

Employee Incentive Strategies and its Benefits to Standalone Restaurants in Pune

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Abstract

This paper describes the Employee incentives strategies adopted by Standalone restaurants (existing more than 3 years) in Pune. Rewards & Incentives have benefits for both employees and employers. It is believed that when recognized for performance and productivity, employees have increased morale, job satisfaction and involvement in organizational functions. As a result, employers experience greater efficiency and an increase in sales and productivity. Through workplace rewards and incentives, employers and employees enjoy a positive and productive work environment. This study emphasizes on whether Standalone restaurants in Pune do make use of Incentive strategies and its benefits to the restaurant owner.

Keywords: Incentive Practices, Monetary & Non Monetary Benefits, Benefits to Business

cities. The city offers diners pan-Asian cuisine, world fusion gastronomy, as well as traditional Indian dishes.

The Concept of Standalone Restaurant

A restaurant is a business organization which prepares and serves food and drink to customers in return for money, usually after the meal. Every customer who visits restaurant may have different purpose to visit e.g. food, relaxation, spending time with family & friends or may be a business meet. Meals are generally served and eaten on premises, but many Standalone restaurants also offer take-out and food delivery services. Most of the Standalone restaurants may have general menu covering most of popular cuisines to serve mass group of people. Some of the Standalone restaurants may have a special theme on based of it there would be a special décor and menu.

Standalone restaurants range from inexpensive and informal lunching or dining places catering to people working nearby, with simple food served in simple settings at low prices, to expensive establishments serving refined food and fine wines in a formal setting. In the former case, customers usually wear casual clothing. In the latter case, depending on culture and local traditions, customers might wear semi-casual, semi-formal or formal wear. Typically, customers sit at tables; their orders are taken by a waiter, who brings the food when it is ready. After eating, the customers then pay the bill.

1. Introduction

Pune and its Foodie Culture

Pune, the place considered as cultural capital of Maharashtra is now also known for manufacturing, automobiles, as well as government & private sector research institutes for information technology (IT) education, management and training. The city attracts migrants, students and professionals from India as well as from around the world. Considering the fact Pune has large number of Standalone restaurants catering to global customers and has dining scene to rival many international

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Incentive Programmes – A human resource approach

An incentive program is a formal scheme used to promote or encourage specific actions or behavior by a specific group of people during a defined period of time. Incentive programs are particularly used in business management to motivate employees and in sales to attract and retain customers. An Incentive is Reward or recognition offered in exchange for work performance.

The Need for Incentives

As per science of savoring by *Matt Harris, Vice President, Marketing, IntelliSpend Prepaid Solutions*, there are four human drivers which are interlinked with incentive, which are as follows.



- **The Collector:** It's human nature to gather things and status. Plaques with years of service appeal to the desire for status. Other types of incentive programs tap into this drive as well, motivating people through their desire to acquire more possessions. You'll see this most often in incentives.
- **The Killer:** People are biologically motivated to defend what is theirs. The winner of last year's "Top in Sales" title isn't going to let it go without a fight. And employees engaged by strong recognition programs will work hard to protect their company against competitive threats.
- **The Socializer:** Like it or not, we're wired to bond, and most of us experience the workplace first as a social setting. This is what makes recognition so powerful: celebrating stories about accomplishments with co-workers and managers makes people feel more appreciated.
- **The Explorer:** People have an innate desire to contribute to something bigger in creative ways.

Frequent acknowledgment of daily contributions connects us all to work in a more meaningful way, encouraging a higher level of commitment and more innovative thinking.

The human needs are also well explained by Abraham Maslow in his theory of motivation in 1943. The hierarchy demonstrated by Maslow shows us the brighter picture of human need. The need of 'Esteem' is a desire to be recognized by people and respected, appreciated by people.



Different Incentive Schemes

Each incentive scheme is associated with some sort of cost and thus each service organization may have different approach towards incentive schemes. These may include financial & non-financial schemes, individual and group schemes, and short & long term schemes.

