

Motivating Employees with Limited Pay Incentives Using Equity Theory and the Fast Food Industry as a Model

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Abstract

A common question in low pay industries is how do employers motivate the lowest paid workers? Even in high unemployment environments these positions are readily available with employers knowing that at anytime their employees could switch to another low paying employer. In addition, employees know that wage increases are limited with also limited or non-existent promotion opportunities. These positions also tend to be less pleasant and have inadequate or no benefits. Turnover is generally high. This paper explores how equity theory can be effectively used to motivate employees with limited pay incentives. An emphasis is placed on the fast food industry.

Introduction

Motivating the lowest paid worker has always been a challenge and this fact has been particularly true in the fast food industry. Pay is low and there are limited or no advancement opportunities. In addition, work conditions are not ideal. Turnover is high and these fast food positions are readily available. Equity theory is used to explore how to better motivate employees with limited pay incentives. Main topics include using pay as a motivator, recognizing different money needs, offering comparable fast food industry pay, employee pay comparisons outside of food industry, selection of cashiers and food preparers, helping some employees meet academic goals, encouraging employee socializing on the job, offering work games and prizes, embracing worker empowerment, keeping in-touch with current and former employees, and finally, understanding the equity impact of management on fast food operations.

Pay as a Motivator

Equity theory has a stronger empirical validity than many other organizational behavior theories and is viewed as a useful and powerful indicator of work outcomes (Hatton, Emerson, Rivers, Mason, Mason, Swarbrick, 1999; Miner, 2003). It has strong links to stress (Hatton, Emerson, Rivers, Mason, Mason, Swarbrick, 1999), burnout (Mascha, 2007), turnover (Test, Flowers, Hewitt, Solow, 2003), and job satisfaction (Balcazar, MacKay-Murphy, Keys, Henry, Bryant, 1998). One aspect of equity theory asserts that de-motivation occurs if employees perceive their workplace inputs are greater than the outputs received for their work efforts (Adams, 1963; Adams, 1965). In other words, the goal of the employer is to get their employees to continually evaluate their aggregate work inputs as less than their work outputs as this paper examines working at a fast food establishment.

One output is certainly the hourly wage. Fast food workers generally work at minimum wage or at a wage not much higher than minimum wage. Most employees are offered only part-time work and benefits are rare. Fast food workers already know they are low paid when taking employment in this industry. These positions are often viewed as first jobs and related work experience might be desired by the employer but is not necessary. The positions are easy to obtain even in times of high unemployment. In fact, there is often not a celebration of winning if offered this type of job. Many fast food restaurants are always hiring and have signs posted communicating this message. Jobs are often designed (except for the cash register) so that even speaking English is not required. A common trend is to have a supervisor that speaks Spanish give food orders to non-English speaking employees. This allows an increased pool of applicants and potential hires that already have limited job opportunities because they do not speak English or speak it poorly. This also creates less pressure to raise wages if workers can be hired at the lowest legal hourly rate.

Recognizing Different Money Needs

Workers do have different needs for the money obtained from working in the fast food industry (Neumark, Schweitzer, & Waacher, 2004). A High School student that lives at home and has most meals and other needs provided by family is not needing an income at the same level as a father or mother trying to support a family or someone that is completely on their own financially.

Some High School students are looking for some extra spending money while others are also paying for their cell phone, a car, and/or car insurance. Those that can't survive on the low fast food hourly rate are going to quit if not able to get more work hours and/or a higher hourly rate. Some might stay but will take second jobs which may lead to tiredness and less work productivity. The need for money will impact perceptions of pay equity along with turnover and work motivation. Employers must be sensitive to these needs as they get to know their employees. If there is a potential career as an Assistant Manager with more pay, then this career should be made known to everyone. If an employee must take a second job, then management should do its best to make a work schedule to support this employee. For very high quality employees, extra hours that also involve overtime pay might help retain these employees without a second job and still be cost effective to the fast food establishment. Management must make sure that employees are comfortable talking about their financial situations. Management that cares creates loyalty, good will, and more positive equity comparisons (Lawler, 1981). It also reduces employee theft from trying to increase equity outcomes. Employee theft has a link to feelings of inequity in the workplace (Adams, 1965).

