

**AFFECT OF INCENTIVES ON MOTIVATION OF HOTEL WORKERS:
A CASE STUDY OF THE GRAND HOTEL EUROPE, ST. PETERSBURG,
RUSSIA**

by


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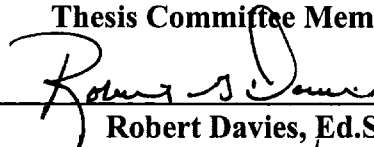
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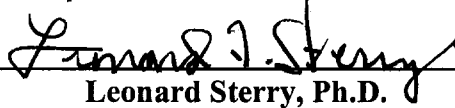
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ABSTRACT

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With some positive changes in the Russian economy many hospitality companies are willing to invest into building new hotels in the country. In St. Petersburg, the second largest city in Russia, there are already four hotels operated by foreign investors and three more are being built.

One of most the important concerns of new foreign investors is not Russia's high business taxes or political uncertainty but its people: finding dedicated and hard-working employees is a real challenge that many managers do not know how to face. Most Russian workers, who have had "70 years of stagnation" to guide them, are generally unfamiliar with the concepts that formulate worker motivation, initiative, time management and problem solving. They approach work with a different mind-set from their Western counterparts: "Do only what you are told, and nothing else -- initiative will be punished". In fact in the Russian language there is no word for motivation as Western businesses define it. Western people use motivation on the job to explain why people

work: for challenge, pride, recognition, promotion and salary. In Russian for many years the nearest word to motivation was “stimul”, meaning stimulation, which leads Russians to think “dengy”, Russian for “money”. So the majority of Russians perform their job for one thing only: the pay.

The Grand Hotel Europe located in St. Petersburg, Russia, one of the few Western managed hotels in the country seems to understand well what kinds of incentives motivate Russian workers. The results of the study showed that employees are satisfied with current benefit package offered by the hotel. One of the most popular incentives was monetary rewards followed by free medical services and free meals during work hours. Many employees also indicated that they feel motivated when they are recognized for their individual achievements and when they are offered opportunities for career advancement.

The study also found that younger Russian hotel employees are motivated by a different set of incentives than are older employees. Free hotel stays, 24 day vacation and maternity and paternity leave have a greater value to younger employees. Benefits such as life insurance, sick leave with full pay and free medical services are demanded by older employees.

Younger Russians also maintain a different outlook regarding external and internal factors that motivate them. Internal factors such as advancement and achievement are more effective with 18-35 year old employees than they are with 35-65 year old employees. Younger hotel employees feel more motivated than their older counterparts by such factors as relationships with peers, work status and working conditions.

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CHAPTER I

INTRODUCTION

With the collapse of the Soviet Union, a growing number of foreign hospitality companies are willing to invest in the new post-communist economy. Koen & Marrese point to all the advantages Russia has to offer: a huge domestic market, favorable political conditions, educated labor force and - perhaps most important – an overwhelming economic optimism from the West (Koen and Marrese, 1996).

This optimism was perhaps best expressed by an American entrepreneur who had set up a restaurant in Moscow in 1995, gave the restaurant a distinctly American Wild West decor, including a swinging saloon door, and recouped his investment in six weeks. "Everything in this country is in short supply," he observed. "Anything you do is doomed to success" (Moscow News, 1995).

In the four years since communism allowed free market enterprise in Russia, a unique process of economic development has emerged in a region that, in its thousand-year history, has never been exposed to capitalism. While transition to this new economic system has proved a difficult process, for Russians, the state of flux initiated the emergence of a capitalist society that enabled interests from the West.

Despite the interest that foreign hospitality investors express towards Russian economy, they have many unanswered questions: Will the Russians be as receptive to the new Western management as is their economy? Will they want to work as hard or even harder for the American, French or German entrepreneurs as they do for their own? How will you motivate the Russian worker?

According to Goll (1989) the best way of tackling these issues would be for management to first identify the needs and wants of the employees before creating a positive motivational working environment. Simons suggested that the assumption that people want the same things from their work is often wrong and can lead managers to make mistakes while trying to motivate employees. He also stated that “managers cannot force their employees to be motivated, but if they know what their employees want and expect from work, they can create a coordinated work environment that includes coaching, skill development, and rewards helps employees to motivate themselves” (Simons, 1995).

Hospitality managers in developing countries face the problems of workers' low productivity and performance. According to Charles & Marshall (1992), most of the strategies they used have had limited success because they have been based on motivational theories and research from developed countries which differ from the developing country such as Russia. According to Alexii Kavitz most Russian employees who have had "70 years of stagnation" to guide them, are generally unfamiliar with the concepts that formulate worker motivation, initiative, time management and problem solving. They approach work with a different mind-set from Western workers: “Do only what you are told, and nothing else. Initiative will be punished” (Moskow News, 1994).

Stan Filtzer states that in the Russian language there is no word for motivation as American business defines it. In the West people use the word motivation to explain why people work: for challenge, pride, recognition, promotion and salary. In the Russian language the nearest word to motivation is “stimul”, meaning stimulation, which leads

Russians to think “dengy”, Russian for “money”. So the majority of Russians perform their job for one thing only: economic remuneration.

A Western manager has been found to ask his Russian staff, "Are you motivated?" and the people will reply "Yes", meaning they want to make as much money as possible. Thoughts of doing a job for challenge or promotion don't enter their minds until these rewards are explained. The reason is that under the old system a person had a job for life with little chance of promotion. A worker who took any initiative on the job was immediately suspect. Being "recognized" on the job was not good and to stand out among workers was deemed negative. Today the situation has changed. With hyperinflation, the disintegration of a paternalistic economy, and general product shortages throughout the former USSR, both Russian and Western firms are looking for ways to develop fair and motivating compensation systems for Russian workers (Filtzer, 1994).

This study utilized the Grand Hotel Europe located in St. Petersburg, Russia to analyze current benefit package and motivational preferences of Russian hospitality workers. Located in the heart of the historic business district of St. Petersburg (formerly Leningrad), the Grand Hotel Europe has Western style modern facilities supported by a staff delivering the highest international standards in customer service. The first five-star hotel in Russia, the Grand Hotel is an integral part of the Russian history and the culture of its city and its nation. Its history dates back to the 1820s, and for more than 150 years the Grand Hotel Europe has stood at the center of social, cultural, and commercial life of the city of St. Petersburg (Grand Hotel Europe, 1996).

The Grand Hotel Europe has played host throughout its lifetime to the great names of Russian history and to notable figures and leading personalities from all over the world. A favorite haunt of Tchaikovsky, Turgenev, Anna Pavlova, and Maxim Gorky, the hotel continues to this day to attract the rich and famous from around the globe. In 1996 alone, President Bill Clinton, Chancellor Helmut Kohl, the Prince of Malaysia, as well as other diplomatic and social celebrities have registered at the hotel.

When the Grand Hotel Europe opened in December of 1992, it was operated by Reso Hotels, a Scandinavian hotel chain. In 1996 Reso Hotels terminated their contract with the hotel, and since 1996 the Grand Hotel Europe has been operated by Baltschug Kempinski Hotels of Germany.

Need for the Study

Studies on employee motivation completed in Russia and in the West suggest that it is quite difficult to find the right kinds of benefits and motivational programs in any industry. In the hotel industry with its low wages and high employee turnover achieving a high degree of employee motivation is a significant challenge that needs to be addressed by managers working in Russia.

Statement of the Problem

Existing research formulated and compiled in the West shows that employee benefits provided by an employer form the foundation of a worker's motivation. In this study the researcher attempted to model the types of employee benefits that motivate hotel employees in Russia.

Purpose of the Study – Objectives

The purpose of this study is to describe how different benefits offered by managers of the Russian five star Grand Hotel Europe affect employee's motivation as measured by the benefits questionnaire. The study will concentrate on the following objectives:

1. To discern the level of satisfaction as depicted by the hotel employee demographics.
2. To identify the types of benefits which motivate employees.
3. To investigate if employees are satisfied with current benefit package components.
4. To determine the internal and external factors that influence employee motivation.

Defintions

Motivation is the result of the internal or external processes to the individual that arouses enthusiasm and persistence to pursue a certain course of action.

Motivator is experience that creates positive attitudes towards work which come from the job itself.

Demotivator (s) is (are) the factor (s) which are a part of the working environment but are outside of the task if the job itself. This includes pay, working conditions and company policy.

Assumptions

Based on the literature review and researcher's knowledge of Russian people, the major assumption of the study is that Russian workers consider monetary incentives to be most effective in improving their motivation. Also, younger workers who have a different set of values and beliefs consider a different set of incentives to be important than do older workers.

Limitations

The study has the following limitations:

1. Some of the questions in the questionnaire could lose their original meaning due to the conversion of surveys from English into Russian.

2. One of the research assistants is employed by the hotel Europe and has friends employed as workers of the hotel. This may introduce an unknown percentage of bias in the overall workers' response.

CHAPTER II

LITERATURE REVIEW

This chapter will describe the Russian labor force in a historical perspective as well as identify work attitudes of Russian employees. Topics of employee compensation by Russian and Western companies as well as contemporary motivational theories and techniques will be investigated. A brief outline of recent motivational research and its applications to the hospitality industry will be presented.

PART I RUSSIAN WORK FORCE

Optimists look to the market and democratic pluralism as the motors for driving Russia into the process of "normal" economic and political development. Seeking aid and investment from the West, President Boris Yeltsin utilized Russia's vast natural resources as collateral for loans and capital for infrastructure investment. Little is said about a key factor: the Russian labor force. While technology and management concepts can be imported, the structural human element cannot.

According to the Russian newspaper Trud, Russian workers exhibit a "a psychology of permanent dependence" (Trud, 1998). With little pride in their inadequately remunerated work, for years most Russians were anything but masters of their own proletarian country. As a result, today Russian workers are deemed unprepared for the free market workplace and its demands.

Russian Prime Minister Viktor Chemomyrdin stated at the World Economic Forum in Davos, Switzerland, "Without discipline and hard work we will achieve

nothing. We cannot live as they live in the West and work as we work in Russia."

Tidmarsh discovered that for three generations a negative selection process systematically eliminated workers with the greatest drive, know-how and individual resilience. This, he learned, gave rise to a "pervasive, cowed apathy" and scheming work ethic, "with the most liveliest initiative directed at seeking maximum personal gain with a minimum expenditure of effort" (Tidmarsh, 1993).

Today the transitional problem that Russian workers are collectively facing is that of labor discipline. In general alcoholism, theft, and absenteeism is the phenomena which is very familiar to Russian managers. Russian sociologists are now concerned with the Russian workers' poor work ethics, emphasizing the fact that work had become an "increasingly peripheral part of life in Russia" (Belyaeva, 1989).

Filtzer acknowledges that problems with discipline affect all workers, and are not just concentrated among the young and inexperienced which has been claimed for many generations. This view can be supported by a report of the Russian press which claimed a 20 percent rise in unauthorized absenteeism among all workers between 1986 and 1990, and a more than 100 per cent jump in absences.(Filtzer, 1994).

How Russian Workers Perceive Work (Historical Perspective).

In the past twenty years several researchers such as Popova, Roik, and Iadov undertook studies to investigate the work perceptions of Soviet workers. The initial investigation of Leningrad workers' job attitudes by Iadov and Zdravomyslov in the 1970s has had a profound impact on all subsequent Soviet studies regarding work place experience.

