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Customer Tipping Patterns in Hospitality Sector: A study in Goa

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1. INTRODUCTION

Tipping, a widespread global practice wherein customers voluntarily provide additional compensation to service professionals, has emerged as a significant economic phenomenon within the foodservice industry (Mazhande et al., 2020). Despite extensive research on tipping, comprehending its underlying motives and intricate economic implications remains a complex and multifaceted challenge. While tipping serves as supplementary income for service professionals and serves as a means for customers to convey satisfaction, it also engenders inquiries concerning issues of fairness, social status, and cultural influences (Alexander et al., 2021; Lynn & Grassman, 1990; Nova-Reyes et al., 2020). However, the understanding of tipping practices, particularly in the context of India, remains relatively limited when compared to Western countries.

Hsiao et al. (2022) assert that tipping in restaurants primarily serves as an incentive or reward for exemplary service, with the expectation that tips would correspondingly increase based on customers' perceptions of service quality. Nevertheless, studies conducted in the United States have generally indicated a weak effect of service quality on tipping (Tugba, 2020; Lynn & McCall, 2000). In contrast, research conducted in various other countries, such as Zimbabwe (Mazhande et al., 2020), Denmark, France, Germany, Netherlands, Norway, Spain, Sweden, and Switzerland (Gössling et al., 2021), Canada (Bodvarsson & Gibson, 1999), and Israel (Azar, 2010), has revealed a minor variance in the relationship between service quality and tipping size when compared to the United States. These intriguing findings suggest that the link between service quality and tipping behaviour may exhibit variations across diverse cultural contexts.

Comprehending the complexities of tipping behaviour and attitudes holds significant importance for researchers and practitioners in the hospitality field. This research seeks to illuminate the tipping phenomenon within the restaurant industry, thereby enriching our comprehension of guest behaviour and attitudes towards tipping and adding valuable insights to the existing knowledge on tipping practices (Azar, 2020). Self-Perception Theory, proposed by Bem (1972), provides the theoretical framework for understanding how individuals infer their

attitudes and beliefs based on their behavior. Applying this theory to tipping behavior, we can posit that customers infer their satisfaction with service quality based on the amount they choose to tip (Bem, 1972). The findings are expected to provide valuable assistance to policymakers, restaurant owners, and service professionals in making well-informed decisions pertaining to tipping policies and compensation structures. Ultimately, the aim is to establish a fair and satisfactory tipping system that benefits both guests and service providers within the dynamic restaurant environment in India.

2. LITERATURE REVIEW

The topic of restaurant tipping has garnered considerable interest among researchers and industry professionals alike. Ongoing discussions revolve around debates on various tipping policies and the minimum wage for servers, as evidenced in the works of Jiao et al. (2022), Gossling et al., (2021), Tugba (2020), and Lynn (2000).

Tipping is often preferred by restaurants over service charges or higher menu prices due to several reasons. Customer preference plays a pivotal role in shaping tipping practices, as evidenced by studies by Medler-Liraz (2020), Azar (2020), Whaler et al. (2019), Gossling et al., (2021) and Lynn (2000). Most customers express a preference for tipping, and restaurants strive to accommodate this preference to maintain customer satisfaction. Substituting tipping with higher menu prices may lead customers to perceive the restaurant as more expensive, even if the overall cost remains the same. This observation can be attributed to psychological biases in price perception, which place greater emphasis on menu prices rather than additional costs like tips, as discussed by Azar (2005).

In the context of dining at a restaurant or at drinksapes (Dsouza et al., 2022), customers commonly offer servers a gratuity based on a percentage of the total bill, commonly referred to as the tipping rate (Shy, 2015). Existing research on tipping has demonstrated that customers tend to tip in proportion to their perceived level of service, as evidenced in studies by Xu et al. (2020) and Bodvarsson and Gibson (1994). Since the perceived level of service often correlates with the bill amount, customers frequently calculate their tip as a percentage of the bill. This practice benefits servers by safeguarding their tip income from the effects of inflation, even if the tipping rate remains unchanged over time (Shy, 2015).