Monetary Incentives may include-

- Profit related & share option schemes
- Bonuses
- Commission
- Cash rewards

Non-monetary incentives may include –

- Formal recognition/ awards
- Voucher
- Extra Holidays
- Gifts
- Company cars

- Employee recognition
- Employee appreciation
- Restaurant coupons
- Meal on duty
- Group/ Team bonding
- Healthcare benefits
- Financial advising services

Literature Review

Elizabeth Smith, (2014), executed a positive approach towards employee incentives which leads to building trusting bond between manager/employer and employees.

Aaron Marquis, (2014), bridged a professional link between incentives, employee motivation and customer satisfaction. The article focused on various programmes including 'Employee Recognition' to improve employee morale which will lead to satisfied customers resulting into increased sale.

Harold D. Stolovitch, Project Director and Principal, (2002), carried out extensive research exists on the value of incentive systems. The outcome of the study was 'The Performance Improvement By Incentives (PIBI) Model' - an approach to selecting and implementing a tangible incentives program.

Rosemary Batt, (2014), demonstrated a detailed study of various restaurants in USA. It has stated that good human resource practices can lead to reduced turnover, high employee morale, and better customer service. The study concluded by stating that the investment in Human resource practices are failed to keep up.

David Peasall, (2014), stated 'Employee benefits' as one of the 8 Best practices to reduce turnover. Importance was given to healthcare benefits as most of the families couldn't afford hospital expenses.

The Dangling Carrot, (2011), highlighted solutions to many challenges like employee turnover, poor attendance, low standard of customer service etc. It is suggested that incentives & gifts seems to be the best method to motivate employees.

Greg McGuire, (2009), studied the risk of high employee turnover and how to retain employees. It was stated that

the turnover affects the customer service resulting in decreased revenue. It was proposed to have good salary packages for front of house staff & share profit options for back of house staff.

Maroudas Leonidas, (2008), investigated number of job-related motivators in the hotel sector and also the relationship between individual variables and the incentives offered to hotel employees. Also the study recommended developing incentive programme for each individual employee considering his characteristics & background.

Aubrey C. Daniels, (2002), has enlisted systematic way of choosing correct incentive programme for an organization. It was stated that individual incentives are effective than group incentives.

Margot B. Dermody, (2002), stated that the management of employees in terms of recruitment & retention in the restaurant industry is a major challenge. And there was a need to find the best employees and to retain them with the help of Compensation and monetary awards.

Brian Ray, (1993), Senior Personnel supervisor with McDonald's Restaurants of Canada in Toronto said that, Improve customer service was the main result of employee incentive strategies, the increase in revenue was a side effect.

Objectives

1. To identify different Employee incentive strategies adopted in Standalone restaurants.
2. To study benefits of incentive strategies to the business
3. To analyze most common incentive strategy / strategies adopted by employers.

Research Methodology

In order to collect data, samples were identified from existing multi cuisine Standalone restaurants in Pune city. For this study 38 Standalone restaurants within Pune city were identified. The 'Descriptive research methodology' was used to carry out research successfully.

The study was based on both primary as well as secondary data.

Primary Data: The data was collected from the managers/owners of Standalone restaurants with the help of questionnaires.

Secondary Data Collection

- Journal
- Magazines
- Books
- Past data
- Websites etc.

