

CHAPTER ONE

Introduction

Justification of Study:

“ The most serious issue for employers today -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)(Pine, 2000). “The labor shortage is especially critical in the restaurant industry,” according to the National Restaurant Association’s (NRA) annual Tableservice and Quickservice Operators Surveys (2000), over the last few years operators have consistently identified “finding qualified and motivated labor as their biggest operational challenge”. According to Olsen and Sharma, in a 1998 white paper on trends in the casual restaurant industry, there is no reason to believe that the labor situation will get any better “ in fact, in the developed world it is likely to become a more formidable task than ever”(1998). The 1999 NRA’s fact book indicates more than 250,000 restaurant employees give notice every week . The median cost of turnover for a manager is more than \$24,000, according to a 1999 People Report, a Dallas based research and consulting company that specializes in human resources, in a survey of 50 companies in the hospitality industry (Pine, 2000). As Dennis Lombardi, executive vice president of Technomic Inc., told more than 200 human resource directors and foodservice operators at the 15th annual Elliot Conference- “ there is so much competition for employees out there, and we are not the industry of choice” (King, 2000). However, some restaurant companies, including Outback Steakhouse, have done a good job with their turnover and compensation packages, the question is does one affect the other (Inc. Magazine, 1994).

Contextual Background of the Study:

According to Olsen (1995), the hospitality industry is operating in a complex and dynamic business environment in which an ever-growing number of businesses compete. With low barriers to entry and consumers always looking for new dining out experiences the market place has seen an average annual increase of 23,500 restaurants over the last 30 years according to the National Restaurant Association (Papiernik, 1999). In its’ 1999

report titled “Restaurant Industry 2010, The Road Ahead” the NRA forecasts that the number of restaurants in the U.S. will increase by 186,300 to 1,001,305 by the year 2010. Fueled by an estimated growth in the U.S. population of 25 million and America’s demand for more convenience, the restaurant industry’s share of total food dollars spent is predicted to climb to 53% (Table 1.1).

Industry sales are predicted to hit \$576.9 billion by 2010, up from the current level of \$355.2 billion (Table 1.2). While all this is good news for the industry as a whole, at the unit level the increased supply of restaurants will place an additional burden on the already tight labor pool. According to Donald Marshack, senior analyst at the U.S. Bureau of Labor Statistics, “ There really has never been a comparable time, in terms of labor shortage, in our history (Pine, 2000). Those restaurant companies that are able to provide quality unit level management which enables the firms to operate efficiently and reduce turnover will be the companies that can compete more effectively.

Table 1.1

Source: National Restaurant Association (1999)

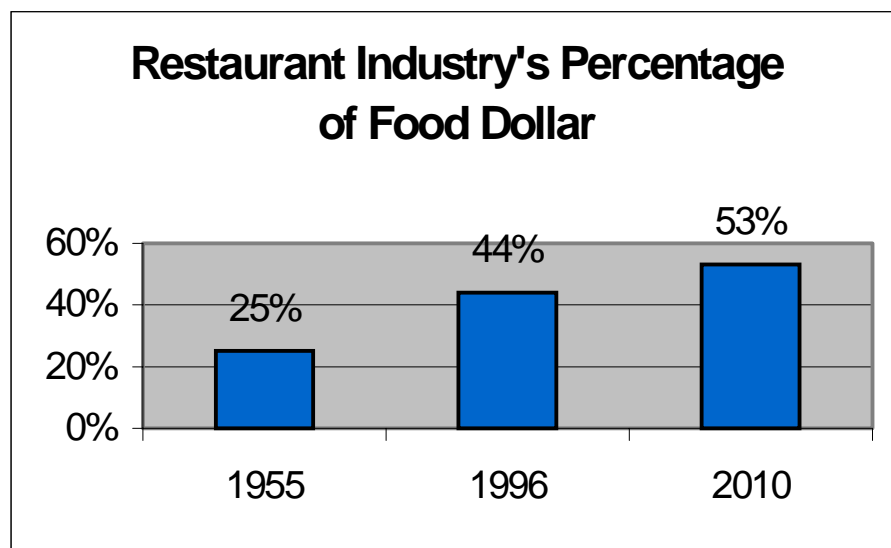
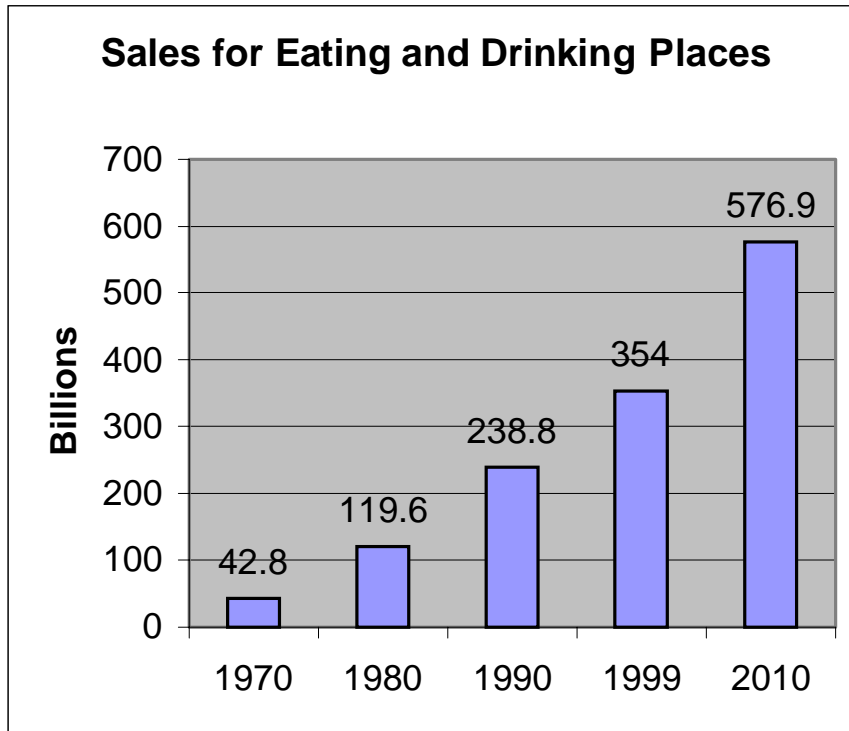


Table 1.2

Source: National Restaurant Association (1999)



With the percentage of meals that Americans eat away from home continuing to increase from year to year and the number of restaurants continuing to grow, there seems to be no end for the need of qualified managers to run the ever-increasing amount of restaurant units (Papiernik, 1999). The demand in the industry for competent qualified management has never been greater, according to Olsen and Sharma (1998), “the availability, quality and motivation of the work force is of no greater importance in any other industry when compared to the foodservice industry”. As a result, restaurant companies have had to scramble to provide enough trained management to operate their growing number of units. In Lonestar’s case, the shortage has been so severe that it has caused the delayed opening of restaurants (Frumkin, 2000). In February of 2000, Lonestar Steakhouse and Saloon announced that it was postponing the opening of 10 new stores that were fully

equipped and ready to go due to the lack of trained management staff to operate them. The shortage of qualified restaurant management staff is only expected to increase as the new economy continues to grow. The restaurant industry' now more than ever, is in competition with other industries for quality management

A survey of compensation and benefits managers for the American Management Association International shows some of the other disciplines that are experiencing tight labor markets and many industries are in competition with the restaurant sector for talented employees in those trades (table 1.3). In its' 1999 occupational outlook handbook, the BLS predicts that employment of restaurant and food service managers will be "increasing faster than the average for all occupations through the year 2006," with eating and drinking places providing the most jobs growth because of expected continued expansion in the restaurant segment. In addition to employment growth the BLS expects that the need to replace managers who transfer out of the industry or retire to also create many new job openings. Neil Reyer, vice president of food and travel services for Chase Manhattan Bank and moderator of the industry panel at the Ellio Conference, indicated that other industries were in competition for the same labor pool as the restaurant business (King, 2000). Further, Reyer added, "if we are looking at each other to compare benefits we are making a big mistake. We need to look at what other industries are offering." The 1998-1999 Occupational Outlook Handbook report, produced by the BLS, reported the median base salary of restaurant general managers and top executives for 1997 was \$33,000 and that the average for general managers and top executives across all categories was \$55,890 in 1998. According to the BLS, in the five industries employing the largest number of general managers and top executives, restaurant managers ranked at the bottom below gas station managers. This means the average manager in the food service industry falls far short, in terms of monetary compensation, compared to other industry sector management jobs.

The competition for managers in the service sector continues to intensify as the service industries persist in growing. According to the Organization for Economic Co-operation and Development (O. E. C. D.) in its' publication on labor force statistics the services

industry has continued to grow while the manufacturing industries have remained flat in developed countries, including U.S. (Table 1.4). This will not bode well for the restaurant sector and will only increase the pressure on the industry to improve its' stature

Table 1.3

Source: Compensation and Benefits Review, 1997, Nov./ Dec.

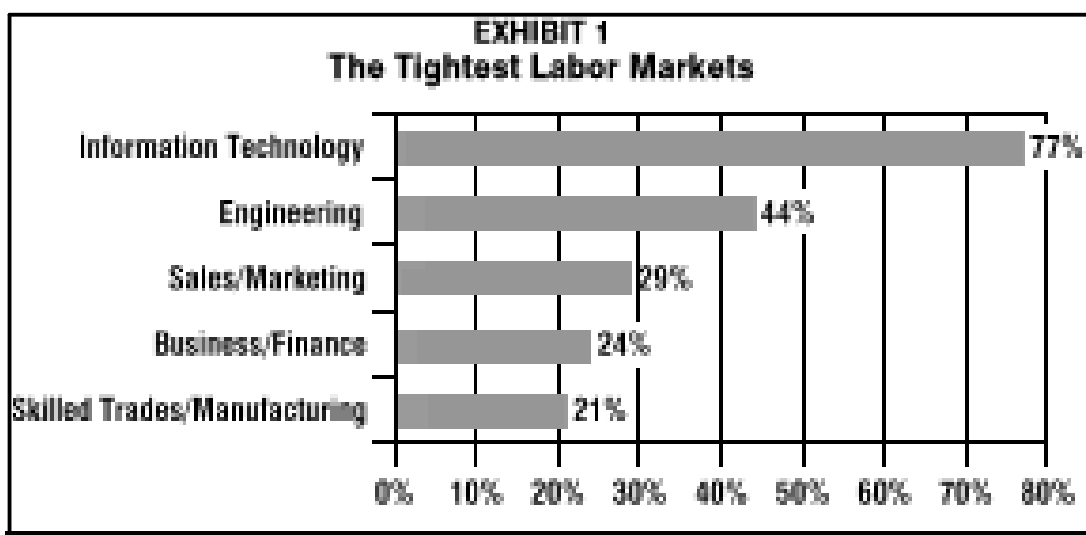
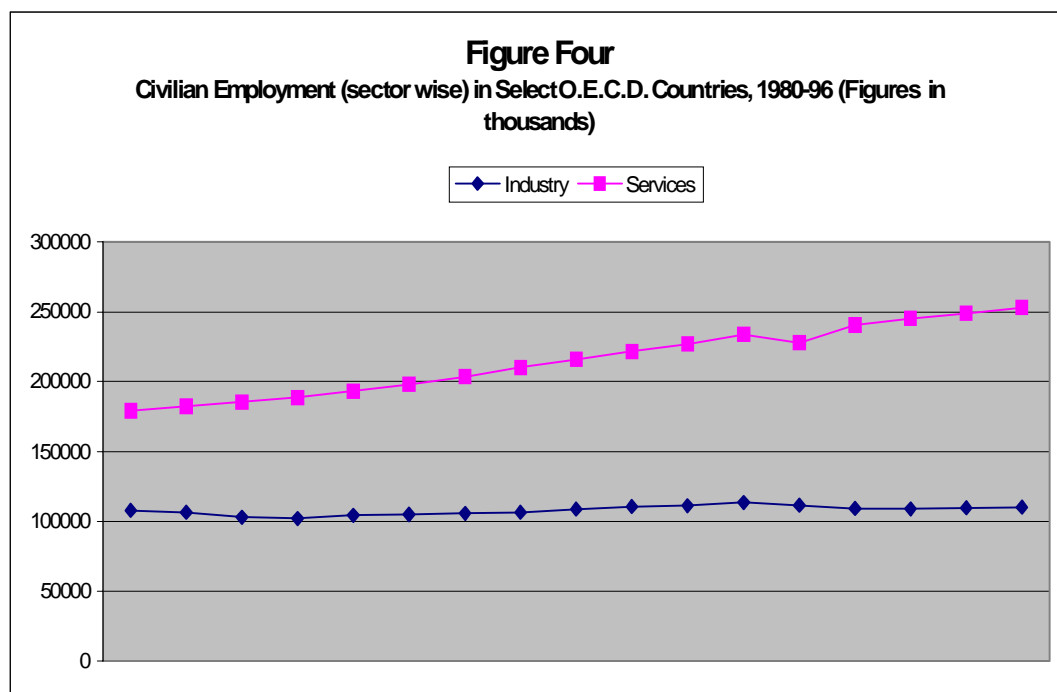


Table 1.4

Source: O.E.C.D. Publication, Labor Force Statistics, 1976-1996



and compensation practices in order to attract the required number of managers to fill the demand void.

According to a 1997 Employee Attitudes in Hospitality survey by HIRE/JAM Training, the five major reasons why employees are leaving their units and the industry are: lack of recognition, weak supervision, ineffective communication, pay and reward systems, and no teamwork (Raleigh, 1998). The restaurant industry needs to change its' old paradigm of high turnover and ineffective compensation if it is to compete effectively with other business sectors for management.

Problem Statement:

The restaurant industry has long been characterized by a high rate of “turnover, low wages, primitive technology, controlling management and an uncompetitive benefits package”(Sullivan, 1999). According to the Bureau of Labor Statistics (BLS), restaurant industry employment will continue to rise well into the new millennium with total employment reaching 12 million in the US by 2006 (Grindy, 1998). The BLS data also predicts that employment of restaurant and foodservice managers will increase “posting the highest growth rate of any restaurant occupation, gaining 35 percent between 1996 and 2006”. With the increased demand for employees in other sectors of the economy, particularly technology, many potential managers are being attracted away from foodservice with both higher pay and the promise of stock options (Allen, 2000). Most chain restaurants are almost universally revamping their compensation packages and incentive programs for managers, adding such items as commitment contracts, incentive bonuses, cash sign-on bonuses, profit-sharing, stock options, 401K plans and severance awards (Hickton, 2000).

Research Purpose:

The purpose of this study is to examine the perceived notion that the compensation plan of Outback Steakhouse reduces the intention to turnover of its' unit level managing partners/ proprietors (general managers). Specifically, the research will focus 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.

Research Objectives:

1. To investigate the current management compensation practices of the managing partners of Outback Steakhouse.
2. To research the causes of management turnover and to establish the relationship between employee turnover and employee turnover intentions as a predictor of separation from an organization.
3. To identify the relationship between management compensation and the intention to turnover for proprietors at Outback Steakhouse restaurants.

Research Questions:

The primary research questions addressed in this study have been identified as the following:

1. Does the compensation plan for Outback Steakhouse's managing partners lead to reduced turnover intention?
2. What compensation elements, as identified by Outback Steakhouse's managing partners, effect turnover intentions

Research Significance:

From a theoretical perspective, this research intends to provide an implication of the monetary and non -monetary compensation elements that are of greatest importance to restaurant general managers engaged in employment with a progressive industry leading company, in the realm of compensation. The current body of research literature, in the area of foodservice management, will gain further insight into the perceptions o restaurant general manager's attitudes towards compensation, both monetary and non-monetary, and their intentions to tu rnover. The research also hopes to contribute to the hospitality literature by providing evidence of the degree to which general management

compensation packages, as a whole, have an influence on intentions to stay with the company for general managers. Finally, two open-ended questions are directed at ascertaining what is the most important factor influencing a general manager's decision to stay with the company, and what is the most important factor influencing their decision to leave Outback Steakhouse.

