The Impact of Compensation on the Turnover Intentions of Outback Steakhouse Managers

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ABSTRACT. The primary purpose of this study was to examine the perceived notion that the compensation plan of Outback Steakhouse reduces the intention to turnover of its unit level managing partners. Specifically, the research focused on a survey of general managers' attitudes in regards to their intentions to seek new employment and the effect of the compensation plan on their intention to turnover. The findings showed 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 the compensation plans (base pay, insurance and retirement plans). The study also indicates that quality of life and quality of family life were the most influential factors in the managing partner's decision to leave.

KEYWORDS. Compensation, management turnover, turnover intentions, ownership stake

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INTRODUCTION

"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 (NRA), over the last few years operators have consistently identified "finding qualified and motivated labor as their biggest operational challenge" (NRA, 2000). Results of a white paper on trends in the casual restaurant industry by Olsen and Sharma (1998) demonstrated 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." In a 1999 People Report survey of fifty hospitality companies, the median cost of turnover for a manager is more than $24,000 (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 (Inc. Magazine, 1994). The objective of this study is to investigate the current management compensation practices for the managing partners of Outback Steakhouse and to identify the relationship between management compensation, intention to turnover and competitive methods for managers at Outback Steakhouse restaurants.

LITERATURE REVIEW

The Competition for Competent Management

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, as reported by the NRA (Papiernik, 1999). 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, putting further demand on management ranks.

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. 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. The demand in the industry for competent qualified management has never been bigger, "the availability, quality and motivation of the work force are of no greater importance in any other industry when compared to the foodservice industry" (Olsen and Sharma, 1998).

The BLS predicts that employment of restaurant and foodservice managers will be increasing faster than the mean for all professions through the year 2006. In addition to employment growth, the BLS expects that the need to replace managers who transfer out of the industry or retire will also create many new job openings. 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. The Organization for Economic Co-operation and Development (O. E. C. D.) reported in its publication on labor force statistics that the service industry has continued to grow while manufacturing industries have remained flat in developed countries, including the United States (ILO, 1997). This will not bode well for the restaurant sector and will only increase the pressure on the industry to improve its stature and compensation practices in order to attract the required number of managers to fill the demand void. A 1997 Employee Attitudes in Hospitality survey by HIRE/JAM Training gives the five major reasons why employees are leaving their units and the industry as: 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. 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).

Turnover Intentions

Mobley (1982) defined 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). In theory, a person's behavioral intentions should be a good predictor of future behavior according to multiple research studies presented by Mobley. 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" (1982). It was further determined by the study, that intention to quit served as a "summary variable" encompassing a number of other variables that were related to turnover. The evaluation by Mobley (1982) was "intentions are the best predictors of turnover." In a study of why restaurant managers quit, intent to leave was used by McFillen, Riegel and Enz (1986) 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.

Certainly 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). 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 gaining 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.

Industry statistics show the dropout rate at 30-40% for restaurant managers across all segments (Van Houten, 1997). Burnout, workers leaving the industry all together, is a term often used in discussions about restaurant manager turnover (Tabacchi et al., 1990). Patil and Chung conducted 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. This 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 (Patil & Chung, 1998). Turnover is less likely among high wage, high performing workers (Lazear, 1999). Some employers' unwillingness to increase compensation, shifts with long hours, and poor corporate recognition of good performance are just the beginning of a list of shortcomings that intensify employee flight (Ghiselli, 2000).

Compensation

Ask someone to define compensation, and depending on the life experiences of that person, you will get a range of definitions. The combination of all cash incentives and the fringe benefit mix that an employee receives from a company constitute an individual's total compensation according to Lawler (1981). Dibble (1999) expands the definition of earnings, by stating "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 purpose of this study, company benefits which are mandated by law, (e.g., FICA, workers compensation insurance), 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.

According to Steers and Porter (1991), the research on compensation clearly shows a link between the rewards a company offers and those individuals that are attracted by the compensation into working for the firm, and those employees who will continue to work for the business. 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). While increases in base pay and annual 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 Employee Stock Ownership Plan (Schmidgall and Bechtel, 1990). According to Becker (1996), ESOPs and profit sharing reinforce reward mechanisms. 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. 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.

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.

Some compensation plans that include an equity ownership-stake such as stock options, profit sharing, and manager partner programs have reported great success. Au Bon Pain saw a significant reduction in employee turnover when the company implemented a partner-manager program (Williams et al., 1995). 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 Sonics, 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. A study by Berger et al. (1993) of the hospitality industry concludes that profit sharing is needed for the 21st century in an effort to be a flourishing hospitality business.

With the heavy competition for qualified management and the high turnover rates for restaurant managers, it becomes essential to hire and retain successful managers. The intent of this research is to look more closely at these issues.

Research Questions

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?

Outback Steakhouse Compensation Plan

This for most insider 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). The eight monetary compensation offerings at Outback are: 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; and Vacation/paid time off. The five Non-monetary compensation offerings are: Quality of work; Status as manager/partner; Community association/location; Job Autonomy; and Job status (www.outback.com).

