td>M</td>
<td>30’s</td>
<td>White</td>
<td>Sales</td>
<td>Married</td>
</tr>
<tr>
<td>2</td>
<td>Melanie</td>
<td>F</td>
<td>30’s</td>
<td>White</td>
<td>Administration</td>
<td>Married</td>
</tr>
<tr>
<td>3</td>
<td>Daniel</td>
<td>M</td>
<td>40’s</td>
<td>African American</td>
<td>Sales</td>
<td>Unmarried</td>
</tr>
<tr>
<td>4</td>
<td>Laurel</td>
<td>F</td>
<td>60’s</td>
<td>White</td>
<td>Administrative Assistant</td>
<td>Unmarried</td>
</tr>
<tr>
<td>5</td>
<td>Clark</td>
<td>M</td>
<td>70’s</td>
<td>White</td>
<td>CEO</td>
<td>Married</td>
</tr>
<tr>
<td>6</td>
<td>Amanda</td>
<td>F</td>
<td>60’s</td>
<td>White</td>
<td>Administrative Assistant</td>
<td>Widow</td>
</tr>
<tr>
<td>7</td>
<td>Denise</td>
<td>F</td>
<td>40’s</td>
<td>Asian</td>
<td>Homemaker</td>
<td>Married</td>
</tr>
<tr>
<td>8</td>
<td>Kevin</td>
<td>M</td>
<td>30’s</td>
<td>White</td>
<td>Web Developer</td>
<td>Married</td>
</tr>
<tr>
<td>9</td>
<td>Ben</td>
<td>M</td>
<td>70’s</td>
<td>White</td>
<td>Retired (Electrician)</td>
<td>Widower</td>
</tr>
<tr>
<td>10</td>
<td>Sally</td>
<td>F</td>
<td>50’s</td>
<td>White</td>
<td>Homemaker</td>
<td>Married</td>
</tr>
<tr>
<td>11</td>
<td>Lucy</td>
<td>F</td>
<td>60’s</td>
<td>White</td>
<td>Homemaker</td>
<td>Married</td>
</tr>
<tr>
<td>12</td>
<td>Irene</td>
<td>F</td>
<td>50’s</td>
<td>White</td>
<td>Homemaker</td>
<td>Married</td>
</tr>
<tr>
<td>13</td>
<td>Ellen</td>
<td>F</td>
<td>60’s</td>
<td>White</td>
<td>Retired (Attorney)</td>
<td>Unmarried</td>
</tr>
</tbody>
</table>
(Table 2.5 continued)

<table>
<thead>
<tr>
<th>#</th>
<th>Name</th>
<th>Sex</th>
<th>Age</th>
<th>Ethnicity</th>
<th>Occupation</th>
<th>Marital Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>14</td>
<td>Greg</td>
<td>M</td>
<td>60’s</td>
<td>White</td>
<td>Retired (Engineer)</td>
<td>Married</td>
</tr>
<tr>
<td>15</td>
<td>Jennifer</td>
<td>M</td>
<td>20’s</td>
<td>Hispanic</td>
<td>Education</td>
<td>Married</td>
</tr>
<tr>
<td>16</td>
<td>Philip</td>
<td>F</td>
<td>20’s</td>
<td>African American</td>
<td>Information Systems</td>
<td>Unmarried</td>
</tr>
<tr>
<td>17</td>
<td>Randy</td>
<td>F</td>
<td>20’s</td>
<td>White</td>
<td>Music Teacher</td>
<td>Unmarried</td>
</tr>
<tr>
<td>18</td>
<td>Scott</td>
<td>F</td>
<td>40’s</td>
<td>White</td>
<td>Theatre Technician</td>
<td>Married</td>
</tr>
<tr>
<td>19</td>
<td>Chelsea</td>
<td>F</td>
<td>20’s</td>
<td>White</td>
<td>Accountant</td>
<td>Married</td>
</tr>
<tr>
<td>20</td>
<td>Andre</td>
<td>M</td>
<td>30’s</td>
<td>Native American</td>
<td>Waiter</td>
<td>Married</td>
</tr>
</tbody>
</table>

2.4.3 Content Analysis

The primary goal of utilizing the technique of a content analysis when examining the data will be to address Research Questions 2 and 3 (not RQ2$_{Extended}$ nor RQ3$_{Extended}$). As previously noted, researchers use content analysis to analyze a variety of texts, such as text transcribed from interviews and contained in advertisements, in an effort to quantify the data (Kassarjian 1977; Kolbe & Burnett 1991; Weber, Story, & Harnak 2006). More specifically, content analysis allows the researcher to identify if and the degree to which specific themes, a priori and emergent, exist across the informants. As part of this process, the researcher reviews the text, which in this case is the transcribed interview text, to identify the occurrence and frequencies of a priori and/or emergent themes, keeping with the tradition of the data primarily used by positivist qualitative researchers.

This analysis is guided by the rigorous coding methodology, from a typically positivist perspective, developed by Strauss & Corbin (1998) and later refined by Charmaz & Belgrave.
(2002) as well as the tradition of content analysis established by Kassarjian (1977) and Kolbe & Burnett (1991). In accordance with the foundations laid forth by Charmaz & Belgrave (2002), analysis began immediately during the data collection process to ensure that the researcher was tapping into all the necessary a priori themes during the data collection stage. Essentially, this means that the researcher begins to informally analyze the data while still in the process of collecting more data, allowing the researcher to refine their techniques when trying to uncover the phenomenon of interest.

The analysis of this data is conducted with respects to both the positivist and the interpretivist paradigms of qualitative research. As such, two different analyses, content and grounded theory, were conducted in accordance with each respective paradigm. The content analysis specifically addressed Research Questions 2 and 3, whereas the grounded theory analysis specifically addressed RQ2\textsubscript{Extended} and RQ3\textsubscript{Extended}. Utilizing both methods allowed the research to provide the benefits of both paradigms to be realized. If offers richer understanding of these data and provides information to address measurement issues for Essay Three, and generated theory to explain the holistic process of tipping. Utilizing each of these methods alone would not be able to address both the original and extended research questions.

Speaking further to the advantages of employing positivist methods of analysis, the primary benefit of utilizing content analysis is the rigor associated with the coding process which allows the research to identify the presence of findings and the degree to which they are present (reliability and consistency). These reliable and consistent findings are then useful for the development of quantitative measurement procedures advocated in the positivistic paradigm that is addressed in Essay Three. From this perspective, elements of constant comparison method were employed which allows the researcher to code data into discrete incidents and codes using
their own understanding of language and communication as well as the researcher’s a priori understanding of the phenomenon. This positivist method aids in the understanding and quantification of the a priori and any uncovered emergent themes.

A codebook was created to aid in the process of categorizing and organizing the data and was constructed with respect to the a priori themes as well as the possible emergent themes (Charmaz 2006). Specifically, all a priori themes such as the dimensions of service quality, motives utilized in tipping, and decision rules were included in the codebook, and space was allocated to enter any emergent concepts identified in these data. Coding was conducted with respect to Charmaz’s (2002) process of coding within the grounded theory perspective. Open, axial, and selective coding were employed by two researchers to examine the data from an exploratory to guided and directed approach to ensure a richness of analysis. Open coding involved reviewing the data to identify which, if any, a priori themes or emergent themes were present in the data. Axial coding involved identifying relationships and connections within the codes using the a priori themes. Finally, selective coding involved re-coding the data based upon relevant emergent themes (Charmaz & Belgrave 2002). The primary difference between the axial and selective coding phases is that in the selective coding process the researcher examines and refines only those codes directly related to their specific research questions rather than all the emergent themes and connections that emerge from the open and axial coding process.

In the subsequent section of the analysis (2.4.1 Model), this dissertation will provide a number of outputs related to the content analysis and to assess Research Questions 2 and 3 in identifying which motives and decision rules consumers use in determining tip amount: 1.) A table of themes, including the a priori themes and emergent themes, 2.) Associated quotes from those themes for use in further quantitative analysis in Essay Three, 3.) The relevance of those
themes, i.e. the acknowledgment on the part of the consumer that they utilize the theme in their tipping process at least situationally, as well as the salience of those themes assessed based upon being aided about the presence of that theme or if the respondent generated it on their own.

2.4.4 Grounded Theory Analysis

In order to uncover the process by which consumers utilize relevant a priori and emergent themes, specifically addressing the extended Research Questions 2 and 3, a grounded theory analysis was employed (Corbin & Strauss 1990; Charmaz & Belgrave 2002). The grounded theory approach allows this research to bring in the perspectives of both the more positivist domains of qualitative research involving coding and content analysis as well as the traditionally more interpretivist domains of providing rich and thick descriptions of themes and processes. Grounded theory research is different from the traditional perspective of hypotheses based inquiry. In the grounded theory analysis, instead of starting and choosing an existing theory or paradigm to generate hypotheses from the researcher allows the data to provide the direction and inform the development of a theory. Through the utilization of various forms of coding, the researcher begins to organize and categorize the data into concepts, categories, and emergent themes, which form the basis of a theory. Eventually the data is further organized and classified into additional sub-themes, emergent categories, and other means of classification (Strauss & Corbin 1990; Charmaz & Belgrave 2002).

The primary benefit of the interpretivist paradigm is the rich and thick descriptions of themes and a view of the overall process of tipping from a consumer’s perspective (Belk, Fischer, & Kozinets 2012). Specifically, through employing an interpretivist method of analysis through the first “pass” through analyzing the data, prevented any preconceived notions or a priori theories from masking any themes that naturally emerged through these data. These rich
and thick descriptions address the extended Research Questions 2 and 3, which focus on uncovering the process by which consumers use to determine their tip amount. Utilizing this perspective of qualitative research provides descriptions of the construct of study, identification and descriptions of related and relevant antecedents and outcomes, and a deep understanding of the holistic process, which is not achieved through employing a content analysis process alone. Though the analysis was guided by a priori themes in this research, the researcher was open to interpretation of these a priori themes and new information throughout the analysis. This openness was adopted throughout the process of reading the descriptions of the process offered by consumers to clarify or modify, if needed, the proposed operational model that emerged from Essay One to be tested in Essay Three.

Grounded theory analysis also affords this research a number of advantages. The first is to identify and carefully consider any a priori themes. Specific to the research questions, these data were examined using existing understanding of motives and decision rules as a lens to capture the process in as much detail possible. The second advantage afforded by the grounded theory approach is the methodological rigor in the coding process that utilizes two independent coders across three separate stages of the coding process where data is analyzed from a general to a more targeted method of analysis.

During this process of analysis, the two coders employed a process of dialectical tacking which allowed the researcher to view and tack codes to both very specific items in these data and a larger more globalized themes (Geertz 1983; Hirschman 1986). Utilizing both intratextual and intertextual techniques by two coders during the analysis allowed a dialogue to emerge that generated further understanding of the meanings generated through the discussions with the informants (Thompson 1997).
In the subsequent section (2.5.1 Process), the following is provided: 1.) Rich descriptions of the process of tipping by the consumer, 2.) A process model likely used by consumers while tipping, 3.) Figures further representing the operationalizations of each step of the process.

2.5 ANALYSIS & RESULTS

As previously noted, these data were analyzed with respect to and results organized in accordance with the four primary objectives of this essay (including the two extended research questions). The first section (2.5.1 Model) focuses on contributions to the understanding of the operational model and pertains to RQ2 and RQ3, providing results stemming from the content analysis. It describes both the themes pertaining to the operational model developed in Essay One and provides verbatim descriptions of the constructs to be used in measurement development for Essay Three. The second section (2.5.2 Process) presents the findings stemming from the grounded theory approach by providing rich descriptions and an initial understanding of the process of tipping as described by consumers and addresses RQ2\textsubscript{Extended} and RQ3\textsubscript{Extended}. The first pass of the analysis was conducted with an interpretivist perspective as not to allow any preconceived notions or a priori themes to mask any themes that would emerge naturally from these data. It aids in the development of a process model that illustrates the decision phases used by consumers in the tipping process.

2.5.1 Model

In this section, content analysis results with regards to the a priori constructs from the operational model and emergent themes generated from the data are offered. Specific to the research questions, this essay sought to determine if the a priori themes identified in the operational model introduced in Essay One were supported. The purpose of this essay is not to determine statistical support by a formal means, but rather to seek if these data support the priori
themes and warrants their inclusion to the operational model. It also is to aims to determine if emergent themes stemming from these data also contribute to the operational model. Given that interpretation of results in content analysis is to “uncover patterns, themes, and categories important to a social reality,” the researcher must set guidelines and make determinations based upon those goals (Zhang & Wildermuth 2008). Thus in this essay, support for a priori and emergent themes was set at greater than 50% relevancy count from the interviews, i.e. over half of informants interviewed mentioned the theme as relevant to their tipping process (Taylor & Stern 1997). Relevancy was coded as present when the informant both acknowledged the presence of a theme and indicated that it was at least situationally incorporated into their tipping process.

Table 2.6 below includes only those themes and emergent categories that met the established criteria of support, i.e. greater than 50% relevance to the informants for their process of tipping. The table is organized not based upon the research questions outlined in this dissertation but rather first by their designation as an a priori or emergent theme and then by their role in the operational model, specifically as independent variables and process oriented themes. Findings organized by research questions will be discussed in greater detail in the following sections.

<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
<th>Definition</th>
<th>% Relevant</th>
<th>% Aided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary IVs</td>
<td>Bill Size</td>
<td>The dollar amount of the bill.</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>Service Quality - Reliability</td>
<td>“The ability to perform the promised service dependably and accurately.”</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>Service Quality - Responsiveness</td>
<td>“The willingness to help customers and to provide prompt service.”</td>
<td>100%</td>
<td>0%</td>
</tr>
</tbody>
</table>
### (Table 2.6 continued)

<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
<th>Definition</th>
<th>% Relevant</th>
<th>% Aided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary IVs</td>
<td>Service Quality - Empathy</td>
<td>“The provision of caring and individual attention the server gives to the consumers.”</td>
<td>80%</td>
<td>0%</td>
</tr>
<tr>
<td>Motives</td>
<td>Equity - Input / Output</td>
<td>The balance between the inputs given by one party relative to the outputs received by another party.</td>
<td>90%</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>Social Norm - Interpersonal</td>
<td>The explicit or implicit rules established and used by a group to guide which values, beliefs, attitudes, and behavior are deemed appropriate or inappropriate.</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>Social Norm - Intrapersonal</td>
<td>The recognition that there are rules established by interpersonal social norms, but selected, refined, and adjusted internally.</td>
<td>95%</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>Lessen Mental Processing</td>
<td>An action performed because it requires the least cognitive effort.</td>
<td>95%</td>
<td>10%</td>
</tr>
<tr>
<td>Decision Rules</td>
<td>Tip Percentage - Heuristic</td>
<td>The cognitively determined tip percentage as an internal reference point or anchor that will be later adjusted to dollars and cents.</td>
<td>100%</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td>Flat Amount - Heuristic</td>
<td>The cognitively determined dollar amount as a tip with no additional adjustments.</td>
<td>80%</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td>Round Tip Amount - Adjustment</td>
<td>The process by which an initial tip is adjusted upward or downward to the nearest whole dollar.</td>
<td>90%</td>
<td>0%</td>
</tr>
</tbody>
</table>

* Only themes with a relevancy of greater than 50% were included into this table.

### 2.5.1.1 Bill Size

As shown in Table RQ1 – Emergent Themes, 100% of informants included the bill size as a relevant theme to their process of tipping. Bill size was often the first theme examined and incorporated by informants in their determination of tip amount. One informant mentioned that
“Upon getting it (the bill), I look at the subtotal.” This sentiment was echoed across most of the respondents in the study, suggesting some validity to the subtotal being the first processed information by restaurant patrons.

2.5.1.2 Service Quality

The a priori themes within service quality originating from the RATER scale were only partially supported as relevant themes to the consumers in their process of tipping. Three a priori service quality themes and one emergent theme met the 50% relevance criteria for support, and two a priori service quality themes fell below this threshold. As reported in the table RQ1 – Emergent Themes, the a priori themes of reliability and responsiveness were relevant to 100% of informants, and the a priori theme of empathy was also relevant to 80% of informants. Amongst the lesser relevant a priori service quality themes were assurance, which was relevant to only 35% of the informants, and tangibles, which was relevant to only 30% of the informants. Further an emergent theme of attentiveness was relevant to 60% of the respondents.

Reliability, or the ability to perform the promised service dependably and accurately, was often described by the informants as the ability and accuracy of the waiter or waitresses’ taking orders and responding to needs such as having a water glass filled. As one informant stated, “If my water glass gets empty or near empty I expect somebody to be there to fill my glass. If I'm having a drink or a cocktail and it's empty or near empty, I expect I don't want to have to do this to anybody to ... I want to pay attention as to how my drinking and eating habits and take care of me or at least ask me before my glass is empty, completely empty.” For another informant an operationalization related to reliability was a little different, “Well that they know what the specials of the day are. If you want to know about the sauce on some food for example that they could tell you what it is or what does it comes with. If it would say just potatoes what type like
that.” Overall, the consumers’ definition of reliability was generally consistent with those found in the literature.

Though responsiveness, or the willingness to help customers and to provide prompt service, generally referred to the speed of the service, the interpretations of what constitutes good and bad service varied. For some informants, good responsiveness didn’t mean simply the fastest speeds. For one informant it meant timing, “Not bring it all at the same time. If I ordered something and there was something on the side, or if the entire table wasn't brought all at the same time. If some of us had to wait or not wait for others, if you're eating with a group.” For another it was important that she not feel rushed, “If some people finish eating before others, I think it's rude when they start clearing the plates of the people who finished first if there's other people still trying- eating. I don't particularly like that… You feel like you're being rushed out of your table to accommodate maybe another party.” For other informants, good responsiveness meant speed. “A good waitress or waiter, server I guess, everything happens quickly, I'm never sitting there thinking, "Where's my food?" I know that's not exactly their fault but it factors in for sure. If I'm ever thinking like, "Where's my food? Why don't I have enough drink in my glass?" Then that's negative in my opinion.” Overall, the consumers’ definition of responsiveness was generally consistent with those found in the literature.

Interestingly, as shown in Table RQ1 – Emergent Themes, 60% of informants had trouble delineating between reliability and responsiveness. They often referred to a combined construct of both reliability and responsiveness that they called attentiveness. As one informant recounts, “Attentiveness, accuracy, and being free of hassles. I really don't like it when I have to explain things over and over and over to a waiter or waitress. If they're able to get an order right the first time and make sure that I end up getting exactly what I wanted in a great amount of
time, then I think that's really the best type of service.” Though this term of attentiveness emerged from the data, it is not necessarily and emergent theme, but rather a way of describing two of the a priori service quality themes, reliability and responsiveness, that are intertwined in the minds of the informants. This theme of attentiveness seemed to center around the server paying close attention to the needs of the informant which would allow them to respond to the informant’s needs more quickly and more accurately. Overall, the consumers’ definition of assurance was generally consistent with those found in the literature.

Empathy represented another a priori service quality theme of significant importance to informants’ process of tipping. Eighty percent of informants mentioned that empathy expressed by the service provider, or the emotional component of service quality, as a critical component toward their determination of a tip. One informant stated, “To me, it's about the conversations. I know every time that I give a big tip, it's because I struck up a conversation with the waiter or the waitress, and I felt like she went out of her way to make the conversation go or like ... I don't know. Something special or unique happened in that situation.” Some informant’s mentioned empathy as more important than reliability or responsiveness. This indicates that depending on the informant either the more utilitarian components of reliability and responsiveness or the more hedonic and affective component of empathy would be the primary driver of their determination of service quality. “Friendliness is really important. If I have somebody that is least bit rude or not at all friendly or looks down or talks down to you I might adjust the tip, but I probably ... I usually don't have that problem, but I could see myself adjusting it down to 15%.” For a few informants, attempts to demonstrate empathy were actually received negatively. “Yeah, some waitresses try to be a little chatty, be your bud, and that doesn't do a whole lot for me. Making jokes, things like that. That's not what I'm interested in. I'm not going there to be entertained.”
Overall, the consumers’ definition of empathy was generally consistent with those found in the literature.

