Rationality, Democracy, and Justice

The Legacy of Jon Elster

This volume advances the research agenda of one of the most remarkable political thinkers of our time: Jon Elster. With an impressive list of contributors, it features studies in five topics in political and social theory: rationality and collective action, political and social norms, democracy and constitution making, transitional justice, and the explanation of social behavior. Additionally, this volume includes chapters on the development of Elster's thinking over the past decades. Like Elster's own writings, the essays in this collection are problem-driven, nonideal inquiries of practical relevance. This volume closes with lucid comments by Jon Elster.

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6

What Makes People Tip

Diego Gambetta*

The giving of tips – the discretionary payments customers make to certain occupations over and above the price of what they purchase – involves, for any one transaction, small amounts of money. Yet, while tips are perceived as a marginal disbursement of little consequence for individual finances, collectively considered, in some countries and for some occupations, tips redistribute large amounts of money and form a sizeable percentage of service workers' income.[1] Mark Starbuck, for instance, estimates that in 2006, "British consumers provided no less than 1.9 billion in tips to restaurant waiters alone."[2] Jon Elster, who has a short discussion on "the norm of tipping" in *Explaining Social Behavior*, writes that in the United States "estimates of the fraction of income that waiters derive from tips range from 8 percent (the Internal Revenue Service assumption) to 58 percent for waiters serving full course meals."[3] Ofer Azar says that "tips in the US food industry alone amount to about $42 billion annually."[4] Once we add all other occupations which are tipped in the United States – hairdressers, taxi drivers, casino croupiers, beauticians, bartenders, hotel staff, shoe shine, and more – the sums involved become comparable to the total size of charity donations in the United States, estimated, for 2007, at $306 billion.[5]

* This paper originates from many discussions I have had over the years with Mark Starbuck during the preparation of his dissertation on cross-national and cross-occupational differences in tipping practices. I am indebted to Mark for his comments and for many of the references mentioned in this chapter. I am also grateful to Valeria Pizzini-Gambetta for her insightful comments on an earlier draft.

1 On the economic impact of tips, see for instance Lynn and Mynier, "Effect of Server Posture on Restaurant Tipping"; and Schmitt, "Tips: The Mainstay of Many Hotel Workers' Pay," 50.

2 Starbuck, *A Comparative Study of Tipping Practices and Attitudes*, 5–6.

3 Elster, *Explaining Social Behavior*, 367–368.

4 Azar, "Incentives and Service Quality in the Restaurant Industry," 1917.

5 Giving USA Foundation, www.aafrc.org/press_releases/releases/20080622.htm.

Tipping decisions are also an interesting phenomenon per se, eminently suitable for investigating behavioral theories. In many countries, tips are perhaps the only sizeable area of market transactions to be formally unregulated, and furthermore tipping can be easily observed across different types of occupations and transactions. They lose interest where the discretionary element is removed by *fiat*: this is the case in the few countries in which tips are legally banned, as in Angola, Singapore; in some communist countries, such as China and North Korea; and in establishments in which managers discourage the tipping of staff. Conversely, tipping decisions also lose interest once tips are institutionalized into a service charge and become part of the price of a service. Although I will not address it here, it is of course an interesting question to ask under what conditions these mandatory states of affairs emerge.

However, insofar as tips remain discretionary, not enforced by law either way, their study can reveal some of our fundamental behavioral dispositions in a natural setting without recourse to laboratory experiments. Why should we pay more when we can avoid it? Why should some of us refuse a tip? Why do we tip some occupations and not others, or in some countries more than in others? And in what way does tipping become a social convention to which we simply adapt?

In this chapter, I identify a range of micro-motives that lead people to tip or refrain from it, as well as the motives that lead people to accept or reject tips. I also derive some empirical predictions relating to each motivation. I mention some predictions even if everyday observation indicates that they are false, because the implications are of interest for our theories. Some predictions have already been tested, others could be tested using cross-occupational or cross-national differences in tipping practices, while still others could be tested semi-experimentally by manipulating the conditions of naturally occurring exchanges.

The reason why I find reflecting on tipping so attractive is because even such a seemingly simple behavior turns out to be complicated enough to force us to deploy an unexpectedly large portion of the tool kit of explanatory mechanisms at our disposal, a tool kit to which Jon Elster has given an unparalleled contribution, and whose style of reasoning, as it should be effortlessly apparent, has a clear influence on this essay. The study of tipping motivations is an excellent gymnasium not only for grasping the properties of a range of different individual and social mechanisms – which include coordination, self-interest, signaling, social conventions, reciprocity, and other-regarding motivations – but also for practicing the most delicate task of the social scientist, namely, linking behavioral assumptions with empirical observations or predictions.

