TIPPING DIFFERENCES OF DOMESTIC AND FOREIGN CUSTOMERS IN CASUAL DINING RESTAURANTS: AN INVESTIGATION OF CUSTOMERS' AND SERVERS' PERCEPTION

By

JEENA SHRESTHA
Bachelor of Science in Hotel and Restaurant Administration
Oklahoma State University
Stillwater, OK
2010

Submitted to the Faculty of the Graduate College of the
Oklahoma State University
in partial fulfillment of the requirements for the Degree of
MASTER OF SCIENCE
May, 2014

TIPPING DIFFERENCES OF DOMESTIC AND FOREIGN CUSTOMERS

IN CASUAL DINING RESTAURANTS:

AN INVESTIGATION OF CUSTOMERS' AND SERVERS' PERCEPTION

Thesis Approved:

Thesis Adviser

Dr. Murat Hancer

Dr. Yeasun K. Chung

Dr. Jerrold Leong

ACKNOWLEDGEMENTS

I would like to take this moment to express my sincere gratitude to Dr. Murat Hancer, the committee chair and academic advisor, for his continuous support, guidance, and time throughout the progress of thesis. I am very grateful for his invaluable suggestions and encouragement. Meanwhile, I can't thank enough Dr. Yeasun Chung and Dr. Jerrold Leong for serving on my thesis committee with additional assistance. I highly appreciate Dr. Chung's precious feedback on my thesis.

My appreciation also goes to OSU IRIM Dept., Mr. Tim Huff, Cesar, Tammy Collins, Sachin Kunwar and the restaurant managers for helping me collect the data; and Kelva Hunger for assisting me with data analysis.

Lastly, I appreciate the consistent support of my parents, Jeetendra Shrestha and Jivan Shrestha, my brother, Jigen Shrestha, and my friends, Roshan Revankar, Sarina Pradhananga, Jinyoung Im, and Ruiying Cai. They provided immense encouragement during different stages of my thesis work.

Without their love and supervision, this study would have been impossible to complete.

Name: JEENA SHRESTHA

Date of Degree: MAY, 2014

Title of Study: TIPPING DIFFERENCES OF DOMESTIC AND FOREIGN CUSTOMERS IN CASUAL DINING RESTAURANTS: AN INVESTIGATION OF CUSTOMERS' AND SERVERS' PERCEPTION

Major Field: HOSPITALITY ADMINISTRATION

Abstract: The main purposes of this study are to explore the servers' perceptions on the tipping practices of foreign and domestic casual dining customers in Oklahoma and identify the actual tipping practices of these customers. Hierarchical regression, two-way ANOVA, t-test and factor analysis are employed to assess the data. The results indicate that servers perceive foreign customers as low tippers, and foreign customers also report to tip less than domestic customers as well. Guilt, awareness of tipping norm, and awareness of servers' wage show positive significant impact on the tip amount. Awareness of tipping norm is the only factor which explains the tip amount differences between foreign and domestic customers. The findings suggest managers to inform customers, especially foreign customers, regarding the accepted tip percentage amount in the United States in various ways. At the same time, managers should design and implement activities to make foreign customers favorable to servers.

TABLE OF CONTENTS

LIST OF TABLES

Table Page

LIST OF FIGURES

Figure Page

CHAPTER I

INTRODUCTION

Tipping is one of the major portions of restaurant employees' wages and accounts for more than half of their income (Azar & Yossi, 2008). Among possible organizational compensation strategies, tipping is unique in that the customer, not the employer, makes the major contribution to a server's wage. Many restaurant servers in the United States receive wages below the Federal national minimum wage standards which force them to rely heavily on tips for their standard income (Lin & Namasivayam, 2011). Restaurants support the tipping norm with the motive to reduce the labor wages and increase the profitability of the operations (Brewster, 2013). During 2007, an estimated 20 billion dollars was left as tips by customers in the United States (McCall & Lynn, 2009). Azar (2011) estimated the tip amount paid in 2010 to be $46.6 billion dollars.

The function of tipping is not limited to supplementing the server's income; tipping also motivates servers to deliver good service, measures servers' performance, and identifies dissatisfied customers (Lynn, 2003). These diverse functions of tips have drawn the attention of scholars from different disciplines, including economic and psychological perspectives, due to the wide range of research opportunities (Becker, Bradley, & Zantow, 2012).

Tipping practice has always been controversial because of the lack of rigid rules in tipping percentage amount. The common and accepted tipping norm in restaurants is between 15

and 20 percent of the total meal bill (Gatta, 2009). However, customers may not always tip as per the standard norm of 15-20% of the bill every time they dine at restaurants.

What servers think of the customers' tipping behavior has drawn the attention of many scholars (Gatta, 2009; Lin & Namasivayam, 2011; Liu, 2008; McCall & Lynn, 2009). Understanding servers' perceptions of the tipping behavior of customers is necessary because it may affect the service quality servers provide to their customers. Personal experiences and anecdotes from coworkers may influence how servers develop and shape their perceptions toward certain customers who they think tip well or poorly. Brewster and Mallinson (2009) noted such prejudices made the servers alter their service by withholding or adding value or quality to the service, which in turn might lessen or enhance tips respectively. Such perception of servers can hamper the restaurant business because poor service discourages customers from returning to the restaurant, which negatively influences the restaurant's profitability (Fernandez, 2004).

Another issue that may arise is the discrimination in service (Brewster & Mallinson, 2009) that tends to rely on "cues and categorizations" in which race is often used as one of the factors to profile undesirable customers. The findings of Rusche and Brewster (2008) matched with Lynn (2007) concluded that servers perceive African American customers to be tipping low and find them undesirable to wait on at their tables. Such studies need to be replicated in terms of foreign customers to understand what servers think of these customers' tipping practices, what servers' level of favoritism is in serving foreign customers' tables, and possible discrimination which could arise from the biased perception of servers.

One of the most important reasons why the tipping practices of foreign customers visiting the United States should be studied is due to the gradual increase in arrival of such customers. According to the U.S. Department of Commerce, the United States witnessed a record visit of 67 million foreign travelers in 2012 and predicted the number to grow by four percent annually through 2018 (Johanson, 2013). While few Europeans has entered the United States in past years, a major overseas arrival of Asians, Latin Americans, and Australians is compensating this trade-

off (Johanson, 2013). This is definitely a challenge for the restaurant industry to overcome and understand in order to meet foreign customers' expectations of good dining experiences in the United States.

How servers view foreign customers matters because it affects the quality of service that servers provide these customers. While servers may presume a difference in the tipping behavior of domestic and foreign customers, finding what and how foreign customers tip when they travel in the United States can yield a surprising result.

Tipping practice is a complicated process and is motivated by multiple factors (Becker et al., 2012). Numerous studies have focused on customers' tipping perspectives as well as explored how different restaurant attributes like food quality, service quality, atmosphere, and price contribute to the customers' tip-amount decision (Becker et al., 2012; Conlin, Lynn, & O'Donoghue, 2003; Fernandez, 2004; Lynn, 2004; Noll & Arnold, 2004). Hence, the question arises whether both domestic and foreign customers think and act the same way when it comes to deciding the tip amount, and subsequently, how they make their decision based on these restaurant attributes.

Fernandez (2004) mentioned, "consumers' tipping practice is an issue that is fraught with cultural misunderstanding, personal bias, inconsistent norms, and more than its share of politics." The past decade saw few studies being conducted on customers' race and tipping practices; among these, the most studied race was African American customers (Lynn, 2004; Lynn, 2007), followed by Asian Americans and Hispanics (Lynn, 2013). An insignificant amount of literature exists which evaluates the tipping practice of customers in the United States who are not American citizens or permanent citizens. This has created a gap in the literature, as these early studies have omitted one group of customers, i.e. foreign customers dining in U.S. restaurants. Thus, it is imperative to understand how these customers perceive restaurant attributes, while determining a tip amount.

Problem Statement

Lack of research in servers' perceptions regarding the tipping practices of foreign customers requires attention from scholars. According to the extensive study of Lynn (2007) on servers' perceptions toward African American customers, servers did not prefer to wait on these customers and provided inferior service quality, accusing them of being poor tippers in general (Brewster, 2009). Hence, investigating what servers think of the tipping practices of foreign customers has become necessary to identify whether service discrimination exists for foreign customers as well.

Due to the fact that billions of foreign people visit the United States for different purposes (Johanson, 2013) and dine in the local restaurants, it is also imperative to know the tipping practice of these foreign customers. Hence, studies specifically focusing on the tipping practice of foreign customers and the factors affecting their tip amount when they dine at casual restaurants in the United States are required to fill in the literature and empirical study gaps in the related field. This study focuses on the tipping practices of foreign customers and will provide an advantage to restaurants that receive a significant number of foreign customers affecting the income of their server employees.

Purpose of the Study

Two studies are conducted with different purposes. The main purposes of study 1 are to explore the servers' perceptions on the tip amount differences of foreign and domestic casual dining customers in Oklahoma, compare the difference in service quality provided by servers to these customers, and distinguish the customer groups (foreign and domestic) servers favor to serve. Meanwhile, study 2 aims to identify the actual tipping practices of these customers, investigates and compares the factors which affect the tip amount differences between foreign

and domestic customers. Overall, the findings of both studies intend to suggest ways to improve the dining experience of foreign customers as well as increase the tip amount of servers.

Research Questions

This research attempts to answer following questions:

1. Do servers perceive any difference in tip amounts between foreign customers and domestic customers?
2. Do servers provide less quality of service to foreign customers compared to domestic customers?
3. Do servers favor serving domestic customers over foreign customers?
4. Is the quality of service influenced by servers predicting tip amounts and favoring customers?
5. Does the tip amount of foreign customers vary from the tip amount of domestic customers?
6. What factors influence the tip amount of foreign and domestic customers?

To answer these research questions, two studies were developed. The first study assessed servers' perceptions of customers in different ethnic groups. Servers in casual dining restaurants in Oklahoma were asked to fill out the survey. The customer groups, domestic customers and foreign customers, were the independent variables; tip prediction, favor to serve, and service quality were the dependent variables.

The second study was dedicated to determining the factors affecting the tip amount of the customers. To analyze their tipping practices, comparisons were made between customer groups along with their demographic factors of income, education status, ethnicity, gender, and age to analyze their tipping practices. Cross cultural factors (guilt, awareness of tipping norm, and awareness of server's wages) and organizational factors (service quality, price, food quality, and atmosphere) served as the independent variables. The ethnicity of the respondents (domestic and

foreign) acted as the moderator, and the tip amount was the dependent variable. Casual dining customers in Oklahoma were the respondents for the study.

Significance of the Study

Earlier studies focusing on the tipping behavior of customers based on their ethnicity were not clear enough to distinguish between domestic and foreign customers visiting the United States. This study is one of the first attempts to vividly categorize the customers into two main groups, domestic and foreign, and to compare their tipping practices simultaneously. The necessity to distinguish and study foreign customers' tipping practices is justified by the continuous increase in the number of international travelers in the United States (Johanson, 2013). This has created a challenge for the restaurant industry serving foreign customers with distinct tastes and expectations shaped by their cultural and regional differences (Hofstede, 1983) to recognize and meet those customers' needs that can also directly influence their tip amount.

One of the strengths of the current study is to identify and distinguish any similarity or difference in factors that would affect the tip amount of foreign customers along with domestic customers. Restaurant managers can emphasize those identified factors which would affect the tip amount of the customer groups in order to train their employees to improve the dining experience of customers, which in turn would motivate customers to tip better and revisit the restaurant. Managers can also educate employees in order to reduce any misconceptions and bias servers may have of foreign customers' tipping practice, as well as highlight their servers' preferences to serve and the quality of service provided to customers of various ethnicities.

This study also attempts to add a theoretical contribution to the existing literature on the tipping practices of foreign customers and their knowledge of the tipping norm in the United States. In addition, the study provides an insight into the servers' perception on the tipping practices of foreign customers. Together, the findings point out the direction for further research in this field.

Definition of the Terms

Domestic customers*:* Domestic customers represent those who are born in the United States or are permanent residents of the United States. According to the U.S. Tax guide for foreigners, those who stay in the United States for more than five years will be considered residents for tax purposes (Carter, 2013). Hence, those respondents who are not born in the United States or are not permanent residents of the United States but have stayed in the country for five years or more will be treated as domestic customers as well.

Foreign customers: The Oxford Dictionary defines a foreigner as a person born in or coming from a country other than one's own, and referred to a foreigner as a *stranger* or *outsider* (Oxford Dictionary, 2013). Thus, foreign customers are comprised of those respondents who were born outside the United States and have been staying in the United States for less than five years.

Perception: Perception is defined as "internal influence of the behavior" and may depend upon one's prior experiences (Whaley, 2011). According to Solomon and Stuart (2003), perception is "the process by which people select, organize, and interpret information from the outside world."

Service discrimination: Brewster (2013) described service discrimination as an alteration in service represented by poor quality offered by servers to the customers for various reasons which servers wouldn't have done normally.

CHAPTER II

LITERATURE REVIEW

Tipping is one of the most controversial subjects being discussed in the hospitality industry today (Fernandez, 2004). Many hospitality employees rely on tips rather than on their wages to earn a decent income. What makes tips a complicated issue is the absence of a solid rule on how much to tip. Customers play an inevitable role in determining the final amount of tips, while the employees determine the service quality. Given the circumstances, it has become necessary to understand the tipping behavior of customers with different socio-economic factors that shape their psychology, culture and lifestyle. Excessive attention on the study of tipping norms in the United States from scholars is obvious because of the institutionalization of tipping practice in the United States compared to other countries (Brewster & Mallinson, 2009). Several studies have been done on this subject based on the demographic (like age, sex, income and race) and non-demographic factors (like repeat customers, purpose of visit, dining alone, party composition, children in party, complimenting customers' choice of food, server's wearing flower in her hair, attractiveness of server, sunny weather, payment by credit card, etc.)

The purpose of this chapter is to explore how tipping practices vary in and out of the United States and to discuss the literature of factors which affect the tip amount of foreign and domestic customers in the context of the United States. The first section describes the early history of tipping, types of tipping systems practiced in United States, and the tipping norms

outside the United States (in different countries). The second section embodies the server study. It discusses the perception of servers on the tipping practices of the customers (domestic and foreign), servers' tip prediction of the customers, service favoritism, and service quality provided to the customers. Related hypotheses are also stated in each section.

The third section in this chapter describes the customer study. This section discusses cross cultural and organizational factors affecting tip amount among domestic and foreign customers. Cross cultural factors include guilt, awareness of tipping norm and awareness of servers' wage, whereas organizational factors comprise food quality, service quality, atmosphere, and price.

Tipping Practices around the World

Early History of Tipping

The origins of tipping are not completely clear and contain different versions. According to Schein, Jablonski, and Wohlfahrt (1984), the tipping practice originated in the Middle ages, when feudal lords tossed the beggars coins along their way to ensure no harm from them. Azar (2004a), however, argued if such kind of payment should be considered tipping. Another version of tipping history, as per Segrave (2009), suggested that the master or lord of the manor would give his servant few extra coins as a reward for hard work or as a compassion arising from some sort of hardship (Azar, 2004a) like illness, large family, etc. Some argued that the tipping norm began in private houses in England that grew out of "vails," sums of money, that visitors were expected to pay to the host's servants at the end of their visit for their additional daily service (see Shamir, 1984).

The word 'tip' itself also has an ambiguous history (Lynn, Zinkhan, & Harris, 1993). Some of the arguments how tips originated are (1) the Dutch word "tippen", which means to tap or tapping sound of a coin on the table or tapped against a glass to get the server's attention (Schein et al., 1984), (2) the Latin word "stips", which might have been derived from stipend (see

Azar, 2004a), (3) the gypsies' phrase "tipper me your money", which means give me your money (Azar, 2004a), and (4) the English phrase "to insure promptitude" used by London coffee house customers to write on the notes for waitress with coins attached during 18th century (Schein et al., 1984).

Azar (2004a) mentioned that the tipping system was widely practiced in 18th century in Europe with the prevalence of servant class. However, in the United States, the tipping practice was introduced after the Civil War. Schein et al. (1984) explained the tipping custom was established by those Americans who traveled in Europe and learned to tip there, and initiated tipping in the United States as well "to show that they had been abroad and were familiar with the customs of Europe." By early 20th century, five million workers which accounted for more than 10% of the labor force, worked in the tipped professions (Azar, 2004a).

During the late 1800s, the tipping norm in European restaurants was 5% of the bill whereas it was 10% in the United States despite good wages of servers, and hence, Azar (2004) argued that the restaurant owners, especially of high-end restaurants, attempted to reduce the income of the servers by partially keeping the tips to themselves, or cutting and sometimes not giving any wages to servers in order to increase their own profit.

Many workers saw tipping as a favorable custom but others debated because, for them, it was creating "servant class" in the society. The industry also welcomed the tipping practice because it helped cut down the labor cost and other incentives, and also lowered the direct monitoring of the employees while improving the quality of service (Azar, 2004a). European and American governments entered the dispute to declare tip amounts as taxable income (Whaley, 2011). There were cases when some states even passed the anti-tipping law: Washington in 1909, followed by Mississippi, Arkansas, Iowa, South Carolina, Tennessee, Georgia; however, constant protest and pressure from employers and employees who favored tips repealed that law (Azar, 2004a).

Today, the typical tip amount expected from customers in any type of restaurant is 10-15% of the total bill (Lynn, 2007) for a good service. However, the amount is slowly shifting to 20% for excellent service (Azar, 2007b).

Types of Tipping System

Tipping systems have evolved into different types in the United States. One of the most common types of tipping systems is the retention of the entire tips by servers. Tips offered by the customers may not stay only with servers or Front of House (FOH) employees. Sometimes, tips are distributed to Back of House (BOH) employees as well for participating in service delivery. This pooled tipping system, however, has been rated as low in fairness and distributive justice by servers (Namasivayam & Upneja, 2007).

The service charge, charged by management to the customers' bills, may entirely go to the server or distributed among other employees as well. The service charge on customers' bills to balance the tip distribution among FOH and BOH employees, however, has been perceived by servers to enhance employees' perceptions of fairness and distributive justice (Lin & Namasivayam, 2011).

