

# The COVID–19 Pandemic Effect on Customer Tipping Behavior for Online Motorcycle Taxi Service

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**Abstract.** *This research aims to determine whether there is a change in the amount of tip for drivers by customers during the COVID–19 pandemic compared to before the pandemic and to find out the customers' motives in tipping drivers during the COVID 19 pandemic. The research employs a quantitative approach through survey methods. The scale measurement technique uses the Likert scale and Internal scale. The number of respondents in this research are 453 Indonesian who use online motorcycle taxi service application. The data obtained were analyzed using SPSS through descriptive statistical analysis and multiple linear regression. The results show that most of the respondents tipped more amount during the COVID–19 pandemic than the amount of tip they gave before the pandemic. Giving a tip to drivers by customers was driven by several motives/reasons in the following order: a customer has the nature of wanting to help others without expecting to get rewards (altruism), wants to follow and obey applicable social norms (social norms), wants to give a reward for the satisfaction obtained from good service (reward positively), and wants to maintain social status and increase self-esteem in the social environment (social esteem).*

**Keywords:** *Altruism, behavioral economics, customer tipping, covid–19 pandemic, online motorcycle taxi.*

## 1. Introduction

Indonesia is faced with various problems in the economic aspect due to the COVID–19 pandemic (decreased household income, many layoffs, and bankrupt businesses) and social aspects (changes in customer behavior). Since the World Health Organization (WHO) declared the spread of COVID–19 a pandemic in March 2020, the Indonesian government implemented a Large–Scale Social Restriction Regulation (PSBB) system by asking the public to limit activities outside the house to reduce the spread of COVID–19. The implementation of this policy has affected the use of online motorcycle taxi applications: a decrease in passenger shuttle services and an increase in food delivery services, delivery of goods, and shopping (CNN Indonesia, 2020; GO-JEK, 2020; Kompas, 2021; Pandamsari, 2020; Putri, 2021).

Tipping has become commonplace in Indonesia. Customers usually give a tip because they are satisfied with the services provided and as a form of gratitude. This tip is also available in the online motorcycle taxi business. The driver also gets income from customer tip, in addition to the fee for each transaction. Tipping for drivers has existed since before the COVID–19 pandemic hit Indonesia. However, due to the COVID–19 pandemic, people are now spending their money only on basic needs and reducing expenses for secondary and tertiary needs, in this case, giving a tip to drivers to save expenses. More likely, there will be a decrease or change in income from a tip that drivers receive during the pandemic. However, the change can also be the other way around.

According to Youswohady, Marketing Expert Indenture Consulting, one of the significant

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changes in customer behavior that occurred during the COVID-19 pandemic was the increased empathy for others, especially if look at the history of the Indonesian nation, which is a nation of helping people. Based on the theory of altruism, humans can take voluntary actions to improve the welfare of others without being selfish (Myers, 2012). Then, coupled with three services from online motorcycle taxi applications that have increased usage by customers during this pandemic. Hence the amount of tip given to drivers may increase during the COVID-19 pandemic. This study aims to determine whether there is a change in the amount of tip for drivers by customers during the COVID-19 pandemic compared to before the pandemic and to determine customers' motives in tipping drivers during the COVID-19 pandemics.

## **2. Literature Study/Hypotheses Development**

There are several ways in which tipping can be described. A tip can be described as gifts, monetary rewards, punishments for a service provider, or obligations for services received (Whaley & O'Neill, 2011). Some countries consider tipping a voluntary payment made to service workers even though such payments are not required (Lynn & Starbuck, 2015). There are several different habits about tipping in some countries. For example, in the case of tipping in a restaurant in Australia, China, Denmark, Japan, and Iceland, restaurant tipping is not used at all (Conlin et al., 2003). France, for example, and many other European countries automatically include gratuity in restaurant bills (Speer, 1997). Several countries allow customers to voluntarily pay workers extra, even though such payments are not required (Lynn & Starbuck, 2015).

