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Employee Motivation and Work Incentives

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EMPLOYEE MOTIVATION  
AND WORK INCENTIVES  
IN THE SERVICE INDUSTRIES



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MICHIGAN STATE UNIVERSITY



# Employee Motivation and Work Incentives in the Service Industries

BY ROBERT W. MCINTOSH

*Extension Specialist, Tourist and Resort Program*

ALMOST EVERYONE is making an impression on someone else every day of his life. At the same time, almost everyone is forming an impression of someone else. It happens in private life, in business, in offices, on farms, in schools, in government—wherever people are involved with people. It happens both unconsciously and consciously, and with a purpose. There is no end to the process.

You, as a manager in the service industries such as the hotel, resort, or restaurant business, are judged not only by the good meal, the restful night's sleep, or the weekend of fun that your guests enjoyed.

You are judged also by the friendliness of your staff, their alertness, their attitude, how they look, and the way they do their job.

You are judged by the impressions your staff makes on your guests. What did your staff do to send a satisfied guest on his way or bring him back? Your success in business may depend on how well you—the manager—build these impressions. How well you do this job depends on how well you can manage people—your employees.

The most important asset of any business is its human family of workers—managers and employees. Increasing the value of your staff is simply smart business management. From the purely humanitarian standpoint, it is also a moral obligation.

Getting people to work not only for you but with you and to keep them working is never simple. However, the skills once acquired, pay handsomely in many fields. They are an especially important key to your success in the service industries.

## MOTIVATION

### How to Motivate and Inspire\*

How do you increase the business value of the people who work for you? Above all, remember that they are people, each one an important part of your business

\*Material in this section contributed in part by Dr. Gerald C. Carter, University of Illinois; Dr. David Moore, Cornell University; Mr. Paul H. Valentine, Conrad Hilton Hotel, Chicago; and Mr. Ed Leach, Jack Tar Hotels, Galveston.

family—not just a cog in a human machine that goes through certain muscular motions for 8 or 10 hours a day with time out for refueling and maintenance. Remember that your staff has heart and brains, feelings and ideas—made of the same raw materials as you are yourself. Their energies are there to be used for their own good and for yours.

Some ways of putting these energies to use in your business are:

1. Seeking and using your employee's own ideas.
2. Keeping employees informed.
3. Expressing personal interest in employees as people.
4. Instilling pride in work well done.
5. Providing effective supervision.

These techniques are discussed in detail below. They concern various methods of directing your employees toward your main objective—building a profitable business as the result of satisfied guests and customers.

As you put these techniques to use, you will find the job only half begun. The employee still needs more answers to his very important private question: "What is there in it for me?" This is not a cynical question. It is another way of asking—"How much am I worth?" As owner or manager, you have to ask yourself this question and answer it. So do your workers. And you must provide answers for them as well as for yourself.

*What incentives will you give them? Your success depends on your answer.*

### Seeking and Using Employee's Ideas

In order to feel very much a part of the hospitality service business and to be given an incentive, each employee must understand that he is free to contribute ideas. Management has the responsibility to encourage these ideas by spoken word and by providing the necessary mechanism for obtaining them. This can be accomplished through such devices as suggestion boxes and by including idea-discussions as a part of every employee's meeting. Encourage employees to think about problems of the business. Some excellent ideas may be forthcoming. As manager, you can then carefully con-



sider these, and if adopted, commend or reward the giver. If not adopted, a word of explanation and appreciation should always be given.

**For example:** Suppose new guest room lamps or spreads are needed. Ask the housekeepers to make suggestions. They may not come up with usable ideas, but you have alerted them to this opportunity to contribute and have built in their minds an appreciation of your thoughtfulness in talking to them about the problem.

## Keeping Employees Informed

Successful service industry managers build good attitudes in their employees by keeping them well informed regarding affairs of the business.

