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The future of tipping should be driven by Canadians, not businesses

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[Image]

Hand putting money in tip jar.

Tipping reshapes the relationship between workers and their managers, and workers and consumers. In doing so, it has wide-ranging effects on workers. (Shutterstock)

## The future of tipping should be driven by Canadians, not businesses

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Tipping has long been a source of significant controversy, spilling over from time to time into the pages of Canadian media. Canadians' views on tipping remain divided, as a recent survey by researchers from Dalhousie University has found.

One reason why tipping garners so much interest is that it reshapes the relationship between workers and their managers, and workers and consumers. In doing so, it has wide-ranging effects on workers.

On the one hand, tipping can boost workers' income and give workers a greater sense of control over some facets of their work. On the other, more problematic, hand it often comes with a range of negative outcomes that are not always apparent to consumers.

These include sexual harassment, pressure to engage in degrading and demeaning behaviours, inequality among different groups of workers, racial discrimination and unpredictable incomes.

Tipping might also have a range of societal impacts, including exacerbating class distinctions and legitimizing other employment practices like classifying workers as independent contractors that can be harmful to workers. Clearly, tipping is neither a neutral or trivial activity.

### A shifting landscape

Tipping underpins much of the rapidly growing contemporary gig economy, in which 13 per cent of Canadians are reported to have worked in 2021.

Tipping is spreading to more and more parts of the hospitality industry, including cafes and limited-service restaurants. Soon, it might even spread to airlines, liquor stores and pet grooming businesses.

These changes are taking place before our eyes without any serious policy debate or direction. When tipping does receive policy attention, it is often limited to tweaking or eliminating different minimum wages for tipped workers, and adapting laws around tip pooling.

[Image]

Woman sitting at an outdoor restaurant table using a cell phone.

More and more businesses have chosen to amplify tipping by prompting customers to tip via payment portals or apps. (AP Photo/Jacquelyn Martin)

While these are important topics, these efforts fail to tackle the complex issues and trade-offs associated with tipping in a comprehensive manner. They represent a missed opportunity to start a conversation we need to have as a society. Instead, it is businesses that are often in the driver's seat.

While some businesses, including Larry's in Montréal and Smoke 'N Water in Parksville, B.C., have tried to eliminate tipping, more commonly they have amplified it by prompting customers to tip via payment portals or apps. Businesses have many reasons to do this, notably the opportunity to cut costs by shifting some of the responsibility for workers' compensations onto consumers.

Once tipping starts to become more common in a particular industry, strong norms tend to form around it that are hard to break. If this pattern holds in industries where tipping is spreading in Canada, millions more Canadian workers could see their working lives significantly altered.

### **It's time for a serious conversation**

In light of these trends and our current knowledge of the impacts of tipping, we should pause and ask ourselves: is this really what we want the future of work to look like in Canada?

As a business and sustainability professor, I argue that it is time for Canadians, their representatives and policymakers to have a serious conversation about the future of compensation in Canada and what role, if any, tipping ought to play in it.

This conversation should include a thorough consideration of pros and cons of tipping and its alternatives, like service charges and service-inclusive pricing, and the supporting practices needed to successfully transition from one approach to another.

It should also provide opportunities for Canadian workers to learn and deliberate together by accessing expert insights, research and stakeholder perspectives, like those of Not 9 To 5 and the Worker Solidarity Network.

[Image]

A barista standing behind a counter with a tip jar on it. A customer is putting money in the jar. Canadians, their representatives and policymakers need to have a serious conversation the future of compensation in Canada and whether tipping should play a role in it. (Shutterstock)

We could take inspiration from the recent work of the Ontario Workforce Recovery Advisory Committee, which leveraged extensive stakeholder consultations and research when drafting its report on the future of work in Ontario. We could also draw on the growing number of citizens' assemblies that are tackling issues like auto insurance and democratic expression.

## **The future of tipping**

Canadians may ultimately express a desire for the elimination of tipping, at least in some sectors, as was the case in some U.S. states in the past. This could be coupled with policies to give workers some of the benefits tipping can have, namely higher wages and a greater sense of control by giving workers more autonomy over how they do their jobs.

Alternatively, Canadians may want to keep the practice of tipping, but implement clear rules about techniques used to solicit tips through apps and platforms, higher wages for workers and transparency about how tips are distributed and whether any tipped minimum wages apply to workers.

Rather than tipping being largely determined by businesses as they tinker with payment portals, it should be defined by Canadians who, though they may experience tipping on a regular basis, have not been given the chance to properly reflect on it.

This will become all the more important as the pandemic draws our attention to the importance of creating an economy that offers decent and quality work for all of us.