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The Tip of the Iceberg: A Roadmap for Management Research on Tipping

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Abstract

Tipping is a complex phenomenon with wide-ranging impacts on workers and organizations. Prior research has made important contributions to our understanding of why tipping happens and what its impacts are. Yet, we still have much to learn about these topics, particularly when it comes to the emergence, evolution, and diffusion of tipping norms, how organizations approach their decision-making about tipping practices, and the broader individual, organizational, and societal impacts of tipping. Despite management researchers' limited attention to tipping to date, I argue that they have much to contribute to our understanding of these questions through their conceptual tools and lenses.

Keywords

business & society, well-being, work life, tipping, management or quality

Every day, consumers around the world engage in *tipping*, that is, voluntarily giving the workers who serve them discretionary amounts of money on top of the officially contracted price of the good or service they consume (Lynn & McCall, 2000). Organizations in a growing number of industries and countries are wrestling with decisions about their *tipping practices*, particularly whether to permit and enable workers to receive tips (see Azar, 2011; Lynn & Withiam, 2008). Tipping is a complex phenomenon (Azar, 2007; Shamir, 1984) and a highly consequential one. It has wide-ranging impacts on workers and organizations alike, including perpetuating racial discrimination and creating inequality among workers (Azar, 2020; McAdams & von Massow, 2017). Furthermore, who is exposed to these impacts and how they are experienced is poised to shift markedly as the practice domain continuously changes and tipping spreads to new industries, is contested in existing industries, and rapidly evolves due to technological intermediation. However, to date tipping has primarily been studied through a narrow set of lenses, leaving much to learn about its dynamics and impacts. Management researchers are well placed to join this conversation and shed light on these important topics.

The Consequentiality of Tipping

While research on the impacts of tipping has to date focused on a relatively narrow set of phenomena primarily in the context of the hospitality industry, findings point to how tipping can have wide-ranging impacts on workers and organizations (e.g., Azar, 2020; Lynn & Withiam, 2008; McAdams & von Massow, 2017; Ogbonna & Harris, 2002; Wilson, 2019). For individual workers, these impacts

include the opportunity to exert some agency over aspects of their work and potentially earn significant income, but also racial discrimination, sexual harassment, a loss of dignity, and income volatility. Beyond individual workers, impacts include increased profits, inequalities among different groups of workers (e.g., front of house vs. back of house restaurant staff), and reduced cohesion and teamwork.

In addition, the broader domain of organizational tipping practices is in flux, with recent changes suggesting that the nature of the impacts of tipping and who gets exposed to them is poised to shift markedly. Tipping has traditionally been common in a small number of mostly service-based industries in several countries, with governments sometimes creating alternate minimum wages for workers in these contexts in anticipation of tipping (Azar, 2011). Recently we have seen a surge in tipping in contexts with traditionally weaker or non-existent tipping norms, which include industries like limited-service restaurants, coffee chains, and some retail establishments (e.g., Karabas et al., 2020; Wilson & Setter, 2020), and countries like Sweden (Mulinari, 2019) and the United Kingdom (Jones, 2020). Tipping has also spread to new industries with wholly different compensation structures like gig work platforms and live-streaming services (Jain & Qian, 2021; Wilson & Setter, 2020). Curiously, in tandem with the rise of tipping

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in newer contexts, we are seeing concerted efforts by some actors to abandon long-standing tipping practices, like some full-service restaurants and cruise ships (Azar, 2020; Ren, 2021). In the majority of cases, these efforts were short-lived and unsuccessful, though the international cruise industry stands out as an example of an industry that transitioned away from tipping to automatic service charges (Lynn & Kwortnik, 2020). In addition to shifts in who gets tipped, the nature of tipping is changing rapidly due to its intermediation through platforms and payment systems (Warren et al., 2021; Wilson & Setter, 2020), suggesting its interpersonal dynamics and impacts are also likely to evolve significantly.

What Do We Know About Tipping?

Despite its consequentiality, tipping has been a relatively niche research topic to date, with much still to be learned (Azar, 2020; Lynn, 2019). Researchers who have studied tipping have done so primarily in the context of the hospitality industry and through the lenses of psychology and economics and, to lesser degrees, sociology and service management. To date, management research has surprisingly paid limited attention to tipping (e.g., Mulinari, 2019; Ogbonna & Harris, 2002; Ren, 2021). While it is not possible to summarize all of the work on tipping in this short piece, two broader topics, in particular, have received significant attention. In spite of the attention paid to these topics, within each one researchers have tended to focus on a relatively narrow set of questions, leaving significant opportunities to increase our understanding through new conceptual tools and lenses.