Research in Leningrad developed several indicators of work attitudes. One of them was an “objective” indicator in the sense that it was based on an assessment of the respondent’s work performance rather than their “subjective” reactions to their work roles (Iadov, 1979). The assumption was that “real attitudes” would be reflected in worker’s behavior in production activity. Performance ratings supplied by supervisors included information on worker’s productivity and quality of work, as well as discipline and conscientiousness. These ratings were combined to derive a typology of work-performance groups ranging from the “best” to “worst”. According to Murray this method of gauging work attitudes has not played a significant role in most subsequent Soviet studies possibly because the “association between “objective” and “subjective” indicators was a rather tenuous one” (Murray, 1985).

Iadov’s explanation of the “objective” indicator was “the most characteristic trait of the communist attitude toward work is the initiative of the worker expressed in his active participation in the rationalization of production, in his readiness to propose ways of improving work organization...”. Initiative means a readiness to “act against routine in the organization of work, against outmoded technology” (Iadov, 1979). Subjective indicators in the Leningrad study were a) satisfaction with work b) satisfaction with occupation and c) worker’s evaluations of the “social value” of work.

As Barbash states, this last indicator was “something of a misnomer” (Barbash, 1978). What Iadov and Zdravomyslov thought to learn was to model the worker’s perceptions of “a good job” rather than an explicit evaluation of his current one. The questions were formulated in such a way that the possible answers could fall somewhere

between the two extremes of a) “a good job is any job that pays well” and b) “a good job is one where you are most useful and needed” (Barbash, 1978).

Since much of the subsequent research in Russia was on various aspects of the work satisfaction studies, it is important to know how “work satisfaction” is conceptualized in the Soviet literature. Given the long-standing concern of the Soviet government to improve worker’s job performance, it is not surprising that some of the literature has stressed a “productionist” justification for job satisfaction studies. Prohatilov states that “in its clearest form this approach to work satisfaction is primarily a means of ascertaining available reserves for increasing labor productivity” (Prohatilov, 1975).

Perhaps the most common Soviet view of the concept of work satisfaction regards it as reflecting the prevailing “balance” between workers’ needs associated with a labor based activity on the one hand and the opportunities for their realization on the other. Hence, to be satisfied with unskilled or monotonous work is regarded as “impoverishment of the individual’s needs and interests” (Murutar, 1976). Similarly, the existence of a certain amount of work dissatisfaction is not necessarily unhealthy. When it reflects a high level of unfulfilled needs or “claims” which people make on their work, dissatisfaction may cause a kind of creative tension that leads to desirable changes in the workplace. This means that the degree of satisfaction should not be assessed in isolation but always in relation to workers’ claims, needs and interests (Prohatilov, 1975).

Surveys of Job Satisfaction of Soviet Workers

It would probably be an exaggeration to claim that Soviet researchers have developed a comprehensive “theory” of job satisfaction. However, one can suggest that

their studies of work attitudes have gone well beyond the “mere tallying of *do you like your job or not* responses” (Murray, 1985). But what about the general reliability or responses to work-attitude questions under Soviet conditions? Researchers in the West have been very cautious in relying on self-reporting of job attitudes. According to Naumova “mechanisms of self-deception, ego defense and social pressure tend to bias responses in favor of job satisfaction” (Naumova, 1985).

In the Barbash study for the Organization for Economic Cooperation and Development he states: “Job satisfaction is so closely tied in with one’s self-esteem that the respondent may not be really answering the question as to whether or not he is satisfied with his job so much as whether or not he feels his life has been worthwhile... What is being measured in part may not be satisfaction in work but a deep need in the worker to say that he has found some acceptable accommodation with his environment” (Barbash, 1978).

According to Iadov, these problems of research reliability are likely to be magnified in the Soviet work environment. Apart from pressures on respondents, the pressures on the investigators to stress the importance of “positive” work attitudes are quite overwhelming that may cause concealment of any substantial evidence of work discontent.

Iadov states that the problem of distinguishing the separate effects of job characteristics on overall work attitudes is difficult under any conditions, but it assumes special importance under Soviet workplace circumstances. Knowledge of workers’ reactions to specific facets of the job environment is not only a “management” tool, but also “a means of better adapting them to their current work roles”. It is also a way of

learning how the meaning of work has changed in the perceptions of the Soviet worker. Does work continue to be perceived primarily as a “means to life”, with workers oriented mainly to the material rewards associated with their work activity? Or work has become an “inner need”, an “end in itself”, with workers oriented mainly to job content, to the work process as a rewarding activity? (Iadov, 1985).

Many Soviet studies of worker’s job satisfaction (Leningrad, Tallinn, Odessa studies) show that Soviet workers consider material rewards to be the main indicator of a “good job”. For example, in the Academia Nauk study more than 80 percent of sampled workers expressed the view that adequate wages are the most important attribute of a “good, satisfying job” (Academia Nauk, 1978).

Summary

According to Kagarlitsky, consolidation of a "civil society"--privatization, an effective banking and credit system and progressive taxation --will be able to stimulate a productive work ethic and harness latent Russian talent. It can be expected that political stability, in addition to significant Western investments and a well-managed transfer of technology will allow the Russian work force to gain momentum towards a better future.

Politics, economics and social evolution alone will not change the workplace mindset of Russian workers. The Eastern perspective of work and its reward system was created by many years of individual subordination to the command system. Kagarlitsky feels that Russian society will have to accommodate a commercial and consumption culture for which it is ill prepared. The development of a balanced, skilled and motivated work force will require prolonged exposure to an enterprise culture in which pay and position are tied directly to effort and the quality of work (Kagarlitsky, 1992).

PART II COMPENSATING RUSSIAN EMPLOYEES (RUSSIAN STYLE)

Material Rewards

Since the beginning of the Soviet regime there has been a consistent struggle to develop a coherent and workable system of employee incentives. Unlike in the West with its employee autonomy and freedom, the only type of incentives Soviet managers had to motivate their workers were material rewards. For example, Stalin used wages as a tool to coerce workers into accepting stricter discipline and a higher rate of worker exploitation.

However, the overwhelming majority of workers were paid wages set so low that only by fulfilling the output quotas, or norms, could a worker hope for a basic living wage. To ensure that workers did not eventually adapt to their higher targets norms were raised during annual norm “revision” campaigns. In this way workers would have to raise output by 10 to 30 percent just to maintain personal income at their old levels (Filtzer, 1994).

In many cases the manipulation of norm setting was too difficult to achieve and this compelled managers to offer other ways to increase earnings. Some managers permitted claims for work not carried out (the so-called *pripiski*), or promoted workers into higher skill and wage categories without training or preparation. Despite the Stalinist regime’s repeated attempts to break this system, concessions over wages became the key element managers used to motivate most Russian workers.

With Stalin’s death and political moves to relax social tensions, Krushev (1958-1971) attempted to resolve the problem in a different way. He raised basic wages and offered incentives to both managers and workers to accept stricter norms and then

expected the productive effort that went with them. This was not successful. The government program to motivate Russian workers could do nothing to eliminate the constant disruptions to production and the threat of lost earnings they brought with them. Thus managers and workers continued to work using their old production arrangements. Bonuses to meet fulfillment or achieving various quality objectives were paid so routinely to workers that they amounted to no more than an automatic supplement to the basic wage (Temkina, 1991)

Under Brezhnev (1971-1983) the government policy was to buy worker's cooperation by taking a benign attitude towards wage increases, coupled with various "experiments" designed to make workers accept the need for greater efficiency. Henceforth workers were offered inducements to cut staff in return for sharing in the savings that would comprise their factories' wage funds. This effort proved unworkable because management could not guarantee the productive conditions such as regular supplies, replacement equipment or tools which workers needed to ensure a basic income (Arnot, 1988).

With perestroika the Soviet government was disabled in the workplace by a totally dysfunctional reward system dominated by countless anomalies. Because of variations in locally determined norm-setting and bonus procedures, workers in identical trades with identical technical skills would have very different earnings, while specific groups of skilled and unskilled workers in different sections of the same factory might earn the same wage.

It was not until Gorbachev came to power that the Soviet government began to address the problem of worker incentives by widening differentials between various categories of

workers. The party officials believed that the prospect of higher rewards would encourage workers to exert greater effort and would ease the problems of recruiting specialists in key areas. In 1987 Gorbachev introduced a general wage reform. Its main provisions were to raise output quotas, together with basic wage rates, as well as to make more extensive use of quality and performance bonuses. This was supposed to prompt workers to pay greater attention to economizing on materials and adhering to operating procedures. In many enterprises bonuses for fulfilling plans were only to be paid if all output were produced defect-free.

Throughout the period of Gorbachev's presidency the press was able to single out certain model factories where the workplace reform had led to improved efficiency and higher earnings. For the majority of Russian workers the reform proved to be a failure and eventually was abandoned by the government in the end of 1990 (Mihalisko, 1992).

Developing of the Bonus System

It is important to understand that the development of a bonus system in the former Soviet Union was very poorly developed and virtually non-existent. It was not until Gorbachev era that the reform of the bonus system in Russia was actively introduced which aimed at displacing bonus payments for individual norm fulfillment. In this way it was anticipated that the coordination between different stages of the production process would be improved.

There also was to be a shift towards giving collective bonuses, as opposed to those based on individual performance. At the same time, the new system was designed to close large loopholes in the old bonus regulations. For example, enterprises could fail to meet their basic production indicators, yet still earn substantial bonuses by meeting

particular targets deemed by the planning authorities to be important to the economy (Parmenenkov, 1988).

The new bonus reform made little direct impact on the Russian economy. Companies were not willing to switch from individual to collective rewards. According to Mironov, for many workers the payment of bonuses continued to appear very arbitrary. One survey found that workers thought that bonuses in their company depended upon individual relations with management and then, the criteria used for awarding bonuses was obscure. There were also systematic conflicts over the fact that bonuses could be made dependent on the work results of an entire collective, thus penalizing workers for poor performance of sections or brigades with which they had no actual interconnection in the course of production (Mironov, 1991).

Perhaps the greatest difficulty in the bonus reform was the fact that the bonuses were too small to have the desired impact on workplace motivation. In 1988 one company in Moscow achieved an earning of 3 million rubles in profits (approximately \$5 million US in 1988) for which each worker received only 3 rubles (approximately \$ 5 US).

COMPENSATING RUSSIAN EMPLOYEES (WESTERN STYLE)

Unlike Russian Human Resource managers, their Western counterparts have an inventory of proven methods to motivate Russian workers. Yet, factors outside the workplace such as highly unstable political, legal, and economic environment, as well as the absence of viable pay compensation models, create many challenges for Western firms attempting to establish equitable compensation practices for their unmotivated

Russian labor force. Puffer notes that Western firms face many issues: How will competitive forces affect compensation? How can compensation be protected from hyperinflation? Should base salaries be paid in rubles or hard currencies? What kinds of fringe benefits should be offered? Etc..(Puffer, 1992).

The Communist Era, 1917-1985

Under the old system, Western embassies, consulates, trade missions, and private companies accredited in the U. S. S. R. had Soviets working for them, mostly in technical and support positions. However, foreign organizations were not allowed to hire local people directly but had to sign contracts with the all powerful UPDK, the Department for Diplomatic Corps Service which provided the Soviet employees. The contract had to be paid in hard currency, but Soviet employees received ruble wages from UPDK. Foreign employers had no influence over their Soviet employees' official compensation and very little influence over the selection process (Tsapelik, 1990).

Unable to motivate employees through salaries, many Western organizations set up supplementary incentive systems, which usually included holiday gifts in the form of Western consumer goods, food and spirits, occasional short trips abroad, and even some rare hard currency cash payments (even though it was illegal for Soviet citizens to hold foreign currency). According to Maevsky, in a shortage economy Western goods played an important motivating role for Soviet employees who worked hard to secure their well-paying jobs (Maevsky, 1993).