Amongst those service quality themes less relevant to informants’ determination of tip amount were tangibles (30%) and assurance (35%). Though food quality, an operationalization of the tangibles of the service, often came up as part of the discussion, most informants did not use or include it as part of their tipping process. One informant stated, “Unless it's something that's not edible or if they ... If they make a serious mistake, I usually don't consider that the stuff that happens and I usually would not adjust the tip.” This was a common sentiment amongst most informants who mentioned food quality. In addition to the food quality, another applicable version of a tangible would be the presentation and cleanliness of the facilities. This element of tangibles was especially relevant to this informant who stated, “Yeah, also cleanliness. I don't know. I like going to a table that's already cleaned, not one that is being cleaned as I sit down. I don't like seeing all that. It just grosses me out.” Overall, the consumers’ definition of assurance and tangibles were generally consistent with those found in the literature even though they were not commonly important elements to the consumers’ tip amounts.

Assurance, or the knowledge and courtesy of the employees and their ability to convey trust and confidence, was a less relevant service quality element. For those who mentioned that it guided their evaluation of service quality and impacted their tipping process, they considered it in light of the server’s abilities to communicate with the kitchen or make them feel better about their menu decisions. To illustrate the former, one informant stated “It makes sure that they're not going to place the wrong order, so I have to wait even longer, or take what they give me in fear of them spitting in my food if they don’t. If I tell them to take it back.” Another informant offered this following statement to illustrate this idea as well, “It makes me think maybe I've
chosen an item that is their specialty or she's gotten a lot of positive feedback about that dish so it gives me a little more information. If she or he has a positive response. Yeah. It is kind of the power of suggestion, but on the other hand, a lot of times it validates the direction you're going in your food choice.”

2.5.1.3 Motives

The six a priori themes related to motives of tipping were primarily drawn from Becker, Bradley, & Zantow (2012) and further expanded with relevant theories across marketing and other disciplines (Tversky & Kahneman 1974; Kahneman & Miller 1984; Parasuraman, Zeithaml, & Berry 1988; Lynn & Grassman 1990; Bodvarsson & Gibson 1997). As shown in Table RQ3/5 – Emergent Themes, the three a priori motive themes of equity (100% relevance), social norms (100% relevance), and lessen mental processing (95% relevance) met the 50% relevance threshold of support. The priori motive themes that were not supported, but were raised by consumers included altruism (30% relevance), social exchange (5% relevance), and signaling (15% relevance). In addition to the a priori themes, additional sub-themes emerged from the data and provided a richer understanding of two the predominant motives, equity and social norms, both of which were mentioned by all informants.

Equity is referred to in the literature as the balance between the inputs given by one party relative to the outputs received by another party (Adams 1965). In support of Proposition 3.2, the a priori equity motive was commonly mentioned as a motive employed by informants when tipping. As shown in Table RQ3/5 – Emergent Themes and previously noted, equity motives were 100% relevant to all informants interviewed. Further, two emergent sub-themes of equity emerged from the data, equity input/output and equity co-creation, both of which are further discussed in greater detail next.
The equity motive primarily is described as the informant using the perception of service quality received to determine an intended tip percentage or amount. This operationalization of equity was formalized based upon the more traditional viewpoint of equity as maintaining the balance between the inputs given by one party relative to the outputs received by another party. As one informant recounted, “If I was at a really nice restaurant and I had a snooty waiter or waitress, they would walk away with only 10%.” Another account of this sub-theme of equity further demonstrates the reliance upon their judgment of service quality strongly impacting their tip amount, “If my service was good or medium or bad that determines my tipping and if my service was OK I usually tip 12 to 15%. If it was excellent or what I deemed good, I'll tip 20%.” Throughout the process of analysis, however, another conceptually distinct sub-theme of equity also emerged. Thus, in order to keep these two new sub-themes of equity distinct and separate, this sub-theme of equity has been re-labeled as Equity – Input / Output.

While less prevalent, the second sub-theme of equity was based on the presence of a co-creative process between the server and the informant. This alternate view of equity that emerged focuses on the inputs of both parties instead of the inputs of the server alone and considers equity as the balance between the inputs given by one party relative to the inputs given by another party. For this form of equity, the informants consider themselves just as responsible as the server for the dining situation and, even to some degree, the service quality received. They engage with the server to help improve the service output and then reflect on the inputs of both parties that occurred during the co-creation process to determine the tip amount. One informant who tips a high amount regardless of service quality, offered that his behavior was not due to social pressures but rather to a willingness to accommodate and work with the server. As that informant noted, “I would say we (himself and the waiter) can always iron stuff out.” It is
important to note, though this form of equity was not commonly relevant to the informants. Only 10% of informants mentioned this version or employment of the equity concept. However, the distinctiveness of this form of equity warranted its discussion, as it demonstrates there exist various forms and interpretations of the equity concept and supports co-creation discussed in the service dominant logic paradigm (Vargo & Lusch 2004).

Social norms are referred to in the literature as the explicit or implicit rules established and used by a group to guide which values, beliefs, attitudes, and behavior are deemed appropriate or inappropriate (Kahneman & Miller 1986). In further support of Proposition 3.2, the a priori social norms motive was commonly mentioned as a motive employed by the informant when tipping. As shown in Table RQ3/5 – Emergent Themes, social norms motives were relevant to 100% of informants and were often the first recalled reason for tipping for many of the informants. Two emergent sub-themes of the social norms motive, interpersonal and intrapersonal, also emerged from the data and are discussed further in greater detail in this section.

Social norms appeared to be a driving factor for many of the informants’ reasons for tipping. As one informant recounted, “The tipping is part of the deal. When you go out to eat, you know you’re going to have to tip.” This idea of social pressure, which is in line with the conceptualization of social norms as an explicit or implicit rule established by and sanctioned by a group, was further reinforced by many of the informants’ accounts of this motive. As another informant recounted, “It's the social pressure of even ... Even if there's no one around and it's just me, it's the pressure of having them look at it and be disappointed in what they go and mad at me or something like that. It's a peer pressure thing that makes a 20.” This social pressure was common amongst many of the informants.
Interestingly, two conceptually distinct forms, or sub-themes, of the a priori theme of social norms motive emerged from the data: interpersonal social norms and intrapersonal social norms. Interpersonal social norms are consistent with the a priori social norms motive, and this type of social norms is conceptualized as the expected behaviors based on rules established, guided, and sanctioned either implicitly or explicitly by a group. This more traditional view of social norms is considered an interpersonal social norm because it involves interactions between individuals. It was present among all informants and is illustrated by the accounts above. However, a different form of social norms that is more intrapersonal in nature and reflects one’s own individual variation of that interpersonal social norm emerged among 95% of the informants. Specifically, this intrapersonal norm is the result of one recognizing the existence of rules established by interpersonal social norms, but deciding to further select, refine, and adjust one’s behaviors internally. For instance, many informants acknowledged a larger interpersonal normative range of 0-25% encompassing acceptable tip percentage values for all situations, but would then further to refine and adjust to something that was more common for them, e.g. 10-20%. Some informants mentioned that they would then further refine the amount, using refining techniques consistent with their own, intrapersonal norms. When speaking about social norms, informants would often delineate between the two social norms through the usage of third and first person language, i.e. “they do” vs. “I do.” For example, one informant stated, “I thought that was the standard courtesy you're supposed to tip 20%. My dad who says 15% but I think it's a cheap skate so I go 20.”

In tacking back to the literature, the foundations for interpersonal and intrapersonal social norms became apparent (Geertz 1983; Hirschman 1986). Within the literature, a seminal article concerning social norms by Kahneman & Miller (1986) discussed the relevance of two types of
social norms and described them in a manner very similar to the descriptions emerging from these data. Other articles further discussed the relevance of interpersonal and intrapersonal forms of norms and motivations, lending additional credibility to this delineation between the two inextricably tied but conceptually distinct operationalizations of the social norms motive (Weiner 2001). The idea behind a tip amount that “they do” vs. one that “I do” resemble the notions of interpersonal and intrapersonal norms well.

Altruism is referred to in the literature as an action solely performed to benefit the welfare of another (Margolis 1981). While altruism did not reach the 50% relevance threshold for the informants, this motive was relevant for 30%. However, most of those (25%) indicated its importance only after the researcher specifically raised the issue of altruism during the interviews (probing). This motive seemed to be active mostly in instances where the informant felt some emotional attachment or empathy for the server’s situation or there was some further interpersonal connection developed between the informant and the server. This situation was also often contingent upon informants’ moods and at times their financial situation. As one informant stated, “Handshaking the waiter as you go out with a $100 in your hand, I can see myself doing that if I was a millionaire, just to make sure that nobody saw it. Because, I'm sure that would make somebody's day.”

Another of the lesser common motives mentioned by the informants was signaling, which 15% of informants perceived as being relevant to their tipping processes at some point - though all of these admissions occurred only after the researcher raised the issue by probing informants. As described in the literature, signaling is when one party primes another party with some action in order to get a desired or expected outcome (Connely, Certo, & Ireland 2011). After such probing, one informant acknowledged that, “I try and be generous in my tipping so I hope that
they're generous towards me with their service.” This form of a tipping motive is often contingent upon the circumstance of the informant as well, namely that it is a restaurant that they intend to consumer frequently and see the same server. Though not very common in a traditional restaurant setting, there is enough support to suggest that this motive is operationalized more regularly in situations in which tipping is frequent action, e.g. at a bar or hotel (Lynn & McCall 2000).

The social exchange motive was the least relevant to the informants with only one informant accounting for 5% of the informants admitting that it would be relevant to the decision making process at points. Social exchange is described in the literature to be when one party performs an action to impress or demonstrate social value to the other party (Homans 1961). As that informant recounted, “Maybe (tip) more. I don't know why. You also want to impress an attractive member of the opposite sex.” Though this motive was the least relevant motive to informants in the process of tipping, there may have been some hesitance, due to negative social connotations of utilizing this motive, on the part of informants to admit that they desired to demonstrate social value utilizing their tip amount whether that be directed toward the server or other members of their dining party. Ellen, a retired lawyer, expressed the belief that others, specifically men, would often utilize their tip amounts as a means to express social value. “Because they always try to impress the other men at the table. No, I'll get it. I'll get it. I'll get the check. Then they put down $100 or whatever and that's to impress the other men, but I don't do that.”

Lastly, lessen mental processing, or performing an action because it requires the least cognitive effort, was a very common theme for informants when in the process of determining their tip amounts, with 95% of informants mentioning the ease of calculating their tip amounts as
very important, though 10% of these informants needed to be probed for this motive. There were various reasons why this motive was relevant, but three reasons were most prevalent. For instance, there was a desire to avoid math, an avoidance stemming from their self-perceived lack of mathematical ability. As one informant noted, “Because I'm horrible at math. In fact, if I'm out to dinner with my daughter and I'm paying the check, I'll make her do it. Because she's a math wiz, I'll make her do the calculation and she already knows what I'm going to tip.” The next prevalent reason stemmed from social pressures, namely that the longer an informant would take during the tipping process the more likely they were to be asked a question about what they were doing in that instance. As an informant states, ‘I guess if it (tipping) takes too long… As you’re doing that you get comments from the peanut gallery. ‘Ah, how long are you going to take? Are you listening to me?’ ‘Either I'm doing this, or I'm listening to you, and I'm not doing it.’” Thirdly, other informants expressed a view in which the tipping process was simply keeping them from enjoying their time with the other members of their dining party, and that ease of calculation allowed them to get back to that faster.

2.5.1.4 Decision Rules

As shown in Table RQ2/4 – Emergent Themes, three a priori decision rule themes met the 50% relevance criteria for support and included tip percentage (100% relevance), flat amount (80% relevance), and round tip amount (90% relevance). Only one a priori decision rule theme, round total amount (10% relevance), was not supported. Interestingly, an additional decision rule theme, double tax amount (25% relevance), emerged from the data, but did not meet the criteria for support. Additionally, two emergent meta-theme categories of decision rules emerged. The first emergent category that was uncovered from the data was that of a heuristic, or simple decision rule, which were employed by informants to determine what their intended tip
amount was. The second emergent category was an adjustment technique. These decision rules were not uniquely employed alone as a way to determine an intended tip amount, but rather were utilized as a way to further adjust and ease mental processing for the informant after employing one of the decision heuristics. The emergent categories and themes as well as the a priori themes will be further discussed with greater detail in this section.

Heuristics refer to the simple decision rules employed by informants in order to determine their tip amount (Gillovich & Griffin 2002; Gigerenzer & Gassmeier 2011). These are techniques that informants employ to determine what they feel is the most appropriate tip amount for the situation. Two of the a priori themes, tip percentage and flat amount, have been placed under the emergent meta-theme of heuristics. Additionally, an additional heuristic theme, doubling the tax amount, also emerged from the collection of data.

In support of Proposition 2.2, the a priori theme of tip percentage was indeed the most commonly employed decision rule identified by informants with 100% of them finding it relevant to their process of tipping, and only 5% of those responses being aided. For most every informant, verbalizing their tipping process as a tip percentage was raised first - and only when they identified that tip amount would they then translate the determined percentage into a dollar amount. The reasoning for utilizing or selecting a tip percentage, however, varied by informant. For most informants this rule was deployed relatively simply, “I always tip a flat 20% regardless of the service, to be honest.” For others there were more adjustments incorporated before employing a specific percentage, “If my service was good or medium or bad that determines my tipping and if my service was OK I usually tip 12 to 15%. If it was excellent or what I deemed good, I'll tip 20%.” For a few other informants it was important that this tip percentage equate to their final tip amount, and thus they would employ techniques such as utilizing their phone or
calculator to ensure the correct amount. “To be frank and honest, I grab my phone. I'm just going to grab my calculator. I grab 20 times 18%, gives me $3.60. $3.60 plus the total which was $21.80 gives me $25.40 for a total with a $3.60 tip.”

Flat amount, an a priori theme, in which the informant utilizes a cognitively determined dollar amount as a tip, was relevant to 80% of informants with 10% of these informants being aided. Though this was a very common heuristic employed by informants, it was mostly contextually bound the receipt manipulation of a very low bill amount of $3 as opposed to the more normal $20 and higher bill size of $107. In these instances, informants would not employ a tip percentage in order to eventually determine their final tip amount, but instead would anchor solely on the tip amount intended. For instance, one informant stated, "If it's just a $3 thing like that, my minimal tip is usually a dollar, so I would put a dollar even though the total is only $3.27.” When further probed about why he did not use the tip percentage they had employed on other receipts, the informant responded, “Because that's the way I do it. I just don't tip below a dollar.” Another informant provided a more detailed account as to why he broke from his typical percentage based decision process and instead used a flat amount process at a lower bill amount:

I feel like the waiter or waitress who comes to the table and actually serves us, keeping our glasses filled with whatever we're drinking, cleaning up things, taking away the plates that are dirty now, things like that - I feel like even if I've ordered less than $10 worth of good I should still give them a tip of at least $1. I just feel like that's my price floor when it comes to tipping. Really if they're working and being a good waiter or waitress, whether or not I've ordered $3 worth of food or not, they've really earned more than $1 in a tip.

While this decision rule was most commonly used when the bill amount was excessively small, one informant indicated that he utilized the flat amount rule as their primary decision rule. The informant recounted that he thought first and only of a dollar amount and not about a percentage even at a high bill size of $107, “All right, so this I would probably leave $20.00 here. And that
would be, all right.” To further illustrate the employment of this flat amount rule, this informant did not mention utilizing a different decision rule, in this case a percentage, until aided much later in the course of the discussion. Though there was one instance of an informant utilizing flat amount as their primary decision rule, these data suggest that tip percentage is the prevalent decision rule used by most, whereas flat amounts are contextually activated.

Extending the a priori theme predictions in Proposition 2.1, a decision rule that emerged from the data was the utilization of the tax amount in the aided of the calculation of a tip. For 25% of informants, doubling the tax amount of the bill was a commonly utilized technique in determining their tip amount. As one informant states, "You know you should double that tax. That's the easy way to do it.” This heuristic may have been inflated due to the number of informants in states where the sales tax is 9% or 10%, which would make this process something easier than in states where the sales tax is 6.5%. While the process is conceptually distinct, it is more of a form of simplifying the decision making process in translating a pre-determined tip percentage into a tip amount.

Another emergent theme from the data was that of adjustments. In contrast to the heuristics, adjustments occur more to aid the informant in the translation process of taking their predetermined tip percentage, which would often involve complicated mental calculation to achieve the correct amount, and translating that into their final tip amount. Adjustments are employed after the informant has utilized a heuristic to make a general decision about what to tip. While this theme emerged from these data, the idea of adjustments has been present throughout the marketing and psychology literature and is most notable with the anchoring and adjustment processes and prospect theory developed by Tversky & Kahneman (1974). There are two types of adjustments of round tip amount and round total amount that are addressed next.
One specific adjustment decision rule employed by informants that emerged from these data is the rounding of the tip amount to a whole dollar amount. This decision rule was relevant to 90% of the informants, all of whom declared this adjustment technique was relevant without being aided. For most informants, utilizing this technique provided a way to eliminate the need to perform complicated mental computations to accurately translate their tip percentage into a whole dollar amount. For other informants, there was a need to make the numbers clean and neat. As one informant stated, “Since I'm a little bit OCD, I like a round number. I round it (the tip amount) up. That would be about $4.” Those informants who did not employ this decision rule utilized a calculator in order to accurately translate their decided tip percentage into dollars and cents.

The second but lesser common form of an adjustment to the intended tip amount that emerged from these data concerned upward or downward adjustments of the total bill amount to the nearest whole dollar amount. In other words, this technique involves utilizing the tip amount to make the total amount a whole number. This adjustment technique was only relevant to 10% of informant, all of which were reminded of this technique before acknowledging its relevance. As one of the two informants who this technique was relevant to stated, “I have done that (round the total amount) before but I don't do that frequently.” Though only 10% of consumers mentioned using this as a regular decision rule, there is cause to suspect that it may just be less frequent because it is highly dependent upon the cents on the bill amount but that more consumers have utilized it at some point. Additionally, this rule may be more frequently applied when the consumer has the option to leave cash as a form of payment rather than having to write in their tip and total amount as if they had paid with a card, as through paying with a card eliminates any potential cognitive difficulty resultant from having change in the transaction.
2.5.1.5 Verbatim Descriptions

Although not specifically identified as a research question, this essay sought to consider the verbatim descriptions offered by informants to develop experimental stimuli and measures to test the operational model. Tables offered in this section outline a sampling of quotes concerning the various a priori and emergent themes that might offer a richer understanding of those themes and provide useful language to consider for further testing. The table below, RQ1 – Verbatim Descriptions, provides quotes for the constructs related to Research Question 1, specifically the a priori themes related bill size and the five dimensions of service quality and the themes that emerged from these data. The verbatim descriptions from RQ1 are presented in Table 2.7 below.

