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

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(Abstract)

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

A survey instrument was utilized to gather information for this study was sent by mail to all of the 599 general managers of Outback Steakhouses listed on the company’s web site in the US. The survey contained questions designed to measure the influence of the
compensation package on the general managers’ intent to turnover, and the degree of influence each element of the compensation package had on their intention to quit.

The results showed that the correlation coefficient indicated 5 out of the 8 monetary compensation variables had a significant positive relationship with the compensation plan and reducing turnover intentions. A forward regression analysis was conducted comparing all of the compensation elements. This was done for the purpose of determining which variables would be the best predictors of respondents desire to stay with Outback because of the positive influence the compensation package, as a whole, has on them. When the computations were completed, two variables, deferred compensation and stock option, explained 41.7% of the sample variation ($R^2 = .417$) and 39.8% of the population variation (Adjusted $R^2 = .398$).
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This research project is dedicated to my father and mother, for their demonstration of love, commitment and work ethic. You have made more of an impression on me than you know.

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