Many servers fear receiving low tips despite the good service they may provide. This insecurity has been felt by some management as well. In an attempt to secure the tips for servers, many restaurants customarily make service charge of 15% to 18% on the total bill of a party six or more (Azar, 2004b). In 2005, two restaurateurs, Thomas Keller and Jay Porter, prohibited the tipping practice at their restaurants in New York City and San Diego; they replaced the tips with an automatic service charge system (Gatta, 2009) in order to guarantee a safe wage to their servers. Nevertheless, this decision brought criticism from many other restaurant owners and customers, as a policy to chase customers away and remove their freedom of choice (Gatta, 2009). However, many servers have a different view for the service charge. Lin and

Namasivayam (2011) found that the servers preferred to work in a restaurant with service charges applied to the customers' to insure adequate tip amounts.

Overall, the restaurant servers preferred to keep all their tips they earn to themselves since they were the only employees in the restaurants to receive wages below the mandated minimum wage levels legally and in compliance with the Federal laws (Lin & Namasivayam, 2011).

Tipping Norms outside the United States

The norms of tipping vary across countries, occupations and even industries (Azar, 2007b; Van Baaren, 2005), which people carry with them while traveling to other countries. This may explain why the tipping behaviors of foreign customers seem to differ when they dine at restaurants in the United States. Tipping has been a popular subject for research to many scholars from different disciplines, however, only handful of them have conducted studies on tipping practices outside the United States (Lynn et al., 1993).

Casey (2001) conducted a study in New Zealand restaurants and revealed that tipping was not a common cultural practice there, but seemed to be shifting slowly toward tipping the servers. However, she mentioned that tipping was not welcome by everyone, including servers who would prefer a sincere "thank you" from a customer or employer instead of a tip. Both servers and customers wouldn't enjoy the tipping practices in Australia and Japan as well (Fisher, 2009). Casey (2001) also indicated that the tips from foreign tourists who would dine at restaurants in the United States were less certain than from domestic customers indicating the tipping norms to differ in other countries which would affect the tipping behaviors of foreign customers. On a similar note, Gibson (1997) also stated tipping in Scandinavian countries was considered offensive.

Dewald (2003) stated an interesting tipping norm in Hong Kong restaurants in his study; a 10% service charge was customarily added to the bill in Hong Kong restaurants which would go

to management and any extra tips were pooled and distributed monthly among staffs based on the point system. Even today, tipping is not a Chinese custom, but it is gaining popularity as a result of western influence. The average voluntary tip, according to Dewald (2003), was 3.57% of the bill, while Chung and Heung (2007) marked 2.1% as an average voluntary tip.

Similarly, Maynard and Mupandawana (2009) based their research on tipping behaviors of customers in Canada and found that a median Canadian tip rate was 14.3%, which was similar to the common U.S. tip rate of 15% to 20%, despite the most enduring stereotype among American servers about Canadians being poor tippers. While tipping behaviors of customers in Israel and the United States were compared, Azar (2010) mentioned both customers tipped in general, however, the results showed the average tip percent the United States customers paid (16.4%) was higher than the average tip percent the Israeli customers paid (12.8%).

Many scholars pointed that communist and socialist countries regarded tipping as politically unacceptable which made tipping practices outlawed or less prevalent in those countries (Shamir, 1984). However, the cross-country study of Lynn et al. (1993) showed that tipping was less prevalent in countries with a low tolerance for status and power difference among people, less masculine values (those who emphasized on achievement and economic relationships), high tolerance for uncertainty, and individualism. Another study of Lynn (1997) had similar findings which stated that tipping was more prevalent in the countries like the United States where the value put on status/prestige was higher.

Study 1 – Server Study

Tip Prediction

Understanding servers' perceptions on tipping behavior of customers based on ethnic differences (McCall & Lynn, 2009) and how such perceptions of servers leads to possible discrimination in providing good quality of service (Brewster, 2009; Liu, 2008) and even refusal of service have encouraged academic scholars and professionals to investigate further.

Rusche and Brewster (2008) described how servers would use stereotypes, assumptions, and status beliefs to create such mindsets to predict dining and tipping behaviors of customers. One such example is stereotyping customers of various ethnic groups in the United States, which is not new to servers (Mallinson & Brewster, 2005; Lynn, 2004; Lynn, 2000; Liu, 2008; Lynn, 2007). In the study of (Dombrowski, Namasivayam, & Bartlett, 2006), servers presented their ability to predict the size of tips that the customers might leave. A study based on 1189 surveys filled out by servers in the United States reported that foreign customers were viewed to tip the least after teenagers, while Caucasian customers were considered to tip the most (McCall & Lynn, 2009). This calls for immediate attention from the restaurant managers because such perceptions can affect the performance and service preference of servers for foreign customers.

Hence, it is hypothesized that:

H1*: Servers perceive foreign customers to tip lower when compared to domestic customers.*

Favor to Serve

The restaurant industry is also known for selling an invaluable intangible product, service. Service is unique because it is customized every time by servers when it is delivered to each unique individual. When servers start to develop favoritism to serve particular customers, avoiding less favorable customers can hamper servers' performance. Servers were found to show favoritism to serve customers based on the demographic profiles of customers. Past studies showed women, teenagers, elderly adults, and large parties to be perceived as unfavorable customers by servers (Harris, 1995; Maynard & Mupandawana, 2009; McCall & Lynn, 2009). Additionally, race has been recognized as one of the factors for servers to show favoritism. In fact, previous results showed Caucasian customers being preferred over African Americans, Asians, and Hispanic customers (Lynn, 2004; Rusche & Brewster, 2008). Since minority customers were viewed as less favorable by servers, based on the past studies, it is hypothesized that:

H2*: Servers favor to serve domestic customers over foreign customers.*

Service Quality

Liu (2008) mentioned that servers might alter their behaviors which would impact their service if they believed that certain characteristics of service led to large tips. For example, if servers believe certain races of customers tip less, they are capable enough to alter their service level to justify the predicted tip amount. According to the longitudinal study of Gatta (2009), servers were aware of emotional requirements needed to provide service; however, they did not always follow them. He also found that servers could actually manipulate both organization features and customer behaviors in attempts to increase their tips, and they would actively forgo the tips by providing less quality of service to the customers they perceived as poor tippers.

According to Brewster (2013), servers exerting service discrimination at workplace was a proof that they were capable of manipulating the quality of service delivery to the customers. Rusche and Brewster (2008) reported that servers not only testified practicing service discrimination but also agreed upon coworkers delivering inferior service. The study of Rusche and Brewster (2008) showed that 31.8% of the respondents reported to provide varied service based on the customers' race and an additional 38.5% reported that the quality of their service was often or always relied on their customers' race. Customers of minority groups often experience different kinds of service discrimination (Malllinson & Brewster, 2005: Brewster, 2013).

Hence, it is proposed that:

H3: *Servers tend to provide less quality of service to foreign customers compared to domestic customers.*

Tip Amount Prediction, Service Favoritism and Service Quality

Harris, Henderson, and Williams (2005) described "racial profiling" as an act of discriminating customers based on their race or ethnicity, and providing inferior quality or product. Brewster and Rusche (2012) reported that some discriminating acts would be so subtle to distinguish that the customers would not realize being discriminated, e.g. frequency of smile, drink refill, greetings, etc.

If good tipping practices of customers could motivate servers to provide quality service, it might also invite service discrimination to those customers who servers think of as low tippers (Brewster & Mallinson, 2009; Brewster, 2013). However, Brewster & Mallinson (2009) argue, for example, if African American customers were to receive inferior service from servers because servers viewed them as poor tippers, African American customers would never tip better even if they wanted to because they would always receive bad service from the servers. It expresses the vicious cycles between the servers and ethnic customers which is hard to break.

These findings regarding tipping behaviors due to racial differences have made it crucial to understand the perception of servers. Such perception of servers regarding the ethnic customers' low tipping behavior can create various problems including recruiting and retaining employees at the restaurants where a majority of customers are from minority groups (Lynn & Thomas-Haysbert, 2003). The same case applies with the foreign customers. Studies should be conducted to recognize servers' perception on the tipping behaviors of foreign customers in American restaurants.

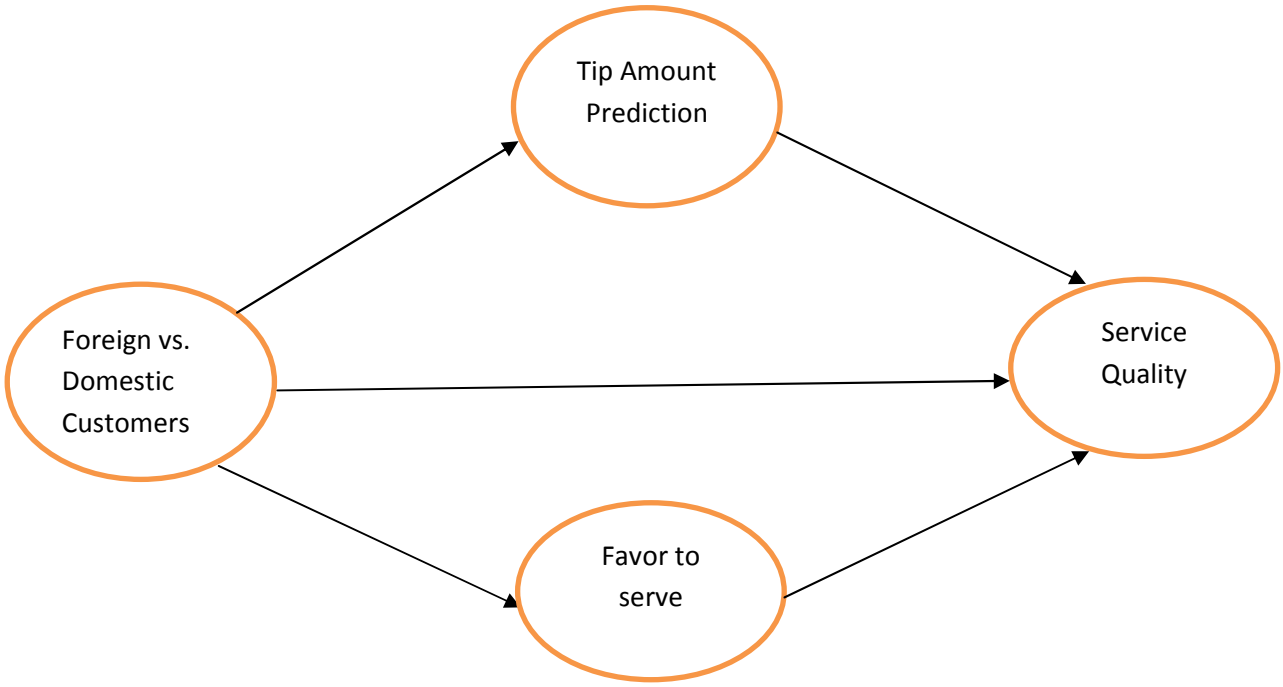
Servers, avoiding to wait on African American customers, delivering poor service to those customers if they must serve, and, at times, quitting the job (see Lynn, 2000) provide good examples of how servers' perceptions negatively impact the restaurant business. The effect of such perception will be seen in employee turnover rates increasing the costs of business and lowering the profit margins of the restaurants (Lynn, 2004).

Servers can be solely responsible for either a pleasant meal or a cold experience. Service discrimination becomes worse when servers serve for revenge by "engaging in material practices, for example, sabotaging the customers' meal" (Gatta, 2009) to make themselves feel better of bad customers. Mallinson and Brewster (2005) clearly demonstrated through their qualitative study that servers would create "symbolic boundaries" between themselves and customers of various races or origins and implemented "control moves" to add or reduce the value to the service to justify their beliefs about such customers. Hence, any kind of tipping assumption servers have for foreign customers and the favor they have developed for customers who they think would tip well may impact their service delivery process. Based on the literature discussed, it is hypothesized that:

H4: *There is a positive relationship between tip amount prediction and service quality*.
H4a: *There is a positive relationship between tip amount prediction and service quality provided to domestic customers.*
H4b: *There is a positive relationship between tip amount prediction and service quality provided to foreign customers.*

H5: *There is a positive relationship between favor to serve and service quality.*
H5a: *There is a positive relationship between favor to serve and service quality provided to domestic customers.*
H5b: *There is a positive relationship between favor to serve and service quality provided to foreign customers.*

Conceptual Framework of Study 1



Study 2 – Customer Study

Tipping race difference is one of the most sensitive and studied subjects which focuses on the tip amount differences of customers based on their ethnicity, cultural background, norms, and values. However, most of the researches are based on ethnic differences but pertaining to mostly American customers.

The most studied racial differences in terms of tipping behaviors is of African American customers. A survey, Lynn (2004) conducted among fifty-one servers, revealed that 94% of them listed African Americans as poor tippers and concluded, based on his study, that African American customers did in fact tip less than Caucasians regardless of sex, age, education, income, and household size (Lynn, 2007). Another extensive study of Noll and Arnold (2004) matched the finding with Lynn (2007) in which they compared two studies done in Florida and Maryland, one that collected the servers' perception on customers' tipping behaviors and the second that determined tipping behaviors of African Americans and Caucasians through calculation of actual bills, and found out that 45% of African Americans customers in their study tipped less than 15% of the bill, while only 18% of Caucasian customers in this study tipped less than 15% of the bill.

Similarly, Hispanics and Asians were also considered to be poor tippers by a majority of servers (Harris, 1995; Lynn, 2004). The study of Lynn and Graves (1996) found statistically significant tip amount differences among minority customers and Caucasian customers. Lynn and Thomas-Haysbert (2003) also suggested African Americans and Asians tipped less on average than Caucasians did based on their study results. Not only employees but, unfortunately, the industry itself had expressed similar beliefs about the ethnic groups that they were poor tippers, and as a result, chain restaurants would hesitate to intensely extend their service in minority communities (Lynn, 2004).

This customer study is presented as a follow-up study of the Study 1 in order to explore and compare the tipping behaviors of foreign customers and domestic customers. Based on the

past literature regarding the tipping practices of foreign customers in countries other than the United States discussed earlier in "Tipping Norms outside the United States" section of this chapter, it is hypothesized that:

H1: *Foreign customers tip less than domestic customers.*

Cross- Cultural Factors

When it comes to broadening the customer segments, i.e. foreign customers in casual dining restaurants of the United States, and their tipping practices, it is important to understand the culture and lifestyle they are influenced from. The United States and other foreign countries have different tipping cultures affecting their respective citizens' tipping practices. The tipping norm of a country yields various factors that shape the tipping behaviors of its citizens. Such cultural factors have hardly been studied, and compared within different countries (Azar, 2010; Fisher 2009). The need to study such cross-cultural factors between host and foreign cultures is clearly mentioned by Aramberri (2001) as well.

Foreign customers are often unaware of the local practices, including the tipping norm, and tend to follow the cultural practices of their own or the ones they are aware of in such times of uncertainty (Fisher, 2009). Thus, the decision of customers about how much to tip is mostly affected by the custom they are familiar with (Lynn & Withiam, 2008). One of the recent studies that assessed cross-cultural factors was of Azar (2010) who compared the factors that influenced the tipping practices of customers in the United States and Israel. Among those factors, guilt, intention to follow tipping norm, and supplement to servers' wage made significant impact on their tipping practices. However, the study was done in two different locations: the United States and Israel. The study may yield interesting findings if these cross-cultural factors affecting the tipping practices of domestic and foreign customers are compared and assessed in one location. This study attempts to do so by assessing guilt, awareness of tipping norm, and awareness of

servers' wage and their impact on the tipping practices of foreign and domestic customers in Oklahoma.

Guilt. A tip amount can be guided by negative emotions customers may face. Such negative emotions have been termed with different names. Azar (2004a) called it social pressure/ embarrassment, while Whaley (2011) referred to it as obligation. Guilt is "the uncomfortable feeling and even embarrassment that might result from stiffing" (Azar, 2004a). Lin and Namasivayam (2011) and Azar (2004a) also suggested that guilt played a role in determining the tip amount and might explain why many people tipped out of guilt even though the service they received might not be of high quality. Such act can possibly introduce poor service quality delivery which breaks the common ground of tipping rule, i.e. tip for quality service.

There are many possible reasons why people feel guilty. It arises from self-embarrassment knowing that tipping is expected but not offered (Whaley, 2011). It can also result from the influence of surroundings while others tip.

Early studies researching guilt showed mix results. One of the motivations of customers in the United States and Israel to tip servers, as per Azar (2010), is feeling guilty and embarrassed if they do not tip. However, Lynn (2009) presented that only 19.6% of his participants tipped to avoid guilt. In contrast, those customers with less guilt may tip less. Conlin et al. (2003) suggested the degree of internalized feeling of guilt and shame people experienced vary across countries, affecting the norms like tipping as well. For example, it is not a norm to tip flight attendant (Azar, 2007b) and hence people feel less obligated to tip them but may tip out of generosity.

Hence, the following hypothesis is proposed based on the above literature:

H2a: *There is a statistically significant positive relationship between guilt and the tip amount.*

H2b: *The tip amount of foreign customers is more affected by guilt compared to that of domestic customers.*

Awareness of Tipping Norm. When foreign customers travel to the United States, they bring their culture, lifestyle, and social perceptions with them, which tend to differ from local culture, lifestyle and attitude. As mentioned earlier, different countries have different tipping norms. Hence, it is necessary to understand that their tipping behaviors vary compared to that of domestic customers when they dine in at restaurants. According to Mealey (2010), tipping is forbidden in some parts of the world like Russia and Japan, whereas in Southern France, tips are the main source of servers' income. In countries like Hong Kong, Taiwan, and Australia tips are optional (Lin & Namasivayam, 2011).

Parrett (2006) stated tipping knowledge could be one of the important determinants of the tip amount left by the customers. Similarly, Azar (2010) suggested tipping as a social norm to be one of the main reasons why customers from the United States and Israel tipped servers. Lynn (2011) took a step further to empirically test the awareness of tipping norm as a mediator in the relationship between race differences and tipping behavior and the results showed that the awareness of tipping norm made partial significant effect in the relationship between race differences and tipping behavior. Another geo-demographic study done by Lynn (2006) also found an interesting result: customers' tipping norm awareness significantly varied within regions indicating northeastern customers had higher awareness of tipping norm than other regions.

On the other hand, the possible reason behind African American customers tipping less, as Lynn (2006) suggested, was also due to their lack of familiarity with the 15% to 20% tipping norm compared to Caucasians' based on the two national telephone surveys. Lynn (2013) compared the restaurant tipping of three races: Caucasian, Asians and Hispanics, and the analysis of his study showed both Asians and Hispanics varied their tip amount with the bill size compared to Whites suggesting Asians and Hispanics are also less aware of or do not follow the 15% to 20% tipping norm.

