

AN ANALYSIS OF THE EFFECT OF COMPENSATION OFFERINGS ON THE
TURNOVER INTENTIONS OF RESTAURANT MANAGING PARTNERS FOR
OUTBACK STEAKHOUSE

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(Abstract)

The restaurant industry has long been characterized by a high rate of “turnover, low wages, primitive technology, controlling management and an unimpressive benefit package”(Sullivan, 1999). “ The most serious issue for employers toda -in all industries- is hiring and keeping qualified and capable employees” according to Donald Marshack, senior analyst at the U.S. Bureau of Labor Statistics (BLS)(2000). The primary purpose of this study was to examine the perceived notion that the compensation plan of Outback Steakhouse reduces the intention to turnover of its’ unit level managing partners. Specifically the research focused on a survey of general manager’s attitudes in regards to their intentions to seek out new employment and the effect of the compensation plan provided by Outback Steakhouse on their intention to turnover. The Objective of the study was to investigate the current management compensation practices of the managing partners of Outback Steakhouse, while identifying the relationship between management compensation and the intention to turnover for proprietors at Outback Steakhouse restaurants. A further objective was to establish the relationship between employee turnover and employee turnover intentions as a predictor of separation from an organization.

A survey instrument was utilized to gather information for this study was sent by mail to all of the 599 general managers of Outback Steakhouses listed on the company’s web site in the US. The survey contained questions designed to measure the influence of the

compensation package on the general managers' intent to turnover, and the degree of influence each element of the compensation package had on their intention to quit.

The results showed that the correlation coefficient indicated 5 out of the 8 monetary compensation variables had a significant positive relationship with the compensation plan and reducing turnover intentions. A forward regression analysis was conducted comparing all of the compensation elements. This was done for the purpose of determining which variables would be the best predictors of respondents' desire to stay with Outback because of the positive influence the compensation package, as a whole, has on them. When the computations were completed, two variables, deferred compensation and stock option, explained 41.7% of the sample variation ($R^2 = .417$) and 39.8% of the population variation (Adjusted $R^2 = .398$).

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DEDICATIONS

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LIST OF TABLES

1.1 Restaurant Industry Percentage Of Food Dollars	2
1.2 Sales For Eating And Drinking Places	3
1.3 Tightest Labor Markets.....	5
1.4 Labor Forces Statistics 1976-1996	5
2.1 Turnover Rates And Costs Per Segment	19
4.1 Reliability Analysis	33
4.2 Frequency And Percentage Of Respondents By Age.....	35
4.3 Frequency And Percentage Of Respondents By Gender.....	35
4.4 Frequency And Percentage Of Respondents By Marital Status.....	36
4.5 Frequency And Percentage Of Respondents By Number Of Children	36
4.6 Frequency And Percentage Of Respondents By Annual Income	38
4.7 Mean, Standard Deviation And Ranges For Work History	39
4.8 Compensation Elements Response Frequencies For Survey	42
4.9 Compensation Elements Rankings	43
4.10 Most Important Factors Influencing Manager's Decisions To Stay.....	47
4.11 ANOVA Results	49
4.13 ANOVA Results	50
4.14 Correlation Coefficients.....	52
4.15 Regression Model Summary	53
4.16 Regression Coefficients	53

LIST OF FIGURES

4.1 Percentage Of Respondents By Age.....	34
4.2 Annual Income Percentag	37
4.3 Number Of Years With Outback.....	40
4.4 Compensation Variables Ranking	44
4.5 Compensation Packag	45

TABLE OF CONTENTS

ABSTRACT	ii
ACKKNOWLEDGEMENT.....	iv
DEDICATION	v
LIST OF TABLES.....	vi
LIST OF FIGURES	vii
CHAPTER ONE.....	INTRODUCTION
Justification.....	1
Contextual Background of the Study.....	1
Problem Statement	6
Research Purpos	6
Research Objectives	7
Research Questions	7
Research Significance.....	7
Summary.....	8
CHAPTER TWO.....	LITERATURE REVIE
Compensation	9
Types of compensation	10
Outback Steakhouse Compensation Plan.....	12
Turnover Intention.....	13
Turnover Reasons.....	14
Current Trends in Compensation.....	16
Current Trends in Turnover	18
Uses of Compensation to Reduce Turnover.....	19
Summary.....	21
CHAPTER THREE	RESEARCH DESIGN & METHODOLOGY
Research Questions	22
Hypothesis	23
Compensation Attribute Variables	24
Research Design.....	26
Survey Instrument Development	27
Review of the Questionnaire.....	27
Data Collection	28
Survey Instrument	28

Data Analysis	29
Summary.....	30
CHAPTER FOU	RESULTS & DATA ANALYSIS
Response Rate	31
Reliability	31
Demographic Profile	32
Descriptive Statistics of Work History	38
Descriptive Statistics of Compensation Variables	41
Data Analysis & Findings	46
Compensation Package Descriptive Statistics	46
Factors Influencing Manager’s Decision to Stay or Leave	46
ANOVA	48
Hypothesis Testing	51
Pearson Product-Moment Correlation Coefficients	51
Regression Analysis	54
Summary.....	54
CHAPTER FIVE	SUMMARY & CONCLUSION
Demographic Summary	56
Compensation Ranking Summary	56
Correlation Summary	58
Regression Summary.....	58
ANOVA Summary.....	59
Hypothesis and Data Conclusion	60
Implications for the Restaurant Industry	63
Study Limitations	65
Suggestions for Future Research	66
REFERENCES	68
APPENDICES.....	73
Appendix A: Survey	73
Appendix B: Cover Letter	75
VITA.....	76