

Fall 2008

# Developing a comprehensive training guide for dealers in the gaming sector of the hospitality industry in Las Vegas

David Lee

*University of Nevada, Las Vegas*

Follow this and additional works at: <https://digitalscholarship.unlv.edu/thesesdissertations>

 Part of the [Hospitality Administration and Management Commons](#), and the [Human Resources Management Commons](#)

---

## Repository Citation

Lee, David, "Developing a comprehensive training guide for dealers in the gaming sector of the hospitality industry in Las Vegas" (2008). *UNLV Theses, Dissertations, Professional Papers, and Capstones*. 612.  
<https://digitalscholarship.unlv.edu/thesesdissertations/612>

This Professional Paper is brought to you for free and open access by Digital Scholarship@UNLV. It has been accepted for inclusion in UNLV Theses, Dissertations, Professional Papers, and Capstones by an authorized administrator of Digital Scholarship@UNLV. For more information, please contact [digitalscholarship@unlv.edu](mailto:digitalscholarship@unlv.edu).

Pro Paper

By

David Lee

## PART ONE

### *Introduction*

Gaming has been a significant part of the tourism industry in Las Vegas. Most people come to Las Vegas hoping to win big, but are often disappointed. So what keeps people coming back time and again to contribute to Las Vegas' economy? The casinos believe that the unique and individual service guests experience at their establishment is the primary reason why guests return. For example, at Harrahs employees are upbeat and positive in an effort to keep customers returning; at the Venetian the core value instilled in each and every employee is to provide un-matched guest services; and for Station Casinos, its customer retention strategy is for employees to provide services beyond guests' expectations.

All of the strategies point to one underlying theme: repeat business is the bread and butter of any organization. Therefore, it is essential for Las Vegas casinos to invest additional resources and allocate time to educate their front-line employees on the importance of customer service and guest retention strategies. The time and resources invested in employee training will result in overall profitability for the casinos. One of the basic theories of customer loyalty within the service industry is the Service Profit Chain (SPC). This paper will employ the principles established within the SPC as the basis for developing a comprehensive training guide for front-line employees in the casino industry on customer satisfaction. The comprehensive training guide will allow front-line casino employees to provide a high level of customer service at every interaction with casino customers. In return, customers will become loyal and continue their patronage, resulting in higher profits and increased revenue.

### *Purpose*

Given that repeat business is at the core of profitable operations, particularly in the service industry, the purpose of this paper is to develop a comprehensive training guide for dealers in the gaming sector of the hospitality industry in Las Vegas. The comprehensive training guide will focus on customer service satisfaction to increase loyalty and add value to the Service Profit Chain (SPC). The efforts to develop and then implement this comprehensive training manual is to produce higher rates of repeat business, reflected in higher returns and overall profits. Therefore upon implementation, this comprehensive training manual will be the cornerstone of customer service training for front-line casino employees.

### *Justification*

A comprehensive training guide that increases the value of the SPC is necessary because at the moment, there are a lack of rewards and incentives for dealers to furnish a consistently high level of customer satisfaction. Currently, in a twenty-four hour period, tips are pooled rather than earned on an individual basis. As a result, not all table game dealers are equally motivated to deliver a high degree of customer service. Internal politics and favoritism in the industry also are important factors in the level of dealer professionalism. This also affects the quality of services provided on a daily basis. To address these issues, the comprehensive training guide (developed in this paper) is aimed to remedy the issues of incentives and internal politics that prevent a high degree of customer service. It is another positive way of returning the incentives and rewards structure back to the table game dealers, in a manner consistent with retaining customers and improving the bottom line.

### *Constraints*

Human behavior is a very complex issue. Many disciplines address the study of human behavior and offer suggestions regarding the emotional and social problems at work. Therefore, the development of a comprehensive training guide in this paper can only contribute to the conclusions from prior studies on human behavior. Thus, this is not a comprehensive solution to the stated problem and is constrained by reinforcing the conclusions of previous studies. The purpose of this guide is not to reveal new thoughts on human behavior, but to use past conclusions in applying them to the SPC in the gaming industry.