Countless variables can affect customer tipping behavior. The reasons for tipping are divided into economic motivations and non-economic motivations. The economic assumption is that individuals will only act in

their self-interest since they would not tip if they only operated out of self-interest (Nelson, 2017). Nevertheless, some studies have demonstrated that tipping is driven by service quality or the expectation of receiving better service in the future. Tipping is believed to improve the quality of service since tip can be a good incentive for servers to provide good service (Azar, 2004). In addition, Lynn and Grassman (1990) found that tipping was related to service ratings. In a 2003 survey, the tip percentage increased with the service quality, where 'quality of service' was determined more by speed and friendliness than efficiency (Conlin, Lynn, & O'Donoghue, 2003).

Non-economic motivations to leave higher tip include adhering to social norms, building social status, increasing social esteem, and improving server welfare. Tipping is determined mainly by norms (Cunningham, 1979). According to the analysis, the main reason for tipping is social norms (Lin, 2007). In 2004, Azar argued that the primary reason for tipping is still conformance to social norms and not being embarrassed. Tipping also helps maintain a customer's social status and boosts their self-esteem (Bodvarsson & Gibson, 2002). Another noneconomic motivation is due to altruism. People who do not follow the social norm and do not tip are motivated by two reasons: saving money and not creating social differentiation implied by tipping (Elliot et al., 2017).

In every part of the world, people give their material and non-material resources for the good of others (Butcher and Einolf, 2017; Smith et al., 2016; Wiepking and Handy, 2015). These actions can be encouraged because humans have an altruistic nature. Altruism can be defined as promoting the interests of others in its broadest sense (Scott and Seglow 2007) and characterized by other-centered and selfless acts and attitudes. Altruism is the opposite of self-interest or egoism. Altruists are more likely to be involved in costly conduct for the benefit of others without any ulterior selfish purpose (such as increasing one's reputation or

expecting the beneficiary to repay the favor). According to Myers (2012), several factors influence altruism: internal factors, situational factors, and personal factors. Internal factors include rewards and empathy. Situational

factors include the number of observers, helping when others are helping (models), time pressure, and similarities. Personal factors include personality traits, gender, and religiosity.

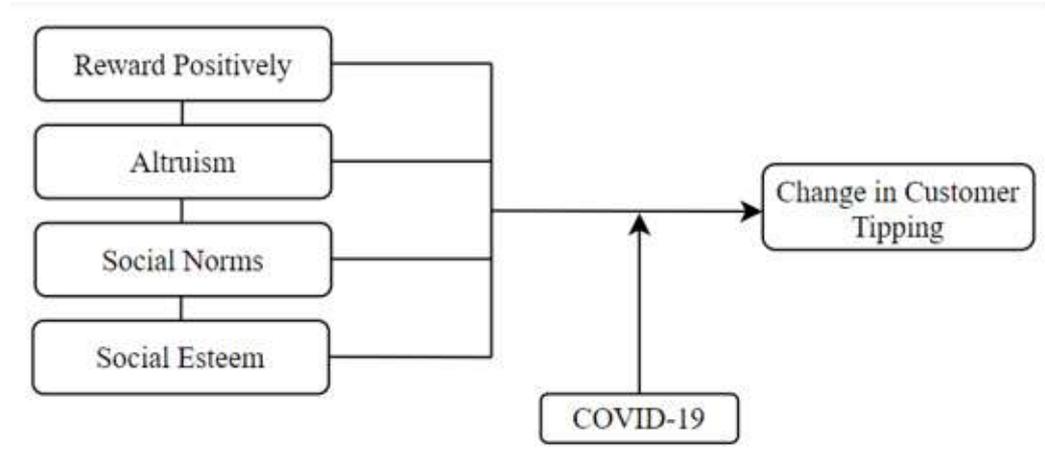


Figure 1. Conceptual Model for Change in Customers Tipping in COVID-19 era

Based on the literature review, several motives or factors make customers tip to drivers, which will be the basis for this study's conceptual model. Based on the conceptual model above, the hypothesis for this research: H1: COVID-19 pandemic is positively related to the customers' amount of driver-tipping. H2: Rewarding is positively related to change in customers' tipping. H3: Altruism positively related to change in customers' tipping. H4: Social Norms positively related to change in customers' tipping. H5: Maintaining social status & boosting self-esteem are positively related to changes in customers' tipping.

