

## case study

# Engaged Employees Make for Better Business

By Michael Lysaght and Robert O'Halloran

## Introduction

Being engaged is critical in our industry, as there is a direct relationship between engagement and productivity. With productivity comes increased sales, and efficiencies in the business leading to cost savings and increased profits. Passion is a great attribute to have in our customer-driven business. You can have passion if you are engaged, but you are not necessarily engaged just because you are passionate. Therefore, engagement is critical. When hired, a “two-way dialogue” begins and this continuous discussion needs to always revolve around engagement of the employee, leading to success for everyone. How does employee engagement affect the new “Gen Z” employee? It is theorized that “an enhanced sense of their own well-being” is critical for Gen Z. Gen Z employees want customization, convenience and community (Aramark, 2017). If the industry does not address this issue now, it will have major implications in the future. Roth (2013) posted an article in *Training by Freifield, Engagement Starts with Your Leaders: Create a culture of high energy and commitment throughout your organization by first setting an example through the Four Levels of Leadership*. When focusing on engagement, it's important to understand who in the organization is really ready and who may need some help moving forward. The post also points out while leaders are looking forward, employees' function in the present, working day to day and that energy, not time, is the currency of engagement.

Engagement is the combination of the perception of changes and events happening around you, and the level of energy experienced. Highly engaged people have a positive perception of changes going on around them, so they put a high level of energy into their work and everything else they do. Roth, in his organization, advocates for the *Choice Model*, identifying three decision stages for employees: Proactive-fully committed, Reactive-hesitant but comply and finally, Inactive-disengaged employees. As a leader, it is critical that one understands the concept of the *Choice Model*, and then assess where employees are and help move them to proactively committing their energy to the organization and themselves.

This case study profiles a long operating restaurant that is the flagship of a small franchise system. The flagship restaurant is losing

sales and employee performance is also in decline. The “Brown Franchise Company” (BFC) is a buffet style restaurant that has been very successful over the past 30 years. The owners, the Brown family have observed that the employees are not engaged in their jobs and some have lost interest. One observer noted that times and people have changed, but perhaps the restaurant has not changed with the times. The owners wonder what the restaurant can do to regain its success and be the model for their system. A family member asked could an employee engagement plan help this restaurant?

## Literature Review

Employee engagement is not a new subject but a continually perplexing one. Robinson et al. (2004, p. 9) defined engagement as, “A positive attitude held by the employee towards the organization and its values. An engaged employee is aware of business context and works with colleagues to improve performance within the job for the benefit of the organization . . .”. Welch and Welch, (2006) suggest that “Employee engagement first; it goes without saying that no company, small or large, can win over the long run without energized employees who believe in the mission and understand how to achieve it”. Saks (2006, p. 612) also describes employee engagement as a “new and emerging area”. Consequently, employee engagement has emerged as a critical element for business success. However, there seems to be a gap of knowledge with respect to this critical element.

This is a concept that that most people can agree with. But how does a business achieve a high level of employee engagement or have employees develop a passion for their work? Engaged employees have more to do with overall work quality experience. Other drivers, like financial benefits, can influence the attraction toward a job and retention. It is important to note that engaged employees have improved companies' productivity (Jaupi & Lliaci, 2014). One study illustrated that American workers were more engaged at the peak of an economic crisis (Stawiski et al., 2010). Employee engagement rises as the economy weakens. One supportive argument might be that during economic crises, with an increasing unemployment rate or decreasing of income per capita, people are more committed with their job as they have not many options to fall on (Jaupi & Lliaci, 2014). Attridge (2009) and Gallup (2006) argue that employee engagement presents a level of involvement and enthusiasm.

Engaged employees are enthusiastic about their work – they go

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above minimum job requirements. As a result, engaged employees allow the organization to succeed (Lavigna, 2015). Employee engagement affects both the micro and macro level of one organization from different perspectives (Japui & Llací, 2014). In recent years, there has been a sharp increase of interest in the concept of employee engagement and its role in work performance and competitive advantage (Kular et al., 2008). In particular, various studies have noted that employee engagement is able to predict employee turnover intention, employee productivity, financial performance, customer satisfaction, and so forth (Richman, 2006).

Organizations that achieve high levels of engagement outperform organizations with low levels of engagement. Measures include achievement of strategic goals, customer service, innovation, employee retention, and attendance (Lavigna, 2015). Lavigna (2015) also stated that engagement efforts fail when engagement is a project rather than a core value; when it lacks leadership support, and or lack of support from front line managers. Additionally, if leadership fails to make decisions based on available data or rush to solutions without data engagement, efforts are difficult. Finally, the ability to communicate and link engagement with the organization's goals are key links to making employee engagement efforts succeed.