The first topic broadly seeks to explain why tipping happens. The vast majority of the research on this topic has studied specific antecedents of consumers' tipping behaviors by drawing primarily on quantitative methods. Researchers have found that factors at various levels, such as purchasing a more personalized service (Lynn, 2019) or lower worker incomes (Azar, 2005), increase the likelihood of tipping. In addition, being told a joke or story by a server (Lynn & McCall, 2009), or being offered tip recommendations (Alexander et al., 2021), can increase the size of tips. Some research has focused on tipping norms and how the presence or absence of these norms can influence consumers' behaviors (Azar, 2007, 2010).

Yet, how does tipping become a norm, how do these norms evolve, and how might they diffuse across occupational, organizational, and national boundaries over time (Azar, 2007, 2020; Lynn, 2015; Mansfield, 2016)? While prior work has provided some limited clues, such as the finding that international travel to the United States contributes to the diffusion of tipping norms across national boundaries (Mansfield, 2016), our overall knowledge of these questions is limited. Similarly, despite the crucial role of organizational tipping practices in shaping why tipping happens,

we have much to learn about how and why organizations adopt, adapt, and abandon different tipping practices (Azar, 2011). While prior work has documented numerous merits and demerits of different tipping practices that organizations could consider (Azar, 2011; Lynn & Withiam, 2008), it leaves us with a limited understanding of how organizations approach their decision-making about tipping practices and what influences their decisions. A better understanding of these questions will help us make sense of the rapid evolution of tipping, and the continued contestation of tipping practices.

The second topic, which has received comparatively less attention, seeks to unpack the impacts of tipping. Prior work has provided some important insights to date, identifying individual-level impacts like physical and mental abuse and unpredictability of income (e.g., Mulinari, 2019; Ogbonna & Harris, 2002), organizational-level impacts like consumers' perceptions of service quality, and employee recruitment and retention (e.g., Azar, 2011; Lynn & Kwortnik, 2020; Lynn & Withiam, 2008), and societal-level impacts like tax evasion (e.g., Lynn & Withiam, 2008). Yet, there remains much to be learned about this topic, particularly in terms of studying the impacts of a broader set of tipping practices, a broader range of impacts, and a broader range of contexts (Brewster & Wills, 2013; Lynn, 2019; Shamir, 1984; Wilson, 2019). There are particularly fertile opportunities at the organizational and societal levels, which have to date received much less attention and mostly been limited to strategic and financial impacts.

Management Research and Tipping: A Roadmap

Despite management research's limited engagement with tipping to date, I see these gaps in our understanding of why tipping happens and the broader impacts of tipping as particularly fertile opportunities for management researchers in light of their conceptual and methodological toolkits. I now turn to promising directions for management researchers with expertise across different theories and levels of analysis.

Why Does Tipping Happen?

At a more micro level, researchers studying routine dynamics could shed light on how tipping norms emerge and evolve through the situated actions of workers, consumers, and managers. Feldman and Pentland (2003, p. 95) articulated a widely accepted definition of routines "as repetitive, recognizable patterns of interdependent actions, carried out by multiple actors." The shift from studying routines as entities to unpacking the dynamics of their (re)enactment through actors' situated actions can help shed light on topics including how routines emerge, remain stable, or change over time (Feldman et al., 2016). Given the increasing technological

intermediation of tipping, a particularly interesting way this lens could be used is to study how tipping norms emerge and evolve through the implementation of intermediaries that can “transmit the intentions of one actor to another and align their respective actions and responses in repeat task performances” (Bapuji et al., 2012, p. 1590). In the case of tipping, organizations’ decisions to implement or remove intermediaries such as embedded tip requests in apps or payment portals can play a crucial role in shaping the dynamics of how customers and workers interact during tasks including delivering food ordered through an app or paying for a coffee at a coffee shop. For example, in contexts with weaker or nonexistent tipping norms, these intermediaries may or may not capture the intentions or desires of workers or customers, resulting in the development of weak routines with uneven and inconsistent action patterns (e.g., some workers canceling out a tip request out of discomfort when handing a payment portal to a customer).