1. TIPPING AS A COORDINATION GAME

Tipping can be conceptualized within a simple game-theoretic framework, which helps us to identify the behavioral questions we need to tackle in order to understand the practice. It can be described as a coordination game with two

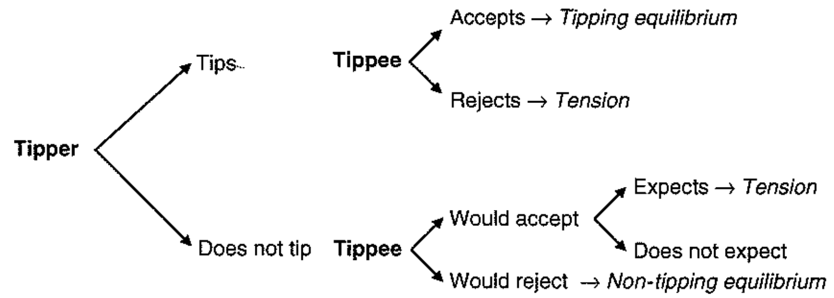

FIGURE 6.1 Tree of tipping choices and outcomes

players – tipper and tippee – each of whom has two options: the tipper can choose whether to tip or not to tip and the tippee whether to accept or to reject the tip. There are four main possible outcomes – illustrated in Figure 6.1 – but in only two of these do the players' choices form an equilibrium, which means that both players see no reason to change their chosen option insofar as the other player does not change his or hers.

The equilibrium pairs occur either if the tipper decides to tip and the tippee accepts the tip, in which case we have *a tipping equilibrium*, or if the tipper does not tip when the tippee would reject the tip, which is the *non-tipping equilibrium*.

In the other two cases, there is some tension that should eventually induce a change of behavior. In one of them the tipper tips and the tippee rejects the tip: in this case the tipper may learn not to tip again either that particular tippee or any other tippee she believes has the same preference. For instance, the tipper may infer that all tippees in the country or in the same occupation or establishment will not accept tips. With more encounters, the outcome will eventually shift to the non-tipping equilibrium whereby nobody tips because everyone expects that no one will accept a tip. This pair of actions is not often observed as they are a transient outcome due to mismatched expectations. They will be observed in situations in which the tipper and tippee belong to different communities with different practices and expectations: thus, for instance, we may expect tourist tippers to incur in such mistakes but not locals. Or we can expect nouveaux riches to tip occupations in which the workers' dignity prescribe otherwise. No such case should, however, be found where the groups of tippers and tippees are sufficiently integrated.

In the other out-of-equilibrium case, the tipper does not tip when the tippee would accept the tip. To establish how much tension this case generates, we need to answer a further question: whether the tippee also *expected* to be tipped – for one can accept a tip without necessarily expecting one. If the tippee does not expect the tip, he may be unconcerned when there is no tip and think this is undesirable but normal and there is nothing to be done about it; this can happen in domains in which tipping is sporadic and considered neither as something that one should or should not do. So even though this is not the best outcome from the tippee's point of view, this case may persist as it does not lead to change.

However, if the tippee also expects a tip, he will be disappointed, and possibly annoyed (the same reasoning could be applied to the size of the tip, but to keep matters simple, I rarely refer to tip sizes here). The tippee may learn to stop expecting a tip from this customer or from this type of customer, in which case the equilibrium shifts to a non-tipping state; or he may fight back and make remonstrations to the failed tipper. He may further try to devise ways to encourage the next customer to tip. We see envelopes left in hotel rooms by chambermaids with their name written on it, or notices flagging that service is not included or that gratuities are gladly accepted. However, even when the tippee expects a tip and takes action to encourage it, this action can still generate no change *if the tipper has strong reasons not to tip*. A tipper, while not being opposed to tipping, can fail to tip simply because she does not find any motivation to tip or has a contingent motivation not to tip; but she can also have a principled motivation *never* to tip.

Consider now the tipper's motives in choosing which action to take. An important conclusion we can reach on the basis of our coordination game is that, regardless of any other consideration, *if the tipper believes the tippee will not, for whatever reason, accept the tip, she will not tip*. This belief is a sufficient explanation for the persistence of a non-tipping equilibrium. In other words, it suffices to explain the motive that the tippee has not to accept a tip to explain a non-tipping equilibrium. One may conceive of situations in which the tipper may try to force a tip on the tippee, but these must surely be exceptions – for why should one pay *more* money to make the tippee *less* happy or, worse, offend or embarrass him, unless of course one wants to achieve precisely that result?

This leaves us with two general points:

1. To make predictions on the emergence, rather than just the persistence, of a non-tipping equilibrium we need to explain *why certain tippees prefer not to be tipped*. Regardless of what exactly their motives are, a key related question is whether their dislike of tips is idiosyncratic or widely shared among tippees. A tippee who does not want to be tipped in a domain in which tips are rife would have to work hard at turning them down at each new transaction. He may establish a preference with customers who come to know him personally, but would have to summon a lot of energy to reject the tip from every well-meaning stranger – the cost of accepting may eventually prove lower than that of refusing and any social stigma attached to accepting tips weakens as tips become a widespread phenomenon. Tippees, in other words, can be expected to adjust to the prevailing convention even if, left to themselves, they might have chosen otherwise. The pressure will be toward conforming to the conventions of establishments, occupations, and even countries. Tipping is a quintessentially *social* practice in which one, whether a tipper or a tippee, cannot easily afford to stick out and is affected by what other people do.