**For example,** hold a meeting of all employees at least once every month to announce current news concerning the organization. Meetings should be well planned and purposeful. Include such coming events of importance as convention groups, trends in revenue, occupancy costs and expenses, new ideas for solving problems, new projects or construction, past achievements, and recognition of outstanding workers. Such procedures make each person feel personally important to the success of the business. The employee perceives a recognition of his value in the scheme of things and how his efforts help create success.

This practice of holding *regular* meetings for the employees is one of the best means of motivating your staff and building self-esteem. Follow-up printed memos or newsletters help maintain interest and assist in follow-through.

## Expressing Personal Interest in Employees

Another important aspect of creating motivation is the *personal conference* held in private with each employee.

**For example,** managers or supervisors should find time at least once each year to sit down in private with each employee. In a friendly manner, discuss both business and personal matters. Such talks smooth out problems and difficulties which may be blocking the motivation of the employee. The talks are also helpful to you, the supervisor or manager, as you may receive information which would come to you in no other way.

Suppose Mary, a waitress, seems to have lost spirit and goes about her duties with no enthusiasm. If everything outwardly seems satisfactory, such as health and basic job conditions, the manager should carefully consider the action he will take and then invite her to his office for a private talk.

The first step would be to discuss her work, and at the same time, reassure her that there is no danger of losing her job. Find out the facts concerning her atti-

tude towards the job. She may feel a lack of acceptance by other staff workers or feel insecure or discriminated against, or there may be still other sources of dissatisfaction or trouble. Personal or family problems may be vexing her. If her problems are business-related, they often stem from feeling "out of things."

In this case, the second step is to get her better acquainted with her working associates, perhaps by involving her in making plans for some special social activity of the workers, appointing her to some committee or asking her to assist the manager in some particular project. This procedure would give Mary a feeling of being someone special, of receiving special privileges which would have considerable motivational value. If the problems are of a home or personal nature, perhaps some assistance from a friend or relative could be suggested or arranged to help solve the problem.

## Instilling Pride in Work Well Done

One definite advantage of employment in the service industries is that much of it is still of a "craft" nature. Craft work with the hands produces a complete finished product that can be admired (with accompanying satisfactions).

**Examples:** When the salad girl completes a beautiful and tempting salad, she can take justifiable pride in her accomplishment. The same can be said for the waitress serving a delicious meal and the housekeeper who turns out a truly clean and attractive room. These are tangible products of work and thus the old-fashioned pride of skilled accomplishment can still flourish in this industry. Management should show overt satisfaction with accomplishment by occasionally complimenting the employee for work well done, and expressing appreciation for it.

Furthermore, with increased automation in manufacturing, there will be a growing number of persons looking for jobs, as the labor supply will exceed the demand. Many of these job seekers will find their way into the service industries.

A job in a fine hotel, motel, restaurant, or resort will be looked upon as a privilege. Employees should, and probably will, have a higher regard for their positions in the future. Managers today can do much to build up pride, and this should be done in order to keep good workers and attract new ones. Raising status is possible by internal manipulation ("improving the image") regardless of external factors of demand or scarcity. A feeling of respect and pride is the foundation for true appreciation of the value and satisfaction brought about through work.

Pride in work well done also builds morale. Morale can be defined as an emotional attachment to the business itself. It is the end product of skilled management

and is reflected in each individual and in the general tone of all employees toward their employer. When all employee satisfactions and needs are being met, excellent morale is the certain result. Morale thus becomes an important indicator of the quality of employee management and should be carefully watched and measured as an integral part of the total management process. Any weaknesses which may appear should promptly receive attention and correction by the manager.

### Providing Effective Supervision\*

The supervisor is the basic managerial element in the business organization. He forms the essential link between the general manager and the workers. The entire organization is dependent on him. He must follow the fundamentals of good management—planning, organizing, actuating, and controlling. Actually, his functions in the latter two are more important than the former, but nevertheless, he does operate within all of the management procedures.

