

Spring 2008

## Market feasibility studies: Hospitality decision making

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### Repository Citation

Mangino, Kim, "Market feasibility studies: Hospitality decision making" (2008). *UNLV Theses, Dissertations, Professional Papers, and Capstones*. 617.  
<http://dx.doi.org/10.34917/1752286>

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## Chapter 1

### *Introduction*

Oftentimes in college-level classrooms, professors utilize educational case studies to reiterate and further explain the concepts that are being taught. These teaching cases can provide additional information for students and can help them apply their classroom knowledge to solving real-life dilemmas faced by familiar organizations. Professors can use these types of cases to help students bridge the gap between their education and the industry about which they are learning.

The following paper will discuss the development of a teaching case from research conducted at a restaurant in Las Vegas, Nevada that is striving to achieve excellence. Organizational excellence is a concept that stems from the Positive Organizational Scholarship (POS) movement, which focuses on the “dynamics in organizations that lead to developing human strength, producing resilience and restoration, fostering vitality, and cultivating extraordinary individuals” (Center for Positive Organizational Scholarship, n.d.). This idea of excellence is found in organizations that foster and manage workplaces where individuals thrive and perform at their best (C. Young, HOA 607 lecture, Spring 2006). An excellent organization is able to adapt, has the capacity to learn, and has high quality and quantity of output. The excellence of an organization can be examined through certain “drivers and indicators.” Indicators are the actual signs that one can observe in order to determine the excellence of an organization, while drivers are the factors or causes of that excellence (as evidenced by the observed indicators). When considered together, the indicators and drivers give a clear picture as to the excellence and health of the organization.

After considering the literature on this topic and evaluating the research conducted, a teaching case was developed to encourage professors and students to examine the data and determine if there is a disparity between the ideals of excellence and what has been found at this particular restaurant. In the teaching note of the case study, potential questions and suggested teaching methods will assist professors in engaging the students in the analysis of the case, while encouraging them to devise a plan of action the company should take at this point.

#### *Purpose*

The specific purpose of this paper was to create a teaching case, while analyzing data that was collected in an effort to determine whether or not the particular organization had achieved “excellence.” The resulting teaching case aims to be an additional resource in organizational behavior and mainstream business classes across the globe, as it provides an example of a highly successful company that is facing basic, fundamental organizational issues. Ideally, this research will provide readers with an avenue for scrutinizing major issues in the hospitality industry and potential solutions.

The case is most appropriate for upper division undergraduates or graduate students in organizational behavior courses. The issues involved – trust, leadership, communication, motivation and rewards, etc. – are all content areas in the typical organizational behavior class. This case is, however, ideal for examining and illustrating the drivers of organizational excellence as conceived by organizational [researchers](#) in the POS movement. It can serve as an integrative, end-of-term case in either type of class. In addition to applying course material in the content areas outlined above, students get to

grapple with the “what to do” decision a manager-in-training faces. Answering this question can bring power, influence, and change management into the discussion as well.

#### *Statement of the problem*

The case study describes what a restaurant management candidate learns about her own work organization when she transfers to the company owned store in Las Vegas, Nevada. After casually and candidly speaking with front-line staff and managers, observing a front line employee Quality Circle meeting with the Regional Director, and reviewing archival data, the manager in training concludes that by most of the non-financial measures of excellence, her new organization falls short.

Students reading this case should be concerned with two issues. The first is if these non-financial dimensions of excellence are so important, how can customer retention and financial performance be so high? Secondly, what course of action, if any, should be taken?

This organizational behavior case is designed to highlight drivers of organizational performance that are often overlooked by executives and financial markets. In addition, students who are likely to be junior level managers meet a protagonist in whose shoes they may walk after graduation. What can such a person do when confronted with problems and predicaments beyond the scope of her or his decision-making authority?

#### *Justification*

This case study aims to research whether or not an organization can ignore the non-financial dimensions of excellence and still be successful. This research and the teaching case that follows could be used by both employers and by academic

professionals to better understand the concept of organizational excellence. Companies will find this information useful as it can better equip their departments and managers to understand and evaluate the health of their own organizations and what possible solutions may exist. At the very least, this research examines a company that by all financial measures is ranked very high, yet by non-financial measures (at least in this particular unit) seems to be falling short of the mark. Examination of whether and in what ways this organization could move toward excellence provides a foundation upon which corporate training and academic professionals could develop management and leadership classes to better prepare the future managers of the business world.

#### *Constraints*

It should be noted that there are possible limitations in this research project. The researcher conducting this project is an employee of the restaurant being analyzed and it is possible that even with safeguards to prevent bias, some bias may inadvertently skew the research. A second limitation could be that the sample will be a convenient sample; that is, the sample has been selected based on convenience and accessibility to the researcher. The statistics of this sample may not necessarily be representative of the population parameter. This research may also be limited by participation. The interviews conducted were done solely in English, thus automatically excluding those employees who do not speak or read English. This could be seen as a major limitation as a majority of the back of the house employees did not speak enough English to participate. It is also possible that a self-selection bias may be present, as those who participate are electing to on their own free will and may have ulterior motives for doing

so. No reward or monetary supplement was provided for participation, leading to the possibility that the employees who participated, did so for reasons they may have not disclosed to the researcher.

## Chapter 2

### *An Introduction: Looking at Organizational Excellence through the lens of Positive Organizational Scholarship*

The concept of organizational excellence stems from the research of POS and the positive psychology movement pioneered by Martin Seligman in the late 1980's. Both of these movements investigate virtuous elements such as compassion, forgiveness, dignity, respectful encounters, optimism and positive affect, integrity, and wisdom, with POS focusing on organizations and positive psychology focusing on individuals (Bernstein, 2003; Seligman, 2000). Organizational excellence is a concept that combines these two movements to discuss how the individuals within organizations can be positively affected by their company's positive deviance and how that deviance can in turn lead to positive deviance on the personal level. At first glance the phrase "positive deviance" appears to be an oxymoron (Sagarin, 1985), as deviance is typically a "label used to describe the outcasts and criminals in society" (Spreitzer & Sonenschein, 2003, p. 207). Deviant behaviors are simply those that are unexpected and unconventional. In the case of positive deviance, there is a significant, intentional departure from unit, organizational, and business norms in a healthy, honorable and constructive way (Spreitzer & Sonenschein, 2003). Thus, researchers who study positive deviance look for the ways in which organizations and its members "flourish and prosper in extraordinary ways" by looking for certain drivers and indicators of organizational excellence (Center for Positive Organizational Scholarship, n.d.).

#### *Drivers and Indicators of Excellence*

As stated earlier, the indicators of excellence are clearly visible if the organization is truly positively deviant. In excellent organizations, researchers can expect to find some of the following (if not all): energized and happy employees, high levels of innovation, low employee turnover, high levels of customer service, exceptional growth, a focus on teamwork, good relations between management and employees, excellent financial performance, the ability to adapt to changing circumstances, and high levels of employee efficiency, satisfaction and engagement (C. Young, HOA 607 lecture, Spring 2006). Many organizations gauge performance solely on profitability and it should be recognized that while financial health is certainly an indicator of excellence, profitability alone does not sufficiently characterize an organization as excellent.

The causes or reasons behind these indications of excellence are referred to as the drivers of excellence. Some examples include a focus on human resources, hiring and firing based on talents or strengths, an organizational culture focused on equality, employee recognition by management, good relations between leadership and employees, a company vision and mission that stresses community and teamwork, organizational practices (including selection, orientation, and training practices) that support and fulfill the vision and mission, internal training to reinforce the culture, a focus on values, a focus on building trust by sharing information, and simplicity in how things are structured and executed for customers (C. Young, HOA 607 lecture, Spring 2006).

These drivers of excellence can be categorized into the following:

- Cultivating healthy, effective leadership
- Creating productive, excellent organizational cultures
- Cultivating trust



- Designing jobs
- Fostering high quality relationships
- Creating and nurturing high performance teams
- Managing change
- Motivating and rewarding excellence

(Dutton, 2003)

These eight categories represent ways of “shaping employees’ behavior, cognition (thoughts), and affect (emotions) through structural changes in the way work is done (designing jobs; teams), through leadership (and managing change) and relationships (trust), and through reinforcement (rewards)” (C. Young, HOA 607 lecture, Spring 2006)). However, the relationship between drivers and indicators is not always clearly defined. Certain indicators can be seen as “driving” yet other indicators. For example, the presence of a good relationship between managers and staff could be a driver of excellence by fostering trust, employee satisfaction, and efficiency, and yet also an indication of strong, healthy leadership and high quality connections (both of which suggest excellence). The following literature review will examine these drivers of organizational excellence, as well as some issues that may be harmful to an organization’s health.

### *Literature Review*

#### *Drivers and Indicators of Excellence*

##### *Healthy Leadership and Communication*

Strong leadership and communication are essential determinants of an organization’s health. The ability to lead is the foundation of managerial success as it

requires a focus on creating a vision for the future, developing strategies to achieve the vision, and inspiring employees to embrace change (Luke, 1998; Sweeney & McFarlin, 2002). Luke (1998) added that the development of a vision is essential because it “creates a set of values that let followers know what behavior the group expects of them” (p. 93-94). Further discussion of the correlation between excellence and a strong vision will occur when organizational change is analyzed.

In 1978, James MacGregor Burns wrote *Leadership*, in which he discusses two very different types of leadership: transactional and transformational. When defining transactional leadership, Burns (1978) says that transactional leadership is based on a transaction or exchange of something of value the leader possesses or controls that the follower wants in return for his/her services. Pearce and Sims (2002) built upon this definition by stating that transactional leadership focuses on the use of reward systems to motivate employees. Managers find this type of leadership helpful in identifying and disseminating goals that subordinates need to achieve, advising how to execute ideas, and providing feedback to employees (Dubinsky, Yammarino, Jolson, & Spangler, 1995).

Transformational leadership is a slightly different style in as such that transformational leaders tend to focus more on the future with a long-term perspective, rather than short-term (Kotter, 1990). Transformational leaders revitalize and change organizations by developing, articulating, and promoting a vision that is clear and highly appealing; they believe in their followers and build confidence in them by celebrating their successes and grieving their losses (Greenberg and Baron, 2003, p. 490). Leaders can reinforce the transformational vision by “taking dramatic action to symbolize key organizational values” and by “serving as a role model” (Greenberg and Baron, 2003, p.

490). In this type of environment individuals will typically be more self-assured and will perceive their work to be of higher value (Bass, 1999).

Both transactional and transformational leadership each have their strong points and advantages for leaders. However, regardless of which type of leadership is practiced, a strong relationship between management and employees is critical in generating excellence. Through the communication of the vision and goals of the organization, leaders are able to focus on the employees, increase commitment, foster communication, and provide intellectual stimulation, individual consideration and inspirational motivation (Greenberg & Baron, 2003, p. 488-490, 508).