2. While the belief that a tippee will not accept a tip is a sufficient reason for the tipper not to tip, the reverse is not true: if the tipper believes that the tippee would accept a tip the tipper can still decide not to give a tip. How does she decide? To explain the emergence of tipping, we need to understand not only the motives of the tippee to accept – which may be as trivial as preferring more money to less – but the motives of the tipper to part from her money and hand out a tip. One such motive may simply be that the tipper believes the tippee will not just accept but *expects* a tip, and, for reasons explored in section 2.4, she may not want to disappoint the tippee. Furthermore, what other tippers do could explain the persistence of a tipping equilibrium. For even without any specific reason to tip, one can tip simply because of converging expectations: everyone tips because everyone expects everyone else to tip. (I return to this in 2.4.) Tipping, in other words, can evolve into a suboptimal stable practice in which everyone would rather not tip (or not tip all the times or tip less than one ends up doing), but no one feels in a position to stop or adjust the tip size on one's own.

This chapter is mostly devoted to the second question, namely, how we can explain a tipping equilibrium from the point of view of the tipper. In the next two sections, I deal with a tipper's motivations to tip when the tipper knows that a tip is accepted and possibly expected. In particular in section 2 I focus on self-interested reasons and in section 3 on other-regarding motivations. In section 4 I deal with a tipper's motivations never to tip regardless of the tippee's expectations, and with the motives a tippee may have to refuse tips. The latter are important since predictions on countries or occupations in which there is no tipping can come from this side of the matter for, as I have argued, it suffices to explain why certain tippees do not accept tips to be able also to explain why tipping does not emerge.

2. MOTIVATIONS TO TIP: SELF-INTEREST

In this section, I discuss the motivations that a tipper may have to tip a tippee when she knows that the tippee will accept or expect a tip. It must be stressed from the start that motivations per se are neither rational nor irrational, for rationality refers to the means not to the ends that one plans to achieve. Whether or not tipping is rational depends on whether tipping is the best way to satisfy whatever motivation the tipper may have. In other words, one can have all sorts of motivations to tip – self-interest, reciprocity, or other-regarding motivations – which tipping may or may not be the best means to satisfy. So the question of the rationality of tipping traverses motivations rather than residing in any one of them. Some means may fail to be rational because they are based on false beliefs. For instance, some may tip thinking that they improve the service, although this is not true, or, as some have suggested,[6] because they fear the tippees' envy and believe that tipping allays envy and thus their fear. It is

[6] For example, Foster, "The Anatomy of Envy," and Lynn, "Neuroticism and the Prevalence of Tipping," 137–138.

doubtful whether paying others stops them from being envious, and this motivation could be based on a superstitious belief.

2.1. Self-Interest in One-Off Encounters

Let us begin with arguably the simplest human motivation, self-interest. One straightforward reason to tip for self-interest would be in order to ensure a good or a better quality of service. But how this motive works depends on various conditions and beliefs. At a minimum, the tipper must believe that the tippee has discretion over the quality of service he can deliver. Where there is no discretion, we should not observe tipping motivated by self-interest (or, if we do, tipping would be irrational).

The typical prediction of rational choice theorists is that *in one-off encounters, a self-interested rational person should never tip*. Still, we observe much tipping in one-off encounters, a fact that seems to contradict the theory's assumptions on either self-interest as the dominant motive or on rationality. We tip taxi drivers, waiters in foreign countries, and tour guides whom we will never again meet. From the point of the theory, this is considered to be a puzzle. As Elster points out,[7] it is puzzling in two ways: because the tippee cannot retaliate the next time as there isn't a next time, and because the tipper knows, in cases in which there is no audience to the transaction as in a taxi ride, that there is no third party who might sustain tipping by some disapproving gesture. Whether the tipping in one-off encounters is puzzling, however, depends on a particular belief, even from the rational choice theory perspective.

If the tipper believes (trusts) that the service will be good enough even in one-off encounters, then she has no self-interested reason to tip for she is getting decent service anyway, so why pay more for it? But if the tipper does not have that trust, she could rationally decide to tip *even in one-off encounters*. People would tip to ensure good service in situation in which their default expectation is to receive bad service – they cannot trust the server to provide good service to everyone without some additional reward.

Thus, if the quality of service is expected to be poor or highly variable, rational self-interested people should either credibly promise a tip or tip *before* service is delivered. While observing tips after service does not tell us much about the motives, observing tips handed out before service is a prima facie sign that the aim is to obtain good service.[8] Only when the quality of service is expected to be either good enough or invariably bad should self-interested rational tippers not tip in one-off encounters.[9] It follows that in countries, occupations, and establishments in which there is less generalized trust we should observe more tipping driven by self-interest *even in one-off encounters*.

Mark Starbuck was able to construct a test of this prediction.[10] He used two different sources to establish whether tipping is frequent or rare by country – in one he assembled the tipping advice of five well-known online tour guides covering 160 countries; in the other he carried out a survey of 1,270 English-speaking adults from 30 countries. As for trust, he took the percentage of people who replied "yes" to the standard survey question "Most people can be trusted" from the World Value Survey. Data were available for 38 countries. He found that there was a substantial and significant negative correlation between whether tipping is frequent in a country and the level of trust ($r = -0.48$ in the first study and -0.66 in the second). And in both cases, the relation was robust to the introduction of various control variables, such as income inequality, and various indexes of democracy and human development. The tipping measures he used do not merely reflect tips in one-off encounters, but the results are certainly a good indication that distrust is strongly linked to tipping in *any* form.