Usually, the supervisor is responsible for the training needed within his department. He owes each person under him the opportunity for training and self-improvement and he himself also should be entitled to similar opportunities.

An excellent bulletin, *ABC of Supervision*, should be part of every supervisor's "kit." In abbreviated manner, it gives essentials of management needed by all supervisors. The bulletin is available from the Bureau of Business Management, University of Illinois, Urbana, Illinois.

Supervision is likewise the most important source of motivation of the employees. When the worker has good and effective supervision, then he will perform to the best of his ability. Poor supervision brings about the opposite results. According to an authoritative source,† one-third of all employee job changes can be attributed to poor supervision. Thus, the quality of supervision will largely determine the level of employee satisfaction and motivation. Since most personal motivation is derived from a competent supervisor, your efforts as manager to improve the quality of supervision will reflect directly in higher employee motivation, achievement, and morale.

Supervisors should be given the opportunity to occasionally "brush up" on improved techniques of leadership. Special courses in supervision and technical aspects of the public hospitality business are offered by

\*Material contributed in part by Robert W. McConochie, formerly Director of Training, Sheraton Corporation of America, and Dr. Peter Haines, Professor of Education, Michigan State University.

†Robert L. Peterson, *Work Incentives for Your Personnel*, Bulletin No. 503, Urbana, Illinois: University of Illinois, 1955, p. 18.

the Educational Institute of the American Hotel and Motel Association, Kellogg Center, Michigan State University, East Lansing, Michigan 48823.

Here are some check points for testing the effectiveness of your orders as a supervisor:

1. **WHAT** is to be done?  
Do you state clearly what is to be done?  
Are materials, tools, and supplies ready or ordered?  
Do you indicate what equipment and tools are to be used?  
Does employee understand what to do?
2. **HOW** is it to be done?  
Do you explain clearly how job is to be done?  
Does the employee understand the method to be used?  
Do you consider if there is a better way to do it?  
Do you provide for the employee to use his own judgment?
3. **WHY** is it to be done?  
Do you explain why the job is important?  
Does employee understand why you chose this method?
4. **WHO** is going to do it?  
Do you state clearly who is to do it?  
Is employee capable of doing it?  
How is he likely to react to your orders?  
Does he have enough authority to do it?  
Has he time to do it along with other work assignments?  
Is there a loophole to permit "buck passing?"
5. **WHERE** is it to be done?  
Do you indicate where job is to be done?  
If materials or equipment are needed, do you indicate where to get them?
6. **WHEN** is it to be done?  
Do you state clearly when the job is to start?  
Is it clear when the work is to be completed?  
If urgent, do you indicate urgency or priority over other work?
7. **WHAT** are your own feelings and attitude toward the receiver?  
Are you friendly but firm?  
Do you confidently expect the order to be carried out?
8. **DID** you follow up to see if order was carried out?

Faithfully following these guidelines will be of great value to your organization—and to yourself.



## WORK INCENTIVES

To motivate workers, a definite system of incentives or rewards is necessary. Such a system requires a combination of several groups of incentives, the most important of which are:

1. Recognition—both money and non-money.
2. Achievement.
3. Social prestige.
4. Self-esteem.

### Recognition—Money

A person's pay is his first thought concerning recognition. Good pay is vital but is not the most important aspect of employment. There are others of major importance such as steady work, comfortable working conditions, good working companions, good supervision, and opportunities for advancement. Good pay is essential to employee satisfaction and must be carefully considered in all personnel matters. Pay is the best and most tangible form of recognition of the employee's worth to the company.

Besides actual pay increases, other forms of monetary recognition in common usage are bonus plans, profit-sharing and extra pay for reducing costs (cost-reduction programs).

### Bonus Plan

Under this plan employees receive extra pay at regular intervals. The bonus can be a flat amount paid for good service to the employer, or it can be a profit-sharing arrangement determined by a formula.