Table 2.7 - RQ1 – Verbatim Descriptions

<table>
<thead>
<tr>
<th>Name</th>
<th>Definition</th>
<th>Quote</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bill Size</td>
<td>The dollar amount of the bill.</td>
<td>“Even though the waiter or waitress isn't making as much money, you're obviously, if you're paying $107 for a pizza, it's a high end place. There is a kind of rule here I think way clear. When you clear about $80 for your food, the pennies don't matter anymore. “</td>
</tr>
<tr>
<td>Service Quality - Reliability</td>
<td>“The ability to perform the promised service dependably and accurately.”</td>
<td>“If they're able to get an order right the first time and make sure that I end up getting exactly what I wanted in a great amount of time then I think that's really the best type of service.”</td>
</tr>
<tr>
<td>Service Quality - Assurance</td>
<td>“The knowledge and courtesy of the employees and their ability to convey trust and confidence.”</td>
<td>“Especially if I'm having trouble making a decision or something and I finally do make a decision and they say excellent choice. I like that. Makes me feel a little bit good, a little bit proud, that maybe I picked one of the better items on the menu.”</td>
</tr>
</tbody>
</table>
The table, RQ3/5 – Verbatim Descriptions, provides quotations in support of both the a priori themes regarding motives consumers use when determining their tip amount at a restaurant, as well as the emergent themes, sub-themes, and emergent categories from the data. Examples of verbatim descriptions of the a priori themes related to motives, as well as the definitions of these themes, are presented in Table 2.8 on the following page.
<table>
<thead>
<tr>
<th>Name</th>
<th>Definition</th>
<th>Quote</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity - Input / Output</td>
<td>The balance between the inputs given by one party relative to the outputs received by another party.</td>
<td>“Based on that percentage. If I was at a really nice restaurant and I had a snooty waiter or waitress, they would walk away with only 10%.”</td>
</tr>
<tr>
<td>Equity - Co-Production</td>
<td>The balance between the inputs given by one party relative to the inputs given by another party.</td>
<td>“I would say we (himself and the waiter) can always iron stuff out.”</td>
</tr>
<tr>
<td>Social Norm - Interpersonal</td>
<td>The explicit or implicit rules established and used by a group to guide which values, beliefs, attitudes, and behavior are deemed appropriate or inappropriate.</td>
<td>“It's (20%) more or less the accepted norm for service.”</td>
</tr>
<tr>
<td>Social Norm - Intrapersonal</td>
<td>The recognition that there are rules established by interpersonal social norms, but selected, refined, and adjusted internally.</td>
<td>“I thought that was the standard courtesy you're supposed to tip 20%. My dad who says 15% but I think it's a cheap skate so I go 20.”</td>
</tr>
<tr>
<td>Social Norm - Duty</td>
<td>The feeling of obligation to contribute to an established process.</td>
<td>“I think it's my duty to society. This feels established. You know what I'm saying? Tipping is something that we probably could go back thousands and thousands of years, ultimately, like I said, I have seen some of the laws that are written that take into account tipping is part of a waiter or waitress' work, their income.”</td>
</tr>
<tr>
<td>Altruism</td>
<td>An action solely performed to benefit the welfare of another.</td>
<td>“Handshaking the waiter as you go out with a $100 in your hand, I can see myself doing that if I was a millionaire, just to make sure that nobody saw it. Because, I'm sure that would make somebody's day.”</td>
</tr>
<tr>
<td>Signaling</td>
<td>When one party primes another party with some action in order to get a desired or expected outcome.</td>
<td>“I try and be generous in my tipping so I hope that they're generous towards me with their service.”</td>
</tr>
</tbody>
</table>
(Table 2.8 continued)

<table>
<thead>
<tr>
<th>Name</th>
<th>Definition</th>
<th>Quote</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Exchange</td>
<td>When one party performs an action to impress or demonstrate social value to the other party.</td>
<td>“Maybe (tip) more. I don't know why. You also want to impress an attractive member of the opposite sex.”</td>
</tr>
<tr>
<td>Lessen Mental Processing</td>
<td>An action performed because it requires the least cognitive effort.</td>
<td>“Because I'm horrible at math. In fact, if I'm out to dinner with my daughter and I'm paying the check, I'll make her do it. Because she's a math wiz, I'll make her do the calculation and she already knows what I'm going to tip.”</td>
</tr>
</tbody>
</table>

Table 2.9 on the following page, RQ2/4 – Verbatim Descriptions, provides quotations in support of both the a priori themes regarding decision rules consumers use when determining their tip amount at a restaurant, as well as the emergent themes, sub-themes, and emergent categories from the data.

2.5.2 Process

In order to address the extended Research Questions 2 and 3 from this Essay, this section of the dissertation seeks to uncover the process consumers employ when tipping at a restaurant using the methods advocated by those following the interpretivist tradition of qualitative research. Through the gathering of rich and thick descriptions of this process and utilizing the technique of dialectical tacking this essay provides early evidence of stages and tasks performed by consumers throughout this process (Geertz 1983; Hirschman 1986). Though the researcher remained open to incorporating the a priori themes in this section, the researcher allowed the data gathered through the interviews to guide the discovery process (Belk, Fischer, & Kozinets 2012).

Two stages were organized utilizing the process of dialectical tacking and were developed through the dialogue of two trained researchers (Geertz 1983; Hirschman 1986). Stage 1 of the process represents the phase in which consumers assess the situation and make any
necessary adjustments before making a determination of what to tip. Stage 2 begins with a consumers’ tip percentage intention and ultimately results in their final tip amount incorporating elements of decision rules and cognitive biases which would account for the error in translating the intended tip percentage into the final tip amount. This holistic process model captures the complexity employed by consumers throughout the process of tipping, and demonstrate that it involves far more cognitive effort than evaluating service quality and/or complying with a social norm.

Table 2.9 - RQ2/4 - Verbatim Descriptions

<table>
<thead>
<tr>
<th>Name</th>
<th>Definition</th>
<th>Quote</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tip Percentage - Heuristic</td>
<td>The cognitively determined tip percentage as an internal reference point or anchor that will be later adjusted to dollars and cents.</td>
<td>“If my service was good or medium or bad that determines my tipping and if my service was OK I usually tip 12 to 15%. If it was excellent or what I deemed good I'll tip 20%.”</td>
</tr>
<tr>
<td>Flat Amount - Heuristic</td>
<td>The cognitively determined dollar amount as a tip with no additional adjustments.</td>
<td>“Actually, I guess it's different because I don't tip less than a dollar ever. I'd probably round it up to $1 at least, probably $2. I'd probably tip $2 on this.”</td>
</tr>
<tr>
<td>Double Tax - Heuristic</td>
<td>The cognitively determined rule of multiplying the tax amount by 2 to generate a tip amount.</td>
<td>“Upon getting it, I look at the subtotal, then I look at the tax, and then I typically try to double the tax.”</td>
</tr>
<tr>
<td>Round Tip Amount - Adjustment</td>
<td>The process by which an initial tip is adjusted upward or downward to the nearest whole dollar.</td>
<td>“Since I'm a little bit OCD, I like a round number. I round it up. That would be about $4.”</td>
</tr>
<tr>
<td>Round Total Amount - Adjustment</td>
<td>The process by which an initial total amount is adjusted upward or downward to the nearest whole dollar.</td>
<td>“I have done that (round the total amount) before but I don't do that frequently.”</td>
</tr>
</tbody>
</table>

Figure 2.1, on the following page, provides a general overview of the two primary stages of the tipping process along with refined descriptions that were uncovered with these data.
2.5.2.1 Stage 1: Adjustments & Allocation

Stage 1 of the identified process is referred to as the adjustments and allocation phase of determining tip amount. These data revealed that there are five primary phases within this stage, with the tip amount starting with bill size and progressively incorporating interpersonal norms, intrapersonal norms, contextual cues, and adjusting according to their perceived level of service quality. Essentially, the consumer examines the context of their current situation and generally incorporates all cues that they find relevant to their determination of an ultimate tip amount in this stage. Stated more simply, consumers are trying to generate what their intended tip amount should be, rather than what it will ultimately become, which is the goal of Stage 2. In sum, consumers simply trying to incorporate as much information and stimuli into the decision making process as possible to determine the amount that they feel comfortable with given the current situation.

Several figures are provided to illustrate in greater detail the process consumers undergo when tipping. In these figures, various colors and symbols are used to explain different phases.
that occur in the process of tipping, which correspond to the phases within each stage. Blue lines indicate tipping tendencies based upon interpersonal ranges, whereas green lines indicate tipping tendencies based upon intrapersonal ranges. The interpersonal and intrapersonal range themselves are indicated by dotted and solid purple brackets respectively. Red dots indicate the process being highlighted when an individual begins to select an item of relevance given their current scenario, these will serve as a reference for the discussion to follow. Solid arrows coming from the relevant process highlighted by a red dot further highlight the nature and directionality of any adjustments that are made during the process.

2.5.2.1.1 Bill Size. In the first phase of Stage 1, bill size is considered, as it represented the most salient stimulus to the process discovered with these data. Bill size was one of the first two items identified by all of the respondents when deciding what to tip. As one informant stated, “The first thing I do is I look at the size of the bill,” a sentiment shared by the majority of the informants. Often times, consumers begin the tipping process when their server hands them the bill. This bill size dollar amount is an important anchor by which the consumer will begin to adjust around. As shown in Figure 2.2 on the following page, the operationalization of this phase is essentially to identify what their overall bill size is, which will begin to map to the consumers normative tipping curve. The bill size also sends a number of additional cues to the consumer. For instance, one informant believed that because a meal was so expensive that the quality of the food should also be exceptional, “This pizza better have foie gras on it or something… Even if it's $107 pizza, I don't feel that I have tip them hugely for dropping off a pizza. They're not going to bring back to the extra sauces or specialty things or whatever. They're just going to drop the pizza off. It's a really expensive pizza.”
2.5.2.1.2 Interpersonal Norm Activation. In the second phase of Stage 1, interpersonal norm activation, the consumer begins to incorporate social norms, specifically interpersonal norms, into their process. As discussed earlier, the interpersonal norm is the explicit or implicit rules established and used by a group to guide which values, beliefs, attitudes, and behavior are deemed appropriate or inappropriate. In this phase of the tipping process, the consumer will operationalize two forms of interpersonal norms. The first interpersonal norm that is activated is associated with the bill size and establishes an interpersonal normative range for acceptable tip amounts. The previous phase, of identifying the bill size, also sends signals to what acceptable service quality is for that specific restaurant. The second type of interpersonal norm that is activated establishes what consumers deem is acceptable service for the type of restaurant that they are currently dining at. The primary differentiator between each of these interpersonal norms is the focus or target of the norm, i.e. one set of interpersonal norms is developed specifically for the interpretation and generation of acceptable tip amounts based upon bill sizes.
and the other is developed to aid in the interpretation and definition of what is acceptable service quality based upon the actions of the server.

The bill size oriented interpersonal social norm is activated after consumers begin the initial tipping process, and it essentially sets the bounds of acceptable tip amounts for their current bill size. As one informant explained, “It's just what everybody says. A tip was always 10% of the bill, or whatever. I just thought that would be ... I guess it's gotten higher, the older I have become. 10% used to be a good deal.” As shown in Figure 2.3 below, the interpersonal range is the overall largest range of acceptable tip amounts based upon the norms established among groups of people, i.e. it is likely the largest range that is operationalized by consumers in their process. For instance, if consumers were to know that most individuals would tip between $0 and $9 for a $30 bill, this $0 to $9 would represent the interpersonal range that is activated. The interpersonal range, however, as emerged from these data was only the first operationalization of a social norm by consumers. The next phase, intrapersonal norm activation, was found to further refine this range, allowing for additional adjustments based on consumers’ own individual preferences and normative behavior.

Figure 2.3 – Process – Interpersonal Norm Activation (Bill Size)
The second form of interpersonal norm that is activated in this process is associated with the expectations of service quality. These cues are established and sanctioned socially within the context of every restaurant and further reinforced through frequent patronage of the restaurant. This phase incorporates the overall acceptable range of tip amounts from the previous phase, and in this phase incorporates how it relates to the interpersonal interpretations of what acceptable service quality is. In this process, individuals begin to develop a list of expected actions for the server to perform at that given restaurant or type of restaurant. For instance, consumers dining at a fine dining restaurant might expect the waiter to more appropriately pace their meal, pull out their chairs for them, seat them, and engage with them more deeply than they would at a fast casual restaurant. As one informant explained, “A bill this big would require some effort on the part of the waiter, waitress.” Another informant, Melanie, an administrative assistant, described how she employs this norm by stating, “Even if it's $107 pizza, I don't feel that I have tip them hugely for dropping off a pizza. They're not going to bring back to the extra sauces or specialty things or whatever. They're just going to drop the pizza off. It's a really expensive pizza. I'd probably only tip $11 or $12 and never go back to this restaurant again.” Upon asking whether or not it was strictly the context of a pizza restaurant, she described an example involving a more traditional fine dining restaurant.

In the case of Ruffino's (a local restaurant), the person's going to bring me more bread. They're going to bring me more oils, they're going to bring me a refill of wine. They're going to bring the wine to the table and let us taste it. They're going to bring the meals. They're going to have to remember I want all my sauces on the side and that I don't want onions and I don't like tomatoes and things like that. It's a much more complicated service encounter. I'd tip more around the normal range.

As shown in Figure 2.4 on the following page, individuals have an interpersonal range with which they determine what level of service quality is acceptable to them in the given situation, and a set number of ratings that follow. Though these expectations can vary depending on the
type of restaurant, it is important to consider because each consumer understands the interpersonal social norms that dictate high service quality across the various types of restaurants though all may not necessarily be important to that consumer intrapersonally.

![Interpersonal Norm Activation (Service Quality)](image)

Figure 2.4 – Process – Interpersonal Norm Activation (Service Quality)

2.5.2.1.3 Intrapersonal Norm Activation. The third phase of Stage 1, intrapersonal norm activation, also has two primary applications related again to both bill size and service quality. The intrapersonal norm activation stage’s primary function is to develop an intrapersonal range for acceptable tips based upon bill size and service quality, as well as the interpersonal range developed in the previous phase. In this phase of the tipping process, consumers have already recognized and acknowledged the presence of interpersonal norms for both bill size and service quality, but now further adjust them based upon their own intrapersonal or internal social norms. Stated simply, consumers acknowledge what every else does (interpersonal norms), but now refines their behavior to what they typically do and is acceptable for them (intrapersonal norms). Thus, an intrapersonal range is established within the recognized interpersonal range.

With regards to the bill size, as shown in Figure 2.5 on the following page, individuals are essentially adjusting their curve upward or downward as well as more commonly condensing
a smaller range that resides within the interpersonal range, for acceptable tip amounts related to bill size based on their own preferences. This is highlighted by the green line, which resembles the intrapersonal range and how it differentiates itself from, but is still based upon the interpersonal range demonstrated by the blue line.

![Intrapersonal Norm Activation (Bill Size)](image)

Figure 2.5 – Process – Intrapersonal Norm Activation (Bill Size)

In this example represented by the green line and marked by the red dot price level, consumers view that a more appropriate tip amount is closer to $6 for them based upon the green line resembling their intrapersonal range, but acknowledge that most individuals are more likely to tip around $3-4 based upon the interpersonal range demonstrated by the blue line in the figure below. In the study, one informant expressed dislike for the higher levels of the acknowledged interpersonal range, “People that think that 18 and 20% is the normal amount, to me that's the high end and then over that is the ridiculous.” In this specific example at the $30 amount indicated by the red dot, the consumer acknowledges that on bills ranging from $5 to $105 that most consumers would tip between $0 and $25, which would resemble the interpersonal range for all consumers, but that this consumer would typically tip between $5 and $20, which is this
consumer’s intrapersonal range. If a bill were to be $30, demonstrated by the red dot in Figure 2.5 above, the interpersonal range suggests that consumers should tip approximately $2 whereas the intrapersonal range for this specific consumer suggests that they should tip $6.

With regards to service quality, the same process described in setting the interpersonal range for bill size is evident except here the individuals are adjusting based upon service quality and tip percentage rather than tip amount. Though this analysis is examining the mechanisms for interpersonal and intrapersonal ranges based upon bill size and service quality separately, both of these processes are occurring simultaneously for consumers during the phenomenon. For example, one informant set an established tip percentage for different levels of service quality based upon her own intrapersonal norms, “I think that's kind of important to adjust all of my amounts is that to me, the 15% is normal. That's a standard tip. 10% is they didn't have to do a lot, so if I go somewhere that's casual dining where they don't do much. They bring the food, they bring the check and that's it, they didn't do anything in between, then 10% is perfectly acceptable to me.” Another respondent provided further examples between the two types of social norms, “It's more or less the accepted norm for service. My theory, if it's bad service, I might go a little less, 15, it has to be pretty bad. If it's better, a little bit more.”

In Figure 2.6 on the following page, individuals view that for high levels of service quality, indicated by the red dot, that tipping 18%, based upon the green intrapersonal curve, is most appropriate for them though they acknowledge that the average consumer, or the interpersonal norm demonstrated by the blue curve, might tip closer to 22%. The intrapersonal range is also more narrow for the consumer in the example as they view a range of 5% to 20% as most acceptable for their determination of tip percentages based upon service quality, though the interpersonal range began much wider with 0% to 25% based on service quality.
2.5.2.1.4 Contextual Cue Adjustments. In the fourth phase of Stage 1, the contextual cue adjustments phase, further adjustments are made by the consumer based upon other external environmental stimuli that resides outside of both the bill size and service quality realms specifically. Examples of contextual cues include the composition of the dining party, the number of people dining with the individual, the gender or attractiveness of the waiter or waitress, the purpose for dining out, etc. In this phase, the consumer makes further upward or downward adjustments to their intentions based upon these cues. In the study, informants gave several examples of contextual cues that would extend beyond the evaluations of service quality or bill size. One informant stated, “When I see someone young, because my son is twenty-three, I think they're probably working here, and they're probably working their way through college, or maybe they've just gotten married and they've got families, so I think about a lot. There's a lot that goes on in here.” Another informant acknowledged that their behavior might change based upon the context for the meal, “You want to impress. Not to think we're cheapskates. If it's dining with clients and stuff like that.” For example, in Figure 2.7 on the following page, the individual is adjusting their decision along their curve upward or downward slightly based upon
any contextual cues that they deem appropriate enough to alter their tip amount slightly from what would occur in the process devoid of any changes or noticeable contextual cues.

Figure 2.7 – Process – Contextual Cue Adjustments (Bill Size)

Furthermore, in Figure 2.8 below, the individual is also making adjustments upward and downward on their intended tip percentage based upon service quality. In these instances, an individual might incorporate some additional contextual cues based on the server, such as their attractiveness, and this would cause the individual to decide to tip a slightly higher or lower percentage based upon that specific situation.

Figure 2.8 – Process – Contextual Cue Adjustments (Service Quality)
2.5.2.1.5 Service Quality Adjustment. The last phase in Stage 1, the service quality adjustment, is the process by which the consumer comes to a final adjustment of their intended tip amount on what their level of service quality was based upon all the information gathered from the previous phases in Stage 1. This adjustment is based upon an overall establishment of ratings of service quality for the consumer. Though in Figure 2.9 below the process indicated by the red dot shifting along the green line, it demonstrates an example where the consumer has five essential categories for evaluating service quality these points are indicated in both the intrapersonal and interpersonal dotted green and solid blue curves respectively, some consumers may have less (e.g. good or bad service) or more (e.g. and exceptional and terrible to the polls to create seven levels). When asked if they considered five levels of service quality or a different number, one informant responded, “No, there's probably three levels.” In this process consumers are essentially determining the quality of their service and matching it to an appropriate point on their intrapersonal decision making curve.

![Service Quality Adjustment](image)

Figure 2.9 – Process – Service Quality Adjustment

2.5.2.2 Stage 2: Intention, Translation, & Error

In Stage 1 the consumer has processed a large amount of information regarding important elements of bill size, service quality, norms, and other contextual cues in order to arrive at a state
where they feel comfortable proceeding forward with a decision based upon what they intend to tip. Upon arriving in Stage 2, the consumer begins to take that intention and translate it into their action, i.e. what they actually do tip based upon their original intention. Though the consumer has incorporated a large amount of information as the proceed into Stage 2, the process is only partially complete at this point, as the consumer still needs to convert all of that information into an intention and translate that intention into a tip amount. Of course, consistent with the literature on decision making there is often a difference between one's intention and one's action which is viewed as the error, often resultant from cognitive biases, in the process of translating intention into action (Tversky & Kahneman 1974; Kahneman & Tverskey 1982).