Perestroika, 1985-1991

A major policy of the perestroika period was the 1987 adoption of the U. S. S. R. Law on Joint Ventures. This law opened the door to direct foreign investment in the

country and provided incentives for joint ventures with foreign partners who could hold up to 49% ownership. The law also provided some guidelines on how to compensate Soviet employees of joint ventures.

According to the new law, Soviet employees were covered by the prevailing labor code and therefore enjoyed all social benefits granted to employees of state-owned enterprises in terms of working conditions, pensions, safety, and the like. The law did not establish any restrictions on employee compensation, except for a bar on any foreign currency payments (Puffer, 1992).

During the early stages of the joint ventures, most Western multinational companies adopted similar strategies for local employees' compensation. To attract the best people, they offered salaries higher than those at their partners' enterprises along with some incentive compensation consisting of periodic bonuses, either annually, semiannually or quarterly. Both salaries and bonuses were paid in rubles.

According to Mimeo, in addition to monetary compensation, joint ventures provided their employees with foreign travel opportunities as well as a work environment considered to be more challenging and rewarding than that of local companies. Taken together, these measures ensured the competitiveness of joint ventures' compensation packages in a labor market dominated by state-owned enterprises (Mimeo, 1992).

Most Western managers agreed that, during the first two years after the joint venture legislation was introduced, they faced virtually no competition in their search for capable employees and managed to attract the best people available both for managerial and production jobs. However, further liberalization of the Soviet economy allowed the development of small private businesses called cooperatives and private

businesses of unrestricted size. These new business enterprises challenged the compensation packages offered by the increasing number of joint ventures. Free from any state regulations and often cash rich, cooperatives sharply raised salaries for their employees (Puffer, 1992).

Although no hard data are available, it is generally believed that cooperatives and private Russian companies paid their employees at least 2-3 times more than state-owned enterprises and 1.5 - 2 times more than joint ventures. Despite their low wages, state-sector employees enjoyed social benefits such as day care centers, resorts, and health facilities not generally available to private sector employees. They also had job security, although today it is no longer guaranteed (Tsapelik, 1990).

The cash offered by the private sector often outweighed security concerns and attracted hard-working and risk-taking people. Since this type of employee is often regarded as desirable by employers, joint venture managers were moved to respond to the new competitors from the private sector. New legislation in 1991 allowing 100% ownership by foreign investors resulted in another change affecting compensation for Russian nationals.

By the first half of 1991, Western companies had implemented several different approaches to compensation of Russian employees. Companies with a relatively long history of joint ventures with hundreds of employees mostly opted for a continuation of the old strategy with slight modifications. They offered salaries higher than the state sector, but lower than the Russian private sector. They also provided bonuses in rubles and introduced new benefits, usually not contingent on performance, in the form of

Western consumer goods valued at \$150-\$500 a year, since hard currency cash payments were still prohibited (Maevsky, 1992).

Many joint venture export/import firms chose another approach: They introduced substantial incentive bonuses to senior management and some sales people, in the range of \$2,000 or \$20,000 annually, payable upon attainment of financial goals. To avoid breaking the law, some joint ventures opened hard currency bank accounts in foreign countries for their Soviet employees, while others ignored laws and paid cash to employees.

Western corporations that chose for 100%-owned subsidiaries were enabled to design brand new compensation, packages and pay systems for their local employees. Most, however, adopted some modified version of joint venture compensation systems, including a mix of ruble and hard currency payments (for managers), a Western consumer goods allowance, and sometimes access to high quality medical services. Very few chose to compensate their Russian employees according to the practices of their home country. For example, two firms were found to pay Russians standard hard currency salaries, provide medical and dental services as well as company pension plans (Puffer, 1992).

The Market-Oriented Economy, 1991 to Present

Since the breakup of the Soviet Union and the establishment of an independent Russia in 1991, political and legislative turmoil, the additional economic crises, and further liberalization of the Russian economy have created new challenges for Western companies operating in Russia. On the one hand, they are free now to pay Russians in any currency, since many regulations, including the ban on hard currency payments, were

abolished, and government control of compensation is basically nonexistent. There is a sharp deterioration of the consumer market and skyrocketing inflation that make most of the traditional approaches to compensation useless in today's economic structure. Greater freedom to leave the country and intensified competition for good people from the growing private sector makes the development of the effective bonus system all the more necessary (Sheksluna, 1992).

Today Western firms are using a variety of approaches to compensate Russian employees. A survey of six firms conducted by the American Embassy in Moscow in the summer of 1992 and a survey of 18 firms by Otis Elevator Company in 1993 show that the following approaches are being used (Puffer, 1992).

Base Salary

Some companies pay their Russian employees exclusively ruble salaries, some pay only hard currency, while others provide both. In the Otis survey, ten firms paid strictly ruble salaries, two paid exclusively in hard currency, and six offered a mix. The trend has been to offer a mixed package of ruble and hard currency salary payments on a monthly basis.

Incentive Compensation

Virtually all Western companies operating in Russia have introduced or are introducing some sort of a performance-oriented bonus system. According to one manager, the reason for this is a "need to motivate employees toward the company's objectives and to fight the illness of the old system, the lack of accountability and demotivation." Also, many companies have entered a stage of their development in

Russia in which they are expected to show their first positive results, and managers plan to achieve these results by creating incentives for local employees.

Companies are introducing a number of Western incentive systems, including management by objectives (MBO), merit increases, commissions, and stock options. For instance, some companies have established MBO incentive plans for general managers and their direct reports. Bonuses range from 10%-50% of salary, averaging 20%.

Benefits

Benefits is the area in which the new system overlaps the old more than anywhere else. Western firms provide a wide variety of benefits, since benefits traditionally have played a much more important role in Russia than in the West for several reasons. First, their relative value in the total compensation package has been much higher than in the West. For example, people depended on their enterprises to provide them with benefits such as resort passes that otherwise often could not be purchased.

In addition, government policies were aimed at keeping wages low and severely restricting production of consumer goods in favor of military and industrial goods. Second, employment perks have been important symbols of power and prestige differentiating people in a society that permitted little wage differentiation by profession and individual performance.

Third, the benefits system in Russia typically has not been well structured, and line managers could easily influence it to their advantage. Thus, benefits traditionally have constituted a significant portion of compensation equal in monetary value to salaries and bonuses for general managers, according to estimates (Tsapelik, 1992).

A wide variety of approaches to employee benefits exists among Western companies in Russia. For example, joint ventures initially adopted the same benefits as their Soviet partners' enterprises, including food packages, summer houses, and apartments. The six firms responding to the U.S. Embassy compensation survey provide such benefits as cars, hard currency goods, uniforms, medical care, child care, sports facilities, meals, housing, and clothing allowances. Holiday and vacation benefits are the only areas in which companies have had the same policies (Puffer, 1992).

Hard Currency and Rubles

The trend in compensation has been to include hard currency payments for two reasons. Hard currency can protect employees from hyperinflation. The ruble has been devalued from 650 to 2,000 to the U.S. dollar from 1992 to summer 1994. As long as the prices of goods remain stable in hard currency, then hard currency wages are more valuable. A second factor is that many goods were not widely available for rubles and required payment in hard currency. However, hard currency payments may be less important now. Since 1992 the ruble became easily and legally exchanged into major hard currencies at virtually every street corner in major cities.

In addition, consumer goods, mostly imported, have become more widely available for rubles. Nevertheless, it is predicted that hard currency will continue to be part of the compensation package for some time to come. Not only is it a more stable currency, but it simplifies the process of financing foreign travel and imported goods and services, and it is viewed as a status symbol (Maevsky, 1992).

Summary

Compensation practices of Western firms for their employees in Russia are a great example of successful motivational programs which should certainly be used by Russian managers. However, these practices are still evolving and are highly dynamic. This is proven to be true for established companies that have been operating in Russia since 1987 when the joint venture law took effect. The work environment is so volatile that according to Sheksluna, "managers often have to play the role of firefighters rather than builders of new, advanced organizations" (Sheksluna, 1992). This is especially the case in the area of employees' compensation, where management is forced by hyperinflation and significant deterioration of the Russian economy to be reactive rather than proactive. Management also must learn more about foreign companies' employment practices, what is happening in domestically run enterprises, as well as the dynamics of the regional and national labor market.

PART III MOTIVATION

Motivational strategies are very popular in today's workplace. All managers are using some theory of motivation whether they are aware of it or not. In *Iacocca: An Autobiography* Lee Iacocca asserts that in order to be able to answer the question "what motivates people?" one needs to investigate the theories that have shaped our understanding of workplace motivation (La Motta, 1992).

Theories of Motivation

Maslow's Hierarchy of Needs

Abraham Maslow is perhaps the most cited of all motivational theorists. His theory states that people are motivated to satisfy needs which can be arranged in the following hierarchy: physiological, safety, social, esteem, self-actualization.

According to Maslow, individuals are motivated by the lowest, most basic, unsatisfied need in this hierarchy (physiological and safety needs). Once a level of needs is satisfied, the individual will move upward to achieve the next level of needs. He climbs up and finally reaches at the top of the level of the hierarchy of needs which is the self-actualization needs. The conclusion of Maslow's theory is that all individuals have basic needs that they strive to fulfill in the course of their lifelong efforts to realize their hopes and aspirations (Maslow, 1976).

McClelland's Theory of Needs

According to McClelland's theory of needs, people have three basic needs:

1) Need for achievement: The drive to excel, to achieve in relation to a set of standards, to strive for success. 2) Need for power: The need to make others behave in a way that they would not have behaved otherwise. 3) Need for affiliation: The desire for friendly and close interpersonal relationships (Stahl, 1986).

Therefore, individuals with a high need to achieve prefer job situations with personal responsibility, feedback, and intermediate degree of risk. Also, people with a high achievement need are interested in how well they do personally and not in influencing others to do well (Robbin, 1993).

Herzberg's Theory of Motivation

Frederick Herzberg introduced a “two factor motivational theory” which deals with motivators and demotivators. Herzberg asserted that we cannot begin to motivate someone until the things that dissatisfy that person have been removed. Salary, working conditions, and supervision are not motivators even when they are met. They simply help keep a person from being dissatisfied. Dissatisfiers can also include company policy, poor interpersonal relations, and job security. Meeting lower-level needs of employees is not motivating, and can actually be de-motivating when not met. It is only when we begin to meet someone's higher-level needs that motivation truly kicks in (Herzberg, 1990).

Theory of Personal Causation

DeCharms's Theory of Personal Causation supports Herzberg's Two Factor Theory. DeCharms states that the primary motivation of humans is the need to effectively cause changes in the environment. Most people do not want to have their lives manipulated by others. People value most highly the behavior that they believe they have originated themselves rather than the behavior they perceive as having been imposed upon them. Students, for example, are more likely to remember the insights they “seize themselves in the process of a class interaction rather than the insights a teacher spoon-feeds them in a lecture” (Rosenbaum, 1982). In the same way, a supervisor who encourages employees to originate their own work and who actively listens to and has respect for their ideas is ensuring that the employees will value that work more highly.

Task Characteristic Theories : Job Characteristic and Goal Setting Models

Jobs are different and some are more interesting and challenging than others.

The question is how to combine the employee's motivation with different jobs in order to achieve a better job performance. The task characteristics theories seek to identify task characteristics of jobs, how these characteristics combine to form different jobs, and the relationship of these task characteristics to employee motivation, satisfaction, and performance.

Job Characteristic Model

The job characteristic model (JCM) identifies five job characteristics and the relationship to personal and work outcomes (Friend and Ferris, 1987). Five core job dimensions are skill variety, task identity, task significance, autonomy, and feedback. The first three dimensions, skill variety, task identity, and task significance, combine to create meaningful work. That is, if these three characteristics exist in a job, we can predict that the employee will view the job as being important, valuable, and worthwhile. And jobs that possess autonomy give the employee a feeling of personal responsibility for the results and, if a job provides feedback, the employee will know how effectively he or she is performing.