From a practical standpoint the research should provide restaurant industry companies desiring to improve their retention and reduce their turnover a sign of the effectiveness of progressive compensation plans, like the one at Outback Steakhouse. Many restaurant sector firms have adopted compensation strategies similar to that of Outback Steakhouse in an effort to curb management turnover and help retain employees (Van Houten, 1997). This research should provide an indication of what industry businesses can expect in the way of manager's attitudes toward reducing turnover and improving retention for management employees in relation to these types of compensation plans.

Chapter Summary:

In summary, one can see that the restaurant industry is facing a critical shortage of qualified unit level general managers and that to combat this problem companies are increasingly turning to compensation plans to help reduce turnover and increase retention. For restaurant industry executives the choices that they make about their company's compensation plans for their unit level managers could possibly be the differences between future success or failure of the firm. This study attempts to provide some answers as to the effectiveness of one company's compensation plan in the restaurant industry.

CHAPTER TWO

Literature Review

Introduction:

According to Steers and Porte, the research on compensation clearly shows a link between the rewards a company offers and those individuals that are attracted to the compensation into working for the firm, and those employees who will continue to work for the business (Steers, 1991). The following discussion will define compensation, turnover, and intention to turnover, for the purposes of this study. In addition, the review of the literature will describe the current trends in compensation and turnover, as well as the use of compensation in attempting to reduce turnover.

Compensation:

Ask someone to define compensation, and depending on the life experiences of that person, you will get a range of definitions. To a teen-age employee just starting their first job at a quick service restaurant the word compensation is likely to mean money. To a middle-age manager concerned about paying for her children's college education and saving for retirement, compensation will also mean the company retirement plan, her 401K, stock options, performance bonus, ownership stake and perhaps many more. A corporate benefits manager might also add in the company portion of FICA, a cafeteria style benefits plan and many other incentives for employees. The combination of all cash incentives and the fringe benefit mix that an employee receives from a company constitutes an individual's total compensation according to Lawler (1981). Dibble expands the definition of earnings, (1999) "it is money even when we do not use the word" and further elaborates by stating that a benefit like employee development, even though not necessarily viewed by the employee as compensation, is a substitute for money and a major cost for employers. However, for the purposes of this study company benefits which are mandated by law, (e.g. FICA, workers compensation), and other firm benefits that are not traditionally thought of as compensation by employees, (e.g. training and development), will not be considered. The study will use a list of compensation items

as defined in published literature about Outback Steakhouse, company literature and personal interviews with managers; these will be clearly delineated later in the chapter.

Types of Compensation:

In recent years the compensation available to employees has expanded both in terms of type and amount. Traditionally, restaurant general managers were compensated with a base pay and a business period bonus based on meeting preset goals for revenues and expenses (Muller, 1999). In general compensation has been divided into monetary and non-monetary incentives, but with the advent of “cafeteria” style plans, where employees get to choose among a variety of options for a set price, the categories have become blurred. Additionally, employees that are in high demand are increasingly acting as their own agents negotiating individual compensation arrangements, much like professional sports players, based upon their employment value to the firm. The following lists will give an overview of some of the categories and types of bonuses:

Base Pay

- Salary and wages - for being at work

Increases for Demonstrating New Skills

- Competency pay
- Skill based pay
- Job progression

Increases for Results

- Incentive
- Commission
- Gainsharing
- Merit increase

Pay For Working More Hours

- Overtime
- On-call pay
- Premium pay

Increases not Dependent on Anything Else

- Cost of living adjustment- COLA
- General Increase

Increase Based on the Organizations Financial Success

- Profit sharing
- Bonus

Other Forms of Increases

- Promotional increase
- Market adjustment

Source: Keeping Your Valuable Employees (Dibble , 1999)

Short term incentives

- Retention bonus
- Signing bonus
- Referral bonus
- Guaranteed annual bonus
- Gainsharing
- Cash incentive programs
- Vacation awards

Long term incentives

- Stock options
- Employee stock ownership
- IPO equity
- Restrictive stock
- Manager bonus plan
- Ownership stake
- 401K plan
- Retirement plan
- Deferred compensation- 3 years or longer

Source: Compensation and Benefits Review (Ermel & Bohl, 1997)

The issues involved in compensation are becoming increasingly complex as the economy continues to expand at its' record setting pace. The competition for managers that are needed to continue growing restaurant units in all segments of the restaurant industry as well as growth in other areas of the economy does not appear to be dissipating. According to Philip J. Hickey Jr., president and C.O.O. of Rare Hospitality International Inc., the parent company of Longhorn Steakhouse, Bugaboo Creek Lodge & Bar and Capital Grill, " We are not seeing an erosion of our managers going to other industries, per se; but there is a strong interest on their part to pursue quality of life issues" (Prewitt, 2000). Hickey further states that the experienced managers in their late thirties and forties are increasingly leveraging their value to the company and the shortage of qualified managers in the restaurant industry by " making a statement about who they are, where they want to live, how they want to work". Rare Hospitality International Inc. has reduced their manager's workweek hours, increased their pay, benefits and other forms of compensation in an effort to prevent turnover. John Chitvanni, principal of National Restaurant Search, indicates that the demand for managers in all areas of the economy makes restaurant managers a target for recruitment by other industries. " The do -coms, the Blockbusters, the Home Depots and other retail people all know that the restaurant people are well trained in customer service. They work hard and long hours, and that makes them pretty appealing" (Prewitt, 2000). The strong economy, continued growth in restaurant and retail units in other industries has increased turnover pressure and forced companies into examining their compensation practices in an effort to prevent turnover among their managers.

Outback Steakhouse Compensation Plan:

This for most insiders and outside observers is the cornerstone of Outback's success: the ability to hire and retain well-qualified restaurant management by providing managing partners the opportunity to purchase a 10% ownership stake in the restaurants they operate for \$25,000 and requiring them to enter into a 5-year contract (Hayes, 1995). By offering this level of commitment and by providing the managing partner with a significant stake in the restaurant (10% of operating cash flows), the company believes it can attract and retain experienced highly motivated restaurant managers. The company

also limits the restaurant to dinner only service, which reduces the hours for managers (5 days & 55 hours maximum) and employees. This enables the average managing partner to earn \$73,600 a year in bonuses from cash flow coupled with a \$45,000 base salary for annual cash compensation of \$118,600 (Inc. Magazine, 1994).

Outback Steakhouse Managing Partner's Compensation Plan:

Monetary:

- Ownership equity stake-10%
- Retirement plan
- Cash flow bonus- 10%
- Base salary \$45,000
- Stock option 4,000 shares vested over five years
- Deferred compensation/ end of contract cash out (10% of cash flow for last two years times five)
- Medical, dental and life insurance
- Vacation/ paid time o

Non-monetary:

- Quality of work
- Status as manager/ partner
- Community association/ location
- Job Autonomy
- Job status

Source: Company Annual Reports 1998 (http://www.outback.com/new/press_ny.htm)

Turnover and Turnover Intention:

“High staff turnover has been the curse of the foodservice industry”, so says long -time industry veteran, restaurateur, consultant, trainer and author Bill Marvin (1994). In a recent study, *America @ Work 1999*, of retail operations including foodservice, Aon Consulting indicates that roughly 25% of survey employees would change jobs for a 10% pay increase while over half would leave for a 20% raise in pay (Joinson, 1999).

Types of Turnover

Mobley (1982) defines turnover as “the cessation of membership in an organization by an individual who received monetary compensation from the organization” . There are many systems for classifying employee turnover according to Wasmuth and Davis (1983), for this study the dichotomy of voluntary versus involuntary will be used since the research will focus on the employee’s intention to turnover. Voluntary turnover is an employee initiated separation from an organization, whereas involuntary turnover is brought on by the organization, death and mandatory retirement (Mobley, 1982).

Intention to Turnover

In theory a person’s behavioral intentions should be a good predictor of future behavior according to multiple research studies presented by Mobley (1982). Seven variables were studied as a predictor for turnover including intention to quit by Mobley, he concluded that when all variables were combined, “only intention to quit was significantly related to turnover”. It was further determined by the study, that intentions to quit served as a “summary variable” encompassing a number of other variables that were related to turnover. The evaluation by Mobley was, “intentions are the best predictors of turnover”. In a 1986 study of why restaurant managers quit, intent to leave was used by McFillen, Riegel and Enz as a substitute for actual turnover because the ability to actually leave a job is affected by whether the employee can leave. For example if a Manager became pregnant while in the process of intending to quit, the manager may delay leaving the organization because of loss of medical insurance coverage until the baby was born. Therefore, the employee’s intention was to turnover, but because of circumstances was unable to leave.

Reasons and Causes for Turnover:

A high rate of turnover in the restaurant business has been a fact of life for several decades, but now turnover appears to be woven into the fabric of many other types of American organizations. As the headline in the business section of the New York Times read on February 1, 1998: “Why Do People Quit Their Jobs? Because They Can”

(Dibble,1999). According to Woods (1999), when businesses decided to break the “psychological contracts” they had long held with employees, which gave employees a sense of security, through the process of down sizing, reengineering and reorganization in the late 1980’s and 90’s, the relationship changed. Employees are “ temporary”, in the sense that most no longer holds a job for life; we are now “employed at will”. Despite the realities of the new economy there are still preventable reasons for turnover and ways to reduce it.

In the results of their 1986 study of why restaurant managers quit, McFillen, Riegel and Enz rank ordered manager’s reasons for turnover of the national quick-service restaurant chain they surveyed as follows:

1. Pay
2. Treatment by superiors
3. Amount of work hours
4. Job pressure
5. Scheduling of hours - frustration with the chain
6. Training progra - slow promotions
7. Fringe benefit package- performance expectations- poor job performance
8. Attractive opportunity in another line of work
9. Working manager concept- need for a new challenge- type of work required
10. Physical demands of job
11. Inability to live up to chain store managers image
12. Inability to handle job
13. Desire to get out of fast food business
14. Desire to find work in another geographic area

While other surveys are likely to produce a different rank orders depending on the niche or segment of the industry and the company that is surveyed; the list demonstrates the number of varying reasons for manager’s turnover. This list was broken down into five categories by the authors: pay, supervisor managerial skill issues, work, hours, j

pressure and scheduling. Turnover is less likely among high wage, high performing workers according to Lazear (1999).

Roseman states (1981), that people do leave companies for “more money” and “there is no question that pay rates can influence turnover however, managers generally over estimate the significance of pay”. For sure pay is important, but there are many other issues, other than pay, that effect intention to turnover. In any company, employees can compare their pay with individuals or groups internal and external to the organization. Both internal and external inequity can have dire consequences for the firm, however the results of external equity (e.g. turnover) are the most threatening according to Lawler (1981).

Burnout, workers leaving the industry all together, is a term often used in discussions about restaurant manager turnover (Tabacchi et al., 1990). Undoubtedly restaurant management is a tough business to be in, but some of the old ways are starting to fall due to the demand for employees and the lack of worker’s tolerance with poor management skills and antiquated operational policies. Another issue that has gained a lot of attention in recent years is planned turnover. According to Lawler not all turnover is detrimental to an organizations ability to be effective (Lawler, 1987). Companies can actually benefit from losing poor performers and the inflow of “new blood”. Also, if replacement costs are minimal it could be cost effective to accept a higher rate of turnover for keeping wages suppressed, as can be the case with unskilled labor. In addition, the use of planned turnover is effective when a project has a finite life and the need for the employees associated with the project will come to an end.

Current Trends in Compensation

The booming economy with a record long economic expansion, a smaller 16-24 year old work force and low unemployment is putting pressure on restaurant industry wages. Companies in the restaurant sector are responding with a host of new employee compensation packages and benefit offerings not typically available from foodservices firms. Employees are responding with ideas about how this new employee-employer relationship should work in the new economy.

Some of the current trends in managerial compensation for restaurant companies that are operating in the U.S. include:

- Variable pay increases
- Deferred compensation
- Employee stock ownership plans (ESOP)
- Stock options
- Increased performance based pay
- Smaller base salary raises
- Equity ownership-stake
- Stay for pay
- Profit-sharing

A recent Business Week article on the “Wild New Workforce” in the U.S. indicates that the growth in real hourly compensation has actually slowed from a 4.3% annual rate in the third quarter of 1998 to a rate of 2.35% for 1999 and there has also been a slow down in raises from 5.2% in 1990 to 4.2% in 1999. While base pay and raises appear to be slowing, variable pay is on the rise through a variety of employee friendly options. McDonald’s, the world’s largest restaurant company, has implemented an ESOP (Schmidgall, Bechtel, 1990) and according to Becker ESOPs and profit sharing reinforce reward mechanisms (Becker, 1996). Deferred compensation, stay for pay and stock options that are activated after a length of time have become a way not only to reward employees but also to get them to stay and perform better (Vernon, Commander, 1998). Transamerica and Outback use deferred compensation as a way to get employees to commit to the company for 4 and 5 years respectively (Alexander, 1998). In a 1998 compensation survey of 197 chain restaurant’s human resource directors, 80% indicated that the companies had made changes to general manager’s compensation and incentive packages within the past two years and that “attraction and retention” was the highest rated reason for making the changes (Patil, Chung, 1998). In all, it appears that monetary options are being implemented more than other methods of reducing turnover and retaining employees currently in U.S. restaurants.

Current Trends in Turnover

The current trend in restaurant turnover is that there is a lot of it in the U.S. among managers and much more so with hourly workers. In a survey on general managers in restaurants, respondents cited turnover as a "pervasive and costly problem" with almost one-third of them indicating they had chronic manager turnover problem with the average cost to replace a manager at \$27,200 (Patil, Chung, 1998). Industry statistics show the dropout rate at 30-40% for restaurant managers across all segments (Van Houten, 1997). According to Woods, the average length of stay across all industries for an American worker is 4.0 years for a male and 3.5 years for a female (Woods, 1999). These figures do not reflect the hospitality industry, where higher turnover results in a much lower tenure rate, maybe as low as 1.5 years. In addition, a 1998 national study of turnover in the lodging industry by Woods et al., indicated that turnover was 52% as a benchmark for the lodging industry. Patil and Chung did a 1998 survey of 197 of the top chains to determine turnover rates for the restaurant industry. Within the 49 companies that responded to the survey, the general manager turnover rate was 29.4% across all segments (Table 2.1). According to Patil and Chung the turnover rate is in line with the reported rate of 29.7% from a 1997 study on "Selection and Retention of managers in the U.S. restaurant Sector" by MacHatton, Van Dyke and Steiner.

According to Paul Shafer (1999), Hewitt Associates LLC compensation consultant, "we're in a dramatic transformation...we are moving towards person-based pay" and employers are learning to live with higher turnover and getting rid of seniority based pay. The new workforce wants flexible based pay and employers have to respond to independent workers who negotiate their own career path. In their 1998 book, "Business: The Speed of Change in a Connected Economy," Davis and Myer call this new type of employee a "free agent". The term and concept free agent originated in sports and has transformed the business of sports. Likewise, Davis and Meyer predict that "free agency" will revolutionize the business world.

Turnover Rates and Costs per Segment

Segment	Average turnover percentage	Average turnover costs per GM	Average cash value of compensation package
Quick service (n=13)	38.30%	\$26,944	\$43,075
Midscale casual (n=5)	32.60%	\$24,500	\$65,100
Upscale casual (n=28)	25.90%	\$25,923	\$68,655
Fine dining (n=3)	18%	\$50,000	\$102,000

Table 2.1 *Source: Patil & Chung 1998*

Use of Compensation to Reduce Turnover

When it comes to reviewing the literature about the effectiveness of compensation in reducing turnover, there are as many answers as there are questions. The literature on the subject of compensation and rewards is extensive and often contradictory. While some groups of industry executives, and researchers hail the use of compensation practices to reduce the level of organizational turnover, others feel that the importance of compensation in the battle for employees is over emphasized. Most often the differences between the two points of view can be explained by the definition of compensation that is used by the researchers and industry leaders. When compensation is used in its most pure form to mean only “money”, then it barely shows up on the radar as a deterrent to employee turnover. In a national survey of 3,400 employees, the desire to “make more money” was not among the reasons most frequently cited that an employee left their last job (Garger, 1999). In another national survey of over 4,000 Chief Financial Officers the number one reason for leaving the finance department was “better opportunity elsewhere”, not pay (Gray, 1998).

