

PEOPLE PRACTICES IN THE HOSPITALITY  
INDUSTRY: HOW EMPLOYEE FIRST  
MENTALITIES CREATE VALUE FOR  
EMPLOYEES AND  
THE BOTTOM LINE

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## ABSTRACT

Hospitality is often touted as one of the most difficult and competitive industries in which to compete. In an increasingly crowded marketplace firms can no longer expect customers to patron their businesses by the nature of being open; they must create meaningful and sustainable competitive advantage. This advantage can and should come from the people employed at the company. This paper aims to synthesize an employee based managerial model based on the research of the hospitality and corporate management sects which is appropriate and actionable for the owners of small, independent hospitality firms.

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## I. INTRODUCTION

Hospitality is often touted as one of the most difficult and competitive industries in which to compete. In an increasingly crowded marketplace firms can no longer expect customers to patron their businesses by the nature of being open; they must create meaningful and sustainable competitive advantage to attract and retain customers.

In an era of a U.S. economy that has transformed from agriculture to manufacturing to service or knowledge work, people practices are seen as a key lever to firms seeking sustainable competitive advantage and greater profitability. The popular business press touts companies such as Google for rewarding their employees with lavish benefits such as 24 hour catering and housing. While these larger corporations are reaping the benefits of their people practices, hospitality firms are slow to adopt these touted practices.

While hospitality firms certainly cannot afford to offer the benefit packages that are available to engineers in Silicon Valley, they can implement many of these practices and increase the satisfaction and output of their staff. This paper aims to define people practices and understand how hospitality firms can benefit from their usage. By showing the connection between these practices, service quality, and profitability this paper aims to show that people practices are just as relevant, if not more so, to the hospitality industry, and more specifically to hospitality restaurants as they are to large corporations.

Finally this paper will provide a framework for implementing these practices. While none of these practices can be successfully implemented overnight, and

because culture change takes time, this paper will show that more effective people management leads to greater employee satisfaction, which in turn, leads to greater profitability. The adoption of cost effective people practices can result in hospitality firms generating a meaningful and sustainable competitive advantage.

The focus of this thesis are the managers/owners of small, independent restaurants (SIR). While this research and this paper would be useful to any firm in hospitality, this paper aims to aid these restaurateurs in their unique staffing challenges. Larger firms often have greater financial and managerial resources than SIRs so this paper hopes to “level the playing field” by identifying the key people practices that SIR managers can implement to achieve sustainable competitive advantage.



**Figure 1: The Process Model**

## II. PEOPLE PRACTICES

### **What are People Practices?**

People practices is an approach that considers employees as a competitive advantage and the way they are treated and managed, through the applications of practices, influences employee behavior. This stands in contrast to many popular models of competitive advantage in which factors such as superior technology or purchasing power are relied upon. Jeffrey Pfeffer (Pfeffer, 2000; Pfeffer & Veira,

1999) has identified these practices and they should be familiar to managers regardless of industry. Pfeffer's list includes:

- 1) Employment security for core employees
- 2) Selective hiring of new people
- 3) Self-managed teams and decentralized decision making
- 4) Comparatively high compensation and performance based
- 5) Extensive training
- 6) Reduced status distinctions
- 7) Extensive sharing of financial and performance data

Orienting a restaurant around employees first, customers second, is a large mindset shift that may be challenging for SIR managers. Before examining the application of these key people practices to SIR firms, a review of the research linking these practices to firm outcomes is provided. Focusing on employees first is not done at the expense of focusing on the customer. Moreover, an employee first mentality ensures that customers are well taken care of.

### **Do People Practices Work? (Do People Practices Increase Firm Effectiveness and Provide a Source of Sustainable Competitive Advantage?)**

The short answer is yes. O'Reilly & Pfeffer (2000) profiled seven companies drawn from multiple industries (transportation, information technology, retailing, software, health care, energy, and manufacturing) that achieved substantial competitive advantage through their people practices. In their case book they identify companies such as Southwest Airlines and Men's Wearhouse and their



effective use of these seven key people practices to create sustainable competitive advantage.

While O'Reilly and Pfeffer (2000) focused on large, mostly publicly traded companies, not only large companies benefit from these practices; Southwest Airlines and Men's Wearhouse in the service industry also gain competitive advantage via the people-first approach. Both companies face similar challenges, such as long hours and frequent customer interaction, which are similar to challenges managers in SIRs face when it comes to energizing and retaining a workforce. O'Reilly & Pfeffer (2000) demonstrate that across industries, firms that align these key people practices with their values first, then align these practices with one another, and then patiently and consistently adapt these practices to align with their competitive strategy, do gain sustainable advantage.

Others (Stack, 1994; Case, 1995; Davis, 1998) have touted the benefit of people practices, as represented by the field of open book management. Perhaps the best known advocate of open book management practices is Jack Stack of Springfield Remanufacturing. Stack believes that employees, even front line manufacturing employees, should have access to financial data on the company, the ability to interpret that data, and the responsibility to see how their individual efforts link to the success of the organization. Case (1995) shows that involving employees in the performance data, as well as implementing many of Pfeffer's practices, encourages stronger performance and creates greater profitability.

The connection between employee treatment and employee output should be readily understood. If a company actively involves employees in the management

process, pays them for increased success, and trains them how to continue improvement, it is likely that employees would naturally want to create a more profitable company. Pfeffer's seven key people practices are centered on the belief that people who feel valued will create lasting value for the firm.

### **Are these Practices Applicable to Hospitality?**

Hinkin and Tracey (2010) conducted a study which looked at hospitality firms (and firms with similar structures in terms of customer interaction, hours, and complexity/repetition) in order to discover factors that may separate great firms from others. The results were that firms that outpaced the others had an "Organizational culture that emphasizes the value of people" (Hinkin, 2010, 160), "Flexibility in Scheduling" (Hinkin, 2010, 163), "Training and Development" (Hinkin, 2010, 165), "Performance Management" (Hinkin, 2010, 166) and strong "Compensation and Benefits" arrangements (Hinkin, 2010, 167). Iverson (2001) echoes these statements claiming "people drive success" (Iverson, 2001, 269). Other studies (Hughes and ROG, 2008; Blackburn, 2013) in hospitality confirm that high performing firms have empowered employees.

These findings support the seven practices which were outlined by Pfeffer and relate them directly to hospitality and hospitality type firms. Simply placing these statements on the wall, however, will not create results. The real value is only created when these practices are consistently implemented and aligned with the core values of the organization, which is the focus later in section 9 (Incorporating the Practices pg. 22).

### III. THE HOSPITALITY INDUSTRY

#### Hospitality Literature

Much of the hospitality research focuses on hotels and tourism. Additionally, these publications tend to look at very large resort hotels or chains such as Marriot. Translating the results of these studies to small, independent restaurants can be challenging. For the purposes of this thesis definitions and understandings of hotel research will be applied when appropriate.