From a motivational standpoint, the internal rewards are obtained by an individual when he learns that he personally has performed well on a task that he cares about. The more that these three states are present, the greater will be the employee's motivation, performance, and satisfaction, and the lower his or her absenteeism and likelihood of leaving the organization (Robbins, 1993).

Goal-Setting Theory

Edwin Locke suggests that intentions to achieve a common goal is a very important source of work motivation. By setting goals, employees have a very clear idea

of the kind of work that needs to be done and how much effort they need to put into it. Locke also suggests that by setting specific goals, employees have a better chance to increase job performance; also, more complicated goals result in better performance than do easier to achieve goals; and feedback leads to better performance than does non feedback (Locke & Latham, 1990).

Social Information-Processing Model

According to Bigger, employees adopt behaviors and attitudes in response to the social cues provided by others. This behavior is labeled social-information processing model. Research shows that employee's motivation can be affected by such factors as a co-worker or manager commenting on the existence or absence of job features such as difficulty, challenge, and autonomy. Thus, managers should pay more attention to employee's perceptions of their jobs as to the actual characteristics of those jobs. The main point is that the managers should try telling employees how interesting and important their jobs are (Bigger, 1991).

Behavioral Science Model

Some of the major points of the behavioral science model were introduced by B.F. Skinner who recognizes that:

- a. behavior is shaped almost exclusively by the effects of an outside stimulus being applied, as well as by both positive and negative reinforcement,
- b. actions that are reinforced or rewarded tend to be repeated more frequently under the same or similar conditions,

- c. reinforcement is most effective when it is timed correctly – that is, when it occurs during or immediately upon the conclusion of the behavior that one wants to affect (Skinner, 1985).

Cognitive Dissonance Theory

The theory of cognitive dissonance was first introduced by Leonard Festinger. He recognized the importance of worker's self-esteem and found that conflict occurs when beliefs or assumptions are contradicted by new information. (Festinger, 1957). This conflict produces feelings of discomfort which the individual may attempt to get rid of by actually reconciling the differences or by convincing herself that they do not exist.

The immediate relevance of this theory to business is that if workers have negative perceptions about themselves, they need negative outcomes to achieve the consistent result. Work climates which focus on incompetence inspire incompetent performances, just as work climates which focus on self-competency inspire competent performances (Festinger, 1957).

Self-Implementation Theory

An important elaboration of this theory is provided by Abraham Korman (1971) in his standard text, *Industrial and Organizational Psychology*. Calling this theory "self-implementation", Korman asserts that the higher a worker's perception of personal competence is, the more effective will be the performance. Supervisors capable of creating environments conducive to self-confidence increase the chances of getting competent performance. According to Korman, "nothing succeeds like success; nothing fails like failure". In addition, Korman points out different kinds of perceived self-competency:

1. Chronic: The persistent opinion one has of oneself; a general feeling regarding the level of competency.
2. Situational: The opinion one has of oneself based upon a situation; a feeling regarding competency in handling certain kinds of tasks.
3. Socially defined: A feeling of competency based upon the given social contexts of the moment.

Age Theory

Douglas Hall introduced the age theory and the effect of time on personal motivational structures. Hall believes that motivation is based on needs, but these needs are entirely based on chronological age of an individual. A person in their early career is seeking advancement, friendships and money, developing skills and recognition in the traditional sense. Employees under the age of 30 often rank “good wages” at first in an order of what is important on a job, while people over 50 are more concerned with “interesting work”. For the majority of the workers between the ages of 40 and 55 the needs switch to achievement , independence, ability utilization, power and prestige, and self-actualization (Houston, 1990).

Thus to become a master motivator, Hall argues, one must learn to be sensitive to people’s ages and their different perceptions of being motivated. Though all people in a given age group are not necessarily alike, the ability to recognize age factors in motivation is an important element to consider in understanding workplace motivation (LaMotta, 1995).

RECENT MODELS OF MOTIVATIONAL THEORIES

Senge's Model of the Learning Organization

According to Peter Senge, looking at the individual departments and compartmentalized goals and objectives eliminates systems thinking. People begin to see their own "piece of the pie" to the exclusion of how and what they are doing effects every other person, product and action in the organization (Doubleday, 1990).

Strict goal setting and evaluation based on the goals set stifles innovation and creativity. In a total quality approach, it is essential that goals be continually reexamined and revamped for continuous process improvement. Goal setting, by its very nature, tells us that we know what the end is. When Steven Covey, in the Seven Habits of Highly Effective People (Simon and Schuster, 1990) says, "Begin with the end in mind", he is talking about the value of the principle behind what we are doing, more rigid set of rules to follow. When we get comfortable being in a learning mode, rather than being "at the bottom-line" conclusion mode, then we will be in the road to quality (La Motta, 1995).

Total Quality Model of Motivation

The total quality model involves two stages. Stage one in a quality improvement process usually concentrate on goal setting. Statistical process control (SPC) and process improvement methods are among its tools. Stage two recognizes the uniqueness of the individual and the power that we have to utilize each person at his or her full potential. According to Gellerman, we create a synergy, a constantly changing, evolving environment moving towards its own fulfillment. To open ourselves to what the quality

movement has to offer, we must be willing to change continuously at a pace that is faster than we have ever experienced (Gellerman, 1993).

EMPIRICAL MOTIVATIONAL RESEARCH

Research has indicated how complex the psychology of motivation and its importance to the workplace really is. There is no simple and the most direct way of motivating people. Researchers suggest several factors that help motivate employees.

Communication

The success of management is determined by the work their employees do. Since motivated employees are more productive, managers have a clear interest in knowing what motivates them. According to Morgan, “communication serves as a common thread linking the various segments of the organization into a cohesive working module which results in objectives being achieved” (Morgan, 1990). One of the ways to achieve such an environment is to make employees feel connected to their organization. Employees want to have an understanding of what is occurring throughout company’s various departments; employees need to believe that they are more than just a piece of productive machinery that can be quickly replaced (Harris, 1996). In order to be able to build vital connections to gain the commitment of employees several strategies need to be employed by management.

Establishing Internal Listening as a Priority

Managers in very few organizations consider listening to their employees. Beyond an occasional meeting or an employee survey, most managers overlook the opportunity to

listen and learn from their workers. According to Huey, internal listening builds connections between the employees and the company. When customer-contact employees understand that their opinions matter just as much as those of the customer, their commitment rises. Whenever managers consider the importance of internal listening they should be reminded of what Winston Churchill once said: "Courage is what it takes to stand up and speak; courage is also what it takes to sit down and listen" (Huey, 1992).

Using Multiple Internal Communication Channels

To physically connect with today's employees, managers must employ any number of available and effective communication techniques. Small group and large group meetings, focus groups and work groups, E-mail, newsletters and bulletins are all effective tools in building connections.

The January issue of Meetings and Conventions magazine reports that about 75 percent of Fortune 500 companies have in-house video-conferencing capabilities, which they use for training, group-communications, product introduction and company announcements.

According to Harris, another key to effectively using multiple internal communication channels is to keep messages simple. A highly sophisticated message may not get one's point across. Straightforward and to-the-point messages, regardless of the medium employed, are the most effective (Harris, 1996).

Rewards

The rewards that managers have available as tools for implementing the psychological contract may be categorized as intrinsic (inherent in the job) and extrinsic (external to the job). Challenge, responsibility and a sense of doing something

worthwhile are examples of intrinsic rewards. Included in the extrinsic category are pay, promotional opportunities, fringe benefits, office space, and similar manifestations of status and prestige (Vroom, 1990). Management must develop from all reward possibilities the combination that will help bring about realization of the unit's psychological contract.

Pay

Frequently, pay is the first possibility considered by managers when thinking about rewards, yet until recently there have been very few guidelines concerning this type of rewards. Porter and Lawler have provided the following set of criteria for utilizing rewards in the workplace:

1) Rewards provided are those most desired by the employee in return for performing the job well. This means that the pay system must be designed and administered in a manner that will allow individuals to realize their expectations.

2) Other provisions should be made for expectations that cannot be realized through the pay system. For example, employees' expectations of friendly interactions with peers cannot be met through the pay system. Instead spatial arrangements are a more relevant means for fulfilling this expectation. Similarly, the employees' expectations of advancement as a reward for good past performance can be met only through rewarding and meaningful career paths. A critical job for managers, therefore, is that of accurately determining employees' expectations. An abundance of rewards that are not most desired by employees can result in employee dissatisfaction (Porter and Lawler, 1986).

Career Paths

A second source of extrinsic rewards to the individual employee is a meaningful career path. Here the expectation is that promotions will offer developmental opportunities and also greater opportunity to experience the job's intrinsic satisfaction as well as more money. As Potter puts it, "career paths should offer meaningful promotional opportunities for the individual, they must also provide for organizational stability" (Potter, 1992); that is career paths should not interfere with the unit's ability to perform its tasks.

An example of career paths that did not fit task requirements was found in a consumer products company. MBAs were attracted to the company's marketing department with promises of rapid promotion through the product management ranks. The company kept its commitment by moving new employees up the ladder at one or two year intervals. The result was great challenge for the individuals, but a great deal of confusion within the marketing function of the company. Employees moved so quickly that they did not have a chance to execute marketing plans they had developed. As a result of so much rapid movement, the marketing department's relations with other functions deteriorated. Managers in research, manufacturing, and sales complained that the frequent job changes made it impossible to know whom to contact in marketing about mutual problems, so they quit trying solving problems (La Motta, 1995).

Summary

Most of the motivational theories aim at satisfying an individual's higher needs of self-esteem and self-actualization. These theories apply well to the Western workplace, but are virtually unfamiliar to Russian management. In Russia with often limited supply

of food and lodging, most people for years have been trying to fulfill their basic needs. Self-actualization and self-esteem needs were not important to most Russians. Today the situation is slowly changing. With a market economy and greater political and economic freedom, many Russians view such motivators as need for achievement and affiliation, drive to excel, and interpersonal relations very important in their lives.

PART IV APPLICATIONS OF MOTIVATIONAL RESEARCH IN THE LODGING INDUSTRY

Worker attitudes and behavior have been a popular theme for investigation over the last several decades. Over this period, many models linking job characteristics, personality and outcomes have emerged and received considerable attention. For example self-actualization theory (Maslow, 1954), two-factor theory (Herzberg, 1966), and social-information processing theory (Salancik and Pfeffer, 1978). According to Lee-Ross, reasons for this range from purely academic interest to more practical business considerations such as how worker efficiency and staff turnover affect organizational profitability.

It is foreseen that motivational research is important to the hotel industry which is labor intensive and experiences high levels of employee turnover. In their study of regional employment statistics, Allen and Yuill point out that "information on hotel employment is hard to come by, even at the national level" (i.e. the United States) (Allen and Yuill, 1987). Existing studies of seasonal work (which are few) are nearly all pre-1950 and none is hotel industry based. Ball notes that seasonal employment is usually identified as a factor complicating comparison between data series rather than as an

important issue in its own right. He takes the evidence from official Employment Department statistics and shows that “hotels and catering clearly dominate the picture... the peak quarter for this group... reflects the importance of summer season labor hirings with an average expansion of 27,000... but that overall, seasonal employment... probably amounts to at least 200,000 jobs or 1% of total employment each year (Ball, 1971).

The empirical research conducted by Ball and others (Byrne, Salancick, Vroom) concludes that workers themselves influence their own working environments, and therefore may affect their own work attitudes. Based on these results, Hackman and Lawler developed the Job Characteristics Theory where the idea of the importance of a worker’s individual need for growth and development was emphasized (Hackman and Lawler, 1971).