Lynn and Brewster (2018) conducted a study investigating the repercussions of transitioning from traditional tipping to automatic service charges or service-inclusive pricing on online customer ratings of restaurants. Their findings revealed that the elimination of tipping had a negative impact on online ratings,

particularly when replaced with automatic service charges. Interestingly, the decline in ratings was more pronounced for cheaper restaurants in comparison to their more expensive counterparts.

Tipping plays an additional role as a mechanism for customer monitoring, serving as an incentive for service professionals to deliver improved service quality while also offering cost-saving benefits for restaurants. However, replacing tipping with higher prices might lead to a self-selection process among servers, potentially affecting employee retention in the restaurant industry (Azar, 2005).

In the context of international variations in tipping norms, it is essential to note that India, like some other countries, does not have a strong tradition of tipping. Tipping is not a common practice in India, and in many situations, it is not expected. In India, tipping practices may differ significantly due to cultural variations, with tipping not being as common or expected in some regions as it is in Western countries. While in some Western countries, tipping is customary and often considered a sign of appreciation for good service, in India, service charges are sometimes included in bills, and additional tips may be seen as a discretionary gesture rather than a cultural norm. The cultural perceptions of tipping can indeed vary significantly across different countries and can have a profound impact on customer service interactions. Studies conducted in the United States, exemplified by the works of Lynn (2003) and Lynn and McCall (2000), have revealed a weak association between customer perceptions of service quality and tip percentages, particularly when interviews were conducted as customers departed from the restaurant. It is crucial to acknowledge that these studies are specific to the United States, and tipping practices may differ in India due to cultural variations.

Economic perspectives and surveys that inquire about respondents' tipping behaviour based on perceived service quality have consistently shown that individuals tend to offer higher tips for excellent or very good service compared to poor service, as observed in the studies by Azar (2010) and Bodvarsson and Gibson (1999). Acknowledging the extensive body of literature on service performance, primarily rooted in models like SERVPERF and SERVQUAL, this study recognizes their importance within the service quality domain. These models often include various dimensions, such as reliability, assurance, tangibles, empathy, and responsiveness, to provide a comprehensive assessment of service quality. However, for the specific context of this research conducted in Goa, India, and considering the research objectives and practical constraints, a single-item measure of service performance was chosen. While the conventional approach involves multi-dimensional scales, the decision to use a single-item measure aligns better with the study's focus on simplifying service performance evaluation within the unique local dining establishments in the research setting.

While previous research has explored the economic and psychological aspects of tipping behavior, the present study aims to test these relationships through the lens of Self-Perception Theory (Bem, 1972). Self-Perception Theory suggests that individuals tend to attribute their behavior (in this case, tipping more) to their positive attitude or satisfaction with the service (Bem, 1972). As emphasized by Lynn and McCall (2000), when tipping is intended to recognize and reward excellent service, it is expected that higher customer service ratings will correspond to larger tip amounts. Hence, this research endeavours to investigate whether a correlation exists between customer service assessments and the amount of tips provided within the context of India, taking into account the empirical problem and relevant literature review. This identified gap in the existing literature leads to the formulation of the following hypothesis:

H1: There is a positive correlation between customer service assessments and the amount of tips.

In a study focusing on servers in the restaurant industry, McCarty et al. (1990) found that tipping perceptions were influenced by several factors, including customer-related aspects, service quality evaluations, and situational considerations.

Recent research consistently indicates that servers in the restaurant industry generally hold the belief that there exists a positive relationship between service quality and tipping. They perceive that providing better service is likely to lead to higher tips, although this correlation may not always be absolute. This belief has been consistently supported by various empirical investigations. For instance, Mazhande et al. (2020) conducted a study revealing a positive association between servers' perceptions of delivering exceptional service and receiving larger tips. Similarly, Mathayomchan and Taecharungroj (2020) examined server-customer interactions and identified a significant correlation between service quality ratings and tip amounts, indicating that better service was often rewarded with higher tips. These findings align with the SERVQUAL model (Parasuraman et al., 1988), which underscores the importance of the service quality gap in understanding tipping behavior.