It is true that pay alone is not always the reason most cited for employee turnover however, when pay is combined with other types of compensation then the total

compensation plan creates a strong incentive for reduced employee turnover. Some compensation plans that include an equity ownership stake such as stock options, profit sharing, and manager partner programs have reported great success. According to Williams et al. (1995), Au Bon Pain saw a significant reduction in employee turnover when the company implemented a partner-manager program. In a 1994 study of hotel industry turnover for housekeepers by Ohlin and West they concluded that hotel properties that offered retirement plans and other fringe benefits had significantly lower turnover than those hotels that did not offer similar benefits. In an article for Restaurant Business several industry executives from companies such as Sonic Drive-Ins, IL Fornaio, P.F. Chang, Outback Steakhouse, Cheesecake Factory, California Pizza Kitchen and others that have implemented managing partnerships extol the success of the plans with their companies citing turnover rates for managing partners between 0-5% (Van Houten, 1997). Clearly equity ownership plans have had an impact at those companies in reducing management turnover. In a 1993 study of the hospitality industry Berger et al. concludes, "profit sharing is mandated for the 21st century" in an effort to be a successful hospitality organization.

The level of compensation influences the degree to which turnover is desirable and more apt to occur in a given situation and lower pay may lead to workers leaving their jobs in favor of those opportunities that will compensate them better (Adams and Beehr, 1996). If workers perceive that their current situation will be improved after they depart their current employer, they will view their intention to withdraw more favorably and they will be more likely to turnover. A study of "Job satisfaction, Life Satisfaction and Turnover Intent of Food Service Managers" found that the working conditions and compensation of the average restaurant manager are causing them to leave in search of better opportunities both inside and outside the restaurant industry (Prewitt, 2000). The survey of 459 restaurant manager's levels of job satisfaction found that 58.9% of employees intended to leave their current employer within five years. In order of magnitude the top three reasons cited for departing their current employer were better salary and benefits, a desire to spend more time with family, and improved quality of life. For all the respondents who intended to leave more than half indicated they would pursue careers in

industries other than hospitality. In the study the average age of the respondent was 32 with less than 5% over 45 which corresponds to numbers published by the BLS in their 1998 Occupational Outlook Handbook. According to Ghiselli “employers, unwillingness to increase pay, shifts with long hours and poor corporate recognition of good performance just scratch the surface on a list of shortcomings that exacerbate employee flight” (Prewitt, 2000). Terrie Dort, president of the National Council of Chain Restaurants, indicated that he was not surprised by the findings of the study, “Obviously these are issues (compensation and turnover) this industry has been challenged by for a long time”.

Research on job selection, career choice and turnover demonstrates that the compensation an organization provides clearly influences the decisions of potential employees to work for it and whether or not they will continue to work for it (Lawler 1987; Mobley 1982). Overall, companies that offer the greatest compensation from the employees’ perspective tend to attract and retain the greatest number of workers. “High reward levels apparently lead to high satisfaction, which in turn leads to lower turnover” (Steers, Porter 1991). Employees who are at present satisfied with their employment anticipate continuing so, and therefore expect to remain with the same organization.

Chapter Summary:

The literature review presented the issues that support the research analysis of the effects of compensation on employee turnover intentions, including the compensation plan of restaurant managing partners at Outback Steakhouse in the US. An introduction was presented on compensation and the types of rewards currently being used in the overall employment environment and specifically at Outback Steakhouse for its’ managing partners. Compensation was defined in terms of both monetary and non-monetary compensation for the purposes of this study. A discussion of turnover, turnover intentions and the most common reasons given by employees for their turnover or intention to quit. Current trends in compensation for the business environment and the restaurant industry were discussed. Previous research on the relationship between compensation and turnover intentions was presented as a justification for this research.

CHAPTER THREE

Research Design and Methodology

Introduction:

The preceding chapters presented the proposed area of research for this study and relevant research in the areas of organizational compensation practices, employee turnover and employee turnover intentions. The following objectives guide the present research:

1. To investigate the current management compensation practices of the managing partners of Outback Steakhouse.
2. To research the causes of management turnover and to establish the relationship between employee turnover and employee turnover intentions as a predictor of separation from an organization.
3. To identify the relationship between management compensation and the intention to turnover for proprietors at Outback Steakhouse restaurants.

Research Questions:

As stated earlier, the following primary research questions were identified as the premise for this study:

1. Does the compensation plan for Outback Steakhouse's managing partners, lead to reduced turnover intention?
2. What compensation elements, as identified by Outback Steakhouse's managing partners, effect turnover intentions?

In order to gather and analyze data to determine whether a relationship exists between compensation for unit level general managers and their intention to turnover, a survey was developed taking into account the outline for the rest of this chapter.

Hypothesis:

The literature suggests that compensation is correlated with employee turnover in business organizations of all types in the US (Lawler 1987; Mobley 1982; Steers & Porter 1991). In a study of 1046 restaurant managers across the US, pay was listed as the most important reason contributing to why restaurant managers would quit their jobs on a scale of fourteen items (McFillen, Riegel and Enz 1986). A study conducted in 1999 of 459 restaurant managers concluded that better salary and benefits were the number one reasons managers intended to leave their current employer (Prewitt 2000). In theory a person's behavioral intentions should be a good predictor of future behavior according to multiple research studies presented by Mobley (1982). Mobley concluded that when all variables were combined, "only intention to quit was significantly related to turnover". It was further determined by the studies, that intentions to quit is the variable that immediately precedes turnover. The assertion by Mobley was, "intentions are the best predictors of turnover". Steers and Porter further contend that companies that offer the best compensation will attract the largest number of employees and be able to keep them. This research goes on to suggest, as stated previously by Steers and Porter, "high reward levels apparently lead to high satisfaction, which in turn leads to lower turnover". Therefore, it is hypothesized that:

H1: The eight individual monetary factors/elements identified in the compensation plan for Outback Steakhouse's managing partners have significant positive impact on manager retention, consequently reducing their intention to turnover.

This is the one major hypothesis guiding this study. This hypothesis was tested by survey question number 1 & 2, for the purpose of determining if the compensation attributes offered by Outback Steakhouse are a significant source of reduced turnover intention, both in of themselves and compared to the compensation package as a whole plan. Stated another way, what is of importance to this study is the relationship between the individual variables in the compensation plan of Outback Steakhouse, as identified by question 1, and the compensation plan as a whole and the effect on turnover intent, question 2.

Compensation Attribute Variables:

There are eight monetary attributes and five non-monetary attributes identified in the compensation plan of Outback Steakhouse as influential in reducing intention to turnover of managing partners according to published reports on the company and statements by the principles of the corporation (Hayes 1995 & Inc 1994). These attributes are at the core of this study in determining the relationship between compensation and intention to turnover. These attributes are:

Monetary:

Ownership stake/ equity interest: Outback provides managing partners the opportunity to purchase a 10% ownership stake in the restaurants they operate for \$25,000 and requires them to enter into a 5-year contract. By offering this level of commitment and by providing the managing partner with a significant stake in the restaurant (10% of operating cash flows), the company believes it can attract and retain experienced highly motivated restaurant managers. After 5 years managing partners can sign up for another contract and purchase an additional equity stake in their unit up to 20%.

Retirement plan: The company offers a 401K plan to its' managers.

Performance bonus: This is the largest part of many managing partners' annual income. Managing partners earn 10% of the cash flow for the unit in which they are the proprietors. This equates to an average annual income of \$118,600, but can go over \$160,000 in high performing restaurants.

Base salary: The base salary for managing partners is \$45,000, which has remained unchanged for several years since the early 1990's.

Stock options vested over five years: Outback managers receive 4,000 shares vested over the first five years of their contract. If they choose to sign up for an additional five years more shares are offered.

End of contract cash-out/ deferred compensation: At the end of the managing partners contract they can “cash out” of their restaurant unit for 10% of the last 2 years cash flow times 5, or roll the deferred compensation over. With some cash outs reported to reach as high as \$300,000.

Fringe benefits: Medical, dental, life, and disability insurance benefits are provided for the managing partners as part of their employment contract.

Paid time off Outback managing partners receive vacation and holiday pay as part of their management contract. At the end of their 5-year contract they receive a one-month paid “sabbatical” at the corporate office in Florida where they get to discuss their future with the principles of the company, relax and decide if they want to negotiate a new contract with Outback.

Non-monetary:

Quality of working conditions: The company limits the restaurant to dinner only service, which reduces the hours for managers to an average of 40-55 hours/week and a 5 day work week.

Status as a managing partner of the restaurant: Outback believes that restaurant managers have a desire to own a restaurant of their own. So managing partners have their names put above the entrance to their Outback restaurant labeled as the proprietor.

Community association/location: The company believes that a strong community affiliation is important to the success of their Steakhouses and that managers should have say in where they work and live. Also the company’s community based marketing plan calls for their managers to develop strong ties with the community where they live and work.

Job responsibility: Outback managers like most restaurant managers are responsible for a lot, but even more so because their equity stake in the company makes it difficult to walk away if times get tough.

Job autonomy: The outback philosophy is to hire the best managing partners and make them the captains of their own ships while monitoring from afar. This gives the Outback managers a lot of autonomy in running the day to day operations of their units.

All of these items were developed based on research into the compensation plan offered by the Outback organization to its' managing partners, an examination of the literature and from the suggestions by members of the author's committee in the department of Hospitality Tourism Management at Virginia Tech.

Research Design

Population:

The population selected for this study was the U.S. managing partners/general managers/proprietors of Outback Steakhouse Inc. founded in March 1988 by Robert D. Basham, Chris Sullivan, and Tim Gannon. As of June 13, 2000 the company operates 620 restaurant units under the Outback Steakhouse brand in 49 states and thirteen countries according to a company news release. The steakhouse concept features "high quality, uniquely-seasoned steaks, prime rib, chops, ribs, chicken, seafood, pasta," desserts and appetizers served by well-trained staff in a casual Australian atmosphere with full liquor services seven nights a week. The concept is considered in the mid-scale price range of the casual segment steakhouse niche.

This population was selected for study because of the emphasis, placed by the principles of the company and industry observers, on the managing partner's compensation plan in contributing to the success of the concept and corporation (Inc, 1994). The purpose of this study as earlier stated is to examine the perceived notion that the compensation plan of Outback Steakhouse reduces the intention to turnover of its' unit level managing partners/ proprietors (general managers). The population for this survey represents veteran restaurant general managers that have been operators in the industry for several years. All the respondents to the survey are the proprietors for their restaurant unit; that is to say they have an ownership-stake in the restaurant.

The sampling frame for this study includes all those managing-partners at the Outback Steakhouse concepts in the U.S.A. listed on the company web site as of August 2000 totaling 600 managers. The reported number of general managers in the population (620) does not match the number of general managers in the sampling frame (600) due to a lag between the opening of new units and the listing of those units on the company web page where addresses for managers were obtain

Development of the Survey Instrument:

This survey was developed by researching other compensation, turnover and job satisfaction survey instruments that were used in the hospitality field and human resources management for data collection purposes. Specifically, a 1987 survey conducted by the Virginia Tech Center for Hospitality Research and service developed by Murrmann et al. on compensation and employee benefits for entry level managers in the hospitality industry. The 1998 survey developed by Patil and Chung for studying the causes and effects of changes in the compensation and incentive packages for restaurant unit general managers of chain restaurants was referenced for format and design layout. The survey results reported in 1983 by Wasmuth and Davis was used for categorical information on reasons why employees turnover and quit. In addition committee members from the Hospitality and Tourism Management Department at Virginia Tech were consulted for their input into the content and construction of the survey instrument during the process of development.

Review of the Questionnaire:

The questionnaire for this study was a self-administered instrument, which probed work history, demographic, and compensation variables. The questionnaire was constructed to gather information to answer the research questions put forth. Questionnaires were given to two managing partners at Outback Steakhouses during a personal interview to determine if any relevant factors of the compensation plan of Outback Inc. were not included on the survey instrument and that they understood all of the questions. The

managers did not identify any missing factors on the survey instrument, but they were able to provide additional details of recent development affecting two compensation variables included in the survey instrument. The first included in the second five-year contract, which is at the manager's option to purchase an additional stake, up to 20%, in their unit and receiving the associated cash flow. The second addition is the paid one-month break and re-indoctrination into the company at the corporate headquarters in Florida. Both of these additional benefits are designed to help retain managers for another contract period.

Data Collection:

The survey and a letter of introduction developed for this study were sent by mail to all of the 600 general managers of Outback Steakhouses listed on the company's web site, [http:// www.outback.com/locator](http://www.outback.com/locator), as of August 2000 in the United States. Specifically, surveys were sent to general managers according to the following breakdown: Alabama 12, Alaska 1, Arizona 10, Arkansas 5, California 48, Colorado 12, Connecticut 5, Delaware 1, Florida 62, Georgia 26, Hawaii 2, Idaho 4, Illinois 17, Indiana 16, Iowa 4, Kansas 5, Kentucky 8, Louisiana 12, Massachusetts 14, Maryland 13, Michigan 19, Minnesota 9, Mississippi 6, Missouri 11, Montana 1, New Hampshire 1, New Mexico 4, Nebraska 3, Nevada 7, New Jersey 13, New York 21, North Carolina 25, North Dakota 1, Ohio 27, Oklahoma 8, Oregon 8, Pennsylvania 18, Rhode Island 1, South Carolina 16, South Dakota 1, Tennessee 16, Texas 51, Utah 5, Vermont 1, Virginia 25, Washington 14, West Virginia 6, Wisconsin 4, Wyoming 1.

The Survey Instrument:

Considering the delicate and personal nature of some questions on the survey an anonymous questionnaire was used to collect all the variable data. No names will be used on the addresses for the restaurants, only the salutation of general manager will be on the survey letter. Virginia Tech letterhead was used on the printed material that was mailed to the general managers. A postage paid return envelope was included along with the survey to expedite the return process. Due to the questions about turnover intentions and compensation, complete confidentiality and anonymity will be promised and used to help

insure a better response rate. This instrument contains items intended to measure general demographic information for the purpose of gaining a profile of the typical respondent and for the intention of measuring the differences between groups of respondents exhibit. The survey also contains questions designed to measure the influence of the compensation package on the general managers' intent to turnover, as well as the degree of influence each element of the compensation package had on their intention to quit. All items were rated on a 7-point Likert-type rating scale ranging from 1 = not at all influential to 7 = highly influential. All items were scored such that a higher score indicated higher standing on the construct measure.

Data Analysis:

Once the data was gathered, the survey questions and answers were coded and programmed into SPSS version 10.1 statistical analysis package. First, internal consistency reliability estimates and internal intercorrelations of the scale variables were evaluated by computing Cronbach alpha coefficient scores for scale items 1 (compensation attributes) & 2 (turnover intentions). In addition to the previously mentioned analysis, means, standard deviations, and frequencies were calculated to further aid in interpreting the data. Next linear regression was used to compute the regression coefficients between scale variables 1 & 2 using a forward selection criteria and scale variable 2 as the dependent variable to test the hypothesis. In addition, Pearson Product-Moment correlation coefficients were also calculated to test for significant relationships between variables in items 1 & 2. Finally, Univariate Analysis of Variance (ANOVA) was used to determine if there were significant differences between the relationships in the compensation attributes of item 1 with the demographic variables in items b5 (years with current employer) and k5 (salary).