The Job Characteristics Theory recognizes the potential effect of both job and employee characteristics on worker’s attitudes. Hotel work is characterized by low job security, low pay, late hours, shift work and limited opportunities for promotion (Lee Ross, 1993). Hotel jobs also have minimal scope for “intrinsic” aspects such as recognition by employer, achievement, and responsibility, advancement and the growth of personal competence (Hackman and Oldham, 1980).

Job attitudes are particularly important in service industries as jobs are often “role” rather than “task” based (Draper, 1982). In other words, as Draper states, “job attitudes may depend, in part, on social aspects as well as job characteristics. This is important because evidence suggests that there is a “hotel worker culture” or “occupational community” among hotel workers which may be important in determining their work attitudes and behavior”.

Another characteristic which appears to affect hotel workers is whether or not they deliberately choose that type of work. Lee-Ross presumes that most employees have little background or interest in hotel work (Lee-Ross, 1990). Besides, Ball found out that many people choose work at a hotel as a matter of preference and viewed it as a chance for a holiday (Ball, 1988).

Research also shows that age and income level makes a significant difference in why workers choose to work in the lodging industry. A study of 225 employees at seven Caribbean resorts found that employees ranked good wages and good working conditions as the first and second most preferred rewards. This study also repeated an earlier finding that employee age influences reward preferences (Kwame, 1992). A study of Las Vegas Casino dealers found that the highest ranked rewards were good wages and job security (Darde, 1992).

The study conducted by Tony Simons and Cathy Enz of Cornell's School of Hotel Administration found that overall hotel employees report three factors which influence their decision to choose this type of work: 1) good wages, 2) job security 3) opportunities for advancement. However, according to Simons, pay raises often lose their ability to motivate as employees come to feel that they "deserve" their increased levels of fixed pay. Variable pay, where bonuses are linked to specific, measurable performance outcomes (e.g. guest satisfaction scores), represents a significant motivational opportunity (Simons, 1995).

Summary

Russian management need to become aware of the fact that most employees are keenly interested in such extrinsic motivators as salary, job security and advancement. In

Russia education, time and social change will cause workplace behavior modifications.

However, it is also important to realize employees needs of workplace affiliation, recognition and personal growth.

CHAPTER III

METHODOLOGY

This chapter will describe the research design, as well as the methods and procedures used in this research; The research includes 1) description of subjects; 2) sample selection; 3) instrument used ; 4) methods of data collection and 5) statistical tools used for data analysis.

Description of Subjects

The subjects for this study were 500 employees of a five star Grand Hotel Europe located in St. Petersburg, Russia. The subjects were asked to fill out Russian language questionnaires pertaining to the affect of benefits on their motivation. The completed questionnaires were returned to the researcher's assistant at the University of St. Petersburg and were forwarded to the researcher for tabulation.

Subjects were both male and female of different age. Groups from the following departments were participants in the study: Housekeeping, Food and Beverage, Front Desk, and Maintenance. All employees worked full-time for the hotel. In fact, there are no part-time employees working for the Grand Hotel Europe. Each employee has his/her individual work schedule, and the number of hours that the employee works can be less than 8 per day, (or 40 per week), however the employee is still considered to be working full time.

Because the management of the Grand Hotel Europe does not differentiate between part time and full time staff, all of the hotel's employees are eligible to receive similar benefits which include but not limited to: financial assistance, special year end

bonuses, free meals from the hotel's cafeteria, free medical services, free hotel stays, and a New Year's party.

Sample selection

The hotel selected for the study is the Grand Hotel Europe located in downtown St. Petersburg, Russia. Grand Hotel Europe is the only five star hotel in the city of St. Petersburg and has outstanding management and employee base.

In 1991 the Grand Hotel Europe was renovated by the Swedish and Russian investors and today is the leading lodging operation in Russia. In 1994 it was accepted into "The Leading Hotels of the World" being the first Russian hotel to receive this prestigious award. It also received the Egon Ronay Guide Award for the best hotel in Eastern Europe. Grand Hotel Europe is also a member of the "Swiss International Hotels" group and has been chosen as one of "The Most Famous Hotels in the World".

For the purposes of the study the sample selection was based on the following criteria:

1. Lodging operation that was approved by the Russian government.
2. Hotel to be located in St. Petersburg, Russia.
3. Hotel to be classified as a five-star operation (approximate room rate is \$600 U.S. dollars per night and more).
4. The total number of employees to be more than 350.

Survey Instrument

The questionnaire was the appropriate instrument for this study. It addressed two major objectives of this research: employee motivation and company benefits. The questionnaire was based on the research of literature, a previous study conducted by

Paisit Jaroprohonsa (1998), thesis committee's suggestions and the researchers' ideas in order to obtain employees' opinions about the effect of company benefits on workers motivation and their willingness to work more productively and efficiently.

The questionnaire consisted of two parts: Part I had questions concerning demographic data of employees and Part II had questions regarding benefits and their effect on individual employee motivation. There were a total of 12 questions in the questionnaire.

Questions 1 through 6 dealt with employee's sex, age, educational background, number of years spent in the hospitality industry.

Questions 7 through 12 dealt with the current benefit package offered by the Grand Hotel Europe, the employee's attitude to these benefits, various other benefits that employees might want to be included by the hotel's management, as well as several internal and external factors that might affect an individual employee's motivation. To measure the direction and intensity of respondents' attitudes in these questions, a five point attitude rating scale (the Likert scale) was developed. Categories in this scale were: "strongly disagree", "disagree", "undecided", "agree", and "strongly agree".

The five point Likert scale was utilized in the questionnaire by respondents to answer the statements concerning employee's attitude towards present benefits offered by their employer as well as internal and external factors. The questionnaire was originally written in English, and then translated by the researcher into Russian. When translating the questionnaire, careful attention was given to wording of the questions so as not to lose their content clarity and content validity.

Data Collection

The research assistant set up a series of interviews with a Human Resource Manager of the Grand Hotel Europe during which present employee benefits and employee motivation was discussed. The purpose of these interviews was for the researcher's assistant to learn about the Grand Hotel Europe, its employees and the current benefit package offered to them. The research assistant has also asked permission from the Human Resource Manager of the hotel to distribute the research surveys. Having received the cover letter stating the purpose of the study as well as a sample of the research questionnaire the Human Resource Manager granted the permission to distribute the surveys.

A pretest was conducted and ten surveys were distributed to a random group of hotel workers to determine if the questions were well correctly translated and are easy to read and understand. The pretest surveys were completed and analyzed by the researcher, additional changes were made to the questionnaire which was then distributed among the workers of the Grand Hotel Europe.

The study was conducted from April 1998 through May 1998. The questionnaires were written in Russian, and were distributed by the Russian research assistant to the employees of the Grand Hotel Europe.

During a period of one week the research assistants have been randomly distributing the surveys to employees of the following four departments of the hotel: Housekeeping, Food and Beverage, Front Desk and Maintenance. The surveys were being distributed in the beginning of a work day, during employee breaks and at payroll

times to be collected a week later. The completed surveys were gathered by the research assistants and shipped to the United States for a statistical analysis.

Data Analysis

The questionnaires were statistically analyzed during the last week of May 1998 by the University of Wisconsin-Stout Support Services. To analyze the data, the Statistical Package for Social Sciences (SPSS) was used to calculate frequencies, percentages, mean, and standard deviation. Also an analysis of variance (ANOVA) was performed to compare demographic data to those survey questions that pertained to employee motivation.

CHAPTER IV

RESULTS AND ANALYSIS

As noted in Chapter III specifically designed survey was the best collection method for this study. The survey was designed to investigate the opinions of workers of the Grand Hotel Europe located in St. Petersburg, Russia regarding benefits offered by the hotel and how they affect individual employee motivation. Frequency counts and percentages were used for all the items on the survey. The total number of responses was 202, representing 62.8 % of the total number (322) of the questionnaires provided to the hotel.

1. Respondent's personal data

The participants of the study were asked to provide information about their gender, age, educational background (questions NN 1-3) as well as the number of years they have worked in the hotel industry and in the Grand Hotel Europe; and their present position at this hotel (questions NN 4-6). Out of 202 completed surveys 95 were filled out by male and 107 by female respondents (47% and 53% respectively; table 1). There were forty one respondents (20.3%) ages 18 to 24, sixty two respondents (30.7%) ages 25-34, fifty two respondents (27.7%) ages 35-44, 34 respondents (16.8%) ages 45-54 and 9 respondents (4.5%) ages 55 and older (table 2). Thirty nine respondents (19.3%) earned a high school diploma, fifty seven respondents (28.2%) graduated from a vocational school, ninety one respondents (45%) had a college or university degree and fifty respondents (7.4%) had some other type of educational background (i.e. musical school, culinary institute, medical school, etc.. table 3).

Table 1
Gender of Respondents
N=202

Gender	N of Employees	Total %
Male	95	47%
Female	107	53%
Total	202	100%

Table 2
Age Category of Respondents
N=202

Age group	N of Employees	Total %
18-24	41	20.3%
25-34	62	30.7%
35-44	56	27.7%
45-54	34	16.8%
55 and >	9	4.5%
Total	202	100%

Table 3
Educational Background of Respondents
N=202

Education	N of Employees	Total %
High school	39	19.3 %
Vocational school	57	28.2 %
College/University	91	45 %
Other	14	7 %
Non-respondents	1	.5 %
Total	202	100 %

2. Respondent's Working Period and Positions

Questions 4 and 5 dealt with employees' length of time working in the hotel industry, as well as the length of time working for the Grand Hotel Europe. Question 6 asked for which department of the Grand Hotel Europe employees were working.

In question 4, thirty six respondents (17.8%) indicated that they have worked less than one year in the hotel industry, whereas twenty three respondents (11.4%) worked one to three years, forty seven respondents (23.3%) worked four to six years, and ninety four respondents (46.5%) worked more than six years in the hotel industry. Two respondents (1%) did not answer this question (table 4).

In question 5, forty five respondents (21.8 %) indicated that they have worked less than one year for the Grand Hotel Europe, whereas twenty five respondents (12.4 %) worked one to three years, fifty six respondents (27.7%) worked four to six years, and seventy two respondents (36.5 %) worked more than six years for the Grand Hotel Europe. Four respondents (2 %) did not answer this question (table 5).

In question 6, forty four respondents (21.8%) indicated that they worked for the Food and Beverage department of the Grand Hotel Europe, whereas thirty six respondents (17.8%) worked at the Front Desk, forty eight respondents (23.8%) worked in Housekeeping, thirty five respondents (17.3%) worked in Maintenance, and thirty five respondents (17.3%) worked at other departments of the Grand Hotel Europe (i.e. accounting, tour coordination, administrative etc). Four respondents (2 %) did not answer this question (table 6).

Table 4
Length of Time Worked in the Hotel Industry
N=202

Years	N of Employees	Total %
Less than 1 year	36	17.8 %
1 to 3 years	23	11.4 %
4 to 6 years	47	23.3 %
More than 6 years	94	45.5 %
Non-respondent	2	1 %
Total	202	100 %

Table 5
Length of Time at Grand Hotel Europe
N=202

Years	N of Employees	Total %
Less than 1 year	45	21.8 %
1 to 3 years	25	12.4 %
4 to 6 years	56	27.7 %
More than 6 years	72	33.6 %
Non-respondents	4	2 %
Total	202	100 %

Table 6
Respondents' Department of Employment
N=202

Department	N of Employees	Total %
Food & Beverage	44	21.8 %
Housekeeping	48	24.1 %
Front Desk	36	17.8 %
Maintenance	35	17.3 %
Other	39	17 %
Non-respondents	4	2 %
Total	202	100 %

3. Respondents' perception of the present benefit package (Table 7).

More than half of all respondents (one hundred twelve or 55.4 %) agreed with the importance of financial aid, eighty nine respondents (44.1%) strongly agreed with its importance and one respondent (.5%) was undecided.