#### *Creating and Sustaining Organizational Culture*

Another driver of organizational excellence is the creation and sustaining of a strong organizational culture. Cultures can enable excellence by cultivating positive emotions that fuel innovation and create resources; imparting skills that can contribute to flow, facilitating high quality connections, and creating coherence and integrity with strategy (Dutton, 2003). In order for organizations to create and sustain powerful, positive cultures, it is essential that there be an understanding of what exactly culture is. Organizational culture refers to an organization's personality or way of life based on the company's beliefs, values, and behaviors (Sweeney & McFarlin, 2002). When a strong culture is present it can provide a sense of identity that enables the attraction and retention of good people, and the reduction of in-fighting and turf battles, while amplifying the concentration on customers and having a positive impact on financial performance (Sweeney & McFarlin, 2002). Parasuraman (1987) builds the case for a strong culture, especially in the hospitality industry, as it can provide a road map for

employees by bridging the gap between what an organization can train its employees to do and what they must actually do to satisfy the customer. He goes on to indicate that the service industry must rely on shared cultural norms, values, and beliefs to ensure that the service employee delivers the expected service every time to every customer (Parasuraman, 1987). Anytime that customers are involved in the service encounter there is always a chance that something unexpected can occur and when employees are faced with those types of situations, the organization can only hope that its culture is strong enough, that the norms and values of the company are strong enough, to enable the employee to make a decision that will satisfy everyone.

#### *Cultivating Trust*

The presence of trust in an organization is a second driver of organizational excellence. When Gill (2008) discussed how the hospitality industry is “plagued with employee job dissatisfaction and poor dedication issues” (p. 98), he noted that trust is one way to combat these issues, as it “encourages cooperative behavior, reduces conflict, and links service employees’ positive perceptions to their managers, which in turn will increase employee job satisfaction” (p. 99). As both leaders and followers yearn for trust (DePree, 1997) it is important that businesses understand what trust actually means. Caproni (2000) states that trust “is the willingness to depend on others in situations of vulnerability (p. 68).” She continued on to say that the key to building trust is to be aware and sensitive to the needs of others (Caproni, 2000). Similarly, Luke (1998) claimed that trust is based not only on the confidence and predictability of the actions of others, but also on the moral integrity and good will of another.

The development of trust between management and employees is critical to reaching organizational excellence. Caproni (2000), Kouzes and Posner (2002) and Dutton (2003) all agreed that some of the consequences of trust include:

- Attracting and retaining followers
- Promoting a sense of belonging
- Building support for organizational goals
- Developing more productive employees
- Focusing on value-added work (as opposed to wasting time on figuring out motives or the politics of the system, for employees for example, or having to monitor and control employees as opposed to doing higher level work, for managers for example)
- Enhancing communication
- Increasing employees' organizational citizenship behaviors (a willingness to go above and beyond the requirements of the job description)
- Increasing the speed of creation and transfer of knowledge
- Enhancing group work
- Gaining support for organizational change
- Increasing the organization's ability to survive crises
- Increasing employees' acceptance of unfavorable information
- Reducing conflict
- Reducing costs of negotiation

The presence of trust in an organization--between managers and their direct reports, and also among front-line employees--is invaluable; as such, the building of trust is a

critical part of the leadership necessary for promoting excellence. The reasoning behind this is simple: without trust, one cannot lead; one cannot get extraordinary things done (Caproni 2000).

### *Designing Jobs for Excellence*

Organizations can foster excellence by understanding how effective job design can motivate and bring out the best in employees. Greenberg and Baron (2003) claim that job design is a form of motivation, as jobs can be created in a way that strengthens people's desire to do their jobs (p. 213). In the past, jobs were designed in a fashion that led to repetitive, monotonous tasks that led to boredom. However, researchers have found that through job enlargement and job enrichment employers can increase the likelihood that the jobs they design are motivational (Greenberg & Baron, 2003, p. 218).

Job enlargement and job enrichment are ways that employers can re-vamp the current job structure to increase front line job satisfaction. Job enlargement is the practice of increasing the number of tasks of an employee without actually increasing the employee's responsibility (Greenberg & Baron, 2003, p. 213). According to Greenberg and Baron (2003), the application of job enlargement can lead to greater job satisfaction and less boredom (p. 213). In contrast, job enrichment increases not only tasks but also increase responsibilities and requires higher skill levels (Hackman & Oldham, 1980). The benefits of enrichment include higher degrees of employee control and increased feelings that work is meaningful and valuable (Greenberg & Baron, 2003, p. 214). One approach to job enrichment is the Job Characteristics Model. According to Hackman and Oldham (1980), the Job Characteristics Model specifies that when organizations focus on the five specific core job dimensions (skill variety, task, identity, task significance,

autonomy, and job feedback) it can produce critical psychological states that lead to beneficial outcomes for the individuals (increased job satisfaction) and the organization (reduced turnover). Greenberg and Baron (2003) stated that skill variety, task identity, and task significance increase experienced meaningfulness, while jobs that allow for autonomy increase people's sense of personal responsibility and accountability for their work (p. 215). The last core job dimension is effective feedback that provides employees with knowledge of the results of their work (Greenberg & Baron, 2003, p. 215). The Job Characteristics Model is critical to the health of an organization because the psychological states brought about by job enrichment affect both personal and work outcomes, including feelings on motivation, quality of work performed, satisfaction with work, absenteeism, and turnover (Hackman & Oldham, 1980). By utilizing the basics of this model, managers can boost motivation and performance by:

1. Combining tasks, enabling workers to perform the entire job
2. Establishing client relationships, allowing providers of a service to meet the recipients
3. Loading jobs vertically, allowing greater responsibility and control over work
4. Opening feedback channels, giving workers knowledge of the results of their work

(Hackman, J. R., 1976, pp. 96-162).

However, it is important to note that the key to job design is for managers to design jobs that leverage the talents and strengths of their employees, as this leverage is vital to

fostering excellence and the creation of an environment where employees can thrive and perform at higher levels.

*Empowering for eExcellence*

In addition to using job design, organizations can also utilize empowerment to foster excellence. Many organizations are turning to employee empowerment to “enhance performance because of the company’s demands for lower costs, higher performance, and more flexibility” (Spreitzer & Doneson, 2005, p. 2). These practices are also implemented as a means to motivate employees. Organizations employ empowerment in hopes of overcoming employee discontent and reducing the costs associated with turnover and inefficiency (Klein, Ralls, Smith-Major, and Douglas, 1998). However, many of these programs and practices fail because of a lack of industry understanding of what it means to have employees who are truly empowered.

Empowerment in the workplace is often hard to define because many organizations prefer to simply change the attitudes of workers, so as to make them work harder without actually giving them any power (Wilkinson, 1998). However, Spreitzer and Doneson (2005) found that empowerment relates to allowing employees to make their own decisions, which in turn helps to encourage taking risks and trying something new. The idea of empowerment is especially crucial in the customer service industry. When an error occurs in a service encounter it can be very frustrating for the guest to have to explain his or her issues to the manager and then wait for management to decide the proper course of action. If the employer empowered the employee to decide on his or her own service recovery actions, there is an increased likelihood that customers will be



surprised and delighted that the front-line employee has exceeded their high expectations (Bowen & Lawler, 1995).

The key to understanding empowerment in the workplace (and everywhere else, for that matter) is that an organization cannot empower its employees, just as a government cannot empower its people. People have to empower themselves (Spreitzer, 1996).

The rationale behind empowerment is that the individual who performs the job knows what is best (Greenberg & Baron, 2003, p. 365). This tool increases the commitment that individuals have towards a course of action because it is based on decisions they have made themselves (Greenberg & Baron, 2003, p. 365). Greenberg and Baron (2003) felt that in this environment managers are less likely to be “bosses who push people around” and are “more likely to serve as teachers or ‘facilitators’ who guide their teams by using their knowledge and experience” (p. 449). In a sense, empowerment brings out the best in people, increasing productivity, energy, and creativity, all the while increasing engagement (Greenberg & Baron, 2003, pp. 450-1); ultimately the basics for bringing about excellence in organizations.

*Fostering and Supporting High Quality Connections and High Performance Teams*

When an organization is healthy and excellent, one is able to observe high quality connections and high performance teams. The concept of high quality connections (HQC) refers to short interactions or long-term relationships that are marked by vitality, mutuality, and positive regard (Dutton, 2003; Dutton & Heaphy, 2003). In *Energize your workplace: How to build and sustain high quality connections at work* (2003), Dutton stated that there are three key features to HQCs. The first characteristic of a HQC is that

it has a higher emotional carrying capacity than other relationships and interactions. Secondly, a HQC will have greater levels of sustainability, which refers to the relationship's ability to bend and withstand strain in the face of challenges or setbacks. Finally, a HQC has the ability for connectivity, which involves openness to new ideas and influences, as well as the ability to deflect behaviors that terminate generative processes (Dutton, 2003).

From this concept of high quality connections comes the idea of positive relationships at work. This concept builds on the positive psychology (Seligman & Csikszentmihalyi, 2000; Snyder & Lopez, 2002), positive organizations (Cameron & Caza, 2004; Cameron, Dutton, & Quinn, 2003), and positive organizational behavior (Luthans, 2002; Luthans & Youssef, 2004, 2007) movements. It is very important to understand how work relationships affect employees because many employees spend the bulk of their waking hours at work (Ragins & Dutton, 2007). Thus, if work relationships are negative, they can then affect how work gets done, and also the quality of employees' personal lives. While it is clear that positive work relationships (PWRs) are essential to healthy organizations, there has been much argument over what actually constitutes a positive work relationship (Berscheid, 1994, 1999; Duck, 1994; Ragins & Dutton, 2007; Reis & Gable, 2003). However, Ragins and Dutton (2007) believe that "positive work relationships can be defined in terms of the states or processes in the relationship, the experienced quality of the relationship, or the outcomes of the relationship" (p. 8). Applying the same indicators of HQCs to PWRs, it can be said that PWRs are merely another example of a HQC. While both PWRs and HQCs encourage openness openness to new ideas and influences, energy creating, vitality, the ability to withstand setbacks,

etc., there has been much debate over the difference between the two types of relationships.

Many researchers claim that PWRs are simply another form of HQCs (Baker & Dutton, 2007; Heaphy, 2007; Higgins, 2007; Quinn, 2007); however, Kahn (2007) found that PWRs enable individuals to become personally engaged in their work by meeting relational needs and allowing employees to be authentic, present, and intellectually and emotionally available at work (pp. 189-206). Roberts (2007) indicated that PWRs involve a sense of “relatedness and mutuality that creates the possibility for greater self-discovery, heightened self-efficacy, and identity enhancement” (p. 29). Research has also shown that PWRs should be defined in terms of resiliency and the capacity to build and repair trust while faced with adversity (Pratt & Dirks, 2007, pp. 117-136).

