Tipping in New Zealand Restaurants.

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Abstract

Tipping is customary in many countries but is not widespread in New Zealand. However, it is becoming more accepted and expected, particularly in large cities and popular tourist destinations. The aim of this study is to explore the emerging phenomenon of tipping in New Zealand restaurants and to examine the attitudes and practices of key people involved in restaurant service encounters: managers, waitstaff and customers.

Qualitative research methods have been adopted. Primary data for the analysis comes from a review of the literature and informal conversational interviews with waitstaff and managers from a range of restaurants in Queenstown and Dunedin. A small group of tourist guides were interviewed for comparison. Data interpretation was assisted by the development of a 'Research Pyramid' which provides a theoretical framework for hospitality research. NUDIST software also assisted data management and analysis. In the analysis emphasis is given to the service encounter and to the meaning and consequences of tipping for those involved. An attempt is also made to locate the tipping phenomenon within the broader framework of the hospitality and tourism industry and within wider socio-cultural and economic contexts. Historical materials add depth to the analysis. Comparing historical literature with information from the interviews, a theme emerges that tipping in New Zealand today is similar to practices in the United States before World War II with tipping at the discretion of individual customers and with few occupations attracting tips.

New Zealand waitstaff, although they appreciate the financial benefits, condemn US style tipping and prefer wage certainty to the unpredictability of an income dependent on tips. However, increasing casualisation of the workforce and low wage rates have produced conditions which link waitstaff wages to business activity even without widespread tipping. There is little support in the study for the idea that tips are a form of wages, although tips are defined as income for the purposes of taxation. It is predicted that in future tips could become a significant portion of the wages of some service workers.

Tipping has consequences for the management of services in restaurants. This study found a gap exists between the attitudes and expectations of restaurant managers and their staff. Managers generally perceive tipping as a private transaction between satisfied customers and individual servers. They tend to ignore it, not manage it. Tipping involves partial transfer of management functions to customers including compensation, motivation and feedback. Potentially tipping may contribute to boundary role stress and conflict, to high staff turnover and undesirable behaviour in staff. It is recommended that managers should be aware of these issues and should manage tipping in the order to reduce these undesirable effects.