Offering Comparable Fast Food Industry Pay

Fast food employers should at least try to pay what other fast food establishments are paying (Lawler, 1981). This will reduce turnover and attract at least the same quality of worker if all else is equal. Paying a little more might actually cost less in the long run with lower turnover, more motivation, and even the attraction of a higher quality worker (Levine, 1993). Customers can go elsewhere if receive poor service or poor food quality. This is a cost too. Workers do have friends that work other low skilled jobs and can easily compare pay and work conditions. Perceptions of external pay inequity will increase job dissatisfaction and will not likely not attract or retain the better worker (Adams, 1965; Lawler, 1981; Levine, 1993). All efforts should be made to match the hourly rate of competitors for employees. In addition, an argument can be made to pay a little more if this extra attracts and retains better workers. A small amount might not seem much from a financial standpoint for the worker but there is a psychological fairness principle to pay as with most decisions. Workers have turned down jobs, quit jobs, or shown reduce morale even for just a five cent difference in hourly rate.

Creating external pay equity in the local fast food establishments that are competing for workers is not difficult as far as comparisons of hourly rates. Completing informal salary surveys and listening to employee talk should provide adequate information for any adjustments for external equity for current fast food positions. Workers are not likely to turn down a job offer or quit a fast food position based on higher pay in another fast food establishment if the employer keeps up with local fast food pay comparisons. Employers that pay below market risk getting job offer acceptances only from those potential employees that other fast food establishments have turned down. Employee satisfaction is also likely to suffer as a result, which is likely to impact customer satisfaction too. Again, potential employees and current employees are compensation sensitive even when the amount seems insignificant to the employer (Bing & Burroughs, 2001).

Another aspect of work motivation in the fast food industry is the low pay itself even if it is competitive. Equity theory further deals with this issue in which effort must be comparable to the perceived reward to be viewed as equitable (Adams, 1965). Few workers will endure a workplace with intense demands for low pay if other options are available. Fast Food employers must make sure that each shift is fully staffed and that equipment is user-friendly with the least discomfort for employees. Heat lamps should be designed to keep food hot but to also minimize this additional heat on employees. Grills need to be designed with easy to clean materials. French fry machines should be designed for easy cleaning with self-cleaning as a goal. Better user-friendly equipment that still meets customer food excellence demands can be a competitive advantage for hiring and retention even if pay is equivalent elsewhere. Any methods to make food creation fun, less tiring, and rewarding should be highly considered even if this equipment is more expensive. Equipment makers should be notified of these desires particularly if the fast food establishment is a large chain that could potentially make large purchases.

Employee Pay Comparisons Outside of Food Industry

Unfortunately, fast food employers are not able to just pay competitively with other fast food establishments and feel confident in their hourly rates. It is a much more complex pay issue as employees will also compare pay in other low skilled industries such as retail establishments and gas stations. Retail stores such as clothing, sports equipment, and other merchandise establishments also desire quality workers and compete on pay and also work conditions.

Dillard's, Wal-Mart, Sears, Abercrombie & Fitch, Buckle, Old Navy, Gap, and Hobby Lobby would be good examples. These competitors are not only paying competitively, but can offer product discounts, a pleasant air-conditioned environment, and often a slower pace. Some retail stores also offer a "cool" factor as far as working there. Friends can even sometimes easily visit during work hours. In addition, if these employees want to go out later, they are not hot and sweaty, do not smell like food, or have hair that has been pressed down from a hat. Furthermore, employees getting a discount for retail clothing that they would have been bought anyway is an enormous incentive for these workers to not only seek out these employers, but to also stay with them. Fast food chains should attempt to obtain discounts for their employees at establishments outside of the workplace in an attempt to restore some comparative equity concerning workplace benefits.

Selection of Cashiers and Food Preparers

Another tough aspect of recruiting is deciding where to place employees after they are hired. Those that work the cashier generally should look pleasant, have friendliness to them, and be quick with the keyboard. Customers demand correct orders, and also prefer fast food establishments with employees that can enter orders quickly and can get food prepared in a timely manner. The cashier position is often a higher stress job requiring excellent English, intelligence, and people skills. Workers that handle customers through the drive through tend to have the highest stress as customers are the most demanding. Luckily, there are certain personalities that thrive on this type of customer contact and would not be happy in the restaurant back area preparing the food. Food workers that deal with hot items and perhaps grease on a constant basis have a tough task role too and some employees will feel lonely with less customer contact; however, some employees would prefer less direct customer contact and would not like working a cash register.