Fernandez (2004) mentioned, social norms like tipping was a behavior learned from family, friends, and sometimes even strangers. Familiarizing foreign customers, who grew up

never having to tip in their home countries, with U.S. tipping norms is a major challenge for the restaurant industry. If not done properly, it may hurt the tip amount servers would earn from them.

Therefore, it can be anticipated that, in many cases, foreign customers are unaware of tipping practices prevalent in the United States as well, which may result in less or no tipping to servers. Based on this argument, it has been hypothesized that:

H3a: *There is a statistically significant positive relationship between the awareness of tipping norm and the tip amount.*

H3b*: The tip amount of foreign customers is more affected by awareness of tipping norm compared to that of domestic customers.*

Awareness of Servers' Wage. As discussed earlier, servers can be legally paid less than the Federal national minimum wage and the wages vary across states, according to the United States Department of Labor. Some states like Washington and California do offer servers minimum wage, while many states, including Oklahoma, offer only $2.13 per hour to the servers (US Department of Labor, 2012). While the minimum wage of Oklahoma is $7.25, it is up to the server to make up this wage difference through tips. US Department of Labor also stated, "For Oklahoma employers with fewer than 10 full-time employees at any one location who have gross annual sales of $100,000 or less, the basic minimum rate is $2.00 per hour." While it gives special privilege to small restaurant business in Oklahoma, the dependency of servers on tips increases simultaneously.

Due to the fact that the servers' wage differ based on states, it is not surprising to speculate that many domestic customers may be unaware of servers' wage, especially when they travel to different states. Meanwhile, foreign customers may be in a worse position of not knowing the minimum wage of any given state, and even if they do, it is very likely that they may have the misconception that the servers are paid at least minimum wage or biweekly or monthly

salaries in the United States as servers get paid in their home countries. For example, in Hong Kong, full-time restaurant employees including servers receive fixed salaries per month (Dewald, 2001). Such disparity in tipping practices lead foreign customers to believe that the tips are just a surplus income for servers and, as a result, may tip less.

Thomas-Haysbert (2002) asked students of an introductory hospitality course in Howard University, a predominantly African American university; about 50% of them stated they did not know about servers being paid less than the standard minimum wage. The results make it crucial to contemplate two things: 1) those students were from a country (the U.S.) where tipping was a social norm; and 2) they were hospitality students i.e. future workforce of hospitality industry. If half of these students failed to inform themselves on wages servers get in their own country, the least should be expected from foreign customers regarding their knowledge of tipping norm in the United States while they travel to United States.

Unfortunately, many servers are not given any further compensation from the management except less than minimum wage (Whaley, 2011). This makes it highly essential for servers to depend on tips for their living. Azar (2004b) also argued that propensity to tip might increase if customers knew the lower wages of servers. Based on the above argument, the following hypotheses have been proposed:

H4a*: There is a statistically significant positive relationship between awareness of server's wage and the tip amount*.

H4b*: The tip amount of foreign customers is more affected by awareness of servers' wage compared to that of domestic customers*.

Organizational Factors

One of the most studied factors affecting tip amounts are the restaurant attributes. Price, friendly staff, décor, music, noise level, parking, service speed, cleanliness, food, restaurant types, and menu variety are some of the many organizational factors associated with the

restaurants assessed to find their relationship with tip amount left by customers. Studies have been done to break down such factors for detailed analysis. Liu (2008) listed the factors customers chose that would impact the tip amount which included friendly service, menu knowledge, food quality, prompt delivery of service, and self-introduction by the waiter. Conlin et al. (2003) had similar findings in their study that indicated not only service quality but also repetition, age, noise level, and group size had significant positive impact on the tip amount. Similarly, repeat visit, age, group size, service quality, food quality, and purpose of visit (leisure or busines) were described as influential to large tips, according to the study of Ineson and Martin (1999). Similarly, Parrett (2006) also specified service quality, tip size, gender, and payment method to be the determinants of tipping behavior of customers.

Thus, eventually, it all comes down to the umbrella of four main restaurant components which affect the tip size at the end: service quality, price, food quality, and atmosphere.

Service Quality. Service quality is described as "the difference between the expected service and the service experienced" (Parasuraman, Zeithaml, & Berry, 1988) which means higher the difference, better the service quality perceived by customers. Delivering high quality service, i.e. increasing the difference by rising "service experienced," plays a key role in the success of restaurant businesses for their survival and growth, and acts as one of the fundamental factors for customer satisfaction (Ramseook-Munhurrun, 2012). Service is an intangible product, holds the perishable characteristics, needs to be produced and consumed in the real time (Whaley, 2011) and is labor oriented. The act of providing service differs from person to person and is hard to replicate. Hence, the quality control of service is a challenge for the management and requires training for service providers to deliver standard level of service quality.

Tips are an effort of the management to reduce the labor cost. While the management has limited control over the behaviors of servers during service delivery, the power shifts to consumers who take responsibility to reward the server based on the service delivered, and hence,

tipping is considered as an effective way to “motivate servers” to deliver quality of service (Brewster, 2013) . Thus, service quality is the intangible aspect of the restaurant which customers pay as tips.

Customers are often surveyed to ask various aspects of service quality of service they receive which include the food quality, friendliness of server and restaurant attributes (McCall & Lynn, 2009). Service quality has gained much attention from many scholars in the past studies. Lynn (1996) talked about the basic tricks to increase servers’ tips like introducing themselves with names, squatting near the table, flash smiling, touching customers, using tip trays with credit-card insignia, and writing ‘thank you’ or drawing a happy face on customers’ checks. These cues come under delivering quality service to customers and portray a statistically significant relationship between service quality ratings and tips. Such actions, according to Azar (2007a), can stimulate the customers to tip generously. The study of Mok and Hansen (1999), based on the data collected from Huston, Texas, also revealed a strong relationship between the tip size and service provided by the servers along with the return intention of customers. Past studies also showed that the elements of service, i.e. employee behavior like friendliness, attitude, eye contact, body language, timeliness (speed) and menu knowledge (Kattara, Weheba, & El-Said, 2008; Whaley, 2011) had positive impact on customers’ perceptions on quality of service.

Parasuraman et al. (1988) took a step forward and developed the service quality measurement tool, SERVQUAL, which is based on five distinct dimensions: Reliability, Responsiveness, Assurance, Empathy and Tangibles. Though this instrument has been used in various settings and industries (see Ramseook-Munhurrun, 2012), the restaurant version of SERVQUAL was developed by Stevens, Knutson, and Patton (1995) which is known as the DINESERV instrument to measure the service quality restaurant customers prioritize while dining.

A study based on 107 restaurants located in Miami Beach, Florida, Kwortnik Jr, Lynn, and Ross Jr (2009) found that the restaurants with volunteer tipping policy received higher rating

for the service quality rendered than the restaurants with mandatory service charge policy. This finding is consistent with a Zagat survey which stated that about 80% of Americans chose to tip rather than mandatory service charge (Wachter, 2008). Removing the practices of tipping represents the loss of customers' power to control the service quality which has been clearly despised by American customers as derived from these studies.

On the other hand, foreign customers, who are not accustomed to tipping in their home countries, may not value the control on service quality as domestic customers do. Since one of the reasons why tipping is offered to servers is the service quality (Lynn, 1997; McCall & Lynn, 2009), foreign customers from those countries where tipping norms are not common may put less value on service quality when they tip. The study of Becker, Murrmann, Murrmann, and Cheung (1999), which compared the tipping behaviors of customers in the United States and Hong Kong, found that the U.S. customers placed more importance in servers' personal hygiene and product knowledge than Hong Kong customers did. Hong Kong customers valued privacy and low interruptions while eating, whereas the customers in the United States liked casual conversation with servers. As mentioned earlier, touching customers would lead to increase in tip (Lynn, 1996), however, such physical acts might offend foreign customers, especially Asian customers (Dewald, 2001). The service quality preferred, judged, and perceived vary from customers to customers due to their culture priority (see Kong & Jogaratnam, 2007). Thus, the following hypothesis has been proposed:

H5a*: There is a statistically significant positive relationship between service quality and the tip amount*.

H5b*: The tip amount of foreign customers is less affected by service quality compared to that of domestic customers.*

Price. Price, according to Zeithaml (1981), is "what is given up or sacrificed to obtain a product." Price is often associated with the term "value" because price perception of an object differs among individuals because the value of the object will be distinct for each of them (see Han and Ryu, 2009).

Early studies have shown the total price of the meal, i.e. bill size, to be the determining factor of the tip amount (Gibson, 1997). One of the factors affecting the tip amount is the "cost of the meal", i.e. price. Fisher (2009) argued that price might increase the tip amount of foreign customers if the cost/ bill was viewed to be of lower value than what they would pay when at home because the tip they would pay would also be of lower value to them limiting their risk and expenses. This argument may be applicable to foreign customers visiting the United States but in a reverse way. The dollar of the United States carries one of the highest currency values in the world. Many foreign visitors and students whose home currencies are weaker compared to American dollars suffer from their home currency devaluation discouraging them from tipping despite good service. For them, the comparison between the value of home currency and of the United States' currency can impact their tip amount because even a smaller amount of tip may give them an impression as if they are tipping well to the servers. The presence of price sensitivity in this case may affect the tip amount of foreign customers. This type of price sensitivity may or may not be experienced by domestic customers; however, they may be affected by price sensitivity due to high pricing of the menu.

The reasons of price sensitivity may be different but hold potential to impact the tip amount of the customers. Out of the few studies done in price sensitivity, the study of Dewald (2003) showed that the Hong Kong customers were price sensitive which directly influenced their tip size.

Based on the argument presented, the following hypothesis is proposed:

H6a: *There is a statistically significant positive relationship between price and the tip amount.*

H6b: *The tip amount of foreign customers is less affected by price compared to that of domestic customers.*

Food Quality. Food is the most basic and tangible product customers come to the restaurants for and spend the money on. Food quality is one of the keys to keep restaurants alive. There has been sizable body of literature exploring the relationship between food quality and customers' revisit intention, customer satisfaction and average check (Ineson & Martin, 1999; Liu, 2008; Qu, 1997).In fact, Sulek and Hensley (2004) concluded food quality to be the most important factor for customer satisfaction in a full service restaurant. Food quality is usually dissected into segments to measure its influence on customers (Harrington, Ottenbacher, Staggs, & Powell, 2012). Namkung and Jang (2007) also listed presentation and appearance of food to be the "tangible cue for customer perception of quality". Similarly, Kivela, Inbakaran, and Reece (1999) identified taste of the food as a main attribute to food quality. Temperature is another key element of food quality which affects the overall meal experience of the customers (Kivela et al., 1999).

Outside the United States, food (esp. portion size), friendliness of server (Dewald, 2003), and food quality (Chung & Heung, 2007) were confirmed as significant predictors of the tip size in Hong Kong restaurants. Similarly, food quality also has been considered as an important determinant in relation to satisfaction and revisit intention in Chinese restaurant (Qu, 1997). The study of Cheng (2005) in Taiwan between full-service and casual dining restaurants showed quality of product, i.e. food quality, to be emphasized by customers more than other factors. Soriano (2002) matched the findings with these results and concluded quality of food as the most important attribute of all in his study in Spain. A study done in Toronto by Susskind and Chan (2000) used Zagat survey scores which rated restaurants as top quality, and these top rated restaurants had received highest scores in food quality.

Past studies and the findings regarding food quality by different scholars are based on the studies conducted in United States and in different parts of the world. However, the lack of study to understand how foreign customers prioritize food quality while dining in the United States demands for the further study. Based on the arguments, it leads to the following hypothesis:

H7a: *There is a statistically significant positive relationship between food quality and the tip amount*.

H7b: *The tip amount of foreign customers is more affected by food quality compared to that of domestic customers.*

Atmosphere. One of the important intentions behind dining out for many customers is to escape their mundane life and enjoy the unique environment at the restaurants. Unlike service quality, atmosphere is partially outside the servers' control and yet affect the tip size (Liu, 2008). Atmosphere is mainly controlled by the management when it comes to portion of restaurant atmosphere: décor, music, layout, and light (Sulek & Hensley, 2004) whereas the servers may influence other aspects of atmosphere like cleanliness, noise level, seating, customer flow, and even music choice. Many themed restaurants attract the customers based on their peculiar settings. Atmosphere has the potential to create a competitive advantage for restaurants. Soriano (2002) emphasized the need to invest money on appearance and décor of the restaurant in order to move with the pace of the changing marketplace. When customers wait for the food, Han and Ryu (2009) argued that the customers would judge the décor and ambience of the restaurant that affected their dining experience.

Many previous studies have put secondary importance on atmosphere to explore its relationship with tip size. Along with food and service, (Susskind & Chan, 2000) recognized restaurant atmosphere as an component to surplus the average check of the restaurant. Kim and Kim (2004) revealed that the restaurants which scored the highest in customer satisfaction ranked atmosphere second highest of all the other qualities.

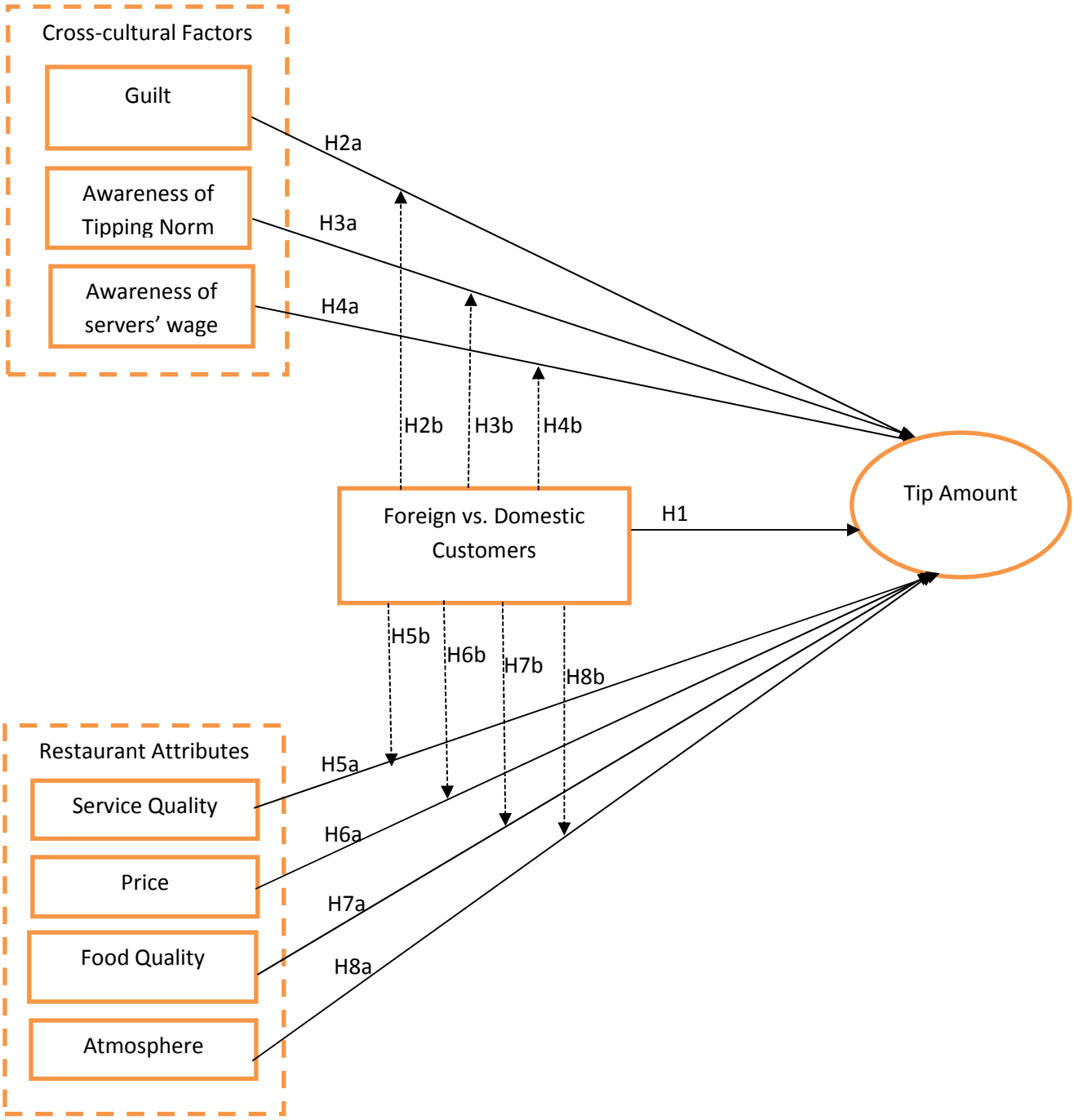
Similarly, Lynn (2013) found that Asians, Hispanics and Caucasians considered atmosphere to be significant tip amount predictors in his study. On the other hand, cleanliness was ranked as second most important determinants of customer satisfaction by Chinese customers (Qu, 1997). The study performed by Ramseook-Munhurrun (2012) in Mauritius also had similar findings and reported tangibles of the restaurants to be significant with customer satisfaction and intention to recommend but not with revisit intention. Kim, McCahon, and Miller (2003) also mentioned in their study that Korean customers do put high expectation from the physical aspects and appearance of the foreign-brand casual dining restaurants.

The degree to which individual or certain group prefers atmosphere vary and thus, the following hypothesis is proposed:

H8a: *There is a statistically significant positive relationship between atmosphere and the tip amount.*

H8b: *The tip amount of foreign customers is more affected by atmosphere compared to that of domestic customers.*

Conceptual Framework of Study 2



CHAPTER III

METHODS

This chapter covers components necessary to implement a quantitative study for empirical findings of the two studies. It includes the description of sample population (participants), research design, survey development and measurement, human subjects in research, pilot test, data collection, and data analysis.

Participants

The current research had two studies and required two different sets of participants. The servers who had worked in casual dining restaurants in Oklahoma were the participants for Study 1. Meanwhile, for Study 2, consumers who had dined at any causal restaurant in Oklahoma were taken as a sample. Respondents, who agreed to participate and complete survey, were counted for data analysis purposes.