#### Defining Small

Research varies on the definition of small. One measure of restaurant size is by number of tables, in the way that Hotel Industry Hub (2010) measures rooms. This measure does not account for turn time, i.e. the amount of time a diner stays at a table, which in turn greatly impacts the style of a restaurant. A commonly used, and more appropriate measure for this paper, is the number of staff members which while related to number of tables, is also a function of the service quality demanded by the SIR. The size range which qualifies as “small” varies from 10 (Lee-Ross, 1999) to 100 (Poonslip, 2004). Most small business/entrepreneurship literature acknowledges that small firms are typically family businesses with autonomous management (Medlik & Ingram, 2004). As owner managers are the target of this thesis, Nolan’s (2002) definition of firms with less than 50 employees is the focus of this thesis. This number is also consistent with the Fair Employment Practice regulations that specifically exempt small establishments from compliance (Title VII  $\leq 15$  and ADA  $< 50$ ).

Firms of this size can vary widely in characteristics. Ismaili (2002) suggests that service level be a classification of management. The fine dining establishment may have as many tables and employees as a fast casual, but it runs a very different operation. Fine dining restaurants, because of the dedication of staff and required execution level, will benefit the most from this model, but the strategies are not mutually exclusive and work in a variety of settings and industries.

#### IV. CHALLENGES TO PEOPLE PRACTICES

##### **Challenge of Resources**

Having an established Human Resources (HR) manager and dedicated department (especially for firms with 100 or more employees) with an established set of human resource management practices that support the efforts of line managers is characteristic of large corporations that support a people-first approach to gaining sustainable competitive advantage. Small restaurants simply cannot afford these costs nor have the workload to support someone in that space (De Kok, Thurok, & Uhlaner, 2006). The result is that the SIR owner/manager also manages HR which often occurs in an informal environment without a systematic approach (Hornsby and Kuratko, 1990).

Smaller firms are assumed to operate in a flexible and informal manner compared to larger firms. This assumption is supported by several studies (Hendrickson and Psarouthakis, 1998; Gibb, 1997; Pfeffer, 1994; Marlow and Patton, 1993; Lee, 1995; Storey, 1994). This informality can be the result of

inexperience on behalf of the owner as well as the lack of oversight. People practices are a specific set of HR practices and while SIRs do not have the resources of larger organizations, they can still implement these practices. Implementation in small organizations with owner/managers can happen more quickly than in larger organizations. Owner/managers who can communicate these ideas to other managers and employees can almost immediately move toward their fulfillment. In this way, the informality becomes an asset to SIRs because no bureaucracy exists to hinder implementation. As the firm grows it is important to train rising managers how to “teach” these practices to employees so that the benefits are not lost.

The last challenge for implementing the key people practices is that many SIRs do not offer managers lengthy “on-boarding” periods. The on-boarding period of transition ensures that managers are prepared and comfortable to function in their new role. Since SIRs are informal and fast paced, this process is often abbreviated or nonexistent. This perpetuates the informality that inhibits formalized and consistent practices. Owners must communicate practices to all managers and must ensure that training (covered later) is provided to all managers. These practices are useful only if the owner “buys-in” and works to develop them. Owners acting as trainers helps to convey the owner’s values and ensures that all employees understand not only the “how” of the practice but the “why” as well.

## Nature of the Job

The hospitality industry is infamous for its demanding environment. Many managers who believe in people-first practices might never ask employees to work on Sundays or Christmas Eve, but that is the nature of the hospitality industry. “Heavy guest interaction”, “extensive operating hours”, repetitive “low complexity” tasks, “minimal training”, “low compensation”, and “high-turnover” (Hinkin, 159) are all factors of hospitality careers which generate a challenge for attracting, motivating, and retaining high quality employees. Firms that can mitigate the challenges inherent in the work and have access to the best employees can therefore create the highest level of service. (Best is defined as attitudinal as these practices are designed to create exceptional results with ordinary people)

The make-up of the staff also can create challenges. SIRs have a mixture of education, immigration, cultural, and language backgrounds as well diversity of attitude, strengths and interests (McKay, Avery, Tonidandel, Morris, Hernandez, & Hebl, 2007). Of all these, language barriers can be the most challenging as they can make management functions more time consuming and less successful (Christensen-Hughes, 1992). Additionally turnover is higher among minorities and women (Iverson, 295) which exacerbates problems outlined above. Finally, cliques can form in which people establish group identities and may stereotype or show prejudice toward others (300-302). These cliques can be based on race but also attitude or skill. Many SIRs may experience situations where servers and kitchen staff are at odds or jaded employees are affecting

others with negative attitudes. These attitudes can spread and turn employees against employers. All of these must be managed for an optimal workplace.

#### V. WHY SIRS NEED THESE PEOPLE PRACTICES

As previously mentioned, a variety of challenges face SIRs. These include: the fickle nature of the customer, risk of spoilage, and high overhead which all threaten SIR success. People practices offer SIR managers a way to find great people and train them to become outstanding employees. Great employees can help mitigate risks and create greater profitability.

These practices are designed to help managers recruit, empower, and retain high quality employees. Reorienting a restaurant to an employee first approach is challenging, and can produce great rewards because this system is rare and difficult for competition to imitate. These practices can help to create that competitive advantage, through people, and the framework provides a pathway toward its implementation.

These people practices cannot become the only basis for HR activities. While these practices are designed to create and empower a successful workforce, they do not relate to state and local regulation. SIR managers, nonetheless, must understand regulations regarding pay, discrimination, and other areas. Many SIRs are likely to hire an HR consultant, when needed, to ensure legal compliance. Legal compliance is different than sustainable, competitive advantage and both are important to ensure a SIRs success.

## VI. SERVICE QUALITY – A KEY MEASURE OF SIR EFFECTIVENESS

### What is Service Quality?

Thus far I have defined people practices and the hospitality industry. Hospitality firms can benefit from the outlined practices but a question remains, does research show that SIR firms gain sustainable competitive advantage through improved service? In restaurants there are two measurements of quality. There is food quality, which is outside the scope of this paper, and service quality. For our purposes, we will assume food quality is a constant; or that it follows from service quality, therefore the present focus is on service quality as practiced by SIR firms.

While service quality is something that all customers and managers are familiar with, there is a gap in its definition and the understanding of how customers perceive service quality. Zeithaml, Parasurman, and Berry (1990) developed the defining methodology on service quality and its measurement. They point out that measuring service quality is challenging because services are intangible and heterogeneous (the service varies depending on the employee) and that the production and consumption of services are inseparable. Additionally service quality is not only measured by the customer, it is defined and co-produced (through interactions with staff or actions such as ordering or bussing tables) by them (Zeithaml et al., 1990).

During their research Zeithaml et al. (1990) determined that "...the key to ensuring good service quality is meeting or exceeding what customers expect from the service." (Zeithaml et al., 1990, 18) and effectively defined service quality as "... the extent of discrepancy between the customers' expectations and



their perceptions.” (Zeithaml et al., 1990, 19). They went on to determine that there are four factors that determine expectations and ten dimensions on which customers measure service quality.