Ideally, employees are matched to positions they like the most from an equity perspective, but rotating may increase the perception of fairness too and also allow a better understanding of the challenges of each position. In addition, rotation allows greater flexibility in scheduling and in situations, in which a worker calls in sick, gets sick at work, quits on the job, or doesn't show up. Management must always be listening to their workers to hear perceptions of fairness and should react accordingly (Sullivan, 1988). Fairness must also involve the scheduling of work hours. Fast food is a type of work environment that equity sensitivity would be strong as tasks are generally routine and consistent from day to day making work effort observations somewhat simple and clear (Neumann, 1980).

The ideal approach in hiring is for management to ask questions of potential employees that help create a strong understanding of work preferences. Employees placed in positions that are not wanted will create feelings of inequity. Complete honesty to applicants should be given based on restaurant needs. Some fast food establishments might rotate workers so that all workers become reasonably skilled to take on any duties as needed. Employees not placed in their first choice should be given priority as preferred positions open. This helps restore equity and also seems fair. Student employees may have never operated a cash register, cooked fries, hamburgers, or other food products, or worked fast food equipment such as ice cream, milk shake, or soda machines. Some positions even in a low skill workplace require more skill than other positions. Some equipment is dangerous if not operated or cleaned properly. Some equipment not maintained becomes a health hazard.

In addition, management will find that some employees will not function well under high stress, such as when dealing with an angry customer or large crowds of customers such as after a football game or after a full bus of tourists stops for quick food. In addition, there is a difference between a lack of intelligence and a lack of experience when performing fast food positions. Slowness doesn't have to mean a lower IQ but can be a lack of ability that will grow after more hours on the job. A lower intelligence, however, might work out fine with repetition and patience. Some positions might not even require the ability to speak full English, but this will mean that someone must be able to speak both languages to make this work arrangement function well. Employee selection is important because employees that perform poorly impact customers and other employees. Because the hourly rate will be the same or almost the same as others, new employees that can't learn, show laziness or irresponsibility, or can't get along with others will impact the equity perceptions of the rest of the employees (Adams, 1965). One positive aspect of the fast food work layout is that it is compact with a small team of scheduled employees, so social loafing would be more easily noticed and recognized, which would make work inequity harder to hide (Admad & Lumpur, 2010).

In addition, even the most equity sensitive employees seem to be okay with the same hourly rate if working in an equally performing small group of employees (Admad & Lumpur, 2010). Management must interview employment applicants thoroughly and perhaps do some testing to help eliminate poor hiring choices even in times of high hiring need. Those that have been given a chance to succeed and are still not performing adequately should be terminated. Employees do observe the work efforts of other employees and expect common efforts (Williams & Karau, 1991). Performance should include getting along with and respecting other employees along with successful task performance. Work itself has its own struggles without any extra stress of employees with bad attitudes or unacceptable social skills. Reference checking and referrals from other employees should help increase hiring success. If the potential hire is a student, asking for the name of a teacher might help in making an appropriate hiring decision. There is a pride felt by other employees when it is known that not everyone is considered good enough to work at the fast food restaurant.

Helping Meet Academic Goals

Another possible way to recruit and retain quality workers that are students is to create an academic incentive. This incentive also helps maintain work equity in the low-pay fast food industry. The Disney College Program has used this method by recruiting on college campuses for students to enter their paid internship program with a learning curriculum ("Disney College Program", n.d.) although many of these students will cook burgers, fries, and serve drinks just like at a regular fast food restaurant. Yes, there are more interesting jobs at Disney but many are not and positions received are not typically known until the students reach Disney. Students get a place to stay and also attend classes and this experience is promoted as career building and fun. College credit is possible at some learning institutions as this Disney program is designed as internships with even a curriculum ("Disney College Program", n.d.). Major fast food chains could easily copy some aspects of this program as a way of recruiting and retaining top workers. If created properly, these internships could generate positive goodwill in the community and may create an employment equity preference over employer rivals. Some chains already do offer the ability to apply for limited competitive college scholarships for their employees. Workers receiving scholarships should be given preference for length of employment and positive management recommendations. Meeting certain work goals could be part of the internship or scholarship application too so that work performance motivation is increased.