2.2 Self-Interest in Repeated Encounters

When envisaging *repeated* encounters with a tippee, a rational tipper could tip in one encounter to ensure good service in future encounters. This idea yields the following prediction: *rational tippers motivated by self-interest will tip if they think they are going to come back*. If we translate this prediction in terms of cross-national and cross-occupational differences, we should expect, ceteris paribus, more tips in countries and occupations in which there is a stable clientele patronizing the same establishments. Highly mobile situations should yield less tips as repeated encounters are proportionally fewer (this cannot be the whole story, though, considering that tipping in the United States, a very mobile country, is among the highest and most frequent on earth).

This idea is typical of those who think in game theory terms and blurt it out as soon as the issue is discussed. Still, in theoretical terms, when closely inspected, this hypothesis reveals itself to be resting on richer assumptions than it seems at first. The tipper that reasons in those terms must also believe that denying a tip now induces the tippee to provide a lower quality service next time. This belief is

[7] Elster, *Explaining Social Behavior*, 367.

[8] If tipping before service is widespread, there will be an incentive to follow the practice, regardless of any other considerations, for fear of being singled out for bad service. The case is similar to that of house alarms or mafia protection: the more people have them, the more the people who do not have them become exposed to predators. These are all sub-optimal cases in which "everyone runs as fast as he can only to remain in the same place."

[9] In this case, tipping and bribing come close. The difference concerns only who the tippee is and the nature of his discretion. If it is someone who by contract has a duty to perform a good service but willfully refrains from doing so unless he gets extra money from the customer, then tipping and bribery are exactly the same. More precisely, tipping coincides with one form of bribing in which one pays extra for a good service to which one is entitled to without paying extra. People can bribe to get others to do what they should not do, but they can also bribe to get people to do what they should do, as in the case of tipping aimed at getting good service. Also, the higher the frequency of bribery, the higher we should expect the frequency of tipping to be.

[10] Starbuck, *A Comparative Study of Tipping Practices and Attitudes*, 114–119; 141–147.

not however invariably true. First, it is true only if the tippee can correctly re-identify tippers in future encounters *and* remember whether or not they tipped the previous time. This implies that in larger establishments or in those that have high employee turnover, the chances of being rewarded or punished for having tipped or not tipped in the past are slim, so a rational tipper should not tip if her aim is to ensure good service in future encounters; these situation are de facto identical to one-off encounters. If she does tip – as we often do even in such establishments – it means that she is either irrational or has motivations similar to those that lead us to tip in one-off encounters (which may or may not differ from self-interest).

Next, and more importantly, I find it odd that our game theorists do not look at repeated interactions also from the perspective of the tippee. If they did, they might be surprised: if the tippee knows that the tipper could, if she chose to, come back, the tippee has a reason to provide good service to encourage the customer to return *regardless of tips*. With even a minimum of competition from other providers, this should be the case. Expecting this, a self-interested tipper should rationally *not* tip in repeated encounters because she will get good service anyway. (In fact, savvy customers hint, truthfully or otherwise, that if they get good service they may come back.) This is more likely the case if the tippee is self-employed rather than salaried for he will have a stronger interest in encouraging customers to return. This is also the case when the employer succeeds in aligning the employee's interests to his or her own and the tipper knows this. In these cases, the repetition of the encounter, contrary to game theorists' knee-jerk wisdom, should induce *non*-tipping.

The predictions should thus be qualified: first, repeated encounters with the self-employed should generate less tipping. Second, repeated encounters with employees would by contrast generate tipping in repeated encounters if and only if one believes that denying a tip now induces the tippee to provide a lower quality service next time, and, if it is true, tipping would be rational. However, much would depend on what the competition does, as establishments that, for comparable prices, induce employees to provide good service regardless of tips would win customers over from establishments that induce employees to reward good tippers and punish bad ones.

As far as I know, the prediction that people are more likely to tip when in repeated interactions has not been tested taking these conditions into account. This may be one reason why the evidence is inconclusive. In a meta-analysis of 13 studies involving 2,547 dining parties from 20 different restaurants, Lynn and McCall found that regular restaurant customers leave better than average tips to waiters than non-regular customers.[11] This does not mean that they tip to get good service next time; they may simply know the waiters and feel greater sympathy for them (see section 3.2). Several other studies have found no relation. For example, in a 1996 national telephone survey carried out for

[11] Lynn and McCall, "Gratitude and Gratuity."

Market Facts, 1,000 American adults were asked to indicate out of five reasons why they tip seven professions; "to get good service next time" was the least favored explanation of the five and was chosen on average by only 5.5 percent of respondents.[12]

2.3 Other Self-Interested Reasons to Tip

We can conceive of at least three further self-interested motives for tipping even in one-off encounters. The first is related to improving an ancillary quality of service, namely the tippee's discretion. One might trust the discretion of lawyers and doctors, but doubt that of prostitutes and beauticians. If so, people should tip more frequently those occupations that make the tippee privy to information about the tipper that the tipper does not wish to see disclosed. (The tragicomic vicissitudes of Silvio Berlusconi and his colorful coterie of harlots and lawyers fit this prediction like a glove!)