### 3. Methodology

As part of this research, the author employs a quantitative method. Sources of data in this study are primary data obtained from the distribution of questionnaires conducted online. There are five variables included in this study. The dependent variable is the change in customers tipping (Y). The independent variables are reward positively (X1), altruism

(X2), social norms (X3), and social esteem (X4). The selection of these variables is based on the results of previous research and adapted to conditions in the context of Indonesia.

Data collection is performed by distributing online questionnaires through Google Forms. Respondents are Indonesian who use online motorcycle taxi applications as many as 453 people. Participants were asked several questions about their tipping behavior using technique scale measurement with Likert scale and Interval scale. Responses to the Likert questions were made on a five-point scale ranging from 1 = "strongly disagree" to 5 = "strongly agree." A summary of the questionnaire design is shown in Table 1. This study utilizes multiple linear regression analysis using the IBM SPSS Statistics 20.0 program as the data analysis technique.

Table 1.  
Summary of Questionnaire Design

Variable	Question	Source	Scale
X1 = Reward Positively	Q1: I tip as a way of saying "Thank You" Q2: I tip to reward good service Q3: I tip to repay the drivers for their effort (either positive/negative service)	Lynn, M. & Z. W. Brewster (2019)	Likert
X2 = Altruism	Q4: I tip to help drivers make a living Q5: I tip because drivers need the money more than I do Q6: I tip to make drivers happy Q7: I tip to make up for driver low wages	Lynn, M. (2018)	Likert
X3 = Social Norms	Q8: I tip to follow social norms Q9: I tip to avoid feeling guilty Q10: I tip to avoid embarrassment	Azar, O. H. (2010); Lynn, M. (2018)	Likert
X4 = Social Esteem	Q11: I tip to get the respect of the driver Q12: I tip to avoid appearing poor or cheap Q13: I tip to impress the people around me Q14: I tip to gain social status/respect	Lynn, M. (2009; 2018)	Likert
Y = Change in Customers Tipping	Y1: What is the average amount of tip you usually give drivers before a pandemic? Y2: What is the average amount of tip you usually give drivers during a pandemic?	Lynn, M. (2015a)	Likert

#### 4. Findings and Discussion

##### Characteristics of Respondents

Four hundred fifty-three respondents were obtained during the questionnaire distribution, consisting of 262 (58%) females and 191 (42%) males. In addition, of 453

respondents aged between 20–30 years, as many as 312 respondents (69%) become the majority of respondents, subsequently followed by age <20 years as many as 57 respondents (13%), age >50 years as many as 33 respondents (7%), age 31–40 years as many as 28 respondents (6%), and age 41–50 years as many as 23 respondents (5%).