Encouraging Employee Socializing on the Job

Employee pay is certainly an important issue in the fast food industry. However, fast food employers should encourage the social aspects too in order to help workers form a positive work connection other than just for the hourly pay. Volunteer organizations pay nothing and are able to attract highly motivated and dedicated workers. Encouraging employees to ask their friends to apply for employment can add to work enjoyment and give another reason to not switch employers. Tedious tasks can feel less tedious and when there is a social support system (Klein, 1990; Van Yperen & Hagedoorn, 2003). Quality employees also tend to have quality friends, which is another advantage for employers. In addition, this is inexpensive recruiting. Employers should consider giving a small bonus to employees that refer successful employees. The bonus would be given after at least 3 months on the job as long as the recruited employee is doing well. As part of getting to know employees, asking about their close friends and encouraging these friends to come in for an informal interview or just to take a restaurant tour should produce positive recruitment results. As possible, friends should be scheduled on the same shifts.

One criticism of hiring friends or the encouraging of making friends on the job is that employees might socialize too much instead of work. The key is to put boundaries and to show how it can be handled without any significant impact to work efficiency. There must be a win/win as far as socializing and it should be a part of multi-tasking that the younger generation has fully embraced. No one wants to work at a place in which employees are treated like slave labor, and when there are plenty of job opportunities at this low pay level, the "crack the whip" employer is going to lose quality employees. Happy employees also work harder if guided properly and also generate positive energy to customers. Management should find ways to encourage work conversations in a manner that doesn't reduce work output. If possible, attempts should be made to recruit the more popular students as these students will help bring in more applicants and perhaps reduce turnover. Turnover of quality workers is extremely expensive and fast food work is often the least favored of all potential employees. Popular students make fast food a "cooler" option when considering employment opportunities.

Offering Work Games and Prizes

Another avenue to increase work enjoyment and perceived equity is to add work games and prizes. This is also another way to add to the social aspects of working in a fast food establishment. Games can also decrease the potential boredom or unpleasantness of some work tasks as viewed by some employees. Prizes do not have to have a high dollar value but should be of high value to employees. For students, an idea would be to award a free combo meal, but it must be given to one of their teachers. The prize of management washing employees' windshields or taking their uniforms home to wash would cost almost nothing but would be a bonding experience with many employees. Other ideas might include hanging an employee's picture in a prize winner frame on a prominent wall and adding a caption of what did to win or giving a special combo meal named after the employee for a week with some promotional discount to customers. Prize ideas are endless and the ideas that employees seem to value the most should be repeated. One way to increase a prize's financial value to an employee is to put the names of the last 25 prize winners into a hat and then draw out one name to give a bigger prize.

Prizes can help increase employee satisfaction and can be linked to customer satisfaction too. For example, prizes for incredible customer service. Other ideas might include getting employees to get ten friends, a club, or a team to come eat the fast food with all these customers getting large instead of small fries with combos or a T-Shirt to share. There could be employee awards for getting Mom's or Dad's office to come in to eat using a food offer or other incentive such as a gift to a local charity, picture of office workers on wall, or something else creative and visible that makes everyone feel good or excited. Management should not recommend a prize such as a better work assignment (grilling hamburgers versus cleaning oil from fryer) as management should not highlight and give attention to the unpleasantness of certain jobs. Awards should not involve better work schedules as this could create inequity issues (Adams, 1965). Prizes should be rewards and not punishments for others. Employees need to work together and not become rivals or threats.

Worker Empowerment

Even workers in low-pay and low-skill positions desire workplace participation. The day of "just do what you are told" is over as far as motivating and maintaining the morale of most employees. Because many organizations still do not recognize this fact, empowerment can be a competitive and equity advantage with employees and in the fast food industry. There should be ample opportunity for workers to share their thoughts and ideas. Brainstorming should even be encouraged on specific topics and rewarded in a positive valued manner. There could be an "idea" award. Real empowerment creates a perception of mutual respect and workplace ownership. This leads to higher workplace commitment and higher job satisfaction (Mitchell, 1973). The fast food establishment also wins because there will be some new good ideas.