Chain and independently owned casual dining restaurants around four major university areas of Oklahoma were chosen to distribute the server survey. These universities, Oklahoma State University (OSU), Oklahoma University (OU), University of Central Oklahoma (UCO), and University of Tulsa (TU), were taken into account based on their location and international student enrollment. The servers working at such restaurants were highly exposed to diverse customers and had good experience serving not only domestic, but also foreign (international students, staff and their families) customers. Thus, such servers were a good fit for Study 1. Other

reasons for choosing these areas were the restriction of travel time and financial issues to collect the data. In order to increase the size of server participants, the undergraduate students of the School of Hotel and Restaurant Administration (HRAD) at OSU were asked to fill out the online survey as well. A lot of these students worked as part time servers, interned at restaurants, and were required to take the course "Service Management in Hospitality Operation." This course required students to work as servers once a week for a semester in Taylor's Dining Restaurant located in the Human Sciences Building to earn credit for the course. Many of them usually had restaurant service experience and were suitable as participants for Study 1. Also, the members of a Facebook page, "Server_life", were requested to be the participants. This page was specifically for restaurant servers who shared and made comments on their work experience.

For Study 2, participants were recruited from various sources. OSU students, staff, and faculty from Stillwater and Tulsa area were invited to fill out the survey. Additionally, international students currently enrolled at OSU, OU, and UCO were also asked to participate through their respective student organizations and the International Student Services (ISS) office.

The sample size estimated for the Study 1 was 200, the number good enough to perform data analysis with the selected methods. To determine the sample size of the Study 2, a confidence interval approach and the following formula was used (Churchill, 2010).

$n = z2\ (pq) / e2 = (1.92)2\ (0.5)\ (1\text{-}0.5) / (0.05)2 = 385$

Here, z (1.96) was a standard error with a 95% level of confidence; p (0.5) was the estimated variability in the population (50% was the standard percentage used widely in social science study); q (1-p = 1-0.5 = 0.5); and e (0.05) was the error ±confidence interval in this study.

Research Design

This quantitative study used a descriptive research design for both studies using cross-sectional sample surveys. Quantitative study was useful to support or reject the predetermined hypotheses and employed independent and dependent variables to produce the findings from the

sample population (Whaley, 2011). Descriptive research design emphasized the frequency to explain a phenomena and included statistical analyses which captured the general behavior of a group (Whaley, 2011). Hence, this design complimented Study 1 to measure the perception of servers on customer groups and also Study 2 to determine the factors that would affect the tip amount of customer groups.

Survey Development and Measurement

Study 1 survey had four sections. Questions for this survey were developed from three sections of "Restaurant Servers and their Customers survey" (Brewster, 2009). Those three sections were customers, tipping quality, and coworkers.

The first section of Study 1 was the screening question to determine if the participants were casual dining servers in Oklahoma. The purpose of the screening question was to capture the qualified participants for the study.

The second section contains (a) four demographic questions (gender, age, education level, and ethnicity), and one question to ask the length of work experience; (b) a question to retrieve an average tip amount (in percentage) the participant (server) received; and (c) a question which asked how the participants differentiated if customers were domestic or foreign customers.

The third section contained three sub-sections. The first sub-section intended to measure the tip amount prediction offered by customers based on their ethnicity which utilized a 5 point Likert-type scale where 1=very bad and 5=very good. The second sub-section measured the preference to serve customers based on their ethnicity and used a 5 point Likert-type scale where 1=never to 5=always. The ethnicity of customers in both of these sub-sections was extended up to 10 ethnic groups, five domestic and five foreign customers. The third sub-section consisted of service quality items which intended to measure the difference in service quality provided to domestic and foreign customers, and was measured using 10 items with a 5 point Likert-type scale where 1=strongly disagree and 5=strongly Agree. These items were developed using the

DINESERV instrument from Kim, McCahon & Miller (2003) and the server behavior instrument from Becker et al. (1999). These 10 service quality items included entertainment (2 items), cordiality (3 items), reliability (2 items), responsiveness (2 items), and empathy (1 item).

The fourth section assessed (a) effort in the service; and (b) preference to serve customers when the customers would and would not tip well, measured on a 5 point Likert-type scale ranging from 1= not at all to 5=to a great extent.

Study 2 survey consisted of four sections. The first section of the survey intended to find out the tipping practices of the respondents. It included the questionnaires to investigate:

(a) The tip amount (in percentage) the respondent had paid in his/her most recent casual dining meal, adapted from Tipping Experiment Survey used by Parrett (2003)

(b) Knowledge of wages of servers in Oklahoma

(c) Average tip amount (%) offered to servers, for good service, and for bad service, adapted from Tipping Motivation Scale of Whaley (2011), and

(d) Knowledge of general tipping norm in the United States.

The second section comprised 20 items to measure the four organizational factors: service quality (8 items), food quality (3 items), price (3 items) and atmosphere (3 items) and one cross-cultural factor, guilt (3 items). These items were measured on a 5 point Likert-type scale, from 1 = strongly disagree to 5= strongly agree. This section was adopted from Tipping Motivation Scale of Whaley (2011) and the items related to price factor were added to meet the purpose of the study.

The third section of the survey contained six demographic questions including gender, education, age, income and ethnicity. These sixth demographic questions were important to the study as they verified the customers' groups, foreign or domestic. If the respondents confirmed as foreign customers, it led them to two more questions which examined the existence of tipping practices in their respective home country and the frequency of the tipping they made on a 5 point Likert-type scale where 1= never to 5= always.

A copy of both survey instruments are attached in Appendix section.

Human Subjects in Research

The survey instruments and research protocols were approved by the OSU Institutional Review Board (IRB) on 13th November, 2013 for further data collection. The IRB approval ensured that the participants of the surveys were secured or informed about any potential danger or harm from taking the surveys and hence, protected their human subjects' rights. An IRB approved protocol modification, which requested a change of Thesis title and additional recruitment process to increase the respondents' size, was submitted and approved by IRB on 3rd February, 2014.

Pilot Test

After the first IRB approval of the study, pilot tests were conducted for both surveys to evaluate the respondents' clarity and understanding of the instruments before finalization and distribution of the surveys.

For the pilot study of the Study 1, 15 servers from Chili's Grill and Bar in Enid, OK participated between November 14 and November 18, 2013. Out of thirteen service quality items from the third section, three items were removed in order to improve the reliability of the items from .401 to .618 for domestic customers, and from .747 to .786 for foreign customers.

The pilot test of Study 2 was conducted online using a convenient sample approach involving 20 Hospitality major students from the HRAD department of OSU between November 13 and November 17, 2013. Based on the results of the pilot test and feedback received, the second section of the survey containing 23 items was revised and reduced to 20 items, which increased the reliability score from .715 to .757. As a result, two items of the guilt factor and one item of the service quality were eliminated from the survey.

Data Collection

Study 1 employed both online and paper versions. A total of 30 casual and independently owned restaurants were contacted to fill out the paper version of the survey. Nine restaurants declined, and five restaurants returned unfilled surveys. A survey packet containing 12 surveys was given to each of the 16 restaurant managers who agreed to participate on January 12, 2014, and was collected in two weeks. A total of 192 surveys were distributed to ten restaurants in Stillwater, two in Edmond, two in Norman, and two in Tulsa. Servers were asked by their respective managers to fill out the surveys during non-rush hours. Around 330 HRAD undergraduate students were contacted via email requesting them to fill out the online survey in February, 2014. A reminder email was sent to them after a week. Meanwhile, the survey link was also posted by the administrator of the Facebook page, Server_life, inviting its members to complete the online survey.

Both online and paper surveys of Study 2 were distributed to the customers from November 19, 2013, to January 31, 2014. A database of 5,000 Oklahoma residents, which integrated a random mix of 500 faculty, 1,500 undergraduate students, 1,500 graduate students and 1,500 staff members of OSU in Stillwater and Tulsa, was obtained from the OSU-IT department and was used to distribute the online customer survey on November 19, 2013. In order to get the foreign (international students) customer participants, Tim Huff, International Students and Scholar (ISS) Manager, was contacted. He emailed all the currently enrolled international students on December 11, 2013, with the link to the online survey through Listserv, a monthly email sent out to international students to make various college event updates. In order to increase the international participants, students who attended the Annual Spring Welcome Back event, organized by the International Student Organization (ISO) were asked to fill out survey on January 17, 2014. Other international student organizations were contacted at OU and UCO throughout December 2013 and January 2014 to help distribute the online customer survey to their student members as well.

Qualtrics software was used to develop and distribute the online survey, and also to collect and store data. All the respondents were given informed consent letters for their participation agreement first. The respondents were asked to proceed only if they were over 18 years old.

Data Analysis

The data was analyzed using the SPSS 20.0 version for Windows. All the Likert-type scales used in these two studies were on 5 points. The Likert-type scale was useful to assess the different intensity levels of the respondents (Churchill, 2010).

Both studies employed different methods of statistical analysis to get the results. The validity and reliability measurements were performed after the completion of pilot tests and before finalizing the survey instruments for mass distribution. Cheng (2005) described reliability as a "test of the identical or similar body to see the level of consistency of the results", and validity as an "accuracy level of a measurement scale". The varimax-rotated principal components factor analysis was employed to examine the internal consistency of the items in the surveys, explained in the next chapter.

Descriptive statistical analysis was used to analyze the respondents' demographic characteristics. Similarly, factor analysis, frequency analysis, t-test, two-way ANOVA, and hierarchical linear regression were utilized to measure the various components of the surveys.

To test H1, H2, and H3, t-test was employed to measure the difference between domestic and foreign customers regarding tip amount prediction, favor to serve, and service quality. The independent variable was the customer groups (foreign and domestic), while the dependent variables were tip prediction, service quality, and service preference. Hierarchical regression was used to measure the relationship between tip amount prediction and service quality (H4), and the relationship between favor to serve and service quality (H5) using standardized beta coefficients.

H4 and H5 were separately measured for domestic (H4a and H5a) and foreign (H4b and H5b) customers using hierarchical regression.

For the customer survey, to examine H1, one-way ANOVA was utilized. H2a, H3a, H4a, H5a, H6a, H7a, and H8a (cross-cultural and organizational factors affecting tip amount) employed hierarchical regression to assess findings. The significance of F-statistic was measured at the probability level of 0.05. R-square was observed to assess the degree of variance explained in the dependent variable (tip amount) by the independent variables (factors affecting tip amount). In order to evaluate the influence of each of the independent variables on the dependent variable, standardized beta coefficients were assessed.

To test H2b, H3b, H4b, H5b, H6b, H7b, and H8b, two-way ANOVA were used to determine the impact of cross-cultural factors and organizational factors on the tip amount difference between foreign and domestic customers.

CHAPTER IV

RESULTS

This chapter consists of results of both studies. The findings of the Study 1 are presented first in three sections. The first section comprises of respondents' demographic characteristics. The second section presents reliability tests. The third section reports the hypothesis results. The results of Study 2 are reported in three sections as well. Demographic profiles of respondents are presented first followed by factor analysis and reliability test results. Finally, all the findings of hypotheses related to Study 2 are mentioned in the third section.

Study 1 – Server Study

Demographic Characteristics

Of the 329 questionnaires received, 298 were complete and valid. Demographic profiles of respondents are presented in Table 1. Majority of the respondents, 78.9%, were female, while male represented 21.1%. About 50% of the respondents were aged between 18 to 24 years. The second largest group of respondents, 31.2%, was 25 to 34 years of age. About 12% of the respondents were of 35 to 44 years of age. Between 45 to 44 years of age were 5% of the respondents. The oldest group of respondents (55 and above) were only 0.7%.

About 43% of the respondents reported to have some college education, while 1% of them had no high school degree. Respondents with high school or GED education represented

15.1%. About 19% of the respondents had associate or 2 years of degree, whereas, respondents with bachelor's degree were 19.5% and with graduate degree were only 2.3%.

Table 1: *Demographic profile of the Respondents*

Variable	Frequency	Percentage (%)
Gender (N=298)		
Male	63	21.1
Female	235	78.9
Age (N=298)		
18 to 24	151	50.7
25 to 34	93	31.2
35 to 44	37	12.4
45 to 54	15	5.0
55 and above	2	0.7
Education (N=298)		
No high school degree	3	1.0
High School or GED	45	15.1
Some College	128	43.0
Associate/ 2 years degree	57	19.1
Bachelor's degree	58	19.5
Graduate degree	7	2.3
Work Experience (N=298)		
Less than a year	21	7.0
1 to 3 years	69	23.2
3 to 5 years	65	21.8
5 to 10 years	84	28.2
More than 10 years	59	19.8
Race/ Ethnicity (N=298)		
Caucasian American	221	74.2
African American	10	3.4
Hispanic/ Latino American	25	8.4
Asian American	4	1.3
Native American	3	1.0
European	3	1.0
Asian	19	6.4
Hispanic/ Latino/ South American	2	0.7
Others	11	3.7
Marital Status (N=298)		
Single	142	47.7
Married	36	12.1
Engaged/ Committed	62	20.8
Single/ Divorced+kid	39	13.1
Married + kid	19	6.4

Work experience of the respondents in the restaurant industry is somewhat equally distributed among 1 to 3 years (23.2%), 3 to 5 years (21.8%), 5 to 10 years (28.2%) and more than 10 years (19.8%). Only 7.0% of the respondents reported to have less than a year of experience.

The majority of respondents were Caucasian Americans (74.2%) and the second highest ethnic group was Hispanic/ Latino American (8.4%). About 3.4% of the respondents were African Americans, 1.3% were Asian Americans, and 1.0% were Native Americans. Asians represented 6.4% of the respondents, while 1% of them were Europeans, and 0.7% of them were Hispanics/ Latinos/ South Americans. There were 3.7% of respondents other than the specified ones.

Among the 238 respondents, 47.7% of them were single, 12.1% reported to be married, 20.8% were engaged/ committed, 13.1% were single/ divorced with kid and 6.4% were married with kid.

Table 2: *Average Tip Amount Servers Receive from Customers*

Tip Percentage	**Frequency**	**Percentage (%)**
0 to 5%	7	2.3
5.01% to 10%	21	7.0
10.01% to 15%	88	29.5
15.01% to 20%	163	54.7
More than 20%	19	6.4
Total	298	100.0

Table 2 summarizes the average tip percentage the respondents (servers) receive from customers. More than half (54.7%) reported to receive 15.01% to 20% of the bill as a tip. 29.5% of the respondents indicated to receive a tip of 10.01% to 15% of the bill in average. 6.4% stated to collect more than 20%, 7.0% stated to receive 5.01% to 10% of the bill as a tip, while only 2.3% of the respondents reported to receive a tip of 0 to 5% of the bill.

Table 3 explains how respondents would differentiate customers either as Americans or Foreigners. Respondents were allowed to choose multiple characteristics in the survey. Out of

298, 258 respondents would judge customers as Americans or not based on his accent the most, followed by physical features (136), and dress up and accessories (96). Fifty six respondents reported to use the body language, 7 respondents mentioned that they don't know, and 18 chose to express their opinions not mentioned in the questionnaire which included food ordered (2), stereotypical behavior (3), language (6), tip amount the customer leaves (4), the customer tells me (1), and questions customers ask (2).

Table 3: *Differentiating customers as Americans or Foreigners*

Characteristics	**Frequency**
Accent	258
Body Language	56
Physical Features	136
Dress Up and Accessories	96
Others	18
Don't Know	7

Reliability Analysis

The 10 items measuring the self-rated service quality provided by servers to both domestic and foreign customers were analyzed for internal consistency using Cronbach's Alpha. For domestic customers, Cronbach's Alpha of service items was .87. Similarly, for foreign customers, Cronbach's Alpha of service items was .89. Both of the customer groups showed high reliability, and, hence, further analysis was performed.

Hypothesis Testing

Out of 10 ethnic categories in the questionnaire, Caucasian American, African American, Hispanic/ Latino American, Native American and Asian American were all combined to represent the domestic customer group. Likewise, remaining 5 ethnic categories: European, Asian, African/ Caribbean, Hispanic/ Latino/ South American and Australian/ New Zealanders, were merged together to represent the foreign customer group.

H1*: Servers perceive foreign customers to tip lower when compared to domestic customers.*

To test H1, paired sample t-test was utilized to measure the significant difference in the tip amount of domestic and foreign customers as per respondents' prediction. The means of tip prediction of domestic customers and foreign customers were compared.

Table 4. *Paired Samples Statistics of Customer group's Tip Prediction*

Tip Prediction	Mean	N	Std. Dev.
Domestic	3.0060	298	.46836
Foreign	2.6765	298	.61105

Table 5. *Paired Sample Test Findings: Difference in Tip Prediction between Domestic and Foreign Customers*

Tip Prediction	Mean	Std. Deviation	t-value	df	Sig.
Domestic - Foreign	.32953	.58234	9.768	297	.000***

***p<.001

A paired sample t-test was implemented to compare the tip amount prediction between domestic and foreign customers as perceived by 298 servers. The results in Table 4 and Table 5 showed that the means of tip amount prediction of domestic customers (*MDomestic*=3.00, *SDDomestic*=.47) was significantly higher than the tip amount prediction of foreign customers (*MForeign*=2.68, *SDForeign*=.61), $t(297)=9.77$, $p<.000$. Hence, H1 was supported.

H2*: Servers favor to serve domestic customers over foreign customers.*

To test H2, the paired sample t-test was used to measure the significant difference in the servers' favor to serve domestic and foreign customers. The means of tip prediction of domestic customers and foreign customers were compared. The results are shown in Table 6 and Table 7.

Table 6. *Paired Sample Statistics of Servers' Favor to Serve Customer Group*

Favor to Serve	Mean	N	Std. Dev.
Domestic	3.4309	298	.72427
Foreign	3.0973	298	.90939

Table 7. *Paired Sample Test Findings: Difference in Favor to serve between Domestic and Foreign Customers*

Favor to Serve	Mean	Std. Deviation	t-value	df	Sig.
Domestic - Foreign	.33356	.58582	9.829	297	.000***

***p<.001

According to the result of the paired sample t-test, the means of tip amount prediction of domestic customers (*MDomestic*=3.43, *SDDomestic*=.72) was significantly higher than the tip amount prediction of foreign customers (*MForeign*=3.09, *SDForeign*=.91), *t*(297)=9.829, *p*<.000. Hence, H2 was supported.

H3: *Servers tend to provide less quality of service to foreign customers compared to domestic customers.*

Similarly, H3 was tested using a pair sample t-test as well to assess the significant difference in service quality provided by servers between domestic and foreign customers. The means of service quality provided to domestic and foreign customers were measured and presented in Table 8.