## PART TWO

### *Literature Review*

In casino table games, the dealers are the service providers and the product is the experience that guests encountered while playing at the tables. It is impossible to separate the server from the service. Therefore, guests are really buying their experiences with front-line casino employees when they are engaged at the table games. This inseparability of the server from the service emphasizes the importance of table game dealers in delivering quality service to guests and is the ultimate assessment of customer loyalty. If customers consistently experience a high level of quality service while engaging the table game dealers, there is a greater possibility that the casino will be rewarded with their loyalty.

Therefore, managing employees to ensure customers experience quality services should be an integral part of the casinos' overall strategy; hence, the comprehensive training guide for dealers in the gaming sector of the hospitality industry in Las Vegas. However, many casinos in Las Vegas confront major issues with employee turnover and employee morale, which in turn negatively impacts productivity and service quality. This ultimately leads to eroded profits and lower levels of customer satisfaction.

An analysis of the research literature reveals key themes addressing the issues of 1) connection between the server and service, and 2) employee turnover and productivity that informs the creation of a comprehensive training manual. The primary themes within the research literature established the necessary guidelines in the development of the comprehensive training manual. In addition to efforts to add value to the SPC within the gaming industry, the comprehensive training manual works to address the issues that prevent table game customers from receiving high quality customer service at every interaction with a table game dealers—the front-line casino employees. However, prior to consulting the research literature, it is necessary to define the Service Profit Chain (SPC) and how this comprehensive training manual will work to add value to its processes.

### *The Service-Profit Chain*

The SPC framework was first introduced in an article in the *Harvard Business Review* by Heskett et al. (1994). The key components of the model are as follows: profit and growth are stimulated primarily by customer loyalty. Loyalty is a direct result of customer satisfaction. Satisfaction is largely influenced by the value of services provided to customers. Value is created by satisfied, loyal, and productive employees. Employee

satisfaction, loyalty, and productivity, in turn, result primarily from high-quality support services and policies that enable employees to “wow” customers. A few years later, *The Service-Profit Chain* (Heskett et al., 1997) book was published. In applying the SPC framework to the gaming sector of the casino industry, this model establishes and confirms the importance of front-line employee satisfaction, which can result in increased employee productivity and service quality, which eventually leads to loyalty and profitability.

Since the inception of the ideology that revenues are driven by the value the customer derives from services provided, there have been a number of significant studies by scholars and practitioners all over the world--testing the SPC framework. Perhaps the most widely known case is its application at Sears (Rucci et al., 1998). In examining 800 Sears stores, they discovered that a 5% increase in employee attitude scores resulted in a 1.3% increase in customer satisfaction and a 0.5% increase in revenue.

In addition to the major US department store retailer, Sears, there have been studies done in a major Brazilian bank (Kamakura et al., 2002); the hospitality industry in Europe (Kassinis & Soteriou, 2003); Mexican hotels and supermarkets (Maranto and Reynoso, 2003); and a Chinese securities firm (Xu & Van Der Heijden, 2005). These are just a sample of the national, cultural, and industrial boundaries that the fundamental principles of the SPC have transcended. The majority of the studies have provided empirical data that validates the applications of the Service Profit Chain.

However, an empirical study of one of the United Kingdom’s four largest supermarket chains (Silvestro, 2002), showcased evidence that challenges the validity that employee satisfaction and loyalty are key drivers of productivity, efficiency, and

profit. The research revealed an inverse correlation between employee satisfaction and the measures of productivity, efficiency, and profitability: the most profitable stores are those in which employees are least satisfied.

Despite the empirical evidence, Silvestro cautioned readers when explaining the findings that the employee satisfaction measures were based on a very small sample size. Furthermore, the study suggests that the relationship between employee satisfaction and business performance is contingent upon service context. The longer the customer comes in contact with employees the more relevant the empirical data pertains to the fundamentals of the service-profit chain. In this case, customer contact with employees was relatively low.