2.5.2.2.1 Tip % Decision. Perhaps the most integral decision rule individuals use to simplify the process of translating intended tip amount to an actual amount is using a tip percentage as opposed to a tip amount. For example, Sally describes why she thinks in percentages, “I believe because that's what my parents did. I don't know. I really don't know. A lot of times on the receipt at some restaurants, they start with fifteen and go up, so maybe that's ... It's just been programmed. I have no idea why. It's what my mom told me to do. That's what I've told my son to do.” A potential reason for this rule being integral to most individuals’ tipping process one is that tip percentages is based upon the idea that tipping is a learned behavior (Azar 2010). Thus, a tip percentage rule is easier to communicate and teach to others, when compared to a non-percentage based rule, as these percentages are constant no matter what the size of the bill and the quality of service. Thus this learned percentage rule forms the basis for the beginning of Stage 2, as all the information from Stage 1 is reduced and translated into a percentage decision. As shown in the example in Figure 2.10 on the following page, in this particular instance, the individual has determined that their level of service quality was high,
demonstrated by the red dot. Their intrapersonal decision-making curve, demonstrated by the green curve, suggests that their most appropriate tip percentage for this rating would be to tip the server 18%.

![Tip Percentage Decision](image)

Figure 2.10 – Process – Tip % Decision

2.5.2.2 Cognitive Bias / Error. Now that the consumer has an intended tip percentage, the individual needs to translate that percentage into a numerical tip amount to write onto the bill or to leave as cash. Throughout this process of translation, cognitive biases, or patterns of deviation in judgment, begin to affect the actions the consumer begins to take (Kahneman & Tversky 1972). In this phase of Stage 2, the individual begins to weigh the importance of accuracy in adhering to their intended tip percentage or to make slight adjustments to ease the process of calculation or ease the mental process of leaving a tip. As a result of this, cognitive biases, or tendencies to think in certain ways that can lead to systematic deviations from good judgment or behavior, are incorporated into the process. From this the mental process the individual employs causes errors in translating their intended tip amount to their actual tip amount. For example, one informant, clearly states that she intended to tip 15% but their ultimate tip amount ended up closer to 20% on a bill that’s subtotal was $21.80 including tax, “I usually
try to tip between 15% or 20%, this looks like I had a pizza today, so I'm probably going to tip 15%. I need a calculator. I will tip $4, so my bill will be $25.80.” This description indicates an example of the bias, cognitive ease. Cognitive ease refers to the tendency to make decisions based upon the path that requires the least effort, which as Kahneman (2011) describes, “lulls our more vigilant, rational selves into a stupor.” Thus, in the example in Figure 2.11 below, the individual’s intended tip amount should be $5.40 based upon the 18% they had arrived upon after undergoing the phases of Stage 1. However, the consumer decided to employ the round tip amount adjustment, making an upward adjustment to $6 to simplify the calculations involved.

Figure 2.11 – Process – Cognitive Bias / Error

Another potential reason for error resides not only with the need to make the calculation simpler, but also because in certain situations of small bill sizes, the individual may intend to tip a certain percentage but after seeing the dollar value of that intention determines that it’s not sufficient based upon the level of work the individual put in. For example, in the low bill size tipping task exercise one informant started off by using a tip percentage, but eventually decided to tip an amount of money much larger than their intended tip percentage. As one informant explained, “There's definitely a floor effect for tips as well a ceiling effect for me personally. If
I'm going to order a drink, a beer at a bar for example, and the beer is $1.00 or $2.00, I'm probably going to tip a $1.00 most of the times that I order that drink. You don't want to stick to that percentage solely. There's some sort of resistance when you get down to lower price levels that you still want to tip a certain amount.”

2.5.2.2.3 Final Tip Amount. Thus, in the determination of the final tip amount, there has been error in the process of translating their intention to tip 18% into their final tip amount of $6 resultant from the cognitive biases in the previous phase, essentially committing to an error of an additional $0.60 or 2%. This final tip amount is reflected in Figure 2.12 below. In this example, the error is relatively small, but depending on various circumstances a consumer’s intentions and final tip amounts can vary wildly. Thus leading to difficulty, in accurately predicting a consumer’s tip amounts based upon their determinations of service quality or other antecedents within the control of the restaurant.

![Final Tip Amount Graph](image)

**Figure 2.12 – Process – Final Tip Amount**

2.6 GENERAL DISCUSSION

This essay contributes to the two other essays of this dissertation and has extended the extant literature on tipping. This essay offered insight concerning the motives and decision rules
consumers employ during the process of tipping, in accordance with Research Questions 2 and 3, and addressed the extended questions regarding how and why consumers use those motives and decision rules in the process of tipping. Based upon the a priori and emergent themes, this essay uncovered which elements of service quality, motives, and decision rules consumers frequently employ in the process of tipping through content analysis, and offered more concise conceptualizations of these constructs and themes.

Moving into Essay Three, Essay Two offered value verbatim descriptions that are used in the development of tools to measure the specific motives and decision rules that consumers use in their determination of tip amount. Furthermore, this essay has also aided in the development and refinement of an instrument to manipulate service quality and uncovered which dimensions have the greatest impact on a consumer’s evaluation of service quality when utilized to determine their tip amount. Lastly, this essay has provided early insight in support of a number of the propositions generated in Essay One which will are further refined into formal hypotheses for testing in Essay Three. The method of qualitative analysis also provided an example of how both the interpretivist and positivist paradigms of research can be combined in order to provide both rich and thick descriptions as well as support for a priori and emergent themes.

Additionally, this essay has made significant contributions to the literature on tipping. It has answered the call by numerous researchers to conduct more qualitative research to better understand the phenomenon of tipping from the consumers’ perspective (McCarty et al. 1990; Lynn & Sturman 2010). It is the first to examine the different decision rules utilized by consumers in their determination of tip amount, as well as the first to discuss the holistic process employed by consumers when tipping. It is also the first to qualitatively examine the motives of consumers when tipping, and has also examined which of Becker, Bradley, & Zantow’s (2012)
early frameworks of motives offer the greatest effect, revealing that social norms and equity are more frequently employed than other motives within tipping. It also provided more in depth understandings of each of these motives by uncovering how and why these motives are employed.

Beyond the literature examining tipping, this research also expanded the understanding of consumer motives in general, further examined the uses and applicability of the SERVQUAL-RATER scale in a new context, and considered decision rules employed by consumers in a new context (Allport 1937; Evans 1984; Petty & Cacioppo 1986; Parasuraman, Zeithaml, & Berry 1988; Schacter 2011). Methodologically, this research has explored a phenomenon by honoring two very different traditions in qualitative research and aims to be a model for future research that can achieve richer and deeper results by combining these two previously separate traditions (Belk, Wallendorf, Sherry 1989; Brady & Cronin 2001; Kozinets 2001; Dhar & Simonson 2003; Arnould & Thompson 2005).

Beyond this dissertation, future qualitative research is encouraged to further capture important themes and processes consumers use when tipping at a restaurant. Additionally, future research is encouraged on tipping beyond the context of restaurants. The exploration of elements of service quality, motives, and decision rules in other contexts (e.g., taxi services, hotels, hair salons) will hopefully not only serve the purpose of coming to a more generalizable theory of tipping, but also to more deeply understand each of the various motives and decision rules. Though an empirical test of the operational model will be conducted in Essay Three, further empirical tests incorporating elements of this dissertation in a variety of testable models are also encouraged.
ESSAY THREE: THE EFFECTS OF RESTAURANT BILL SIZE AND SERVICE QUALITY ON TIP AMOUNT

3.1 INTRODUCTION

Essay Three empirically tests the proposed operational model from Essay One utilizing the data and refinements discovered in Essay Two. Specifically, this essay is focused explicitly on testing hypotheses related to the effect of bill size and service quality on tip amount, while also incorporating the refined motives from Essay Two into the model. Utilizing an experimental design, this essay provides support for the proposed operational model and extends the knowledge further by incorporating motives into the model.

3.2 LITERATURE REVIEW

The knowledge of restaurant tipping has been bolstered over the past four decades with numerous research examining topics ranging from how individual differences and server tactics impact tipping behavior often in the form of tip percentage (Lynn, Zinkhan, & Harris 1993; Lynn 2006; Azar 2007). There has been a copious amount of research dedicated towards party size, check-splitting, and cross-cultural differences (Freeman et al. 1975; Snyder 1976; May 1978; Lynn & Latane 1984; McCarty et al. 1990; Kwortnik, Lynn, & Ross 2009). Though the literature on tipping is rich with knowledge and interesting findings, it has conflicting findings regarding two of the most impactful and essential variables to the phenomenon of restaurant tipping: bill size and service quality (Ben-Zion & Karni 1977; Lynn & Latane 1984; Lynn 2006; Lynn 2007). In addition to these deficiencies, there has also been conscious neglect to examine the phenomenon of restaurant tipping using its purest dependent variable, tip amount, replacing it instead with the oft constructed variable of tip percentage. This essay aims to fill those deficiencies with empirical tests of hypotheses specifically related to the effects of bill size and service quality on tip amount while also further extending the literature by incorporating the one
of the first empirical tests of motives in the same model (Becker, Bradley, & Zantow 2013; Lynn 2015).

3.2.1 The Effect of Bill Size and Service Quality on Tip Amount

As discussed in Essay One, there have been a number of findings of bill size effecting tip amount. Bill size is perhaps the most important variable in influencing tip amount, but in the literature it has primarily only demonstrated consistently well-supported effects on tip percentage (Bodvarsson & Gibson 1997). Supporting this claim, Chapman & Winquist (1998) found that smaller bill sizes led to larger tip percentages than large bills. Azar (2007) also suggests that if individuals are rounding their tips to whole dollars the incremental effect on the percentage is much greater for a small bill than it is for a larger bill. There have been a number of these effects, but researchers seem to be disinterested in further examining the effects of bill size on tip amount seemingly satisfied with the current state of knowledge based simply on effects of bill size on the constructed tip percentage variable.

There have only been a few studies that have explicitly examined effects related to both bill size and tip amount. Kahneman, Knetsch, & Thaler (1986) were among the first to explicitly look at tip amount, operationalized as dollars, but their study set bill size constant in order to examine the effect of patronage frequency on tip amount. Lynn (1988) examined the impact of a consumer’s alcohol consumption on their tip. Lynn (1988) was the first paper to suggest that some effects might be masked based upon the usage of tip percentage as a dependent variable. In this paper, Lynn operationalized his dependent variable in three ways. The first as tip percentage, then as bill size, and finally as a residual tip. Lynn did not explicitly examine the relationship between bill size and tip amount, instead incorporating bill size as one of three dependent variables in his model, but it did provide the insight that researchers should begin
examining the effects of important variables on tip amount rather than tip percentage alone. Though a small number of papers have examined effects on tip amount, the understanding up unto this point is still rather limited, and this essay aims to further of knowledge of the relationship between bill size and tip amount (Lynn & Grassman 1990; Lynn & Graves 1996).

The amount of literature dedicated towards service quality is much more expansive than possibly any other variable regarding restaurant tipping in the literature. The effects of service quality on restaurant tipping, however, have been conflicting and often even contradictory towards the researchers’ predictions and the current stream of knowledge in the literature. Numbers of papers have sought to examine the effects of service quality on tip percentage, however; only roughly half of the papers have found an effect of service quality on tip percentage. Bodvarsson & Gibson (1997) found a positive relationship between tip percentage and service quality, whereas Conlin et al. (2003) did not. Lynn & McCall (2000) suggest that service quality has very little effect on tip at all. Only one paper has explicitly examined the relationship between service quality and tip amount, and that research found only a main effect (Lynn & Grassman 1990).

These are just a few of the copious studies that have produced differing results and opinions on the relationship between tip percentage and service quality. The current state of the debate on whether or not tip percentage and service quality are related has devolved into an argument as to whether or not its effect is simply multicollinear with other important variables, or whether or not the measures different researchers were using were truly assessing the same dimensions of service quality.

Though there has been a significant amount of research conducted on the relationship between service quality and tipping behavior, the knowledge on the phenomenon is still very
limited. As proposed in Essay One, there are numerous potential reasons for this including using various underdeveloped measures of service quality instead of the widely accepted and tested SERVQUAL scale and even that most research has examined the effects on tip percentage rather than tip amount. This research aims to extend that knowledge by strengthening the understanding of the relationship between service quality and tip amount by incorporating a stronger measure of service quality than all previous studies have used and by including the variable into a model with bill size and motives in order to further extend the knowledge.

3.2.2 The Role of Motives in the Operational Model

Though there has been a decent amount of literature discussing the topic of motives being an important variable related to the phenomenon of restaurant tipping, the vast majority of this research is still at the conceptual level and specifically relates to the idea of social norms rather than exploring the various range of motives that could potentially be impacting tip amount (Azar 2007). Thus the exploration of what motives underlie tipping behavior is relatively new and limited.

Within the extant literature, researchers have acknowledged compliance with social norms has been a significant and dominant motive throughout much of the existing literature (Lynn, Zinkhan, & Harris 2003; Lynn 2006; Azar 2007). There has been brief mentioning of equity also being a potentially important motive in the context of tipping as well, but it has yet to be further explored in great detail until Essay Two of this dissertation (Lynn & Graves 1996). Recently, researchers have begun to empirically explore other potential motives related to the phenomenon of tipping. Becker, Bradley, & Zantow (2012) began to do some foundational work on establishing a broader spectrum of what motives are potentially activated in a tipping
scenario. Their research uncovered six motives: heuristic model, impress others, reciprocal award, social obligation, generosity, and control service.

The foundation for Becker, Bradley, & Zantow’s (2012) motives was not grounded in existing theory, but each motive can be matched to an existing theory within the marketing and psychology literature. The notion of social obligation is very much representative of the findings in social norms theory, which mirrors the notion of needing to engage in tipping simply because of the assumption that everybody else does (Kahneman & Miller 1986; Coleman 1994). Becker, Bradley, & Zantow’s (2012) proposed motive of reciprocal award mirrors equity theory, in that an individual will tip an amount equal to the service they believe they received (Adams 1965; Huppertz, Arenson, & Evans 1978). The impress others motive is closely related to social exchange theory, similarly both indicate that one individual or party wishes to impress or demonstrate some social value to the other party (Homans 1961; Cook & Rice 2003). The generosity motive is a mirror to altruism theory, wherein Margolis (1981) suggests that an individual forgoes any type of personal gain in committing to an action, in this case tipping, but instead is only concerned with the benefit of the other party (Piliavin & Charng 1990). Control service indicates that an individual has some desire and propensity to control how another behaves, and is very similar to signaling theory wherein an individual primes another with some action to get a desired or expected outcome (Connely, Certo, & Ireland 2011). Though I feel this happens in some tipping conditions, I feel that the construct might be too closely related to social exchange or just be one form of a social exchange behavior, and thus I have chosen to reserve studying this phenomenon for future research.

The last of Becker, Bradley, & Zantow’s (2012) motives, the heuristic model, in this conceptualization does not meet the definition of a true motive. In this conceptualization,
motives and motivation are the purpose or psychological causes of some action (Allport 1937; Schacter 2011). Though the usage of a heuristic such as rounding is certainly a method of engaging in some unconscious motive, it is not the motive itself (Maslow 1943). Referencing Becker, Bradley, and Zantow’s (2012) definition of heuristic model, it is apparent that their suggestion is that one will use a heuristic when their motive is to lessen mental processing.

This essay will be focusing primarily on two of the motives proposed by Becker, Bradley, & Zantow (2012): social norms and equity. Knowledge of these motives have already been strengthened in this dissertation by the qualitative research conducted in Essay Two, but will now be further explored empirically by providing the first empirical tests of the effects these motives have on tip amount. Naturally, this research will also be the first to incorporate these motives into a model with bill size and service quality to expand the knowledge of the relationship between these variables as well.

3.3 CONCEPTUALIZATION AND HYPOTHESIS DEVELOPMENT

In this section the constructs discussed in this essay are defined and testable hypotheses are generated from the research topics and propositions from Essay One. These hypotheses are supported by theory from the literature as well as previous findings in this dissertation. Essay Three specifically focuses on two research questions from Essay One:

- RQ1: What are the effects of bill size and service quality on tip amount?
- RQ5: What is the role of motives in the operational model?

This study will focus on building the understanding of the operational model based around these questions, which have yet to be expressly addressed in the literature by incorporating them all into a unique model with predicted interactions supported by theory rather than simple empirical explorations of main effects. Additionally, this research will be amongst the first to empirically
examine the effects of motives on tip amount, as well as motives interactive effects with service quality, in an empirical study.

3.3.1 Constructs

In this section, the definitions of the constructs included in this essay are defined based on the extant literature and how they will be used in the empirical study in this essay.

3.3.1.1 Bill Size

Bill size is the dollar amount of the bill. The bill size does not include the tax on the bill, but instead is comprised solely of the sum of all food items purchased. A related construct, subtotal, is calculated by adding the tax amount to the bill size.

3.3.1.2 Service Quality

Service quality is a consumer’s judgment about the superiority or excellence of a service. In this dissertation, service quality is viewed through the lens of the well-established SERVQUAL literature. This dissertation views service quality as a multidimensional construct comprised of five distinct dimensions: reliability, assurance, tangibles, empathy, and responsiveness (Parasuraman, Zeithaml, & Berry 1988).

Reliability refers to the ability to perform the promised service dependably and accurately (Parasuraman, Zeithaml, & Berry 1988). The existing tipping literature has operationalized the reliability dimension as fragments of general service quality and service quantity (Lynn & Grassman 1990; Bodvarsson & Gibson 1997).

Assurance refers to the knowledge and courtesy of the employees and their ability to convey trust and confidence (Parasuraman, Zeithaml, & Berry 1988). The assurance dimension has been operationalized as a server complimenting a meal selection in the existing tipping literature (Seiter 2007; Seiter & Dutson 2007).
Tangibles are the appearance of the physical facilities, equipment, personnel, and communications materials (Parasuraman, Zeithaml, & Berry 1988). Most importantly within this dissertation tangibles is related to the construct of food quality as it is a critical variable attributed to service quality within the restaurant context (Lynn & McCall 2000; Azar 2007).

Empathy refers to the provision of caring and individual attention the server gives to the consumers (Parasuraman, Zeithaml, & Berry 1988). Representing empathy in the existing literature, researchers have operationalized and manipulated a servers expressed gratitude and a server touching a customer (Crusco & Wetzel 1984; Stephen & Zweigenhaft 1986; Hornik 1992).

Responsiveness is the willingness to help customers and to provide prompt service (Parasuraman, Zeithaml, & Berry 1988). Existing literatures have manipulated responsiveness through delivery speed and parts of this construct as service quality (Seligman, Finegan, Hazlewood, & Wilkinson 1995; Conlin et al. 2003).

3.3.1.3 Motives

Social norms are the rules that a group uses for appropriate and inappropriate values, beliefs, attitudes, and behavior. These rules may be explicit or implicit, and may or may not be dependent upon context (Kahneman & Miller 1986; Coleman 1994; Azar 2003; Parrett 2006; Azar 2007; Azar 2010). Throughout the extant tipping literature social norms has primarily been explored only as a tipping motive whereby the consumer’s tip amount is motivated by a socially normative tip percentage. e.g. A consumer would feel socially obligated to adhere to a socially constructed and enforced 20% tip percentage. This dissertation begins by exploring this example of a social norm, but also has the goal of exploring how various types of social norms identified within the more general literature base affect tip amount. The general
construct of a social norm encompasses a wider breadth of types of norms, many of which could be present or operational within the context of restaurant tipping.

Within the literature, social norms have been employed upon a variety of different levels of abstraction including cultural (culturally constructed and enforced norms), societal (socially constructed and enforced norms at the societal level), and provincial (norms constructed and generated within a specific area) (Lin, Dahl, & Argo 2013; Goldstein, Cialdini, & Griskevicius 2008). Additionally, social norms have been used to define roles within different social contexts, aid in the categorization of things, and can inform how individuals are to behave in relation to others (Kahneman & Miller 1986; Aggarwal & Law 2006).

A tipping motive whereby the consumer’s tip amount is motivated by their judgments of service attributes. Becker, Bradley, & Zantow’s (2012) proposed motive of reciprocal award mirrors equity theory, in that an individual will tip an amount equal to the service they believe they received (Adams 1965; Huppertz, Arenson, & Evans 1978). Specifically, in the equity motive a consumer would attempt to match input, i.e. the tip amount, to the server’s input, i.e. the service quality.