*Psychologically, the more frequently the bonus is paid the better.* For example, as an employee incentive, a monthly bonus or quarterly bonus is better than a bonus once a year. Of course, money must be available for a monthly or quarterly bonus.

Another form of bonus is to pay higher wages than the prevailing rate. For example, you may pay 15 cents per hour more than competing businesses. This provides a built-in bonus. The employee should be reminded of this from time to time so that he is fully aware of the bonus he is receiving.

### Profit Sharing

There are two types of profit-sharing plans—the *cash plan* and the *deferred plan*. Some companies have both. This is called "combination" profit sharing.

Under the **cash plan**, profits to be distributed are paid in cash currently—usually quarterly, semi-annually, or annually. Profit to be distributed to the employees is usually an amount over a fixed minimum. For example, employees might receive 20 percent of all profits in excess of 6 percent on the company's net worth.

Under the **deferred plan**, a trust fund is set up to provide employees with future benefits. The deferred plan provides retirement, death, supplemental unemployment, health insurance, and disability payments. Also, some plans provide for loan and withdrawal privileges which make possible immediate financial assistance in time of unusual need.

These plans have certain advantages: (1) profit sharing tends to become a unifying force drawing management and employees together, (2) such plans are definitely work incentives as every employee can see that the profitability of the business and his own personal welfare are necessarily related, and (3) each worker has an incentive to be more creative and think of ways to increase sales or reduce or eliminate expenses.

For specific examples and advice, the following organization invites inquiries:

Council of Profit-Sharing Industries  
400 West Madison Street  
Chicago, Illinois 60606

### Cost Reduction Program

An alternative to profit sharing which might be more understandable and appealing to the employees is *cost reduction*. Every employee knows that when he breaks a dish, for example, there is a cost to the company. If he knew that he would share in the amount saved by the company by being more careful and efficient, he would have much more interest in helping reduce costs.

Here's how the program works: A certain base period is established, with which subsequent periods are compared. All expenses in future periods are compared with the base period. Any savings in costs are shared with the employees, usually a certain percentage. The formula used by a steel corporation is a payment of 37½ percent of the savings to the employees. In the service industries, the expenses would have to be adjusted to the volume of business which occurred during the period being compared. But this presents no problem and the relationships could be readily accomplished and the savings ascertained.

### Recognition—Other Than Money

Other recognitions aside from money include the tangible and intangible. Tangible recognition is established through such devices as issuing pins for length of service or for special accomplishments. Also effective is awarding a plaque, or announcement of a promotion with a story and employee's picture in the local newspaper. Some businesses run an advertisement in the local newspaper featuring pictures of key personnel, highlighting their training, experience, and outstanding services offered the guests.

There are other less formal intangible means of recognition, however. Just a kind word of praise, for example, can mean a great deal. Saying "Joe, those gardens and the lawn look just great. We've really got a good grounds man" goes a long way towards building good will and is recognized by both parties as a form of respect and recognition. Other examples are taking employees out to lunch at regular intervals and arranging a party for them, such as at Christmas, or sending each one a card on his birthday, or when sick.

### Achievement

Ambition falls off when employees do not have enough to do. The only way to solve this problem is to establish reasonable work production standards for each job. Study and evaluation of standards and worker production should result in a reasonable output for each position. Living up to these standards brings a sense of achievement.

### Better Placement

Workers will be more productive and interested if they feel that they are in the right job, are best suited for the occupation in which they are employed, and are being utilized to the fullest capacity. Periodic checks on the employee's production and talks with his supervisor will establish his level of performance. Appropriate adjustments in his job assignment help to keep his work up to the level of which he is capable and is of long-term benefit to both worker and employer.

### Better Environment

Some places of business look fine from the outside and to the customer, but much less attractive behind doors in the work areas. This is detrimental to morale. Also, there are indirect, bad effects on habits and sanitation standards. Working areas should be made light, airy, comfortable, orderly, quiet, and clean. Actual tests have proven that employees' morale and productivity are much higher when they work in pleasant and clean areas than when the work environment is unattractive and depressing.