These factors relate to expected service. The first, word of mouth communication, is based on the testimonials of friends and neighbors which establishes a service quality expectation. The second, personal needs of customers, depends on their desired experience. Some customers value an extensive, international wine list while others may not. The third, past experience, is very important. The performance of competing, similar restaurants will inform the expectations of customers and affect their opinion. Finally external communication from the service provider is the fourth factor. The promise of ads, reservation experience, or website experience can all affect how a customer evaluates the firms and sets their expectations. As customers return to a SIR they bring with them the expectations that service will meet or exceed the previous level and the failure of a SIR to do this can greatly affect customers satisfaction. Research also shows an explicit link between price level and expectation level (Zeithaml et al., 1990, 20).

As mentioned Zeithaml et al. determined that there are ten dimensions on which a customer measures service quality. Table 1 is adapted from Exhibit 2-1 *Ten Dimensions of Service Quality* (Zeithaml et al., 1990, 21). It lists and explains the dimensions as well as examples of specific questions that a customer may raise. These questions have been adapted from actual questions customers asked of firms, to be applicable to SIRs.

**Table 1: Dimensions of Service Quality adapted from Zeithaml et al. (1990)**

Dimension and Definition	Examples of Specific Questions Raised by the Customer
Tangibles: Appearance of the physical facilities, equipment, personnel, and communication materials.	<ul style="list-style-type: none"> <li>• Is the restaurant clean and attractive?</li> <li>• Is the staff dressed appropriately?</li> <li>• Is the menu easy to understand?</li> <li>• Are the tables, chairs, and silverware clean and in good condition?</li> </ul>
Reliability: Ability to perform the promised service dependably and accurately.	<ul style="list-style-type: none"> <li>• Do I receive my order as ordered?</li> <li>• Do I receive my order in timely manner?</li> <li>• Is the check free of errors?</li> </ul>
Responsiveness: Willingness to help customers and provide prompt service.	<ul style="list-style-type: none"> <li>• If there is a problem does the restaurant resolve the problem quickly?</li> <li>• Is the server willing to answer questions?</li> <li>• Am I given specific information when I will be seated or food will arrive?</li> </ul>
Competence: Possession of the required skills and knowledge to perform the service.	<ul style="list-style-type: none"> <li>• Does the staff fumble around?</li> <li>• Is the server able to answer my questions?</li> <li>• Does the staff appear to know what they are doing?</li> </ul>
Courtesy: Politeness, respect, consideration, and friendliness of contact personnel.	<ul style="list-style-type: none"> <li>• Does the staff have a pleasant demeanor?</li> <li>• Does the staff refrain from being rude?</li> <li>• When I call the restaurant is the staff polite?</li> <li>• Does the staff offer to take my coat?</li> <li>• Is my table kept clean?</li> </ul>
Credibility: Trustworthiness, believability, and honesty of the service provider.	<ul style="list-style-type: none"> <li>• Does the restaurant have a good reputation?</li> <li>• Does the server pressure me into more expensive items?</li> <li>• Are the prices consistent with the service and food quality?</li> </ul>
Security: Freedom from danger, risk, or doubt.	<ul style="list-style-type: none"> <li>• Is my credit card safe from unauthorized use?</li> <li>• Am I safe from food contaminants?</li> <li>• Am I safe in this environment?</li> </ul>
Access: Approachability and ease of contact.	<ul style="list-style-type: none"> <li>• How easy is it to talk to manager if there is a problem?</li> <li>• Is the restaurant location convenient and accessible?</li> <li>• Is it easy to get the attention of the server?</li> </ul>
Communication: Keeping customers informed in language they can understand and listening to them.	<ul style="list-style-type: none"> <li>• Does the server avoid/explain complicated terms?</li> <li>• Is the staff willing to listen to me?</li> <li>• Does the restaurant communicate any issues with my reservation or order?</li> </ul>
Understanding the customer: Making the effort to know customers and their needs.	<ul style="list-style-type: none"> <li>• Am I recognized as a regular guest?</li> <li>• Does the server try to determine my tastes in food and wine?</li> <li>• Is the restaurant willing to accommodate my needs? (Time, tastes, etc)</li> </ul>

## Measuring Service Quality

Understanding aspects that inform a customer's perception of service quality is important because the only way to improve service quality is to understand and respond to it. If service quality cannot be measured and improved through these people practices, then while they remain valuable in an altruistic sense, they are of little value in an objective business sense. The following section discusses how to measure service quality, which is paramount to identifying and improving service quality.

As seen in Table 1 there are a variety of dimensions, or behaviors, that can be measured and improved upon. In general high quality employees will intrinsically display some of these behaviors, such as courtesy, but others, such as competence, require training. These dimensions must be displayed by all customer facing staff members individually and as a team because quality service in SIRs requires a host, server, busser, and bartender alongside the cooking staff. A functioning, self managed team provides a higher level of service in a quicker and cheaper manner. For this reason it is important to cultivate comradery and measure service quality on an individual and team basis. Measuring service quality can be done in two ways: passively and actively.

Passive measurement is the informal measurement of service quality and customer satisfaction where data is collected through management's perceptions and experience of service quality. This can be measured through customer complaints, perceptions of staff's service, and frequency with which customers return. This method is simple but lacks the direct communication between

customers and management. Because all of the responsibility falls on management there is the possibility that managers will fail to measure because of other tasks, be inconsistent in measurement, or apply a bias toward the service level.

Active measurement is done through direct contact with customers. At some level all SIRs engage in active management. Managers, servers, and hosts often ask “how was everything” to gauge a customer’s level of satisfaction. Occasionally managers may engage in more thoughtful dialogue with diners which can be a great aid in measurement. Impromptu conversations, while helpful, lack the consistency of measurement, capture of general opinion, and quantitative data. Active measurement is best done with a valid and reliable such as the SERVQUAL questionnaire developed by Zeithaml et al (1990).

This questionnaire, found in Appendix A, can be used to actively and objectively quantify service quality. The manager now has the ability to understand the perceptions of a guest as well as his or her experience. Comparing the results across diners and time periods gives a more complete depiction of service quality. With this information managers can more accurately understand what areas, such as responsiveness and competence, need improvement and track that information over time.

The challenge with questionnaires is that managers often do not want to change a diner’s experience by giving them a survey. Many restaurants provide a link for diners to give feedback on their website, but this does not capture all diners. Social media and review sites (TripAdvisor, Yelp, OpenTable, Urban

Spoon) can be an effective way to get accurate feedback without altering the experience. Another way to measure is to have mystery diners. These diners can give great feedback as the staff is unaware of being observed. While active measurement does have costs, it is far more accurate than passive measurement.