While attempting to create an environment at work that fosters high quality connections, there are three pathways that need to be followed. The first pathway to building HQCs is respectful engagement. According to Dutton (2003), respectful engagement is a way of engaging with another person that indicates and reveals the other person’s value and worth. There are several ways to communicate respectful engagement, including being present, communicating affirmation, practicing effective listening, and offering supportive communication (Dutton, 2003). A second pathway to HQCs is referred to as task enabling. Task enabling occurs when one person helps or facilitates another’s success. The four most prevalent forms of task enabling are:

- Teaching – informational – sharing what works and why
- Nurturing – developmental – offering emotional support
- Advocating – political – provides visibility and/or shields from danger

- Accommodating – granting flexibility – cutting slack, adjusting demands (Dutton, 2003).

The third pathway to building HQCs is through trust. Trusting entails conveying to another person that it is believed he/she will meet expectations and he/she is dependable (Caproni, 2000). In order to convey trust, individuals can share resources, seek input from others, become vulnerable, develop joint goals and listen to others (Dutton, 2003).

Once an organization has followed these three pathways to building HQCs, and in turn PWRs, it can then begin focusing on the creation of high performance teams. Teamwork is essential to the smooth operation of an organization and can encourage PWRs. It enhances mutual understanding between the employee and manager, which will then lead to stronger emotional bonds (Gill, 2008).

High performance teams are committed to a higher purpose--to learn more and bring out the best in each member of the team, to develop trust, and make high quality connections (Katzenbach & Smith, 2003). Katzenbach and Smith say that, ideally, this team will be small in numbers, with its members having complementary skills including communication, listening, compromise, technical, leadership, problem solving-, and people skills (2003). Unlike typical teams that are simply goal oriented, high performance teams are concerned with accomplishing goals through the commitment members have to one another's growth and development. The members of high performance teams show high levels of mutual care, trust, and respect for each other. This type of team can foster excellence by empowering people to make decisions, sharing responsibility between managers and employees, having a communicated purpose, and focusing on the task at hand (Greenberg & Baron, 2003, p. 294).

*Fostering Excellence through the Management of Change*

Change is unexpected and unavoidable for both individuals and organizations. There comes a time in the life span of every organization when leaders are faced with two options: change or die. The organization that has the ability to change has the capacity to build upon its capabilities and in turn gain a competitive advantage.

One way for leaders to bring about change in their organizations is through the adoption of a strong and evocative vision. Simply put, the vision of an organization is a future plan; it is what the organizations aspires to be (Daft and Lengel, 2000; Kouzes & Posner, 1995). Daft and Lengel (2000) argue that it is essential for organizations to embrace a vision statement because today's workplace can be isolating and frustrating, leaving employees with a yearning to be a part of something larger. According to Kouzes and Posner (1995), the most effective visions are widely shared, unique and future oriented, while Daft and Lengel (2000) pointed out that visions are key to fostering excellence because they speak to the individual's yearnings to be involved in something meaningful and to achieve a higher purpose.

Unfortunately, the change process is not always an easy one. Many leaders become frustrated while trying to implement change because there is a tendency to cling to the past (Daft & Lengel, 2000). In order to combat this, leaders continuously reinforce and focus on the vision as a means of crystallizing what a successful future looks like. Daft and Lengel (2000) draw on the idea of "future pull" from Land and Jarman's *Breakpoint and Beyond*, which says that the future pull of the vision helps people break free of the heavy anchor of habit and history that prevents movement" (p. 97). Only when there has been a break from the past and individuals are able to visualize the future

does the vision becomes “the genetic code” and “shaping force of the organization” (Daft & Lengel, 2000, p. 98).

The most notable result of having a strong, powerful vision is that it can create organizational fusion by removing the barriers between people and shifting the focus from personal to organizational (Daft & Lengel, 2000). Daft and Lengel (2000) recognize the importance of this shift because it improves the collaborative process by using the collective intelligence to implement change, thus increasing the sense of community, where all employees are encouraged to become leaders and true empowerment exists. Through organizational change and a strong vision, there is an increase in an organization’s adaptability and capability, which can foster excellence.

#### *Motivating and Rewarding Excellence*

As excellent organizations provide a workplace where individuals are engaged, adaptive, productive, creative, and happy, it is important that managers understand how they can motivate and reward employees as a means of achieving this. While there are numerous theories on motivation, this literature review will focus on a needs-based approach, a goal-setting approach, and an equity approach, and how these theories can be integrated to provide an understanding of how to motivate both one’s self and others toward achieving excellence.

Motivation can be needs based (Maslow, 1943; Alderfer, 1972). These approaches focus on the idea that people are motivated by personal needs (Lindner, 1998). As a means of motivating employees by satisfying their needs, organizations can promote a healthy workforce, provide financial security and opportunities to socialize, and recognize employee accomplishments (J. Dutton, OBHRM 501 lecture, Spring

2003). A second group of motivation theories are based on goal setting. Goal setting theory is based on the idea that people are motivated to strive for and attain goals (Greenberg & Baron, 2003, p. 197). According to Greenberg and Baron, in as such that goals improve performance by making clear what type and level of performance is expected, managers can foster excellence by having the goals of their employees in line with the vision, mission, and strategy (p. 197). To motivate employees using goals, managers should assign specific goals that are difficult but attainable, and then provide feedback to the employees concerning their performance towards achieving the goals (Locke, 1976). A third approach to understanding motivation is based on equity theory, or in other words, how the comparisons people make between themselves and others affect their work (Adams, 1965). In order to maximize motivation, management should strive for equity in rewarding employees and making the process of rewarding employees transparent (J. Dutton, OBHRM 501 lecture, Spring 2003). According to Kouzes and Posner (1999), a fourth approach to understanding motivation would be to incorporate ideas from the three previous theories, while also drawing on research aimed at understanding how people feel. In order to combine these four ideas, Kouzes and Posner (1999) describe seven essential for “encouraging the heart:”

- 1) Set clear standards
  - a. Align with values
  - b. Facilitate people monitoring themselves
  - c. Reward for goal achievement
- 2) Expect the best
  - a. Envision the best for self and others

- b. Find ways to make positive expectations for self and others visible
- 3) Pay attention
  - a. Know what kind of recognition makes a difference to oneself
  - b. Recognize others' contributions often
  - c. Send signals that you look for people doing the right thing
- 4) Personalize recognition
- 5) Tell the story
  - a. Build skills in story telling as a tool for motivating and recognizing others
- 6) Celebrate together
  - a. Develop celebrating as a skill and worthwhile investment
- 7) Set the example

By setting clear standards, expecting the best for one's self and others, and paying attention to what makes a difference, leaders can encourage the heart while fostering excellence.

Once an organization has figured out what motivates its employees, it is important to remember that motivation is only half of the battle. Milne (2007) notes that even though the two ideas are "often discussed in tandem, the terms "rewards" programs and "recognition" programs do refer to different concepts" (p. 29). Typically, businesses use rewards programs through pay, promotion, bonuses or other types of rewards to encourage high levels of performance (Cameron & Pierce, 1977). Recognition programs, on the other hand, are non-financial rewards "given to employees selectively, in appreciation of a high level of behavior or accomplishment" and can be as simple as "giving someone feedback on what they have done right, or just saying 'thank-you'"



(Milne, 2007, p. 30). Most importantly, recognition initiatives are about celebrating successes (Milne, 2007).

Regardless of which incentive program is used, it is crucial that organizations be certain about the type of behavior they want to reward so they can be sure that the program actually rewards this behavior. Kerr (1995) provides numerous examples, from politics, medicine, the military, academia, sport, consulting, business and government, of reward and/or recognition systems that do not work because the type of behavior that is rewarded is the actually the behavior that the organization is trying to discourage.

DeMattio, Eby, and Sundstrom (1998) also note the importance of team rewards. Acknowledged reasons for using team rewards include that they “support a team-based structure, foster co-operation among team members and promote team productivity” (DeMattio et al., 1998, p. 144). Milne (2007) noted that team rewards are typically easy to observe and tend to convey organizational approval for those so rewarded or recognized. Although some employees will have difficulty relating personal efforts to group performance measures (Milne, 2007), Lawler and Cohen (1992) linked group rewards to the “achievement of work-group goals” (p.8). As evidenced above, when designing any team-based incentive program, the key is to develop one that both sustains team progress and reinforces the team structure (Gross, 1997, p. 48).

Recognition programs that are aligned with the vision and the culture of the organization can foster excellence by increasing acceptance, adherence, and active engagement in the strategy and direction of the organization.

#### *The Absence of Excellence*

\_\_\_\_Even though the numerous benefits and outcomes of positively deviant excellence

have been researched extensively and widely accepted, there are still many organizations that focus on normalcy (Cameron, 2003). Essentially, managers in this type of organization function as “firefighters,” in that they are constantly putting out fires, or in other words, seek out instances of negative deviance and fix them (C. Young, HOA 607 lecture, Spring 2006). Cameron (2003) compared negative and positive deviance to “illness” and “fitness.” In the chart below, his ideas on deviance are explained in further detail:

<b>Understanding how to foster extraordinary performance*</b>			
<b>Individual</b>			
<i>Physiological</i>	Illness	Health	Fitness
<i>Psychological</i>	Illness	Health	Flourishing
	-----	-----	-----
	Negative Deviance	Normal	Positive Deviance
<b>Organizational</b>			
<i>Effectiveness</i>	Ineffective	Effective	Excellent
<i>Efficiency</i>	Inefficient	Efficient	Generous
<i>Quality</i>	Error- prone	Reliable	Perfect
<i>Ethics</i>	Unethical	Ethical	Benevolent
<i>Relationships</i>	Harmful	Helpful	High Quality
	-----	-----	-----
	Solving Problems		Fostering extraordinary performance
*Adapted from Cameron, K. (2003). Organizational virtuousness and performance. In Cameron, K., Dutton, J., & Quinn, R. (Eds), <i>Positive organizational scholarship</i> . San Francisco: Berrett-Koehler.			

Cameron compared the way leaders look at organizations to the way medical professionals examine patients, saying that doctors, as well as managers, are not trained

to focus on qualities and characteristics that indicate thriving, but to focus on whether or not there are any noticeable problems to diagnose. In the past, health has been defined as the absence of illness or disease; however, the absence of illness is really only just that – the absence of illness. According to Cameron (2003), health goes beyond the absence of illness to focus on strength, vitality, and energy. This pattern of analysis keeps organizations focusing at normal or ordinary levels of performance. When organizations are performing at these levels, there is obviously an absence of excellence.

