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Derrick Manns

*Bowling Green State University*

David L. Groves

*Bowling Green State University*

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**EXAMINATION OF KEY CONCEPTS AND ISSUES IN THE  
DEVELOPMENT OF EMPLOYEE SERVICES**

**BY**

**MR. DERRICK MANN**

**BOWLING GREEN STATE UNIVERSITY  
BOWLING GREEN, OHIO 43403**

**AND**

**DR. DAVID L. GROVES**

**BOWLING GREEN STATE UNIVERSITY  
BOWLING GREEN, OHIO 43403**

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**ABSTRACT**

It is important to examine concepts and issues of employee services to determine its past, present and future position in society. Historical and evolutionary approaches will help understand the developmental cycles and isolate a framework for new philosophies in the 21st century. This will help ensure an identity for employee services and add credibility and accountability. An examination of the relationship between the organization and the individual was the framework used in the analysis.

bring the employer and employee closer together.

This study examined employee services from a historical and evolutionary perspective since the field is not well defined. (23) The employee services program is undefined because not many understand the concept. Many do not realize that some of the programs and services provided by a company are employee service based. An important development in the evolution of employee services was to identify the relationship between recreation and service programs and job satisfaction and productivity to justify the programs. Once a company realizes the benefits from employee services, they provide the most effective programs possible. The next evolutionary step was to focus on the range of outcomes of an employee service program. The emphasis shifted to related benefits for the company and how the programs contributed to the company. Eventually individual outcomes were

**INTRODUCTION**

One of the first organized intent of employee services was to incorporate athletics in the workplace as an energy outlet. It has also been suggested that recreation play helped one become a better worker. Another of its purposes was to

important. Since human resources are such a critical element, there is a need to retain skilled and dedicated workers. Once outcomes had been defined, activity prescription to achieve the desired outcomes became the new theme. Improvement upon motivation, education and employer/employee relations became an important thrust. This information is essential to understand how the company and individual work together to reach common goals. The employer and employee need to be able to work together to form relationships. Group cohesion is an important factor related to job performance and satisfaction. Athletics and education became an important part in the development of employee services.

## **HISTORICAL AND EVOLUTIONARY FRAMEWORK**

The first organized intent of employee services was to incorporate athletics in the workplace as an energy outlet in an effort to control employees and/or bring the employer and the employee closer together. Industrial recreation/employee services is a program of activities and services provided to satisfy the business and the employee needs and goals. It increases morale, social and physical well being through the use, of social and services approaches. The basic problem was exploitation at the turn of the century. A few companies in the 1890's were matriarchal and patriarchal. They were concerned with making a profit but cared about their employees. One solution to the labor problem was to provide recreation for employees to alleviate the tensions of poor working conditions. One of the first companies to offer employee services was Peacedale Manufacturing Company in Rhode Island in 1854. Many of the early employee service programs started

these programs based on social concerns. Peacedale Manufacturing started with a library, and expanded to include religious, musical, and educational activities. Soon other companies began to provide athletic programs and facilities.

After World War I, recreation programs grew, as a result of attracting and holding employees. By 1926, 430 companies were offering recreation programs for their employees. During the depression, there was a setback in the offering of employee service programs. In the late 1930's industrial recreation began to grow again. Many companies went against the norm of exploitation. These companies would retain quality employees to produce a better product. They made profits because they cared about the employees. Other forms of employee service programs such as: religious, musical, educational, and social programs were being offered as a result of the growing labor movement.

Labor unions were becoming an integral part of the industry as a result of many years of exploitation. They developed to protect the well being of the employee. Because of the new legislation, companies had to deal with employee issues, and offered benefits to improve their work force. The struggle between labor and management has been well documented. Employee services has been the best approach to attain the most profits and a more benefits for the employee. It also helped to create a sense of loyalty. Companies with employee service programs have a record of better performance in the long term.

Diehl and Eastwood published the first booklet in 1940 for employee service program. This work provided information about the creation the employee service

programs. The depression was ending and employee service programs were expanding. There was a need for employers to create a sense of loyalty toward their employees. As a result of the depression many companies realized the benefits of having quality employees. Another book written by Anderson, charted the benefits of industrial recreation.

The National Industrial Recreation Association (NIRA) was formed on the campus of Purdue. In 1982, NIRA changed its name to The National Employee Services and Recreation Association (NESRA). This organization was athletic based and focused on the education and importance of employee service programs. The purpose of this organization was to justify the implementation of employee service programs. With the introduction of the employee service program, industries were finding how valuable it was to have loyal and dedicated employees. Since the beginning of industrialism, there has been a struggle between labor and management. Management started in the power position and then it shifted to unions. Labor and management are competing for the power to control. Money and job security are the key issues and without it there is no stability. A worker wants stability for security. The employer wants it to plan for investment and expansion.