Kahn defines personal engagement as the "Harnessing of organization members' selves to their work roles" (Kahn, 1990, p. 694). According to Kahn, when they are engaged, "people employ and express themselves psychically, cognitively and emotionally during role performances" (Kahn, 1990, p. 694). Maslach and Leiter (1997) argued that engagement is characterized by energy, involvement, and efficiency. For the field of hospitality, it has been argued that a service employee who is engaged can be characterized as enthusiastic, energetic, motivated, and passionate about his or her work, whereas a disengaged worker is one who is apathetic, robotic, depersonalized, estranged, and withdrawn from her or his job (Salanova, Agut, & Peiró, 2005). Zeithaml et al. (2008) state that employees in service organizations: are the service; the organizations in the customers' eyes; the brand; and the marketers. Therefore, employee engagement can be more meaningful in the hospitality industry than in other nonservice industries because the hospitality industry relies uniquely on labor intensiveness. Understanding the processes or mechanisms through which employee engagement affects employee attitudes and behaviors is still in an embryonic stage (Karatepe & Demir, 2013).

Roth, utilizing an article by Freirefield, (2013) states that leaders today, like employees, need to work through their own Choice Model and be proactive in not only deciding to engage, but also in deciding to lead the organization toward a culture of engagement. An organization's culture is created from a set of shared beliefs, practices, customs, and behaviors. By working through the Four Levels of Leadership, you can begin the process to increase your own leadership effectiveness

and create a culture that works best for your organization.

1. **Leading Oneself.** It all starts with you. You need to lead yourself before you can lead others. It's about being clear on your own sense of purpose and why you chose to be a leader. As with the adage—"If you don't stand for something, you will fall for anything"—you also must have a clear sense of your values as a leader. These values guide you through decision-making and other actions you take. You also must know and understand your own leadership strengths.
2. **Leading Others: One to One.** The skills you use to facilitate the individual growth of others often are regarded as foundational, such as communication skills, goal setting, and delegating. You need to have these basic critical skills to effectively lead individuals.
3. **Leading Teams: One to Group.** In addition to one-to-one skills, leaders need to lead and inspire individuals to work effectively together and achieve results as a team. As organizations have flattened by removing the middle management layer and leaders' span of direct reports has increased, leading one to one is no longer efficient. Most leaders don't have the luxury of spending time on an individual basis and must move toward leading on a one-to-group level. With the increase in virtual teams that act on a global basis with multiple complex relationships, the skills of leading one to group are multifaceted and include problem solving, leading meetings, facilitating dialogue, and managing conflict.
4. **Leading a Work Culture.** The act of leading a work culture is distinct from the other levels. Many leaders focus on improving their one-to-one and one-to-group skills. However, today's leader needs to understand what it takes to create a culture that enables the full engagement of all employees. Leading a work culture is about leaders understanding their responsibility to engage others to commit energy to the organization. The post from Roth notes that a real opportunity exists for organizations to increase employee engagement and build a culture of engagement when leaders build their strength through the *Four Levels of Leadership*.

## Business Dilemma

The Brown Franchise Company (BFC) is a longtime restaurant business and the flagship restaurant of the of a small franchise system is having some issues. The restaurant has been very successful over the past 30 years. The BFC serves diverse buffet style food, for breakfast, lunch and dinner, no alcohol is served. The restaurant can seat approximately 150 and is clean but, by some opinions, is somewhat outdated and has not kept pace with times. The owners, the Brown family, serve a diverse buffet menu in a clean and what was described by a guest, as a generic high-volume food atmosphere. The flagship restaurant is in a 2<sup>nd</sup> tier city with a population nearing 100,000. More recently employ-

ees are not happy at work and their performance is not as productive as it has been in the past. Customer satisfaction is at an all-time low.

The BFC's general manager, Steve Kelly (a non-family member), has been at the flagship restaurant for almost 20 years. Steve is well-liked, and in previous years was noted to have great customer service skills. However, recently several customers have complained to Steve and family members about slow service and numerous service errors. Additionally, in a recent incident, Steve lost his temper in the dining area when interacting with employees during a busy time and created a bit of a scene. Family owners indicate that general observations are that the general manager's interactions with employees appear to be less each week and only occur if there is a problem. To some, it appears that Steve knows the ropes of restaurant management but appears to be most comfortable keeping things on cruise-control. Steve complies with company franchise standards but has shown minimal effort soliciting guest feedback on the restaurant's performance. The Brown family see that there are issues, especially in their flagship restaurant.

The Browns are concerned with the restaurant's sales decline and overall service performance. When family members have asked Steve for his thoughts and input, he has stated that he thinks "*it is a temporary decline and things will bounce back*". Many employees seem to enjoy their customer interactions but have hinted that they feel they are not a team any longer and are disconnected from management. In the past, employees had been well trained and knew what they must do to get the job done, but job expectations are not formally set or well communicated.

Additionally, when employee performance problems (complaints) have occurred, there has been no disciplinary action taken for underperforming employees. Conversely high performing individuals, who appear to be carrying the work load, receive no recognition. When approached, employees are sometimes reluctant to say anything about the state of the restaurant. However, some senior employees have complained that the weekly meetings to review upcoming menu changes and promotions have been eliminated. It was also noted was that the annual holiday party was cancelled, and employees were told there would be no raises this year. One long-time server mentioned to a family member that "thank you" is a phrase that the employees continue to use with their guests, but that employees have not heard that from managers in a long time. It has also been noted that there have been numerous discussions between and among employees about their dissatisfaction and the option of looking for other jobs if something is not done to improve the work environment.