Just as there are indicators that organizations are excellent, there are also indicators of non-excellence. Some examples include:

- Low efficiency
- Low employee satisfaction
- Lack of loyalty
- Low levels of customer service
- Employee burnout and increased job stress
- High turnover
- Individualistic behaviors rather than collectivist behaviors
- Resistance to change
- Slow growth
- Stifled communication
- Lack of vision, mission statement, and verbalized strategy

While these indicators of non-excellence are evident in all industries, as a whole, the hospitality industry faces serious issues in regards to job stress, burnout, and turnover (Buick & Thomas, 2001; Jamal & Baba, 2000; Zohar, 1994).

### *Job Stress, Burnout and Turnover*

Job stress refers to the pressures that employees feel while at work, while burnout is defined as a syndrome or state of physical, emotional, and mental exhaustion that includes cynicism towards one's work in response to chronic organizational stressors (Boyd, 1978). Research has also shown that in industries where there are high levels of contact with customers there is a higher likelihood that burnout will occur (Buick and Thomas, 2001). Gill, Flaschner, and Shachar (2006) built upon this research, finding that hospitality industry workers (customer contact service employees in particular) are subjected to “dynamic, multi-national, multi-lingual, and many times unplanned or unforeseen peaks in their working environments--all of which contribute to higher levels of work related stress” (p. 471). This idea of burnout is taken one step farther by Chung and Schneider (2002) and Ross and Boles (1994), all of whom found that role conflict is common among front line hospitality staff as they attempt to balance often conflicting demands from customers and management.

Both job stress and burnout can lead to turnover which many industry leaders consider a necessary evil (Brandmeir & Baloglu, 2004). Laube (2005) found that many restaurants lose a large percentage of newly hired employees (some as much as 30-50%) during the 1<sup>st</sup> two weeks of employment. This high turnover is detrimental to the organization because “employee turnover is expensive, disruptive to operations, and makes the job of managing the restaurant even more of a challenge than it already is” (Laube, 2005, p.4). Solomon (1988) offers a grim estimate of “replacement, separation and training costs at 1.5 to 2.5 times the annual salary for each person who leaves.” Additional research has shown that the cost of employee turnover rose nearly 400% from

1983 to 2000, with the estimate of turnover costs for a front desk clerk reaching almost \$6,000.00 (Hinkin & Tracy, 2000). The costs that Hinkin and Tracy (2000) analyzed included separation, recruiting and attracting, selection, hiring, and low productivity costs. However, it is important to recognize that Hinkin and Tracy (2000) do not take into account the lost revenue that results from customers not returning because of poor service quality (while new hires hone their craft). This is especially key in calculating the costs of turnover in restaurants, as back-of-the-house and front-of-the-house turnover influence product and service quality, perceived value, and/or overall performance (Laube, 2005).

Any time that employees have to deal directly with customers there is the possibility of stress and burnout; however, research suggests that job stress, burnout, and turnover are increased when hospitality organizations fail to be concerned with employee well being and whether or not employees feel supported and valued (Anderson, Provis, and Chappel, 2001; Tabacchi, Krone, and Farber, 1990; Zohar, 1994). Savery and Luks (2001) emphasized that the harmful and costly consequences of stress demonstrate the need for strategies to limit stressors within the organization.

In order to combat this plague that the hospitality industry faces, Walters and Raybould (2007) suggested managers should implement a strategy to reassure employees of the organization's commitment to them. A second suggestion was to consider "redesigning front line jobs to make them more meaningful, challenging, and psychologically rewarding" (Walters & Raybould, 2007, p. 154). Similarly, Vallen (1993) said that hospitality organizations should ensure that managers are accessible, compassionate, and available to address the grievances of frontline staff. Gill (2006)

theorized that customer contact service employees who are committed to their organization's mission, goals, and objectives (all of which are the results of transformational leadership) will feel less job stress than those who are less committed.

### *Conclusion*

Excellent organizations are able to adapt, have the capacity to learn and **have** high quality **and** quantity of output, while fostering an environment in which individuals thrive and perform at their best (C. Young, HOA 607 lecture, Spring 2006)). The major drivers of excellence include leadership, trust, strong culture, empowerment, adaptability, high quality connections, high performance teams, job design, and motivation and rewards. After discussing at length these drivers, it is clear that to create and sustain a healthy, excellent organization requires constant attention and dedication from the company's leadership. When certain areas are neglected, issues such as job stress, burnout, and turnover may occur at alarming rates. Achieving excellence is a very difficult task and while many organizations may be good and profitable, there are very few that would be categorized as "excellent" according to the definitions developed by the Positive Organizational Scholarship researchers. It is important to remember that whether or not the organization is excellent relates directly to the individuals who form that company's leadership. If the leadership does not believe in healthy leadership (both transformational and transactional), or if the leadership does not cultivate trust or understand the importance of fostering and supporting HQCs and PWRs, then why should front-line employees believe? To build and maintain an excellent organization requires the efforts of every single member of the organization, from the janitor to the CEO; every single person counts.

## Chapter 3

### *Introduction*

The following chapter will present a teaching case study that deals with the concept of organizational excellence. The case was developed for the purpose of discussion and was not meant to indicate effective or ineffective handling of the situation at hand. After the teaching case is presented, an Instructor's Manual is provided to assist professors in using this case in the classroom.

### *What's Cooking at California Pizza Kitchen?*

#### **What's Cooking at California Pizza Kitchen?**

Chloe Nelson, a dining room shift leader (DSL) for California Pizza Kitchen Fashion Show (CPK- FAS), found herself in quite a predicament. After her recent transfer to CPK- FAS, one of the company's highest grossing units, the Regional Director called for a Quality Circle with all of the front line staff members. Listening to all of the issues and concerns, but also positive feedback, from the staff during the Quality Circle, Nelson had personally concluded that even though the store had experienced an increase in sales and growth, there were definitely areas in which the store could improve. Upon arriving at work on Monday morning following the meeting, Nelson found herself cornered by her new store's General Manager, Karl. Karl was interested in her opinion and recommendations for the managers' action plan to deal with the fallout from the recent Quality Circle. Nelson felt her face get a little flush and she panicked ever so slightly. She was not really sure she should say anything. Several questions popped into her head. "Were the issues brought up at the Quality Circle truly important, seeing as the store is financially successful and performing well above company average? If change is

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necessary, would it be possible to do so within the confines of corporate policy? As merely a DSL and also the “new kid on the block,” what can I do to change things? And what consequences would there be for my suggestions and actions? Does Karl really want to hear what I have to say?”

### **CPK’s Story**

In March 1985, lawyers Larry Flax and Rick Rosenfield traded the courtroom for the dining room when they fulfilled their lifelong dream of opening a restaurant together. This was not just any restaurant, but a restaurant that featured their favorite food-- authentic, California-style pizza. But Flax and Rosenfield knew that serving California-style pizza was not going to be enough to compete in the already saturated market of pizza parlors.

And so was born the concept upon which their company was to be built – unique pizzas that would feature eclectic flavors from all over the world. To boost the hype, the restaurants were designed around a large hearth pizza oven, with a large counter surrounding it to allow customers to enjoy their entrees while watching the beautiful fusion of California-style pizza with fresh, exotic toppings that would whet anyone’s pallet (CPK Employee Handbook, 2003, p. 7).

The founders’ vision was to be leaders in casual, full-service dining (CPK Employee Handbook, 2003, p. 4). Flax and Rosenfield realized that to accomplish this they needed to focus on more than just baking pizzas. This goal would be accomplished by focusing on four key objectives: “(1) making CPK a great place to work, (2) amazing every guest every time, (3) achieving financial success, and (4) contributing to [their] communities” (p. 4). After opening the first store in Beverly Hills to much fanfare and



success, Flax and Rosenfield decided to grow the business by bringing this creative dining experience to people throughout the US and to international locations.

In addition to traditional [full-service](#) units, the company had smaller stores offering a limited menu for take-out only, under the name CPK ASAP. In 1997, CPK entered into a trademark license agreement with Kraft Pizza Company to manufacture and distribute CPK's most popular pizzas in supermarkets' frozen foods section. These two brand expansions were undertaken to broaden CPK's target market. [By early 2006 CPK had grown to over 190 units in more than 27 states, Washington, D.C., and five foreign countries \(see Appendix A\).](#)

#### **CPK in Sin City**

CPK [had two](#) units in Las Vegas, Nevada. One, located in one of the largest resorts on the Las Vegas Strip, was a franchise unit. The second property, located in Fashion Show Mall, was company owned and operated. This mall, located right on The Strip, was large, glitzy, and boasted some terrific dining options. In 2004 the mall held a grand re-opening (though only the food court was ever closed) after a massive construction project that doubled its size to nearly two million square feet, making it one of the largest shopping centers in the US. The store [\(opening at the time of the grand re-opening of the mall\)](#) was located in the far west corner of the mall and had a modest capacity by CPK standards, housing 46 tables of varying sizes and accommodating up to 177 people.

On a typical shift, 15 front-of-house employees (including hosts, servers, bussers, and bartenders), 11 employees in the back-of-house (including cooks and dish machine operators), and no fewer than two managers [were on duty](#). In the spring of 2006, the

store employed five managers and three dining room and kitchen shift leaders, one of whom was Chloe Nelson. The store was open Monday through Saturday from 11:00 a.m. to 9:00 p.m. and on Sundays from 11:00 a.m. to 7:00 p.m. Managers were expected to work no less than 5 shifts per week, 10 hours per shift; however based on the needs of the restaurant, the length of each manager's shift sometimes was longer. The CPK- Fashion Show store was closed only three days each year: Easter Sunday, Thanksgiving, and Christmas Day (this was not typical of other CPK's; as CPK Fashion Show was located within Fashion Show mall with no outside entrance, the store had to be closed when the mall was. Other CPK's were typically closed only on Thanksgiving and Christmas Day).

The store was one of CPK's best financial performers. Average daily sales ranged between \$8,000 and \$13,750, bringing average weekly revenues into the \$56,000 to \$96,250 range. During the restaurant's peak season in 2005, which ran from November through December, daily sales ranged from \$15,000 to \$21,000. During the holiday season, the store set a new single week sales record of \$119,000. The store's sales for the peak season catapulted it into fifth place in the company for fiscal 2005, behind four stores, which were much larger than the Fashion Show location (see Appendix E for financial comparisons to the CPK averages).

