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Gratuity

A **gratuity** (often called a **tip**) is a sum of money customarily given by a customer to certain service sector workers such as hospitality for the service they have performed, in addition to the basic price of the service.

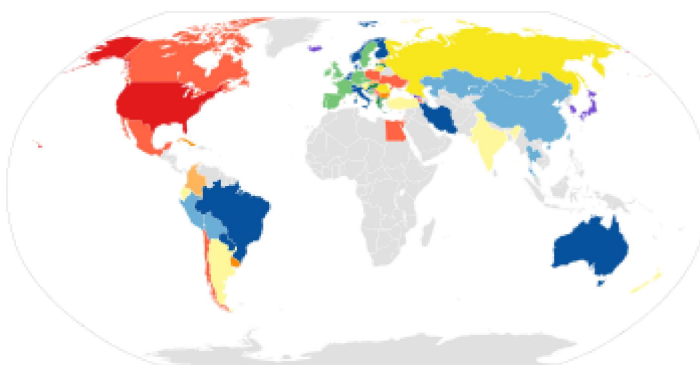
Tips and their amount are a matter of social custom and etiquette, and the custom varies between countries and between settings. In some countries, it is customary to tip servers in bars and restaurants, taxi drivers, hair stylists and so on. However, in some places tipping is not expected and may be discouraged or considered insulting.^[1] The customary amount of a tip can be a specific range or a certain percentage of the bill based on the perceived quality of the service given.

It is illegal to offer tips to some groups of workers, such as U.S. government workers^[2] and more widely police officers, as the tips may be regarded as bribery.^[3] A fixed percentage service charge is sometimes added to bills in restaurants and similar establishments. Tipping may not be expected when a fee is explicitly charged for the service.^[4]

Giving a tip is typically irreversible, differentiating it from the reward mechanism of a placed order, which can be refunded.^[5] From a theoretical economic point of view, gratuities may solve the principal–agent problem^[6] (the situation in which an agent, such as a server, is working for a principal, such as a restaurant owner or manager) and many managers believe that tips provide incentive for greater worker effort.^[7] However, studies of the practice in America suggest that tipping is often discriminatory or arbitrary: workers receive different levels of gratuity based on factors such



Leaving some change on the restaurant table is one way of giving a gratuity to the restaurant staff.



Map showing customs surrounding restaurant tipping around the world.

- ☐ no tips at all, insulted if tipped
- ☐ no tips at all, surprised/confused if tipped, might return it
- ☐ no tips at all, neutral/grateful when tipped
- ☐ rounding-up the bill, not expected
- ☐ rounding-up the bill, expected
- ☐ 5–10%, not expected
- ☐ 5–10%, expected
- ☐ ~10%, not expected
- ☐ ~10%, expected
- ☐ 10–15%, not expected
- ☐ 10–15%, expected
- ☐ 15–20%, not expected
- ☐ 15–20%, expected