### Gender Distribution

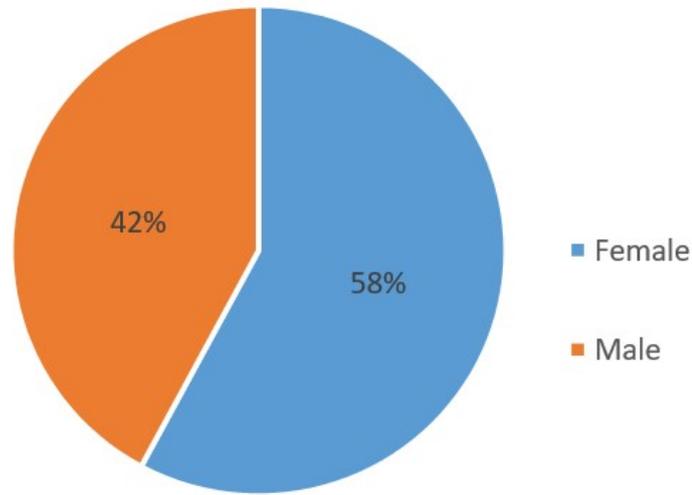


Figure 2.  
Characteristics of Respondents by Gender

### Age Distribution

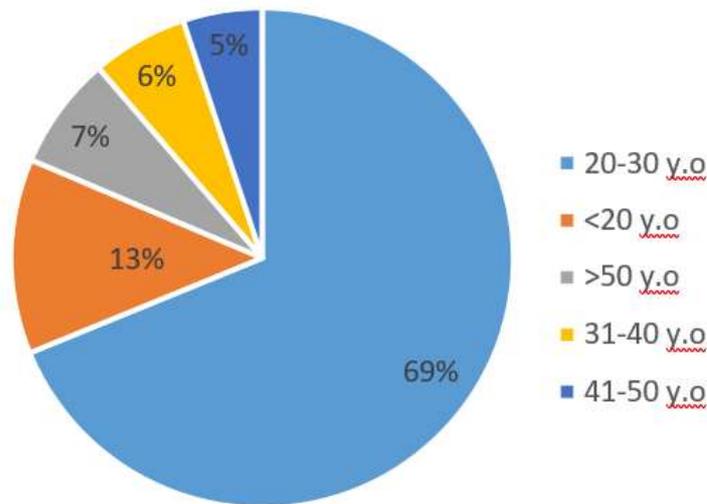


Figure 3.  
Characteristics of Respondents by Age

From domicile characteristics, the majority of respondents are domiciled in West Java with 116 respondents (26%), DKI Jakarta with 115 respondents (25%), and Central Java with 102 respondents (23%). The remaining 27% of the respondents are spread across all regions in Indonesia. Then, the respondents' background in terms of work varies widely. The majority of respondents were students/college students with 204

respondents (45%), followed by private employees with 109 respondents (24%), the third-largest are civil servants (PNS/ASN) with 51 respondents (11%). At the same time, the rest are spread across various types of professions such as BUMN employees, entrepreneurs, homemakers, and others. Based on income per month, 453 respondents with income per month of ≤ IDR 1,000,000 have 142 respondents (32%). Furthermore,

between IDR 1,000,000 – IDR 5,000,000 has 159 respondents (35%), between IDR 5,000,000 – IDR 10,000,000 has 78

respondents (17%) and respondent which has a income per month of > IDR 10,000,000 accounted of 74 respondents (16%).