### **Nelson's Background**

Chloe Nelson joined the CPK Fashion Show staff in early 2006, after her family decided to relocate to Las Vegas, Nevada. After three years with the company-owned Bellevue store (Seattle, Washington area), Nelson had worked her way up through the ranks, from hostess, to server, to takeout server, and eventually to dining shift leader (DSL) (see Appendixes B, C, and D). Nelson had truly enjoyed working in the Bellevue

store but also had looked forward to the challenge of transferring to a new store as an extension of the management team. As a DSL in Bellevue, Nelson had some managerial responsibilities and the managers often looked to her for support. Her role was supervisory but she had been considered an informal member of the management team.

Upon arriving in Las Vegas, Nelson was quick to notice the differences between how her old store and the Fashion Show store were operated. Having worked in the food and beverage field since high school, she knew not all restaurants were operated equally, regardless of whether or not they were owned and operated by the same company.

Nelson knew that the Fashion Show store was very successful; the revenues were high and customer retention was high. Despite these two positives, she began to notice that there seemed to be high turnover among the staff and management, and that there was a lack of communication, a lack of strategy, a lack of teamwork, and no trust between the management and staff. However, Nelson recognized that any opinion she might form about the store could be biased by her previous experiences and her education, and felt it would best to simply wait it out and see how the front line staff felt about how the store was run.

As if by sheer luck, six weeks after her arrival at CPK Fashion Show, the Regional Director scheduled a Quality Circle meeting for all of the front-line staff (management was not allowed to attend). The purpose of this meeting was to allow employees a safe place to talk about their concerns and issues--a place where they could suggest ways to make the store better, without having to worry about the managers knowing who was saying what. As the Regional Director was very strict about management retaliation, the employees generally were more open and honest. Since

Nelson was still a DSL, and considered an hourly employee, she was welcome to join in or simply observe.

### **The Quality Circle**

Before the Quality Circle began, the Regional Director addressed the group, letting everyone know that only frontline employees had been invited to attend the meeting and that no matter what was said, the managers would not find out who had complained about what. He also stressed that if anyone felt they were being retaliated against, they should report it to him, as retaliation would not be tolerated and would be dealt with accordingly. On that note, he opened the floor for discussion.

The first employee to speak was a busser who had been with the restaurant for just over a year. Juan indicated that he was becoming very frustrated with his fellow employees because he felt that “everyone was simply out for themselves. Anytime that I need help, no one is around or they are just too busy doing their own thing.” Alicia, a server, nodded her head in agreement and went on to say, “All of the servers are only focused on turning tables quickly, and no one helps out with the running side work or food running.” The takeout trainer, Daniel, stressed the importance of working together when he said, “What people do not realize is if we work together everyone’s job is easier and we can all make more money. If we all got the help and support that we need from each other, then we would all be happier. Our happiness would then make our guests more happy, which in turn increases the likelihood that our tips will be higher.”

Some of the employees indicated that the actions of the servers were direct reactions to the way in which they observed the management team behaving. Specifically, Margie, a counter server with CPK for 6 months, said,

The managers always talk about how we need to work together but they don't set a very good example. I mean, just yesterday the expo had to help the pasta cook with all of his tickets , but when he went in to the kitchen to help out, the expo station was uncovered. Pizzas started coming out of the oven and there was no one there to cut them. No one stepped up to cut the pizzas... none of the pizza cooks and not even any of the three other managers scheduled that day. After a few minutes, I stepped forward and cut the pizzas. I wasn't going to let my pizzas get cold because they weren't working as a team.

Many employees were nodding their heads in concurrence. Stanley spoke up, “Last week, when I asked the manager on duty to help me bring out refills to one of my tables, he said, “Sure!”. As I continued to help my other tables, ten minutes passed and I noticed he never delivered the refills. When I confronted him he said that he had forgotten. I understand that everyone forgets but his forgetfulness directly affected my tips.” Dina, one of three DSL's in the restaurant, indicated that to her it seemed as though

The managers simply talk about working together but do not actually reward for it. Each day we have sales contests that pit servers against each other, rather than having contests that reinforce the need for us to work as a team. It is almost as if they are unsure of what they want us to do... compete against each other or work as a group. Maybe we should

think about changing the contests up a little bit, by hosting some contests that focus on sales and others that focus on some of the group work functions of the restaurant.

As the conversation shifted into a new direction, many employees mentioned that turnover (see Appendix F1 and F2) was a major problem for the restaurant, especially management turnover. One host, Dre, went so far as to say that “managers drop like flies in this place.” A second host, Isabella, had the same opinion, and went on to say that since she joined the staff in 2005 the store had had “six managers leave, including the General Manager. The turnover for the management-training program in this store is even worse! Only one of the six MIT’s [managers-in-training] we have had is still with the company.” Dre interjected “Does anyone remember that trainer, Raul? He didn’t just quit. He went on break and never came back!” Everyone started laughing. then Isabella piped in again, “And what about Alanna? She was a trainer AND a DSL who had been with CPK for over ten years. Remember? But she left too, and gave only 12 hours notice!”

There was, however, one dissenting voice in the crowd. Sam, a server, conceded that while the store has seen many managers come and go, there were several plausible reasons for this besides there being something inherently wrong with the store. Firstly, “turnover is generally high in all restaurants, especially in Las Vegas where there are restaurants on every street corner.” Secondly, Sam noted that

The purpose of the Fashion Show store is to be a stepping-stone for managers looking to advance within the company.

Many managers move west to Las Vegas, in hopes of

becoming General Managers in California where there are hundreds of stores. So yes, six managers have left our store since 2005 *but* three of them only left because of promotion.

That has to count for something.

While many agreed that what Sam was saying made sense, they could not help but bring up the turnover for the rest of the staff. One of the few back of the house employees, Arturo, mentioned a time this past May (2005) when “eight employees gave notice, all within the same week.” Arturo went on to draw everyone’s attention to a period in 2005 when six others left, stressing that while this may have been only 14 employees, it did not “tak[e] into account the others that ha[d] left in between. And that was 14 employees out of what, like 44 in total ... all of whom left within two months time.”

Jules, a server trainer, agreed with Arturo, claiming that she had been in “three separate training classes in this restaurant, however, [and] not one person from any of those training classes [was] still with the restaurant. In some way that has to be a reflection on the store.”

One of the other BOH employees, Marta, a pantry cook, remembered that one of the eight employees who Arturo mentioned had left in May 2005 was an employee who indicated she was leaving because she had very little faith in the management team to get things done on her behalf. Said Marta

And I ha[d] to agree with her. Just last month, I asked the General Manager to forward my training materials to the training department. When I checked with him on three

separate occasions after that, he told me that he had taken care of it. But when I called the training department to ask where my materials were, I was told that the department had never received the materials. If the General Manager had told me that it had slipped his mind, I would have been okay. However, he chose to lie to my face three times.

After that how I can trust him?

Although some people agreed with Marta, others did not. In particular, Mike, a server, interjected that on more than one occasion he had witnessed managers truly stepping up and acting as leaders. He recalled a situation from the previous month that was unforgettable. He had been working a scheduled double shift on a busy Saturday. Typically, depending on the flow of business, servers were granted a 15-30 minute break when they were working more than eight consecutive hours. On that day, however, the restaurant had been so busy that there was no way the hostesses could have closed his station to allow for the break. In order to make sure that Mike received his break, one of the managers actually offered to watch his station. Mike remembered that the manager “greeted my tables, took orders and entered them, delivered their food... he came in, in a pinch, and really helped me out so I could take a breather. Finding leadership like that is rare and he certainly made an impact. It is still one of the most memorable things that a boss has every done for me.”

Even though everyone in the group was impressed with the actions of the manager to which Mike had referred, another employee, Antonio, a pizza cook, felt that another area of concern that deserved attention was communication, or the lack thereof. Antonio



recalled that earlier in the month there was a change in the employee food policy (what employees were permitted to eat and what portion, if any, they were required to pay towards the meal) that was communicated to staff members through the morning meeting on a Tuesday (the morning meeting is a tool utilized by the management team to focus the team and provide information before each shift). Antonio was off that day, but attended every other morning meeting that week and no mention was made of the food policy. On Sunday, when he ordered his food, the General Manager was quick to reprimand him. Antonio declared that “it did not seem fair that [he] should be held accountable for knowing something that was only mentioned once by one manager on a day that [he] was not working.” Frankie, a server, nodded his head and started to chuckle to himself. When everyone in the group looked at him with questioningly, he said

Does anyone remember when Alex joined the staff here as a manager? No one knew he was coming in; he just showed up on the floor one day. I remember that he saw me carrying a drink to a table without using a tray and criticized me for breaking CPK policy and not following the rules. I turned around and thought to myself “Who is this crazy guest and why is he bothering me?”

Everyone laughed at Frankie’s recollection, even the RD.

One of the counter servers put an end to the laughter when she changed the subject and spoke about always having to find a manager to issue a void. Veronica spoke of a situation she encountered two weeks prior. One of her guests had ordered a cup of regular coffee with her chocolate banana royale cake. After tasting the coffee, the guest

told Veronica that she did not like it. Recalling her training, Veronica offered the service recovery options she had been taught. The first option was to bring a second cup of coffee to see if it was just that first cup that had been bad. The second was to order something different for the guest, like café latte or café mocha, and the third option would be to have the coffee voided off the check completely. The guest opted to simply finish her dessert without the coffee and to have to the coffee voided off. Unfortunately, Veronica noted that it took her “10 minutes to have the manager void off the coffee that cost a mere \$1.99. By the time she left the restaurant, the guest was not happy and it was definitely reflected in my tip.”

After a very long discussion, it seemed as though the meeting was winding down. The RD asked if anyone else had anything to add. A hand in the back rose, and Amanda, a hostess, interjected that she felt like “many of the problems we have in the restaurant could also be helped if the management team sought out and hired more qualified individuals, and then trained them better.” Most of the employees agreed with her and said they felt the managers needed to be more pro-active about the staff. Antonio spoke up again and agreed with Amanda, asking the group

Remember when Grace went out on maternity leave? We obviously knew ahead of time that she would be out for months but yet there was no plan for when she left. Grace played a critical role in the daily operation of the prep station. She worked five of the busiest mornings of the week and prepped 75% of the food served on those days. It just did not make sense to me that there was no plan for her

departure... why didn't someone think to have her train her replacement?

Yet again, Sam disagreed. He pointed out that it was hard for the managers to seek out more qualified applicants because CPK Fashion Show was only one of over 190 stores in a large corporation and it was important to remember that it had very specific policies to which every store had to adhere. But Sam did note that the store had one of the trainers working directly with career services at the local university to increase its exposure to hospitality students. A second employee, Maxi, agreed with Sam but felt that more attention could be put into the implementation of the training process. All front of the house employees had formal class sessions, followed by several shadow shifts. The number of classroom sessions and shadow shifts varied depending on the position, from two days for the hosts to five days for servers. While the class time was valuable, Maxi felt the shadow shifts had lost their effectiveness. On days when multiple trainees needed to shadow shift, management was forced to have some trainees follow inexperienced servers who were not following the strict policies that were being taught in the classroom. Maxi claimed this resulted in "a large gap between what they are taught in class and what they see other servers doing on the floor. Most people learn from what they see, rather than what they hear."