The other two self-interested reasons that I can see are unrelated to improving quality of service; they do not have even much to do with the relation between the tipper and the tippee, but with the relation between the tipper and a third party. Here the tipping game stops being a mere two-person affair. The tipper may want:

1. to *signal his generosity* to a third party. If this were the case, people should not tip when receiving a service alone or in the presence of either anonymous third parties or a party that knows them well anyway; they should tip only when they are with someone they want to impress. Needless to say, we observe lots of people tipping when alone or with people they know well and have no need to impress, which suggests that this motivation, if it does have any explanatory power, cannot do much of the work. It could, however, yield narrower predictions; for instance, in countries or professions in which, say, dining is part of professional wheeling and dealing and through which diners assess each other's qualities, tipping generously may be driven by the aim of signaling one's qualities. (By definition, tips would occur only in situations in which there is a third party present and cannot, thus, be generalized to explain tipping practices as a whole, much of which occurs without that condition.)
2. to *signal to himself* that he is a generous guy, cultivate his good character that is, a hypothesis put forward by Robert Frank.[13] Frank reasons that honesty is a good trait to have in business – a trait whose absence is not so easy to hide from savvy business partners who may be able to detect it. It is also, he contends, a trait that decays

[12] See Starbuck, *A Comparative Study of Tipping Practices and Attitudes*, 53–54, table 3.1.
[13] Frank, *Passions within Reasons*, 18.

if one allows oneself to act opportunistically even occasionally, as when one decides not to tip an expectant waiter who did his job properly. This yields a curious prediction: people who demonstrate to themselves every day that they are generous – by doing voluntary work or working underpaid for charities – would have less need to tip. Since they are constantly engaged in honesty-building gymnastics, they can afford, as it were, not to give tips. Paradoxically, it would be people in cutthroat professions, in which being thought of as trustworthy is also particularly important, who would be more likely to tip. Mobsters, bankers, and lawyers should be more generous tippers than Oxfam employees.

2.4 Social Conventions

As I stated earlier, the belief that a tippee expects a tip may suffice to lead people to tip. The reason may simply be to avoid the lesser of two evils as, in the simplest of cases, the tipper tips because of *defensive* self-interest:

1. she may want to avoid nasty looks or harassment by disappointed tippees (notice that this is different from not wanting to disappoint for other-regarding reasons out of empathy, say).

Rarely if ever, however, do we decide whether to tip in isolation. A more common reason that leads people to tip is a belief that tipping is what is generally expected in a particular occupation or social milieu, not just because of the idiosyncratic expectation of a single tippee. The belief that tips are expected in a given milieu can be derived from observing or somehow knowing that other people typically tip, and that because of this, if nothing else, tippees in that milieu expect a tip. Thus tipping comes as a result of the joint desire of not disappointing the tippee *and* of conforming to what others do. Believing that only one particular tippee expects a tip may not generate enough pressure to lead people to tip for it weakens the legitimacy of the tippee's expectation and thus of his disappointment. But when the belief that one tippee's expectation is the result of the expectation of all tippees of that type and that the expectation is generally fulfilled, the pressure on the tipper grows.

Tippers typically want

2. to avoid not just the nasty looks, but also the negative emotions of embarrassment or shame they may suffer toward tippees or toward observing third parties or both. In this situation, if service is decent and one does not have a strong reason not to tip, one tips. If not tipping causes embarrassment or shame, tipping is likely to have evolved into a social norm, which one feels compelled to follow if the sanctions that a violation triggers, in emotional or practical terms, cost more than the tip. Tipping in this case would not signal anything to others, but *not* tipping would be a sign that one is mean or that does not care about social norms and conventions, so one tips as the default option. Non-tipping could even be perceived as a breach of an implicit contract, whereby hardworking tippees who are used to being tipped by nearly everyone, expect that good service will be followed by a tip.
3. Tippers may also not want to stick out and tip for purely conformist reasons. This is similar to wearing a tie, when one habitually does not wear a tie, not because one would feel embarrassed by not having one, but because one knows one is going to a place in which everyone does wear a tie, and one does not want to attract attention by being the odd one out.

Self-interest, in this minimalist sense, can thus make people comply with the social norm, even though it cannot explain why the norm is there in the first place. In other words, complying with tipping norms is not a generative explanation but a derived one, which can explain why, once a norm is there, people keep it going and the tipping equilibrium persists regardless of primary reasons. (In fact, it can persist even if people would rather not tip. "In the UK, an NOP poll for the *Financial Mail* showed that 13% of people leave a gratuity even if the service has been bad, because they do not want to look mean or make a fuss."[14]) But it does a little more than that: once generalized tipping occurs and become a norm, all other primary motivations may become redundant in explaining why every *new* tipper tips. If these other motivations do still play a part, they do so by affecting further adjustments, so one may tip either more than what is conventionally expected – for whatever reason, self-interest, reciprocity, or altruism – or less (or nothing) in case one wants to punish for very bad service and feels justified not to comply with the norm (see section 3.1).

The persistence of widespread tipping may be sustained by all three reasons – 1, 2, and 3 working together – though each is a distinct and sufficient reason. To test whether "1 versus 2 or 3" prevails, one could devise a situation in which the tippee cannot harass or give nasty looks to non-tipping customers and compare that with an otherwise identical situation in which the tippee can behave that way. For instance, a prediction that can be tested observing occupational differences is the following: were one to find that room cleaners, whom hotel customers do not see much of, are not tipped as much as other hotel staff who are in *close proximity* when the tip is given, such as waiters or porters, one could conclude that the difference is consistent with the fear of being harassed or shamed.