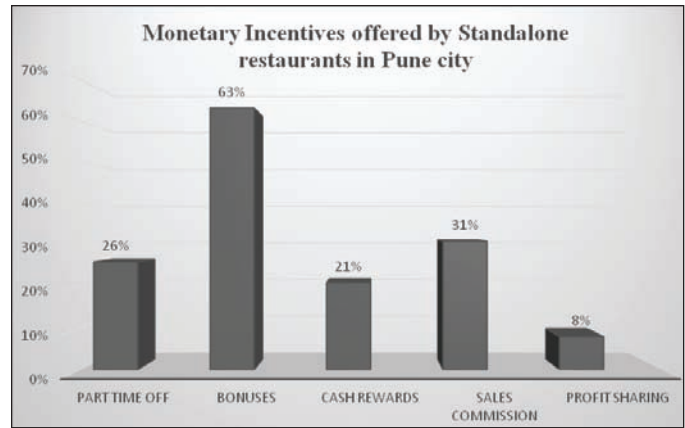
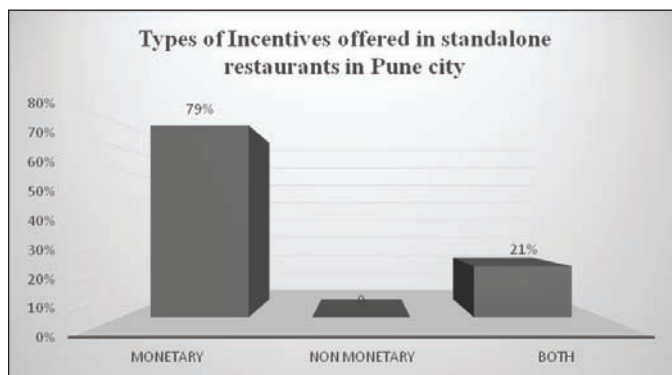
Data Analysis and Findings

Practice of Employee Incentive strategy in standalone restaurants in Pune city



Observation - It was observed that all Standalone restaurants in Pune city do practice Employee Incentive strategies.

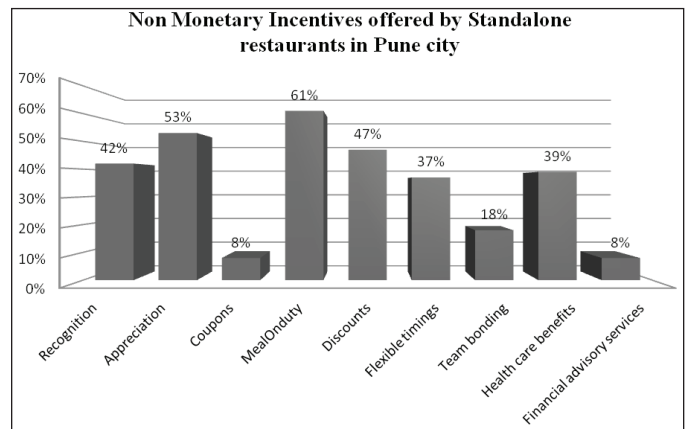
Types of Incentives Offered in standalone restaurants in Pune city



Observation – It was found that most of the Standalone restaurants prefers monetary incentive awards while others offers both monetary as well as non monetary incentives.

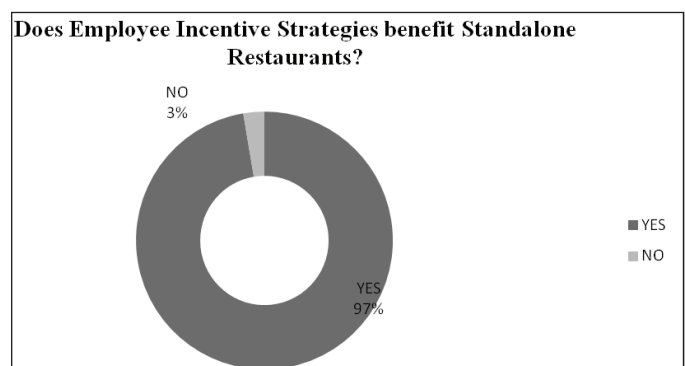
Amongst Monetary Incentives offered by standalone restaurants in Pune city, most commonly used incentive strategy was ‘Bonuses’ followed by ‘Sales Commission’. While ‘Profit sharing’ was uncommon practice.