### **Nelson's Reaction**

As Nelson sat at the Quality Circle, she was impressed with the thoughtful issues that the employees were bringing to the RD. Not everyone thought things were all bad; more than one employee provided possible reasons or defenses for the actions of the managers. The RD had informed the management staff that he would be sending a

detailed report, via e-mail, to the store no later than Sunday night and he expected a detailed action plan to follow, via e-mail, after the managers discussed the issues brought to light by the employees. Nelson noted that the next time the management team would be all together to discuss the feedback from the Quality Circle would the following Monday at the weekly manager meeting. Nelson wondered what reaction the managers would have to the e-mail. She was also eager to hear what the management team's action plan would be and what role the managers would want her to play in the plan.

### **The Fallout**

Just as promised, the e-mail from the Regional Director detailing what was said at the Quality Circle was received on the following Sunday afternoon. While all of the issues and concerns were written out, no names were divulged.

The reactions of the managers working that day were somewhat split on their opinions and Nelson found herself listening to the discussions of the Kitchen Manager and the Front of the House Manager who were working that afternoon.

Juan, the Kitchen Manager on duty, lamented over the mention of trust or faith in the management, stating "none of [my] people said there was a lack of trust or faith, so why should I change?" Isabelle, the Front of the House Manager, disagreed, saying that "We are *all* managers in this restaurant and just because we specialize in different areas, it does not mean we are on different teams. We are on the same team and we have to work together!"

Isabelle went to say that the only concern she had was that some of the issues brought up by the staff were things that could not be fixed at the unit-level. For example, the employees complained about sales contests. Isabelle agreed that perhaps it would be

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beneficial to host more contests that focused on rewarding teamwork, but at the corporate level there were still contests that related to personal sales. Each store was mandated to participate in the sales eagle contests, where every week the suggestive sales of each server are ranked against the other servers. At the end of the month, each store puts the names of each week's winners in a hat and picks a name. The winner is given a prize of \$150.00 cash. Isabelle went on to say "each week, our Regional Director's tell us which areas we need to focus on, which most of the time relates to our suggestive sales percentages. When we, as managers, feel the pressure to up the store's percentages, so sales contests are an easy solution."

Juan went on to talk about the employee concerns with recruitment and training.

He indicated that although

The employees are right that we need to plan ahead more for situations relating to frontline turnover that we can foresee, how much can we really do? I mean, we can't force people to apply here... we only interview who walks through the door. And as for training, I mean we are stuck with the training program that corporate provides us with.

So [the employees are] all complaining, but we have to follow the corporate guidelines!

He also decried the complaints about communication, claiming that perhaps managers were trying to communicate but the employees were "not really listening."

Isabelle, however, disagreed. She indicated that communication was definitely something that should be worked on--both among the managers and between the staff and managers. She went to say that

Communication can only help us achieve our goals...  
because if we don't tell people what we are trying to  
achieve, then how can we expect them to know them? And  
if the staff doesn't know what the goals are, how can we  
expect them to try and achieve them with us?

As the night drew to an end, Nelson, along with the other managers anxiously awaited the next day's manager meeting. They all knew that every manager would have a lot to say about the e-mail. Personally, Nelson wondered what the managers would decide to do to change what the employees were complaining about.

On Monday morning, when Nelson arrived at work, CPK- FAS's General Manager, Karl, asked her to accompany him into the office. Karl questioned if she had attended the Quality Circle the previous Friday. Upon answering yes, Karl immediately asked Nelson for her opinions- both on what was said and what action should now be taken. At first, Nelson did not know what to say. Her mind was racing with thousands of questions and thus she was relieved when Karl said that he wanted her to think about it and attend that afternoon's meeting and provide her feedback then. As she walked out of the office, Nelson began to think about what Karl asked of her. Before she made any recommendations to the management team, she really had to think things through.

*Instructor's Manual for What's Cooking at California Pizza Kitchen?*

### **Case Objectives and Use**

This organizational behavior case is designed to highlight drivers of organizational performance that are often overlooked by executives and financial markets. These drivers are the focus of the positive organizational scholarship movement that grew out of positive psychology. In addition, students who are likely to be junior level managers meet a protagonist in whose shoes they may walk after graduation. What can such a person do when confronted with problems and predicaments beyond the scope of her or his decision-making authority? The case was written for use in upper division undergraduate and graduate organizational behavior and human resources classes.

### **Case Synopsis**

After arriving at work on the Monday morning after the Quality Circle meeting for front\_line employees at California Pizza Kitchen Fashion Show, Chloe Nelson, a Dining Shift Leader, was confronted by her General Manager, Karl. He provided Nelson with a copy of the e-mail from the Regional Director that detailed the issues and concerns raised by the front line employees. Eager to hear her thoughts as both a Dining Shift Leader (a program that functions as the training and development vehicle for aspiring restaurant managers) and a new transfer to the store, Karl cornered Nelson, asking for her opinions and suggestions for how to turn these issues into an action plan to create a better place to work for everyone. Immediately, Nelson froze, with a multitude of thoughts and questions running through her mind. Promising to provide feedback and suggestions at that afternoon's weekly manager meeting, Nelson was faced with numerous important questions. Firstly, are the issues that were brought up in the Quality Circle truly that important, seeing as the store was financially successful and performing well above the company average? Secondly, would the store be able to change to everyone's

satisfaction within the confines of corporate regulations? And thirdly, she was only a DSL and the “new kid on the block,” at that. What could she do to change things? And what consequences would there be for her suggestions and actions?

### **Intended Courses and Levels**

This case is most appropriate for upper division undergraduates or graduate students in organizational behavior courses. The issues involved – trust, leadership, [vision, empowerment](#), motivation and rewards, etc. – are all content areas in the typical [organizational behavior](#) class. “What’s Cooking at CPK?” is, however, ideal for examining and illustrating the drivers of organizational excellence as conceived by OB faculty in the positive organizational scholarship movement. It can serve as an integrative, end-of-term case in OB classes, and possibly also in human resources class. In addition to applying course material in the content areas outlined above, students get to grapple with the “what to do” decision a manager in training faces. Answering this question can bring power, influence, and change management into the discussion as well.

### **Teaching Objectives**

By reading and discussing the case, students should come away with:

1. An understanding of the roles trust, leadership, [motivation and rewards](#), ~~vision~~, and empowerment play as drivers of organizational excellence;
2. The ability to assess excellence using non-financial and financial indicators; and
3. An understanding of how to approach the introduction of change when they are in junior management positions.

**Relevant Analytic Tools** (concepts, models, theories, and ideas useful for analyzing the case)



- Positive organizational scholarship/organizational excellence: Work in this area indicates that organizational excellence occurs in organizations that foster and manage workplaces in which individuals thrive and perform at their best. Financial performance is viewed as just one indicator of excellence. Trust, communication, leadership vision, etc. are drivers of excellence (Bernstein, 2003; Cameron, 2003; Dutton, 2003).
- In addition to being examined more holistically, as described above, the more traditional material in these same content areas can effectively be applied to the case. Two examples would be the benefits of high quality connections (Dutton, 2003), as well as high performance teams (Katzenbach & Smith, 2003).
- In assessing the options the protagonist has at the end of the case, one could very effectively apply Quinn's (2005) work in the leadership area. This low-power manager in training may not have the ability to effectively introduce change directed upward in the hierarchy. She can, however, choose to change herself and enter the fundamental state of leadership. As she comes to embody and model the change she sees as necessary in others, she creates a new environment in which others may also choose change rather than peace and pay.

### **Research Methods**

The first author, who is employed by the subject organization, collected case data. The data was gathered using multiple methods including observation, archives, notes and personal experience. The names of the individuals working for the subject organization have been disguised to protect anonymity.

### **Pedagogy**

This case has not yet been classroom tested. However, several approaches to its teaching are evident. The case is layered with theoretical content, making it a great final, integrative case.

1. The case could be presented at the end of the semester as means of integrating all that has been learned about the positive organizational scholarship movement and organizational excellence. The work could be done on an individual basis or possibly in groups, which then lead to class discussion.
2. Alternatively, it could make for a stimulating group assignment in which the groups grapple with different perspectives on what makes organizations excellent. In a traditional OB class, it can serve as the springboard for a discussion about the indicators of organizational excellence. In our experience, most students focus exclusively on financial measures.
3. A third teaching option is to teach the case from the viewpoint of Quinn's (2005) leadership work, specifically focusing on this idea of "managing up." The protagonist is a young woman who is in a management training position. She is aware of some of the organizations flaws, but does not have the upward influence to make the kind of change required. What course of action should she pursue? Does she learn what not to do, and take no action to make things better? The student could then focus on Quinn's (2005) Fundamental State of Leadership and also on his work in changing one's self in order to change one's organization (Quinn, *Deep Change*, 1996).

Both the theoretical and practical issues lend themselves to class discussion and/or debate. Students could be separated into groups based on their perspectives on

whichever issue is used to cleave the class into two. The groups can then discuss their positions on organizational excellence or the issues around what course of action Nelson should take. The instructor can then moderate a debate or facilitate discussion. Students are likely to identify with Nelson and refine their positions on organizational excellence.

### **Discussion Questions**

#### **1. Positive Organization Scholarship and Organizational Excellence**

**What is excellence? What are the signs of “health and thriving” at CPK-FAS?**

**What are the signs of “illness?” If there are indicators of excellence present, what are the drivers?**

*Suggested Readings:*

Bernstein, S. D. (2003). Positive organizational scholarship: Meet the movement. *Journal of Management Inquiry*, 12(3): 266-274.

Dutton, J.E. (2003). *Energizing your workplace: Building and sustaining high quality relationships at work*. San Francisco: Jossey-Bass.

Cameron, K. S. & Caza, A. (2004). Contributions to the discipline of positive organizational scholarship. *American Behavioral Scientist*, 47(6), 731-739.

Cameron, K., Dutton, J.E., & Quinn, R.E. (Eds.). (2003). *Positive organizational scholarship: Foundations of a new discipline*. San Francisco: Berrett-Koehler.