RESEARCH METHODOLOGY

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). Therefore, it is hypothesized 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. This hypothesis was tested by survey question number 1 (Indicate the degree to which each of the following 13 attributes has a positive influence on your desire to stay with your current employer and not join another company) and question 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?). The questionnaire was structured 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.

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 and are represented in question 1. 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. Some cash outs are 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 50-55 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 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 by the suggestions of a panel of experts comprised of professors at a major land grant university. The population selected for this study was the U.S. managing partners/general managers/proprietors of Outback Steakhouse Inc. 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 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.

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 (Murrmann et al., 1987; Van Houten, 1997; Patil & Chung, 1998). 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. The questionnaire for this study was a self-administered instrument, which probed work history, demographic, and compensation variables. All items were rated on a 7-point Likert-type rating scale ranging from 1 = not at all influential to 7 = highly influential. 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 whether 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 addition included in the second five-year contract is the manager's option to purchase an additional stake of up to 20% in their unit and receive 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.

Once the data was gathered, the survey questions and answers were coded and programmed into SPSS version 10.1 statistical analysis package. First, Chronbach alpha coefficient scores were computed for scale items 1 (compensation attributes) and 2 (turnover intentions). Linear regression was used to compute the regression coefficients between scale variables 1 and 2 using a forward selection criteria and scale variable 2 as the dependent variable to test the hypothesis. In addition, Pearson correlation coefficients were also calculated to test for significant relationships between variables in items 1and 2.

RESULTS AND DISCUSSION

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 United States. Seventy 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%. Considering the nature of the survey on compensation and turnover and the target population of very busy restaurant general managers, the response rate was considered within acceptable ranges.

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, and by the BLS. Possible causes for the older age of respondents in this survey could be the stated philosophy of Outback to hire only experienced managers as well as the rewards associated with Outback's compensation package creating an incentive to stay, while also helping to prevent industry burnout of older managers. Males represented 92.2% of the total respondents, 75% percent of the respondents were married, with 62.5% having children.

The total before-tax annual income including base salary and cash bonuses as reported by the respondents broke down as follows: 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.

The mean number of years that the general managers had 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. 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. 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. Finally, for the question "how many other hospitality organizations have you managed" the mean response was 2.63.

Chronbach alphas were computed to test the internal consistency reliability of variables 1 and 2 and it was deemed that a minimum value of .70 would be considered acceptable (Nunnally, 1978). The alphas ranged from .79 (retirement plan and 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 and 2 producing an alpha of .82.

The Pearson 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 intention to turnover, item 2. The correlation coefficients show that there were several significant relationships between the eight monetary variables in item 1 and the influence of compensation plan on managers intention to turnover, item 2, and (see Table 1). The correlation was significant (at $p \leq .01$) between compensation package influence on turnover intentions (item 2) and deferred compensation, $R = .582$, ownership stake, $R = .483$, stock option, $R = .477$. 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 on a 7-point Likert-type scale indicating that the compensation package of Outback Steakhouse is 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.

A forward regression analysis was conducted to determine which variable or combinations of variables were the best predictor of the positive influence compensation has on turnover intentions (Table 2). In the regression analysis all 13 variables in question 1 were used as independent variables (base salary, location, deferred compensation, autonomy, responsibility, insurance, ownership stake, performance bonus, work conditions, retirement plan, status, stock option and vacation) and question 2 was used as the dependent variable. Question 1 variables 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 2 when the forward regression was run, two variables, deferred compensation and stock option, explained 41.7% of the variation for item 2 (R^2 = .417). This compares to deferred compensation by itself which explains 33.9% of the variability (R^2 = .339). 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. 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.

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 two of the monetary elements. The correlation coefficients showed that five out of the eight monetary compensation attributes demonstrate a significant

TABLE 1. Correlation Coefficients

	location	defer comp	auton-omy	responsi-bility	insur-ance	owners stake	perform bonus	work cond.	retire-ment	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).

TABLE 2. 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
Dependent	compensation package, as a whole			

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

positive relationship with the compensation plan in reducing turnover intentions. The regression and correlation analysis 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 (1991) 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."

Study Limitations

As with all research, this study had limitations that could be improved upon. A higher response rate would have been desirable to give more conclusive meaning to some of the results and to mitigate any response bias with the participants. The sample size and population were limited by the focus on Outback Steakhouses in the United States. 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. This would improve on the generalizability of the study's finding to the casual restaurant segment as a whole.

The survey instrument used in the research could be enhanced to ask more refined questions in the work and demographic area. Specifically, for question 1 (indicate the degree to which each of the following elements has a positive influence on your desire to stay with your current employer) three additional variables that were indicated by respondents to question 3 (most important factor in influencing your decision to stay) and question 4 (most important factor in influencing your decision to leave) would be beneficial, "quality of life," "family time" and "better growth opportunity."

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 undergoing a transformation. Several reports cited in this study imply that 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 whom 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 prolong 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 of 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 needs 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. A longitudinal study could be conducted to examine the impact of time on the attitudes of general managers in the casual restaurant sector towards compensation, benefits and turnover intentions. 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.

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