Table 8. *Paired Sample Statistics of Service Quality provided to Customer Group*

Service Quality	Mean	N	Std. Dev.
Domestic	4.4839	298	.45926
Foreign	4.2416	298	.58845

Table 9. *Paired Sample Test Findings: Difference in Favor to serve between Domestic and Foreign Customers*

Service Quality	Mean	Std. Deviation	t-value	df	Sig.
Domestic - Foreign	.2423	.42623	9.812	297	.000***

***p<.001

According to the results of paired sample t-test in Table 8 and Table 9, the means of tip amount prediction of domestic customers (*MDomestic*=4.48, *SDDomestic*=.46) was significantly higher than the tip amount prediction of foreign customers (*MForeign*=4.24, *SDForeign*=.59), *t*(297)=9.991, *p*<.000. Hence, H3 was supported.

Hierarchical Regression Analysis

Prior to the hierarchical regression analysis, the independent variables were examined for collinearity. All these variables showed VIF less than 2.0 indicating that the estimated βs were well established in the regression models. In order to investigate the significant relationship

between tip amount prediction and service quality, and between favor to serve and service quality, a hierarchical regression analysis was performed. The control variables (gender, age, income, education, years of experience and marital status) were entered at Step 1, followed by tip amount prediction and favor to serve at Step 2.

Table 10. *Hierarchical Regression Analysis for the effect of Tip Amount Prediction and Favor to Serve on Service Quality*

Variables	Model 1	Model 2
Gender	.038	.046
Age	-.067	-.118
Education	.026	.037
Years of Work Experience	.124*	.155*
Marital Status	.088	.140*
Ethnicity	-.030	-.029
Tip Amount Prediction		-.005
Favor to Serve		.230***
R^2	.03	.089
ΔR^2		.059
F	1.436	8.911
ΔF		7.475***
Df	6,291	2,289

*p<.05, ***p<.001

In equation form:

$$ServiceQuality_i = 3.66 + (.03gender_i) + (-.05age_i) + (.01education_i) + (.07yearsofworkexperience_i) + (.11maritalstatus_i) + (-.05ethnicity_i) + (.01tipprediction_i) + (.14favortoserve_i)$$

The results of the hierarchical regression showing the impact of tip amount prediction and favor to serve on service quality are presented in Table 10. The entry of the control variables at Step 1 did not significantly influence the service quality (R^2 = .03). The entry of tip amount prediction and favor to serve at Step 2 significantly influence the service quality (ΔR^2 = .059),

with a final R^2 of .089 at ΔF (2,289) = 7.475, p<.001. Two of the demographic variables, marital status, and years of experience were statistically significant at p<.05.

H4: *There is a positive relationship between tip amount prediction and service quality.*

The hierarchical regression analysis, presented in Table 10, reported tip amount prediction didn't have insignificant impact on the service quality, [β = -.005, p<.001]. The beta value was the lowest of all the independent variables. Thus, H4 was not supported.

H5: *There is a positive relationship between favor to serve and service quality.*

According to the findings in Table 10, "favor to serve" had the significant impact on the service quality, [β =.230, p<.001], with the highest beta value of all the variables. Hence, H5 is supported.

Table 11. *Hierarchical Regression Analysis for the effect of Tip Amount Prediction and Favor to serve on Service Quality (Domestic Customers)*

Variables	Model 1	Model 2
Gender	.039	.048
Age	-.068	-.109
Education	-.015	-.003
Years of Work Experience	.129	.153*
Marital Status	.073	.087
Ethnicity	-.080	-.095
Tip Amount Prediction		.140
Favor to Serve		.138*
R^2	.039	.067
ΔR^2		.028
F	1.884	5.212
ΔF		3.328*
Df	6,291	2,289

*p<.05, ***p<.001

In equation form:

$ServiceQuality_i = 3.98 + (.03gender_i) + (-.04age_i) + (-.01education_i) + (.06yearsofworkexperience_i) + (.08maritalstatus_i) + (-.13ethnicity_i) + (.03tipprediction_i) + (.08favortoserve_i)$

H4a and H5a – Domestic Customers. The impact of "tip amount prediction" and "favor to serve" on "service quality" was further analyzed separately for domestic and foreign customers. Table 11 showed the findings of the hierarchical regression to determine the impact of tip amount prediction and favor to serve on service quality provided to domestic customers. The VIFs of all the variables came lower than 2 indicating multicollinearity was not a problem in this analysis. The entry of control variables (gender, age, education, years of work experience, marital status and ethnicity) at Step 1 didn't show any significant impact on service quality ($R^2 = .039$). The entry of tip amount prediction and favor to serve at Step 2, however, significantly increased explained variance ($\Delta R^2 = .028$), with a final R^2 of .067 at ΔF (2,289) = 3.328, $p<.05$. One demographic variable, years of experience, showed statistically significant results influencing the service quality provided to the domestic customers at $p<.05$.

H4a: *There is a positive relationship between tip amount prediction and service quality provided to domestic customers.*

To measure H4a, the hierarchical regression analysis was performed and the findings in Table 11 suggested that there was no significant positive relationship between "tip amount prediction" and "service quality" provided to domestic customers, [β =.140, $p<.001$]. Thus, H4a was not supported.

H5a: *There is a positive relationship between favor to serve and service quality provided to domestic customers.*

The results in Table 11 showed "favor to serve" to have significant impact on the service quality provided to domestic customers, [β =.138, $p<.05$]. Hence, H5a was supported.

H4b and H5b – Foreign Customers. A hierarchical regression was conducted to investigate the impact of "tip amount prediction" and "favor to serve" on "service quality" provided to foreign customers. The results are presented in Table 12. To check the collinearity, the VIFs of all the independent variables were measured which were less than 2, thus, indicating no issues of multicollinearity. The entry of control variables (age, gender, education, years of experience, and marital status) at Step 1 didn't have any significant impact on service quality (R^2 = .022).

Table 12. *Hierarchical Regression Analysis for the effect of Tip Amount Prediction and Favor to Serve on Service Quality (Foreign Customers)*

Independent Variable	Model 1	Model 2
Gender	.032	.040
Age	-.057	-.105
Education	.054	.063
Years of Work Experience	.103	.137*
Marital Status	.087	.158
Ethnicity	.013	.022
Tip Amount Prediction		-.005
Favor to Serve		.277***
R^2	.022	.105
ΔR^2		.083
F	1.060	11.847
ΔF		10.787***
Df	6,291	2,298

*p<.05, ***p<.001

In equation form:

$ServiceQuality_i = 3.37 + (.03gender_i) + (-.05age_i) + (.03education_i) + (.08yearsofworkexperience_i) + (.13maritalstatus_i) + (.03ethnicity_i) + (.01tipprediction_i) + (.18favortoserve_i)$

The entry of "tip amount prediction" and "favor to serve" at Step 2 had significant impact on service quality ($\Delta R^2 = .083$) with a final $R^2 = .105$ at ΔF (2,289) = 10.787, $p<.001$. One of the control variables, "years of experience", displayed significant impact on service quality at $p<.05$ with the beta value of .158 and had the second highest impact on service quality.

H4b: *There is a positive relationship between tip amount prediction and service quality provided to foreign customers.*

H4b was not supported by the findings of the Table 12. The relationship between tip amount prediction and service quality provided to foreign customers was not significant, [β = -.005, $p<.001$].

H5b: *There is a positive relationship between favor to serve and service quality provided to foreign customers.*

Based on the findings in Table 12, "favor to serve" showed statistically significant impact on "service quality" provided to the foreign customers [β =.277, $p<.001$]. With the beta coefficient of .277, "favor to serve" showed to be the most influential on the service quality provided to the foreign customers. Thus, H5b was supported.

Study 2 – Customer Study

Demographic Characteristics of Respondents

Descriptive statistics of customer respondents are presented in Table 13. A total of 832 respondents participated to fill out online and paper versions of the survey, out of which only 749 were complete and valid. Female represented 57.5% of the respondents and male represented 42.5% of the total respondents. More than half of the respondents, 52.6%, reported to have a graduate degree, 25.1% had a bachelor's degree, 13% had some college, 4.8% had an associate degree, 4.4% had a high school degree and only 0.1% had no high school degree.

There were 33.2% of the respondents who represented the age group between 25 to 34 years. The second largest group of respondents, 22.2%, was of 18 to 24 years. Similarly, 45 to 54 years

Table 13: *Descriptive Statistics of Customer Respondents*

Gender (N=749)	**Frequency**	**Percentage (%)**
Male	318	42.5
Female	431	57.5
Education (N=749)		
No High School Degree	1	0.1
High School or GED	33	4.4
Some College	97	13.0
Associate/ 2 years degree	36	4.8
Bachelor's degree	188	25.1
Graduate degree	394	52.6
Age (N=749)		
18 to 24	166	22.2
25 to 34	249	33.2
35 to 44	110	14.7
45 to 54	121	16.2
55 and above	103	13.8
Annual Income (N=749)		
Less than 18,000	152	20.3
18,000 to 33,000	113	15.1
33,001 to 52,000	110	14.7
52,001 to 82,000	151	20.2
More than 82,000	223	29.8
Customer Group (N=749)		
Domestic	640	85.44
Born in US	*586*	
Not Born in US	*54*	
Foreign	109	14.56
Domestic Group (N=640)		**100**
Born in US (N=586)		**91.56**
Caucasian American	525	82.03
African American	17	2.66
Native American	23	3.59
Hispanic/ Latin American	13	2.03
Asian American	8	1.25
Not Born in US (N=54)		**8.44**
European	11	1.72
African	2	0.31
Asian	36	5.63
Hispanic/ Latino/ South American	4	0.62
Australian/ New Zealander	1	0.15
Foreign Group (N=109)		**100**
European	10	9.17
African	4	3.67
Asian	80	73.39
Hispanic/ Latino/ South American	13	11.93
Australian/ New Zealander	2	1.83

of age group contained 16.2%, 35 to 44 years of age group had 14.7% and 13.8% were respondents with age 55 and above.

The annual income of the respondents was fairly distributed. While 29.8% of the respondents reported to earn more than $82,000 per year, 20.3% had the income less than $18,000 per year. Respondents with income $52,001 to $82,000 represented 20.2%. About 15% of the respondents earned between $18,000 and $33,000 and 14.7% had the income between $33,001 and $52,000.

There were a total of 640 domestic customers representing about 85% of the total respondents. Out of 640 domestic customers, 586 were born in the United States, while 54 were not, but had been in the United States for more than five years. The largest group of domestic customers, Caucasian Americans, represented about 82%. Native Americans represented 3.59% of the domestic customers, while African Americans were 2.66%. Hispanics/ Latin Americans were 2.03% and Asian Americans were 1.25% of the domestic customers. 14.56% of the total respondents were foreign customers who were not born in the United States and had been in the country for less than five years. Asians represented the largest category of foreign respondents with 73.39% of the total foreign customers. Hispanics/ Latino and South Americans were the second largest with 11.93% of the foreign customers. 9.17% were Europeans and 3.67% were Africans. The smallest category of foreign customers was Australian/ New Zealanders with only 1.83%.

Tipping Practices of Foreign Respondents

Table 14 summarizes the existence of tipping norms and the tipping practices in the home countries of a total of 163 respondents who were not born in US. Almost half of the foreign born customers admitted to have a tipping custom in their native countries. 46% said “No”, while 7% were not sure about the existence of tipping norms in their home countries at all.

Table 14: *Existence of Tipping Practices in Home Country*

	Frequency	**Percentage (%)**
Yes	81	49.7
No	75	46.0
Don't Know	7	4.3
Total	163	100

Upon asked if the foreign born customers tip to servers in their countries, one-fourth of them said "Never," one-fourth said "Sometimes," while 27% said they would always tip. 20.2% of them reported to tip "Often" and 2.5% said they didn't know if they tipped at the restaurants in their countries. The statistics are presented in Table 15.

Table 15. *Frequency of Foreign Customers' Tipping in Home Country*

	Frequency	**Percentage (%)**
Never	41	25.2
Sometimes	41	25.2
Don't Know	4	2.5
Often	33	20.2
Always	44	27.0
Total	163	100

Factor and Reliability Analysis

Total 17 items measuring four different factors (service, price, food, and atmosphere) were used for factor analysis to test the internal consistency of underlying dimensions of factors affecting tip amount. An exploratory factor analysis was employed to group these items and form related subsets based on the items' correlation (Huck, 2012). Using principle component analysis, the varimax rotation method was used to factor analyze the dimensions. The results are presented in Table 16.

The Kaiser-Mayer-Olkin Measure of Sampling Adequacy (KMO) was 0.852, which is greater than 0.60 and Barlett's Test of Sphericity value was significant at $p = 0.000$ referring to the validation of the factor model (Huck, 2012). The communalities of the items are above .30 indicating the common factors explained the variance in factors affecting the tip amount.

Table 16: *Factor Analysis Results*

Code	Items	Components 1	2	3	4	Communality
Factor 1						
S1	The service received	.806				.665
S2	Poor service	.739				.554
S3	A server's attitude	.713				.596
S4	A server's friendliness	.690				.533
S5	Timeliness of service	.651				.525
Factor 2						
A1	Taste of food		.821			.695
A2	Appearance of food		.777			.664
A3	Temperature of food		.714			.574
A4	Overall restaurant cleanliness		.677			.515
A5	Light, music and decor (Ambiance) of the restaurant			.660		.607
Factor 3						
P1	I tend to pay more tip amount if the total bill/ check amount is high			.837		.707
P2	I tend to pay less tip amount if the total bill/ check amount is low			.791		.657
P3	The total bill/check of my meal			.676		.496
Factor 4						
I1	Direct Eye Contact	.327			.718	.629
I2	A server's ability to sell the menu				.650	.521
I3	A server's body language	.435			.508	.462
						Total
	Cronbach's Alpha	.794	.830	.723	.701	.781
	% of Variance Explained	18.124	17.950	10.682	10.997	57.754
	KMO					.852
	Barlett's Test of Sphericity					3790.233
	Significance					.000
	Eigenvalue	4.536	2.299	1.779	1.153	

Items with factor loading of above 0.50, the cut-off value showing good internal consistency within one factor, were kept for the further analysis. Hence, one of items originally representing the "atmosphere" factor was removed from the further analysis due to the factor loading less than .50. Similarly, Cronbach's alpha was performed to assess the reliability of each

factor. The internal consistency as measured by Cronbach's alpha for the overall items was .76, which was higher than recommended 0.70 (Hair, 2006). Hence, these items were considered for the further study. Factor analysis displayed four dimensions as planned. However, some of the items didn't load on the respective dimensions as planned.

Based on the analysis presented in Table 16, factor 1 was loaded with five "service" items. Though the "service" dimension initially contained eight items, respondents felt only five of those items were related to the overall service. Those five items measured respondents' perspective on the impact of "service received", "poor service." "a server's attitude," "a server's friendliness," and "timeliness of service" on tip amount they would offer to the server. The factor 1 also accounted for 18.12% of the total variance, the highest among all the factors with eigenvalue of 4.536.

Factor 2 was loaded with three items of "food" and two items of "atmosphere" representing overall "restaurant attribute." The factor analysis put "food" and "atmosphere" items together to create a wholesome product a restaurant could sell. The main commodity of a restaurant is food and atmosphere adds value to the eating experience of customers. This new dimension was named "restaurant attribute", which had 17.95% of the total variance, the second highest after factor 1, "service." The eigenvalue of factor 2 was 2.299.

Factor 3, "price," was the only dimension whose items didn't deter and stayed within the same factor as planned. Those three times jointly measured how the total bill of the meal, i.e. "price," would impact on the tip amount of the respondents. "Price" factor showed 10.68% of the total variance, the lowest of all but respectable amount of the total variance and its eigenvalue was 1.779.

The three items initially set for the "service" factor were separated from factor 1 and was loaded in factor 4. It was given a new dimension and was named "interaction." Those three items were "direct eye contact with servers," "a server's body language," and "a server's ability to sell the menu" which clearly would present the interaction ability of servers' verbal and non-verbal

ways. These items were indeed a part of overall service, however, the respondents felt these items could have a separate dimension and loaded them into factor 4. Factor 4 had almost 11% of total variance and eigenvalue of 1.153.

Hypothesis Testing

Table 17. *Hierarchical Regression Analysis for the effect of independent and control variables on Tip Amount*

Independent Variable	Model 1	Model 2
Gender	-.007	-.032
Age	.087*	.105**
Education	.014	.006
Income	.022***	.170***
Guilt		.130***
Awareness of Tipping Norm		-.297***
Awareness of Server Wage		-.200***
Service Quality		.000
Price		-.017
Restaurant Attribute		-.200***
Interaction		.061
R^2	.094	.306
ΔR^2		.212
F	19.250	50.154
ΔF		30.904***
Df	4,744	7,737

*p<.05, **p<.01, ***p<.001

In equation form:

$TipAmount_i = 5.41 + (-.05gender_i) + (.07age_i) + (.01education_i) + (.09income_i) + (.17guilt_i) + (-.48awarenessoftippingnorm_i) + (-.38awarenessofservers'wage_i) + (.01servicequality_i) + (.06price_i) + (-.29restaurantattribute_i) + (.05interaction_i)$

To determine if cross cultural factors (guilt, awareness of tipping norm, and awareness of servers' wage) and organizational factors (service, price, and restaurant attributes) have a statistically significant positive relationship with the tip amount, a hierarchical linear regression analysis was employed. The six factors were used as the independent variables and the tip amount was taken as the dependent variable. The entry of four control variables were done at Step 1 to the regression equation which showed significant impact on the tip amount (R^2 = .094). At Step 2, cross-cultural factors and organizational factors were added to the equation and showed significant impact on tip amount (R^2 = .212) with a final R^2 of .306 at ΔF (7,737) = 30.904, p<.001. Thus, 30% of the variance of tip amount was explained by the model as a whole. The control variables, age and income, showed statistically positive significant effect on tip amount as well (p<.01).

Durbin-Watson was 2.067, which is higher than 1, indicating that the samples were independent of each other. In order to improve the normality of the customer data, z-scores were calculated for each independent factor. Anything above +2.5 and below -2.5 z-scores was removed from the final dataset. A total of 32 responses were eliminated to reduce the sample size to 749. Hence, the normal distribution of the data was confirmed with the histogram and mean = 1.25E-15. Variance influential factor (VIF) of each independent factor was tested to identify multicollinearity. Each factor showed VIF, slightly above 1 and below 2, which is much smaller than the threshold value of 10 (Hair, 1995). Thus, multicollinearity was not an issue, and all the independent factors were found to be significant for the tip amount.