It may not be necessary to measure service quality, in order to provide a high level of service. Consistent measurement of performance is the best way to gauge the level of service performed over time. For managers who care about sustainable competitive advantage, they will need to invest in a feedback mechanism to ensure service quality. This feedback can also be used in the future as training materials to ensure consistent and high quality service.

## VII. EXAMPLES OF SERVICE QUALITY

### Costco

Cascio (2006) compared Costco and Sam's Club. While both pursue a low cost strategy for their warehouse style retail stores, these two companies have very differing stances on employee compensation. Costco with an average salary of \$17/hr, \$5,735 in insurance, and \$3,330 in retirement per employee far out pays Sam's Club's compensation of \$10.11/hr, \$3,500 in insurance, and \$747 in retirement.

While these numbers seem to put Costco at a financial disadvantage, Cascio argues the reverse. Costco's revenue of \$43.05 billion was accomplished with 38% fewer employees than Sam's Club's revenue of \$37.1 billion. In 2005 this translated to a profit of \$21,805 per hourly employee for Costco compared to

\$11,615 for Sam's Club. Cascio also calculated that Costco's lower turnover, which was a result of a people first approach via: higher compensation, job security, 98% internal promotion, and strong labor relations only costs the firm \$243.81 million, versus \$611.77 million at Sam's Club.

The results underscore Costco co-founder and CEO James Siegal's belief that "Paying your employees well is not only the right thing to do, but it makes for good business." (Cascio, 2006) Costco's practices reinforce Pfeffer's people first principles of employment security and high compensation. Additionally, because Costco is in the retail space and faces many of the same challenges that SIRs face in terms of the nature of the job, these results can be generalized to the SIR environment for achieving success.

## Sears

Sears & Roebuck was a retail institution that was facing a critical decision in the 1990s. The increasingly competitive retail market and sliding revenues were threatening the retail giant. If Sears was to last through the millennium, how would the company do it? Rucci, Kirn, and Quinn (1998) examined their process and drew conclusions based on the successful turnaround at Sears.

Beginning with divestitures from insurance and other non-retail ventures, Sears decided to focus on customers and empower employees. While Sears saw some initial response from customers and financial improvement, sustainable growth was still a question. At an executive meeting it was discovered that front line store employees did not understand the objectives of management or how their own actions related to improving the company, and neither did the managers.

In seeking to solve this issue Sears discovered that their employees looked at Sears as more than a job and for some it was their "Life's work". Sears discovered that employees didn't understand the financial models of the company, or how to improve them, so they were powerless in effecting meaningful change. Sears set out to change this.

Sears began town hall meetings, where they educated employees about the financials, showing profit was only two cents of every dollar, not the 45 cents employees believed it to be. They asked these employees how to improve customer service and grow margins, and then empowered them to do that at the store level. The process of teaching, asking, and empowering resulted in Sears University, their premier training facility, and allowed employees to become involved in corporate success for the first time. Sears also reoriented their compensation for managers to reflect not only financial gain, but also customer and employee satisfaction.

Sears was able to show that by empowering employees they created a compelling place to work. They showed that a five unit increase in employee attitude resulted in a 1.3 unit increase in customer impression, and a .5% increase in revenue growth (See App. B). At the time of Rucchi et al. (1998) research Sears was able to show that a \$200 million increase in revenue was attributable to these new programs and the success of the employees through the program's implementation.

The main change that Sears made was to train and to inform employees about company performance, and then to empower them to improve it. This direct

correlation between Pfeffer's principles of decentralized decision making, training, and the sharing of financial data once again reiterates the power of these principles. Sears, like Costco, faces similar challenges to SIRs and the lessons from the Sears experiences can therefore provide a guide for SIR managers.

Sears continues to face challenges and some question its survival. Their challenges are related to the general decline of the department store and the challenges of competing against internet retailers such as Amazon. Without these people practices, and the related effects on performance, Sears faces a very precarious situation.

These various studies show that big companies can learn to implement these people first practices, then clearly smaller organizations (SIRs) can learn to successfully do this as well. The next section will show these people first practices, or lack thereof, in SIRs.

## VIII. PERSONAL CASE STUDIES

### **Personal Experience**

#### *Reason for Studying SIRs*

The restaurant industry is inherently difficult. For all the reasons outlined in this thesis being a restaurant employee is a grueling process which is often exacerbated by poor management. Having been a long time restaurant employee I was intrigued by the people practices while exposed to them in my undergraduate career. This thesis is written to reflect the pitfalls of SIR management as I experienced it.



The goal is to equip SIR managers with the knowledge of good management practices, and to build a pathway toward their implementation. Poor management is often not a reflection of the manager, but a reflection of his or her inexperience, lack of training, knowledge, etc. Managers often rise to higher level positions because of their technical skills as cooks or servers. While such skills are important for training and guiding employees, they are of little use in hiring, empowering, or retaining employees.

### **Personal Case Study**

This case study is based on my life experience as a chef/server. Neither of the two management teams studied had heard of Pfeffer's practices but in the case of Beasley, such practices appear to have been intuitively adopted. These practices make a difference and while direct financial results were not available, Beasley dwarfs the other establishment in both revenue and gross margin.

### ***Beasley***

Beasley serves a dining room of 350 people as well as all the room service in a five star hotel. The shifts are generally 12 hours, the kitchen is regularly 120 degrees, and the chef's standards never relax. Without the army of 30 cooks and eight dishwasher dishwashers the kitchen would never be able to stay open. How does such a punishing environment stay open?

Beasley paid its employees more than any other restaurant, it provided dinner for all employees, and promoted employees quickly. Hard working employees flocked to the restaurant because they knew they would receive the training they needed to grow as a chef/server, while receiving high wages. Staff was also given

input on menus, specials, and scheduling. While working at Beasley was, for most people, the most difficult and demanding place they had ever worked, the restaurant was filled with dedicated, talented people.

Beasley did have high turnover (20%) for new hires; they were people who discovered they could not sustain the workload. These employees were replaced by others who were eager to learn and contribute to the community. If Beasley's lost opportunities to contribute to the growth of employees through knowledge and promotion, they would no longer remain in business. Beasley's opened the door to employees who demanded the most of themselves, and it is very profitable because of it having been in business since 2007.

Using Pfeffer's people-first practices as a grading scale Beasley's would receive marks for self-managed teams and decentralized decision making, high compensation, and extensive training. This demonstrates that a SIR can achieve incredible success while only implementing some of the practices and it begs the question what the environment would be like if all were implemented.

### *Mariscos*

Mariscos has a strong following of customers but a completely different workforce. Cooks often stay less than eight weeks, servers commit to the bare minimum of both effort and hours working, and the spirit of innovation and drive is absent.

The heart of the issue is that the owners are not committed to employees nor continued innovation. As employees misbehave and become detached (seen through wasting time and resources) management uses bullish tactics against them. This breeds dissent and continues the cycle. Staff has no input on food, pay

is not competitive, and employees who attempt to innovate are vilified in front of their peers.