Furthermore, a recent survey by Lynn and Ni (2022) explored servers' perspectives on tipping behavior, with the majority of respondents concurring that superior service was likely to result in more generous tips from customers. These collective findings highlight the prevailing belief among servers regarding the positive association between their service qualities and tipping outcomes. Based on these insights, the following hypothesis is proposed:

H2: There is a positive correlation between perceived server service assessment and a higher tipping rate.

Recent research consistently indicates that servers in the restaurant industry perceive a moderate to strong association between service quality and tipping outcomes. However, there exists a research gap concerning the correlation between customer service ratings and server service ratings.

To address this gap, the present study aims to investigate the potential correlation between customer service ratings and server service ratings. This inquiry seeks to shed light on the reciprocal perceptions of service quality between customers and servers and how these perceptions influence tipping behaviour. By exploring this relationship, the study endeavours to gain deeper insights into the alignment of customers' assessments of service quality with servers' own evaluations.

H3: There is a positive correlation between customer service assessment and server service assessment.

Drawing from previous research, it has been noted that the magnitude of the bill size plays a moderating role in shaping the relationship between service quality and tipping behaviour. Lynn et al. (2012) conducted a study revealing that as the bill size of the customer increased, the tip amount exhibited a more robust positive association with service quality. Conversely, Conlin et al. (2003) discovered that the percentage of tip tends to decrease as the bill size increases.

Furthermore, Lynn (1988) identified a strong and positive correlation between tipping and bill size, with the bill size accounting for approximately 50% of the variance in tip amounts. Based on these noteworthy observations, a new hypothesis can be formulated:

Hypothesis 4: There is a positive relationship between the check amount and tip amount.

The primary aim of this research is to explore the correlation between service quality and tip size while also investigating factors that may influence this relationship and their impact on tip amounts. The study was conducted in Goa, India, as there is a dearth of previous research specifically examining these variables in an Indian context. Investigating this phenomenon in India and establishing its link with prior research will significantly contribute to our comprehension of tipping behaviours within the country.

3. RESEARCH DESIGN AND DATA COLLECTION

In India, tipping practices vary widely based on cultural norms. While tipping is not an established custom in India as it is in some Western countries, there exists a growing trend of tipping, especially in urban areas with a significant international tourist presence. To provide a more comprehensive understanding of our study, we acknowledge the role of cultural norms and the nationality of customers. The demographic composition of our surveyed customers includes both local and international patrons, making it essential to consider the influence of cultural diversity on tipping behavior. The data for this research were collected from a sample of casual and fine dining restaurants situated in Goa, India. Nineteen restaurants voluntarily participated in the study. The research primarily focused on frontline employees, specifically waiters and barmen, who regularly engaged with diners. The data for this research were collected from a sample of casual and fine dining restaurants situated in Goa, India. Nineteen restaurants voluntarily participated in the study. The research primarily focused on frontline employees, specifically waiters and barmen, who regularly engaged with diners.

To gather data, 216 usable questionnaires were distributed to diners in order to capture their perspectives. The questionnaires were distributed by the participating employees during both lunch and dinner periods, and Indian male and female customers across different age groups were approached.

Upon receiving service from the designated employee, the customer participants completed the questionnaire to evaluate their dining experience and provide feedback on service quality. A questionnaire instrument previously shown to be valid for assessing tipping behaviors in the context of Ronhovde's (2012) study was used. However, it's essential to acknowledge that instrument validity is context-specific and may vary across different settings, populations, and cultures. Therefore, I recognized its validity within the context of this study in Goa, India, and the specific population under investigation. A 7-point Likert scale was used as the measurement instrument, with seven response options ranging from "Poor" to "Excellent." This scale allowed the participants to express their opinions, perceptions, and attitudes regarding the variables being investigated.