Variables 3 and 4 will provide a descriptive rank of those attributes that are most important in influencing managers to leave and those variables that are important in getting managers to stay. These rankings can be compared to the compensation attributes in scale item 1 to determine if any compensation attributes were missed in the survey, as well as providing a method to check on the responses from the managing partners to scale

item 1 and 2. The demographic information, item 5, were compiled and analyzed to develop a profile of the “typical” respondent using the aforementioned general statistics.

Summary:

This chapter presented the methodology and a conceptual overview of the research. The population was identified as managing partners at Outback Steakhouse restaurants in the US. The data collection method used was a carefully researched and constructed survey that was sent to 600 managing partners listed on the Outback Steakhouse’s web page. Thirteen compensation variables were identified including eight monetary and five non-monetary elements.

The study will attempt to test the hypothesis and answer the earlier stated research questions. The results of the reliability testing, descriptive analysis, linear regression, Pearson correlation coefficients, and analysis of variance (ANOVA) are presented in the subsequent chapters.

Chapter Four

Results and data Analysis

Introduction:

The purpose of this chapter is to present the relevant data collected with the final survey instrument described in chapter 3; the findings presented are based on that mail survey which was distributed and collected in the fall of 2000. After the response rate has been discussed, the reliability of the survey will be present. A demographic profile of the respondents will be given along with the descriptive statistics from the survey. Then the analysis of the data and the findings as they relate to the hypothesis will be discussed.

Response Rate:

A total of 600 surveys were sent out to the population of Outback Steakhouse's managing partners in 49 states where their restaurants operate in the US. The list of addresses and managers were obtained from the company web site (<http://www.outback.com/locator>) which represents all of the restaurant locations listed (not all of the units in operation) as of August 2000. The survey was address to "general manager" and not tracked to ensure anonymity and confidentiality for the respondents and help increase the response rate. Out of a total of 600 surveys, 70 surveys were returned for a response rate of 12%. Of the 70 surveys returned, 64 were usable (91%) for a final usable response rate of 10.6%. Of the 6 surveys not included with the final analysis, 2 were removed because page 2 of the survey was not completed at all (a note on the bottom of page 1 indicating that the survey continued on the back side may have prevented this problem). One respondent sent their survey back completely unanswered and 3 had incomplete responses for key questions 1 & 2 used in hypothesis testing. Considering the nature of the survey, compensation and turnover, and the target population, very busy restaurant general managers, the response rate was considered within acceptable ranges.

Reliability:

Chronbach alphas were computed to test the internal consistency reliability of variables 1 & 2 and it was deemed that a minimum value of .70 would be considered acceptable

(Nunnally, 1978). The alphas ranged from .79 (retirement plan & vacation/paid time off) to .82 (community association & performance bonus). Overall, all the alphas indicated strong support for internal consistency reliability with the combined variables 1 & 2 producing an alpha of .82. Scale means and standard deviations were computed for the composite scores and the findings indicate that on average the employees responded favorably to the scale items 1 & 2. The means ranged from 4.47 (retirement plan) to 6.56 (ownership stake/equity interest) on a 7 point Likert -type scale. The summary statistics are presented in Table 4.1

Demographic Profile of Respondents:

As displayed in Figure 4.1 and Table 4.2, there were 6 respondents (9.4%) under the age of 30, there were 34 respondents (53%) from the ages of 30 – 39 respectively, 23 respondents (36%) were between the ages of 40 – 49, and one respondent was over 49. The sample of respondents is in general older than the ages reported for restaurant managers in other surveys cited in the literature review of this thesis, and by the BLS, which is also previously cited. Possible causes for the older age of respondents in this

Table 4.1
Reliability Analysis
Means, Standard Deviations, and
Coefficient Alphas of Study Variables

Reflects composite data for all respondents included in analysis. (N = 64).

Compensation Variables	Mean	Std. Dev.	Scale Mean if Item Deleted	Corrected Item Total Correlation	Alpha if Item Deleted
Base salary	4.91	1.43	74.39	0.52	0.80
Community association	5.80	1.25	73.50	0.21	0.82
Deferred compensation	6.17	1.30	73.13	0.44	0.81
Job Autonomy	6.05	1.17	73.25	0.38	0.81
Job responsibility	6.05	1.24	73.25	0.45	0.80
Insurance	4.56	1.66	74.73	0.54	0.80
Ownership stake/ equity	6.56	0.97	72.73	0.58	0.80
Performance bonus	6.16	1.56	73.14	0.27	0.82
Working conditions	6.03	1.31	73.26	0.32	0.81
Retirement plan	4.47	1.92	74.83	0.56	0.79
Status restaurant owner	5.86	1.68	73.44	0.49	0.80
Stock options	5.34	1.90	73.95	0.45	0.81
Vacation /paid time off	5.03	1.65	74.27	0.59	0.79
Compensation Plan	6.31	1.04	72.98	0.47	0.81
Overall Alpha (14 items)					0.82

Figure 4.1
Graph of Percentage of Respondents by Age

N = 64

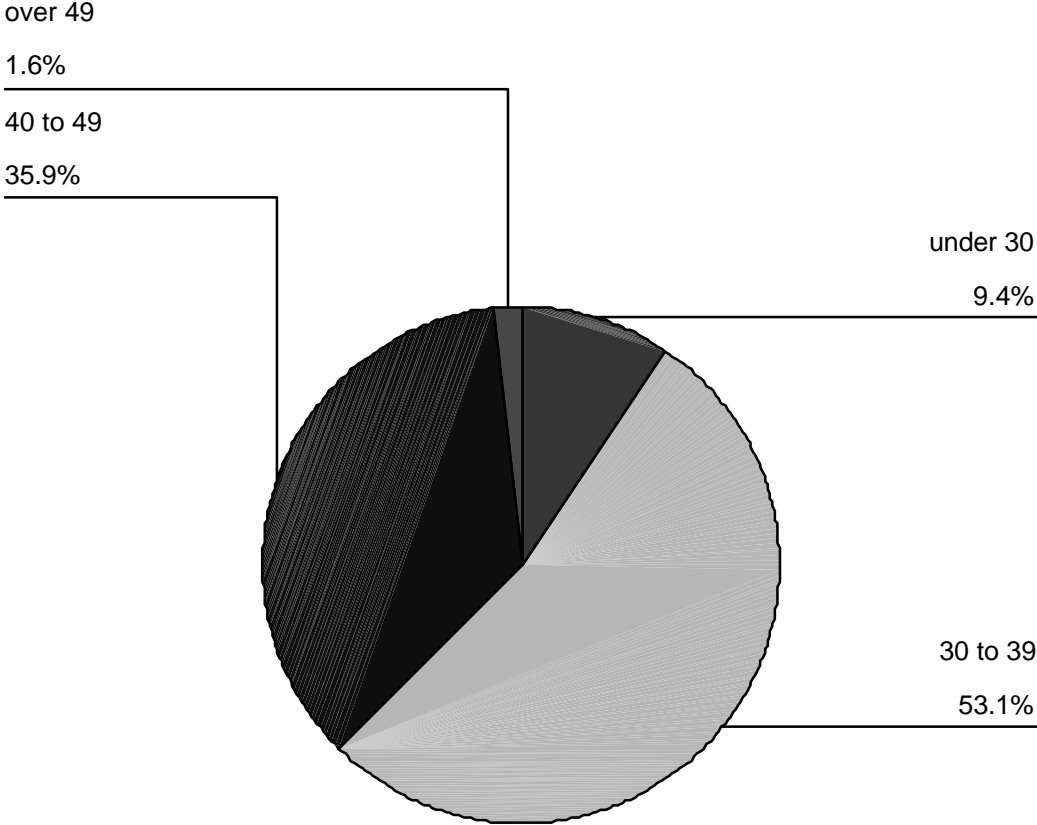


Table 4.2
Frequency and Percentage of Respondents Age

	Frequency	Percent	Cumulative Percent
under 30	6	9.4	9.4
30 to 39	34	53.1	62.5
40 to 49	23	35.9	98.4
over 49	1	1.6	100.0
Total	64	100.0	

Table 4.3
Frequency and Percentage of Respondents Gender

	Frequency	Percent	Cumulative Percent
female	5	7.8	7.8
male	59	92.2	100.0
Total	64	100.0	

survey could be the stated philosophy of Outback to hire only experienced managers as well as the rewards associated with Outback’s compensation package could be an incentive to stay, while also helping to prevent industry burnout of older managers. Males represented 92.2% of the total respondents as shown in (Table 4.3.) The fact that females are underrepresented as managers in the survey response may well be indicative of the state of gender in the management ranks of the casual restaurant industry, Outback Steakhouse, or both. Seventy five percent of the respondents were married (Table 4.4), with 62.5% having children for an average of 1.14 children per respondent (Table 4.5).

Table 4.6 & Figure 4.2 presents the total before-tax annual income including base salary and cash bonuses as reported by the respondents. Four managers (6.3%) reported that their annual incomes were below \$50,000, this is suspect as to whether this question was answered truthfully or whether these respondents are actually the general managers because the base salary without bonus is \$45,000 for an Outback general manager . Five

managers (7.8%) reported that their annual incomes were in the \$50,000 to \$75,000 range and 17 managers (26.6%) reported annual incomes of \$76,000 to \$100,000. The largest percent of general manager respondents (34.4%) reported annual incomes of \$101,000 to \$120,000 for the period surveyed. Ten general managers (15.6%) reported that their annual incomes were between \$121,000 and \$140,000, while 3 general managers (4.7%) in each of the last two categories reported earning an annual income before taxes of \$141,000 to \$160,000 and in excess of \$160,000 respectively. Fully 61% of respondents reported earning between \$76,000 and \$120,000 which is in accordance with information provided in interviews with managing partners at Outback Steakhouse restaurants.

Table 4.4
Frequency and Percentage of Respondents Marital Status

	Frequency	Percent	Cumulative Percent
married	48	75.0	75.0
unmarried	16	25.0	100.0
Total	64	100.0	

Table 4.5
Frequency and Percentage of Respondents Number of Children

Number o Children	Frequency	Percent	Cumulative Percent
.00	24	37.5	37.5
1.00	14	21.9	59.4
2.00	22	34.4	93.8
3.00	1	1.6	95.3
4.00	3	4.7	100.0
Total	64	100.0	

Figure 4.2
Chart of Annual Income Percentages

N = 64

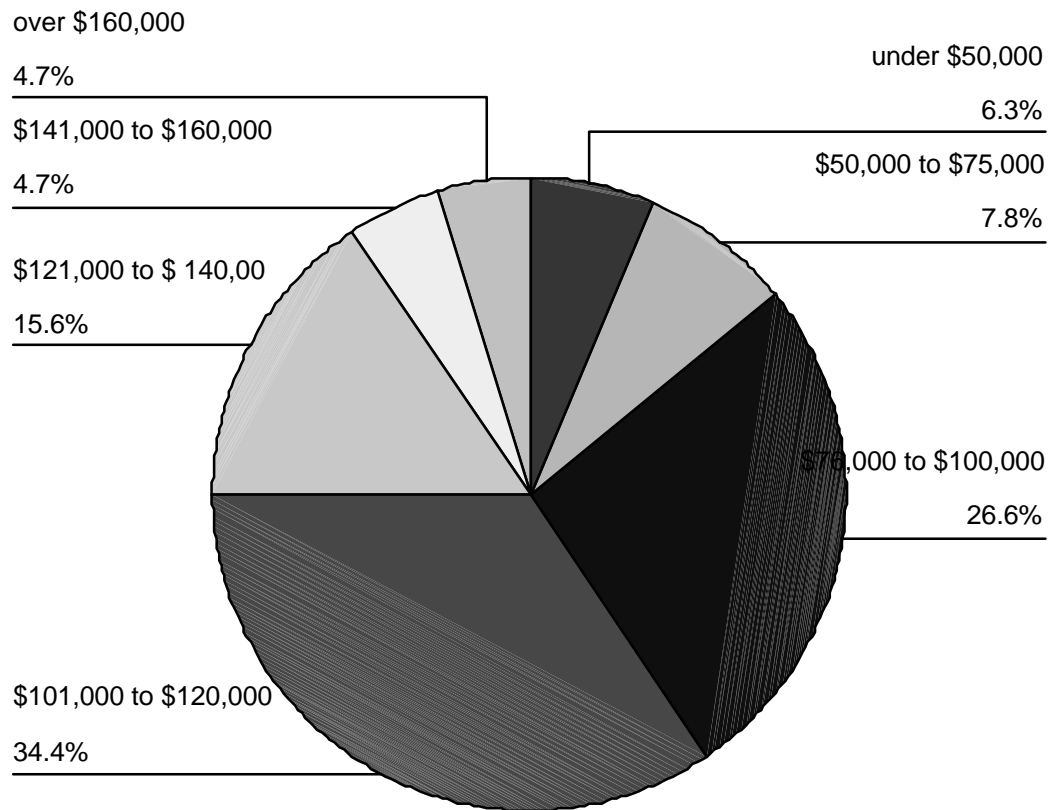


Table 4.6
Frequency and Percentage of Respondents Annual Income

Income Ranges	Frequency	Percent	Cumulative Percent
under \$50,000	4	6.3	6.3
\$50,000 to \$75,000	5	7.8	14.1
\$76,000 to \$100,000	17	26.6	40.6
\$101,000 to \$120,000	22	34.4	75.0
\$121,000 to \$140,000	10	15.6	90.6
\$141,000 to \$160,000	3	4.7	95.3
over \$160,000	3	4.7	100.0
N = 64			

Descriptive Statistics of Work History:

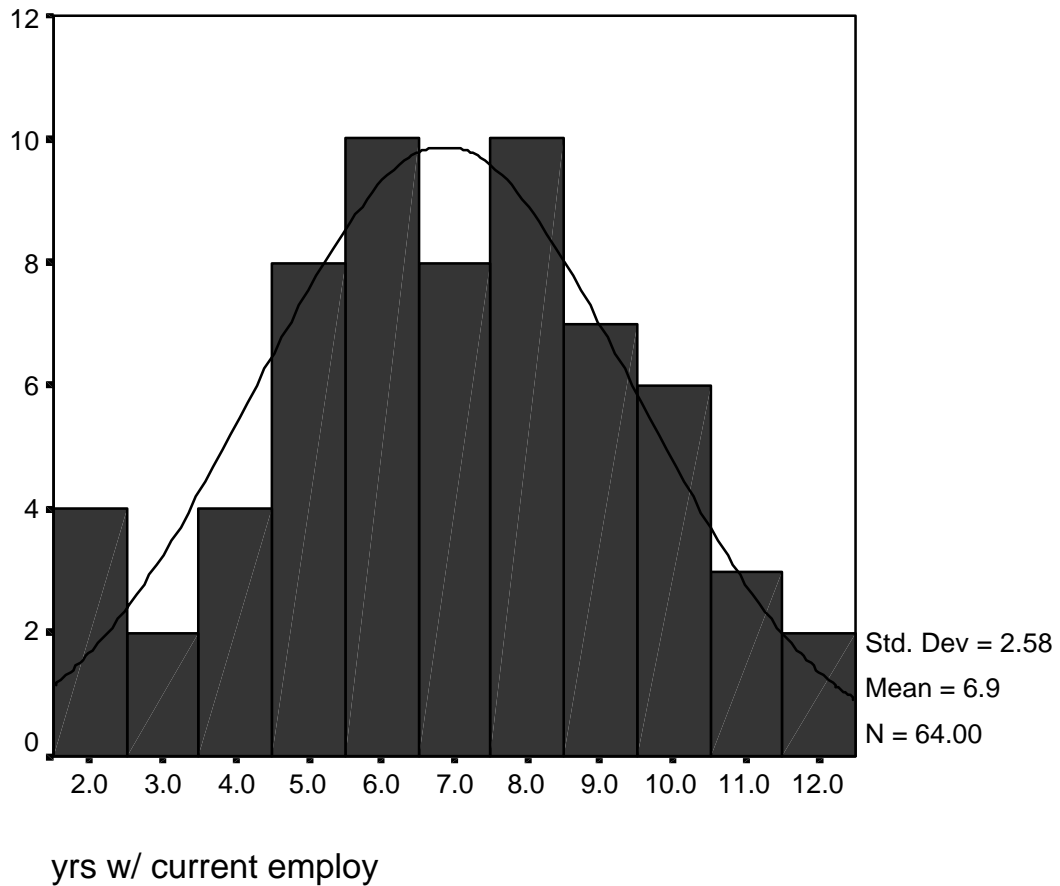
As shown in Table 4.7, for the question “how long have you been in your current job” the mean number of years that the general managers have been in their current job was 5.65 years with a standard deviation 4.44 and a range from .5 years to 20 years. The Outback Steakhouse restaurants have been in existence since 1988 (12 years). Since 1 responden answered 17 years for the question “how long have you been in your current job” and 3 other respondents answered 20 years it can be interpreted that they (and possibly others) did not understand the intent of the question to mean their current job at Outback. For the question “how long have you been with your current employer” the mean response was 6.87 years with a standard deviation of 2.58 and a range of 1.5 years to 12 years (Figure 4.3). The mean response to the question “ how long have you worked in the hospitality business” was 18 years with a standard deviation of 6.4 and a range of 6 years to 38 years. This question was intended to include all positions the respondents held in the hospitality business including part -time jobs. “How long have you been a hospitality manager” mean response rate were 12.03 years with a standard deviation of 6.73 and a range of 2 to 30 years. One respondent’s reply of N/A could not be interpreted for this question. For the question “how long have you been a restaurant manager” the mean

response was 12.42 years with a standard deviation of 6.61 and a range of .5 years to 30 years. There is no significant statistical difference between the respondents years as a hospitality manager mean and years as a restaurant manager mean, this could be interpreted as meaning most likely that the respondents have spent the majority of their hospitality management years as restaurant managers. Finally, for the question “how many other hospitality organizations have you managed” the mean response was 2.63