Naturally morale is low and food/service quality sags as employees disregard duties and customers. Many of the previously dedicated career servers, people with 20+ years of experience, have been replaced by students and young people in transition without the skills in, or the commitment to, the industry. Turning this situation around is difficult because the most talented employees, who helped build the firm's reputation, have left as a result of frustration.

### **Conclusions from Personal Case Studies**

Many employees, especially cooks, want to contribute. They want to feel they are valued and want to demonstrate their capabilities. The restaurant industry offers the immediate reward of providing great service, or creating incredible food. Managers who foster this drive by empowering the employees will create an environment of excellence and dedication. In a tight knit community the reputation of a management team can ensure that a restaurant attracts the best talent and that openings are quickly filled.

This paper has so far focused on defining these people first practices and identifying them inside companies both large and small. The focus of the following section is the "how" of implementing these practices into a SIR.

## IX. INCORPORATING THE PRACTICES

### What Practices are most important for SIRs?

As noted earlier the seven people practices which are the focus of this paper are:

- 1) Employment security for core employees
- 2) Selective hiring of new people
- 3) Self-managed teams and decentralized decision making
- 4) Comparatively high compensation and performance based
- 5) Extensive training
- 6) Reduced status distinctions
- 7) Extensive sharing of financial and performance data

All of these practices are important for effective people management, but only some of them, such as selective hiring, may be implemented at any one time in the early stages of a firm's development. In contrast, all may be in place in an established firm and given enough time and persistence any firm can adopt these. During the cycle of business, employees are hired, managed, and leave the organization. The effective use of these principles will aid SIRs in making these transitions as smooth as possible and creating greater output from employees. The following sections will discuss these practices along four groupings; recruiting, empowerment, retaining, and compensation. Successful SIRs must be able to execute in these four areas to implement Pfeffer's seven practices.

## Recruiting Model

Recruiting is the first step toward effective people practices. As was shown in the Costco case, these results can occur with ordinary people, but they have to be the right people, with the right mindset.

Before hiring employees it's necessary to do a job analysis (Ford, Sturman, Heaton, 2012). Job analysis is a formal process for identifying the skills and traits required for a position. Servers, for example, must have the ability and knowledge to be a great server, but also the willingness to serve. If the required skills/traits are not apparent job analysis may be used to study top performers to understand the factors that enable them to be top performers (Wood & Payne, 1998).

The job analysis is then used to create a job posting. In general the applicant pool comes from internal, existing staff, and external groups (Nankervis, Compton, & Baird, 2008). Appendix C shows various sources of external recruitment such as employment agencies, schools, and the internet (Ford et al., 2012, 170). These approaches are dependent on the employee. Some chefs will actively work with culinary schools or other restaurants in order to meet and attract top employees. This active approach and a restaurant's strong reputations for quality and employee treatment can result in a stream of unsolicited applications from high quality employees. This means that the SIR now has access to incredible talent, and has a lower search cost.

Job postings will, ideally, create a strong applicant pool of talented potential hires for SIRs. The resumes of applicants should be used to screen for

relevant experience and skills. Employees who are deemed a potential fit are then brought in for an interview. During the interview is when the manager can assess if required traits are present, as well as if the employee's goals align with the organization's goals. Asking rote questions can be tiresome and fruitless and for that reason some SIRs use "Realistic Job Previews" for potential hires (Phillips, 1998).

Many restaurant employees, particularly cooks, will complete a stage. A stage is where a potential hire works a shift, before being officially hired, so that management can more accurately make their decision. The staffing literature uses the term "work sample tests" for the process of observing candidates do their work. These are considered to be highly content valid selection approaches and are popular in the restaurant environment. Some restaurants have additional tests that they apply to test the fit of their applicants as discussed below.

Amy's Ice Cream, formally a SIR and now a larger chain, (15 locations) uses the paper bag test. By asking employees to be creative with a paper bag they screen out employees who lack creativity, spontaneity and do not respond well to changed direction (Carroll, 1993). Amy's employees are therefore engaging, fun people who make the ice cream shop an experience in both ice cream and service. She has used this to create a competitive advantage in the crowded premium ice cream space.

The interview is also an excellent time to explain the practices, such as sharing financial data, and the associated responsibilities of the position. Employees need to see the totality of their role and SIRs must seek to understand,

as best as possible, the employee's ability to fulfill this role. This allows both parties to decide if employment is good fit. Hiring an employee who is not a proper fit can create difficulty throughout the organization, while also wasting valuable training time and money.

Finding new talented, experienced employees is important, but it is also important to look internally. Many low level employees, bus boys and prep chefs, are trying to become servers and line cooks. If they are not going to receive promotions at their current restaurant, they are likely to leave. Turnover becomes very expensive as the investment made in current training is lost to other firms. Using the internal workforce decreases on-boarding time and strengthens morale because employees view management as caring about employees' careers. Some firms, especially larger corporations, will use cognitive testing to narrow the applicant pool. These tests can measure general intelligence as well as compare a potential hire's skills and interests against the firm's needs. Testing can be time consuming, expensive, and provide more data than necessary. For this reason some firms opt for simpler, internet based testing or none at all.

As a final note, it can be beneficial to hire employees from a variety of backgrounds. Studies have shown that a diverse workforce can lead to improved communication, creativity, and problem solving (Cox, 1993). Management must be diligent in finding the employees who not only have the skills required, but the mindset and acceptance of the culture and mission of the SIR. This decreases turnover, increases profitability, and increases morale. Southwest Airlines does this by having potential hires interviewed by current employees of the same

position (pilot to pilot etc.) while incorporating the feedback of all staff members (one pilot wasn't hired because he was rude to a receptionist) (O'Reilly & Pfeffer, 2000, 37). This team mentality ensures now employees will blend well with the current culture and practices of the SIR.

## Empowerment

Many employees are looking for opportunities to do more than fill a role; they are looking to be fulfilled by their role. Empowerment is an esoteric word and the meaning often depends on who defines it. Thomas and Velthouse (1990) have developed four dimensions of empowerment which are:

- 1) Meaning: A similarity in the requirements of work and a person's beliefs, values, and behaviors. Empowered employees believe in their company and care about their work.
- 2) Competence: Empowered employees believe they are capable of solving problems on their own.
- 3) Self-determination: Empowered employees have the power to make decisions because they have control in the decision making process.
- 4) Impact: Empowered employees believe that what they do has a direct effect on whether the organization will achieve its goals.

Comparing these dimensions with the seven practices shows that empowerment is achieved through the reduction of status differences, decentralized decision making, and the sharing of financial data.

Reduced status distinctions and decentralized decision making are very closely aligned. In SIRs, and all firms, many first line employees have the



competence to solve problems when empowered to do so. When managers give authority to front line employees it capitalizes on their ability and empowers them through self determination. The process of sharing power decentralizes decision making and reduces the status distinction between managers, the decision makers, and employees. This also liberates managers from being first responder problem solvers to true managers who focus attention on growing the business and providing direction.