To ensure alignment between employee surveys and customer evaluations, numerical codes were assigned to both the employee surveys and customer questionnaires. For data analysis, correlation analysis will be employed to assess the strength and direction of relationships, facilitating hypothesis testing. The objective is to determine the extent and manner in which variables are associated, providing evidence to either support or refute the proposed hypotheses.

4. RESULTS

Of the 216 respondents, it is evident that there is a nearly equal distribution between females (48.15%) and males (51.85%) as seen in Table 1. The marital status of the respondents shows that a significant majority are married (71.30%), while a smaller portion are single (28.70%). In terms of education level, the respondents vary in their qualifications, with the majority holding a diploma or bachelor's degree (40.74%), followed by those with a master's degree (35.18%). A smaller proportion have completed 12th grade or less (9.72%), and some have pursued a post-graduate qualification (14.36%).

Table 1. Consolidated Descriptive statistics

Gender	Frequency	Percent
Female	104	48.15%
Male	112	51.85%
Total	216	100%
Marital Status		
Single	62	28.70%
Married	154	71.30%
Total	216	100%
Education Level		
12th grade or less	21	9.72%
Diploma / Bachelor's Degree	88	40.74%
Master's degree	76	35.18%
Post graduate	31	14.36%
Total	216	100.00%
Patronage		
At least once a month	32	14.81%
7-11 times a year	65	30.09%
2-6 times a year	87	40.27%
1 time a year	24	11.11%
Less than once per year	8	3.70%
Total	216	100.00%
Relation to Party		
Colleagues	24	11.11%
Friends	86	39.81%
Family	103	47.69%
Other	3	1.39%
Total	216	100.00%

When considering patronage, it is observed that the frequency of visits varies, with a notable portion visiting 2-6 times a year (40.27%) and fewer respondents visiting once a month (14.81%) or less than once per year (3.70%). Finally, in relation to the party, the respondents' connections are predominantly with family members (47.69%), followed by friends (39.81%) and colleagues (11.11%), while a small number have another relation to the party (1.39%). This consolidated analysis provides valuable insights into the demographic and behavioural characteristics of the respondents, paving the way for further investigation and exploration of relationships and patterns within the data. This consolidated table provides an overview of the demographic and behavioural characteristics of the respondents, allowing for a quick comparison across different variables.

The Customer Service Quality Scale as shown in Table 2, ranging from 1 (poor) to 7 (excellent), provides valuable insights into the perception of service quality among the respondents. It is notable that none of the respondents rated the service as poor (1) or below average (2), indicating a positive trend. Only a small proportion (1.39%) expressed some level of dissatisfaction by giving a rating of 3. The majority of respondents viewed the service favourably, with ratings of 4 (6.48%), 5 (24.70%), and 6 (28.24%) indicating satisfaction and above-average experiences. The highest rating of 7 (excellent) was given by 39.81% of the respondents, suggesting a significant number of individuals had exceptional service experiences. Overall, the data suggest that the majority of respondents had positive perceptions of the customer service quality, with a significant portion considering it to be excellent.

Table 2. Perceptions of Service quality among the respondents

Rating	Frequency	Percentage
1 (Poor)	0	0.00%
2	0	0.00%
3	3	1.39%
4	14	6.48%
5	52	24.70%
6	61	28.24%
7 (Excellent)	86	39.81%
Total	216	100.00%

The Table 3 presents important statistical measures for the Customer Service Quality Scale in our study. With a sample size of 216 respondents, we found that the average rating for service quality was approximately 5.78 out of 7. The standard deviation of 1.208 indicates moderate variability in the ratings, suggesting that customers' perceptions of service quality varied to some extent.

The slight negative skewness (-0.315) indicates a slightly asymmetrical distribution, with a tail leaning towards higher ratings. The kurtosis value of -1.08 suggests a flatter distribution with lighter tails compared to a normal distribution. These findings provide valuable insights into customers' perceptions of service quality, helping us understand the central tendency, dispersion, and distribution characteristics of the ratings provided by our respondents.