Table 4.7
Mean, Standard Deviation and Ranges for Work History

Question 5a – 5f	N	Mean	Std. Deviation	Variable Range
Years in Current Job	64	5.65	4.44	.5 – 20
Years with Current Employer	64	6.87	2.58	1.5 - 12
Years in Hospitality Business	64	18.01	6.40	6 – 38
Years as a Hospitality Manager	63	12.03	6.73	2. – 30
Years as a Restaurant Manager	64	12.42	6.61	.5 – 30
Other Hospitality Organizations Managed	64	2.63	2.18	0 – 12

Figure 4.3
Number of Years with Outback Steakhouse



other organizations with a standard deviation of 2.18 and a range of 0 to 12 other organizations managed.

Descriptive Statistics of Compensation Variables – Scale Items 1 & 2:

This section presents the responses of each compensation variables 1 & 2 in terms of frequency, percentage, mean and standard deviation. Additionally the compensation variables are ranked by mean in descending order to help in understanding the overall influence each variable had on the respondents desire to stay with Outback Steakhouse. Scale item 1 asked “the degree to which each of the following elements (13) has a

positive influence on your desire to stay with your current employer and not join another company”. Scale item 2 asked “to what degree do you feel that your company’s compensation package, as a whole, has a positive influence on your desire to stay with your current employer and not join another company”. Both items 1 & 2 were based on a 7 point Likert-type scale, with 1 = “not at all influential” to 7 = “highly influential”. Table 4.8 summarizes the frequencies and percentage of each scale chosen for both items 1 & 2, the 13 elements in item 1 are listed in descending order based upon their mean. A composite mean ranking of variables 1 & 2 is presented in Table 4.9 and Figure 4.4. According to the respondents “ownership stake/equity interest” had a composite mean at 6.56 with 75% of the respondents ranking it with a frequency scale of 7 (highly influential). This was followed by “intention to turnover”(item 2) with a composite mean of 6.31 with 55% of the respondents ranking it with a frequency scale of 7 and “deferred compensation/end of the contract cash out” with a mean of 6.17 with 63% of the respondents ranking it with a frequency scale of 7. The lowest mean ranking of 4.47 was for retirement plan with a 20% scale ranking of 7.

Table 4.8

Compensation Elements Response Frequencies for Survey Items 1 & 2

	Frequency of Survey Responses													
Element	1		2		3		4		5		6		7	
	raw score	%	raw score	%	raw score	%	raw score	%	raw score	%	raw score	%	raw score	%
Ownership Stake			1	2	1	2	1	2	3	5	10	16	48	75
Deferred Comp.	2	3					5	8	4	6	18	28	35	55
Performance Bonus	3	5	1	2	1	2	3	5	2	3	14	22	40	63
Job Responsibility	1	2	1	2			4	6	10	16	18	28	30	47
Job Autonomy					1	2	10	16	6	9	15	23	32	50
Quality of Work Cond.			1	2	4	6	5	8	4	6	18	28	32	50
Status as Rest. Mgr.	3	5	2	3	1	2	6	9	5	8	13	20	34	53
Location	2	3					3	5	18	28	20	31	21	33
Stock Option	6	9	1	2	4	6	4	6	12	19	13	20	24	38
Vacation/Time off	2	3	4	6	6	9	8	13	17	27	12	19	15	23
Base Salary	2	3	2	3	3	5	16	25	22	34	8	13	11	17
Insurance	5	8	1	2	10	16	12	19	18	28	9	14	9	14
Retirement Plan	7	11	3	5	9	14	14	22	9	14	9	14	13	20
Compensation Plan (item 2)			1	2	1	2	3	5	2	3	22	34	35	55
N=64														

Table 4.9

Compensation Elements (Q1) & Compensation Package (Q2) Rankings

	Mean	Std. Deviation
Ownership Stake/Equity Interest	6.56	0.97
Compensation Plan (question # 2)	6.31	1.04
Deferred Compensation/End of Contract Cash Out	6.17	1.30
Performance Bonus	6.16	1.56
Job Responsibility*	6.05	1.24
Job Autonomy*	6.05	1.17
Quality of Work Conditions*	6.03	1.31
Status as a Restaurant Manager *	5.86	1.68
Community Association/Location*	5.80	1.25
Stock Options	5.34	1.90
Vacation/Time off	5.03	1.65
Base Salary	4.91	1.43
Medical, Dental, Life Insurance	4.56	1.66
Retirement Plan	4.47	1.92
Monetary Compensation Elements Combined	5.40	0.96
Non-monetary Compensation Elements Combined	5.96	0.76
* Non-monetary elements		
N=64		

Compensation Variables Ranking

Figure 4.4

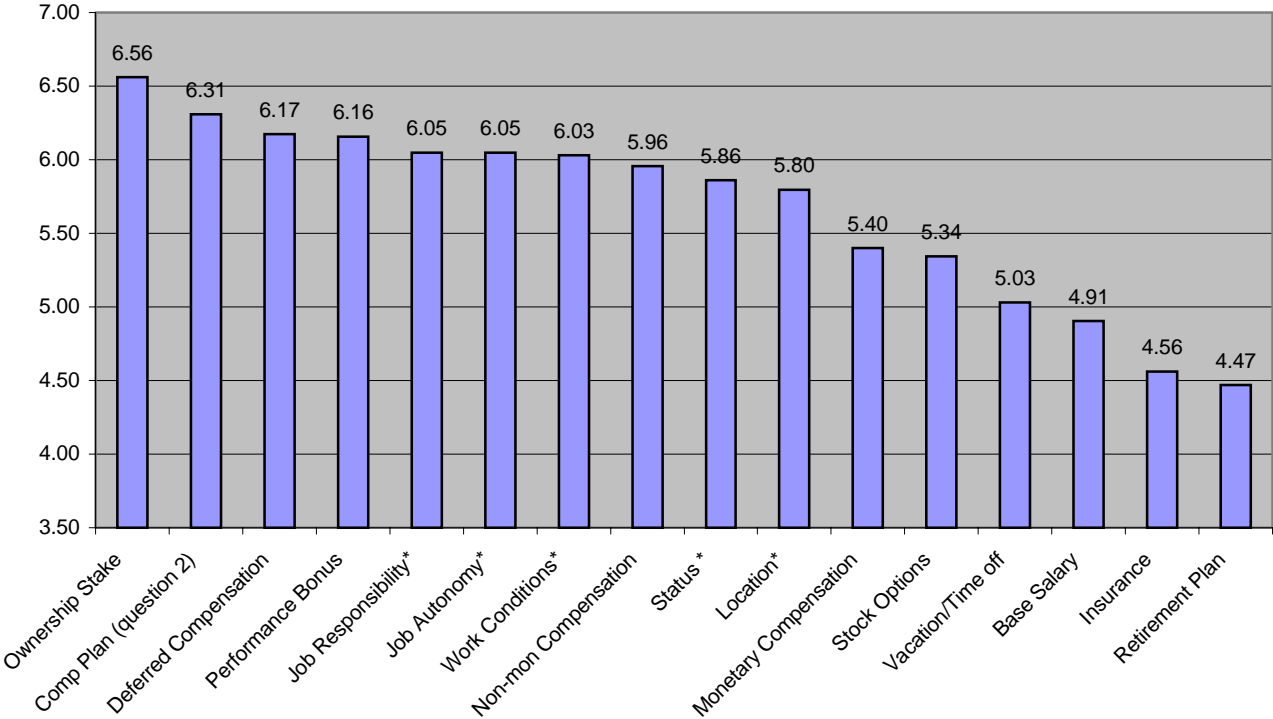
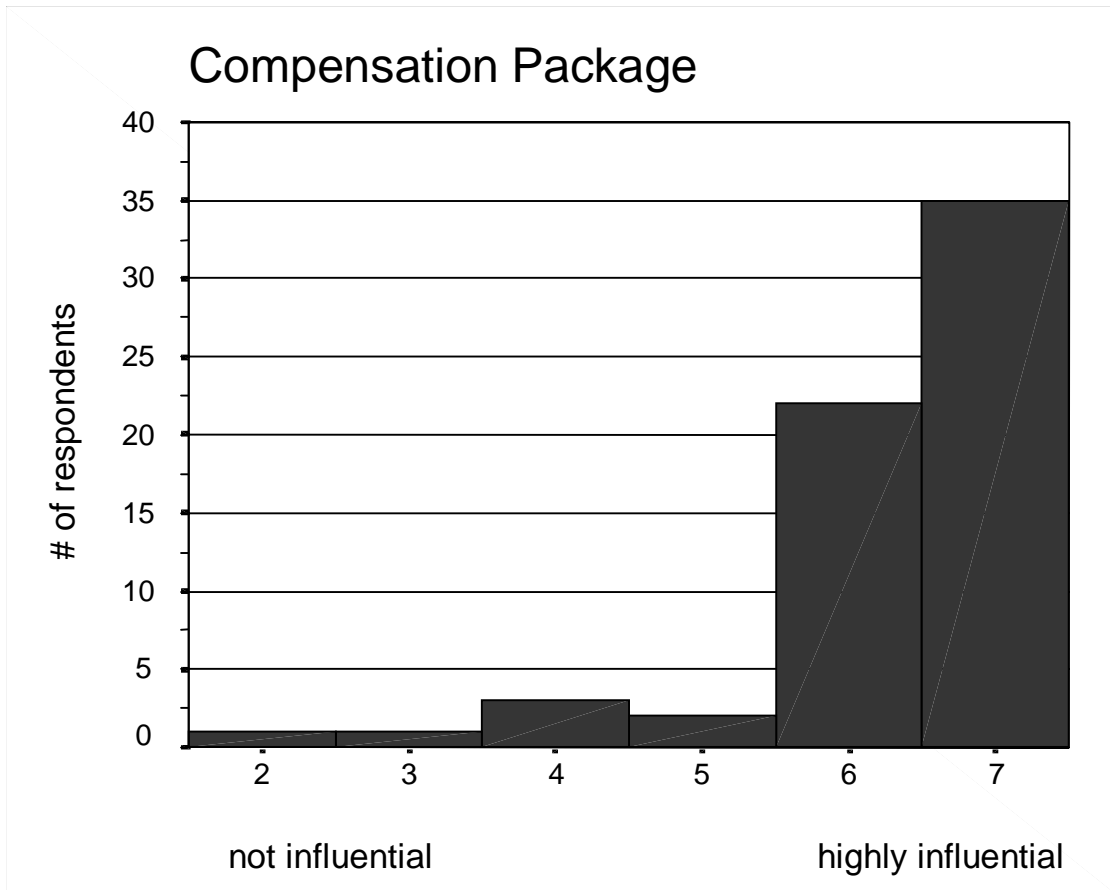


Figure 4.5



Degree of compensation package's influence on desire to stay with company

Data Analysis and Findings:

As previously stated the purpose of this research is to examine the perceived notion that the compensation plan of Outback Steakhouse reduces the intention to turnover of its' unit level managing partners/ proprietors (general managers). Further, the research questions directed the study to this end:

1. Does the compensation plan for Outback Steakhouse's managing partners lead to reduced turnover intention?
2. What compensation elements, as identified by Outback Steakhouse's managing partners, effect turnover intentions

While the hypothesis provides a theoretical basis for carrying out the study:

The eight individual monetary factors/elements identified in the compensation plan for Outback Steakhouse's managing partners have significant positive impact on manager retention, consequently reducing their intention to turnover.

Compensation Package Descriptive Statistics:

According to Figure 4.5 & Table 4.8 fifty-seven respondents answered that the degree of influence the compensation package of Outback has on their desire to turnover (scale item 2) was highly influential in their desire to stay with the company. Further, 89% of the managers responding to item 2 indicated a 6 or 7 on the 7 point Likert-scale. The composite mean score for item 2 was 6.31 with a standard deviation of 1.04 (Table 4.9), the second highest composite mean score for all 14 variables. Only "ownership stake/equity interest ranked higher with a composite mean of 6.56 and a standard deviation of .97.

Factors Influencing Manager's Decision to Stay or Leave:

As stated previously, items 3 and 4 provided a descriptive rank of those variables that are most important in influencing managers to leave and those variables that are important in getting managers to stay. These rankings can be compared to the compensation attributes

in item 1 to determine if any compensation attributes were missed in the survey, as well as providing a method to check on the responses from the managing partners to items 1 and 2. Table 4.10 provides a summary and a ranking according to frequency of response for item 3, the “most important factor influencing your decision to stay”. There were fourteen factors reported by general managers that influenced their decision to stay. “Ownership stake/equity” was the most frequently cited factor in manager’s decision to stay with a 25% response. This was followed by “compensation/money” with 18.8%, cash-out at end with 10.9%, “opportunity” with 7.8%, and “quality of life” with 7.8%. Table 4.11 provides a summary and a ranking according to frequency of response for item 4, “most important factor influencing your decision to leave”. There were twenty factors reported by general managers that influenced their decision to leave. “Quality of life/family life” was the most frequently cited reason/factor manager’s cited influencing their desire to leave with a 24.6% response (2 responses that had related components and attributes were combined into this factor, Quality of life & Quality of family life). The respondents life status, married or not married, children or no children, could influence

Table 4.10

Most Important Factor Influencing Your Decision to Stay

Factors (14)	Raw Score	Percent
Ownership stake/equity	16	25.0%
Compensation/money	12	18.8%
Cash-out at end	7	10.9%
Opportunity	5	7.8%
Quality of Life	5	7.8%
Quality of Operations	4	6.3%
Job Autonomy	4	6.3%
Quality of work conditions	3	4.7%
Respect from company	2	3.1%
Structure less/more	2	3.1%
Management tea	1	1.6%
Stability	1	1.6%
Retirement plan	1	1.6%
Location	1	1.6%
Total	64	100.0%

Table 4.11

Most Important Factor Influencing Your Decision to Leave

Factors (20)	Raw Score	Percent
Quality of Life/family life	15	24.6%
Pay/compensation	10	16.4%
Better Opportunity/growth	6	9.8%
Poor Management	4	6.6%
Company Change	4	6.6%
Ownership	4	6.6%
Burnout	2	3.3%
Retire Plan	2	3.3%
Buy out	2	3.3%
Working Conditions	2	3.3%
Career change	1	1.6%
Stress	1	1.6%
Boredo	1	1.6%
Core value change by mgmt	1	1.6%
Labor shortage	1	1.6%
Quality of Food	1	1.6%
Frustration with ethics	1	1.6%
Loss of autonomy	1	1.6%
Relocation	1	1.6%
Quality of employees	1	1.6%
Total	61	100%

whether they responded Quality of life or Quality of family life therefore, these factors were combined. This was followed by “pay/compensation” with 16.4%, “better opportunity/growth” with 9.8%, “poor management”, “company change” and “ownership” with 6.6 % each.