We have some evidence consistent with this prediction. Ofer Azar found that tipping is positively correlated with "the closeness between the worker

[14] Starbuck, *A Comparative Study of Tipping Practices and Attitudes*, 63.

and the consumer."[15] Mark Starbuck replicated the finding that occupations which are hidden from view draw fewer tips, while those that come face to face with customers have more tips.[16] These findings, while consistent with the idea that people want to avoid being harassed, are also consistent with more positive feelings triggered by personal contact, such as empathy and sympathy (see section 3.2).

I consider 1, 2, and 3 as the most plausible explanations of the *persistence of generalized tipping* – as evidence consider the fact that most people when traveling to new places are keenly interested to find out what it is that people do in terms of tipping and what it is that servers expect. The so-called tipping model can be applied to tipping behavior because tipping is frequency dependent: the probability that anyone tips is positively affected by the frequency of tipping in the relevant environment. (Notice that the same mechanisms could apply to the amounts expected and not just to whether a tip of *any* amount is expected. In countries in which tipping is universal and occurs around set percentages, the most powerful explanation is almost certainly the presence of social conventions.)

3. MOTIVATIONS TO TIP: OTHER-REGARDING REASONS

3.1 Reciprocity

Reciprocity is a very different motivation from self-interest. Unlike self-interest, reciprocity is backward looking rather than forward looking. It predicts that people tip not because they want to obtain good service, now or in the future, or to signal something to themselves or others, or to avoid nasty looks or embarrassment, but in order *to reward* good service after it has been obtained: they follow the rule "you do something good for me and I do something good for you." This is positive reciprocity. In the negative case, if you give me not-so-good service I will not tip.

The reciprocity rule makes sense if a certain level of good service is not expected as a matter of course and when the tippee has discretion over quality. Reciprocity is perfectly compatible with tipping rationally even in one-off encounters, for if the intention is to reward and the tippee is prepared to accept, a tip counts as a good signal of gratitude and appreciation.

The idea of tips as rewards has intuitive appeal as many people, myself included, tip taxi drivers when they help passengers with their luggage but not otherwise. Sometimes, however, if I have no luggage I may still tip, which suggests that either I reward some other good things the driver did, such as driving smoothly or being courteous, or that I have a different motivation unrelated to reciprocity.

[15] Azar, "Who Do We Tip and Why?"
[16] Starbuck, *A Comparative Study of Tipping Practices and Attitudes*, 174–175.

The expectation that people tip because of reciprocity is an incentive to deliver good service even in one-off situations, while the expectation that tips come from self-interest would not have that effect because a strictly self-interested customer will just not tip even if she gets good service. This is paradoxical because self-interest ends up being better served by not being self-interested. Tipping driven by reciprocity also has a positive externality, for future tippers will be more likely to be better served the more the tippee has been tipped in the past whenever he has provided good service, and thus the more he can rely on being tipped at the end if he does that again.

Several economists have argued that tips are a more efficient way to improve the quality of service than including the value of tips in wages because tippees make part of their earnings directly conditional of the quality of their service, which could be more easily monitored by customers than by employers.[17] This argument makes tips part of an "implicit contract" for the purpose of enhancing efficiency but, as Elster points out, is "merely a piece of unsupported functionalism."[18] Azar also found that tipping prevalence is negatively correlated with consumer's monitoring ability across different occupations, which "implies that economic efficiency does not seem to be the reason for the creation of tipping."[19] Still, though not for that reason, customers' tips could improve efficiency even in one-off exchanges as *a by-product of reciprocity*, which is not aimed at getting anything, for the tipper tips (does not tip) purely to reward (to punish) the quality of service she has already received with no view of the future.

There is much evidence that people tip "to reward good service," and that reciprocity, much more than self-interest, is a primary motivation. For example, in the previously mentioned survey carried out for *Market Facts* in 1996, out of the five reasons offered to U.S. subjects as to why they tip seven professions, to reward good service comes was chosen as the main reason by an average of 42.3 percent of respondents.[20] (A caveat on taking what people say about why they tip at face value: Michael Lynn, perhaps the most devoted student of tipping, surveyed 374 waitresses and found that those with larger breasts, blonde hair, and slimmer bodies received higher tips. He also found that, even though many customers say they reward service, quality of service has less than a 2 percent effect on the tip size.)[21]

Notice that if we found that *equally good* service in different occupations or countries is tipped at different levels of generosity, as we do indeed find, it follows that we cannot explain variations of tipping amounts across occupations

[17] See, for instance, Ben-Zion and Karni, "Tip Payments and Quality of Service"; Bodvarsson and Gibson, "Economics and Restaurant Gratuities"; Conlin et al., "The Norm of Restaurant Tipping," Sisk and Gallick, "Tips and Commissions."
[18] Elster, *Explaining Social Behavior*, 368.
[19] Azar, "Who Do We Tip and Why?" 11.
[20] Starbuck, *A Comparative Study of Tipping Practices and Attitudes*, 54; see also 85–88 for a review of the evidence on reciprocity.
[21] Lynn, "Determinants and Consequences of Female Attractiveness and Sexiness," 737–745.

or countries solely by reciprocity. This suggests that there are occupations, or country-specific conventions, of the type described in section 2.4, within which other motivations such as reciprocity can manifest themselves. So, I may like to tip to reward good service, but the size of what is an acceptable reward that would signal gratitude is set by social conventions: in Italy I tip with some loose change, in the UK I tip 10 percent, and in the United States 15 percent.