### Self-Achievement

Self-achievement (also called self-fulfillment or self-actualization) caps all other considerations as an additional incentive especially for the more ambitious and intelligent employee.

Simply stated, this means a person knows he or she can climb the business ladder as far as his ability can take him.

This incentive is especially powerful for younger members of an organization. In order to motivate and hold the services of the most intelligent and capable of your younger employees, you *must* offer some kind of opportunity for advancement. This concept is perhaps one of the reasons why chain or system companies seem to have the services of the more "up and coming" young people in the business. They can offer opportunities for advancement to promising young employees as the company grows and expands. This same principle, however, can be applied to any business establishment. Openings for positions of greater authority and responsibility are sure to occur from time to time, and each business offers its own particular inducements.

### Social Prestige

Present-day management theory says it is no longer sufficient to satisfy only lower-level physiological needs. Such a policy is too limited to motivate employees enough for today's competitive business conditions. *Superior employee performance will be obtained only when his social and self-esteem needs are supplied on the job.* "More money" often becomes an insistent demand only when material needs alone are met and when management is concerned only with satisfying minimum physiological needs. When the "whole person" is involved within an enterprise, the employee is often content with less money than he might make elsewhere, simply because he enjoys his work.

Building prestige is accomplished in the relationships between people. Employees, like everyone, are strongly dominated by such motives as the need to belong, need for love and affection, and need for acceptance. These are the foundation-motives for good employee management and the intelligent and efficient manager makes full use of them whenever he formulates policy governing work incentives for his business family.

As an example, let's take the need for social conversation between members of your staff. Suppose you should encourage a 10-minute rest break for the housekeepers. If you provide a reasonably attractive room where they can sit down and enjoy a few minutes of each other's company and a little refreshment, important social needs have been fulfilled and social prestige developed. Such a management policy encourages the employee's cooperation and constitutes an incentive to work towards the best interests of the business.

Or, we might encourage social events and recreational programs. Special dinners may be held for employees for a variety of reasons significant to the group.

Examples are a celebration for achieving some goal, an employee's retirement, a special event in the life of the business such as the anniversary of the founding



date, or similar occasion. Recreational programs could include bowling and softball leagues, swimming, golf, or other group-orientated sport.

### Self Esteem

This group of needs differs from those of the social prestige group in that it is concerned only with the employee's view of himself. Examples are the opportunity for recognition, status in the community, respect, distinction, attention, importance, and appreciation. Providing these needs is more difficult than supplying others.

Recognition of achievement as previously described, is a good example of raising an employee's view of himself. The issuance of pins to denote worth to the company is excellent, as is the awarding of plaques or recognition in the newspaper. Another method is to improve understanding and ability by sending your people to special schools or short courses, or paying for home study courses or similar improvement programs.

Satisfying the need for self-esteem enhances feelings of self-confidence, strength, worth, and usefulness to the business organization. Denying this need leads to a feeling of inferiority which brings about discouragement.

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### SUMMARY

These are practical employee management suggestions which will bring about more productive and better satisfied employees. The team approach and provision of high quality supervision are essential elements in motivation. Use of specific incentives (rewards) in money and non-money forms constitute tangible results for the employee. Employees who are recognized for their worth to the company and rewarded accordingly will multiply this value in guest satisfaction and profits.

Implementing these suggestions in no way implies lack of leadership. In fact, such procedures actually increase leadership ability. Each employee is invited to assist management and is expected to participate in plans and discussions. Thus, management and employees have equal responsibility in maintaining good leadership. By following these recommendations, the manager can build a better management team and strengthen his position as leader.

For further information and assistance, visit your County Extension Agent of the Cooperative Extension Service, usually located at the county seat, or write to the School of Hotel, Restaurant, and Institutional Management, Eppley Center, Michigan State University, East Lansing, Michigan 48823.

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