Univariate Analysis of Variance:

Univariate analysis of variance (ANOVA) was performed for item 5b, “how long have you been with your current employer”, and item 5k, “ what is your total before -tax annua income including base salary and cash bonus”. Anova was performed for the purpose of determining if there were any across group differences for items 5a & 5k, when compared to the compensation attributes (item 1) and intention to turnover (item 2).

The independent variable 5b, “how long have you been with your current employer”, was divided into 3 groups based upon the manager’s employment contract length of 5 years. Group 1 was for those managers who responded that they had been with Outback for 1 to 5 years N = 18, group 2 had been with Outback 5.5 to 9 years N = 35 and group 3 was 10 years or more N =11. ANOVA was run on the 14 dependent compensation attributes, Table 4.12 presents the results for those variables that were significant. A Scheffe multiple comparison test for unequal size groups was performed to determine pairwise differences on those variables that had significant interactions at the $P \leq .05$ level. Table 4.12 shows that salary, performance bonus and vacation/time off all were significant. Pairwise comparisons for salary ($p \leq .00$) showed that there was significant difference between group 1 (1 –5 years) and group 3 (10+ years) which indicates that group 1 felt substantially less positive about the influence of salary on their desire to stay at Outback.

Table 4.12

ANOVA Summary Table of Significant Findings

ANOVA Summary Table of Significant Findings					
Independent Variable: Years with Current Employer					
Dependent Variable	Mean			MSE	P- value
	N=18	N=35	N=11		
Salary	4.11*	5.00	5.91*	1.75	.00
Performance Bonus	5.44*	6.66*	5.73	2.17	.01
Vacation / Time O	4.28*	5.17	5.82*	2.53	.04

* Indicates significant difference between groups.

Table 4.13
ANOVA Summary Table of Significant Findings

ANOVA Summary Table of Significant Findings							
Independent Variable: Salary							
Dependent Variable	Mean					MSE	P value
	N=9	N=17	N=22	N=10	N=6		
Deferred Compensation	4.89*	6.41	6.45*	6.50	5.83	1.49	.02
Job autonomy	5.22	6.06	6.41	6.40	5.33	1.25	.04
Performance Bonus	5.89	6.65*	6.36*	6.30	4.17*	2.08	.01
Compensation Package (Q # 2)	4.89*	6.47*	6.55*	6.50*	6.83*	0.78	.00

* Indicates significant difference between groups.

with Outback. Pairwise comparisons for performance bonus ($p \leq .00$) showed that there was significant difference between group 1 (1 –5 years) and group 2 (5.5 – 9 years) which indicates that group 1 felt significantly less positive about the influence o performance bonus on their desire to stay with Outback. Pairwise comparisons for vacation/time o ($p \leq .00$) showed that there was significant difference between group 1 (1 –5 years) and group 3 (10+ years) which indicates that group 1 felt substantially less positive about the influence o vacation/time o on their desire to stay with Outback.

The independent variable 5k, “what is your total before -tax annual income including base salary and cash bonus”, was collapsed into 5 groups from 7 groups based upon an examination of frequency responses by managers to the question. Group 1 was for those managers who responded that they had an annual before -tax income of \$75,000 and under, N = 9; group 2 had an annual income between \$76,000 - \$100,000, N =17; group 3 had an income between \$101,000 - \$120,000, N =22; group 4 had an annual income between \$121,000 - \$140,000, N =10 and group 5 had annual income over \$141,000, N

=6. ANOVA was run on the 14 dependent compensation variables, Table 4.13 shows that deferred compensation, job autonomy, performance bonus, and compensation package all were significant. A Scheffe multiple comparison test for unequal size groups was performed to determine pairwise mean differences on those variables that had significant interactions at the $P \leq .05$ level. Pairwise testing for deferred compensation ($p \leq .02$) showed that there was significant difference between group 1 (\$75,000 and under) and group 3 (\$101,000 - \$120,000), which indicates that the group 1 felt substantially less positive about the influence of deferred compensation on their desire to stay with Outback than group 3. Pairwise testing for performance bonus ($p \leq .01$) showed that there was a significant difference between group 2 (\$76,000 - \$100,000) and group 5 (over \$141,000), also between group 3 (\$101,000 - \$120,000), and group 5 (over \$141,000), which indicates that group 5 felt substantially less positive about the influence of performance bonus on their desire to stay with Outback compared with group 2 & 3. Pairwise testing for compensation package ($p \leq .00$) showed that there was a significant difference between group 1 (\$75,000 and under) and all other groups, which indicates that the groups 2, 3, 4 & 5 felt substantially more positive about the influence of the compensation package on their desire to stay with Outback compared to group 1. Job autonomy yielded no significant mean difference for pairwise testing.

Hypothesis Testing:

Since the purpose of this study was to examine if the compensation plan of Outback Steakhouse reduces intention to turnover on the part of the managing partners and to determine which of the eight monetary elements of the compensation plan had a significant positive impact on turnover, two analyses were performed. For the purpose of hypothesis testing, first Pearson correlation coefficients were run on the variables 1 & 2, and then a forward regression analysis was conducted to determine which variable or combination of variables were the best predictors.

Pearson Correlation Coefficients:

The Pearson Product-Moment Correlation Coefficient (R) was used in order to examine the relationship between each of the monetary compensation elements in item 1 (base

Table 4.14

Correlation Coefficients													
	location	defer comp	autonom	responsibility	insurance	owners stake	perfor bonus	work cond.	retirement	status	stock option	vacation	comp package
base salary	.379**	.374**	.088	.020	.443**	.141	.213	.145	.368**	.278*	.228	.571**	.298*
location		.080	-.156	-.055	.087	-.100	.319*	.082	.133	.206	.117	.149	.185
defer comp			.223	.201	.255*	.423**	.214	-.087	.189	.272*	.374**	.152	.582**
autonomy				.489**	.320**	.407**	.118	.061	.286*	.261	.285*	.171	.196
responsibility					.480**	.517**	.227	.156	.298*	.407**	.229	.085	.235
insurance						.331**	.156	.313	.554**	.353**	.003	.439**	.081
ownership stake							.266*	.210	.341**	.360**	.478**	.255*	.483**
perform bonus								.122	.188	.033	.078	.060	.117
work conditions									.380**	.053	.156	.477**	.098
retirement plan										.292*	.239	.491**	.149
status as mgr.											.305*	.419**	.272*
stock option												.432**	.477**
vacation													.263*
comp package													

**Correlation is significant at the 0.01 level (2-tailed).
 *Correlation is significant at the 0.05 level (2-tailed).

salary, deferred compensation, insurance, ownership stake, performance bonus, retirement plan, stock option, vacation) and intention to turnover, item 2. The correlation coefficients show that there were several significant relationships between the eight monetary variables in item1 and the influence of compensation plan on managers intention to turnover, item 2, (see Table 4.14).

The correlation coefficient was significant between deferred compensation and compensation package influence on turnover intentions, $R = .582$ at $p \leq .01$, which was the highest correlation of all 13 attributes in item 1. The correlation coefficient was significant between ownership stake and compensation package influence on turnover intentions, $R = .483$ at $p \leq .01$, which was the next highest correlation coefficient and the correlation coefficient was significant between stock option and compensation package influence on turnover, $R = .477$ at $p \leq .01$, the last variable to correlate at the .01 probability level. There were also three variables to have significant positive correlation coefficients at $p \geq .05$, base salary $R = .298$, status as a manager $R = .272$ and vacation/time off $R = .263$. The respondents to the survey ranked item 2 with a composite

score of 6.31 indicating that the compensation package of Outback Steakhouse is somewhat highly influential on their desire to stay with the company. Thus, the results of the correlation analysis support in part the hypothesis that the eight monetary factors in Outback's compensation plan have a significant positive impact on turnover intentions of general managers. Five of the eight compensation variables (base salary, deferred compensation, ownership stake/equity, stock option, vacation/time off) had a significant positive relationship with the compensation plan's impact on the general manager's desire to stay with Outback Steakhouse.

Table 4.15

Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.582 a	.339	.328	.850
2	.646 b	.417	.398	.805

a Predictors: (Constant), defer comp

b Predictors: (Constant), defer comp, stock opt

Table 4.16

Regression Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.457	.518		6.672	.000
	defer comp	.463	.082	.582	5.633	.000
2	(Constant)	3.128	.504		6.212	.000
	defer comp	.373	.084	.469	4.449	.000
	stock opt	.165	.058	.302	2.866	.006

a. Dependent Variable: comp package

Regression Analysis:

A forward regression analysis was conducted to determine which variable or combinations of variables were the best predictors of the positive influence compensation has on turnover intentions. Table 4.15 and 4.16 display the results from the forward linear regression analysis. In the regression analysis all 13 variables in item 1 were used as independent variables and item 2 was used as the dependent variable. Base salary, location, deferred compensation, autonomy, responsibility, insurance, ownership stake, performance bonus, work conditions, retirement plan, status, stock option and vacation were tested to see what variable or combination of variables best predicted the degree to which the Outback compensation plan has a positive influence on general manager's intention to turnover. As indicated in Table 4.15 when the forward regression was run, two variables, deferred compensation and stock option, explained 41.7% of the sample variation for item 2 ($R^2 = .417$) and 39.8% of the population variation for item 2 (Adjusted $R^2 = .398$). This compares to deferred compensation by itself which explains 33.9% of the sample variability ($R^2 = .339$) and 32.8% of the population variance (Adjusted $R^2 = .328$). None of the 11 other variables in item 1 were added to the final equation under the forward selection process to improve the predictability of the regression model. The other compensation variables do not add to the prediction of the influence the compensation package has on manager's desire to stay with Outback over and above deferred compensation and stock option.

For the regression equation, the $R^2 = .417$ which indicates that 41.7% of the variability in the degree to which the Outback compensation plan has a positive influence on general manager's intention to turnover is predictable from the regression model; which contains the two variables deferred compensation/end of the contract cash out and stock option.

Summary:

In this chapter the relevant data collected with the final survey instrument described in chapter 3 and the findings were presented based on that mail survey which was

distributed and collected in the fall of 2000. The response rate of 12% was discussed, and the reliability of the survey was determined to be .82. A demographic profile of the respondents was given along with the descriptive statistics from the survey. Then the analyses of the data and the findings as they relate to the hypothesis were discussed. Items 3 and 4 provided a descriptive rank of those variables that are most important in influencing managers to leave and those variables that are important in getting managers to stay. ANOVA determined that there were significant across group differences for items 5a & 5k, when compared to the compensation attributes (scale item 1) and compensation package (scale item 2). The Pearson Product-Moment Correlation Coefficient (R) was used in order to examine the relationship between each of the monetary compensation elements in item 1 and the compensation package influence on turnover intentions, item 2. Finally, A forward regression analysis was conducted to determine which variable or combinations of variables were the best predictors of the influence compensation has on turnover intentions.

Chapter Five

Summary and Conclusion

Introduction:

This chapter discusses a summary of the findings, an interpretation of the data analysis and hypothesis results. Implications for the restaurant industry in regards to possible compensation practices. A brief note on the limitation of the study in terms of the methodology, scope and breadth. Finally, recommendations for possible future research will be explored.

Summary of the Study:

The purpose of this study was to examine the relationship between general management compensation at Outback Steakhouse restaurants and the effect the compensation offerings had on their turnover intentions. The study also examined the variance between groups within the sample based on their differences in years worked with Outback Steakhouse and their annual income levels. An analysis of the reliability of the survey instrument was conducted, with alpha equal to .82. A ranking of compensation variables by composite means was discussed and displayed. The frequency of respondent's answers to the survey questions was examined, and a ranking of the most important factors in influencing responding managers to stay and leave was shown.

Demographics Summary:

A total of 599 surveys were sent out to the population of Outback Steakhouse's managing partners in 49 states where their restaurants operate in the US. The list of addresses and managers were obtained from the company web site, <http://www.outback.com/locator>, which represents all of the restaurant locations listed as of August 2000. Out of the 599 surveys mailed, 70 surveys were returned for a response rate of 12%. There were 64

usable questionnaires, of which 9.4% of the respondents were under the age of thirty, 53% of the respondents were from the ages of 30 – 39 respectively, 36% of respondents were between the ages of 40 – 49, and one respondent was over 49. . Males represented 92.2% of the total respondents, Seventy five percent of the respondents were married, with 62.5% having children for an average of 1.14 children per respondent. Fully 61% of respondents reported earning between \$76,000 and \$120,000, with the annual income reported by 6.3% of respondents below \$50,000. The next level of managers (7.8%) reported that their annual incomes were in the \$50,000 to \$75,000 range and 26.6% of managers reported annual incomes of \$76,000 to \$100,000. The largest percent of general manager respondents (34.4%) reported annual incomes of \$101,000 to \$120,000 for the period surveyed. Ten general managers (15.6%) reported that their annual incomes were between \$121,000 and \$140,000, while 4.7% of general managers in each of the last two categories reported earning an annual income before taxes of \$141,000 to \$160,000 and in excess of \$160,000 respectively.

Compensation Rankings Summary:

Item 1 asks, “the degree to which each of the following elements (13) has a positive influence on your desire to stay with your current employer and not join another company”, while Item 2 refers to the influence of the compensation package as a whole plan. Both items 1 & 2 were based on a 7 point Likert -type scale, with 1 = “not at all influential” to 7 = “highly influential”. The responses ranged from a composite mean of 4.47 for retirement plan to 6.56 for ownership/equity stake. The composite mean across all variables for question 1 & 2 was 5.66. With 7 of those variables scoring a individual composite mean of 6 or higher. This would seem to indicate that the respondents as a group, felt that 7 of the 14 variables were somewhat highly influential on their desire to stay with the company.

Item 2 asks, “to what degree do you feel that your company’s compensation package, as a whole, has a positive influence on your desire to stay with your current employer and not join another company”. This addresses the first research question, “does the compensation plan for Outback Steakhouse’s managing partners lead to reduced turnover

intention?" Item 2 ranked second out of 14 variables with a 6.31 composite mean (Table 4.9). Additionally, with 88% of the respondents indicating a scale of 6 or 7 for item 2, it would seem the compensation package had a high positive influence on managing partner's desire to stay with Outback.

Correlation Summary:

The Pearson Product-Moment Correlation Coefficient (R) was used in order to examine the relationship between each of the monetary compensation elements in item 1 (base salary, deferred compensation, insurance, ownership stake, performance bonus, retirement plan, stock option, vacation) and the compensation package influence on turnover, item 2. Five of the eight compensation variables (deferred compensation R = .582, ownership stake/equity R = .483, stock option R = .477, base salary R = .298, vacation/time off R = .272) had a significant positive relationship with the compensation package's impact on the general manager's desire to stay with Outback Steakhouse. This would seem to address research question 2 in part, what compensation elements effect turnover intentions, by demonstrating what compensation elements have a relationship with turnover intentions.

Regression Summary:

A forward regression analysis was conducted to determine which variables best predict the degree of influence Outback's compensation plan has on the turnover intention's of general managers. All of the compensation elements in item 1 were compared, (the independent variables), to item 2 (the dependent variable) for the purpose of regression analysis. When the computation of the forward regression was done, two variables, deferred compensation and stock option, explained 41.7% of the sample variation for question 2 ($R^2 = .417$) and 39.8% of the population variation for item 2 (Adjusted $R^2 = .398$). In other words, deferred compensation/cash out at end of contract and stock options can predict 41.7% of the variation in the degree to which Outback's compensation plan has a positive influence on general manager's intention to turnover.