3.2 Sympathy, Empathy, and Fairness

This family of motivations posits that people tip because of some special regard they have for the tippee, either as an individual or as a member of a category.

Sympathy, understood as an *ad personam* sentiment, could lead people to tip those they like, individuals who are charming or flirtatious, over and above the strict quality of service that they dispense, or who manifest some special need or trait. Motivations of this kind would not lead someone who gets bad service to tip, but if service is good enough, they may lead to larger tips. There is quite a lot of evidence that mechanisms of this kind support tip size, and that workers who are better able to adjust to their customers' characteristics are rewarded with larger tips.[22]

Empathy or fairness, understood more as category than as person-based sentiments, could trigger greater generosity in tipping from people who want to help those who are poorer than they are. Everything else the same, if this were the case, we should observe more tipping in countries with greater income inequality and in occupations that yield lower incomes (e.g., shoe shiners, room cleaners), as well as in occupations that tend to serve richer people; so, while every man goes to the barber every now and then or buys a coffee in a bar, only richer men patronize casinos or buy high-class sexual services, thus croupiers and prostitutes should be tipped more often and generously than barbers and barmen.

Azar's study found that worker's income is negatively, strongly, and significantly correlated with tipping and also that the consumer's income is positively correlated with tipping (albeit not as significantly), suggesting that tipping is partly due "to empathy and compassion for the low-income worker."[23] Starbuck found that waiters' tips are larger the higher is the Gini coefficient (which measures inequality in income distribution), and "that occupational tipping prevalence increases as an occupation's ISEI [International Socio-Economic Index of Occupational Status] decreased."[24] Conversely, evidence collected by Zvi Schwartz and Eli Cohen shows that the number of tipped occupations is lower in countries, such as the Scandinavian ones, in which the tax burden as a proportion of GDP is higher, suggesting that where income redistribution is fairer, the inclination to compensate with individual transfers is weaker.[25] Similarly, "New Zealanders do not believe that they have to tip service workers because they understand that they received good wages."[26]

A different trigger of generosity may be linked not so much to a generic sense of due fairness toward lower-income workers as to the specific knowledge that their employers take tippers' generosity into account and adjust salaries downward. Knowing that employees' income will be increased by tips, one may feel *obliged to tip not to let employees down*. If this were the case, this effect should be found only in domains in which employers follow this policy and to matter only for tips given to employees and not to the self-employed. The same survey of U.S. citizens I mentioned before found that "workers depend on the money" is the second most important reason indicated for why people tip, chosen by 25 percent of respondents in the sample.

Still another trigger of fairness-driven tipping could be due to contingent inequalities, for, in some cases, tippees work while tippers are having fun. This, however, rather than by arousing empathy, could work by creating a sense of guilt. In fact, the importance of guilt could be more general. In countries in which there is at the same time a marked inequality between tippers and tippees *and* a widespread equality ethos, a belief that humans are or should be treated in a fundamentally equal way, coming in contact with people significantly poorer than one is could trigger discomfort and ultimately a sense of guilt for being better off than they are, rather than just empathy or altruism. In countries or historical times in which inequality is perceived as a fact of nature, this effect would not emerge – one does not feel guilty about not tipping slaves. This discomfort could be allayed by giving tips. Conversely, tips are less likely to be observed in countries in which a strong equality ethos is found alongside real income equality – and indeed they are rarer in Scandinavia countries.

The predictions are similar to those one can derive from other-regarding motivations and hard to tell apart using unsophisticated empirical observations, as one would need to control for other-regarding motivations. If the latter were the explanation, for instance, one should see a strong correlation between tip giving and charity giving, which one would not see if by contrast the mechanism was guilt induced by proximity with poorer people.

In conclusion, economic inequalities as well as the social norms and values that we share about equality or fairness are strongly involved in our tipping decisions, whether by arousing empathy or guilt. For instance, we tend not to tip people in occupations that we consider as peers or superior in income or status to us – we do not normally tip doctors, schoolteachers, or accountants. This is not invariably the case, however, and we get intriguing exceptions: on the one hand,

22 See Starbuck, *A Comparative Study of Tipping Practices and Attitudes*, 73.
23 Azar, "Who Do We Tip and Why?" 12.
24 Starbuck, *A Comparative Study of Tipping Practices and Attitudes*, 169, 175.
25 Schwartz and Cohen, "Tipping and the Nation's Tax Burden," 135–147.
26 Starbuck, *A Comparative Study of Tipping Practices and Attitudes*, 79.

we do not tip flight attendants or nurses – at most we give gifts to the latter; on the other hand, an old lady on a meagre pension can still tip a taxi driver, and a working class family out for dinner can be generous with their waiters. There are intervening mechanisms that govern our tipping decisions, such as follow the convention lest we offend, be generous to those who are helpful, empathize with those who share your modest lot if they just happen to be working while we enjoy ourselves.