Table 3. Central Tendency of Service quality among the respondents

	N	Min	Max	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Service Quality	216	3	7	5.78	1.208	-0.315	0.225	-1.08	0.412
Valid N									

The Table 4 presents the distribution of responses for the Tip Norm variable in our study. Out of the 216 respondents, 12 (5.56%) indicated that the tip norm is 0%, while 63 (29.17%) believed it is less than 5%. The majority, with 116 respondents (53.70%), considered the tip norm to be between 5% and 10%. Additionally, 25 respondents (11.57%) perceived the tip norm to fall within the range of 11% to 15%. Notably, no respondents believed the tip norm should be more than 15%.

Table 4. Tip Norm tendency in India

Tip norm	Frequency	Percentage
0	12	5.56%
less than 5%	63	29.17%
5-10%	116	53.70%
11-15%	25	11.57%
More than 15%	0	0.00%
	216	100.00%

The central tendency measures provide further insights into the data as seen in Table 5. The mean tip norm score was found to be 6.343%, indicating the average expectation for tips among the respondents. The standard deviation of 3.614 suggests a notable degree of variability in the responses, indicating a range of opinions regarding tipping norms. The negative skewness (-0.678) implies a slight asymmetry in the distribution, with a longer tail on the left side, suggesting that a few respondents indicated lower tip norms. The kurtosis of 0.22 indicates a negligible departure from perfect normality and a distribution similar to the normal distribution.

Table 5. Central Tendency of Tip Norm in India

	N	Min	Max	Mean	Std. Deviation	Skewness	Kurtosis		
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Tip Norm (India)	216	0	15	6.343	3.614	-0.678	0.123	0.22	0.321
Valid N (listwise)	216								

The analysis of the Server Self-rated Service Quality Scale as seen in Table 6 indicates that the majority of respondents provided positive ratings for the service quality. The frequencies and percentages show that no respondents rated the service as poor (1) or very poor (2), indicating a lack of extremely negative evaluations. Instead, the most common ratings were in the range of average to excellent. The highest frequency was observed for a rating of 6, representing a good level of service quality, followed by a rating of 5, indicating a satisfactory level

Table 6. Server Self-rated Service Quality Scale

Rating	Frequency	Percentage
1 (Poor)	0	0.00%
2	0	0.00%
3	6	2.78%
4	12	5.56%
5	68	24.70%
6	96	44.44%
7 (Excellent)	34	15.74%
Total	216	100.00%

Table 7 presents the central tendency measures for the Server Self-rated Service Quality Scale. The N (number of responses) is 216, indicating the sample size. The minimum rating observed is 3, while the maximum rating is 7. The mean rating is 5.39, suggesting that, on average, the respondents perceived the service quality positively. The standard deviation of 1.243 indicates a moderate level of variability in the responses. The skewness of -0.267 indicates a slight negative skewness, indicating a slightly left-leaning distribution. The kurtosis of -0.631 suggests a slightly flatter distribution compared to a normal distribution, indicating less extreme values.

Table 7. Central tendency measures for the Server Self-rated Service Quality Scale

	N	Min	Max	Mean	Std. Deviation	Skewness	Kurtosis		
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Tip Norm (India)	216	3	7	5.39	1.243	-0.267	0.091	-0.631	0.241
Valid N (listwise)	216								

Based on Table 8, which presents the distribution of the amount spent per cheque before tipping, it is evident that there is variation in the spending patterns. The majority of respondents (33.80%) reported spending between 501 and 1000 rupees, followed by 15.74% spending between 1001 and 2000 rupees. Additionally, 16.20% spent between 3001 and 5000 rupees, while 14.81% reported spending above 5000 rupees. Smaller proportions of respondents fell within the 0-500 rupees (6.94%) and 2001-3000 rupees (12.50%) ranges.

Table 8. Amount spent per cheque before tipping

Amount spent in Rupees	Frequency	Percentage
0-500	15	6.94%
501-1000	73	33.80%
1001-2000	34	15.74%
2001-3000	27	12.50%
3001-5000	35	16.20%
Above 5000	32	14.81%
	216	100.00%

In Table 9, which provides central tendency measures for the "Cheque Amount (before tipping) in India, we can analyse the statistical summary. The minimum amount spent was 0-500 rupees, while the maximum amount was > 5000 rupees.