At more of an organizational and societal level, researchers studying the diffusion of organizational practices (Naumovska et al., 2021) are well-positioned to increase our understanding of how and why organizations decide to adopt, adapt, or abandon different tipping practices, shedding new light on why tipping happens. From an organizational perspective, decisions about tipping practices entail considerations about not only whether or not to permit workers to accept tips and to enable and encourage consumers to tip, but also, for example, how to sequence tips and distribute them across different workers (Azar, 2011; Lynn & Withiam, 2008; Warren et al., 2021). Are these decisions guided primarily by cost-benefit analyses of different tipping practices (e.g., those offered in prior tipping research Azar, 2011; Lynn, 2017; Lynn & Withiam, 2008), mimetic pressures, and/or the tactics and rhetoric of various internal and external social movement actors (Briscoe & Gupta, 2016) like the anti-tipping Anti-Gimme League or the pro-tipping U.S. National Restaurant Association? How does the simultaneous adoption and abandonment of tipping practices across organizations in some industries influence how organizations learn from each other when wrestling with these decisions (Naumovska et al., 2021)? Finally, given the significant variance in tipping norms and compensation practices around the world, it would be particularly interesting to explore how multinational organizations like global café and restaurant chains navigate these differences, particularly in cases of a significant mismatch between home and host countries. The sub-stream of literature on the transnational transfer of practices could provide valuable insights (Kostova, 1999).

The Impacts of Tipping on Workers, Organizations, and Society

At the individual level, management researchers interested in workers’ lived experiences of work could shed light on a

wide range of understudied impacts of tipping and various tipping practices on workers. I highlight two important directions here. First, identity researchers could investigate how shifts in tipping practices shape and are shaped by occupational identities (Ashcraft, 2007). For instance, if more airlines follow Frontier Airlines’ experience of allowing flight attendants to accept tips for on-board purchases, might this displace the value these workers place on safety consciousness? Drawing on insights from dirty work occupations, might the servility associated with tipping result in social taint and, in turn, weaker occupational identification (Ashforth & Kreiner, 1999)? The converse is also interesting: How would occupational identities of traditionally tipped occupations evolve if tipping were no longer permitted? Next, researchers studying control in organizations could investigate the increasingly complex patterns of control tipping brings to bear on workers. At its core, tipping represents a shift of at least some control of workers’ compensation from management to customers (Lynn & Withiam, 2008). While some limited prior work has investigated the dynamics of this unique form of control (e.g., Ogbonna & Harris, 2002), future research could explore how workers experience and navigate it alongside newer and sometimes competing forms of control like customer ratings (which can operate as more indirect forms of customer control of compensation) and the algorithmic control inherent in many gig platforms (Gandini, 2019). Workers who face multiple forms of control are likely to experience challenges, ambiguities, and stressors when the demands of these forms of control diverge, and may have to make difficult decisions when choosing to prioritize some over others.

There is equally much to explore at the organizational level beyond strategic and financial impacts. To highlight two examples, researchers could augment our understanding of how shifts in tipping practices affect organizational identities and cultures (Hatch et al., 2015). Given what we know about how tipping can result in discrimination and changes in workers’ behaviors, how would the increased adoption of pro-tipping practices at a coffee chain like Starbucks shape its identity as an organization committed to inclusion and connection? Could it, for example, engender emergent changes in the organization’s identity, or result in changes in the organization’s image that prompt deliberate efforts to manage the organization’s identity (Gioia et al., 2013)? These effects may be even more interesting and important in non-corporate organizations like cooperative coffee shops, whose identity may be even more strongly associated with these characteristics. Conversely, turning to organizational culture, how would shared interpretations and meanings about self-expression, service, and inclusion evolve in the hospitality industry if the practice of tipping was abandoned?

Finally, there is an opportunity to increase our understanding of the societal impacts of tipping, particularly given

increasing calls for management researchers to take a “societal turn” and investigate how organizational practices can contribute to societal-level outcomes like economic inequality (Bapuji et al., 2020). Management researchers, notably those interested in the changing nature of work (Duggan et al., 2020) and societal inequality (Bapuji et al., 2020), are well placed to shed light on how the diffusion of tipping practices and norms influences employment practices and societal outcomes. For example, if a global gig platform that enables tipping enters a country with traditionally weaker tipping norms, how might it influence national tipping norms? Could this lead to the legitimation and diffusion of other practices including the classification of workers as independent contractors, the legalization of lower minimum wages for industries with tipping, and even the creation of jobs in which tips make up all of a worker’s income, such as in the case of free tours or many live-streaming platforms? Further, could the spread of tipping eventually result in broader societal outcomes that were suggested by its early opponents, such as engendering class divisions and threats to public morality that could ultimately inhibit democracy (Segrave, 1998)? And, if anti-tipping practices continue to diffuse in certain industries and countries, would this have the opposite effect? Management researchers have access to multiple tools to answer these types of questions, including various work–family and work–society spillover theories (e.g., Sanz-Vergel et al., 2012; Timming & Summers, 2020).

Conclusion

Tipping is a complex, fascinating, and highly consequential phenomenon. While management researchers have largely overlooked tipping to date, they have much to contribute to our understanding of why tipping happens and its wide-ranging impacts on individuals, organizations, and society.

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