4. MOTIVATIONS NEVER TO TIP OR TO ACCEPT TIPS

One can experience one or the other of the preceding motives to tip, but still abstain from tipping simply because one knows that the tippee would not accept the tip. This is the simplest motivation not to tip – we generally do not want to offend people, and tips do not have the same meaning for everyone. For some people, a tip may be an expression of gratitude while for others it amounts to humiliating charity.

What interests me here, however, is that a person can choose to refrain from tipping even if she can perfectly well understand one or more of the motivations to tip – say that she knows that service workers are underpaid or that good service deserves to be rewarded – because she believes that *tipping itself is undesirable or unjust*, regardless of whether the tippee accepts or expects a tip. People, in other words, can entertain one or more of the following beliefs that override any tipping motivations:

(i) workers should do their duty anyway and not expect any extra reward for it;
(ii) tips are like bribes, or queue-jumping – those who seek to improve their own personal treatment are unfair toward other customers who may receive a poorer service because of it;
(iii) it is unfair to leave service workers' income at the mercy of discretionary payments rather than of secure contractual arrangements, and by giving tips one encourages this uncertainty and introduces inequalities among servers;
(iv) tipping is a demeaning practice that stresses inequality among people who are fundamentally equal; it is, in other words, a patronizing practice that even if well intentioned stresses status differences.

A tipper can believe one or more of these motivations and not tip, regardless of the tippee's belief, and there are examples for each of those beliefs of people who manifest them and act accordingly.

Those beliefs can give the tipper a motive not to tip even at the cost of disappointing tippees, thus leading to an out-of-equilibrium situation. (And I would not put it past some humans to cloak plain old stinginess under any of these principled beliefs.) If the tipper experiences some tension between any of those beliefs and other considerations in favor of tipping, we cannot predict whether the outcome will be tipping or not tipping as it depends on the relative strength of those beliefs. For instance, it is much easier to abide by those beliefs if we know that others do that too, and it is highly likely that in societies with a high frequency of tipping there are many people who "falsify their preferences," à la Timur Kuran, by tipping when they would rather not do it.

On their part, tippees may believe that they should never accept tips for reasons that mirror those of the inveterate non-tippers, especially beliefs (iii) and (iv). They could dislike having their income depend on the unreliable generosity of customers, or to have to ingratiate themselves to customers hoping for a tip; or they see themselves as fundamentally equal to the tipper and regard a tip as an undesirable way of stressing social differences. They may think it is humiliating – something that should not be done among equals. Equals exchange gifts in kind or favors rather than money. Like tippers, tippees are more likely to have these beliefs in conditions of economic equality, real or ideological, or in domains in which money is still permeated with pre-modern values – a means not suitable to reward an honorable person.

Tippees, rather than that belief, could also have a second order belief and think that *others* perceive being tipped as humiliating. They would thus not want to be seen accepting tips for that would signal that they accept being humiliated. In this case, being tipped would be felt as secretly desirable but publicly shameful. The prediction is that some tipping will still be observed even in countries in which tipping is discouraged *if secrecy is preserved*. In Japan, where tips are generally discouraged, some tips still exchange hands, but discreetly hidden in envelopes.

CONCLUSIONS

All too often social scientists take the social importance of the phenomenon they study as a measure of the relevance of the theories that one requires to explain it. Clearly, studying complex phenomena of great welfare relevance is a good thing, but it does not follow that simpler phenomena do not require a very rich theoretical framework to be explained. In fact, there is much to be said in favor of studying simpler phenomena, for they can make it easier to test and refine our theories. Even though tipping is regarded as a marginal economic transaction, which is not so true, it can be driven by many of our fundamental behavioral dispositions, and it is simple enough to enable us to study them in natural settings.

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7

A Social-Psychological Theory for Female Suicide Bombings

Julia Maskivker

In areas where suicide bombings occur, political and religious leaders have taken advantage of national-religious conflict by encouraging women to engage in the political-religious (terrorist) struggle. For example, Yasser Arafat encouraged the conservative religious movements jihad and Hamas to accept women into their ranks. Likewise, the Tamil leader Vellupillai Prabhakaran in Sri Lanka, and the Wahhabi rebels in Chechnya, for example, persuaded their organizations or groups of followers to allow women to participate in terrorist missions. Although these strategies appear to reflect a structural (positive) change in gender relations within these societies, alternative explanations are equally, if not more, compelling.

Although it is clear through examining the data that women have become more active in suicide bombing missions in recent years, there is a relative dearth of research done on the subject of female suicide bombings searching for female-exclusive reasons. With this surge in female participation, it has become extremely important to analyze the root causes in order to better understand the changing dynamics of political violence and how much of it can in fact be solely attributed to politics. In this chapter, I aim to delve deeper into the topic of female suicide bombings through determining what cultural and psychological factors contribute to women's decisions to act as human bombs.

One common explanation of female participation in terrorism describes female involvement in violent practices as mainly a tactical strategy. Because of commonly held gender stereotypes, women are generally not seen as threatening agents that would launch an attack. They are traditionally believed to be protectors of life and peacemakers rather than murderers, and therefore, arouse less suspicion. Additionally, it has proven to be easier to disguise bombs under the pretense of pregnancy, and the cultural taboo of violating a woman's personal space and intimacy leads to less thorough searches in airports and checkpoints.[1] However, with the increasing number of female suicide bombers,

[1] Bloom, *Dying to Kill*.