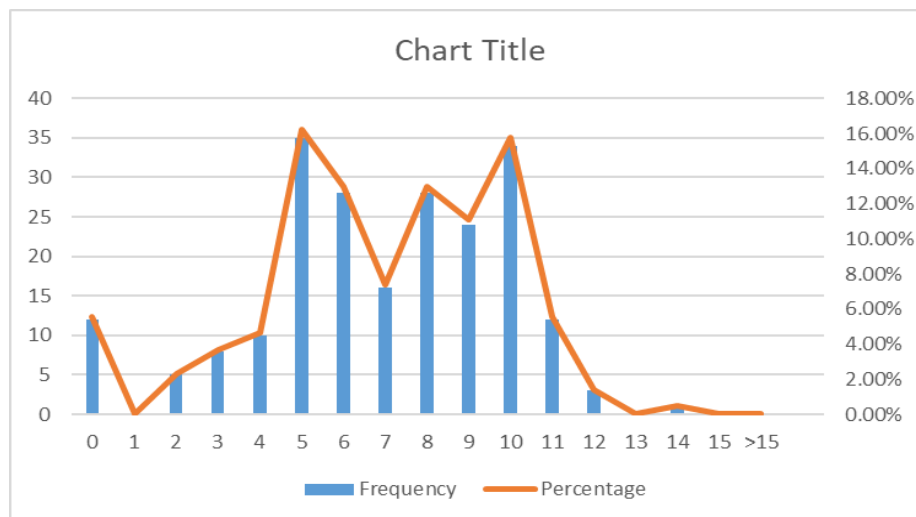
Table 9. Central tendency measures for the "Cheque Amount (before tipping)"

	N	Min	Max	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Cheque Amount (before tipping) (India)	216	0-500	>5000	1260	1237.43	0.574	0.22	-0.976	0.45
Valid N (listwise)	216								

The mean expenditure per cheque before tipping was 1260 rupees, with a standard deviation of 1237.43 units. The distribution shows a slightly positive skewness (0.574), indicating that the data is moderately skewed to the right. The kurtosis value of -0.976 suggests a platykurtic distribution, meaning it is flatter and less peaked compared to a normal distribution. These measures provide insights into the central tendency and variability of the amount spent per cheque before tipping in the sample.

The Figure 1 provides information on the frequency and percentage distribution of tip sizes given by customers. It shows that the most common tip size is 5%, followed by 10% and 8%. There are also varying frequencies for other tip sizes, with some being less common or not occurring at all.

Figure 1: Distribution of Tip



The Table 10 presents the central tendency measures for the tip amounts. The mean tip size is 7.26%, indicating the average tip given by customers. The standard deviation is 3.96, suggesting a relatively wide variation in tip sizes. The skewness value of -0.309 indicates a slightly negatively skewed distribution, indicating that there may be a greater frequency of larger tip sizes. The kurtosis value of -0.826 falls within the expected range and suggests a moderate level of peakedness in the distribution.

Table 10. Central tendency measures for Tip in percentage of the bill

	N	Min	Max	Mean	Std. Deviation	Skewness	Kurtosis		
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Tip in % of the bill	216	0	14	7.26	3.96	-0.309	0.162	-0.826	0.264
Valid N (listwise)	216								

Table 11. Model summary

Model	R	R Square	Adjusted R square	Std. Error of the Estimate
1	.420	.226	.176	3.2846

- a. Predictors: (Constant), Service Quality, Server Self-rated Service Quality
- b. Dependent Variable: Tipping rate

Table 12 presents the results of our regression analysis testing Hypothesis 3. We examined the influence of two predictors, service quality and self-rated service quality, on the tipping rate. Both predictors were encoded as binary vectors (dummy variables) to assess their impact on tipping behavior. Our analysis revealed statistically significant coefficients for both predictors. The coefficient associated with service quality provides insight into the effect of perceived service performance on the tipping rate. Similarly, the coefficient for self-rated service quality offers valuable information regarding the impact of customers' self-assessment of the service quality they received.