ANOVA Summary:

Analysis of variance (ANOVA) was performed for the purpose of determining if there were any across group differences for items 5b, “how long have you been with your current employer”, and 5k, “ what is your total before-tax annual income including base salary and cash bonus”. The independent variables, items 5b and 5k were split into groups of 3 & 5 respectively, then compared to the compensation attributes in item1 and compensation package influence on turnover (item 2). For item 5b, Scheffe multiple comparison test for unequal size groups was performed to determine pairwise mean differences on those variables that had significant interactions at the $P \leq .05$ level. The results indicated that salary $P \leq .00$, performance bonus $P \leq .01$ and vacation/time off $P \leq .04$ all had significant mean differences. For item 5k results showed that deferred compensation $P \leq .02$, job autonomy $P \leq .04$, performance bonus $P \leq .01$, and compensation package $P \leq .00$ all were significant. The Scheffe test determined the pairwise mean differences on those variables that had significant interactions at the $P \leq .05$ level for item 5k.

Factors Influencing Manager’s Decision to Stay or Leave Summary:

The responses to item 3 and 4 were ranked and compared to the compensation attributes in question 1 to determine if any compensation attributes were missed in the survey, as well as providing a method to check on the responses from the general managers to item 1. For item 3, the “most important factor influencing your decision to stay”, there were 14 factors reported by managing partners that influenced their decision to stay. “Ownership stake/equity” was the most frequently cited factor in manager’s decisions to stay with a 25% response. For item 4, “most important factor influencing your decision to leave”, 20 factors were reported by general managers in response to the item. “Quality of life/family” was the most frequently cited reason/factor influencing managers desire to leave with a 24.6% response.

Hypothesis and Data Analysis Conclusions:

It was previously stated that the purpose of this research was to explore the perceived notion that the compensation plan of Outback Steakhouse reduces the intention to turnover of its' unit level managing partners. The research questions addressed in this study were, does the compensation plan for Outback Steakhouse's managing partners lead to reduced turnover intention, and what compensation elements, as identified by Outback Steakhouse's managing partners, effect turnover intentions? To this end, one hypothesis was developed after a research of the literature and was tested by variables 1 & 2; the eight individual monetary factors/elements identified in the compensation plan for Outback Steakhouse's managing partners have significant positive impact on manager retention, consequently reducing their intention to turnover.

A forward regression analysis was conducted comparing all of the elements in item 1, the independent variables, to item 2, the dependent variable. This was done for the purpose of determining which attributes 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 attributes, deferred compensation and stock option, explained 41.7% of the sample variation ($R^2 = .417$) and 39.8% of the population variation for item 2 (Adjusted $R^2 = .398$).

The conclusion is that the regression analysis supports the hypothesis, in part, that the eight individual monetary factors/elements identified in the compensation plan for Outback Steakhouse's managing partners have significant positive impact on manager retention, consequently reducing their intention to turnover. A substantial part of the variation in the compensation package's positive influence on turnover intentions can be predicted by 2 of the monetary elements. This supports some of the previous research that the compensation an organization provides clearly influences the decision employees make about the organization and turnover (Lawler 1987; Mobley 1982). Additionally, Steers and Porter support the premise that companies which offer the greatest compensation retain the most employees, "high reward levels apparently lead to high satisfaction, which in turn leads to lower turnover" (1991).

The Pearson product-moment correlation coefficient (R) were calculated to help estimate the relationship between the 13 attributes in item 1 and 2. The conclusion is that 5 out of the 8 monetary compensation attributes show a significant positive relationship with the compensation plan in reducing turnover intentions. The correlation coefficients showed that there are 3 significant relationships between the 13 variables in item 1 and the compensation plan influence on turnover intentions item 2 at $p \leq .01$, deferred compensation $R = .582$, ownership stake at $R = .473$ and stock option at $R = .477$. Further, three variables were significant at $p \leq .05$, base salary $R = .298$, status $R = .272$ and vacation $R = .263$. These conclusions are further supported by Adams and Beehr study on the relationship between compensation attributes and the impact on turnover, the level of compensation influences the degree to which turnover is more apt to occur (1996). The literature also submits that compensation is correlated with employee turnover in business organizations of all types in the US (Lawler 1987; Mobley 1982; Steers & Porter 1991).

Analysis of variance (ANOVA) was performed for item 5b, "how long have you been with your current employer", to determine pairwise mean differences on those variables that had significant interactions at the $P \leq .05$ level. There was a significant difference between group 1 and group 3 for the base salary variable indicating that those managers in group 3 who have been with Outback ten or more years feel that base salary has more of a positive influence on their intention to stay. No conclusive reason could be determined for this difference, further analysis would need to be conducted. For the variable performance bonus, there was a significant difference between group 1 and group 2. Denoting that those managers in group 2 perceive their performance bonus to be of more value than those respondents in group 1. The reason for this could be that those managers that have been with Outback longer tend to earn a substantially higher bonus. However, further exploration of this conclusion would need to be conducted before a determination could be made. The last variable to indicate a significant difference was vacation/time off, between groups 1 & 3. This meant that managers with 10+ years at Outback placed a greater value on vacation and time off from work than did those

managers that had been with Outback for 1-5 years. This could possibly be explained by the tendency to value family time and quality of life more as one ages, but far more research would have to be done before this determination could be considered conclusive. In all, it was the tendency of group 1 to place less value on the positive influences of the compensation variables in question 1. This could possibly have to do with years at Outback or their age. Far more research would need to be done to make any viable conclusions.

ANOVA was performed for the purpose of determining if there were any across group differences for item 5k, “ what is your total before-tax annual income including base salary and cash bonus”, for those groups that had significant interactions at the $P \leq .05$ level. There was a significant difference for deferred compensation, between group 1 and group 3. This is attributable to difference in income between the groups. Almost half the respondents in group 1 indicate they made \$50,000 or less a year. Since the base salary for an Outback general manager is \$45,000 and deferred compensation is a multiple of performance bonus these respondents may not anticipate receiving substantial deferred compensation, which would tend to reduce the favorable impact this variable would have. Performance bonus indicated a significant difference between group 5 and groups 2 & 3. The respondents in group 5 had annual incomes in excess of \$140,000, meaning that approximately \$100,000 a year came from their performance bonus. So this is somewhat bewildering, especially when considering that the group’s ranking for the compensation plan as a whole was very high, 6.83. More conclusive research will need to be conducted in order to substantiate a cause and effect for this variance. The compensation package influence on turnover intentions, item 2, showed significant differences between group 1 and all other groups. Once again the difference in incomes between group 1 and the other groups would most likely be the reason for the variance. It should be noted again that four of the respondents in group 1 had incomes of less than \$50,000 which doesn’t fit the profile of an Outback general manager who has a base salary of \$45,000. These respondents could possibly be assistant managers or new general managers who do not know what their annual incomes will be. The last significant variable, job autonomy, did not have any significant pairwise interactions to be reported.

For item 3, the “most important factor influencing your decision to stay”, there were no surprises. The top 3 factors influencing respondents decision to stay were the same first 3 attributes in items 1 & 2 composite mean ranking and in the same sequence. For item 4, “most important factor influencing your decision to leave”, the top three reasons reported by general managers in response to the question were “quality of life/family life” 24.6%, pay/compensation 16.4% and better opportunity/growth 9.8%. This may indicate the need to put “quality of life”, “family time” and “better growth opportunity” into future surveys.

The composite mean ranking of the compensation attributes in item 1 on a 7-point scale ranked ownership stake/ equity interest 6.56, deferred compensation/ end of the contract cash out 6.17, and performance bonus 6.16. This indicates that three of the eight monetary compensation variables in item 1 are highly influential on the respondents desire to stay with Outback. This seems to indicate that the 3 most important factors having a positive influence on general manager’s desire to stay at Outback is compensation, compensation and more compensation. The conclusion for the mean ranking of item 2, is the compensation package is highly influential on managers intentions to stay at Outback and not turnover. The composite mean ranking of the compensation package influence on turnover intentions, item 2, on a 7point scale was 6.31, the second highest mean ranking of all the variables in items 1 & 2.

Implications for the Restaurant Industry:

In the search for competent restaurant managers that can successfully operate in today’s increasingly competitive environment, there are compensation strategies that will work in attracting and preventing turnover among the management ranks. The recommendations are as follows:

Develop a comprehensive compensation strategy that takes into consideration both monetary and non-monetary compensation elements to deliver job satisfaction, prevent turnover and burnout for operational management. Make a commitment to be a leader in compensation and bring your restaurant company’s compensation practice to the leading edge of all industries, not just the restaurant business. In addition to the standards of

compensation practices such as base salary, insurance, vacation time and performance bonuses tied to increased sales, consider the important rewards and benefits today's managers are searching out. In order for a company to succeed at being a leader in the restaurant industry, it should lead with practices that will attract the best and abandon the old mentality this industry is so well known for.

Implement non-traditional restaurant compensation practices that are successful in other industries such as stock options, management ownership stake, deferred compensation, managing partnerships, joint venture partnerships and equity ownership plans. Several restaurant chains cited earlier are experiencing success with these types of plans, it works (Van Houten, 1997).

Offer cafeteria style plans that are flexible enough to grow with managers as they mature in the industry and their needs change, while at the same time fulfilling the requirements of younger less experienced managers. This will help managers stay in the restaurant business longer and not search out other opportunities that are more conducive to changing lifestyles.

Value your managers as human capital that should be used wisely. Be committed to developing managers and all employees for that matter to their fullest potential. Give managers quality working conditions, job responsibility and autonomy that show them that the company is committed to employees. Don't burn them out then throw them out. Give managers the ability to have a good "quality of life" and family time as determined by today's standards, not the standards of yesterday's old guard.

Outback believes that the compensation plan, both monetary and non-monetary attributes, they offer is effective in preventing turnover and retaining quality management while helping to attract experienced well qualified managers. The findings of the study do show that Outback Steakhouse's managing partners are highly influenced by the compensation package of the company in regards to preventing turnover. The findings also show that the managing partners are most influenced by the non-traditional attributes of the plan

(deferred compensation, stock option and ownership stake) as opposed to the more traditional attributes of compensation plans (base pay, insurance & retirement plans). The managers appear to be overall positively influenced by the compensation plan of Outback. This bodes well for Outback because they have well-developed non-traditional aspects of their compensation plan.

The study also indicates the factor that would be most influential in the managing partner's decision to leave is a non-monetary element perhaps not addressed by their compensation strategy, quality of life and quality of family life. While the respondents clearly indicated that it were the monetary aspects of compensation influencing their decision to stay with Outback, they were also equally clear that it is the non-monetary aspects of compensation, work and life that would most influence their decision to potentially leave. Working 55 hours a week, nights and weekend all the time can start to become burdensome for managers who are in their forties. The lack of time spent with family and friends can start to wear on managers as they get into their forties, along with the desire for something more out of life than just being a successful restaurant manager has the potential to cause burnout. For Outback to continue to consider its plan as an industry leader they will need to address these questions in the future.

Study Limitations:

As with all research, this study had limitations that could be improved upon. The purpose of this discussion is to provide a context to help refine future exploration of the research subject into compensation practices and the effect on turnover in the restaurant industry.

A higher response rate would have been desirable to give more conclusive meaning to some of the results. Especially for the groups involved in the ANOVA analysis of the compensation variables. The sample size and population were limited. The study focused only on a sample of Outback Steakhouses which is limited in numbers. Other restaurants with similar compensation strategies could be brought into the population on a national

and regional basis to expand the scope and breadth of a future study into compensation practices of the restaurant business.

The questionnaire used in the research could be enhanced to ask more refined questions in the work and demographic area. Specifically for question 5, use open-ended salary ranges so a composite mean could be determined for annual income. No age ranges for the current age question, so a mean age could be determined. A scale range for the question “how many other hospitality organizations have you managed” to better manage the responses. Better clarity in the definition of “current job” for question 5. For question 1 three additional variables that were indicated by respondents to question 3 and 4 would be beneficial, “quality of life”, “family time” and “better growth opportunity”. Lastly, an indication at the bottom of page 1 to please turn the survey over and complete the other side might have prevented the exclusion of some of the questionnaires in the analysis.

Suggestions for Future Research:

With the future growth of the restaurant sector dependent to an extent on its’ ability to find employees and managers to operate units, the old ideas about compensation and attitudes about the quality of life outside of work are under going a transformation. Several reports cited in this study imply the old compensation and work concepts are under assault (Pine 2000, Frumkin 2000, Papiernik 1999) . Experienced managers are increasingly leveraging their value to the company and the shortage of qualified managers in the restaurant industry by “ making a statement about who they are, where they want to live, how they want to work”. The restaurant industry has been challenged by these issues for a long time and the inability of some to change continues to prolon the problem, “employers, unwillingness to increase pay, shifts with long hours and poor corporate recognition of good performance just scratch the surface on a list o shortcomings that exacerbate employee flight” (Prewitt, 2000).

If the restaurant industry is going to break out of the mold it has so long cast itself into, it will need to gain a better understanding of the issues that exacerbate turnover and cause burnout. More research is needed to determine the degree of influence other progressive compensation plans have on managers for different companies in the restaurant business and hospitality industry. Additional variables should be included in future research including, quality of life, family time, growth opportunity and burnout just to name some possibilities. The sample size and population should be expanded to include a broader cross section of restaurant companies and number of managers. Finally, a compendium of restaurant industry best practices for compensation packages both monetary and non-monetary to aid in preventing turnover and increasing retention could be done.

References

Alexander, Steve, (1998), No More Turnover, Computer World, 32 (21).

Allen, Robin Lee, (2000, Jan. 10), Can Enhanced Employee Benefits, Marketing End Labor Shortages, Nation's Restaurant News, 25.

Becker, Cherylynn, (1996), Penetrating the Surface of Empowerment: A Guide for Teaching the Empowerment Concept to Future Hospitality Managers, Hospitality Educator, 8 (4).

Berger et al., (1991), Human Resources Management in the 21st Century: Predicting Partnerships for Profit The Council on Hotel Restaurant and Institutional Education, 17 (1).

BLS, (1999). The 1998-1999 Occupation Outlook Handbook,
<http://www./stats.bls.gov/oco/ocos012.htm>

Bohl, D., and Ermel, L.,(1997, Nov./Dec.), Responding to Tight Labor Market: Using Incentives to Attract and retain Talented Workers, Compensation and Benefits Review, 29.

Business Week, (1999, Dec. 6), The wild new Workforce.

Davis, Stan & Meyer, Christopher, (1998), Blur, Reading, M.A., Addison-Wesley.

Dibble, Suzanne, (1999), Keeping Your Valuable Employees, New York, Wiley.

Ermel, Lauren & Bohl, Don, (1997), Responding to a Tight Labor Market: Using Incentives to Attract and Retain Workers, Compensation and Benefits review, America Management Association International, 29 (6).

Frumkin, Paul, (2000), Lone Star Land-banks 10 lonely sites as it moves to upgrade staff, finances, NRN, 34(7), 110.

Garger, E. M., (1999), Holding on to High performers: A Strategic Approach to Retention, Compensation and Benefits Review, 15 (4).

Gray, Carol, (1998), Holding Your Own, Financial Executive, 14 (5).

Grindy, Bruce, (1998), Customer Loyalty Key to Success, Restaurants USA, February, [http://www.restaurant.org/rusa/1998/february/fst9802a.h ml](http://www.restaurant.org/rusa/1998/february/fst9802a.html)

Ghiselli, R., LaLopa, J., Bai, B. (2000), Job Satisfaction, Life Satisfaction, and Turnover Intent of Foodservice Managers, Council on Hotel Restaurant Institutional Education, New Orleans, LA.

Hayes, Jack, (1995). Inside Outback: Company profile. Naion's Restaurant News 29(13): 47-86.