3.3.2 Model Development

In this section, hypotheses are developed for empirical testing in this essay. Specifically, these hypotheses are related to Research Questions 1 and 5, which address the effects of bill size, service quality, and motives on tip amount. The operational model developed in Essay One, and incorporating bill size, service quality, motives, and tip amount, will be tested using these hypotheses.

The effect of bill size on tipping behavior is often referenced as one of the most important effects within the field of study. Effects of bill size on a calculated tip percentage have been well
documented throughout the literature (Bodvarsson & Gibson 1997; Matilla 2006). Although less frequent, previous studies have also demonstrated a consistent main effect of bill size on tip amount (Lynn & Grassman 1990; Lynn & Graves 1996). Theoretically, there are many reasons to predict a positive relationship between bill size and tip amount. Given that much of the research acknowledges that the motive of compliance to a socially normative percentage amount of the bill as being a significant driver of tipping behavior, tip amount is thus intrinsically tied to the amount of the bill in the minds of many consumers (Azar 2003; Azar 2007). The proposed model of analysis for Essay Three is presented in Figure 3.1 below.

![Figure 3.1 - Proposed Model for Essay Three](image)

Hypothesis 1: Bill size has a positive effect on tip amount.

Throughout the literature there has been evidence of a negative effect of bill size on tip percentage (Chapman & Winquist 1998; Sisk & Gallick 1985). Given this evidence of a negative effect of bill size on tip percentage, this research postulates the relationship between bill size and tip amount is nonlinear. Specifically, I assume that as bill size increases tip amount will reach a point where the tip amount will discontinue linearly increasing. As such a quadratic relationship is predicted. This prediction is also rooted in the existing literature which suggests that as bill sizes increase tip amounts may decrease as a result of limited
financial resources or fairness perceptions of the service, e.g. individual’s may perceive the level of service they receive for a $400 bill similarly to that of a $100 bill size and thus can not justify tipping $80 in those situations to adhere to the 20% norm (Sisk & Gallick 1985). In situations where a bill is very small, individuals may also not behave linearly and adhere to a certain percentage, e.g. individual’s receiving a bill size of $3 might tip $1 which is much higher than the social norm of 20% (Matilla 2006).

Hypothesis 1a: The effect of bill size on tip amount will be a cubic function.

The prediction for Hypothesis 1a is demonstrated in Figure 3.2 below.

![Figure 3.2 - Hypothesis 1a: Predicted](image)

Service quality’s impact on tip percentage has been well documented throughout the literature, but the findings have also been relatively inconsistent. The first study on tipping involving service quality demonstrated that service quality has no effect on tip percentage (May 1978). Jacob & Page (1980) argued that tipping was essentially a form of buyer monitoring, whereby a consumer makes judgments based upon service quality and tips accordingly, thus suggesting the importance of service quality on tipping. Bodvarsson & Gibson (1997) provided evidence that service quality does have a positive effect on tip percentage. Following this finding, much further evidence was reported on the effect of service quality on tip percentage.

Those who found a lack of evidence for an effect of service quality on tip percentage suggested that their lack of findings could be the result of measurement issues of the variable of service quality (Lynn 1988; Johns & Pine 2002) or that in the instances where tipping is being driven by a social norm motive that the relative impact of service quality is lessened and the impact of the social norm is increased (Sisk & Gallick 1985; Lynn & Graves 1996; Koku 2007). Though there has been conflicting evidence, Lynn & Grassman (1990) found evidence of a significant main effect of service quality on tip amount, the focal dependent measure of this study.

Hypothesis 2: Service quality has a positive effect on tip amount.

The relationship between service quality and tip amount has been conflicting at best throughout the literature. There is, however, some early work on the phenomenon that serves as a theory to explain this history of inconsistent findings. Sisk & Gallick (1985) developed a theory about the institution of tipping and its relationship to service quality. They argued that the institution of tipping existed to protect individuals from an unscrupulous seller, invoking the economic theory of buyer monitoring. They argued that tipping exists as a social contract between the buyer and provider of the service, and suggested that the exchange of the tip was developed upon a social norm, i.e. that the server provides an acceptable level of service and then the buyer would tip the accustomed norm. Their theory is important because it suggests that regardless of additional effort, once a certain threshold is reached for service quality, then the marginal increases in tip amount plateau. Additionally, McCarty et al. (1990) further provided support for the notion that there was an upper bound on how much an individual would tip based
on the service quality that the server provided. They indicated that servers were aware that providing adequate levels of service quality meant that they would receive a good tip amount, therefore they did not feel as if they would need to provide the highest of service quality levels to the customer, but rather only reach a level of acceptability. This lends support to the notion that a customer’s perceptions of service quality in the context of restaurant tipping may be binary or categorical. This theory is also further reinforced by the findings in Essay Two, whereby many informants in that study indicated that they viewed service quality perceptually as two or three levels rather than on some type of interval scale. When asked about how many levels of service quality they perceived with regards to restaurant tipping, on informant suggests, “There's probably three levels.”

Given these findings, this research hypothesizes that perceptions of service quality in the context of restaurant tipping will have three levels: good, average, and bad. Though a categorical nature is predicted, this research predicts that the function of this relationship will be cubic as some variation between the levels of good and excellent as well as terrible and poor are expected, but that these differences will not be as large as the differences between the poor, average, and good levels of manipulated service quality.

Hypothesis 2a: The effect of service quality on tip amount will be a cubic function.

Given that bill size most directly impacts tip amount and is often directly considered by a majority of consumers one can assume that the effect of bill size on tip amount is a direct one (Chapman & Winquist 1998; Sisk & Gallick 1985). Service quality, however, has produced a legacy of inconsistent direct effects on tip amount. One potential explanation is that service quality does not have a truly direct effect on tip amount, but instead has a different role in the operational model for generating tip amount. This dissertation proposes that service quality
serves the role of a moderator of the effect of bill size on tip amount, such that a consumer will adjust their tip amount which is directly impacted by bill size based upon the level of service quality that they receive (Lynn & Graves 1996; Azar 2007). Though service quality has not been explicitly examined as a moderator to this relationship within the existing literature on tipping, the lack of inconsistent evidence of these direct effects are likely evidence that a role a variable as critical to the evaluation of a service encounter and tipping in general is not being considered in the right way (Lynn & Grassman 1990). The predicted effects of Hypothesis 2a are presented in Figure 3.3 below.

Figure 3.3 - Hypothesis 2a: Predicted

Hypothesis 3: The effect of bill size on tip amount is moderated by service quality such that:

Hypothesis 3a: When the bill size is high, service quality has a greater impact on tip amount than when the bill size is low.

The presence of different motives in tipping has been suggested as early as Ben-Zion & Karni (1977). In examining repeated interactions in tipping, they suggested the presence of different customer motives suggesting that repeat customers were likely to engage in self-interest seeking behavior such as maintaining high levels of service, whereas explanations for one-time customers’ tips were likely more closely associated with altruism or social norms
(Azar 2007). Bodvarsson & Gibson (1997) further expanded upon this notion by suggesting that inconsistencies in findings in the literature regarding the relationship between service quality and tip percentage was the result of multiple operant motives. In an effort to begin defining different motives, Parrett (2006) identified a process whereby individuals would tip based upon motives he would call reciprocity and guilt aversion motives. In his definition, reciprocity motives mirror what this dissertation is labeling an equity-based motive, in that consumers will reward and punish good and bad actions respectively with their tips. The guilt aversion motive is tied to what this dissertation is labeling a social norms motive whereby the consumer tips at a socially normative level in order to not experience some guilt from not adhering to the norm. The effects predicted in Hypothesis 3a are presented in Figure 3.4 below.

![Figure 3.4 - Hypothesis 3a: Predicted](image)

Due to the nature of both the social norm and equity motives, I hypothesize that consumers utilizing a social norms motive will typically be more forgiving of mistakes and thus in general will tip in compliance with the socially normative tip percentage around twenty percent regardless of anything to do with the service experience. Those tipping in an equity motive will likely be more discerning towards elements going wrong in the service encounters.
and thus will likely be more ready to tip lower amounts because of this. Though, the consumers using the equity motive also have the potential to tip higher, I would predict that due to various reasons such as price consciousness that they would be rewarding a proportionately smaller percentage for good service compared to what they would be punishing bad service with. This hypothesis is also reinforced by prospect theory, which echoes that losses are more impactful than gains in determining behavior (Tversky & Kahneman 1974).

Hypothesis 4: There is a main effect of motive on tip amount such that in the social norm motive tip amount is higher than in the equity motive.

Specifically referring to the social norms and equity motives, I hypothesize that individuals will use service quality differently in the determination of a tip percentage. When using an equity motive, individuals will be actively considering service quality in the determination of their tip percentage as it is a critical variable to their assessment of the service encounter (Jacob & Page 1980; Lynn & Graves 1996). When using a social norms motive, individuals will place little or no emphasis on service quality as the social norm in those cases is the primary driving force behind the tip percentage (Azar 2003; Parrett 2006). The relationship differences discussed in this research topic are demonstrated in the figures below.

Hypothesis 5: The effect of bill size on tip amount is moderated by service quality and motives, such that:

Hypothesis 5a: Under an equity motive, service quality affects the relationship between bill size and tip amount such that when the bill size is high, service quality has a greater impact on tip amount than when the bill size is low.

Hypothesis 5b: Under non-equity motives, service quality has no effect on the relationship between bill size and tip amount.
The effects predicted in Hypotheses 5a and 5b are presented in Figure 3.5 and Figure 3.6 below respectively.

Figure 3.5 - Hypothesis 5a: Predicted

Figure 3.6 - Hypothesis 5b: Predicted

3.4 STUDY

In this section the methodology of the main study will be explained and the results of the analysis will be presented.

3.4.1 Methodology

A between-subjects experimental design was used for this study. Bill size, service quality, and motives were included in a model to demonstrate effects on tip amount. Details on
pilot studies, sample, design, procedures (including examples of the manipulations and stimuli), and measures are discussed in this section.

3.4.1.1 Pilot Studies

Four pilot studies were conducted to refine and improve the survey tool and measurements. The pilot studies first addressed various ways of presenting the study materials including whether or not to include a picture in the restaurant description, whether or not to itemize the bill, and whether to set the meal at dinner or lunch. It was concluded that none of these manipulations had an impact on the study and it was decided that a picture would be included, the bill would be itemized, and the meal would be set at dinner. The pilot studies also aided in refinement of the descriptions used in the service quality manipulation and also helped to assess the number of levels and spacing between each of the service quality dimensions. Eventually, it was concluded that the level would be held constant across the five dimensions of SERVQUAL and that five levels of service quality would be used. Additionally, the pilot studies aided in setting the range and spacing of the bill size manipulation on the receipts. It was concluded that six bill sizes would be used ranging from $15 to $415 and equally spaced at $80 between each manipulation. Finally, the pilot studies also helped in the refinement and adaptation of critical measures for the main study by adapting scales from the bill size, SERVQUAL, and motives literature (Bhowmick 2010; Parasuraman, Zeithaml, & Berry 1988; Becker, Bradley, & Zantow 2012). The pilot studies also helped in the refinement of the tip amount collection method and receipt manipulation.

3.4.1.2 Sample

For this experiment, sample was collected from two different sources. 817 subjects were collected via the mTurk online panel utilizing the Qualtrics online survey platform. 538 subjects
were collected at a large Southeastern university in a lab setting utilizing E-Prime. Though the platform for collection of data across each sample varied, the studies presented were identical in the manipulations and measures being asked.

3.4.1.3 Design

The experiment used a 6 (Bill Size: $15, $95, $175, $255, $335, $415) x 5 (Service Quality: Terrible, Poor, Average, Good, Excellent) between-subjects experimental design. Subjects were randomly assigned to one of the 30 experimental conditions. As mentioned above, variations of this design were tested in three pilot studies in order to further refine the instrument for appropriate spacing of the bill size and service quality manipulations.

3.4.1.4 Procedures

Subjects were first instructed that they would be reading about a restaurant scenario and to pay close attention to the scenario that they were given as they would be filling out a receipt and asked a series of questions about the scenario. Subjects were then told that they were to “Assume you have decided to casually dine out with two friends at a local restaurant for dinner,” and that “You are planning on paying for the entire bill for the table yourself.” Below this description they were shown the picture presented in Figure 3.7 below.

Figure 3.7 Picture of Restaurant
Subjects were the told that while dining at the restaurant they noticed a few things about the service, which led them into the service quality manipulation. In the service quality manipulation, subjects were given descriptions of how the server did on various service quality tasks related to the SERVQUAL scale. Each subject was told that their server did excellent, good, average, poor, or terrible on all of the different tasks. After having read through the service quality manipulation the subjects were told that “As expected, the server gives you the bill for you table at the end of the meal.” Subjects were then asked to “Please review the bill for accuracy and fill in the tip and total amount.” On the next slide they were shown their bill for the meal with the bill size manipulation built into the slide demonstrated by the two examples of receipts shown in Figure 3.8 below.

![Figure 3.8 Examples of Bill Size Manipulation](image)

Subjects would then fill out their tip and total amounts and proceed to the next slide where they were informed that they would be answering questions on the scenario in which they
just read. Subjects were then asked a series of questions related to decision rules, motives, manipulation checks, additional measures, and demographics in that order.

Subjects across both samples saw the same instructions, manipulations, and questions. The only differences amongst both samples were the survey software and where the subjects took the study. The student subjects were administered the study in a lab setting using the E-Prime software package, and the mTurk sample took the study online using the Qualtrics online survey platform.

3.4.1.5 Manipulations

Bill size was manipulated on the receipt that was presented to the subjects. Examples of the bill size manipulation were shown in Figure 3.7 above in the receipt manipulations. Bill size was manipulated across six levels ranging from $15 to $415 for the table of three consumers dining at the restaurant in the manipulation ($15, $95, $175, $255, $335, $415). Within the manipulation the receipt was itemized, but the cost of the meals was held equivalent for each consumer. Respondents were also presented with a pre-tax total, the calculated sales tax, and a sub-total that was the sum of the pre-tax total and sales tax. Tax was held at 7.5% across all manipulations.

Service quality was manipulated using five statements, each corresponding to a specific dimension of the RATER (reliability, assurance, tangibles, empathy, responsiveness) dimensions of the SERVQUAL scale (Parasuraman, Zeithaml, & Berry 1988). Each of these statements would describe two actions performed by the server that were related to a dimension of RATER. Within each of these sentences the description was adjusted to include one of the following words that correspond to the level of service quality manipulated: excellent, good, average, poor, terrible. The subject would see the same level of service quality across all five dimensions of
SERVQUAL. The structure and wording used in the service quality manipulations is presented in Table 3.1 below.

### Table 3.1 – Service Quality Manipulation

<table>
<thead>
<tr>
<th>Dimension of SERVQUAL</th>
<th>Manipulation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reliability</td>
<td>The server did a(n) ________ job providing the service as promised and a(n) ________ job in handling any problems that came up.</td>
</tr>
<tr>
<td>Assurance</td>
<td>The server did a(n) ________ job instilling confidence in the selection of our meals and a(n) ________ job in answering any questions that we had about the menu or food.</td>
</tr>
<tr>
<td>Tangibles</td>
<td>The quality of the food our party received was ________ and the presentation of the employees and atmosphere of the restaurant was ________.</td>
</tr>
<tr>
<td>Empathy</td>
<td>The server did a(n) ________ job giving each of us individual attention and a(n) ________ job treating each of us in a caring fashion.</td>
</tr>
<tr>
<td>Responsiveness</td>
<td>The server did a(n) ________ job getting our food out in a timely manner and a(n) ________ job promptly responding to any of our requests.</td>
</tr>
</tbody>
</table>

#### 3.4.1.6 Measures

An adapted price magnitude scale serves as the manipulation check for the bill size manipulation (Bhowmick 2010). The price magnitude scale was administered as a four item (small-large, low-high, little-big, tiny-huge), 9-point semantic differential scale. An adapted twenty-item SERVQUAL scale was used as the manipulation check for service quality (Parasuraman, Zeithaml, & Berry 1988; Parasuraman, Berry, & Zeithaml 1991). Each of the constructs within the RATER structure (Reliability, Assurance, Tangibles, Empathy, and Responsiveness) was represented with four items. The scale was administered as a 9-point Likert scale. Tip amount was collected as the result of the receipt task. Subjects would type in their tip amount, which was collected as a dollar amount once the subject finished the task.
A four-item social norm motive scale which was adapted from Becker, Bradley, & Zantow’s (2012) research was used to measure how likely a subject was to be employing the social norms motive. This scale was derived from the measures from Becker, Bradley, & Zantow (2012) and enhanced with items generated from the qualitative analysis in Essay Two. Similarly, a four-item equity motive scale was also derived from Becker, Bradley, & Zantow (2012) and enhanced from items generated from Essay Two. Additionally, a single-item self-selection measure of which motive was most relevant to how subjects tipped in the study was recorded. This measure had seven allowable responses, one for each of the six motives discussed in Essay One and a seventh allowable response for “other.” Due to the uneven sampling of the motives measure, the motive categories used in the analysis were based off of the selection variable, with those selecting equity (n=926) put into one group and all others categorized into a non-equity motives group (n=429) which is primarily composed of people utilizing a social norms motive.

3.4.2 Results

In this section the results of the analysis of the study are presented for both the preliminary checks of the measures, manipulations, and outliers as well as for the main study testing the hypotheses generated in this essay.

3.4.2.1 Preliminary Checks

In this section the results of the preliminary checks are reported. The preliminary checks encompass the analysis of the reliability of the measures incorporated in the model, the manipulation and confound checks for the survey tool, and an analysis of outliers in the data.

3.4.2.1.1 Reliability. In the study, all scales were operationalized as four-item 9-point scales. Bill magnitude, the bill size manipulation check, was shown to be a reliable scale with a
Cronbach’s Alpha of 0.988. The SERVQUAL scale included a four-item scale for each of its five dimensions. All of the dimensions of SERVQUAL were shown to be reliable scales. Cronbach’s Alphas are reported as being 0.979, 0.933, 0.936, 0.976, and 0.985 for reliability, assurance, tangibles, empathy, and responsiveness respectively. Additionally, the summated twenty-item SERVQUAL scale was also shown to be reliable with a Cronbach’s Alpha of 0.985. Lastly, the motives measures were also demonstrated to be reliable with the social norms scale providing a Cronbach’s Alpha of 0.884 and the equity scale providing a Cronbach’s Alpha of 0.949. None of the scales were adjusted based on the results of the reliability analysis. A summary of the results is presented in Table 3.2 below.

### Table 3.2 - Reliability Analysis

<table>
<thead>
<tr>
<th>Scale</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bill Magnitude (4-Item)</td>
<td>0.988</td>
</tr>
<tr>
<td>SERVQUAL: Reliability (4-Item)</td>
<td>0.979</td>
</tr>
<tr>
<td>SERVQUAL: Assurance (4-Item)</td>
<td>0.933</td>
</tr>
<tr>
<td>SERVQUAL: Tangibles (4-Item)</td>
<td>0.936</td>
</tr>
<tr>
<td>SERVQUAL: Empathy (4-Item)</td>
<td>0.976</td>
</tr>
<tr>
<td>SERVQUAL: Responsiveness (4-Item)</td>
<td>0.982</td>
</tr>
<tr>
<td>SERVQUAL Summated (20-Item)</td>
<td>0.985</td>
</tr>
<tr>
<td>Motives: Social Norm</td>
<td>0.884</td>
</tr>
<tr>
<td>Motives: Equity</td>
<td>0.949</td>
</tr>
</tbody>
</table>

3.4.2.1.2 Manipulation and Confound Checks. The manipulation and confound checks, shown in Table 3.3 on the following page, were conducted using a MANOVA analysis method. A 6 (Bill Size) x 5 (Service Quality) between-subjects experimental design was run on the manipulation check variables of bill magnitude, service quality, and the equity motive scaled manipulation checks. Sample for the analysis included all 1355 subjects.
As expected the bill size manipulation provided a very strong and significant positive main effect on tip amount ($F_{5,1295} = 470.993$, $p < .000$, $\eta^2 = .645$), and demonstrated no main effects on service quality. The bill size manipulation did, however, produce a small main effect on the motives measure ($F_{5,1295} = 3.542$, $p < .050$, $\eta^2 = .009$). As expected, the service quality manipulation provided a very strong and significant positive main effect on tip amount ($F_{4,1295} = 466.532$, $p < .000$, $\eta^2 = .590$), and demonstrated no effect on bill magnitude. The service quality manipulation did, however, produce a small main effect on the motives measure ($F_{4,1295} = 3.542$, $p < .010$, $\eta^2 = .011$). The motives category also produced a very strong and significant positive main effect on tip amount ($F_{1,1295} = 439.869$, $p < .000$, $\eta^2 = .645$), and no main effect on bill size. The motives manipulation did, however, produce a small main effect on the service quality manipulation ($F_{1,1295} = 21.700$, $p < .000$, $\eta^2 = .016$). There are two small two-way interactions between the bill size manipulation and motives category on bill magnitude ($F_{5,1295} = 2.626$, $p < .050$, $\eta^2 = .010$), as well as a small two-way interaction of the service quality manipulation and
motives category on service quality ($F_{4, 1295} = 4.717, p < .010, \eta^2 = .014$). Overall the effects the predicted main effects are much stronger than those of any unpredicted effects. Thus, the analysis of the study will proceed as intended with a discussion of the impacts of these unintended effects being addressed in the discussion section of the results.