H1: *Foreign customers tip less than domestic customers.*

Table 18: *One-way ANOVA Findings: Difference in tip amount between Domestic and Foreign Customers*

Source	**df**	**Mean Square**	**F**	**Sig.**
Between Groups	1	88.763	166.489	.000***

***p<.001

Table 19: *Descriptive Statistics of Customer Group's Tip Amount*

Customer Group	**Mean**	**Std. Dev**	**N**
Domestic	4.75	.704	640
Foreign	3.77	.867	109

One-way ANOVA was implemented to measure the tip amount difference between foreign and domestic customers. The findings presented in Table 18 showed that there was a significant difference in tip amount of foreign and domestic customers (F=166.489, p<.001). Table 19 displayed that the domestic customers tipped higher (M=4.75, SD=.704) than foreign customers (M=3.77, SD=.867). H1 was failed to reject.

Table 20. *Two-way ANOVA Results: Tests of Between-Subjects Effects*

Source	**df**	**Mean Square**	**F**	**Sig.**
CustomerGroups*Guilt	1	.359	.687	.407
CustomerGroups*TipNorm	1	5.016	10.594	**.001****
CustomerGroups*Serverwage	1	.277	.538	.464
CustomerGroups*Service	1	.888	1.677	.196
CustomerGroups*Price	1	.391	.736	.391
CustomerGroups*RestaurantAttribute	1	.132	.255	.614
CustomerGroups*Interaction	1	.293	.550	.459

**p<.001

Note: Table 20 summarizes the interaction between main effects and customer groups retrieved from seven different Two-way ANOVA results.

Two-way ANOVA was performed to measure if there was any significant interaction effect between each main effect (guilt, awareness of tipping norm, awareness of servers' wage, service, price, restaurant attribute, and interaction) and customer groups (domestic and foreign) and their impact on tip amount. A summary of the results of interaction between each main effect

and customer groups is presented in Table 20. Levene's tests were conducted for all the two-way ANOVA analysis and the results were insignificant indicating the assumption of homogeneity of variance was met.

H2a: *There is a statistically significant positive relationship between guilt and the tip amount*.

As per Table 17, guilt showed statistically significant impact on the tip amount [β =.130, p<.001].Thus, H2a was supported. Respondents were dummy coded as "0" for "low guilt" and as "1" for "high guilt". Respondents who had mean score less than 3 were categorized to have low guilt and mean score of 3 and above were categorized to have high guilt.

H2b: *The tip amount of foreign customers is more affected by guilt compared to that of domestic customers.*

To measure the significant difference between domestic and foreign customers regarding the impact of guilt on the tip amount, a two-way ANOVA of guilt and customer group as independent variables and tip amount as dependent variable was conducted. The result in Table 20 indicated that there was no significant interaction effect between guilt and customer group on the tip amount [F(1, 745)=.687, p<.05]. H2b was not supported.

H3a: *There is a statistically significant positive relationship between the awareness of tipping norm and the tip amount*.

The result reported in Table 17 indicated that the awareness of tipping norm significantly affected the tip amount of the respondents [β=-.*297*, p<.001]. Respondents were dummy coded as "0" for "aware", who knew the general tipping norm for servers in the United States was 15% to 20%, and as "1" for "unaware", who were not aware or incorrect about the general tipping norm for servers in the United States. Hence, the negative beta coefficient was due to the respondents, who were aware of the right percentage of the tipping norm and had higher significant impact on their tip amount compared to those respondents who didn't know the correct tipping norm in the United States. H3a was supported.

H3b*: The tip amount of foreign customers is more affected by awareness of tipping norm compared to that of domestic customers.*

In order to evaluate if there was a significant difference between domestic and foreign customers in "awareness of tipping norm" while deciding the tip amount, a two-way ANOVA between the independent variables, "awareness of tipping norm" and "customer groups," and the dependent variable, "tip amount" was conducted. The result presented in Table 20 showed significant interaction between "awareness of tipping norm" and "customer groups" on "tip amount" [$F(1,745)=10.594$, $p=.001$]. Domestic customers who were aware of tipping norm tipped higher ($M=4.98$, $SD=.511$) compared to the foreign customers who were aware of tipping norm ($M=4.600$, $SD=.503$). Similarly, domestic customers who were unaware of tipping norm also tipped higher ($M=4.58$, $SD=.760$) compared to the foreign customers who were unaware of tipping norm ($M=3.58$, $SD=.823$). Taken together, these findings suggested that awareness of tipping norm had more impact on the tip amount of foreign customers than it had on the tip amount of domestic customers. Hence, H3b is supported.

The figures are displayed in Table 21 and the plot is displayed in Figure 3.

Figure 3: *Graph of Interaction between Awareness of Tipping Norm and Customer Group*

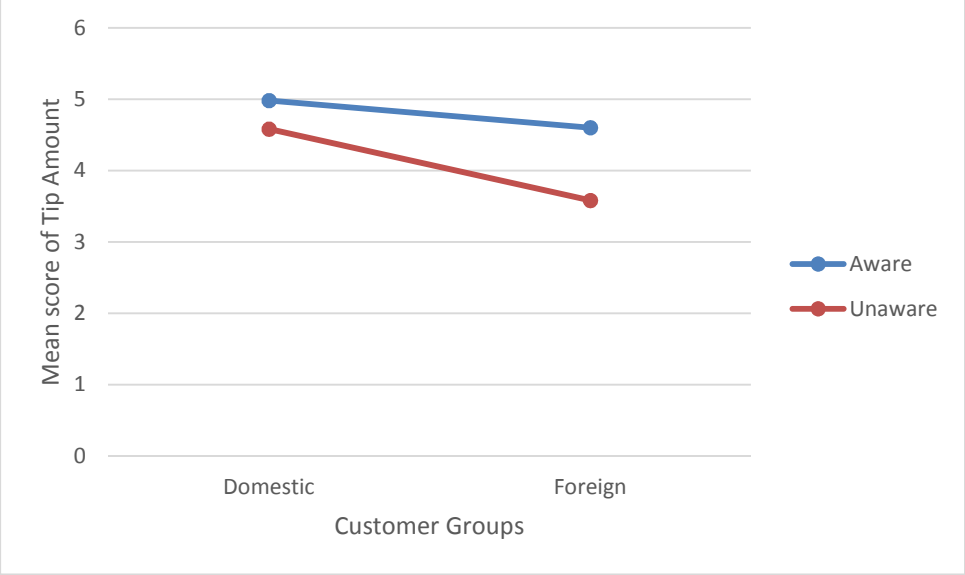


Table 21. *Descriptive Statistics of Customer Group*Awareness of Tipping Norm*

Customer Group		Mean	Standard Deviation	N
Domestic	Aware	4.98	.511	254
	Unaware	4.58	.760	386
	Total	4.78	.636	640
Foreign	Aware	4.60	.503	20
	Unaware	3.58	.823	89
	Total	4.09	.65	109

H4a*: There is a statistically significant positive relationship between awareness of server's wage and the tip amount*.

H4a was supported by the result reported in Table 17 which showed "awareness of servers' wage" having significant impact on tip amount [β= -.*200*, p<.001]. Like "awareness of tipping norm", "awareness of servers' wage" was also dummy coded as "0" being "aware," representing respondents who were aware of how much restaurant servers got paid in Oklahoma, and as "1" being "unaware," indicating those remaining respondents who didn't know about the hourly wage of restaurant servers in Oklahoma. The negative beta value implied that the tip amount of those respondents were significantly higher who were aware of servers' wage compared to that of those respondents who were not.

H4b*: The tip amount of foreign customers is more affected by awareness of servers' wage compared to that of domestic customers*.

The two-way ANOVA result in Table 20 reported that the interaction between "awareness of servers' wage" and "customer group" was not significant [F(1,745)=.538, p<.05]. Hence, H4b was not supported.

H5a*: There is a statistically significant positive relationship between service quality and the tip amount*.

The findings presented in Table 17 showed that "service" had insignificant impact on the tip amount [β=*.004*, p<.001]. Hence, H5a was not supported. Respondents were dummy coded as "0" for "low service" and as "1" for "high service". Respondents who had mean score less than 3

were considered rating service to have low impact on tip amount and who had mean score of 3 and above were considered rating service to have high impact on tip amount.

H5b*: The tip amount of foreign customers is less affected by service quality compared to that of domestic customers.*

To measure H5b, the two-way ANOVA was conducted. According to the findings in Table 20, the interaction effect between "service" and "customer group" didn't come significant [$F(1,745)=1.677$, $p<0.5$], which meant the tip amount was not significantly affected by service quality based on the customer group. Thus, H5b was not supported.

H6a: *There is a statistically significant positive relationship between price and the tip amount*.

Respondents were dummy coded as "0" for "low price" and as "1" for "high price". Respondents who had mean score less than 3 were considered rating price to have low impact on tip amount and who had mean score of 3 and above were considered rating price to have high impact on tip amount. The results shown in Table 17 reported "price" to have insignificant impact on the tip amount [β = -.009, $p<.001$]. H6a was not supported. After "service," "price" had the lowest beta coefficient indicating the least impact on the tip amount compared to other independent factors.

H6b: *The tip amount of foreign customers is less affected by price compared to that of domestic customers.*

The results presented in Table 20 indicated no significant interaction between price and customer group [$F(1,745)=.736$, $p<.05$]. Hence, there was no significant difference between domestic and foreign customers regarding the effect of price on the tip amount. H6b was not supported.

Restaurant Attribute. "Restaurant attribute" was a new dimension produced by factor analysis and Table 17 showed that it was significant [β = -.2, $p<.001$]. Its negative beta value

implied that the lower the quality of restaurant attribute (food and service), higher the tip amount. After "awareness of tipping norm" and "awareness of servers' wage," "restaurant attribute" had the second highest significant impact on the tip amount. Respondents were dummy coded as "0" for "low restaurant attribute" and as "1" for "high restaurant attribute". Respondents who had mean score less than 3 were categorized to rate restaurant attribute as having low impact on tip amount and who had mean score of 3 and above were considered to rate restaurant attribute as having high impact on tip amount.

To measure if there is any significant difference in tip amount of domestic and foreign customers based on the restaurant attribute, the two-way ANOVA was conducted. The result in Table 20 reported that there was no significant interaction between customer group and restaurant attribute for tip amount [$F(1,745)=.255$, $p<.05$].

Interaction. The "interaction" ability of servers was the second new dimension produced by factor analysis and the effect of "interaction" on tip amount was significant based on the findings in Table 17 [$\beta=.061$, $p<.001$]. Respondents were dummy coded as "0" for "low interaction" and as "1" for "high interaction". Respondents who had mean score less than 3 were considered rating interaction to have low impact on tip amount and who had mean score of 3 and above were considered rating interaction to have high impact on tip amount.

The findings of two-way ANOVA analysis in Table 20 indicated that there was no significant difference between domestic and foreign customers in terms of the effect of "interaction" on tip amount [$F(1,745)=.550$, $p<.05$].

CHAPTER V

CONCLUSION

Tipping practices, being a complicated phenomenon, requires deep understanding from both parties: customers and servers. Additionally, it has become imperative to explore a new segment of customers: foreign casual dining customers in Oklahoma. The current study filled in this gap by exploring the tipping practices of foreign customers along with domestic customers in Oklahoma while investigating the servers' perceptions on domestic and foreign customers.

The results of Study 1 are quite alarming, and immediate attention should be given to the servers' bias toward foreign customers. Compared to domestic customers, the results showed servers perceived foreign customers as low tippers and provided less quality of service to foreign customers. Furthermore, servers also admitted to favoring to serve domestic customers over foreign customers. These findings clearly demonstrate that servers view foreigners as undesirable customers. Profiling customers as unwanted is inappropriate because it produces negative feelings and emotions toward those customers. The issue becomes serious when servers provide inferior service to such customers because, apart from losing business from foreign customers, the management risks litigation if the situation worsens.

Additional findings of Study 1 also indicated that "tip prediction" did not have any impact on the "service quality", unlike the arguments of Brewster and Mallinson (2009), Fisher (2009), and Brewster (2013); which means that servers will provide good service regardless of their expectations of what customers might tip. On the contrary, since the result is based on the

servers' self-reported higher quality of service, they might have overrated their own service quality to portray themselves as good employees. The findings also specified that "favor to serve" had significant impact on the "service quality" provided to domestic and foreign customers, signifying that the servers' favoritism based upon the ethnicity of customers directly affects how servers behave toward and treat customers, resulting in the ruin or enhancement of pleasant customer relations. Thus, regardless of servers' prediction on customers' tip amount, the results suggest that servers provide good quality of service to customers if servers favor to serve them.

Study 2, in agreement with Lynn (1999), Dewald (2001), and Fisher (2009) showed significant disparity in the tip amount of domestic and foreign customers. Unfortunately, the findings of Study 1 on servers' perceptions of foreign customers as low tippers were supported by Study 2, which showed that foreign customers did tip less than domestic customers. Previous studies of Azar (2010) and Dewald (2001) also indicated that the United States (domestic) customers have been found to tip higher compared to customers from other parts of the world, supporting the result of Hypothesis 1 of Study 2.

Similarly, three cross-cultural factors (guilt, awareness of tipping norm, and awareness of servers' wages) revealed significant impacts on the tip amount of customers. Lynn (2006), Lynn (2008), and Lynn (2011) also showed similar findings regarding guilt and awareness of tipping norm. Likewise, Azar (2010) found that customers in the United States tipped higher to comply with the tipping norm and to avoid the feeling of guilt. The current findings also supported the argument of Bodvarsson & Gibson (1997) that if tipping norm existed, it would reinforce the tipping practices of customers. This explains the need of customers to comply with the existing tipping norm in society and avoid the guilt of not tipping. Awareness of servers' wage was empirically explored for the first time in the current study, which expanded the related body of literature and supported the argument of Thomas-Haysbert (2002) that familiarity with servers' wages might affect the tip amount positively. The fact that the servers in Oklahoma earn $2.13 per hour does not directly influence the tip amount of customers but does encourage them to

support the additional income of servers (Azar, 2010). Hence, familiarizing customers with the hourly wages of servers is important in order to improve their tip amount.

Out of four organizational factors, “service quality”, “price”, and “interaction” did not show any significant influence on the tip amount, contradicting the studies of Yuksel and Yuksel (2002), Bodvarsson and Gibson (1997), Lynn and Sturman (2010), Munhurru (2012), Dewald (2001), Soriano (2002), and Chow et al. (2007). Food and atmosphere usually tend to show either positive (Susskind & Chan, 2000), (Soriano, 2002) or no (Lynn, 1989) impact on the tip amount. However, in this study, the fourth factor, “restaurant attribute”, which is the integration of food and atmosphere elements of the restaurant, yielded a completely different result. Restaurant attribute showed a negative effect on the tip amount, suggesting that a higher quality of restaurant attributes (food and atmosphere) resulted in a lesser tip amount or vice-versa. This unusual finding has presented a challenge to understand the tipping practices of the respondents of this study. Fifty-eight percent of the customer respondents who reported to tip 15% and above rated food and atmosphere below average of what the total respondents of this study had rated for food and atmosphere. One possible explanation of this result can be the dissatisfaction these respondents expressed with the food and atmosphere of the casual dining restaurants where they dine frequently. However, higher tip percentage amount indicates that there are other factors which motivate them to tip higher. On a similar note, the result may be showing a possible indication of the rise of a new trend where casual dining customers are shifting their motivation from food, service, price, and atmosphere to other unexplored factors that affect tipping. Thus, it is not surprising that customers tip in order to avoid guilt, obey the tipping norm, and support servers’ income.

This study also investigated whether the tip amounts of domestic customers would be variedly affected by cross-cultural and organizational factors compared to those of foreign customers. Past scholars, Azar (2010) and Dewald (2001), examined how customers from the United States and other countries would rate factors like guilt, service, food, and décor differently

in order to demonstrate their unique priorities which influenced their tip amount. Cheng (2005), and Chung & Heung (2007) also specified how foreign customers put different levels of values on different factors which affect their tip amount. However, respondents of the current study, which is a mix of foreign and domestic customers, did not yield any significant results regarding the varied effect of cross-cultural and organizational factors on their tip amount. This result is interesting because it suggests that the casual dining expectations of both domestic and foreign customers in Oklahoma are alike. A possible explanation of this result is that perhaps the foreign respondents of this study are observing, learning, and behaving like their domestic counterparts when they dine at casual restaurants and thus end up having similar values on different factors and tip amount.

"Awareness of tipping norm" was the only factor that produced a higher, significant impact on the tip amount of domestic customers compared to that of foreign customers. Those who were aware of tipping norm tipped significantly higher compared to those who were unaware. This result clearly demonstrates the desire of customers to follow social norms (Azar, 2010; Lynn (2011). In this study, "awareness of tipping norm" played the most important role in explaining the difference in tip amounts of foreign and domestic casual dining customers in Oklahoma, while other factors did not show any significant impact on the difference in the tip amount of the customer group. Many countries outside the United States do not have a tipping norm (Casey, 2001; Dewald, 2003; Fisher, 2010), and the finding also shows that many foreign customers are unaware of tipping norms in the United States, which directly affects their tip amount. Thus, educating foreign customers and domestic customers about the correct tip percentage amount in the United States is important in order to encourage them to tip appropriately.

Other control variables that significantly affected the tip amount were age and income, while gender and education had little or no impact on the tip amount. The study of Lynn and Thomas-Haysbert (2003) yielded age, education, and income as significant predictors of tip

amount but not gender. Ineson & Martin (1999) also found that age influenced the tip amount, while gender did not. Similarly, factors such as dining size, frequency of eating out, use of credit card, weather, and attractiveness of servers were found to have significant impact on the tip amount in earlier studies (Azar, 7b; Parrett, 2011; Bodvarsson & Gibson, 1997) and may explain the tipping difference of foreign and domestic customers.

In conclusion, foreign casual dining customers tipped less than domestic customers in Oklahoma, supporting the perception of servers that foreign customers are low tippers. Servers viewed domestic customers favorable to serve over foreign customers and provided less quality of service to foreign customers. Tip prediction did not affect the service quality, however, favor to serve did. Guilt, awareness of tipping norm, and awareness of servers' wages positively affected the tip amount, while restaurant attribute negatively influenced the tip amount. Finally, the tip amount of foreign customers was significantly less affected by awareness of tipping norm compared to that of domestic customers. Other studied factors did not have any varied effect on the tip amount of foreign and domestic customers.