One hundred thirty respondents (64.4%) agreed with the importance of free food in the company cafeteria, fifty two respondents (25.7%) strongly agreed with its importance, and four respondents (2 %) were undecided. Fourteen respondents (6.9%) disagreed with the importance of free food in the company cafeteria and two respondents (1%) strongly disagreed with its importance.

Fifty six point nine percent of all respondents (one hundred twenty one people) agreed with the importance of free medical service, seventy three respondents (36.1%) strongly agreed with its importance, six respondents (3%) disagreed with its importance, one respondent (.5%) strongly disagreed with its importance and six respondents (3%) were undecided.

Exactly one half of all respondents (one hundred and one respondents or 50 %) agreed with the importance of free hotel stays, nineteen respondents (9.4%) strongly agreed with its importance, fifty respondents (24.8%) disagreed with its importance, eleven respondents (5.4%) strongly disagreed with its importance and nineteen respondents (9.4) were undecided.

There were one hundred forty five respondents (71.8%) who agreed with the importance of a twenty four day vacation, forty four respondents (21.8%) who strongly agreed with its importance, eight respondents who disagreed (4%) with its importance, one respondent (.5%) who strongly disagreed with its importance, and four respondents

who (2%) were undecided.

An annual staff party was important to one hundred nineteen respondents (58.9%). Fourteen respondents (6.9%) strongly agreed with its importance, twenty eight respondents (13.9%) disagreed with its importance, seventeen respondents (8.4%) strongly disagreed with its importance and twenty four respondents (11.9%) were undecided.

When asked about the importance of material bonuses, one hundred forty respondents (69.3%) agreed with their importance, fifty six respondents (27.7%) strongly agreed with their importance, two respondents (1%) disagreed with their importance, one respondent (.5%) strongly disagreed with their importance and two respondents (1%) were undecided.

Table 7
Employee Perception of the Present Benefit Package

BENEFITS	Str. Agree		Agree		Undecided		Disagree		Str. Disag	
	#	%	#	%	#	%	#	%	#	%
Financial aid	89	44.1	112	55.4	1	.5	NA	NA	NA	NA
Free food in cafeteria	52	25.7	130	64.4	4	2	14	6.9	2	1
Free medical service	73	36.1	115	56.9	6	3	6	3	1	.5
Free hotel stays	19	9.4	101	50	19	9.4	50	24.8	11	5.4
24 day vacation	44	21.8	145	71.8	4	2	8	4	1	.5
Annual staff party	14	6.9	119	58.9	24	11.9	28	13.9	17	8.4
Material bonuses	56	27.7	140	69.3	2	1	2	1	1	.5

4. Value of Present Benefit Package (Table 8).

Seventy eight respondents (38.6%) considered the overall value of the present benefit package offered by the Grand Hotel Europe excellent, whereas forty seven respondents (23.3%) considered its value above average, sixty three respondents (31.2%) considered it average, and 13 respondents (6.4%) below average. One respondent did not answer this question.

Table 8
Value of Present Benefit Package

Value	N of Employees	Total %
Excellent	78	38.1 %
Above average	47	23.3 %
Average	63	31.2 %
Below average	13	6.4 %
Non-respondents	1	.5 %
Total	202	100 %

5. Benefits Valued Most by Employees (Table 9).

Ninety seven respondents (48 %) strongly agreed with the importance of sick leave with full pay, another ninety seven respondents (48%) agreed with its importance, five respondents (2.5%) disagreed with its importance, and three respondents (1.5%) were undecided.

Forty nine (24.7 %) respondents agreed with the importance of a maternity/paternity leave, twenty respondents (12.9 %) strongly agreed with its importance, seventy six respondents (37.6 %) strongly disagreed with its importance, 37

respondents (18.3 %) disagreed with its importance, and thirteen respondents (6.4%) were undecided.

When asked about the importance of pension plans, one hundred twenty respondents (59.4 %) agreed with their importance, forty seven respondents (23.3 %) strongly agreed with their importance, eleven respondents (5.9 %) disagreed with their importance, three respondents (1.5 %) strongly disagreed with their importance, and twenty respondents (9.9 %) were undecided.

Almost three quarters of all respondents (one hundred forty seven people or 72.8 %) agreed with the importance of flexible hours, seventeen respondents (8.4 %) strongly agreed with their importance, twenty three respondents (11.8 %) disagreed with their importance, four respondents (2 %) strongly disagreed with their importance, and ten respondents (5 %) were undecided.

Sixty two point four percent of all respondents (or one hundred twenty six people) agreed with the importance of life insurance, thirty two respondents (15.8 %) strongly agreed with its importance, nine respondents (4.5 %) disagreed with its importance, three respondents (1.5 %) strongly disagreed with its importance, and thirty one respondents (15.8 %) were undecided.

Ninety three respondents (46 %) agreed with the importance of bonuses paid in shares, thirty seven respondents (18.8 %) strongly agreed with their importance, thirty one respondents (15.3 %) disagreed with their importance, three respondents (1.5 %) strongly disagreed with their importance and thirty seven respondents (18.4) were undecided.

Table 9
Benefits Valued Most by Employees

BENEFITS	Str. Agree		Agree		Undecid.		Disagree		Str.	Disg
	#	%	#	%	#	%	#	%	#	%
Sick leave with pay	97	48	97	48	3	1.5	5	2.5	NA	NA
Maternity/paternity leave	20	9.9	49	24	13	6.4	37	18	76	37.6
Flexible hours	17	8.4	147	72	10	5	23	11	4	2
Pension plans	47	23.3	120	59	20	9.9	11	5.4	3	1.5
Life insurance	32	15.8	126	62	31	15	9	4.5	3	1.5
Bonuses paid in shares	36	17.8	93	46	37	18	31	15	3	1.5

6. Factors Which Influenced Respondents' Decision to Work for the Grand Hotel

Europe (Table 10).

One hundred forty three respondents (70.8 %) agreed with the importance of such factor as interest in the hospitality profession when having to decide working for the Grand Hotel Europe. Twenty eight respondents (14.4 %) strongly agreed with its importance, 15 respondents (7.4 %) disagreed with its importance, seven respondents (2.9 %) strongly disagreed with its importance and nine respondents (4.5 %) were undecided.

Approximately one quarter of all respondents (one hundred forty five people or 71.3 %) agreed with the importance of monetary rewards, fifty two respondents (25.7%)

strongly agreed with its importance, and five respondents (3 %) were undecided.

When asked about the importance of an opportunity for advancement, one hundred fifteen respondents (56.9%) agreed with its importance, thirty eight respondents (18.8 %) strongly agreed with its importance, twenty eight respondents (13.9 %) disagreed with its importance, six respondents (3%) strongly disagreed with its importance and fifteen respondents (7.4 %) were undecided.

One hundred forty eight respondents (73.3 %) agreed with the fact that prestige of working in the Grand Hotel Europe is important to them, twenty five respondents (12.3 %) strongly agreed with this fact, nineteen respondents (9.4 %) disagreed with this fact, six respondents (3 %) strongly disagreed with it, and four respondents (2 %) were undecided.

One half of all respondents (one hundred and ten people or 54.5%) agreed with the importance of such factor as family when deciding to work for the Grand Hotel Europe, eleven respondents (5.4 %) strongly agreed with its importance, thirty eight respondents (18.8 %) disagreed with its importance, sixteen respondents (7.9 %) strongly disagreed with its importance and twenty six respondents (13.4 %) were undecided.

Another half of all respondents (one hundred and four people or (51.5 %) agreed with the importance of such factor as friends when deciding to work for the Grand Hotel Europe, six respondents (3 %) strongly agreed with its importance, thirty seven respondents (18.3%) disagreed with its importance, twenty seven respondents (13.3%) strongly disagreed with its importance and twenty eight respondents (13.9 %) were undecided.

Table 10
Factors Which Influenced Respondents' Decision to Work for the Grand Hotel Europe

FACTORS	Str. Agree		Agree		Undecid.		Disagree		Str.Disagr	
	#	%	#	%	#	%	#	%	#	%
Interest in hospitality field	27	13	143	70	9	4.5	15	7.4	7	3.5
Monetary rewards	52	25	144	71	4	2	NA	NA	NA	NA
Opportunity for advancement	38	18	115	56	15	7.4	28	13	5	2.5
Prestige of work at the hotel	25	12	146	72	4	2	19	9.4	6	3
Family	11	5.4	110	54	25	12	38	19	16	7.9
Friends	4	2	104	51	28	14	37	18	27	13

7. Respondents' Perception of the Affect of Internal Factors on Their Motivation

(Table 11).

When asked about the affect of recognition on their motivation, one hundred fifty five respondents (76.7 %) agreed that it is effective, 42 respondents (20.8 %) strongly agreed with its effectiveness, three respondents (1.5 %) disagreed with its effectiveness, two respondents (1 %) was undecided.

More than three quarters of all respondents (one hundred sixty people or 79.2 %) agreed with the effectiveness of work itself in improving their personal motivation, thirty two respondents (15.8%) strongly agreed with its effectiveness, two respondents (1 %) disagreed with its effectiveness, one respondent (.5%) strongly disagreed with its effectiveness and six respondents (3.5 %) were undecided.

One hundred forty two respondents (70.3 %) agreed with the effectiveness of such factor as responsibility in improving their personal motivation, thirty nine respondents (19.3 %) strongly agreed with its effectiveness, nine respondents (4.5 %) disagreed with its effectiveness and twelve respondents (5.9 %) were undecided.

There were one hundred twenty one respondents (59.9 %) who agreed with the effectiveness of such factor as advancement in improving their personal motivation, whereas thirty nine respondents (19.3 %) strongly agreed with its effectiveness, twenty four respondents (11.9 %) disagreed with its effectiveness, three respondents (1.5 %) strongly disagreed with its effectiveness and fifteen respondents (7.4 %) were undecided.

One hundred thirty four respondents (66.3 %) agreed with the effectiveness of such factor as achievement in improving their personal motivation, thirty three respondents (16.3 %) strongly agreed with its effectiveness, nineteen respondents (9.4 %) disagreed with its effectiveness, fifteen respondents (7.4 %) were undecided.

Table 11 (Respondents' Perception of the Affect of Internal Factors on their Motivation).

FACTOR	Str. Agree		Agree		Undecided		Disagree		Str.Disagree	
	#	%	#	%	#	%	#	%	#	%
Recognition	42	20.8	155		1	.5	3	1.5	NA	NA
Work itself	32	15.8	160	79.2	6	3	2	1	1	.5
Responsibility	39	19.3	142	70.3	12	5.9	8	4	NA	NA
Advancement	39	19.3	121	59.9	15	7.4	24	11.9	2	1
Achievement	33	16.3	134	66.3	15	7.4	19	9.4	NA	NA

8. Respondents' Perception of the Affect of External Factors on Their Motivation

(Table 12).

Ninety two respondents (45.5 %) agreed with the effectiveness of such factor as relationship with your supervisors in improving their personal motivation, ninety two respondents (45.5 %) strongly agreed with its effectiveness, seven respondents (3.5 %) disagreed with its effectiveness, two respondents (1 %) strongly disagreed with its effectiveness and nine respondents (4.5 %) were undecided.

One hundred forty two respondents (70.3 %) agreed with the effectiveness of such factor as working conditions in improving their personal motivation, fifty four respondents (26.7 %) strongly agreed with its importance, two respondents (1 %) disagreed with its importance and four respondents (2 %) were undecided.