The next step in empowerment is to share financial data. Employees cannot know what their impact is or how to increase that impact, without seeing the tangible financial results. Sharing financial data allows the entire team to visualize their role and understand the metrics, assuming they are taught how to read these metrics by management, they directly control in making the firm more successful. Empowered employees should also share in the gains of moving metrics. For example if cooking staff has reduced food waste by 5%, giving them 2.5% as a bonus will cost the firm less, demonstrates the importance of that metric, and motivates employees to improve it. Sears and Whole Foods (Hinkin, 2010) are two service firms that have used this strategy. As mentioned previously this data is eye opening to employees and can help drive profitability.

Creating an environment of empowerment is an antecedent of quality service which leads to firm success (Bowen & Schneider, 2014). This is because empowerment leads to job satisfaction, loyalty, concern for others, and decreased turnover (Iverson, 2001, 327). Taking steps toward empowering employees can

be difficult as managers release control, but empowerment allows employees to more completely fill their role and create meaning in their work.

### **Retaining**

Employees who are selectively hired and then empowered are more likely to remain with the firm which as mentioned in the Costco examples, can save the SIR significant amounts of money. The two practices most closely aligned with retaining employees are employment security and training. Some employees may not want the added responsibilities of empowerment as happened with Jack Stack (Case, 1995). In some cases these employees may have tenure, or they may be popular with other employees. Managers need to let these employees leave in order to improve the business. The manager's job is to increase profits and Pfeffer's practices are designed to attract hard working, self-motivated employees. As shown in Figure 1 (pg. 5) these people practices are designed improve service quality and SIR success. Employees need to believe in the process of changing the company culture and contribute accordingly. Those who do not will likely, and to the SIRs betterment, leave of their own accord; or will need to be terminated. To minimize turnover employees must understand these practices so that they may self-select out if necessary. This process puts employees through another realistic job preview, like staging, which has been shown to decrease turnover and raise the level of expected job performance (Phillips, 1998).

Employment security is a state of mind. If employees know the firm is financially healthy, and that their performance metrics are in line with the

standards of the company, they believe they have some job security. These employees should have job security. It is management's job to ensure that employees understand how they are evaluated and that all employees are treated fairly in response to their performance. Sometimes employees need to be fired, but employees who know why someone was fired and know not make the same mistakes will still feel comfortable in their role.

Training also aids in retention because it demonstrates that a SIR is committed to helping employees increase their skills, which also increases the level of service. Training materials can be purchased from groups such as the National Restaurant Association but having a learning organization is what is most important. A learning organization is one in which continued development is fundamental value.

Training should begin when an employee is hired. The Four Seasons lets all new employees stay in the hotel so they can reach an understanding of what five star service feels like. Managers of the hotel chain believe that employees must have experienced such service before they can create it. The process of upfront training or on-boarding ensures employees are able to function in association with other employees and perform their role appropriately. Firms with little or no on-boarding have higher turnover (Hinkin, 201, 165) and therefore greater costs.

Training should also be continuous. Food and wine education can be taught by the owner/chef and is directly related to employee's relevant skills. Not all training is formalized or from management. Creating a culture in which

employees actively teach one another and “teachable moments” are crucial to ensure employees continue honing their skills and increasing the level of service. Training breeds commitment (Roehl & Swerdlow, 1999) because employees feel valued and good employees, who find meaning in their work, are increasing their skill base.

A final note on retention is that managers should seek out easily implementable strategies that are valued by employees. Flex-time or job sharing are popular in large corporations but can be incorporated into a SIR. Employees who want to work all 40 hours in three days, can be balanced by employees who do their 40 on three different days. A manager can also give two employees, looking for part time work, the opportunity to share 40 hours. These practices are not difficult to implement and can help create a satisfied workforce. These types of strategies, always seeking new ways to motivate employees to achieve specific goals, were the premise of Stack’s book *The Great Game of Business*.

## Compensation

Compensation is likely to be the most difficult area of this model to incorporate because it requires a greater capital outlay by management. As mentioned gain sharing can be an important part of compensation because incentives help attract, retain, and motivate employees (Fay & Thompson, 2001). The other major consideration in compensation is the hourly rate or salary of employees.

Many executives in top firms believe that high compensation should lead performance, rather than lag behind it. The logic is very straightforward. If a SIR

is known for high pay, employees will want to work there and the SIR will have access to the highest caliber workforce. This workforce will take less time to train, be more efficient, and create a better product or serve at a higher level. For this reason many firms with leading pay strategies believe the additional costs are recovered by having greater productivity, customer satisfaction, and reduced turnover.

High pay also sends the message that employees are valued. Employees often know the market value of their skills and when working in a position that offers a higher level of pay they know the organization trusts them, and they are dedicated to earning that additional income.

These previously discussed groupings are important in successfully implementing Pfeffer's people-first practices but they are dependent on transformational leadership. SIR owner/managers must learn how to transform their enterprise. Transformational leadership can guide these owner/managers as they attempt to adopt people first practices.

### **Transformational Leadership**

Transformational leadership is concerned with improving the performance of followers and developing followers to their fullest potential (Avolio, 1999). The model of transformational leadership is process based which breeds interaction between managers and followers (employees), rather than being transactional. This style of leadership allows managers to create a meaningful connection with their employees which supports and enables many of the seven practices.

The key distinction is that transformational leadership is leadership, not management. For transformational leadership to be successful, and for Pfeffer's people-first practices to be successful through it, owners/managers must become true leaders, as opposed to managers.

There are four factors related to transformational leadership as defined by Bass (1985). They are:

1. Idealized Influence: Being a good role model for employees. Leaders who model the way breed trust and are deeply respected by their followers (Northhouse, 2013)
2. Inspirational Motivation: Making/Having opportunities where leaders share appreciation for hard work and share their vision of specific expected behavior and results.
3. Intellectual Stimulation: Stimulating followers to be creative and innovative. This is done by encouraging followers to challenge their own existing beliefs, values, and frameworks as well as those of the leader and the organization.
4. Individualized Consideration: Managers act as coaches and mentors on a one-on-one basis, or in small groups, to develop followers. A part of individualized consideration is listening to employees and treating them in a caring and unique way (Northhouse, 2013)

The factors of transformational leadership vary from the seven practices in this paper in one very important, meaningful way. Transformational leadership is done at an individual level and it takes commitment from the independent leader

in order to be successful. Transformational leadership answers the “how” of a people first approach. Pfeffer’s practices are designed to be instituted across an organization and while they need commitment from managers, the use of these practices is a strategic choice made at the top level. These practices answers the “what” of a people first approach.

To realize the true benefit of Pfeffer’s practices they must be implemented by the firm and then practiced by transformational leaders. These two aspects of management are not independent and should be used in conjunction in order to create a better work environment and to breed success.