Managerial Implications

Tipping customs are supposed to reduce the labor cost of the establishment because servers earn tips through customers. However, Casey (2001) warns that this effect can weaken the employee-employer relationship because customers, not the employers, take more control over the servers' work performance and commitment. Hence, it puts the spotlight on the roles customers play and the importance of understanding their tipping behavior. A study focused on customers is in demand in order to provide managers with answers regarding profitability of business, and the productivity and work quality of servers.

The current research provides two-dimensional information (customers and employees) to casual dining restaurant managers. Combining findings from both Study 1 and 2 provide valuable information to help managers make important management decisions. Accent and the

physical features of customers are found to be two major factors servers use to distinguish domestic and foreign customer groups. While customers' accents might be one of the valid reasons to categorize customers as domestic or foreign, the physical features of a customer can be quite deceiving. This can result in service disparity not only for foreign customers but also portions of domestic customers who don't look like typical Americans. Servers should not be selective regarding serving customers. If they do, they breach the concept of "service", i.e. equal service to all customers. Managers should take great consideration to discourage servers from stereotyping customers by making strict management rules and punishing those who stereotype. Mystery shopper is an excellent example of catching servers stereotyping customers and discriminating in service (Lynn & Haysbert, 2003).

The perception among servers that foreign customers tip less is not just a myth and is proved by the findings of Study 2. In such circumstances, attempting to persuade servers by telling them that there is no difference in the tipping practices of domestic and foreign customers will be unproductive (Lynn, 2011) because after encountering foreign customers a number of times servers will learn to manipulate their service. Since the results showed that favor to serve, rather than tip prediction, was the determining factor for servers to manipulate their service quality, managers should design and implement activities and schemes to make foreign customers favorable to servers. Managers should closely monitor the performance of servers providing service to foreign customers and reward servers for good service or for serving the highest number of foreign customers per shift with bonus cash, a flexible schedule, or meal tickets (Liu, 2006).

On the other hand, managers are also responsible for informing customers–both domestic and foreign–regarding the correct tipping norm (Lynn 2011) and servers' wages. Many restaurants are already taking initiatives to encourage customers to tip more by printing 10%, 15%, and 20% of the total bill on the final check as tip options. Many restaurants indicate on their menus the automatic inclusion of a service charge on the bill of a party of six or more. Similar

notes can be printed on menus to make customers aware of the correct tipping norm and aware of servers' wages by explaining how servers depend on the tip to make up their minimum wages. Restaurants around universities or restaurant associations can collaborate with the international student offices of the universities to educate international students about the local tipping norm, servers' wages, and other public dining etiquette in the United States by sending a guest speaker or handing out brochures during orientation classes or other events for internationals.

Lynn (2011) also suggested the involvement of media and restaurant associations in campaigning to educate customers and hence reduce the racial tipping difference which had been caused by lack of awareness of tipping norms and servers' wages. Hiring minority staff for front operation positions can aid in spreading the awareness of tipping norm and servers' wage to customers, friends, family members, or acquaintances within their race or ethnic group (Lynn, 2008).

Apart from educating customers and servers, managers should not ignore the basic elements of restaurants, i.e., friendly service, good food, and atmosphere. Understanding customers' needs is another aspect on which managers should focus in order to recognize demands and act accordingly to meet those demands. Since the organizational factors (price and service) did not show significant difference on the tip amount of domestic customers and foreign customers, managers should treat both of these customer groups equally with good quality of product and service. However, special consideration on service is always appreciated by foreign customers who are new to American culture and cuisine. Servers also need to be trained on how to interact, provide suggestive selling, and be patient with foreign customers due to language barriers. Increase in revenue of the restaurants may be the primary goal of managers, but the satisfied customers who pay good tips to servers should always be the first priority to keep employees happy.

Limitations and Suggestions for Future Research

Both studies had some limitations. First, one of the major limitations both studies shared was the generalizability of results. The study was solely focused on customers and servers of casual dining restaurants in Oklahoma. Future studies should target other states or regions of the United States to investigate perceptions of servers on different customer groups and the difference in tipping behaviors of the customer groups in various restaurant settings.

Study 1 should be extended to further explore other underlying dimensions which can impact the service quality servers provide to different ethnic groups. Furthermore, scholars can also investigate factors to determine what assists in building favoritism for customers. The study did not measure whether servers favor serving customers of their own ethnicity, which could be an interesting topic for future study.

Second, Study 1 utilized the self-rated service quality of servers for analysis. As mentioned earlier, it is possible that servers over-rated their service to show themselves as good employees. Future studies can reduce this bias by having managers evaluate the performance of servers.

Third, “tip prediction,” and “favor to serve” along with control variables, “gender,” “age,” “education,” “years of experience,” “marital status,” and “ethnicity,” explained less than 10% of the equation of the service quality provided by servers to their customers. Extensive research is highly recommended for deeper investigation of the factors that explain the service quality phenomena of servers. It is suggested that future studies explore how personality of servers and dining behavior of customers may affect the service quality of servers.

Fourth, Study 2 also used customers’ self-reported average tip amount. Customers might have over-reported the tip percentage in order to appear generous (Lynn & Sturman, 2010). Though the self-reported data can be a limitation in itself, many studies related to tipping behavior are based on self-reported data (see Lynn & McCall, 2000; Lynn & Sturman, 2010).

Scholars can measure the actual tip amount of customers and find out if the data produces any different results in the future.

Fifth, in Study 2, the sample size of domestic and foreign customers was not similar. There were 640 domestic and 109 foreign respondents included for the data analysis. The decision to use 640 domestic responses was made when 150 randomly selected domestic responses yielded results similar to that of 640 domestic responses. However, a higher foreign sample size would definitely be better for the future study to better understand the tipping practices of foreign customers.

Sixth, the sample size of foreign customers in Study 2 was represented mostly by university students and staff. Further consideration should be given to those foreign customers who come to the United States for other purposes, such as business or travel. The findings can be different based on the purpose of the customers' visit to the United States.

Seventh, the definitions of foreign and domestic customers in Study 2 might not match with the customers servers perceive as foreign and domestic because the server respondents in Study 1 admitted to differentiate customer groups with "physical features" along with "accent". Thus, direct comparison and combined interpretation of the results of Study 1 and 2 were tricky. New studies should match the definitions of customers to make comparisons of two or more results more relevant.

Finally, Study 2 covered three cross-cultural and four organizational factors along with four control variables which explained only around 30% of the tipping phenomenon. Other possible factors should be explored and measured to describe the discrepancy in the tip amount offered. One of the cross-cultural factors, guilt, showed a positive impact on tip amount. This study measured guilt as a social pressure, indicating negative feelings of customers. Similarly, the positive feelings of customers relating to generosity, studied by Lynn (2009) and Azar (2010), can be studied in future studies to identify whether generosity has varied impact on the tip amount of foreign and domestic customers. Scholars can also expand the literature to discover other

sources of guilt apart from social pressure, e.g., tipping norm and server's wage, which can potentially affect the tip amount.

To completely understand the factors affecting the difference in tip amounts between domestic and foreign customers, other factors need to be explored. At the same time, perception of servers should be deeply studied to identify other underlying factors which affect their service quality for domestic and foreign customers, creating opportunities for future research.

REFERENCES

Aramberri, J. (2001). The host should get lost: Paradigms in the tourism theory. *Annals of Tourism research, 28*(3), 738-761.

Azar, O. H. (2004a). The history of tipping—from sixteenth-century England to United States in the 1910s. *The Journal of Socio-Economics, 33*(6), 745-764.

Azar, O. H. (2004b). What sustains social norms and how they evolve?: The case of tipping. *Journal of Economic Behavior & Organization, 54*(1), 49-64.

Azar, O. H. (2007a). The Social Norm of Tipping: A Review1. *Journal of Applied Social Psychology, 37*(2), 380-402.

Azar, O. H. (2007b). Why pay extra? Tipping and the importance of social norms and feelings in economic theory. *Journal of Socio-Economics, 36*(2), 250-265.

Azar, O. H. (2010). Tipping motivations and behavior in the US and Israel. *Journal of Applied Social Psychology, 40*(2), 421-457.

Azar, O. H. (2011). Business strategy and the social norm of tipping. *Journal of Economic Psychology, 32*(3), 515-525.

Azar, O.H. & Yossi, T. (2008). Behavioral economics and decision making: applying insights from psychology to understand how people make economic decisions. *Journal of Economic Psychology, 29*(5),613-618.

Becker, C., Bradley, G. T., & Zantow, K. (2012). The underlying dimensions of tipping behavior: An exploration, confirmation, and predictive m+odel. *International Journal of Hospitality Management, 31*(1), 247-256. doi: 10.1016/j.ijhm.2011.05.006

Becker, C., Murrmann, S. K., Murrmann, K. F., & Cheung, G. W. (1999). A pancultural study of restaurant service expectations in the United States and Hong Kong. *Journal of Hospitality & Tourism Research, 23*(3), 235-255.

Bodvarsson, Ö. B., & Gibson, W. A. (2002). Tipping and service quality: a reply to Lynn. *The social science journal, 39*(3), 471-476.

Brewster, Z. W. (2009). *Everyday racism in the context of full-service restaurants.* Ph.D. 3395119, North Carolina State University, United States -- North Carolina. Retrieved from http://argo.library.okstate.edu/login?url=http://search.proquest.com/docview/304964313?accountid=4117 ProQuest Dissertations & Theses (PQDT) database.

Brewster, & Mallinson, C. (2009). Racial differences in restaurant tipping: A labour process perspective. *The Service Industries Journal, 29*(8), 1053-1075.

Brewster, Z. W., & Rusche, S. N. (2012). Quantitative Evidence of the Continuing Significance of Race Tableside Racism in Full-Service Restaurants. *Journal of black studies, 43*(4), 359-384.

Brewster, Z. W. (2013). The effects of restaurant servers' perceptions of customers' tipping behaviors on service discrimination. *International Journal of Hospitality Management, 32*(0), 228-236. doi: http://dx.doi.org/10.1016/j.ijhm.2012.04.010

Carter, G.W. (2013). Residency Status. *Tax Guide for Foreigners*. Retrieved August 29, 2013, from http://www.form1040nr.com/residencystatus.php#determine.

Casey, B. (2001). Tipping in New Zealand restaurants. *International Journal of Hospitality Management, 20*(2), 219-225.

Cheng, K. (2005). A research on the determinants of consumers' repurchase towards different classes of restaurants in Taiwan. *The Business Review, 4*(2), 99-106.

Chow, H.-s., Lau, V. P., Lo, W.-c., Sha, Z., & Yun, H. (2007). Service quality in restaurant operations in China: decision-and experiential-oriented perspectives. *International Journal of Hospitality Management, 26*(3), 698-710.

Chung, M. K., & Heung, V. C. (2007). Tipping Behavior of Diners in Three Upscale Chinese Restaurants in Hong Kong. *Asia Pacific Journal of Tourism Research, 12*(3), 169-180.

Churchill, G. A, Brown, T. J, Suter, T. A. (2010). *Basic marketing research*. Mason, OH: South-Western Cengage Learning.

Conlin, M., Lynn, M., & O'Donoghue, T. (2003). The norm of restaurant tipping. *Journal of economic behavior & organization, 52*(3), 297-321.

Dewald, B. (2001). Restaurant Tipping by Tourists in Hong Kong. *Anatolia, 12*(2), 139-151.

Dewald, B. (2003). Tipping in Hong Kong restaurants. *International Journal of Hospitality Management, 22*(3), 307-319. doi: 10.1016/s0278-4319(03)00044-6

Dombrowski, P., Namasivayam, K., & Bartlett, B. (2006). Antecedents of Tips and Servers' Ability to Predict Tips in a Restaurant Setting. *Journal of Foodservice Business Research, 9*(1), 3-19.

Fernandez, G. A. (2004). The Tipping Point—Gratuities, Culture, and Politics. *Cornell Hotel and Restaurant Administration Quarterly, 45*(1), 48-51.

Fisher, D. (2009). Grid–group analysis and tourism: tipping as a cultural behavior. *Journal of tourism and cultural change, 7*(1), 34-47.

Foreigner . *Oxford university press*. Retrieved August 29, 2013, from http://oxforddictionaries.com/us/definition/american_english/foreigner.

Gatta, M. (2009). Restaurant servers, tipping, and resistance. *Qualitative Research in Accounting & Management, 6*(1/2), 70-82.

Gibson, W. A. (1997). Economics and restaurant gratuities: Determining tip rates. *American Journal of Economics and Sociology, 56*(2), 187-203.

Hair, J.F. (2006). *Multivariate data analysis*. New Jersey: Pearson Prentice Hall.

Han, H., & Ryu, K. (2009). The roles of the physical environment, price perception, and customer satisfaction in determining customer loyalty in the restaurant industry. *Journal of Hospitality & Tourism Research, 33*(4), 487-510.

Harrington, R. J., Ottenbacher, M. C., Staggs, A., & Powell, F. A. (2012). Generation Y Consumers Key Restaurant Attributes Affecting Positive and Negative Experiences. *Journal of Hospitality & Tourism Research, 36*(4), 431-449.

Harris, M. B. (1995). Waiters, Customers, and Service: Some Tips About Tipping1. *Journal of Applied Social Psychology, 25*(8), 725-744.

Harris, A.-M. G., Henderson, G. R., & Williams, J. D. (2005). Courting customers: Assessing consumer racial profiling and other marketplace discrimination. *Journal of Public Policy & Marketing, 24*(1), 163-171.

Hofstede, G. (1983). The cultural relativity of organizational practices and theories. *Journal of international business studies, 14*(2), 75-89.

Huck, S. (2012). *Reading Statistics and Research*. Boston: Pearson Education Inc.

Ineson, E. M., & Martin, A. J. (1999). Factors influencing the tipping propensity of restaurant customers. *Journal of Retailing and Consumer Services, 6*(1), 27-37.

Johanson, M. (2013). US Received Record Number Of Visitors In 2012 Thanks To These 15 Countries. *International Business Times*. Retrieved August 29, 2013, from http://www.ibtimes.com/us-received-record-number-visitors-2012-thanks-these-15-countries-1300347.

Kattara, H. S., Weheba, D., & El-Said, O. A. (2008). The impact of employee behaviour on customers' service quality perceptions and overall satisfaction. *Tourism & Hospitality Research, 8*(4), 309-323. doi: 10.1057/thr.2008.35

Kim, H. J., McCahon, C., & Miller, J. (2003). Assessing service quality in Korean casual-dining restaurants using DINESERV. *Journal of Foodservice Business Research, 6*(1), 67-86.

Kim, W. G., & Kim, H.-B. (2004). Measuring customer-based restaurant brand equity. *Cornell Hotel and Restaurant Administration Quarterly, 45*(2), 115-131.

Kivela, J., Inbakaran, R., & Reece, J. (1999). Consumer research in the restaurant environment, Part 1: A conceptual model of dining satisfaction and return patronage. *International Journal of Contemporary Hospitality Management, 11*(5), 205-222.

Kong, M., & Jogaratnam, G. (2007). The influence of culture on perceptions of service employee behavior. *Managing Service Quality, 17*(3), 275-297.

Kwortnik Jr, R. J., Lynn, W. M., & Ross Jr, W. T. (2009). Buyer monitoring: A means to insure personalized service. *Journal of Marketing Research, 46*(5), 573-583.

Lin, I. Y., & Namasivayam, K. (2011). Understanding restaurant tipping systems: a human resources perspective. *International Journal of Contemporary Hospitality Management, 23*(7), 923-940.

Liu, C.M. (2008). The perceptions of waiters and customers on restaurant tipping. *Journal of Services Marketing, 22*(2), 95-103.

Lynn, M. (1996). Seven ways to increase servers' tips. *Cornell Hotel and Restaurant Administration Quarterly, 37*(3), 24. Retrieved from http://search.proquest.com/docview/209726433?accountid=4117.

Lynn, M. (1997). Tipping customs and status seeking: a cross-country study. *International Journal of Hospitality Management, 16*(2), 221-224.

Lynn, M. (2000). Servers' perceptions of who are good and poor tippers. *Unpublished manuscript. School of Hotel Administration. Ithaca, NY: Cornell University*.

Lynn, M. (2003). Restaurant tips and service quality: a weak relationship or just weak measurement. *International Journal of Hospitality Management, 22*(3), 321-325. doi: 10.1016/s0278-4319(03)00048-3

Lynn, M. (2004). Ethnic differences in tipping: A matter of familiarity with tipping norms. *Cornell Hotel and Restaurant Administration Quarterly, 45*(1), 12-22. Retrieved from http://search.proquest.com/docview/209706847?accountid=4117

Lynn, M. (2006). Geodemographic Differences in Knowledge About the Restaurant Tipping Norm. *Journal of Applied Social Psychology, 36*(3), 740-750. doi: 10.1111/j.0021-9029.2006.00027.x

Lynn, M. (2007). Race differences in restaurant tipping: A literature review and discussion of practical implications. *Journal of Foodservice Business Research, 9*(4), 99-113.

Lynn, M. (2009). Individual differences in self-attributed motives for tipping: Antecedents, consequences, and implications. *International Journal of Hospitality Management, 28*(3), 432-438.

Lynn, M. (2011). Race differences in tipping: Testing the role of norm familiarity. *Cornell Hospitality Quarterly, 52*(1), 73-80.

Lynn, M. (2013). A comparison of Asians', Hispanics', and Whites' restaurant tipping. *Journal of Applied Social Psychology, 43*(4), 834-839. doi: 10.1111/jasp.12009

Lynn, M., & Graves, J. (1996). Tipping: an incentive/reward for service? *Journal of Hospitality & Tourism Research, 20*(1), 1-14.

Lynn, M., & Sturman, M. (2010). Tipping and service quality: a within-subjects analysis. *Journal of Hospitality & Tourism Research, 34*(2), 269-275.

Lynn, M., & Thomas-Haysbert, C. (2003). Ethnic differences in tipping: Evidence, explanations, and implications. *Journal of Applied Social Psychology, 33*(8), 1747-1772.

Lynn, M., & Withiam, G. (2008). Tipping and its alternatives: Business considerations and directions for research. *Journal of Services Marketing, 22*(4), 328-336.

Lynn, M., Zinkhan, G. M., & Harris, J. (1993). Consumer tipping: A cross-country study. *Journal of Consumer Research*, 478-488.