The owners called a meeting to discuss the issues and try to decide on a course of action. One Brown family member noted he could refer a friend to the group who was a consultant and had significant customer service experience, suggesting they hire him to review the situation and make recommendations before things got worse. They hired the consultant and after the initial meeting, the consultant noted

that there appeared to be multiple problems to address.

To fix the situation there would need to be some swift action addressing employee engagement, management operations, communication, and customer service. For long term success it was also noted that the BFC Buffet needs some updating and modernization. The consultant noted that while the physical updates are important, there were more pressing matters. The consultant specifically stated that going forward, employee engagement will need to be addressed and a decision needs to be made about the leadership at the flagship restaurant, asking: is Steve up to the job? The consultant addressed the need for an employee engagement plan to be developed and then implemented and utilized in the flagship restaurant and system wide. It was also noted that the plan needs to address both management and staff employees.

## Consultant Charge

As a member of the consulting team, your role is to identify relevant facts and differentiate between the symptoms and actual problems in the restaurant and recommend corrective actions. The consulting charge includes:

1. Identify the relevant facts of the situation that have been documented and observed in the flagship restaurant.
  - a. Research the lapse in sales volume, and customer satisfaction.
    - Consider some questions employees at the restaurant may be asking themselves and discussing with others.
      - Why should I get excited about work?
      - What do my managers and mentors expect of me?
      - Does the restaurant culture that care about me?
      - How do I know if I am doing well?
      - Do I work effectively with others?
      - Is leadership providing a good role model and positive example?
    - b. Are the issues related to management leadership? As Roth notes (2013), a leader placing him/herself in the employees' shoes, is better prepared to help them move toward being committed and engaged (Roth, 2013).
2. Based on research conducted: create a plan of action for development of a culture of engagement in the operation. Popin (2017) provides data and direction from an employee engagement survey and these data can be of assistance to create that plan of action. [https://www.popinnow.com/lp/employeeengagement/survey/?gclid=EAlaIqobChMlyfe1kO3c1wIV3YWzCh3hnQwKEAAYBCAAEgJZPvD\\_BwE](https://www.popinnow.com/lp/employeeengagement/survey/?gclid=EAlaIqobChMlyfe1kO3c1wIV3YWzCh3hnQwKEAAYBCAAEgJZPvD_BwE)
3. What are the tactics (actions steps) that could help improve the work environment and subsequently create a culture of employee engagement? The result of which could increase sales to maintain the financial sustainability of the business.

## Summary

The goals of employee engagement are pride in workplace, satisfaction with leadership, the opportunity to perform well at work, satisfaction with recognition, identifying prospects for future growth, and a positive work environment with some focus on teamwork (Lavigna, 2015). The Utrecht Work Engagement Survey (Schaufeli et al., 2006) for example, concentrates on three factors: vigor, dedication, and absorption. The Gallup Workplace Audit (see Harter et al., 2002) focuses on factors such as clarity – knowing what's expected – and control (input and opportunity). By and large practitioners' and researchers' views of engagement embody the three core concepts of attachment, commitment and organizational citizenship. Employee engagement can be more meaningful in the hospitality industry than in other nonservice industries because the hospitality industry relies uniquely on labor intensiveness. Ironically, however, understanding the processes or mechanisms through which employee engagement affects employee attitudes and behaviors is still in an embryonic stage (Karatepe & Demir, 2013).

Robinson et al. (2004, p. 9) share a definition of engagement as, "A positive attitude held by the employee towards the organization and its values. An engaged employee is aware of business context and works with colleagues to improve performance within the job for the benefit of the organization". This *Narrow Engagement* approach reflects a "commitment/citizenship" model of engagement, in which employees' commitment and citizenship are seen as important factors in the overall success of the organization. The concept of full engagement rests on the principle that the beneficial impact of narrow engagement is enhanced when psychological well-being is also high – and similarly the negative effects of low engagement would be exacerbated when psychological well-being is poor. The incorporation of commitment/citizenship and psychological well-being into a single concept of full engagement provides a construct that delivers benefits for both employees and organizations (Robertson and Cooper, 2010). The factors to be considered in this construct include work relationships, work-life balance, work overload, job security, control/autonomy, resources and communications. Additionally, they include pay and benefits, job satisfaction, sense of purpose, organizational commitment, engagement, positive psychological well-being as well as physical health and psychological health (Robertson Cooper, 2008b).

The issue for hospitality businesses in general and BFC in particular is how to create a work environment of engagement and maintain it. Many employees would like to take some ownership of their jobs and their workplace, but in difficult social times and a changing workforce, that has proven difficult. No one wants to work in a place with a negative or a sometimes, hostile environment. Recruiters emphasize that work ethic is a regular topic of conversation and it is connected to employee engagement and an attitude oriented towards getting the

job done, i.e. finishing what we have started and being committed to doing whatever the job is correctly and completely.

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