3.4.2.1.3 Outlier Analysis. The outlier analysis was conducted using the outlier labeling rule (Tukey 1977; Hoaglin, Iglewicz; & Tukey 1986; Hoaglin & Iglewicz 1987). This analysis involved taking the dependent variable, tip amount, and calculating the values for the 25th and 75th percentiles on the dependent variable within each of the thirty bill size x service quality manipulation conditions. The bound for the lower limit was calculated as Lower Bound = $Q_{25} - (G*(Q_{75}-Q_{25}))$. The bound for the upper limit was calculated as Upper Bound = $Q_{75} + (G*(Q_{75}-Q_{25}))$. The $G$ multiplier in this model was set at 2.2 as per the recommendation of Hoaglin, Iglewicz; & Tukey (1986) as being a very conservative multiplier for the outlier-labeling rule based on their simulations. Based on this analysis, eighteen subjects were determined to be outliers and thus removed from further analysis in the study.

3.4.2.2 Study

In this section the results of the tests of hypotheses are reported. All hypotheses with the exception of Hypothesis 1a were tested using ANOVA. Hypothesis 1a was tested using a polynomial regression technique. The section is organized by the method of analysis and by the number of the hypothesis.

3.4.2.2.1 ANOVA. The ANOVA analyzed was 6 (Bill Size) x 5 (Service Quality) x 2 (Motives: Equity or Other) between subjects design on tip amount with 1335 subjects. Cell sizes for the bill size conditions were n=223, 227, 234, 213, 227, and 213 respectively. Cell sizes for the service quality conditions were n=269, 271, 262, 285, and 250 ranging from terrible
to excellent respectively. The motives, equity or other, categorical measures cell sizes are reported as n=421 for other motives and n=916 for equity. A summary of the between-subjects effects of the ANOVA is presented in Table 3.4 below.

Table 3.4 - Main Study – Hypothesis 1-4 ANOVA Between-Subjects Effects

<table>
<thead>
<tr>
<th>Sources</th>
<th>Df</th>
<th>F</th>
<th>p-value</th>
<th>η²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main Effects</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bill Size</td>
<td>5</td>
<td>324.068</td>
<td>0.000</td>
<td>0.559</td>
</tr>
<tr>
<td>Service Quality</td>
<td>4</td>
<td>116.690</td>
<td>0.000</td>
<td>0.273</td>
</tr>
<tr>
<td>Motives</td>
<td>1</td>
<td>20.951</td>
<td>0.000</td>
<td>0.016</td>
</tr>
<tr>
<td>Two-Way Interactions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bill Size x Service Quality</td>
<td>20</td>
<td>9.506</td>
<td>0.000</td>
<td>0.130</td>
</tr>
<tr>
<td>Bill Size x Motives</td>
<td>5</td>
<td>2.407</td>
<td>0.035</td>
<td>0.009</td>
</tr>
<tr>
<td>Service Quality x Motives</td>
<td>4</td>
<td>11.374</td>
<td>0.000</td>
<td>0.034</td>
</tr>
<tr>
<td>Three-Way Interactions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bill Size x Service Quality x Motives</td>
<td>20</td>
<td>2.119</td>
<td>0.003</td>
<td>0.032</td>
</tr>
</tbody>
</table>

Note: All tests reported are two-tailed. Computed using alpha = .05

Bill size provided a strong and significant positive main effect on tip amount ($F_{5, 1275} = 324.068, p < .000, \eta^2 = .559$) providing support for Hypothesis 1. Service quality also provided a strong and significant positive main effect on tip amount ($F_{4, 1275} = 116.690, p < .000, \eta^2 = .273$) providing support for Hypothesis 2. Evidence in support of Hypothesis 2a was also found in the contrast effects which demonstrated no significant differences between poor and terrible service quality at both the $15 (F_{1, 97} = 1.016, p < .316)$ and $415 (F_{1, 79} = 1.569, p < .214)$ bill size levels. Additionally, between the good and excellent service quality levels there was a weak effect at the $15 bill size level ($F_{1, 82} = 4.462, p < .038$) and no effect at the $415 bill size level ($F_{1, 89} = 0.174, p < .677$).

The interaction between bill size and service quality on tip amount ($F_{20, 1275} = 9.506, p < .000, \eta^2 = .130$) was significant as predicted in Hypothesis 3. The magnitude of the difference
between the high (M=$4.27) and low (M=$1.73) levels of service quality at the lowest bill sizes were not as strong in comparison to the difference between high (M=$68.49) and low (M=$23.05) levels of service quality at the highest bill sizes which produced a fanning effect providing support for Hypothesis 3a. The full effect is shown in Figure 3.9 below.

Figure 3.9 - Hypothesis 3a: Actual – Bill Size x Service Quality

Motives also had a strong and significant main effect on tip amount ($F_{1,1275} = 20.951, p < .000, \eta^2 = .016$). Across all conditions tip amount was higher when the operant motive was not equity (M=$29.37) than when it was equity (M=$26.03) providing support for Hypothesis 4. The three-way interaction between bill size, service quality, and motives was also shown to be significant ($F_{20,1275} = 2.119, p < .010, \eta^2 = .032$). Service quality was shown to have a higher impact when equity (Excellent Service Quality M=$40.72; Terrible Service Quality M=$9.98) was the operant motive than when other motives (Excellent Service Quality M=$35.41; Terrible Service Quality M=$17.94) were operant ($F_{1,116} = 13.603, p < .000, \eta^2 = .078$). Additionally, the fanning effect of bill size and service quality predicted and supported from Hypothesis 3a
was more prevalent in the equity motive \( (F_{20, 1275} = 13.987, p < .000, \eta^2 = .240) \) than it was in the other motives condition \( (F_{20, 1275} = 2.625 p < .000, \eta^2 = .118) \). These results lend support to directional prediction of hypotheses 5a and 5b. The bill size x service quality interaction within the equity motives category was significant, thus hypothesis 5a is supported. The bill size x service quality interaction within the other motives category, however, was also significant. Therefore, hypothesis 5b is not supported. A summary of the results of this analysis are presented in Table 3.5 below.

Table 3.5 - Main Study – Hypothesis 5a & 5b ANOVA Between-Subjects Effects

<table>
<thead>
<tr>
<th>Sources</th>
<th>Df</th>
<th>F</th>
<th>p-value</th>
<th>( \eta^2 )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within Equity Motives</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bill Size</td>
<td>5</td>
<td>236.316</td>
<td>0.000</td>
<td>0.571</td>
</tr>
<tr>
<td>Service Quality</td>
<td>4</td>
<td>194.258</td>
<td>0.000</td>
<td>0.467</td>
</tr>
<tr>
<td>Bill Size x Service Quality</td>
<td>20</td>
<td>13.987</td>
<td>0.000</td>
<td>0.240</td>
</tr>
<tr>
<td>Within Other Motives</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bill Size</td>
<td>5</td>
<td>117.346</td>
<td>0.000</td>
<td>0.600</td>
</tr>
<tr>
<td>Service Quality</td>
<td>4</td>
<td>17.360</td>
<td>0.000</td>
<td>0.151</td>
</tr>
<tr>
<td>Bill Size x Service Quality</td>
<td>20</td>
<td>2.625</td>
<td>0.000</td>
<td>0.118</td>
</tr>
</tbody>
</table>

Note: All tests reported are two-tailed. Computed using alpha = .05

An analysis of the results of the ANOVA reveals that all hypotheses testable with the method of analysis have shown to be supported with the exception of Hypothesis 5a, which was in the correct direction but not supported. These effects are demonstrated visually in Figure 3.10 for the equity motive category and Figure 3.11 for the non-equity motives category below.
3.4.2.2.2 Polynomial Regression. The test of Hypothesis 1a was conducted using a polynomial regression technique to determine if the relationship between bill size and tip amount has a cubic curvilinear function (Montgomery, Peck, & Vining 2012). The equation used for this regression technique is \( Y_{SQx} = \beta_0 + \beta_1 X + \beta_2 X^2 + \beta_3 X^3 + E_1 \). The model was tested using a forced order hierarchical regression technique whereby only the linear function, \( \beta_1 X \), was entered into the model, followed by the quadratic function, \( \beta_2 X^2 \), and finally the cubic, \( \beta_3 X^3 \), function. The \( R^2 \) change of each additional model was assessed for significance to determine whether the function was linear, quadratic, or as predicted cubic.

The result of the polynomial regression of bill size on tip amount yielded no evidence of a cubic curvilinear function (\( F_{1, 1351} \) Change = .224, \( R^2 \) Change = .000, \( p = .636 \)). The equation for the linear function was supported (\( F_{1, 1351} \) Change = .858.683, \( R^2 \) Change = .388, \( p = .000 \)). Additional analysis was conducted examining the polynomial regression of bill size on tip amount within levels of service quality. These analyses also produced no evidence for a cubic function, and instead supported the linear function as in the overall model. The results of these additional analyses are presented below in Table 3.6. Thus, Hypothesis 1a is not supported. A summary of the results of the polynomial regression analysis are presented in Table 3.6 and visually presented in Figure 3.12 on the following page.
Table 3.6 – Polynomial Regression of Bill Size on Tip Amount Within Levels of Service Quality

<table>
<thead>
<tr>
<th>Sources</th>
<th>R²</th>
<th>R² Change</th>
<th>F Change</th>
<th>p-value of F Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within Service Quality: Terrible</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Linear Model</td>
<td>.225</td>
<td>.225</td>
<td>77.721</td>
<td>.000</td>
</tr>
<tr>
<td>Quadratic Model</td>
<td>.226</td>
<td>.001</td>
<td>.242</td>
<td>.623</td>
</tr>
<tr>
<td>Cubic Model</td>
<td>.226</td>
<td>.000</td>
<td>.027</td>
<td>.870</td>
</tr>
<tr>
<td>Within Service Quality: Poor</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Linear Model</td>
<td>.322</td>
<td>.322</td>
<td>127.750</td>
<td>.000</td>
</tr>
<tr>
<td>Quadratic Model</td>
<td>.323</td>
<td>.001</td>
<td>.359</td>
<td>.549</td>
</tr>
<tr>
<td>Cubic Model</td>
<td>.324</td>
<td>.001</td>
<td>.248</td>
<td>.619</td>
</tr>
<tr>
<td>Within Service Quality: Average</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Linear Model</td>
<td>.634</td>
<td>.634</td>
<td>449.818</td>
<td>.000</td>
</tr>
<tr>
<td>Quadratic Model</td>
<td>.634</td>
<td>.000</td>
<td>.009</td>
<td>.926</td>
</tr>
<tr>
<td>Cubic Model</td>
<td>.634</td>
<td>.000</td>
<td>.004</td>
<td>.953</td>
</tr>
<tr>
<td>Within Service Quality: Good</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Linear Model</td>
<td>.721</td>
<td>.721</td>
<td>730.638</td>
<td>.000</td>
</tr>
<tr>
<td>Quadratic Model</td>
<td>.721</td>
<td>.000</td>
<td>.081</td>
<td>.776</td>
</tr>
<tr>
<td>Cubic Model</td>
<td>.722</td>
<td>.002</td>
<td>1.596</td>
<td>.207</td>
</tr>
<tr>
<td>Within Service Quality: Excellent</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Linear Model</td>
<td>.699</td>
<td>.699</td>
<td>574.570</td>
<td>.000</td>
</tr>
<tr>
<td>Quadratic Model</td>
<td>.703</td>
<td>.005</td>
<td>3.782</td>
<td>.053</td>
</tr>
<tr>
<td>Cubic Model</td>
<td>.705</td>
<td>.002</td>
<td>1.748</td>
<td>.187</td>
</tr>
</tbody>
</table>

Note: All tests reported are two-tailed. Computed using alpha = .05

Figure 3.12 - Hypothesis 1a: Actual
The result of the polynomial regression of service quality on tip amount, presented in Table 3.7 below, yielded evidence of a cubic curvilinear function ($F_{1,1333}$ Change = 9.300, $R^2$ Change = .006, $p < .010$).

Table 3.7 – Polynomial Regression of Service Quality on Tip Amount Within Levels of Bill Size

<table>
<thead>
<tr>
<th>Sources</th>
<th>$R^2$</th>
<th>$R^2$ Change</th>
<th>$F$ Change</th>
<th>p-value of $F$ Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Within Bill Size: $15</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Linear Model</td>
<td>.374</td>
<td>.374</td>
<td>131.772</td>
<td>.000</td>
</tr>
<tr>
<td>Quadratic Model</td>
<td>.387</td>
<td>.013</td>
<td>4.781</td>
<td>.030</td>
</tr>
<tr>
<td>Cubic Model</td>
<td>.413</td>
<td>.027</td>
<td>9.913</td>
<td>.002</td>
</tr>
<tr>
<td><strong>Within Bill Size: $95</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Linear Model</td>
<td>.432</td>
<td>.432</td>
<td>171.021</td>
<td>.000</td>
</tr>
<tr>
<td>Quadratic Model</td>
<td>.433</td>
<td>.002</td>
<td>.604</td>
<td>.438</td>
</tr>
<tr>
<td>Cubic Model</td>
<td>.449</td>
<td>.015</td>
<td>6.244</td>
<td>.013</td>
</tr>
<tr>
<td><strong>Within Bill Size: $175</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Linear Model</td>
<td>.472</td>
<td>.472</td>
<td>207.653</td>
<td>.000</td>
</tr>
<tr>
<td>Quadratic Model</td>
<td>.483</td>
<td>.011</td>
<td>4.864</td>
<td>.028</td>
</tr>
<tr>
<td>Cubic Model</td>
<td>.488</td>
<td>.005</td>
<td>2.318</td>
<td>.129</td>
</tr>
<tr>
<td><strong>Within Bill Size: $255$</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Linear Model</td>
<td>.486</td>
<td>.486</td>
<td>199.462</td>
<td>.000</td>
</tr>
<tr>
<td>Quadratic Model</td>
<td>.488</td>
<td>.002</td>
<td>.821</td>
<td>.366</td>
</tr>
<tr>
<td>Cubic Model</td>
<td>.504</td>
<td>.016</td>
<td>6.857</td>
<td>.009</td>
</tr>
<tr>
<td><strong>Within Bill Size: $335$</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Linear Model</td>
<td>.422</td>
<td>.422</td>
<td>164.588</td>
<td>.000</td>
</tr>
<tr>
<td>Quadratic Model</td>
<td>.428</td>
<td>.006</td>
<td>2.358</td>
<td>.126</td>
</tr>
<tr>
<td>Cubic Model</td>
<td>.429</td>
<td>.001</td>
<td>.275</td>
<td>.601</td>
</tr>
<tr>
<td><strong>Within Bill Size: $415$</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Linear Model</td>
<td>.352</td>
<td>.352</td>
<td>114.751</td>
<td>.000</td>
</tr>
<tr>
<td>Quadratic Model</td>
<td>.369</td>
<td>.017</td>
<td>5.649</td>
<td>.018</td>
</tr>
<tr>
<td>Cubic Model</td>
<td>.396</td>
<td>.026</td>
<td>9.137</td>
<td>.003</td>
</tr>
</tbody>
</table>

Note: All tests reported are two-tailed. Computed using alpha = .05
Additional analysis was conducted examining the polynomial regression of service quality on tip amount within levels of bill size. These analyses also produced evidence for a cubic function across all but the $175 bill size condition, where the function appears to be quadratic ($F_{1, 1351}$ Change = 2.318, $R^2$ Change = .005, $p = .129$), and the $335 condition where the function appears to be linear ($F_{1, 1351}$ Change = .275, $R^2$ Change = .001, $p = .601$). The results of these additional analyses are presented below in Table 3.5. Thus, Hypothesis 2a is partially supported. The results of this analysis are presented visually in Figure 3.13 below.

![Figure 3.13 - Hypothesis 2a: Actual](image)

### 3.4.3 Discussion

The results of the study indicate a number of important findings and significant contributions. The study is the first to demonstrate an interaction on the relationship between bill size and service quality, and naturally also the first to correctly specify that interaction using theory. As mentioned earlier, it is also the first to test the empirical effects of motives on tip amount, thus also making it the first to demonstrate any main or interactive effects of motives on tip amount. The predicted three-way interaction was also significant and provides evidence that motives is indeed an important construct to the phenomenon of restaurant tipping.

Hypothesis 1a, the prediction of a cubic function of the effect of bill size on tip amount, was found to be non-significant. This was examined within the entire sample as well as within
all service quality conditions. No indications of a curvilinear relationship were present. There is still cause to believe that this may just be a function of the sample or the measurement instrument. Pilot studies indicated early evidence in support of this prediction, which could be an indicator that there could be other extenuating circumstances causing the null effect. One potential explanation for this would be that the experiment was not generalizable enough for the consumer to experience the full range of loss and gain based on how much they tipped. Namely, the hypothetical scenario did not fully encapsulate all of the elements of the dining experience ranging from service quality to the experience of actually giving up money in the process.

Though the cubic function was not supported in the relationship between bill size and tip amount, it was supported in the relationship between service quality and tip amount. Hypothesis 2a, was supported indicating evidence that the function of the relationship between service quality and tip amount is cubic. Indicating evidence that in certain instances consumers may not evaluate service quality along a scale but instead in a binary, good or bad, fashion.

Though all but one hypothesis was supported in this analysis it was not without it’s share of issues. The first issue in the study was that the manipulation checks and confound checks did not work perfectly. Though the intended effects were significantly larger than any other effect in the model, there were still interactive effects between bill size and motives as well as service quality and motives that were unintended. These effects were very small in comparison and could be the result of a very large sample increasing the power of the effects so that they would indicate significance. It was decided that for the purpose of the analysis that these effects did not warrant a significant amount of consideration, and the analysis proceeded as planned. That being said, there is still cause for further refinement of the model in future analyses as service quality and bill size could potentially the consumer select priming the motive the consumer uses in a
restaurant tipping scenario. Overall, however, the study still provided many interesting new contributions to research on the phenomenon of restaurant tipping.

3.5 GENERAL DISCUSSION

This dissertation has provided a number of important findings and furthered the knowledge on the phenomenon of tipping significantly. In this section, findings for the dissertation will be discussed addressing their importance within both the theoretical and substantive domains. A summary of findings will be provided as well as a discussion of the limitations of the studies in the dissertation with recommendations for future research provided.

3.5.1 Summary of Findings

This dissertation provides a number of interesting findings across the qualitative analysis in Essay Two and the empirical analysis in Essay Three. Essay Two provides a number of interesting findings. First off, the study finds that the dimensions of service quality most impactful to consumers' tips are reliability, responsiveness, and empathy. Essay Two also provides evidence that assurance and tangibles are not as impactful amongst most informants in determining the amount they should tip.