### **People-First Conclusion**

These practices allow employees to be empowered which creates low turnover and greater profitability. One of the greatest challenges to doing this, and a reason that employees may respond with skepticism, is that when these practices are implemented, too often these ideals are paid lip service. Many SIRs promise great pay, strong management, and training programs but oftentimes managers use these terms as trendy language rather than embracing the concepts. If they were easy to implement then everyone would do so; consistency and persistence must be applied to be successful.

To be effective these practices must be consistently engaged in, meaning that they are a continued part of the management process, not a tack on. If employees do not believe/perceive that management believes 100% in these practices, employees will not display the desired behaviors that help SIRs succeed i.e., deliver service quality (as measured by the behaviors described in

Table 1). The key is whether the people-first practices are perceived to be connected and aligned to the owner/manager's values. If money is the more important value, higher wages will never occur because the process of reaching the gains of higher paid, empowered staff will not seem worth the cost. If empowering people and creating an organization with service quality at its core is the predominant value for the owner/manager, that is when authentic leadership can take root and these practices can become effective.

#### X. RECOMMENDATIONS FOR QUALITATIVE STUDY

While this thesis incorporates studies from various fields to demonstrate or argue that there is a link between high standards people practices and SIR performance, a qualitative study is needed to provide more support for causation and financial performance. These studies will be difficult to conduct because they require managers to change their management style as well as to make data available and involve research teams.

Most likely these qualitative studies will need to be performed on restaurants that have chosen to manage according to these principles and can demonstrate after the fact that meaningful metrics were improved. This guide may also be used in consulting situations. When this is done there is a good opportunity to implement the practices, observe the results, and interview managers/employees about the ongoing process.

In combination with this thesis a qualitative study would provide support for the connection between people practices and financial success. The implications would be significant if managers decided to manage according to



these principles. Of course there is no way to force managers to implement these practices that are in opposition to the Theory X management styles characteristic of many firms. Regardless of end results, this is an area that is open for research and would tie together corporate management literature and hospitality literature in a new way.

## XI. CONCLUSIONS

The restaurant industry is a competitive space and succeeding as a SIR against corporate restaurants has never been more difficult. SIRs who previously relied on style of cuisine or location as their primary competitive advantage are now being forced to look to their employees as a source of competitive advantage.

Pfeffer's seven people-first practices provides a framework for SIR managers/owners to employ in order to create this advantage. At its heart this framework is based on the values of the owner/manager and the belief that when these individuals value their employees well fare over the bottom line, they will find their bottom lines increasing through rising service levels and customer satisfaction. These practices are just a framework, it is the genuine belief in them and the transformational leadership exercised by these owner/managers that will make it successful.

SIRs have the ability to offer freedom of creativity and the exercise of an individual's purpose in a way that corporate chains cannot. By doing this a "properly managed" SIR can turn ordinary employees into strong performers.

XII. APPENDIX A: SERVQUAL QUESTIONNAIRE

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SERVQUAL AND ITS APPLICATIONS

SERVQUAL questionnaire of questions pertaining to the relevant segmentation variables.

ASSESSING QUALITY PERCEPTIONS OF INTERNAL CUSTOMERS

SERVQUAL, with appropriate adaptation, can be used by departments and divisions within a company to ascertain the quality of service they provide to employees in other departments and divisions. For instance, suppose the data processing department in XYZ Company wishes to use SERVQUAL to determine how its internal customers rate its quality of service. To do so, it can modify SERVQUAL by incorporating "excellent data processing departments" as the frame of reference throughout the expectations section and replacing "XYZ Co." with "XYZ's data processing department" in the perceptions section. The modified instrument can be administered to a sample of internal customers, or to all such customers if the data processing department's internal customer base is fairly small (e.g., 200 or less).

*Exhibit A-1* SERVQUAL Questionnaire

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**Directions:** Based on your experiences as a consumer of \_\_\_\_\_ services, please think about the kind of \_\_\_\_\_ company that would deliver excellent quality of service. Think about the kind of \_\_\_\_\_ company with which you would be pleased to do business. Please show the extent to which you think such a \_\_\_\_\_ company would possess the feature described by each statement. If you feel a feature is *not at all essential* for excellent \_\_\_\_\_ companies such as the one you have in mind, circle the number 1. If you feel a feature is *absolutely essential* for excellent \_\_\_\_\_ companies, circle 7. If your feelings are less strong, circle one of the numbers in the middle. There are no right or wrong answers—all we are interested in is a number that truly reflects your feelings regarding companies that would deliver excellent quality of service.

## SERVQUAL AND ITS APPLICATIONS

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	Strongly Disagree							Strongly Agree
1. Excellent _____ companies will have modern-looking equipment.	1	2	3	4	5	6	7	
2. The physical facilities at excellent _____ companies will be visually appealing.	1	2	3	4	5	6	7	
3. Employees at excellent _____ companies will be neat-appearing.	1	2	3	4	5	6	7	
4. Materials associated with the service (such as pamphlets or statements) will be visually appealing in an excellent _____ company.	1	2	3	4	5	6	7	
5. When excellent _____ companies promise to do something by a certain time, they will do so.	1	2	3	4	5	6	7	
6. When a customer has a problem, excellent _____ companies will show a sincere interest in solving it.	1	2	3	4	5	6	7	
7. Excellent _____ companies will perform the service right the first time.	1	2	3	4	5	6	7	
8. Excellent _____ companies will provide their services at the time they promise to do so.	1	2	3	4	5	6	7	

(continued)

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## SERVQUAL AND ITS APPLICATIONS

	Strongly Disagree						Strongly Agree
9. Excellent _____ companies will insist on error-free records.	1	2	3	4	5	6	7
10. Employees in excellent _____ companies will tell customers exactly when services will be performed.	1	2	3	4	5	6	7
11. Employees in excellent _____ companies will give prompt service to customers.	1	2	3	4	5	6	7
12. Employees in excellent _____ companies will always be willing to help customers.	1	2	3	4	5	6	7
13. Employees in excellent _____ companies will never be too busy to respond to customers' requests.	1	2	3	4	5	6	7
14. The behavior of employees in excellent _____ companies will instill confidence in customers.	1	2	3	4	5	6	7
15. Customers of excellent _____ companies will feel safe in their transactions.	1	2	3	4	5	6	7
16. Employees in excellent _____ companies will be consistently courteous with customers.	1	2	3	4	5	6	7

## SERVQUAL AND ITS APPLICATIONS

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	Strongly Disagree						Strongly Agree
17. Employees in excellent _____ companies will have the knowledge to answer customers' questions.	1	2	3	4	5	6	7
18. Excellent _____ companies will give customers individual attention.	1	2	3	4	5	6	7
19. Excellent _____ companies will have operating hours convenient to all their customers.	1	2	3	4	5	6	7
20. Excellent _____ companies will have employees who give customers personal attention.	1	2	3	4	5	6	7
21. Excellent _____ companies will have the customer's best interests at heart.	1	2	3	4	5	6	7
22. The employees of excellent _____ companies will understand the specific needs of their customers.	1	2	3	4	5	6	7

**Directions:** Listed below are five features pertaining to \_\_\_\_\_ companies and the services they offer. We would like to know how important each of these features is to *you* when you evaluate a \_\_\_\_\_ company's quality of service. Please allocate a total of 100 points among the five features *according to how important each feature is to you*—the more important a feature is to you, the more points you should allocate to it. Please ensure that the points you allocate to the five features add up to 100.