Hickton, M., (2000), David verses Goliath, National Restaurant Association, Restaurant Report, http://www.restaurantreport.com/features/ft_davidvsgoliath.html.

ILO, Labor Force Statistics, 1997, 25.

Inc. Magazine, (1994 Dec.) Entrepreneur of the Year, 40-59.

Joinson, Carla, (1999), The Cost of Doing Business, HR Magazine, 44 (13).

King, Paul, (2000), Elliot Conference Addresses Industry's Concerns about Shrinking Labor Pool, Nation's Restaurant News, 34(17), 6.

Lawler, Edward E., (1981), *Determining Total Compensation: Strategic Issues, Pay and Organization Development*, Reading, MA. Addison-Wesley.

Lawler, Edward E., (1987), *The Design of Effective Reward Systems*, Englewood Cliffs, NJ, Prentice Hall.

Lazear, Edward, (1999) *Personnel Economics: Past Lessons and Future Directions*, *Journal of Labor Economics*, 17 (2).

Marvin, Bill, (1994), *From turnover to teamwork*, New York, Wiley.

Mcfillen, James, Riegel, Carl & Enz, Cathy, (1986, Nov.), *Why restaurant managers Qui (and how to keep them)*, *The Cornell Hotel and Restaurant Administration Quarterly*.

Mobley, William H., (1982), *Employee Turnover: Causes, Consequences, and Control* Reading, MA., Addison-Wesley.

Muller, Christopher, C., (1999), *The Business of Restaurants: 2001 and Beyond*, *Hospitality Management*, 18 (4).

Murmann, S. K. et al., (1987) *The Level of Compensation and Employee Benefits for Entry Level Managers in the Hospitality Industry Survey*, The Virginia Tech Center for Hospitality Research and Service.

Nunnally, J. (1978), *Psychometric Theory*, 2nd ed., New York, McGraw-Hill p 245.

Ohlin, J. B., West, J. J., (1994), *An Analysis of Fringe Benefit Offerings on the Turnover of Hourly Housekeeping Workers in the Hotel Industry*, *International Journal of Hospitality Management*, 12 (4).

Olsen, Michael D., (1995), *Environmental Forces, Competitive Methods and Industr Performance – A Study of Multinational Chains in the Hotel Indu stry*, *Into the New*

Millennium: The White paper on the Global Hospitality Industry, International Hotel and restaurant Association, Paris, France.

Olsen, Michael D., Sharma, A., (1998), Forces Driving Change in the Casual Theme Restaurant Industry, International Hotel and restaurant Association, Paris, France

Outback Inc., (1998), Annual Report, http://www.corporate-ir.net/ireye/ir_site.zhtml?ticker=osi&script=700&layout=11.

Outback Inc., (2000), News Releases. June 13, http://www.corporate-ir.net/ireye/ir_site.zhtml?ticker=osi&script=410&layout=11&item_id=98371.

Papiemik, Richard, (1999), National Restaurant Association: Restaurant Industry 2010, The Road Ahead, Nations Restaurant News 33(44), 1,6.

Patil, p. & Chung, B. G., (1998, June), Changes in Multiunit Restaurant Compensation Packages, The Cornell Hotel and Restaurant Administration Quarterly

Pine, Bradley, (2000 April), Lending a Hand, R estaurants USA, 20(3), 31-35.

Raleigh, Patrick, R., (1998), Employee Theft and Turnover not Inevitable, Nation's Restaurant News, 32(18), 46, 114.

Prewitt, Milford (2000, October), MUFSSO 2000: Conference Probes Labor Recruitment Woes, Solutions, Nation's Restaurant News, 34(41), 1,6.

Prewitt, Milford (2000, September), Studies Find Operators Create Employee Turnover Problem, Nation's Restaurant News, 34(36), 8.

Roseman, Edward, (1981), Managing Employee Turnover: A Positive Approach, New York, AMACOM.

Schmidgall, R. S. & Bechtel, C., (1990, Feb.), ESOP's: Putting Ownership in Employees Hands, *The Cornell Hotel and Restaurant Administration Quarterly*

Steers, Richard, M., & Porter, Lyman, (1991) *Motivation and Work Behavior*, New York, McGraw Hill.

Sullivan, Jim, (1999, Dec. 21), Human Resources Propel the Future of Foodservice, *Nation's Restaurant News*, 72, 74.

Tabacchi, Mary H., Krone, Christopher & Farber, Bonnie, (1990), A Support System to Mitigate Manager Burnout, *The Cornell Hotel and Restaurant Administration Quarterly*

The National Restaurant Association: Industry Studies: The Restaurant Industry

Van Houten, Ben, (1997), A Piece of the Pie, *Restaurant Business*, 96 (13).

Vernon, S. & Commander, C., (1998), Stay for Pay: A Retention Solution, *HR Focus*, 75 (9).

Wasmuth, William J. & Davis, Stanley W., (1983, May), Managing Employee Turnover: Why Employees Leave, *The Cornell Hotel and Restaurant Administration Quarterly*.

Williams et al., (1995), Cost Control and Analysis of Turnover in the Hospitality Industry: A Case Study Approach, *Hospitality & Tourism Educator*. 7 (2).

Woods, Robert H., (1999), Predicting is Difficult, Especially About the Future: Human Resources in the New Millennium, *Hospitality Management*, 18 (4).

APPENDIX A

General Manager Compensation Survey

Please do not leave any items blank

1. Please indicate the degree to which each of the following elements has a positive influence on your desire to stay with your current employer and not join another company.

	Not at all Influential					Highly influential	
	1	2	3	4	5	6	7
Base salary	1	2	3	4	5	6	7
Community association/ location	1	2	3	4	5	6	7
Deferred compensation/ end of contract cash out	1	2	3	4	5	6	7
Job Autonomy	1	2	3	4	5	6	7
Job responsibility	1	2	3	4	5	6	7
Medical, dental, life insurance	1	2	3	4	5	6	7
Ownership stake/ equity interest	1	2	3	4	5	6	7
Performance bonus	1	2	3	4	5	6	7
Quality of working conditions	1	2	3	4	5	6	7
Retirement plan	1	2	3	4	5	6	7
Status as restaurant owner	1	2	3	4	5	6	7
Stock options	1	2	3	4	5	6	7
Vacation /paid time off	1	2	3	4	5	6	7

2. To what degree do you feel that your company's compensation package, as a whole, has a positive influence on your desire to stay with your current employer and not join another company? (please circle most appropriate number)

Not at all influential					Highly influential	
1	2	3	4	5	6	7

3. What would be the most important factor in influencing your decision to stay with your company? Please list one:

4. What would be the most important factor in influencing your decision to leave your company?

Please list one:

Demographic Information

5. The following information will be used to develop a profile of the “typical” respondent.

How long have you been in your current job? _____years

How long have you been with current employer? _____years

How long have you worked in the hospitality business? _____years

How long have you been a hospitality manager? _____years

How long have you been a restaurant manager? _____years

How many other hospitality organizations have you managed?

What is your current age

___ under 30 ___ 30 to 39 ___ 40 to 49 ___ over 49

What is your gender? ___female ___male

What is your marital status? ___married ___unmarried

How many children do you have? _____

What is your total before-tax annual income including base salary and cash bonuses

___under \$50,000 ___\$50,000 to \$75,000 ___\$76,000 to \$100,000 ___\$101,000 to \$120,000

___\$121,000 to \$140,000 ___\$141,000 to \$160,000 ___over \$160,000

Please go back and check that all questions have been answered.

Thank you for your participation!!!

APPENDIX B
SURVEY COVER LETTER

September 22, 2000

Dear General Manager,

The Virginia Tech Hospitality and Tourism Management Graduate program is conducting research on general manager's compensation in the casual segment of the restaurant industry. Your restaurant has been selected to participate in a national survey of the hospitality industry. The information collected for this study will only be used and reported in an aggregate form, no individual responses will be referenced.

As you know the restaurant industry is facing a critical labor shortage. The purpose of this study is to determine what compensation practices do restaurant general managers most prefer and which compensation elements have the greatest influence on managers. As a former chef and restaurant general manager, I know how important this issue is to all of us.

It is vital that we receive your valuable input on the enclosed survey. The results of this survey will be reported and used to shape the compensation practices of our industry in the future. Please take a few minutes to complete this survey and return it in the postage paid envelope. Your answers are **confidential and anonymous**.

Sincerely,

Kevin S. Murphy C.E.C.
Instructor

VITA

KEVIN S. MURPHY, CEC, CHE

208 Primrose Drive
Blacksburg, VA 24060
(540) 552-0152

EDUCATIONAL BACKGROUND

2000 (Dec.) MS in Hospitality and Tourism Management, Virginia Tech, Blacksburg, VA
1997 BS in Hospitality and Tourism Management, Virginia Tech, Blacksburg, VA
1986 AS in Accounting, Bentley College, Waltham, MA
1984 Corporate Sous Chefs Apprenticeship Program, Sheraton Boston Hotel

CERTIFICATIONS

1996 Certified Executive Chef (CEC)
1995 Certified Hospitality Educator (CHE)

TEACHING EXPERIENCE

1999-present VIRGINIA TECH, HOSPITALITY & TOURISM MANAGEMENT, Blacksburg, VA

Instructor

Courses Taught:

- Food & Beverage Management

Graduate Teaching Assistant

Courses Taught:

- Food Production and Purchasing Management
- Food and Beverage Management Lab

1991-1996 VIRGINIA TECH, HOSPITALITY & TOURISM MANAGEMENT, Blacksburg, VA

Instructor

Courses Taught:

- Catering Management (Instructor)
- HTM Introductory Class (Guest Lecturer)
- Food and Beverage Management (Lab Coordinator)
- Food Production and Purchasing Management (Lab Coordinator)
- HRM Professional Seminar (Guest Lecturer)

PROFESSIONAL EXPERIENCE

1996-1999 THE FARMHOUSE RESTAURANT, Christiansburg, VA
General Manager and Vice President (Jan. 1996 – May 1999)

Responsible for the overall operation of a 650 -seat restaurant with banquet facilities for 250, a 110 -seat lounge, and off-property catering business. Duties include the management of: employees engaged in sales and marketing, an in-house accounting office, compilation of financial statements, banquet and catering, dining room and lounge staff, operation of kitchen and the renovation and maintenance of a 4.5 acre complex. Accomplishments include the implementation of an outstanding customer service program and the establishment of an off-property catering business.

1991-1996 VIRGINIA TECH-DONALDSON BROWN CONFERENCE CENTER, Blacksburg, VA
Associate Director (Oct. 1994 - Jan. 1996)

Managed the overall facility and personnel of the lodging office, sales and catering, and food and beverage departments. Provided budget and financial projections for hotel. Planned and obtained funding for conference room renovation. Hospitality and Tourism Management Department faculty member serving on committees, instructing catering management course and HTM introduction course, and responsible for overall performance of Fine Dining restaurant lab courses.

Food and Beverage Director (Nov. 1993 – Oct. 1994)

Managed all food and beverage operations and sales office. Provided budget projections for food and beverage operation. Implemented continuous break station for conference facility and improved conference room amenity service. Hospitality and Tourism Management Department faculty member serving on departmental committees, instructing catering management course, and implementing Fine Dining lab courses at the Donaldson Brown Hotel and Conference Center facility.

Executive Chef (Oct. 1991- Oct. 1993)

Managed and supervised all food and beverage activities including food preparation and dining services. Revived failing food and beverage operation. Planned complete renovation and implementation of new dining room and instructional kitchen facilities including layout and design after flood. Department of Hotel and Restaurant Management faculty member instructing catering management course, and serving on committee to plan integration of hospitality department and the Donaldson Brown Conference Center.

- 1990-1991 **RAMADA AIRPORT HOTEL, Boston, MA**
Executive Chef
- Managed the overall operation of all food outlets , employees, ordering, and inventory cost controls for a 350 -room unionized hotel with banquet facilities for 550, two restaurant outlets and a popular nightclub. Managed the kitchen operation through a citywide union contract negotiation and strike threat.
- 1989-1991 **AT EASE CUISINE, Boston, MA**
Executive Chef/Owner
- Started and operated catering company that produced home meals for working families. Also catered social and business events in metropolitan Boston for a variety of business and social clientele ranging from corporate lunches to weddings. Closed business upon moving to Virginia.
- 1988-1989 **WORLD TRADE CENTER, Boston, M**
Executive Sous Chef
- Responsible for the daily operation of banquet facilities (feeding from two to 4,000), and the management of two restaurants, purchasing, and inventory for a multi-use state -of-the-art conference facility. Met with clients to plan and arrange details of corporate events. Responsible for hiring and terminating hourly personnel. Developing and implementing quality standards training program.
- 1986-1988 **J. BILDNER AND SON, Boston, MA**
Executive Chef
- Responsible for the operational management of the main commissary and catering kitchen for a ten unit restaurant and retail chain. Duties included menu preparation, ordering, receiving, inventory, gross profit and quality monitoring of the Corporate Chef's Apprentice Program. Prepared catered events for an upscale business and social clientele in the greater Boston area.
- 1980-1986 **SHERATON BOSTON HOTEL, Boston, M**
Sous Chef
- Seven years of high volume experience at The Sheraton International Corporation's flagship hotel. 1650 rooms, seven food outlets, banquet facilities for up to 5,000. Worked and managed all areas of hotel kitchen. Completed four years of quality apprenticeship in the Corporate Sous Chef Apprentice Program and retain restaurant chef's position upon completion of apprentice program.

ASSOCIATIONS

- 1994-present National Guild of Baking and Pastry Professionals
1992-present National Restaurant Association
1989-present American Culinary Federation
New River Valley Chapter (co-founder, 1993/Sec., 1993, 94/Pres.,
1995/Treas., 1996, 97,98,99,00)
1989-present World Association of Cooks

AWARDS AND HONORS

- 1998 Taste of the Blue Ridge – Blue Ribbon
1997 Taste of the Blue Ridge – Blue Ribbon
1997 Best Restaurant – Gold
1997 Eta Sigma Delta Honor Society
1996 Best Restaurant – Gold
1997 Chapter Chef of the Year (American Culinary Federation)

- American Culinary Federation/Epicurean Club of Boston
1985 First Prize, Boston Culinary Exhibition
1978 Judge's Prize, Boston Culinary Exhibition
1977 Judge's Prize, Boston Culinary Exhibition

SEMINARS AND WORKSHOPS

- 1998 American Culinary Federation, Restaurant Marketing Seminar, Myrtle
Beach, SC
1998 American Culinary Federation, Hospitality Education Seminar, Anaheim,
CA
1997 Learning Weekend for Pastry Chefs, Williamsburg, VA
1995 Certified Hospitality Educator Workshop, Nashville, TN
1995 Certified Executive Chef Seminar, San Francisco, CA
1995 Managing Change Workshop, Blacksburg, VA
1995 Dennis Waitley Seminar, Roanoke, VA
1995 MSL Retreat, Meadows of Dan, VA
1994 Learning Weekend for Pastry Chefs, Atlanta, GA
1994 National Restaurant Association, Management Seminar, Chicago, IL
1994 American Culinary Federation, Supervisor Workshop, Ponte Verde, FL
1993 American Culinary Federation, Certification Workshop, Washington, DC
1992 American Culinary Federation, Sanitation Seminar, Asheville, NC

ACTIVITIES AND SERVICE

- 2000 4-H Conference Center-Food Service Consultant
1999-present ACF Site Team Evaluator
1991-present St. Mary's Catholic Church
• Catholic School Committee (Chairman)
• Parish Council Member

- Eucharistic Minister
- CCD Teacher

1992-1996 Montgomery County School, Guest Lecturer
1994-1995 State 4-H Congress Workshop, Presenter
1992-1995 YMCA Adult Education Workshop, Instructor
1991-1994 Boy Scouts of America, Troop Leader
1993 FHA – Heros Culinary Judge, Blacksburg, VA
1988-1990 Cub Scouts of America, Troop Leader
1986-1990 Little League of America, Team Coach