Table 12. ANOVA

Model		Sum of squares	df	Mean Square	F Value	Sig.
1	Regression	264.012	2	132.006	35.33	0.001
	Residual	794.267	214	3.732		
	Total	1058.279	216			

- a. Predictors: (Constant), Service Quality, Server Self-rated Service Quality
- b. Dependent Variable: Tipping rate

The regression model, based on Self-Perception Theory (Bem, 1972), produced significant results, as indicated by an F-value of 35.33 ($p = 0.001$) in the ANOVA table. The model accounted for 22.6% of the variance in the Tipping rate, suggesting that Self-Perception Theory contributes to explaining tipping behavior. The model accounted for 22.6% of the variance in the Tipping rate, suggesting that the predictors collectively contributed to explaining tipping behaviour. The correlation coefficient ($r = 0.420$) indicated a moderate positive relationship between the predictors and the Tipping rate. However, it is important to note that the predictors included in the model only explained a modest portion of the variance, as indicated by an R Square of 0.226 and an Adjusted R Square of 0.176. The standard error of the estimate (3.2846) provided an estimate of the model's accuracy in predicting the Tipping rate. Overall, these findings support the hypothesis that Service Quality and Server Self-rated Service Quality have a significant impact on the Tipping rate.

H1: There is a positive correlation between customer service assessments and the tipping rate.

The study aimed to examine the correlation between customer service assessments and the amount of tips, and determine the extent to which service quality explains the variance in tip percent. The results indicated a significant, yet small, positive relationship between service quality and tip percent ($r = .245$). Furthermore, the study found that service quality explains 6.97% of the variance in tip percent, which is higher compared to previous literature.

Nevertheless, the results confirm the first hypothesis that there is a positive relationship between service quality and tip percent.

H2: There is a positive correlation between perceived servers service assessment and tipping rate.

The results of the correlation analysis supported this hypothesis, revealing a significant medium-sized positive relationship ($r = .397$). This relationship accounted for 16.48% of the variance in tip percent.

H3: There is a positive correlation between customer service assessment and server service assessment

The study examined the correlation between customer-perceived service quality and server self-rated service quality. The results indicated a significant, medium-sized, positive correlation with an r-value of .497.

Hypothesis 4: There is a positive relationship between the check amount and tipping rate.

The study revealed a significant and strong positive correlation ($r = .677$) between bill size and tip amount. Bill size was found to account for 45.8% of the variance in tip amount.

Table 13. Hypotheses summary

No	Hypothesis	<i>p</i> value	correlation coefficients (<i>r</i>)	Supported/Not
H1	There is a positive correlation between customer service assessments and the tipping rate	0.001	.245	Supported
H2	There is a positive correlation between perceived servers service assessment and tipping rate.	0.000	.397	Supported
H3	There is a positive correlation between customer service assessment and server service assessment	0.002	.497	Supported
H4	There is a positive relationship between the check amount and tipping rate	0.000	.677	Supported

5. DISCUSSION

The observed correlations between service quality and tip amounts, server self-rated service quality and tip amounts, customer service assessment and server service assessment, and check amount and tip amount align with self-perception theory (Bem, 1972). Hypothesis 1 posited a positive correlation between customer service assessments and the amount of tips received. To investigate this relationship, the researchers calculated the correlation coefficient between these variables and determined the R^2 value to gauge the extent to which the customer service rating accounted for the variance in tip percentage. The findings revealed a statistically significant, albeit small, positive relationship ($r = .245$) between service quality and tip percentage. The service quality was found to explain 6.97% of the variance in tip percentage, surpassing previous literature that reported a correlation of .11 and explained 1.21% of the variance using a single-item scale, as well as a .22 correlation and 4.84% variance with a multi-item scale (Lynn & McCall, 2000).