*The Essence of Positive Organizational Scholarship: Unlocking the Generative Capabilities in Human Communities*. (n.d.). Retrieved March 3, 2008, from University of Michigan, Stephen M. Ross School of Business' Center for Positive Organizational Scholarship website:  
<http://www.bus.umich.edu/Positive/PDF/POS%20Essence.pdf>

Organizational excellence is a concept that stems from the Positive Organizational Scholarship (POS) movement, which focuses on the “dynamics in organizations that lead to developing human strength, producing resilience and restoration, fostering vitality, and cultivating extraordinary individuals” (Center for Positive Organizational Scholarship,

n.d.). This idea of excellence is found in organizations that foster and manage workplaces where individuals thrive and perform at their best (C. Young, HOA 607 lecture, Spring 2006)). An excellent organization is able to adapt, has the capacity to learn, and has high quality and quantity of output. The excellence of an organization can be examined through certain “drivers and indicators.” Indicators are the actual signs that one can observe in order to determine the excellence of an organization, while drivers are the factors or causes of that excellence (as evidenced by the observed indicators). When considered together, the indicators and drivers give a clear picture as to the excellence and health of the organization.

Even though the numerous benefits and outcomes of positively deviant excellence have been researched extensively and widely accepted, there are still many organizations that focus on normalcy (Cameron, 2003). Essentially, managers in this type of organization function as “firefighters,” in that they are constantly putting out fires, or in other words, seek out instances of negative deviance and fix them (C. Young, HOA 607 lecture, Spring 2006)). Cameron (2003) compared negative and positive deviance to “illness” and “fitness.” Cameron compared the way leaders look at organizations to the way medical professionals examine patients, saying that doctors, as well as managers, are not trained to focus on qualities and characteristics that indicate thriving, but to focus on whether or not there are any noticeable problems to diagnose. In the past, health has been defined as the absence of illness or disease; however, the absence of illness is really only just that – the absence of illness. According to Cameron (2003), health goes beyond the absence of illness to focus on strength, vitality, and energy. This pattern of analysis

keeps organizations focusing at normal or ordinary levels of performance. When organizations are performing at these levels, there is obviously an absence of excellence.

At CPK- FAS there are indicators, or signs, of both health and illness. The store is thriving in all financial measures, with increased profits and exponential growth. However, there are also signs of illness. Front line employees indicated high levels of turnover among staff and management. As turnover is costly, by reducing it, the store could greatly increase its competitive advantage and would realize potential improvements in quality, efficiency, and customer responsiveness (Hinkin & Tracy, 2000)) derived from having longer tenured, presumably more skilled employees. More profit could thus be squeezed from existing revenue.

It appears that the lack of trust between employees and managers, and even among managers, is an issue that merits attention as it may be connected to turnover. Trust is important in organizations because “we must live in a complex world that we cannot fully understand, depend on people whom we can never completely know, and rely on organizations that do not exist for the sole purpose of meeting our personal needs” (Caproni, 2000, p. 63-64). Employees seem particularly concerned that managers violate their trust by saying they will do things and not following through. One employee indicated that the General Manager had misled her on several occasions regarding her training status.

Management needs to focus on creating an environment that promotes trust throughout the organization. After apologizing, the managers need to make a conscious effort to create and sustain trust by embracing the idea that they must determine “what the group needs and then build the team around purpose and respect” (Kouzes & Posner,

2002). Due to the level of distrust present in the store, attempts at being open and honest may be perceived as deceptive; however, through “repeated, consistent episodes of telling it straight people will eventually come to trust” (Kouzes & Posner, 2002; Gittell, 2003, p. 251) what managers say.

## 2. Empowerment

**The CPK-FAS employees perceive themselves to be disempowered. What can be done to increase feelings of empowerment? Why should CPK- FAS management want to empower their staff? What are the benefits of doing so?**

*Suggested Readings:*

Bowen, D.E. & Lawler, E.E. (1995). Empowering service employees. *Sloan Management Review*, 36(4), 73-85.

Spreitzer, G. (1996). Social structural characteristics of psychological empowerment. *Academy of Management Journal*, 39(2): 483-504.

Spreitzer, G. & Doneson, D. (2005). Musings on the past and future of employee empowerment. *Handbook of Organizational Development*, Thousand Oaks, CA: Sage.

Wilkinson, A. 1998. Empowerment: theory and practice. *Personnel Review*. [online]. Vol. 27, No. 1, 40-56. Retrieved March 3, 2008, from Emerald on the World Wide Web:  
<http://hermia.emeraldinsight.com/vl=2601464/cl=84/nw=1/fm=docpdf/rpsv/cw/mcb/00483486/v27n1/s3/p40>.

One employee at the quality circle complained that she felt disempowered because although she was encouraged to initiate the service recovery process, she was held back when she needed something voided off of a check. In her specific incident, she had to wait ten minutes to have a \$1.99 coffee voided off the check. This lack of empowerment left both her and the guest frustrated and dissatisfied.

Many organizations are turning to employee empowerment to “enhance performance because of the company’s demands for lower costs, higher performance, and more flexibility” (Spreitzer & Doneson, 2005, p. 2). These practices are also implemented as a means to motivate employees. Organizations employ empowerment in hopes of overcoming employee discontent and reducing the costs associated with turnover and inefficiency (Klein, Ralls, Smith-Major, and Douglas, 1998). However, many of these programs and practices fail because of a lack of industry understanding of what it means to have employees who are truly empowered.

Empowerment in the workplace is often hard to define because many organizations prefer to simply change the attitudes of workers, so as to make them work harder without actually giving them any power (Wilkinson, 1998). However, Spreitzer and Doneson (2005) found that empowerment relates to allowing employees to make their own decisions, which in turn helps to encourage taking risks and trying something new. The idea of empowerment is especially crucial in the customer service industry. When an error occurs in a service encounter it can be very frustrating for the guest to have to explain his or her issues to the manager and then wait for management to decide the proper course of action. If the employer empowered the employee to decide on his or her own service recovery actions, there is an increased likelihood that customers will be surprised and delighted that the front-line employee has exceeded their high expectations (Bowen & Lawler, 1995).

The key to understanding empowerment in the workplace (and everywhere else, for that matter) is that an organization cannot empower its employees, just as a

government cannot empower its people. People have to empower themselves (Spreitzer, 1996).

This tool increases the commitment that individuals have towards a course of action because it is based on decisions they have made themselves (Greenberg & Baron, 2003, p. 365). Greenberg and Baron (2003) felt that in an environment where employees are empowered managers are less likely to be “bosses’ who push people around” and are “more likely to serve as teachers or ‘facilitators’ who guide their teams by using their knowledge and experience” (p. 449). In a sense, empowerment brings out the best in people: increasing productivity, energy, and creativity, all the while increasing engagement (Greenberg & Baron, 2003, pp. 450-1) ultimately the basics for bringing about excellence in organizations.

### **3. High Quality Connections and High Performance Teams**

**What are high quality connections and high performance teams? Why are they important for the health and excellence of an organization? Are high quality connections presently visible at CPK- FAS? And high performance teams? If so, what are the indicators of such? If not, how can they be created or formed?**

*Suggested Readings:*

Dutton, J.E. (2003). *Energizing your workplace: Building and sustaining high quality relationships at work*. San Francisco: Jossey-Bass.

Dutton, J.E. & Heaphy, E.D. (2003). The Power of High Quality Connections. In Cameron, K.S., Dutton, J.E., & Quinn, R.E. (Eds.), *Positive Organizational Scholarship*. San Francisco: Berrett-Koehler Publishers.

Dutton, J.E. & Ragins, B.R. (Eds.). (2006). Exploring positive relationships at work: building a theoretical and research foundation (chapter 17). San Francisco: Berrett- Koehler.



Greenberg, J. & Baron, R.A. (2003). *Behavior in organizations: Understanding and managing the human side of work*. Upper Saddle River, NJ: Prentice Hall.

Katzenbach, J. & Smith, D. (2003). *The wisdom of teams: Creating the high-performance organization*. New York, NY: HarperCollins

The concept of high quality connections (HQCs) refers to short interactions or long-term relationships that are marked by vitality, mutuality, and positive regard (Dutton, 2003; Dutton & Heaphy, 2003). In *Energize your workplace: How to build and sustain high quality connections at work* (2003), Dutton stated that there are three key features to HQCs. The first characteristic of a HQC is that it has a higher emotional carrying capacity than other relationships and interactions. Secondly, a HQC will have greater levels of sustainability, which refers to the relationship's ability to bend and withstand strain in the face of challenges or setbacks. Finally, a HQC has the ability for connectivity, which involves openness to new ideas and influences, as well as the ability to deflect behaviors that terminate generative processes (Dutton, 2003).

High performance teams are committed to a higher purpose--to learn more and bring out the best in each member of the team, to develop trust, and make high quality connections (Katzenbach & Smith, 2003). Katzenbach and Smith say that, ideally, this team will be small in numbers, with its members having complementary skills including communication, listening, compromise, technical, leadership, problem solving-, and people skills (2003). Unlike typical teams that are simply goal oriented, high performance teams are concerned with accomplishing goals through the commitment to one another's growth and development. The members of high performance teams show high levels of mutual care, trust, and respect for each other. This type of team can foster excellence by empowering people to make decisions, share responsibility between

managers and employees, having a communicated purpose, and focusing on the task at hand (Greenberg & Baron, 2003, p. 294).

At the Quality Circle, many employees complained about teamwork and it became apparent that there were definitely feelings of disconnect between the employees and managers. The employees act out in individualistic ways, taking care of only their own guests or performing only their specific job duties, without helping out the other member of the team. Similarly, the management team also displays low levels of teamwork and cohesive behaviors. When the expediter is called into the kitchen, oftentimes, the front of the house manager will leave the station empty, rather than jump in to help out. It became clear throughout the Quality Circle that while the employees yearned for an environment that fostered high quality connections and high performance teams, it was not present.

According to Dutton (2003) there are three pathways to creating HQCs in an organization. The first pathway to building HQCs is respectful engagement. According to Dutton (2003), respectful engagement is a way of engaging with another person that indicates and reveals the other person's value and worth. There are several ways to communicate respectful engagement, including being present, communicating affirmation, practicing effective listening, and offering supportive communication (Dutton, 2003). A second pathway to HQCs is referred to as task enabling. Task enabling occurs when one person helps or facilitates another's success. The four most prevalent forms of task enabling are:

- Teaching – informational – sharing what works and why
- Nurturing – developmental – offering emotional support

- Advocating – political – provides visibility and shield from danger
- Accommodating – granting flexibility – cutting slack, adjusting demands

(Dutton, 2003).

The third pathway to building HQCs is through trust. Trusting entails conveying to another person that it is believed he/she will meet expectations and he/she is dependable (Caproni, 2000). In order to convey trust, individuals can share resources, seek input from others, become vulnerable, develop joint goals and listen to others (Dutton, 2003).