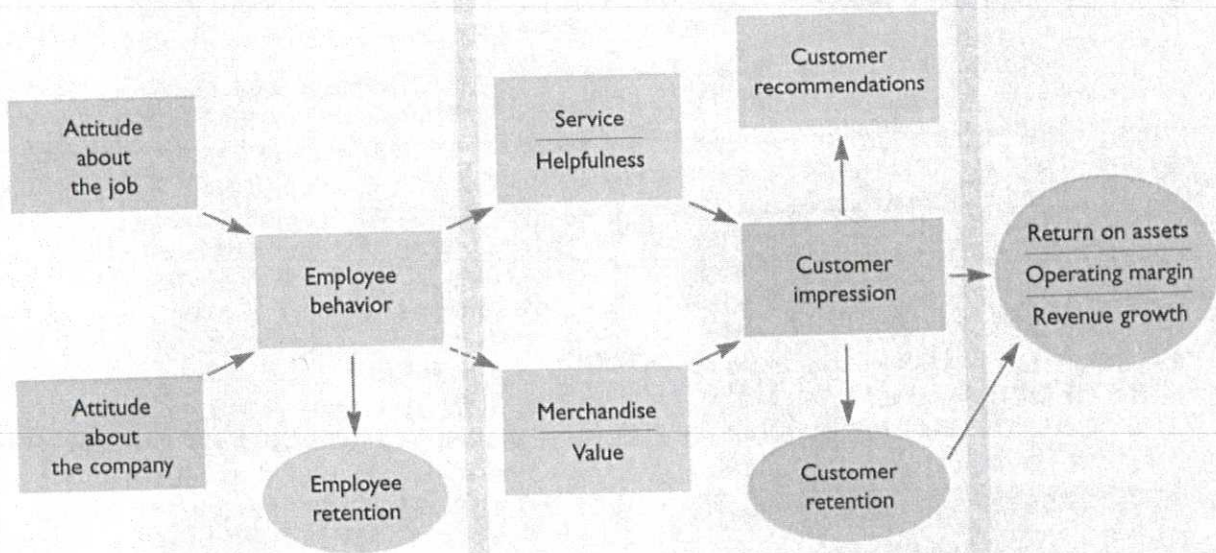
XIV. APPENDIX B: SEARS REVISED MODEL

THE EMPLOYEE-CUSTOMER-PROFIT CHAIN AT SEARS

### THE REVISED MODEL: THE EMPLOYEE-CUSTOMER-PROFIT CHAIN

This is the model we use today. The rectangles represent survey information, the ovals, hard data. The measurements in blue are those we collect and distribute in the form of the Sears Total Performance Indicators.

A COMPELLING PLACE TO WORK      A COMPELLING PLACE TO SHOP      A COMPELLING PLACE TO INVEST



5 UNIT INCREASE IN EMPLOYEE ATTITUDE — DRIVES —> 1.3 UNIT INCREASE IN CUSTOMER IMPRESSION — DRIVES —> 0.5% INCREASE IN REVENUE GROWTH

## XVI. APPENDIX C: EXTERNAL RECRUITMENT

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**FIGURE 5-2** Some Sources Used for External Recruitment

### **Advertising**

A message containing general information about the job and the organization is placed in various media, such as newspapers, radio, and television. These media can have a local, regional, or national audience and can serve the general public or a specific segment of population.

### **Associations and Unions**

Many occupations have state, regional, or national associations that hold meetings, publish newsletters, and represent the interests of the occupation. Such associations frequently have job-placement units (e.g., the International Council on Hotel, Restaurant and Institutional Education, CHRIE).

### **Colleges and Secondary Schools**

Organization members are sent to colleges and schools to meet with individuals or groups of students to provide specific information about the organization or their jobs and to answer any questions. They may also perform the first review of applicants. The organization's members may visit, for example, Cornell University's School of Hotel Administration or University of Central Florida's Rosen College of Hospitality Management.

### **Employee Referral Programs**

When using this word of mouth technique, employees are provided with information about job openings and asked to refer individuals to the company. Often, the employee is given a bonus if the referred individual is selected. Should the applicant be rejected, the employee is customarily given a brief explanation.

### **Employment Agencies**

The firm contacts an organization whose main purpose is to locate job seekers. The company provides the agency with information about the job, which the agency then passes along to its clients. Clients can be either employed or unemployed. Agencies can be either public or private. Fees may be charged to either or both the client seeking a job and the company seeking applicants. Global Hospitality, Marshall-Alan Associates, and Presley Consultants are executive search firms that specialize in the hospitality industry.

### **Employment Events, Job Fairs, Career Fairs**

These events are specially organized to attract a large number of potential candidates to a specific location on a certain day, who are then interviewed for jobs. These events can be held in conjunction with other organizations and may be in one's own labor market or in a distant location where unemployment is high. Job fairs are also increasingly being held in central business-district locations where any potential employee can talk to recruiters from sponsoring organizations. For example, the Roosevelt Hotel in New Orleans, which was closed because of Hurricane Katrina, received 5000 applications for 400 jobs when they held a four-day job fair (*Times Picayune*, May 13, 2009).

### **The Internet**

The firm can either post information about open positions on its own Web site or contract with an Internet recruiting service. These services are online job centers that offer

many organizations a site for listing jobs across many job categories and locations. Job seekers can access the job center and view job postings according to job title, company name, geographic location, and so on. Some centers will perform an initial match between applicant characteristics and company job requirements. Résumés of applicants who are well matched to the job requirements are forwarded to the company for future contact. The CareerBuilder and Monster web sites are two examples.

#### **Temporary Employment Firms**

Companies sometimes need to fill short-term positions that do not warrant commitment of resources to recruit, select, and train people. Temporary employment firms, like Kelly Services and Manpower, help to fill such vacancies. Job contracts are generally limited to less than a year, and companies pay a given hourly rate. Although some temporary workers hope they may be considered for permanent employment, others like the flexibility and variation that working for temporary employment firms offers.

#### **Walk-ins**

Unsolicited individuals sometimes initiate contact with the organization. The number depends on such factors as the nature of the business, the level of the positions open, the image of the company, the frequency of job openings, and how close the labor market is to the hiring company. For example, many people want to work at the Phantom Ranch in Arizona but it gets few walk-in applicants as it is located at the foot of the Grand Canyon.

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