These results indicate that the relationship between service quality and tip percentage may be stronger in the present study, potentially reflecting the context of this specific country. Similar patterns have been observed in Canada and Israel, where tipping was found to be more responsive to service quality (Azar, 2010; Bodvarsson & Gibson, 1999). However, it is essential to acknowledge that the relationship is not highly robust, as indicated by the small correlation coefficient, suggesting that other factors also influence the variability in tip percentage.

Nonetheless, the results confirm the presence of a positive relationship and support the first hypothesis.

The second hypothesis postulated a positive relationship between server service rating and tip size. The results of the correlation analysis provided support for this hypothesis, revealing a statistically significant, medium-sized positive relationship ($r = .406$). The server service rating accounted for 16.48% of the variance in tip percentage. This finding contrasts with the study conducted by Lynn & McCall (2000), where no significant correlation was found between the servers' rating of service quality and tip percentage. However, in other studies, such as Lynn et al. (2011), servers have reported perceiving a medium to strong relationship between service quality and tip size.

The current findings align with servers' beliefs regarding the connection between their service rating and tip size. It is plausible that the servers' ratings were influenced by the tip amounts they received, as they assessed their service quality after receiving the tip. Nevertheless, the results establish a positive correlation between server service rating and tip size, thus affirming the second hypothesis.

The present study investigated the correlation between customer-perceived service quality and server self-rated service quality, revealing a statistically significant, medium-sized positive correlation with an r-value of .501. Although no prior literature directly addressed this relationship, it was anticipated to be positively correlated, considering that both measures aim to assess service quality. The researchers expected a stronger correlation, but the findings suggest that servers may evaluate service differently from customers, and customer expectations could also influence this relationship.

Additionally, the study observed a significant and strong positive correlation ($r = .579$) between bill size and tip amount. Bill size accounted for 42.6% of the variance in tip amount, which is slightly lower than the previous finding reported by Lynn (1988), where it accounted for 50% of the variance. Nevertheless, these results offer support for the hypothesis that bill size is positively associated with tip amount.

The analysis provides valuable insights into the perceptions of service quality, tipping norms, server self-rated service quality, and expenditure patterns among the respondents. The data suggest a positive trend in service quality perceptions and provides information on the central aspects pertaining to the relationship between customer-perceived service quality and server self-rated service quality, tendency, variability, and distribution characteristics of the ratings and expenditures.

6. CONCLUSION, LIMITATIONS OF THE STUDY AND SCOPE FOR FURTHER RESEARCH

In conclusion, this study offers valuable insights into respondents' perceptions of service quality and tipping behavior. The findings indicate that the majority of participants held positive perceptions of customer service quality, with a substantial proportion rating it as excellent. Moreover, the results suggest a potential relationship between age and service quality ratings, with older respondents showing a propensity to assign higher service quality scores. However, further investigation is needed to comprehensively understand the nature of this relationship.

Despite the valuable insights garnered from this study, it is essential to acknowledge several limitations. Firstly, the research was conducted within a specific context, which may limit its generalizability to other settings or populations. Secondly, relying on self-reported data introduces the possibility of response bias and subjective interpretations. Additionally, the study focused on a limited number of predictors and did not explore other potential factors that might influence service quality and tipping behaviour. Lastly, the cross-sectional design of the study precludes the establishment of causality and a deeper understanding of the observed relationships' dynamics.

Considering the mentioned limitations, there are various avenues for further research in this field. Firstly, conducting similar studies in diverse cultural contexts and investigating the impact of cultural factors on service quality perceptions and tipping behaviour would enhance our understanding of these phenomena. Secondly, longitudinal studies could be conducted to explore the causal relationships between service quality, tipping behaviour, and other relevant factors. Additionally, qualitative research methods, such as interviews or focus groups, could offer deeper insights into customers' perceptions and motivations regarding tipping. Furthermore, exploring the effectiveness of alternative approaches to rewarding service quality, such as service bonuses or non-monetary incentives, could be pursued to identify more efficient methods of motivating employees and ensuring high-quality service delivery.

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