#### 4. Motivation and Rewards

**Each motivational tactic and reward that was utilized in the restaurant was directly at odds with the corporate focus on teamwork. How should the management team balance the company’s focus on both teamwork and suggestive sales/revenue?**

**What are the different ways that management can motivate the employees? How can management reward for the behaviors they are truly looking for?**

*Suggested Readings:*

Cameron, J. & Pierce, D.W. (2000). Rewards, interest and performance: an evaluation of experimental findings. *American Compensation Association Journal*, 6 (4)

DeMattio, J., Eby, L.T., & Sundstrom, E. (1998). Team-based rewards: current empirical evidence and directions for future research. In Straw, B.M. & Cummings, L.L. (Eds.), *Research in Organizational Behaviour*, Vol. 20.

Kerr, S. (1995). On the folly of rewarding A, while hoping for B. *Academy of Management Executive*, 9(1): 1-16.

Kouzes, J.M. & Posner, B.Z (1999). Chapter 12: 150 Ways to Encourage the Heart. In *Encouraging the Heart: A Leader’s Guide to Rewarding and Recognizing Others* (pp. 151-174). San Francisco: Jossey-Bass Publishers.

Lawler, E.E. & Cohen, S.G. (1992). Designing pay systems for teams. *ACA Journal*, 1: 6-19.

Locke, E.A. (1976). The nature and causes of job satisfaction. In Dunnette, M.C. (Ed), *Handbook of Industrial and Organizational Psychology* (pp. 1297-1351). New York: Wiley.

Milne, P. (2007). Motivation, incentives, and organizational culture. *Journal of Knowledge Management*, (11)6, 28-38

The key to motivating employees is to understand what they are looking for from their work. There are several motivation theories that could be discussed, including needs-based theories (Alderfer, 1972; Maslow, 1943), goal-setting theories (Locke, 1976), equity theory (Adams, 1965), and lastly, Kouzes and Posner's (1999) approach of combining all three by focusing on both the needs and the feelings of employees. By setting clear standards, expecting the best for one's self and others, and paying attention to what makes a difference, leaders can encourage the heart while fostering excellence.

Once an organization has figured out what motivates its employees, it is important to remember that motivation is only half of the battle. Rewards and recognition programs play a vital role in reinforcing policy and procedures. One of the managers [who](#) Nelson [overheard](#) indicated that even though they could possibly add some contests that would foster teamwork and cohesiveness, there were still company-mandated contests that rewarded for personal sales and individualistic behavior. Kerr (1995) discussed this at length in his research, claiming that when management seeks certain behaviors but rewards for others it can be very confusing for employees.

Obviously, alignment is needed [to](#) bridge the gap between the organization's goals and managers' practices. All incentives should be examined to see what behaviors are being reinforced, and whether they serve the desired purpose or move the organization further from its goals. Typically, businesses use pay, promotion, bonuses or other types

of rewards to encourage high levels of performance (Cameron & Pierce, 1977). Recognition programs, on the other hand, are non-financial rewards “given to employees selectively, in appreciation of a high level of behavior or accomplishment” and can be as simple as “giving someone feedback on what they have done right, or just saying ‘thank-you’” (Milne, 2007, p. 30). Most importantly, recognition initiatives are about celebrating successes (Milne, 2007). It would be seen as very powerful if the management team began paying more attention to the needs and wants of the employees. This, in turn, could increase loyalty and deepen the emotional connections between the management and staff.

## 5. Job Stress, Burnout and Turnover

**Job stress, burnout, and turnover plague the hospitality industry. How are they detrimental and costly to the restaurant? How should managers combat these issues?**

*Suggested Readings:*

- Berta, D. (2005). *HR execs at People Report confab predict worsening labor shortage*. Retrieved March 3, 2008, from ENewsBuilder website: [www.enebuilder.net/peoplereport/e\\_article000491284.cfm?x=b11,0,W](http://www.enebuilder.net/peoplereport/e_article000491284.cfm?x=b11,0,W).
- Brandmeir, K. & Baloglu, S. (2004). Linking employee turnover to casino restaurant performance: A cross-sectional and time-lagged correlation analysis. *Journal of Foodservice Business Research*, 7(2), 25-39.
- Buick, I. & Thomas, M. (2001). Why do middle managers in hotels burn out? *International Journal of Contemporary Hospitality Management*, 13(6), 304-309.
- Gill, A., Flaschner, A., & Shachar, M. (2006). Mitigating stress and burnout by implementing transformational-leadership. *International Journal of Contemporary Hospitality Management*, 18(6), 469-481.
- Hinkin, T. & Tracey, B. (2000). The cost of turnover: Putting a price on the learning curve. *The Cornell Hotel and Restaurant Administration*

*Quarterly*, 14-21.

Job stress refers to the pressures that employees feel while at work, while burnout is defined as a syndrome or state of physical, emotional, and mental exhaustion that includes cynicism towards one's work in response to chronic organizational stressors (Boyd, 1978). Research has also shown that in industries where there are high levels of contact with customers there is a higher likelihood that burnout will occur (Buick and Thomas, 2001). Gill, Flaschner, and Shachar (2006) built upon this research, finding that hospitality industry workers (customer contact service employees in particular) are subjected to “dynamic, multi-national, multi-lingual, and many times unplanned or unforeseen peaks in their working environments--all of which contribute to higher levels of work related stress” (p. 471).

Both job stress and burnout can lead to turnover which many industry leaders consider a necessary evil (Brandmeir & Baloglu, 2004). Laube (2005) found that many restaurants lose a large percentage of newly hired employees (some as much as 30-50%) during the 1<sup>st</sup> two weeks of employment. This high turnover is detrimental to the organization because “employee turnover is expensive, disruptive to operations, and makes the job of managing the restaurant even more of a challenge than it already is” (Laube, 2005, p.4). Solomon (1988) offers a grim estimate that suggests “replacement, separation and training costs at 1.5 to 2.5 times the annual salary for each person who leaves.” Additional research has shown that the cost of employee turnover rose nearly 400% from 1983 to 2000, with the estimate of turnover cost for a front desk clerk reaching almost \$6,000.00 (Hinkin & Tracy, 2000). The costs that Hinkin and Tracy (2000) analyzed included separation, recruiting and attracting, selection, hiring, and low

productivity costs.

At the Quality Circle, many of the employees brought up issues with turnover at the restaurant. Berta (2005) offered conflicting data, stating that while California Pizza Kitchen was awarded the People Report recognition for have the lowest turnover rates and management diversity numbers in its segment, the average management turnover rate for CPK's segment was 101 percent for hourly employees and 26 percent for management. The numbers supplied by the CPK employees would seem to be in line or below the average for hourly employees, yet well above the average for management turnover.

At this point, there are several steps that management can take. Walters and Raybould (2007) suggest managers should implement a strategy to reassure employees of the organization's commitment to them. A second suggestion is to consider "redesigning front line jobs to make them more meaningful, challenging, and psychologically rewarding" (Walters & Raybould, 2007, p. 154). Similarly, Vallen (1993) said that hospitality organizations should ensure that managers are accessible, compassionate, and available to address the grievances of frontline staff. Gill (2006) theorized that customer contact service employees who are committed to their organization's mission, goals, and objectives will feel less job stress than those who are less committed.

## 6. Leadership and Managing Up

**What can Nelson do? Should she approach the managers with her findings? What should she suggest to them? Should she simply keep learning what not to do when she becomes a manager, and say nothing? Should she lead from her position,**

**embodying and modeling the changes she would like to see in others and buffering the frontline workers from management?**

*Suggested Readings:*

- Pearce, C.L. & Sims, H.P. (2002). Vertical versus shared leadership as predictors of the effectiveness of change management teams: an examination of aversive, directive, transactional, transformational, and empowering leader behaviors. *Group Dynamics: Theory, Research, and Practice*, 6(2), 172-97.
- Quinn, R. E. (1996). *Deep change: Discovering the leader within*. San Francisco: Jossey-Bass.
- Quinn, R. E. (2004). *Building the bridge as you walk on it: A guide for leading change*. San Francisco: Jossey-Bass.

As a Dining Room Shift Leader, with very little power in the organization, Nelson would have to influence the management team above her to truly make changes in the restaurant. She could offer to share the results, but leave it up to the managers to set up a meeting for such a purpose. To push her thoughts and suggestions on the managers may even jeopardize Nelson's management training position and future opportunity with CPK, as this may be perceived as threatening.

Perhaps a more viable personal strategy for Nelson is to make personal changes, which in turn can lead to changes in her environment. By modeling the changes she will enter the fundamental state of leadership (Quinn, 2004) and will alter how others see her and how she interacts with them. Nelson can create the kind of trusting relations with line employees that they seek, and work toward similar relations with senior managers. She can begin to consciously focus on helping others and creating the kind of team environment the employees want. Nelson can, without changing anything but her attitude and behavior, begin to change the culture. In addition to shaping culture by reshaping her



relationships with the line employees, she can do so with the managers as well. By being a good team player and supporting the managers, she can enable cooperation among them to evolve (Axelrod, 1984). She need not do so in a top down way. Nelson can lead from the middle and show the managers and employees the benefits to be derived from trusting, cooperative relationships.

#### *Recommendations*

This case study and the accompanying literature relating to organizational excellence would be very useful in bridging the gap between the lectures of a classroom and real world situations. The “What’s cooking at California Pizza Kitchen” case enables students to grapple with managerial issues and forces them to evaluate what their own actions would be in this particular situation. Students will question what can a person do when confronted with problems and predicaments beyond the scope of her or his decision-making authority.

As the main focus of the case is the issue of organizational excellence, it is key to the students’ understanding to provide them with an in-depth background of the positive organizational scholarship movement. Several recommendations were made in the instructor’s manual regarding how to best utilize this case in a classroom setting; however, perhaps the best course of action would be to use this case as the final class project that integrates everything the student has learned about fostering excellence throughout the semester. However, regardless of which method is used, the case provides a unique and beneficial teaching tool for professors teaching organizational behavior and/or human resources classes at both the undergraduate and graduate levels.

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- Alderfer, C.P. (1972). *Existence, relatedness, and growth; Human needs in organizational settings*. New York, NY: Free Press.
- Anderson, B.A., Provis, C., & Chappel, S.J. (2001). When it's just too hard to smile! *Australian Journal of Hospitality Management*, 8(2), 69-72.
- Baker, W. & Dutton, J. (2006). Enabling positive social capital in organizations. In Dutton, J.E. & Ragins, B.R. (Eds.) *Exploring positive relationships at work: building a theoretical and research foundation* (pp.325-346). San Francisco: Berrett-Koehler.
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- Cameron, K., Dutton, J.E., & Quinn, R.E. (Eds.). (2003). *Positive organizational scholarship: Foundations of a new discipline*. San Francisco: Berrett-Koehler.
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