#### *The Server & The Service*

According to the research literature, a primary theme in the service marketing industry is the following: the service provider is the service (Milliman, Ferguson, & Czaplewski, 2008). This is particularly evident in the service industry where market research has identified and detailed 3 types of employee behaviors that are linked to the impact of customer service outcomes: 1) employee response to service failures, 2) employee response to customer needs and 3) employee response to unprompted and unsolicited requests. Failure to effectively manage the service provider in a customer focused industry results in something Milliman, Ferguson, & Czaplewski define as the “cycle of failure.” A primary cause of the cycle of failure is low employee satisfaction that translates into poor productivity and high turnover rates. Eventually, the cycle impacts the most important part of the SPC—customers (2008). This cycle of failure is best illustrated in the following diagram:

Higher employee turnover costs=> Lower investment in employee development and training=> Less motivated and productive employees=> Poor quality service interactions with customers.

Acknowledging the server and service inseparability, the SPC establishes a set of processes and procedures to support front-line service employees, with efforts to incorporate better training, improve job design, create pay incentives, and other investments on employee job satisfaction (Heskett, Sasser, & Schlesinger, 1997). Efforts to improve and invest in front-line employee development and job satisfaction results in reduced employee turnover, higher productivity, quality customer service and ultimately higher customer loyalty and sales (Johnson & Chiagouris, 2006).

Additional research studies confirm the relationship between a highly satisfied front-line employee and highly loyal customers (Brooks, 2000). According to Brooks, more than one-half of customer satisfaction levels and customer loyalty was influenced by the relationship between employees and customers. While the data in this study also indicated some variability in the results of the SPC on front-line workers, the shortcoming was explained by a lack of attention to personal life constraints that front-line employees may confront on a daily basis. Past studies of the SPC addressed primarily work-related issues such as pay, training, and job design. Beyond the working conditions of front-line employees, instability in personal affairs and a lack of access to resources aimed at addressing personal issues, may contribute to employee satisfaction. Lack of access to adequate daycare when a child is ill, a reliable means of transportation to work, or access to health insurance may be examples of personal life issues that can

compromise a front-line employee's ability to perform their daily responsibilities at a high level.

Another link in the importance of the employee satisfaction and customer satisfaction is revealed in the research literature that examines how certain corporations are addressing the personal and family issues of front-line employees (Kim, Lopez, and Bond, 2003). Efforts to increase the levels of job satisfactions of front-line employees have resulted in corporations attempting to aid in child care needs, access to information on affordable health care, and other services that are particularly important to this segment of the working population.

#### *Employee Turnover & Productivity*

Milliman, Ferguson, & Czaplewski contend that the service market industry has historically reflected high employee turnover rates (2008). According to the U.S. Bureau of Labor Statistics, there was a 72.6% annual turnover rates in the leisure and hospitality industry in 2006. A primary reason for the high rates in turnover is how satisfied front-line service workers are with their daily responsibilities. Low job satisfaction results in poor treatment of customers.

Given the historically high rates of turnover in the service industry, many corporations have not adequately invested resources in improving employee job design, comprehensive training, incentive pay structures, and other internal practices to address the high rates of turnover. Employee investment on a worker population with a high probability is perceived as a high opportunity cost. However, corporations fail to recognize that this results in a self-fulfilling prophecy. Front-line employees react to the lack of investment in their training and pay structure with boredom, low motivation, poor

job performance and higher turnover rates. However, the research literature confirms that there is a causal relationship between employee satisfaction, customer satisfaction, and profitability. (Oliver, 1997; Reichheld, 1996; Rust et al., 1995; Estelami, 2000; Heskett et al., 1997).

One negative consequence linked to low employee satisfaction is high turnover rate. The research literature indicates that seasoned and more knowledgeable employees help an organization's overall performance (Hurley, 2002; Kim, 1993). Other evidence in the research literature confirms that higher levels of employee turnover can lead to lower levels of customer satisfaction (Schneider & Bowen, 1993). High employee turnover may not only be reflected in poor working conditions, but it may also be reflected in the loss of experienced employees. This results in strained relationships between seasoned and established customers, resulting in negative effects on the bottom line.