About 25 to 30 years from the formal organization of the employee services movement, companies wanted to have the most productive and efficient employees. Most companies had large losses, but many were able to rebound and use the depression as a tool to increase efficiency. Some companies had developed a humanistic approach toward the worker. There were only a few companies who knew the value of employee

services. The education process was very slow. Since employee services was undefined, it was hard for a company to adopt an employee services philosophy. NESRA has been instrumental in the development of the employee service movement. Companies through employee services programs have been able to communicate better with their employees. In the past there had been problems with labor and management. Better communication "can offer management more opportunities to relate with employees through programs, activities and services." This cooperative relationship between labor and management may help create a better environment for future success.

As a result of relating employee service programs to job satisfaction and productivity, employers may be better able to understand the need for employee service programs. After developing a framework from which to start, the need for programs became eminent. After the labor movement had started and laws were passed to regulate industry, more companies like Peacedale Manufacturing Company were able to make profits and treat workers more humanistic. After the development of NESRA, many other companies were able to adopt this style of management. Today NESRA had over 800 members, and estimates show that 30,000 to 50,000 companies have some form of recreation programs for their employees.

The focus of employee services has evolved from athletics to education to services. With the sophistication of programs and services, the need to keep employees working toward the same goal is essential. One way to achieve this objective is stronger group cohesion. Cohesion has become one of the most important factors in an employee

service programs. With the sophistication of the workforce in 50's and 60's, the demand for a cooperative workforce was important. This topic has been debated and there are many different opinions about the importance of employee service programs. Two of the resources used to develop the evolutionary framework of management/employee relations were: (1) The 100 Best Companies to Work for in America by R. Levins and M. Moskowitz and (2) The 100 Best Companies to Work for in Canada by E. Innes, R. Perry, and J. Lyon.

### **RELATIONSHIPS BETWEEN EMPLOYEE SERVICE PROGRAMS AND PRODUCTIVITY AND JOB SATISFACTION**

In many studies the focus was on identifying the relationships between employee service programs and job satisfaction and productivity. (2, 12, 20) The purpose of the studies was to illustrate benefits to the companies (3). The study found that by giving the employees an education, the employees could then use the new skills and apply them to their job. If there is a vested interest in the worker, then he/she is more inclined to have a high level of satisfaction. Literature also suggests, that if the employee is thought of as an investment, then the employer will get more production in return (7).

Some companies already have good employee service programs and use them to their advantage. In some of the companies studied (3) such as: Bread Loaf Construction, Dahlin Smith White, Rhino Foods, White Storage and Retrieval Systems and Mactemps, productivity went up from the previous level before any type of program was offered. The normal seven day turn

around on an order, went down to a one day turn around within weeks after the free education and on the job training program was initiated. The approach is based on the idea that if the workers needs are satisfied they will service customers. The customer wants a quality product and courteous service. This is a win win situation for all involved. When you have employees who want to come to work, morale, productivity, and motivation are high.

Brokaw (3) gave an example of one advertising agency that gave their employees between \$100 to \$200 to decorate their offices. By fostering creativity, the agency received more creative production from the workers. An unmotivated person can produce about six hours a day, while a motivated worker may produce as many as ten hours a day. If workers work one more hour a day, it is a 12.5% increase in output. Some of the many benefits of an employee service program are: reduced absenteeism, higher morale, higher productivity, good work environment and training.

### **INDIVIDUAL AND COMPANY BENEFITS OF EMPLOYEE SERVICE PROGRAMS**

The second type of studies were those completed to determine the impacts or benefits of employee services programs. (11, 13, 18, 21, 22) One of the most significant studies was a thesis by Hawkins in 1967. This study examined the potential employer benefits and the concept of individual benefits. By investing type of outcome, the company better knows the benefits from their investment. If the employees felt like they were an integral part of a team, then they may in return, be

motivated and involved in their work. By offering employee service programs the employer would have the chance to open the lines of communication. This is a benefit to both the employer and the employee, because the employer may be able to determine future leadership from this relationship. The employee may be able to achieve promotions. By offering team sports one companies were able to discover and develop new leaders, improve morale, increase fitness, and retain valuable employees (23).

With the introduction of employee service programs, both the employer and the employee can benefit. The employee may benefit by having a company sponsored event, site, or class to attend. The non-negotiated benefits are factors in the retention of employees. The non-negotiated benefits may include education classes at a local university for free or at a reduced price. Employers are able to get better production from a diverse and knowledgeable employee. The employee will be able to be promoted, get raises, and take on new job responsibilities. Employees are given more control on how to advance or make more money. Other benefits to the employee may include an on-site child care facility. If a worker is given something beyond the necessities, then they are more motivated to work.