With regards to motives, Essay Two finds that consumers would employ many different motives in the process of restaurant tipping, but that the most impactful motives were social norms and equity. With regards to the social norm motive, Essay Two finds that there are two types of social norms commonly employed by consumers in the process of restaurant tipping: interpersonal and intrapersonal. Additionally, equity is a very commonly employed motive in the process of tipping. Essay Two also finds that consumers have a strong motivation and tendency to tip an amount that is easy for them to calculate. To do this, consumers will often adjust their tips so that little cognitive effort is expended in the process of tipping. This process often causes
a difference in their initial intended amount and their actual tip amount, suggesting that restaurant patrons’ intentions don’t often mirror their actions.

With regard to decision rules, Essay Two finds that there is often a difference in what a consumer intends to tip versus what they actually tip. This difference is often the result of various motives and decisions rules being employed in the process of tipping, which shifts and changes the information that is used throughout the process. This difference is also heavily related to the specific amount presented on the bill, e.g. the amount of cents in the subtotal may cause a trend towards rounding their tip amount. Additionally, Essay Two finds that tip percentage is the most commonly used decisions rule amongst consumers for tipping. Consumers will use an intended tip percentage to anchor their tipping process off of. These percentages are the results of the intrapersonal and interpersonal social norms mentioned above. Flat amount is also a decision rule employed by consumers when tipping. Consumers will use a flat dollar amount, e.g. $5, rather than a percent as their intended tip amount. Continuing on with the findings on decision rules, Essay Two also finds that consumers commonly make adjustments to their tips by rounding both their tips and total amounts; though rounding the tip amount is more common.

Essay Three also provides a number of interesting findings on the phenomenon of restaurant tipping. First, Essay Three finds that bill size has a positive effect on tip amount, suggesting that as bill size goes up so too does the tip amount. Though predicted to be cubic, this effect was shown to be linear indicating no evidence that there is a floor or ceiling of acceptable tip amounts. Additionally, Essay Three finds a positive effect of service quality on tip amount, which exhibits a cubic function. This finding provides evidence that consumers may perceive service quality as three categories rather than on a continuum. The study also finds that
consumers in non-equity motives generally tip higher, than those employing equity motives. This supports the notion that there is more variance, specifically negative variance, that occurs when service quality expectations are not met.

Essay Three provides evidence that the effect of bill size on tip amount is moderated by service quality, such that when the bill size is high, service quality has a greater impact on tip amount than when the bill size is low. This suggests that the effects of bill size and service quality on tip amount are multiplicative in nature. The effects of bill size and service quality on tip amount is moderated by motives such that under non-equity motives, service quality has a smaller effect on the relationship between bill size and tip amount. The study finds that the bill size x service quality interaction effect was twice as small in the non-equity motives category than the equity motives category. A final, unintended finding of Essay Three was that motives are non-independent with bill size and service quality variations.

3.5.2 Implications

This research furthers the body of knowledge of the phenomenon of tipping by providing an example of a testable model and tools that can be used as a new groundwork for further understanding the complex nature of the phenomenon. There are various implications for this research stretching to both the theoretical and managerial domains.

3.5.2.1 Theoretical

There are a number of theoretical implications resulting from the findings within this dissertation. Essay One provides a rich conceptual framework of all of the existing knowledge of tipping literature and provided a theory around how that knowledge could be organized. This conceptual framework was generated by the first literature review incorporating all the existing literature to date on the phenomenon of tipping. It also provides the first theoretical framework
for testing not just main effects but also interactions across various variables important to the phenomenon of tipping. Lastly, the propositions generated from Essay One provide important theoretical foundations for the development of future propositions and testable hypotheses on the phenomenon of tipping.

Essay Two also provides rich and thick descriptions of how and why elements of bill size and service quality impact a consumer’s tip amount. One of the findings of the analysis of these variables was that only three of the five dimensions of RATER were commonly identified as being important to their determination of a tip amount. Reliability, responsiveness, and empathy appear to have a greater impact than assurance or tangibles. Thus, if only three elements of RATER are truly impactful towards consumers’ tip amounts, perhaps utilizing the entire SERVQUAL measure for restaurant tipping is unnecessary. Additionally, this finding warrants further exploration into the impacts that each dimension of service quality has on consumers’ perception of overall service quality. This finding also suggests that consumers weight the dimensions differently.

Essay Two provides a significant amount of theoretical understanding of what motives individuals employ in the process of restaurant tipping. The essay finds that social norms and equity are the two most impactful norms to a consumer’s process of restaurant tipping though other norms were also present to a lesser degree. Essay Two finds that there are two types of social norms employed by consumers in the process of restaurant tipping: interpersonal and intrapersonal. This finding indicates that individuals have their own personal bounds of acceptable tip amounts as well as broad generally acceptable tip amounts. It suggests that indeed though 0-25% is a relatively normative range for the population, there are individual variances within that range such as some individuals may view 10-15% as what is comfortable for them to
tip whereas others may be more likely to tip between 18-20%. Theoretically it suggests that the idea behind social norms is more complex than initially theorized within the literature and suggests that a more robust understanding of the phenomenon is still needed. Additionally, the essay finds that equity is a very commonly employed motive in the process of restaurant tipping. Consumers will often base their decisions on what to tip based upon what the server provides them, i.e. their service quality. Equity has been suggested to be an important part of a consumer’s tipping process, but there has been little research to suggest that it indeed does play an important role. Through providing evidence into it’s importance in the process, it suggests that individuals can have a specific predisposition towards using elements of the service provided as the most important driver towards tip amounts. Additionally, Essay Two finds that consumers have a strong tendency towards tipping a value that is easy for them to calculate. Consumers will often adjust their tips so that little cognitive effort is expended in the process of tipping. This often causes a difference in their initial intended amount and their actual tip amount. Theoretically this suggests that despite initial intentions and ratings of various elements important to the determination of their tip amount, consumers will still make adjustment and concessions in order to ease the general process of tipping.

Prior to the study in Essay Two no research had been conducted on the notion of decision rules playing an important role in tipping behavior, to that end a priori themes were generated and further refined through the data analysis process. Essay Two finds that tip percentage is the most commonly used decision rule amongst consumers for restaurant tipping. Consumers will use an intended tip percentage to anchor their tipping process off of. These percentages are the results of the intrapersonal and interpersonal norms mentioned above. This implies that consumers’ initial intentions related to their tip are not in the same format in which that tip will
be input suggesting that there the consumer will undergo a process to transform that intended amount into an actual amount. In addition to the tip percentage rule, consumers will also use a flat amount rule whereby their initial intention is in the form of a dollar amount rather than a percentage. Utilizing this decision rule would likely mean there is less error in the translation of their intended amount into their actual amount. Lastly, consumers will make adjustments to their actual tip amounts in order to ease their cognitive effort by using rounding techniques to either round the tip amount or the total amount to a whole dollar amount. This dissertation theorizes that consumers will select an initial rule from the percentage and whole dollar amount rules and then make adjustments as needed using the rounding techniques. This theory warrants further research, but provides a good start to begin the theoretical development of decision rules used in restaurant tipping.

Essay Three provided the first test of much of the operational model proposed in Essay One. The study in Essay Three is the first to demonstrate an interaction between bill size and service quality on tip amount. It is also the first to incorporate the widely accepted SERVQUAL scale into the study of restaurant tipping and propose that it is a stronger measurement than past research has used (Parasurman, Zeithaml, & Berry 1988). Utilizing the SERVQUAL scale has important and far reaching impacts for the future of tipping research, suggesting the need to employ more robust and well theorized measures of service quality into studies of tipping, and not to settle for smaller single dimensional measures of the construct. Essay Three is also the first of its kind to demonstrate an empirical test of the impact of motives on a model of restaurant tipping.

Essay Three finds a positive effect on tip amount, though this effect was not cubic as predicted. This would suggest that tip amount is indeed a function of bill size and further
evidence the most important driver of tip amount. The effect, however, was not cubic as predicted instead it was linear. Though there is still reason to believe that the effect is cubic in the field, the experiment did not capture this hypothesized effect. If, however, the effect of bill size on tip amount is indeed linear, it would suggest that there is no floor or ceiling for perceived acceptable tip amounts. Additionally, Essay Three finds that service quality also has a positive main effect on tip amount and that this function is cubic. The cubic nature of the effect of service quality on tip amount suggests that individuals do not perceive service quality as an interval scale, but rather as categories. Theoretically, this has important and wide-reaching impacts about the knowledge of how consumers perceive service quality. The study, however, is limited by its context, and this effect should be explored across various other contexts as well.

The interaction between bill size and service quality suggests that their effect on tip amount is multiplicative in nature which advances theory on the understanding of both of these critical variables to the process of restaurant tipping.

The study in Essay Three provides evidence that motives indeed do have a quantifiable impact on a restaurant consumer’s tip amount as well as evidence of the three-way interaction between bill size, service quality, and motive on tip amount. This three-way interaction suggests that consumers who are utilizing an equity motive demonstrate the same multiplicative effect from the two-way interaction between bill size and service quality on tip amount. The consumers that were utilizing non-equity motives, however, provided a much interaction which dampened the multiplicative nature of the interaction between bill size and service quality on tip amount. Additionally, the main effect with the non-equity motive consumers of service quality on tip amount was three times weaker in comparison to those consumers with an equity motive. Theoretically, this would support that equity motive consumers do indeed anchor more off of
service quality than non-equity motive consumers. Though these findings are relatively new and limited, it does provide evidence that motives will indeed continue to play an important role in future development of the understanding of restaurant tipping.

Lastly, the unintended finding that motives are non-independent with bill size and service quality variations. If motives are indeed non-independent, it would suggest that motives are perhaps decided based upon the consumer’s bill size and service quality perceptions. Given that the effect was small, however, it also leaves room to be believed that consumers may have a natural tendency towards a specific motive that only may change in extreme circumstances involving bill size and service quality. Additionally, it suggests that motives may also be primed.

3.5.2.2 Managerial

Managerially there are a number of important considerations regarding this dissertation. The first managerial implication this research provides is that it is potentially more important for service providers and high dining value establishments to provide higher levels of service quality, as the impact on tips is greater at larger bill sizes. This also could translate to larger parties and lower priced establishments. Unfortunately, this also indicates that consumers are more discerning typically at these restaurants and thus their expectations of service quality may be different at different establishments as well.

The types of service quality related activities also have varying levels of impact on restaurant tipping. Essay Two finds that the dimensions of service quality most impactful to consumers’ tips are reliability, responsiveness, and empathy. Thus, with regards to restaurant tipping, consumers are most concerned generally with speed, accuracy and consistency, and the emotional connections the waiter or waitress can build with them. Essay Two also provided
evidence that assurance and tangibles are not as impactful amongst most informants in determining the amount they should tip. With regards to restaurant tipping, consumers seem less concerned with being told that their service will be good, especially compared to the act itself. Some consumers even find the engagement in this practice annoying. Additionally, the quality of the food in restaurant scenarios only appears to have an impact with a small number of consumers.

Decision rules are also an important function of the tipping process to many consumers and they use a number of contextual cues as well as indicators throughout the process of tipping to inform their decision to tip. There are a number of ways that restaurants could use contextual cues and stress importance of specific variables to indicate what a consumer should tip and perhaps even the motive and decision rule they employ in the process. For instance, some consumers decide to tip as a function of percent, others do not. Of the consumers that use a percent as their tipping decision rule, some may calculate that based off the post-tax value and others may not include the tax into their calculations. Additionally, some consumers may employee upwards and downwards rounding based on the amount of change on a bill, which can cause their intended tip percentage to vary wildly. Managerially, restaurant owners could control for the rounding behavior of consumers by potentially building tax into their prices and thus making the consumer more likely to tip their true intended amount, which would be a better indicator of service quality provided.

Lastly, this research suggests that reasons for tipping higher or lower amounts also reside outside of the control of restaurants in that some individuals have different intrapersonal ranges that they find acceptable to tip. Some customer’s may naturally tip at lower amounts and other may naturally tip at higher amounts and thus using tips, as a measure of employee performance
may not be the best method for evaluating and compensating employees. Extensions of this research could also likely provide evidence that a low wage supplemented with tips is often not a good compensation method as the compensation could inherently be random and uncontrollable on the part of the employee, thus making the employee less likely to be motivated to provide the highest levels of service quality consistently across all tables. These decisions could cause negative effects for both the restaurant and the employee in the form of lower levels of service quality, less employee morale, and potentially higher employee turnover as well.

3.5.3 Contributions

This dissertation provides many contributions to the field of research on restaurant tipping. Essay One provides a rich in-depth literature review of all of the knowledge on restaurant tipping to date, and also provides a theoretical framework of all the existing literature as well as a proposed operational model that can be used as the foundation for a new paradigm of research on tipping in the future. Essay One also examines the state of debates on conflicting findings within the body of knowledge on restaurant tipping, notably on tip amounts relationship with service quality. Essay One provides potential explanations and remedies for these conflicting findings. Additionally, Essay One is also the first to incorporate the idea of decision rules into the discussion of restaurant tipping and provided propositions for it’s incorporation into and testing of the proposed operational model.

Essay Two provides a significant amount of knowledge to the understanding of restaurant tipping using an innovative qualitative research technique. Essay Two answers the call by numerous researchers to conduct more qualitative research to better understand the phenomenon of tipping from the consumers’ perspective (McCarty et al. 1990; Lynn & Sturman 2010). The study in Essay Two is the first to examine the different decision rules utilized by consumers in
their determination of tip amount, as well as the first to discuss the holistic process employed by consumers when tipping. It is also the first to qualitatively examine the motives of consumers when tipping, and also examines which of Becker, Bradley, & Zantow’s (2012) early frameworks of motives have the greatest effect and revealed that social norms and equity are more frequently employed than other motives within tipping and provided more in depth understandings of each of these motives by uncovering how and why these motives are employed. Essay Two also provides a number of methodological contributions as well. Methodologically, Essay Two explores the phenomenon of restaurant tipping by honoring two very different traditions in qualitative research and aims to be a model for future research that can achieve richer and deeper results by combining these two previously separate traditions (Belk, Wallendorf, Sherry 1989; Brady & Cronin 2001; Kozinets 2001; Dhar & Simonson 2003; Arnould & Thompson 2005). This combined research methodology could also form the basis for a new paradigm of qualitative inquiry that combines the strengths of two traditionally separate traditions.

Essay Three provides the first test of much of the operational model proposed in Essay One. The study in Essay Three is the first to demonstrate an interaction between bill size and service quality on tip amount. It is also the first to incorporate the widely accepted SERVQUAL scale into the study of restaurant tipping and propose that it is a stronger measurement than past research has used (Parasurman, Zeithaml, & Berry 1988). Essay Three is also the first of its kind to demonstrate an empirical test of the impact of motives on a model of restaurant tipping. The study in Essay Three provides evidence that motives indeed do have a quantifiable impact on a restaurant consumer’s tip amount as well as evidence of the three-way interaction between bill size, service quality, and motive on tip amount. Methodologically, Essay Three provides an
instrument and methodology for testing restaurant tipping experimentally by manipulating bill size and service quality. It also provides a number of different measures of motives operationalized in restaurant tipping.

3.5.4 Limitations

Though the research contributed much to the growing body of knowledge on restaurant tipping, it was not without its limitations. The first and most notable limitation was that much of this research was confined to a single context of tipping, restaurants. Though I would argue that this is the most prevalent and potentially most important context of study for tipping, it is still important to examine the phenomenon across various contexts. This research, however, chose to focus on the most predominant form of tipping alone because of the emphasis placed on motives and decision rules which are likely to vary across contexts in their application and prevalence. The same comments can be made regarding cross-cultural research as this dissertation focused solely on a sample within the United States. Cross-cultural research on tipping is becoming a topic of considerable interest in the literature and this research should be extended into that domain as well eventually, but the scope was scaled down, as it was necessary to remain focused in building the foundations of the operational model (Kwortnik, Lynn, & Ross 2009).

Essay Two was limited by the nature of qualitative methodology that was used. Though Essay Two allowed the collection of rich and thick descriptions of the process of tipping involving the themes of bill size, service quality, motives, and decision rules, it was not without its limitations. The sample collected in Essay Two was purposively selected to represent a wide range of gender, age, and ethnic backgrounds, but much of the sample was collected within the Southeastern and Midwestern United States. There may be differing opinions on tipping behavior that resides in other areas of the country and internationally. The research was also
limited by the length of the interviews, each of which being under one hour. The research might warrant further exploration using follow up interviews to discuss topics further as a wide range of topics was covered in a short amount of time. Lastly, the research conducted in Essay Two, though not intended to be confirmatory, lacks empirical support for its process model given the nature of the data, and thus warrants future research both qualitative and quantitative to provide further support for the model.

Essay Three also was limited by the measures that were created for motives, which need further refinement. Additionally, the manipulations and operational model also warrant reconsideration and further testing to determine whether or not the role of each variable is as predicted, regardless of the positive results found in the study. Specifically, resulting from the potential confounds identified in the manipulations and confounds checks further testing is encouraged to indicate whether or not different levels of bill size and service quality could prime selection of motives, and also whether or not individuals enter a restaurant tipping scenario with a pre-determined motive. Additionally, the sample was collected across two different platforms amongst two different types of samples adults and students. The results of Essay Three, however, provide interesting findings and good indications that there are further interesting phenomena to study within even the operational model tested in the study. Additionally, the potentially binary nature of the service quality manipulation indicated in the hypothesis tests could also be causing problems in the model by not accurately representing the various levels of service quality performance in an equidistant manner. Finally, the lab setting also provided limitations as the generalizability of the experiment could have effects on the behavior of the consumers that was unintentional, namely that an individual wouldn’t experience the same loss of money in a hypothetical scenario than they would in an actual restaurant setting.
3.5.5 Future Research

Though this research provides significant contributions there is still much work to be done until researchers can fully understand and uncover all of the interesting phenomena involving restaurant tipping. Further research into the existing literature on social norms as it applies to tipping is encouraged. This will aid in furthering the theory of both social norms as well as the burgeoning area of research on motives used in various forms of tipping. Additional research and theoretical development is also encouraged on what the decision rules consumers’ use in restaurant tipping are, how they are used, and their role in the model.

Replications of the tests in Essay Three are encouraged and extensions involving the creation of better measurements and manipulations for bill size, service quality, and motives are also strongly recommended. Additionally, further study and development of good measures of decision rules are encouraged for the eventual inclusion into the model. Also resulting from the limitations of Essay Three are research questions involving the nature of perceptions of service quality on the part of the consumer. The potentially binary nature of perceptions of service quality is something interesting that warrants future research as this could directly impact tipping behavior as well as other elements of consumer restaurant experiences.