When asked about the affect of the affect of such factor as relationship with peers on their motivation, one hundred sixty two respondents (80.2 %) agreed that it was an effective factor; whereas sixteen respondents (7.9 %) strongly agreed with its effectiveness, twelve respondents (5.9 %) disagreed with its effectiveness, two respondents (1 %) agreed with its effectiveness and ten respondents (5 %) were undecided.

Sixty nine point three percent of all respondents (one hundred sixty people) agreed with the effectiveness of such factor as status in improving their personal motivation, fourteen respondents (6.9 %) strongly agreed with its effectiveness, twenty three respondents (11.4 %) disagreed with its effectiveness, three respondents (1.5 %) strongly disagreed with its effectiveness and twenty one respondents (10.9 %) were undecided.

Almost half of all respondents (one hundred people or 49.5 %) agreed with the effectiveness of such factor as salary in improving their personal motivation, ninety nine respondents (49 %) strongly agreed with its effectiveness and three respondents (1.5 %) were undecided. One hundred respondents (49.5 %) agreed with the effectiveness of such factor as job security in improving their personal motivation, ninety six respondents (47.5%) strongly agreed with its effectiveness, two respondents (1 %) disagreed with its effectiveness and four respondents (2 %) were undecided.

More than half of all respondents (one hundred twenty two people or 60.4 %) agreed with the effectiveness of such factor as company sponsored events in improving their personal motivation, ten respondents (5 %) strongly agreed with its effectiveness, twenty five respondents (12.4 %) disagreed with its effectiveness, seventeen respondents (8.4 %) strongly disagreed with its effectiveness and twenty eight respondents were undecided (13.9 %).

Table 12(Respondents' Perception of the Affect of External Factors on Their Motivation).

FACTORS	Str.Agree		Agree		Undecid.		Disagree		Str.Disagr.	
	#	%	#	%	#	%	#	%	#	%
Relationship w/superv.	92	45	92	45	9	4.5	7	3.5	1	.5
Working conditions	54	26	142	70	2	1	2	1	NA	NA
Relationship w/peers	16	7.9	162	80	10	5	12	5.9	1	.5
Status	14	6.9	140	69	20	9.9	23	11.4	3	1.5
Salary	99	48	100	49	1	.5	NA	NA	NA	NA
Job security	96	47	100	49	3	1.5	2	1	NA	NA
Company events	10	5	122	60	26	13	25	12	17	8

ANALYSIS OF VARIANCE

When comparing question 2 (Age of respondents) to question 7 (Current benefits offered by the Grand Hotel Europe) of the questionnaire statistically significant difference was found between the following pairs of groups: 18-24 year olds (M=4.58), 35-44 year olds (M= 4.58) and 45-54 year olds (M=4.44) considered financial aid more valuable than did 25-34 year olds (M=4.22). As mentioned earlier, most jobs in Russian hotels pay rather low wages. This is the reason why most respondents (M=4.34) considered financial aid an important benefit. Besides, as described in Chapter 2 financial rewards have always been a high priority for Russian workers. Also 35-44 year olds (M=4.517) and 45-54 year olds (M=4.604) considered free medical service more valuable than did 18-24 year olds (M=3.95) and 25-34 year olds (M=3.98). Although free medical service was important to all age groups (M=4.2), it is no surprise that older groups (35-44 year olds and 45-54 year olds) expressed a higher interest in this benefit

In the same question, 18-24 year olds (M=3.85) considered free hotel stays more valuable than did 25-34 year olds (M=3.16), 35-44 year olds (M=3.21) or 45 to 54 year olds (M=3.23) and 18-24 year olds (M=4.31) considered 24 day vacation more valuable than did 25-34 year olds (M=4.16). This can be explained by the fact that most older Russians are not used to travelling, and the notion of a free hotel stay has become familiar to them very recently.

When comparing question 2 (Age of Respondents) to question 9 (Importance of various benefits) statistically significant difference was found between the following pairs of groups: 18 to 24 year olds (M=4.34), 35-44 year olds (M=4.58) and 45 to 54 year olds (M=4.76) considered sick leave with full pay more important than did 25-34 year

olds (M=4.06).

In the same question 18-24 year olds (M=3.51) considered maternity/paternity leave more important than did 35-44 year olds (M=1.79) or 45-54 year olds (M=1.36).

Besides, 25-34 year olds (3.096) considered maternity/paternity leave more important than did 35-44 year olds or 45-54 year olds. 18-24 year olds (M=3.9), 35-44 year olds (M=3.96) and 45-54 year olds (M=4.25) considered life insurance more important than did 25-34 year olds (M=3.49). This can be explained by the fact that younger employees (especially females) need more time to care for their newborns, whereas older employees' children are in high school or college.

When comparing question 2 (Age of respondents) to question 10 (Factors that influenced employees decision to work for the Grand Hotel Europe) statistically significant difference was found between the following pairs of groups: 18-24 year olds (M= 4.14) considered opportunity for advancement a more important factor in their job decision than did 45-54 year olds (M=3.34) and 35-44 year olds (M=3.66).

25-34 year olds (M=3.68) considered family a more important factor in their job decision than did 18-24 year olds (M=3.12), 35-44 year olds (M=3.23) or 45-54 year olds (M=3.68). 25-34 year olds (M=3.54) considered friends a more important factor in their job decision than did 18-24 year olds (M=2.73) or 45-54 year olds (M=2.76).

When comparing question 2 (Age of respondents) to question 11 (Internal factors that are effective in improving employees' motivation) statistically significant difference was found between the following pairs of groups: 18-24 year olds (M=4.14) considered advancement to be a more effective factor in improving their motivation than did 45-54 year olds (M=3.60). Unlike their parents and grand-parents, younger Russians are career-

oriented and are very interested in being promoted and recognized. They care about such factors as prestige of their job and their status in the society.

When comparing question 2 (Age of respondents) to question 12 (External factors that are effective in improving employees' motivation) statistically significant difference was found between the following pairs of groups: 25-34 year olds ($M=4.19$) considered relationship with supervisors to be a more effective factor in improving their motivation than did 18-24 year olds ($M=3.9$). 45-54 year olds ($M=4.67$) considered relationship with supervisors to be a more effective factor in improving their motivation than did 25-34 year olds.

Younger employees (18-24 year olds) considered working conditions to be a more effective factor in improving their motivation than did 25-34 year olds ($M=4.03$) and 35-44 year olds considered working conditions to be a more effective factor in improving their motivation than did 25-34 year olds.

Younger employees (18-24 year olds ($M=4.6$), 35-44 year olds ($M=4.61$) and 45-54 year olds ($M=4.53$) considered salary to be a more effective factor in improving their personal motivation than did 25-34 year olds ($M=4.27$). 45-54 year olds ($M=4.62$) considered job security to be a more effective factor in improving their motivation than did 25-34 year olds ($M=4.3$).

CHAPTER V

SUMMARY

This chapter is divided into six sections: general overview of the study, major findings, discussion of major findings, conclusions, implications and recommendations for further research.

General Overview

The study was designed to model and describe the effects of incentives on employee motivation in Russian hotels. This topic can not be underestimated. According to Manners, “one of the most serious problems facing society today is the inability of organizations to create an environment within which the individual employee is motivated to perform commensurate with his abilities and his pay”(Manners, 1987). The need to determine how individuals can be motivated to make optimal use of their capabilities is critical. However, many organizations are not willing to spend the time, effort, and money to learn more about employee motivation. As a result, productivity continues to drop and managers complain that no one wants to work hard any more” (Executive Housekeeping Today, 17). Therefore, to boost productivity companies need to know how to motivate their staff.

Restatement of the Research Objectives

The purpose of this study was to describe how different benefits offered by the Russian five star Grand Hotel Europe affect employee’s motivation as measured by the benefits questionnaire. The study had the following objectives:

1. To discern the level of the employee satisfaction with hotel benefits as depicted by the hotel employee demographics.

2. To identify the types of benefits which motivate employees.
8. To investigate whether or not employees are satisfied with benefit package components.
9. To determine the internal and external factors that influence employee motivation.

Methods and Procedures

Questionnaire was deemed the most appropriate instrument for this study. The questionnaires were translated into Russian. They were designed to obtain opinions from workers employed at the Grand Hotel Europe regarding the effect of the hotel employee benefit package internal incentives as it relates to workplace motivation. Questionnaires were distributed to hotel workers by a research assistant not affiliated with the hotel.

Major Findings

According to the results of the analyzed data showed in Chapter 4, significant findings of each objective in this study are as follows:

Objective 1: To discern the level of employee satisfaction with hotel benefits as depicted by the hotel employee demographics.

There were 95 male and 107 female respondents in the study. Three quarters of the respondents were ages 18-44, others were age 45 and older. One half of all respondents had college education, others maintained high school diplomas, vocational school diplomas or other types of educational background.

Findings showed that respondents of the survey were highly satisfied with most of the current benefits offered by the Grand Hotel Europe. The most popular benefits were “financial aid”, “free food in the company cafeteria” and “free medical service”. More than 90% of all respondents agreed that these benefits were either “valuable” or

“very valuable”. Almost half of the younger respondents thought such benefits as “free hotel stays”, “24 days vacation”, and “an annual staff party” were quite important, whereas older respondents considered these benefits only marginally important.

Objective 2: To identify the types of benefits which are important to employees

Two types of benefits were most attractive to respondents: monetary rewards and flexible hours. About 97% of all respondents agreed that such benefits as financial aid, 13th salary, as well as bonuses paid in shares were very important to them. Flexible hours, pension plans and life insurance were other types of benefits that were important to respondents. Thus 80% of all respondents considered flexible hours important, 82 % of all respondents considered pension plans important, and 78% of all respondents considered life insurance important.

Sick leave with full pay and maternity/paternity leave were less important to respondents. 45 % of all respondents indicated that sick leave with full pay is important to them vs. 35.3 % of the respondents who considered maternity/paternity leave important.

Objective 3: To investigate whether or not employees are satisfied with benefit package components currently offered by the Grand Hotel Europe.

More than half of all of the respondents (61.9 %) agreed that the present value of the current benefit package offered by the Grand Hotel Europe was excellent or above average (38.6 % and 23.3 % respectively). Besides, most respondents (90 % and >) agreed with the importance of such benefits currently offered by the hotel as financial aid, free food in the company cafeteria, free medical service and a 24 day vacation.

However, 37.6 % of all respondents thought that the current benefit package at the hotel was average or below average (31.2 % and 6.4 % respectively). Also, such benefits currently offered by the hotel as an annual staff party and free hotel stays were not as important to the respondents as other previously noted benefits. Thus, only 65 % of all respondents indicated that an annual staff party was important to them vs. 59 % of the respondents who agreed with the importance of free hotel stays.

Objective 4: To determine internal and external factors that influence employee motivation.

The overwhelming majority of respondents (more than 80 %) agreed that such internal factors as recognition, work itself, responsibility, advancement and achievement are effective in improving their motivation. In fact, almost all of the respondents indicated that recognition and advancement are effective in improving their motivation (97 % and 95 % respectively).

When asked which external factors affect their motivation, almost all of the respondents (98.1%) chose salary as the most effective motivator. Other effective factors were job security (97.5 %), working conditions (97 %), relationship with supervisors (91 %), relationship with peers (88 %), status (76.2 %) and company sponsored events (65.4 %).

Discussion of Findings

The results of the study showed that the most effective incentive in motivating Russian hotel workers is monetary rewards. As described in chapter 2, financial rewards have always been a high priority for most Russians. This is due to the fact that the majority of Russians have always received very low wages as most of the jobs in the

Soviet Russia were provided by the state. Today there are many new foreign companies which pay Russian citizens considerably higher wages than in the past. Russians now are looking for every possible opportunity to obtain jobs from the new foreign companies and are very eager to work hard which may lead to extra cash bonuses.