### **PRESCRIPTION**

Another focus of the literature was on determining what programs and activities would produce what types of outcomes. (5, 10, 14, 25) The primary concern is both long and short term outcomes to both the individual and the company. The important issue now is determining short term

outcomes and how they relate to long term benefits from a particular program. Within a large company the activities and interests are varied. Groves (10) found that there was a strong correlation between active participants and coordinators. Coordinators were more company oriented. "They were interested in active outdoor activities. Movies and classes were the primary entertainment media." (10) Patterns are developed within the company based on activities and interests. Personality and psychological make-up tell the employer about the employees. This report can then be used to find the norms of employees and later be used to make comparisons. By providing different types of employee service programs, the employer will gain the respect of the employees. Employee will show-up for work, produce while there, and get others involved. Recreation can be a positive influence within the company to help the employee achieve their goals. It can also bridge the gap between work and leisure (10). One of the ways for the employer to bridge the gap between work and leisure is to provide special or on going events. These events have been proven to show a relationship between the event and group cohesion. Group cohesion may be one of the most important variables to bridge the gap between employer and employees.

### **COHESION WHICH EXISTS BETWEEN WORKER/CO-WORKER AND EMPLOYER/EMPLOYEE**

Special events, team events and other employee service programs (short term) have primary outcomes which produce cohesiveness (17). Cohesiveness is defined by Festinger (9) as "the resultant forces which are acting on the members to stay in a

group" (p. 274), and has generally been the definition accepted by most researchers.

Meta-analyses (8, 17, 19) indicate that there is a positive relationship between group cohesion, job performance, and productivity. In most studies, it has been shown that sports groups have shown the highest level of cohesiveness-performance. It is more meaningful to a person if they have a vested interest in a task. It is very important for sports teams to have a high level of cohesion to get the required result, a win. By the members working together toward the same goal, each member will in turn put more time and effort into the task at hand. Several factors which may influence cohesion have been identified: the degree of interaction required by the group, the reality of the group categorization, and the size of the group are examined to show the relationship between other group phenomena. Small groups have been found to produce more cohesion over their larger counterparts, and real groups produce more cohesion over laboratory or artificial groups (15). The other components of group cohesiveness such as: interpersonal attraction, commitment to task, and group pride are examined to determine their role in group cohesion. These are all mechanisms or tools which may which may have an affect on the completion of a task.

Worchel, Cooper, and Goethals (24) noted that "in the final analysis, we can conclude that cohesiveness usually increases a group's productivity. However, there are exceptions to this rule that must also be considered" (p. 448). Not all groups are similar and this must be taken into account when interpreting findings. After 40 years of research on cohesiveness-performance effect has failed to establish much about this phenomena. It can be concluded that the

effect exists and varies in reasonable and predictable approaches (17).

Some of the factors which may influence group cohesion are the type and amount of interaction, reality of the group, and group size (17). Cratty (6) "has argued that a positive cohesiveness-performance effect would emerge among teams in which successful performance depends on a close, interacting group effort." (p. 213) It may seem that a group can enhance their performance by interacting together. The more a group gels together the more work they should be able to accomplish. The more time that people spend together should lead to a high degree of what Campbell (4) calls entitativity, which is a term for "groupness".

Another element which must be examined is the size of the groups used in the Oliver (19) and Evans and Dion (8) studies. The number of people in the group also reflects on the level of cohesiveness (15) within a group. As the group expands the level of cohesiveness goes down. This could be contributed to the fact that it is hard to juggle the schedules of ten or so individuals. The individual ideas of each may play a different role in a large group. In a small group each idea may be thoroughly discussed and detailed, but in a large group many ideas are not heard or not given time for discussion. Many of the studies were based on small numbers, Oliver's (19) study of 14 and Evans and Dion (8) study of 16 were not sufficient. Smaller groups are less likely to become individualized and start to loaf (16). The reality of the group says that there is a difference between a laboratory groups which meet for twenty minutes a session, and real groups which interact on multiple occasions and provide longer and deeper experiences within the group (17). It

may be said that the ad hoc group has no interest other than completing an experimental goal. The real group can be measured in a real situation in which they are actually working towards a real life goal.

Some of the findings also report, there is a direct relationship between cohesion-performance to a specific task (17). The results of these studies showed groups who were committed to the task, usually developed a higher level of group cohesiveness. Neither the interpersonal attraction or group pride emerged as key factors in the cohesiveness-performance effect. Task performance was the factor which emerged as the main predictor of cohesiveness-performance (17). If members are committed to the task they have a vested interest in the group and outcome. Real groups have been shown to use underlying mechanisms of group phenomena (15). "One plausible account for the differences among sports teams, military crews, other real groups, and artificial groups is a gradation of the salience and legitimacy of standard of excellence."

Cohesiveness-performance may also be based on personal attraction to the group or

group pride. Many of the members may want to belong to a group because of prestige and in turn may become more cohesive as a result (17). Good performance should make the group members feel good about themselves and feel better about those they are working with. As stated earlier, these two factors have very little to do with the cohesiveness-performance effect. Commitment to task is the main factor and these other factors are secondary elements or intervening variables.

## CONCLUSION

There are several key themes that have been identified: relationships, benefits, prescription, and cohesion. There have been many attempts to isolate the relationships between employee services and job satisfaction and productivity. The evolution of key concepts and issues are identified in the following categories: (a) relationships between employee service programs and job satisfaction and production, (b) individual and company benefits of employee service programs, (c) prescription, (d) the degree of cohesion which existed between worker/co-worker and employer/employee.

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