### Job Distribution

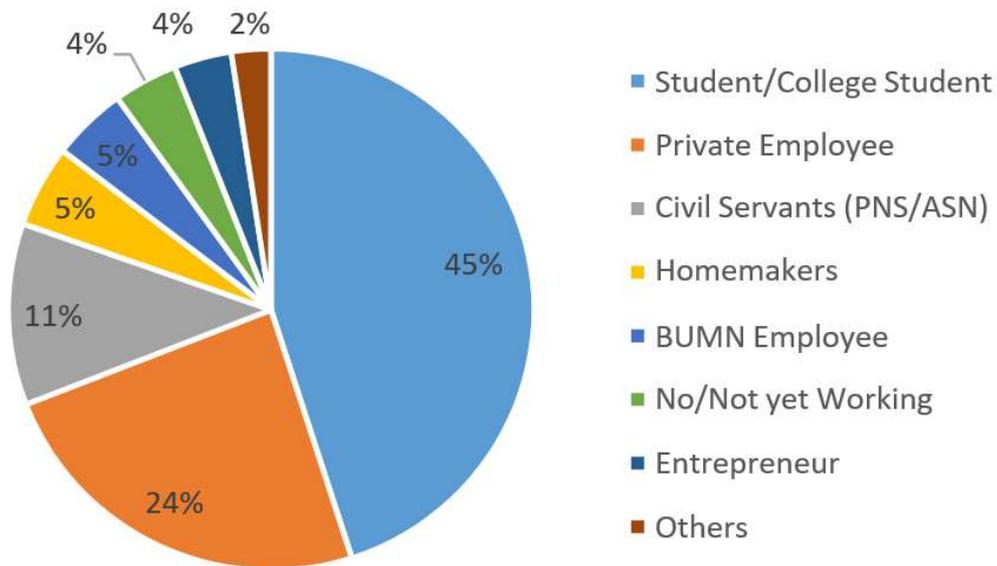


Figure 4. Characteristics of Respondents by Job

### Income Per Month Distribution



Figure 5. Characteristics of Respondents by Income per Month

*Multiple Regression Analysis*

The analysis used in this research is multiple linear regression. This analysis is used to determine the influence of the independent variables, namely, reward positively (X1),

altruism (X2), social norms (X3), and social esteem (X4) on the dependent variable, namely change in customers tipping (Y). Based on the calculation obtained the following results:

Table 2.  
Regression Analysis Result

Model	Unstandardized Coefficients	
	B	Std Error
Constant	-12.416	0.393
X1	1.792	0.104
X2	1.919	0.102
X3	1.833	0.104
X4	1.629	0.117

Based on the recapitulation results in Table 2, it can be seen that the regression equation is as follows:

$$Y = -12.416 + 1.792 X1 + 1.919 X2 + 1.833 X3 + 1.629 X4$$

The influence of the reward positively variable on change in customers tipping is significant and has a positive value. The significance value indicates it (Sig.) < α, which is 0.000 < 0.05, which means rejecting H0. The coefficient value of the reward positively variable has a positive value of 1.792. It means that every one-unit increase in the reward positively variable will positively change customers tipping of 1,792 Rupiah. In conclusion, the reward positively variable has a positive effect on change in customers tipping.

The influence of the altruism variable on change in customers tipping is significant and has a positive value. The significance value indicates it (Sig.) < α, which is 0.000 < 0.05, which means rejecting H0. The coefficient value of the altruism variable is positive at 1.919. It means that every one-unit increase in the altruism variable will positively change customers tipping of 1,919 Rupiah. In conclusion, the altruism variable positively affects change in customers tipping.

The influence of social norms on change in customers' tipping is significant and has a

positive value. The significance value indicates it (Sig.) < α, which is 0.000 < 0.05, which means rejecting H0. The coefficient value of the social norms variable is positive at 1.833.

It means that every one-unit increase in the social norms variable will positively change customers tipping of 1,833 Rupiah. In conclusion, the social norms variable positively affects change in customer tipping. The influence of the social esteem variable on change in customers tipping is significant and has a positive value. The significance value indicates this (Sig.) < α, which is 0.000 < 0.05, which means rejecting H0. The coefficient value of the social esteem variable is positive at 1.629. It means that every one-unit increase in the social esteem variable will positively change customers tipping of 1,629 Rupiah. In conclusion, the social esteem variable positively affects change in customers tipping.

It can also be concluded which independent variables have the most influence on the change in customer tipping. It can be seen from the coefficient value of each variable. A variable with a high coefficient value means it has a strong influence, and a variable with a smaller coefficient value means it has a minor influence. So, if sorted from the variable with the highest coefficient value to the lowest, it is altruism (X2), social norms (X3), reward positively (X1), and social esteem (X4).

*F Test, T-Test, and Coefficient of Determination*

The F test shows how much influence the independent variables have together (simultaneously) on the dependent variable. It can be done by comparing the value of the F table and F calculated (F table < F calculated) or comparing the value of sig and  $\alpha=0.05$  (Sig. < 0.05) (Siegel, 2016). The statistical *t*-test (*t*-Test) aims to determine the significant

relationship of each independent variable to the dependent variable. Partial hypothesis testing compares the *t* calculated value with the *t* table value (*t* calculated > *t* table) (Glen, 2021). The coefficient of determination is symbolized by R<sup>2</sup>, which means the influence given by the independent variable (X) to the dependent variable (Y) (Springer, 2008).