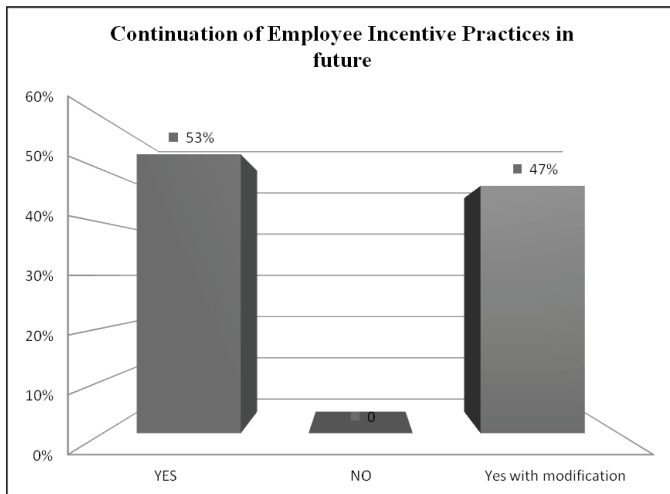
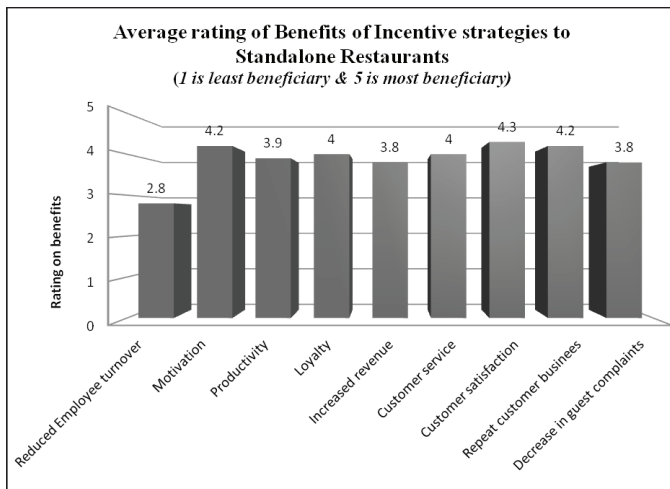
Various types of Non Monetary Rewards



Observation - Most preferred non monetary incentive is meal on duty. On the other hand coupons & financial advisory services remain amongst uncommon practices.

Benefits of an Employee Incentive strategies to the Standalone Restaurants





Observation – In Pune city maximum standalone restaurants have benefited because of practicing ‘Employee Incentive Strategies’. Amongst all the benefits ‘Increased Customer satisfaction’ remains on top, followed by ‘Repeat customer business’ and ‘Motivated employees’. An employee incentive strategy comparatively benefits less to reduce employee turnover.

Above mentioned benefits leads to 53% Standalone restaurants in Pune city would continue ‘Employee Incentive strategies’ while 47% standalone restaurants would continue with some further improvements.

Limitations of the study

1. The study may suffer from the common limitations of a subjective research. The quantification problem, imperfections of data and the intricacy involved in the data analysis are in a way predicted in all such behavioral science research.

2. This research is carried out in Pune city only and may have its own effects.
3. The primary data being the main source of data, manipulated at the respondent’s end cannot be averted.

The published and unpublished secondary data available on Internet has its own limitations, as many of them are the author’s own views and not a generalized perception. Further, the respondents often times do not portray a true picture and opinion.

The conclusions, therefore, are subject to aforesaid constraints and are only exploratory and suggestive in nature.

Recommendations

On the basis of study carried out on ‘Employee incentive practices & its benefits to standalone restaurants in Pune city following recommendations are made.

1. Standalone restaurants should offer more of ‘Non monetary’ incentives to their employees which will benefit restaurant in terms of costs.
2. Amongst ‘Non monetary incentives’ standalone restaurants may concentrate on employee recognition which may result in fulfilling need of ‘self esteem’ of an employee.
3. It is also strongly recommended that employers can re-design Employee incentive strategies which will focus on to reduce employee turnover. As employee turnover remains one of the big challenges.

CONCLUSION

To conclude this research study following observations were made.

All standalone restaurants in Pune city practiced employee incentive strategies.

Monetary incentives were offered by most of the standalone restaurants, amongst which bonuses remained on top of the list.

Though few standalone restaurants used both monetary as well as non monetary incentive strategies, ‘Meal on duty’ was most commonly practiced.

Employee incentives strategy benefited standalone restaurants in Pune city by means of 'Customer satisfaction' and Motivated employees.

Lastly all standalone restaurants in Pune city have decided to sustain the 'Employee incentive strategies' in future.

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