Another interesting area of research worth considering is the exploration of whether or not the various motives and decision rules can be primed using contextual cues when a consumer enters an establishment. This could provide further insights into the role that each of these constructs plays in the operational model as well. Also along this idea, it would be interesting to examine how different tipping situations and scenarios could impact other downstream behavioral consequences of the consumer such as re-patronage intentions, word of mouth intentions, and word of mouth valence.
Cross-cultural and research in different tipping context is also encouraged using the operational model developed in this dissertation. The dissertation focused on the context of restaurant tipping, but it will further the knowledge and understanding of the phenomenon to take the empirical and qualitative techniques developed in this dissertation and test for replication across various contextual differences. Additionally, further research is encouraged that is conducted in the field rather than in a lab setting as this would likely improve the generalizability of the findings.
REFERENCES


## APPENDIX

### I: PROPOSITIONAL INVENTORY

<table>
<thead>
<tr>
<th>Research Question</th>
<th>Proposition #</th>
<th>Proposition</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Research Topic 1</strong> - What are the effects of bill size and service quality on tip amount?</td>
<td>Proposition 1.1</td>
<td>The effect of bill size on tip amount is nonlinear.</td>
</tr>
<tr>
<td></td>
<td>Proposition 1.2</td>
<td>Service quality affects tip amount.</td>
</tr>
<tr>
<td></td>
<td>Proposition 1.3</td>
<td>The effect of bill size on tip amount is moderated by service quality.</td>
</tr>
<tr>
<td><strong>Research Topic 2</strong> - What decision rules do consumers use in determining tip amount?</td>
<td>Proposition 2.1</td>
<td>Consumers employ a variety of decision rules when determining tip amount.</td>
</tr>
<tr>
<td></td>
<td>Proposition 2.2</td>
<td>Tip percentage is the most common decision rule.</td>
</tr>
<tr>
<td><strong>Research Topic 3</strong> - What motives do consumers use in determining tip amount?</td>
<td>Proposition 3.1</td>
<td>Consumers employ a variety of motives when determining tip amount.</td>
</tr>
<tr>
<td></td>
<td>Proposition 3.2</td>
<td>Social norms and equity are the most common motives.</td>
</tr>
<tr>
<td><strong>Research Topic 4</strong> - What is the role of decision rules in the operational model?</td>
<td>Proposition 4.1</td>
<td>The effect of bill size on tip amount is mediated by tip percentage.</td>
</tr>
</tbody>
</table>
## Research Question

<table>
<thead>
<tr>
<th>Proposition #</th>
<th>Proposition</th>
</tr>
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<tbody>
<tr>
<td>Proposition 4.2</td>
<td>The effect of service quality on tip amount is mediated by tip percentage.</td>
</tr>
<tr>
<td>Proposition 5.1</td>
<td>The effects of bill size and service quality on tip amount is moderated by motives such that:</td>
</tr>
<tr>
<td>Proposition 5.1a</td>
<td>Under the social norms motive, service quality has no effect on the relationship between bill size and tip amount.</td>
</tr>
<tr>
<td>Proposition 5.1b</td>
<td>Under the equity motive, service quality affects the relationship between bill size and tip amount.</td>
</tr>
</tbody>
</table>
## II: INVENTORY OF THEORIES

<table>
<thead>
<tr>
<th>Theory</th>
<th>Definition</th>
<th>Citation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Norms</td>
<td>Individual’s will use rules determined by a group for appropriate and inappropriate values, beliefs, attitudes, and behavior. These rules may be explicit or implicit, and may or may not be dependent upon context.</td>
<td>Kahneman &amp; Miller 1986; Coleman 1994; Azar 2003; Parrett 2006; Azar 2007; Azar 2010</td>
</tr>
<tr>
<td>Equity</td>
<td>Individual’s dislike imbalances in their relationships either positively or negatively. Therefore they will put in an equivalent amount of effort as the other party to avoid this imbalance.</td>
<td>Adams 1965; Freeman et al 1975; Elman 1976; Huppertz, Arenson, &amp; Evans 1978; Jacob &amp; Page 1980; Lynn &amp; Graves 1996</td>
</tr>
<tr>
<td>Social Exchange</td>
<td>Social behavior is the result of an exchange process. The purpose of this exchange is to maximize benefits (relational elements with positive value) and minimize costs (relational elements with negative value).</td>
<td>Homans 1961; Cook &amp; Rice 2003; West &amp; Turner 2010; Connely, Certo, &amp; Ireland 2011</td>
</tr>
<tr>
<td>Altruism</td>
<td>A theory regarding a motivational state in which one individual experiences with the sole goal of increasing another’s welfare.</td>
<td>Margolis 1981; Rushton, Chrisjohn, &amp; Fekken 1981; Cesarini et al 2009; Darity 2008</td>
</tr>
<tr>
<td>Decision Making</td>
<td>Decisions are made after considering values, uncertainties, and other issues relevant to that specific decision, and its rationality.</td>
<td>Einhorn &amp; Hogarth 1981; Evans 1984; Petty &amp; Cacioppo 1986; Bettman, Johnson, &amp; Payne 1991</td>
</tr>
<tr>
<td>Cognitive Load</td>
<td>Individuals will behave differently depending on the amount of information and stimuli they processing during a decision making situation.</td>
<td>Chandler &amp; Sweller 1991; Paas, Renkel, &amp; Sweller 2004</td>
</tr>
<tr>
<td>Theory</td>
<td>Definition</td>
<td>Citation</td>
</tr>
<tr>
<td>---------------------------------------------</td>
<td>-----------------------------------------------------------------------------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>Cognitive-Experiential Self (Dual Process Theory)</td>
<td>People operate using two separate systems of information processing: analytical &amp; intuitive.</td>
<td>Epstein 1986; Paas, Renkel, &amp; Sweller 2004</td>
</tr>
<tr>
<td>Anchoring &amp; Adjustment</td>
<td>Individuals will rely too much on the first piece of information offered or brought to mind and then inefficiently adjust during the decision making process.</td>
<td>Tversky &amp; Kahneman 1974; Tversky &amp; Kahneman 1992</td>
</tr>
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</table>
### III: A PRIORI MOTIVES

<table>
<thead>
<tr>
<th>Construct</th>
<th>Definition</th>
<th>Citation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motives</td>
<td>The purpose or psychological causes of some action.</td>
<td>Allport 1937; Schacter 2011</td>
</tr>
<tr>
<td>Social Norm</td>
<td>The rules that a group uses for appropriate and inappropriate values, beliefs, attitudes, and behavior. These rules may be explicit or implicit, and may or may not be dependent upon context.</td>
<td>Kahneman &amp; Miller 1986; Coleman 1994; Azar 2003; Parrett 2006; Azar 2007; Azar 2010</td>
</tr>
<tr>
<td>Social Norm Motive</td>
<td>A tipping motive whereby the consumer’s tip amount is motivated by social norms.</td>
<td>Ben-Zion &amp; Karni 2007; Sisk &amp; Gallick 1985</td>
</tr>
<tr>
<td>Equity Motive</td>
<td>A tipping motive whereby the consumer’s tip amount is motivated by their judgments of service attributes.</td>
<td>Snyder 1976; Lynn &amp; Graves 1996</td>
</tr>
<tr>
<td>Social Exchange Motive</td>
<td>A tipping motive whereby the consumer’s tip amount is motivated by the desire to demonstrate social value to another.</td>
<td>Homans 1961; Becker, Bradley, &amp; Zantow 2012; Cook &amp; Rice 2003</td>
</tr>
<tr>
<td>Signaling Motive</td>
<td>A tipping motive whereby the consumer’s tip amount is motivated by the desire to control current or future service.</td>
<td>Lynn &amp; Grassman 1990; Connelly, Certo, &amp; Ireland 2011</td>
</tr>
<tr>
<td>Altruism Motive</td>
<td>A tipping motive whereby the consumer’s tip amount is motivated by the goal of increasing another’s welfare.</td>
<td>Margolis 1981; Rushton, Chrisjohn, &amp; Fekken 1981; Cesarini et al 2009; Darity 2008</td>
</tr>
<tr>
<td>Lessen Mental Processing Motive</td>
<td>A tipping motive whereby the consumer’s tip amount is motivated by the goal of simplifying the decision making process.</td>
<td>Paas, Renkel, &amp; Sweller 2004; Becker, Bradley, &amp; Zantow 2012</td>
</tr>
</tbody>
</table>
### IV: A PRIORI EQUITY THEMES

<table>
<thead>
<tr>
<th>Equity</th>
<th>Definition</th>
<th>Citation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equity</strong></td>
<td>Individual’s dislike imbalances in their relationships either positively or negatively. Therefore they will put in an equivalent amount of effort as the other party to avoid this imbalance.</td>
<td>Adams 1965; Freeman et al 1975; Elman 1976; Huppertz, Arenson, &amp; Evans 1978; Jacob &amp; Page 1980; Lynn &amp; Graves 1996</td>
</tr>
<tr>
<td><strong>Equity Motive</strong></td>
<td>A tipping motive whereby the consumer’s tip amount is motivated by their judgments of service attributes.</td>
<td>Elman 1976; Snyder 1976; Jacob &amp; Page 1980; Lynn &amp; Graves 1996; Stohmetz et al. 2002; Parrett 2006</td>
</tr>
<tr>
<td><strong>Reward &amp; Punish Service Motive</strong></td>
<td>An equity motive whereby a consumer will reward or punish service based upon the service quality perceived.</td>
<td>Becker, Bradley, &amp; Zantow 2012</td>
</tr>
<tr>
<td><strong>Buyer Monitoring</strong></td>
<td>Buyer monitoring specifically refers to any instance where the owner and the buyer are responsible for the evaluation of an employee.</td>
<td>Jacob &amp; Page 1980; Sisk &amp; Gallick 1985; Ogbonna &amp; Harris 2002; Kwortnik, Lynn, &amp; Ross 2009</td>
</tr>
</tbody>
</table>
### V: A PRIORI NORM THEMES

<table>
<thead>
<tr>
<th>Norm</th>
<th>Definition</th>
<th>Citation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Norm</td>
<td>Norms are perceptions, attitudes, and behaviors that are approved of by the group and expected of its members.</td>
<td>Baron, Kerr, and Miller 1992; Fisher &amp; Ackerman 1998</td>
</tr>
<tr>
<td>Social Norm</td>
<td>The rules that a group uses for appropriate and inappropriate values, beliefs, attitudes, and behavior. These rules may be explicit or implicit, and may or may not be dependent upon context.</td>
<td>Kahneman &amp; Miller 1986; Coleman 1994; Azar 2003; Parrett 2006; Azar 2007; Azar 2010</td>
</tr>
<tr>
<td>Instrumental Norm</td>
<td>Instrumental norms are norms used in guiding conduct within a normative institution.</td>
<td>Boella &amp; van der Torre 2008</td>
</tr>
<tr>
<td>Procedural Norm</td>
<td>Procedural norms instrumental norms addressed to agents playing a role in the normative system.</td>
<td>Boella &amp; van der Torre 2008</td>
</tr>
<tr>
<td>Descriptive Norm</td>
<td>A norm that is communicated explicitly to the individual either written or spoken.</td>
<td>Cialdini, Kallgren, and Reno 1991; Goldstein Cialdini Griskevicius 2008</td>
</tr>
<tr>
<td>Provincial Norm</td>
<td>A norm that is designated to a certain area or place.</td>
<td>Goldstein Cialdini Griskevicius 2008</td>
</tr>
<tr>
<td>Relationship Norm</td>
<td>A norm whereby an individual assesses what normative behavior would be based upon the type of relationship they have with the other party.</td>
<td>Aggarwal &amp; Law 2006</td>
</tr>
<tr>
<td>Communal</td>
<td>One type of relationship norm whereby the relationship members attend more to others' needs relative to their contributions and inputs</td>
<td>Aggarwal &amp; Law 2006</td>
</tr>
<tr>
<td>Exchange Norm</td>
<td>One type of relationship norm whereby the relationship members attend more to their own needs than the others’ needs.</td>
<td>Aggarwal &amp; Law 2006</td>
</tr>
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</table>
(V: A Priori Norm Themes continued)

<table>
<thead>
<tr>
<th>Norm</th>
<th>Definition</th>
<th>Citation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category Norm</td>
<td>A norm that establishes common groupings of information, variables, institutions, and people.</td>
<td>Kahneman &amp; Miller 1986</td>
</tr>
<tr>
<td>Interpersonal Norm</td>
<td>Norms established between individuals or groups.</td>
<td>Kahneman &amp; Miller 1986</td>
</tr>
<tr>
<td>Intrapersonal Norm</td>
<td>Norms established within the individual.</td>
<td>Kahneman &amp; Miller 1986</td>
</tr>
<tr>
<td>Societal Norm</td>
<td>A social norm that is constructed at and applicable to the societal level.</td>
<td>Lin, Dahl, &amp; Argo 2013</td>
</tr>
<tr>
<td>Cultural Norm</td>
<td>A social norm that is constructed at and applicable to the cultural level.</td>
<td>French Jr. &amp; Zabonc 1957</td>
</tr>
<tr>
<td>Role Norm</td>
<td>A norm regarding the normative roles individuals or groups play across different situations.</td>
<td>Ferguson 1979</td>
</tr>
<tr>
<td>Consumption Norm</td>
<td>A norm regarding the way in which individual or groups engage in the process of consumption.</td>
<td>Lin, Dahl, &amp; Argo 2013</td>
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VI: A PRIORI SOCIAL NORM THEMES

<table>
<thead>
<tr>
<th>Norm</th>
<th>Definition</th>
<th>Usage in Tipping</th>
<th>Citation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instrumental</td>
<td>Norms that help definitionally in assigning meaningfulness to actions.</td>
<td>Instrumental norms help to assign meaning and organization to the process of tipping for the consumer.</td>
<td>Korsgaard 1997; Finlay 2008</td>
</tr>
<tr>
<td>Procedural</td>
<td>Instrumental norms addressed to agents playing a role in the normative system, for example to motivate these role playing agents to recognize violations or to apply sanctions.</td>
<td>Procedural norms help to inform consumers of a restaurant about what normative processes and behaviors are in a tipping context.</td>
<td>Boella &amp; van der Torre 2008</td>
</tr>
<tr>
<td>Interpersonal</td>
<td>Norms established between individuals or groups.</td>
<td>Interpersonal norms in tipping are generated based upon a consumer’s interactions with others regarding tipping.</td>
<td>Kahneman &amp; Miller 1986</td>
</tr>
<tr>
<td>Intrapersonal</td>
<td>Norms established within the individual.</td>
<td>Intrapersonal norms in tipping are generated solely on the basis of how a consumer feels in and of themselves about tipping.</td>
<td>Kahneman &amp; Miller 1986</td>
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</table>
VII: ESSAY TWO – QUALITATIVE STUDY MATERIALS

The following receipts were shown to all respondents at the beginning of the qualitative study in Essay Two. Respondents were asked to fill out each receipt and describe their thoughts and decisions throughout the process.

<table>
<thead>
<tr>
<th>Restaurant <em><strong><strong>DINE-IN</strong></strong></em></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ticket # 00038</td>
</tr>
<tr>
<td>ENTERED BY SAM</td>
</tr>
<tr>
<td>013875 06/01/14 00:00PM</td>
</tr>
<tr>
<td>THANK YOU PAID</td>
</tr>
<tr>
<td>01 1 Large Pizza $20.00</td>
</tr>
<tr>
<td>Sales Tax 9% $1.80</td>
</tr>
<tr>
<td>Sub Total $21.80</td>
</tr>
<tr>
<td>Tip</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Have a great day!!!</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Restaurant <em><strong><strong>DINE-IN</strong></strong></em></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ticket # 00038</td>
</tr>
<tr>
<td>ENTERED BY SAM</td>
</tr>
<tr>
<td>013875 06/01/14 00:00PM</td>
</tr>
<tr>
<td>THANK YOU PAID</td>
</tr>
<tr>
<td>01 1 Large Pizza $107.00</td>
</tr>
<tr>
<td>Sales Tax 9% $9.63</td>
</tr>
<tr>
<td>Sub Total $116.63</td>
</tr>
<tr>
<td>Tip</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Have a great day!!!</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Restaurant <em><strong><strong>DINE-IN</strong></strong></em></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ticket # 00038</td>
</tr>
<tr>
<td>ENTERED BY SAM</td>
</tr>
<tr>
<td>013875 06/01/14 00:00PM</td>
</tr>
<tr>
<td>THANK YOU PAID</td>
</tr>
<tr>
<td>01 1 Large Pizza $3.00</td>
</tr>
<tr>
<td>Sales Tax 9% $0.27</td>
</tr>
<tr>
<td>Sub Total $3.27</td>
</tr>
<tr>
<td>Tip</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Have a great day!!!</td>
</tr>
</tbody>
</table>
The following graphs were shown to all respondents at the conclusion of the qualitative study in Essay Two. Respondents were asked which of the following best resembled their pattern of tipping.
### Application for Exemption from Institutional Oversight

Unless qualified as meeting the specific criteria for exemption from Institutional Review Board (IRB) oversight, ALL LSU research/projects using living humans as subjects, or samples, or data obtained from humans, directly or indirectly, with or without their consent, must be approved or exempted. In advance by the LSU IRB. This Form helps the PI determine if a project may be exempted, and is used to request an exemption.

---

**Applicant:** Please fill out the application in its entirety and include the completed application as well as parts A-E listed below, when submitting to the IRB. Once the application is completed, please submit two copies of the completed application to the IRB Office or to a member of the Human Subjects Screening Committee. Members of this committee can be found at [http://www.lsu.edu/screeningmembers.shtml](http://www.lsu.edu/screeningmembers.shtml)

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**A Complete Application Includes All of the Following:**

- (A) Two copies of this completed form and two copies of part B thru E.
- (B) A brief project description (adequate to evaluate risks to subjects and to explain your responses to Parts 1&2)
- (C) Copies of all instruments to be used.
- (D) The consent form that you will use in the study (see part 3 for more information.)
- (E) Certificate of Completion of Human Subjects Protection Training for all personnel involved in the project, including students who are involved with testing or handling data, unless already on file with the IRB. Training link: [http://php.nihtaining.com/users/login.php](http://php.nihtaining.com/users/login.php)

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1) **Principal Investigator:** Jacob Hiler  
   **Dept:** Marketing  
   **Ph:** 374-276-6913  
   **Rank:** PhD Student  
   **E-mail:** hiler1@ligen.lsu.edu

2) **Co Investigator(s):** please include department, rank, phone and e-mail for each  
   **Dan Riehl, Assistant Professor - Marketing, 225-678-8780, drniehl@lsu.edu**

3) **Project Title:** Consumer Shopping Experience Study

4) **Proposal? (yes or no)**  
   **If Yes, LSU Proposal Number**  
   Also, If YES, either  
   - [ ] This application completely matches the scope of work in the grant  
   - [ ] More IRB Applications will be filed later

5) **Subject pool (e.g. Psychology students)**  
   | SONA Subject Pool - Business School Students  
   *Circle any "vulnerable populations" to be used: (children <16), (the mentally impaired), (pregnant women, the ages, other). Projects with incarcerated persons cannot be exempted.*

6) **PI Signature**  
   **Date** 4/14/2011 (no per signatures)

---

**I certify my responses are accurate and complete. If the project scope or design is later changed, I will resubmit for review. I will obtain written approval from the Authorized Representative of all non-LSU institutions in which the study is conducted. I also understand that it is my responsibility to maintain copies of all consent forms at LSU for three years after completion of the study. If I leave LSU before that time the consent forms should be preserved in the Departmental Office.**

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**Screening Committee Action:** Exempted ✓  
**Category/Paragraph** 2

**Reviewer** Mathews  
**Signature** [Signature]  
**Date** 5/11/11

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Consumer Branding Study

Jacob Hiler

Jhiler1@tigers.lsu.edu

Department of Marketing, Louisiana State University

This study is about a shopping experience scenario. You will be asked a series of questions about your reactions to the shopping experience scenario.

Information gathered will be kept private and safely stored away when not in use by the researcher. Results of the study may be published, but no names or identifying information will be included in the publication. Subject identity will remain confidential unless disclosure is required by law. You may quit at any time.

Your participation is greatly appreciated!

The study has been discussed with me and all my questions have been answered. I may direct additional questions regarding the study specifics to the researcher. If I have questions about subjects' rights or other concerns, I can contact Robert C. Matthews, Institutional Review Board, and (225) 578-8692. I agree to participate in the study described above and acknowledge the researcher's obligation to provide me with a signed copy of this consent form.

Signature: __________________

Study Exempted By:
Dr. Robert C. Matthews, Chairman
Institutional Review Board
Louisiana State University
203 B-1 David Boyd Hall
225-578-8692 | www.lsu.edu/irb
Exemption Expires: 2-5-2014

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VITA

Jacob Lee Hiler, a native of South Bend, Indiana, received his B.S.B.A and M.B.A. at Xavier University in Cincinnati, OH in 2007 and 2009 respectively. He worked in the private sector at Parker Marketing Research where he was instrumental in conducting marketing research projects for many Fortune 500 companies. Developing a strong passion for academics while at Xavier University, he decided to leave the private sector to pursue a doctoral degree in marketing at Louisiana State University in August 2010. He is a candidate to graduate with his Ph.D. in December of 2015 and is currently an assistant professor of marketing at Ohio University in Athens, OH.