Table 3.  
*F Test Result*

Model	Sum of Squared	df	Mean Squares	F	Sig.
Regression	4187.923	4	1046.981	980.373	0.000
Residual	373.780	350	1.068		
Total	4561.702	354			

Table 4.  
*T-Test Result*

Model	t	Sig.
Constant	-31.594	0.000
X1	17.227	0.000
X2	18.828	0.000
X3	17.583	0.000
X4	13.930	0.000

Table 5.  
*Coefficient of Determination Test Result*

Model	R	R Square	Adjusted R Square	STD. Error of the Estimate
1	0.958	0.918	0.917	1.0334

The F calculated value is 980.373 with a significance of 0.000, while the F table value at  $\alpha = 0.05$  is 2.397. So, this regression model can be said to be feasible because the calculated F value > F table (980.373 > 2.397) with a significance value (Sig.) < 0.05 (0.000 < 0.05). It means that the model in this study can be said to be feasible. In addition, independent variables consisting of reward positively (X1), altruism (X2), social norms (X3), and social esteem (X4) have a simultaneous effect on explaining their effect on change in customers tipping (Y).

Based on Table 4, all independent variables have a *t* calculated greater than *t* table (17.227;

18.828; 17.583; 13.930 > 1.967) with a significance value (Sig.) < 0.05 (0.000 < 0.05). It shows that partially the variables reward positively (X1), altruism (X2), social norms (X3), and social esteem (X4) have a significant influence on the change in customers tipping variables (Y).

The coefficient of determination or adjusted R square value between the independent and dependent variables is 0.917. It shows that the contribution of the independent variables rewards positively (X1), altruism (X2), social norms (X3), and social esteem (X4) on change in customers tipping (Y) is 91.7%. It means

that change in customers' tipping can be explained (91.7%) by X1, X2, X3, and X4. In comparison, the remaining 8.3% is influenced by other variables not used in this study.

### *Analysis*

The results obtained in this research follow the relationship between the theory of altruism and the pandemic. That humans have an empathetic side to other humans under challenging times. When the COVID-19 pandemic hit Indonesia, all Indonesians, without exception, experienced adverse economic effects. Some have experienced significant salary cuts to layoffs, their business has experienced a significant decrease in turnover and even went bankrupt, and others. Although at the same time everyone is fighting together against the effects of the COVID-19 pandemic, there is still a sense of empathy for other humans who are felt to be in a more difficult position than him. There is a sense of wanting to help without expecting anything in return. One evidence of this theory is that users of online motorcycle taxi applications provide more tip to drivers during the COVID-19 pandemic than in the pre-pandemic period. The form of this tip varies from money (cash and e-wallet) to food & drinks. They do this out of a sense of wanting to help drivers. Even if viewed economically, giving drivers tip, especially during the COVID-19 pandemic, does not provide economic reciprocity. However, it turns out that the COVID-19 pandemic does not make people more concerned with themselves; it increases their sense of empathy.

## **5. Conclusion**

This research provides a clear understanding of the effect or influence that COVID-19 has on consumer behavior in tipping online motorcycle taxi drivers. The following conclusions are:

a. During the COVID-19 pandemic, consumers gave online motorcycle taxi drivers more tip than the amount of tip given before the pandemic.

b. There are several motives/reasons influencing customers' tipping drivers during the COVID-19 pandemic. Because consumers have the nature of wanting to help others without expecting to get high rewards (altruism), wants to follow and obey applicable social norms (social norms), wants to give a reward for the satisfaction obtained from good service (reward positively), and wants to maintain social status and increase self-esteem in the social environment (social esteem).

This research can still be developed into various discussions, for example, by researching other motives/reasons that encourage consumers to tip during the COVID-19 pandemic. Based on the journals and literature of previous research, these motives/reasons are not limited to those used in this research. There are still other reasons that encourage/motivate consumers to tip. Besides, surveying with the subject of online motorcycle taxi drivers, so that information from the driver side can be obtained to complement the previous research with the subject of customers. For conducting further research, it is necessary to choose the right type of analysis with the existing data model.

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