Aspects of the employee and customer interactions, and its relationship to the quality of service: the speed of delivery, the physical atmosphere, and employee behavior are also reflected in the research literature (Parasuraman et al., 1988; Zeithaml et al., 1996). In particular, employee behavior is considered to be an especially pivotal role in consumer satisfaction with service encounters (Bitner et al., 1990; Estelami, 2000; Estelami and DeMaeyer, 2002; Keaveney, 1995). It is evident that low satisfaction among employees greatly influences the behavior of front-line employees—positively and/or negatively reflected in the interactions with customers.

Another factor in employee turnover and productivity is the quality of the encounter between the front-line employee and the customer. Some research studies

have shown a positive relationship between employee satisfaction and customer satisfaction ratings (Schlesinger and Zornitsky, 1991). The quality of the encounter between front-line employee and the customer may be a result of improved employee incentives, comprehensive training, and strategic choices in front-line employees. According to the research literature, this quality service encounter between a highly satisfied employee and a highly satisfied customer results in customer loyalty (Anderson & Sullivan, 1993; Fornell, 1992).

### *Industry Service Standards*

In addition to the SPC, the training guide will incorporate exceptional service standards required by the more prominent casinos in Las Vegas. These standards include service performance on how to build customer loyalty through great service and recovery from service failures. Technical skills required in delivering fast and accurate service to both internal and external guests. And the power of teamwork, to work together with co-workers and supervisors to actively listen to what customers are saying to develop innovative customer relationship management (CRM) strategies. From theory to practice, marketing efforts are directed towards maintaining long-term customer relationships so that companies may create and foster meaningful and valuable customer loyalty, which to some extent equates into higher transactions and higher profits (Bolton, Lemon & Verhoef, 2004).

### *Implications*

The importance of employee satisfaction in the Service Profit Chain (SPC) model and its relationship to increased productivity and customer loyalty is the basis for the creation of a comprehensive training guide. Combining the fundamental elements within

the SPC with the highest industry service standards, this comprehensive training guide for dealers will focus on long-term success by strengthening the effectiveness of individuals and increasing their potential for greater contribution within the organization.

## PART THREE

### *Research Methodology*

To address the primary objective of creating a comprehensive training guide for dealers in the gaming sector of the hospitality industry in Las Vegas, the following research methodology was employed. A collection of current procedural manuals, employee handbooks, participant workbooks, customer service surveys, dealer evaluation sheets, and other primary data were consulted as the basis of developing the training guide. Rather than creating a completely brand new set of policies and procedures, it was necessary to analyze 1) the current standards of high quality customer service for table game dealers, 2) the procedures required to furnish the service, and 3) determine the service gaps to customer satisfaction and loyalty. In addition, an analysis of the primary data was necessary to determine areas that consistently did not address the three themes from the literature review namely: 1) connection between the server and service, and 2) employee turnover and productivity. Current processes and procedures are effective, but did not address the issues of a lack of rewards and incentives for dealers to furnish a consistently high level of customer satisfaction, as well as the internal politics and favoritism in the industry. In addition, it was necessary to define the population of table game dealers to determine if there should specific training for dealers from all three

shifts; namely days, evening, and over-night; and the variety of games dealers worked: Roulette, Craps, Black Jack, Baccarat, and novelty games such as: Three Card Poker, Let It Ride, Texas Hold Them, Four Card Poker, and Caribbean Stud.

A cursory analysis revealed that a primary aspect of the comprehensive training guide is to establish incentives in their daily responsibilities, in an effort to reaffirm the importance of the front-line table game dealers to the overall profit strategies of the organization. After the necessary incentives were detailed, efforts to combat employee turnover and increase worker productivity were investigated in the primary data. A compilation of several manual, guides, and training procedures, coupled with the literature review furnished a starting point in the formation of the comprehensive training guide. Successful implementation of this guide will add value to the SPC and address the current shortcomings in the lack of incentives to provide high quality customer service at every encounter with table game customers.