Mallinson, C., & Brewster, Z. W. (2005). 'Blacks and bubbas': Stereotypes, ideology, and categorization processes in restaurant servers' discourse. *Discourse & Society, 16*(6), 787-807.

Maynard, L. J., & Mupandawana, M. (2009). Tipping behavior in Canadian restaurants. *International Journal of Hospitality Management, 28*(4), 597-603. doi: 10.1016/j.ijhm.2009.03.011

Mealey, L. (2010), "The basics of restaurant tipping: all about dining gratuity", available at: http://restaurants.about.com/od/customerservice/a/Tipping.htm (accessed 13 September 2010).

McCall, M., & Lynn, A. (2009). Restaurant servers' perceptions of customer tipping intentions. *International Journal of Hospitality Management, 28*(4), 594-596.

Mok, C., & Hansen, S. (1999). A study of factors affecting tip size in restaurants. *Journal of Restaurant & Foodservice Marketing, 3*(3-4), 49-64.

Namasivayam, K., & Upneja, A. (2007). Employee preferences for tipping systems. *Journal of Foodservice Business Research, 10*(2), 93-107.

Namkung, Y., & Jang, S. (2007). Does food quality really matter in restaurants? Its impact on customer satisfaction and behavioral intentions. *Journal of Hospitality & Tourism Research, 31*(3), 387-409.

Noll, E. D., & Arnold, S. (2004). Racial differences in restaurant tipping. *Cornell Hotel and Restaurant Administration Quarterly, 45*(1), 23-29.

Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988). SERVQUAL: A Multiple-Item Scale for Measuring Consumer Perceptions of Service Quality. *Journal of Retailing, 64*(1), 12-40.

Parrett, M. B. (2003). *The give and take on restaurant tipping.* Ph.D. 3110288, Virginia Polytechnic Institute and State University, United States -- Virginia. Retrieved from http://argo.library.okstate.edu/login?url=http://search.proquest.com/docview/305301422?

accountid=4117 ABI/INFORM Global; ProQuest Dissertations & Theses (PQDT) database.

Parrett, M. (2006). An analysis of the determinants of tipping behavior: A laboratory experiment and evidence from restaurant tipping. *Southern Economic Journal*, 489-514.

Qu, H. (1997). Determinant factors and choice intention for Chinese restaurant dining: a multivariate approach. *Journal of Restaurant & Foodservice Marketing, 2*(2), 35-49.

Ramseook-Munhurrun, P. (2012). Perceived Service Quality in Restaurant Services: Evidence from Mauritius. *International Journal of Management and Marketing Research, 5*(3), 1-14.

Rusche, S. E, Brewster,Z. W. (2008). 'Because they tip for shit!': The social psychology of everyday racism in restaurants. *Sociology Compass, 2*(6), 2008-2029. doi:10.1111/j.1751-9020.2008.00167.x

Schein, J. E., Jablonski, E. F., & Wohlfahrt, B. R. (1984). *The Art of Tipping: Customs & Controversies*: Tippers International Wausau, WI.

Segrave, K. (2009). *Tipping: An American social history of gratuities*: McFarland.

Shamir, B. (1984). Between gratitude and gratuity an analysis of tipping. *Annals of Tourism Research, 11*(1), 59-78.

Solomon, M. R., & Stuart, E. W. (2003). Marketing: Real People. *Real Choices, Upper Saddle River, NJ*: Prentice Hall.

Soriano, D. R. (2002). Customers' expectations factors in restaurants: The situation in Spain. *International Journal of Quality & Reliability Management, 19*(8/9), 1055-1067.

Stevens, P., Knutson, B., & Patton, M. (1995). DINESERV: a tool for measuring service quality in restaurants. *The Cornell Hotel and Restaurant Administration Quarterly, 36*(2), 5-60.

Sulek, J. M., & Hensley, R. L. (2004). The Relative Importance of Food, Atmosphere, and Fairness of Wait The Case of a Full-service Restaurant. *Cornell Hotel and Restaurant Administration Quarterly, 45*(3), 235-247.

Susskind, A. M., & Chan, E. K. (2000). How restaurant features affect check averages: a study of the Toronto restaurant market. *The Cornell Hotel and Restaurant Administration Quarterly, 41*(6), 56-63.

Thomas-Haysbert, C. D. (2002). The effects of race, education, and income on tipping behavior. *Journal of Foodservice Business Research, 5*(2), 47-60.

U.S. Department of Labor. (December, 2012). Minimum Wages for Tipped Employees. In Wage and Hour Division. Retrieved August 29. 2013, from http://www.dol.gov/whd/state/tipped.htm.

Van Baaren, R. B. (2005). The Parrot Effect How to Increase Tip Size. *Cornell Hotel and Restaurant Administration Quarterly, 46*(1), 79-84.

Wachter, P. (2008). Why tip? *New York Times*, 56-60.

Whaley, J. E. (2011). *What's in a Tip? An Exploratory Study of the Motivations Driving Consumer Tipping Behavior.* (Ph.D. 3480658), Auburn University, United States -- Alabama. Retrieved from http://argo.library.okstate.edu/login?url=http://search.proquest.com/docview/900314159?accountid=4117 ProQuest Dissertations & Theses (PQDT) database.

Zeithaml, V. A. (1981). How consumer evaluation processes differ between goods and services. *Marketing of services, 9*(1), 25-32.

APPENDICES

Study 1 – Server Survey

1. Are you
   A. Male
   B. Female

2. How old are you?
   A. 18 and less
   B. 19 to 24
   C. 25 to 34
   D. 35 to 44
   E. 45 to 54
   F. 55 and above

3. What is your highest level of education completed?
   A. No high school degree
   B. High school or GED
   C. Some college
   D. Associate/ 2 years degree
   E. Bachelor's degree
   F. Graduate degree

4. How long have you been working in the restaurant business?

   _____ Years _____ Months

5. What is your race/ethnicity?
   A. Caucasian American
   B. African American
   C. Hispanic/ Latino American
   D. Asian American
   E. Native American
   F. European
   G. Asian
   H. African
   I. Hispanic/Latino/South American
   J. Australian/ New Zealander
   K. Others (Specify) _____

6. I prefer to serve customers who are
   A. Male
   B. B. Female
   C. No preference

7. Choose how the following customers **<u>you think</u>** would tip in general.

Please circle one

		Very Bad	Below Average	Average	Above Average	Very Good
a.	Caucasian American	1	2	3	4	5
b.	Native American	1	2	3	4	5
c.	Hispanic American	1	2	3	4	5
d.	Asian American	1	2	3	4	5
e.	African American	1	2	3	4	5
f.	Australian/ New Zealander	1	2	3	4	5
g.	Asian (including Indian, Middle Eastern)	1	2	3	4	5

h.	European	1	2	3	4	5
i.	Hispanic/Latino/South American	1	2	3	4	5
j.	African	1	2	3	4	5

8. Choose how the following customers **<u>you think</u>** would tip in general.

Please circle one

	Age Group	**Very Bad**	**Below Average**	**Average**	**Above Average**	**Very Good**
a.	18 and less	1	2	3	4	5
b.	19 to 24	1	2	3	4	5
c.	25 to 34	1	2	3	4	5
d.	35 to 44	1	2	3	4	5
e.	45 to 54	1	2	3	4	5
f.	55 and above	1	2	3	4	5

9. How often do you think **<u>you change</u>** your behavior/quality of service at the table if your customer is:

Please circle one

		Never	Sometimes	Don't Know	Often	Always
a.	Caucasian American	1	2	3	4	5
b.	Native American	1	2	3	4	5
c.	Hispanic American	1	2	3	4	5
d.	Asian American	1	2	3	4	5
e.	African American	1	2	3	4	5
f.	Australian/ New Zealander	1	2	3	4	5
g.	Asian (including Indian, Middle Eastern)	1	2	3	4	5
h.	European	1	2	3	4	5
i.	Hispanic/Latino/South American	1	2	3	4	5
j.	African	1	2	3	4	5

10. How often do you think **<u>your co-workers</u>** change their behavior/ quality of service at the table if their customers are:

Please circle one

		Never	Sometimes	Don't Know	Often	Always
a.	Caucasian American	1	2	3	4	5
b.	Native American	1	2	3	4	5
c.	Hispanic American	1	2	3	4	5
d.	Asian American	1	2	3	4	5
e.	African American	1	2	3	4	5
f.	Australian/ New Zealander	1	2	3	4	5
g.	Asian (including Indian, Middle Eastern)	1	2	3	4	5
h.	European	1	2	3	4	5
i.	Hispanic/Latino/South American	1	2	3	4	5
j.	African	1	2	3	4	5

11. Which of the following customers would **<u>you prefer</u>** to serve:

Please circle one

		Never	Sometimes	Don't Know	Often	Always
a.	Caucasian American	1	2	3	4	5
b.	Native American	1	2	3	4	5
c.	Hispanic American	1	2	3	4	5
d.	Asian American	1	2	3	4	5
e.	African American	1	2	3	4	5
f.	Australian/ New Zealander	1	2	3	4	5
g.	Asian (including Indian, Middle Eastern)	1	2	3	4	5
h.	European	1	2	3	4	5
i.	Hispanic/Latino/South American	1	2	3	4	5
j.	African	1	2	3	4	5

11. How often do you think <u>you change</u> your behavior/quality of service because you think the customers will not tip well?

Please circle one

Never	Sometimes	Don't Know	Often	Always
1	2	3	4	5

12. How often do you think your co-workers change their behavior/ quality of service because they think customers will not tip well?

Please circle one

Never	Sometimes	Don't Know	Often	Always
1	2	3	4	5

13. How do you differentiate customers as American (including non-Caucasian) or Foreign? (Circle below that apply)
    - i. Accent
    - ii. Body Language
    - iii. Physical Features (e.g. eyes, hair, skin-color)
    - iv. Dress-up and Accessories
    - v. Others (Specify) _____
    - vi. Don't Know

Study 2 – Customer Survey

1) In your most recent **casual dining restaurant** visit, how much was your total bill *without tip*?

   $_____ (Put the approximate amount if you don't remember the exact amount)

2) What was the **tip amount** you paid that time?

   $_____ (Put the approximate amount if you don't remember the exact amount)

3) What time of the day did you visit that restaurant?
   a. Lunch time b. Dinner time

4) Was the tip automatically added to your bill?
   a. Yes
      i. If ***yes***, what was the percentage tip added to your bill? _____ %
   b. No

5) How much do you think servers at restaurants get paid per hour in Oklahoma?
   a. Less than minimum wage b. Minimum wage c. More than minimum wage

6) What is *your* usual tip amount?	None	1 – 4.99%	5 to 9.99%	10 to 14.99%	15 to 20%	More than 20%	Flat amount $.....
7) For good service?	None	1 – 4.99%	5 to 9.99%	10 to 14.99%	15 to 20%	More than 20%	Flat amount $.....
8) For bad service?	None	1 – 4.99%	5 to 9.99%	10 to 14.99%	15 to 20%	More than 20%	Flat amount $.....
9) What do *you think* is the general tipping norm in a restaurant?	Don't know	1 – 4.99%	5 to 9.99%	10 to 14.99%	15 to 20%	More than 20%	Flat amount $.....

10) Are you
   a. Male b. Female

11) What is your ethnicity?
   a. Caucasian American
   b. African American
   c. Native American
   d. Hispanic/ Latino American
   e. Asian American
   f. European

g. African
h. Asian
i. Hispanic/Latino/South American
j. Australian/New Zealander
k. Others (Specify) _____

12) How old are you?

a. 18 and less
b. 19 to 24
c. 25 to 34
d. 35 to 44
e. 45 to 54
f. 55 and above

13) What is your annual household income?

a. Less than 18,000
b. 18,000 to 33,000
c. 33,001 to 52,000
d. 52,001 to 82,000
e. More than 82,000

14) Were you born in United States?

a. Yes (Go to Q.15)
b. No
i. If ***No***, how long have you been here?
1. Less than a year
2. 1 to 3 years
3. 3 to 5 years
4. 5 to 10
5. 10 years +
ii. Do you have tradition of tipping servers at restaurants in your home country?
a. Yes b. No c. Don't Know

iii. Do you tip at the restaurants in your home country?

Never	Sometimes	Don't Know	Often	Always
1	2	3	4	5

15) What is your highest level of education?

a. No high school degree
b. High School or GED
c. Some College
d. Associate/ 2 years degree
e. Bachelor's degree
f. Graduate degree

16) How strongly you agree or disagree with the following? On a scale of 1 to 5, where

1 – SD (Strongly Disagree)
2- D (Disagree
3 – N (Neither)
4 – A (Agree)
5 – SA (Strongly Agree)

		SD	D	N	A	SA
		1	2	3	4	5
1.	Timeliness of service influences my tip amount					
2.	The service received influences my tip amount					
3.	A server's body language influences my tip amount					
4.	Direct eye contact with a server influences my tip amount					
5.	Poor service influences my tip amount					
6.	I feel more obligated to tip when dining with friends and/or family					
7.	A server's attitude influences my tip amount.					
8.	I leave a larger tip when others I have dined with do not tip					
9.	A server's menu knowledge affects my tip amount					
10.	I feel obligated to tip even when the service is bad					
11.	Price of the meal influences my tip amount					
12.	Where I am seated tends to influence my tip amount					
13.	I feel regret if I do not leave a tip					
14.	I feel embarrassed when others in my party do not tip					
15.	Overall restaurant cleanliness affects my tip amount					
16.	A server's ability to sell the menu influences my tip amount					
17.	A server's friendliness affects my tip amount					
18.	Appearance of food affects my tip amount					
19.	If the pricing of the meal is high, I pay high tip amount					
20.	Temperature of food influence my tip amount					
21.	Light, music and décor (Ambience) of the restaurant influence my tip amount					
22.	If the pricing of the meal is low, I pay less tip amount					
23.	Taste of food influence my tip amount					

THANK YOU FOR YOUR TIME!

Oklahoma State University Institutional Review Board

Date:	Wednesday, November 13, 2013
IRB Application No	HE1371
Proposal Title:	What Affects Tip Amount? Comparison of Foreign and Domestic Customers in Casual Dining Restaurants of Oklahoma
Reviewed and Processed as:	Exempt

Status Recommended by Reviewer(s): Approved Protocol Expires: 11/12/2014

Principal Investigator(s):

Jeena Shrestha	Murat Hancer
17 N. Univ. Place	210 HES
Stillwater, OK 74075	Stillwater, OK 74078

The IRB application referenced above has been approved. It is the judgment of the reviewers that the rights and welfare of individuals who may be asked to participate in this study will be respected, and that the research will be conducted in a manner consistent with the IRB requirements as outlined in section 45 CFR 46.

X The final versions of any printed recruitment, consent and assent documents bearing the IRB approval stamp are attached to this letter. These are the versions that must be used during the study.

As Principal Investigator, it is your responsibility to do the following:

1. Conduct this study exactly as it has been approved. Any modifications to the research protocol must be submitted with the appropriate signatures for IRB approval. Protocol modifications requiring approval may include changes to the title, PI, advisor, funding status or sponsor, subject population composition or size, recruitment, inclusion/exclusion criteria, research site, research procedures and consent/assent process or forms.
2. Submit a request for continuation if the study extends beyond the approval period of one calendar year. This continuation must receive IRB review and approval before the research can continue.
3. Report any adverse events to the IRB Chair promptly. Adverse events are those which are unanticipated and impact the subjects during the course of this research; and
4. Notify the IRB office in writing when your research project is complete.

Please note that approved protocols are subject to monitoring by the IRB and that the IRB office has the authority to inspect research records associated with this protocol at any time. If you have questions about the IRB procedures or need any assistance from the Board, please contact Dawnett Watkins 219 Cordell North (phone: 405-744-5700, dawnett.watkins@okstate.edu).

Sincerely,

Shelia H. Kennison

Shelia Kennison, Chair
Institutional Review Board

Oklahoma State University Institutional Review Board

Date:	Monday, February 03, 2014	Protocol Expires:	11/12/2016
IRB Application No:	HE1371		
Proposal Title:	Tipping Differences of Domestic and Foreign Customers in Casual Dining Restaurants: An Investigation of Customers' and Servers' Perception		
Reviewed and Processed as:	Exempt **Modification**		

Status Recommended by Reviewer(s) **Approved**

Principal Investigator(s):

Jeena Shrestha
17 N. Univ. Place
Stillwater, OK 74075

Murat Hancer
210 HES
Stillwater, OK 74078

The requested modification to this IRB protocol has been approved. Please note that the original expiration date of the protocol has not changed. The IRB office MUST be notified in writing when a project is complete. All approved projects are subject to monitoring by the IRB.

☒ The final versions of any printed recruitment, consent and assent documents bearing the IRB approval stamp are attached to this letter. These are the versions that must be used during the study.

The reviewer(s) had these comments:

Modification to 1) recruit from HRAD class "Service Management in Hospitality Operation", 2) administer survey online as well as paper and pen, 3) recruit Oklahoma servers via Facebook page "Server_life", 4 change title to "Tipping Differences of Domestic and Foreign Customers in Casual Dining Restaurants: An Investigation of Customers' and Servers' Perception"

Signature:

Shelia Kennison, Chair, Institutional Review Board

Monday, February 03, 2014
Date

VITA

Jeena Shrestha

Candidate for the Degree of

Master of Science

Thesis: TIPPING DIFFERENCES OF DOMESTIC AND FOREIGN CUSTOMERS IN CASUAL DINING RESTAURANTS: AN INVESTIGATION OF CUSTOMERS' AND SERVERS' PERCEPTION

Major Field: Hospitality Administration

Biographical:

Education:

Completed the requirements for the Master of Science in Hospitality Administration at Oklahoma State University, Stillwater, Oklahoma in May 2014.

Completed the requirements for the Bachelor of Science in Hospitality Administration at Oklahoma State University, Stillwater, Oklahoma in December 2010.

Experience:

Graduate Assistant**,** International Ground Source Heat Pump Association, Oklahoma State University from May 2013 to May 2014
Graduate Assistant, School of Hotel and Restaurant Administration, Oklahoma State University from January 2012 to May 2013
Guest Service Agent, DoubleTree Suites by Hilton, Boston from February 2011 to December 2011

Professional Memberships:

Phi Kappa Phi Honor Society	2012 – Present
National Society of Collegiate Scholars	2008 – Present
Eta Sigma Delta Hospitality Honor Society	2009 – Present
National Society of Minorities in Hospitality	2009 – Present
Club Managers Association of America	2009 – Present