This study also demonstrated that monetary incentives is not the sole motivator. Benefits such as free medical care and free meal plans are also very important to the Russian hotel worker. Medical care in Russia was provided by the state for free, but with Russia's new market economy most hospitals and clinics are now privatized, and very few Russians can afford health care. Employees are motivated to perform well at a job which can offer them free or inexpensive health care options.

The study found that life insurance and pension plans are important incentives for Russian hotel workers. This is a new phenomena as Russians are not used to insuring neither their health, nor their life. For years Russians assumed that their government was taking care of them when they were sick, so the word "insurance" did not exist in the Russian vocabulary until very recently. As the Russian economic situation changes; and the Russian government no longer capable of "insuring" the health and the well-being of its citizens, Russian citizens must now obtain health and life insurance on their own, independent of the government.

Workforce Evolution

The data collected in the study revealed that not only benefits, but also various internal and external factors affect motivation of Russian hotel workers. Recognition and advancement were the two internal factors that Russian hotel workers thought would be affective in improving their motivation. In essence, Russians are not used to being

recognized for their achievements. The collective work-production mentality of the Soviet people did not embrace the thought of one particular individual being recognized for his or her achievements. Individual efforts were not welcomed, and sometimes even punished.

Today some Russians employed by Western firms are changing their perspectives on work, and are learning from their Western employers that individual efforts are crucial individual and organizational success. Before the common practice was to land a job and stay with it until retirement; As the West demonstrated, instead of a slogan “don’t be afraid to stand out in the crowd”, the Russians were taught to not stand out and be just like everyone else. With more political and economic freedoms enabling Russians they have learned that “standing out” may be the only way to survive in harsh realities of the free market economy.

The external factors that Russian hotel employees deemed effective in improving their motivation were salary, job security and working conditions. As previously discussed, money is a very strong motivator for most Russians. But financial rewards are not enough to motivate Russian workers. At the time when most industrial and commercial sectors in Russia came to a halt, and many Russians are being laid off from their jobs, job security is a very strong incentive to motivate this country’s workforce. However, as it will be further mentioned, unlike most other sectors of the Russian economy, hospitality sector has encountered rapid growth, thus jobs and employment opportunities are plentiful.

Another important finding in the study was the difference in motivational preferences among workers of various age groups. Younger workers seemed to value

monetary compensations more than did older workers. Such benefit as 13th salary and other monetary incentives seemed to be very important to workers ages 18 to 44. This can probably be explained by the fact that many younger Russians have to financially support not just themselves, but also their parents and relatives.

Younger workers did not express much interest in free medical services, whereas most workers ages 45 and older indicated that this was an important incentive to them. The latter also considered sick leave with full pay to be a valuable incentive. This is understandable: often older people require more medical assistance than do younger people.

Conclusions

With the economic change occurring in Russia and the rapid expansion of the tourism industry in St. Petersburg, its hotel industry is expected to grow. Two new hotels are under construction in St. Petersburg in 1998, with three more hotels in the planning stages. This rapid development of the local hotel industry has created a high demand for highly qualified hospitality employees. The general workforce in Russia is well-educated, and maintains a strong desire to succeed and perform their jobs well. Yet due to the absence of effective workplace motivational systems, many hospitality workers in Russia acknowledge that they will be less willing to perform well at their jobs than do workers in other service industries. Therefore, it was important to understand the types of incentive programs that are most successful in motivating employees within the hospitality industry.

This study modeled that Russian hotel workers consider monetary rewards to be the most successful incentive in improving individual motivation. Bonuses paid in shares,

13th salary, or any other type of financial rewards is highly desired by Russian hotel workers. Free medical services is the second most important motivator, followed by job security, working conditions and relationships with supervisors. Hotel workers also indicated that such factors as recognition, responsibility, advancement and work itself are affective in improving their motivation.

Russian workers now seek job promotions in Western style job places as they lead to higher salaries and new career opportunities. The Grand Hotel Europe has in place a policy of internal promotion that is very important to its employees. The hotel also offers professional development and training programs which focus on educating employees about quality service, the company and other opportunities for advancement within the hotel.

Implications

The results of this study can assist managers of existing Russian hotels to develop the most appropriate types of incentives to motivate their hotel employees. Also a strong understanding of the Russian work ethic and individual needs will enable hotel management to offer its employees benefits plans and incentive programs which will increase individual and group productivity and morale. Management and employees should be trained on the importance of workplace motivation to deliver quality services to customers while maintaining positive work environment. In general, motivation goes hand in hand with productivity and motivated people are more efficient and effective at what they do. This is especially important for the hotel industry.

Recommendations for Further Research

1. A larger sample of employees could be taken to obtain a more precise picture of workers' motivational preferences.
2. A study using the same data analysis method with a cross sample of similar workers in multiple hotels should be done to obtain a better understanding of motivational preferences of Russian hotel workers.
3. Comparing motivational preferences of male and female workers can be beneficial in developing more efficient motivational programs.
4. Longitudinal studies and segment analysis of new five star hotels in Russia can be done to develop effective motivational programs.

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Consent Form

I understand that my participation in this study is strictly voluntary and I may discontinue my participation at any time without prejudice.

I understand that the purpose of this study is to investigate the problem of the affect of benefits on motivation of employees in the Grand Hotel Europe in St. Petersburg, Russia.

I further understand that any information about me that is collected during this study will be held in the strictest confidence and will not be part of my permanent record. I understand that in order for this research to be effective and valuable certain personal identifiers need to be collected. I also understand that the strictest confidentiality will be maintained throughout this study and that only the researchers will have access to the confidential information. I understand that at the conclusion of this study all records which identify individual participation will be destroyed. I am aware that I have not and am not waiving any legal or human rights by agreeing to this participation.

By signing below I verify that I am 18 years of age and older, in good mental and physical condition, and that I agree to and understand the conditions listed above

Signature _____ Date _____

Survey of Hotel Workers of the Grand Hotel Europe, St. Petersburg, Russia

Please read the following paragraph before you answer any questions in the survey.

I understand that by returning this survey, I am giving my consent to participate in the study. I understand the basic nature of the study and agree that there is no risk. I also understand the potential benefits that might be realized from the successful completion of this study. I am aware that the information is being sought in a specific manner so that no identifiers are used and that confidentiality is guaranteed. I realize that I have the right to refuse to participate and that my right to withdraw from participation at any time during the study will be respected with no coercion or prejudice.

Please check the most appropriate response:

1. Gender:

<input type="checkbox"/> a. male	<input type="checkbox"/> b. female
----------------------------------	------------------------------------

2. Age

<input type="checkbox"/> a. 18 to 24	<input type="checkbox"/> d. 45 to 54
<input type="checkbox"/> b. 25 to 34	<input type="checkbox"/> e. 55 and over
<input type="checkbox"/> c. 35 to 44	

3. What is your educational background?

<input type="checkbox"/> a. eight year high school	<input type="checkbox"/> d. college or university
<input type="checkbox"/> b. ten year high school	<input type="checkbox"/> e. other _____
<input type="checkbox"/> c. vocational school	

4. How long have you worked in the hotel industry?

<input type="checkbox"/> a. less than 1 year	<input type="checkbox"/> c. 4 to 6 years
<input type="checkbox"/> b. 1 to 3 years	<input type="checkbox"/> d. more than 6 years

5. How long have you worked for the Grand Hotel Europe?

<input type="checkbox"/> a. less than 1 year	<input type="checkbox"/> c. 3 to 6 years
<input type="checkbox"/> b. 1 to 3 years	<input type="checkbox"/> d. more than 6 years

6. In what department of the hotel are you currently employed?

<input type="checkbox"/> a. food and beverage	<input type="checkbox"/> c. maintenance
<input type="checkbox"/> b. front desk	<input type="checkbox"/> d. housekeeping

7. Grand Hotel Europe offers various benefits to its employees. Do you consider the following benefits valuable to you? Please rate these benefits using the following scale: "SD" being "Strongly Disagree", "D" - "Disagree", "U" - "Undecided", "A" - "Agree", "SA" - "Strongly Agree".

a. financial aid	SD D U A SA
b. free food in the company cafeteria	SD D U A SA
c. free medical service	SD D U A SA
d. free hotel stays	SD D U A SA
e. 24 day vacation	SD D U A SA
f. annual staff party	SD D U A SA
g. material bonuses (13 th salary)	SD D U A SA

8. Overall how do you value the present benefit package offered by your employer?

- | | |
|---|--|
| <input type="checkbox"/> a. excellent | <input type="checkbox"/> d. below average |
| <input type="checkbox"/> b. above average | <input type="checkbox"/> e. extremely poor |
| <input type="checkbox"/> c. average | |

9. Are the following benefits important to you? Please rate these benefits using the following scale:

“SD” – “Strongly Disagree”, “D” – “Disagree”, “U” – “Undecided”, “A” – “Agree”,
“SA” – “Strongly Agree”.

- | | | | | | |
|------------------------------|----|---|---|---|----|
| a. sick leave with full pay | SD | D | U | A | SA |
| b. maternity/paternity leave | SD | D | U | A | SA |
| c. flexible hours | SD | D | U | A | SA |
| d. pension plans | SD | D | U | A | SA |
| e. life insurance | SD | D | U | A | SA |
| f. bonuses paid in shares | SD | D | U | A | SA |

10. Did you think the following factors were important to you when you decided to work for the Grand Hotel Europe? Please rate these factors using the following scale:

“SD” – “Strongly Disagree”, “D” – “Disagree”, “U” – “Undecided”, “A” – “Agree”,
“SA” – “Strongly Agree”.

- | | | | | | |
|--|----|---|---|---|----|
| a. interest in the hospitality profession | SD | D | U | A | SA |
| b. monetary rewards | SD | D | U | A | SA |
| c. opportunity for advancement | SD | D | U | A | SA |
| d. prestige of working in Grand Hotel Europe | SD | D | U | A | SA |
| e. family | SD | D | U | A | SA |
| f. friends | SD | D | U | A | SA |

11. Do you think that the following internal factors are effective in improving your personal motivation? Please rate these factors using the following scale:

“SD” – “Strongly Disagree”, “D” – “Disagree”, “U” – “Undecided”, “A” – “Agree”,
“SA” – “Strongly Agree”.

- | | | | | | |
|-------------------|----|---|---|---|----|
| a. recognition | SD | D | U | A | SA |
| b. work itself | SD | D | U | A | SA |
| c. responsibility | SD | D | U | A | SA |
| d. advancement | SD | D | U | A | SA |
| e. achievement | SD | D | U | A | SA |

12. Do you think that the following external factors are effective in improving your personal motivation? Please rate these factors using the following scale:

“SD” – “Strongly Disagree”, “D” – “Disagree”, “U” – “Undecided”,
“A” – “Agree”, “SA” – “Strongly Agree”.

- | | | | | | |
|---------------------------------------|----|---|---|---|----|
| a. relationship with your supervisors | SD | D | U | A | SA |
| b. working conditions | SD | D | U | A | SA |
| c. relationship with peers | SD | D | U | A | SA |
| d. status | SD | D | U | A | SA |
| e. salary | SD | D | U | A | SA |
| f. job security | SD | D | U | A | SA |
| g. company sponsored events | SD | D | U | A | SA |

SUBMISSION OF FINAL RESEARCH REPORT

University of Wisconsin-Stout
The Graduate College

The accompanying research report was submitted to the Graduate College, University of Wisconsin-Stout, as partial completion of the requirements for the degree, (M.S.) Ed.S. (Circle one) in HOSPITALITY and TOURISM

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