The theme should be continuous improvement and it must involve employees at all levels. There should never be a management response that something can't be improved, it has already been improved, or it is perfect. Sometimes, there is a need for multiple okay or poor ideas combined to get one incredible idea. This is how brainstorming should function. Although great ideas do happen on their own, many happen through the exploration of many ideas. Ideas should not be limited to restaurant processes, but to also advertising, marketing, hiring, promotion, and equipment. There should be no areas off-limits. Ideas could be shared in group speed meetings or even on a computer where others can share and add to proposed ideas.

Keeping In-Touch with Current and Former Employees

One advantage of hiring quality high school students to work in fast food is that employers might be able to persuade them to continue during college or college breaks. Facebook and email are free contact methods and a great way of keeping in touch with employees and former employees. Each fast food location should have their own Facebook account and attempts should be made to create a close family of workers and perhaps even with customers too. The danger is that negative items or pictures might sometimes be posted so Facebook so it must be monitored regularly. Unfortunately, negative pictures or comments might also show up on other Facebook pages not controlled by the employer. We are in a time when every employee is carrying a cell phone and all cell phones have cameras and most have video too. These negative pictures and video are less likely to be taken and distributed if the workplace is perceived as equitable. As far as recruiting previous workers, a quick email from management to those home from college break to see if want to work some hours might lead to some needed new hires even if temporary. These hires might be particularly desirable in the summer when some employees would like to take some vacation time.

Some employees attending college locally might even quit work during a rough academic semester, but wish to return during an easier academic semester. Some employees might have left to try another job because they could get the same pay but are unhappy and would return if asked. Keeping in contact with former employees is a valuable way of getting already trained employees to return. Quality employees should know they are welcome back and should be treated well when they quit. From an administrative standpoint, there is little paperwork to rehire an employee versus hiring one for the first time. The treatment of former employees as viewed too by current employees is also an equity issue (Adams, 1965).

Management's Impact on Fast Food Operations

Most chain Fast Food restaurants use the supervisor model of having one manager and multiple assistant managers. The management team is critical for maintaining perceptions of equity in the workplace. This connection is even stronger in low hourly rate positions in which pay incentives are weak motivationally and current employees have constant opportunities to work elsewhere at other low-paid positions. There is a need for managers to form relationships with employees in which guilt instead of relief would be felt when employees consider changing jobs. Employees do become more connected with the management than the fast food restaurant itself although both connections are important. Poor management will hurt employee perceptions of equity. Management can make the difference between superior workers choosing to work fast food versus what many would argue are better more pleasant employment opportunities elsewhere. Fast food chains must provide help with solid guidance in not only choosing the regular workers but also in choosing management.

Training of management is essential and must be reinforced with periodic videos, quizzes, and check sheets to reinforce what was learned and to also practice it so the learning is not quickly forgotten. Most leadership training could be given on-line so it is consistent, inexpensive, and periodic. Chosen managers must be competent in food operations; however, they must also be compassionate caring individuals that realize that employee motivation comes mostly from outside of the hourly paycheck in this low paid industry. Management must be sensitive to employee recognition, respect, and social support (Deci, Koester, & Ryan, 1999), and must understand how to make the workplace a positive experience and perhaps even fun.

Conclusions

While employees do react differently to inequity and some are more sensitivity to it than others (Huseman, Hatfield, & Miles, 1987), inequity overall creates a powerful negative motivational impact in the workplace (Disley, Hatton, & Dagnan, 2009; Adams, 1963, Adams, 1965). This is particularly true in the fast food industry because of the low pay, low promotion potential, and low desirability of these types of positions. A fast food restaurant should pay an hourly rate that is at least what other fast food restaurants are paying their workers.

There should be attempts to offer outside of work discounts to compete with retail employers that give employee discounts. Efforts should be made to create a user-friendly equipment work environment so that equipment is easy to clean and use with little unnecessary hardship such as high heat on employees. Care should be given in the creation of a pleasant work environment. Management must hire carefully and should encourage employees to refer friends for positions. The workplace should have acceptable socializing to reduce boredom and fatigue.

A more equitable work environment can also be enhanced by management keeping in touch with current and former employees on a personal basis, adding work games and prizes, and helping employees meet academic goals as applicable. In addition, equity can be strengthened by empowering workers and placing workers properly in positions. Finally, most of the recommendations made to maintain equity will fail without the hiring and training of managers that are competent in food operations and in being compassionate and caring with employees.

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