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# Correlates of Non-Institutional Food Service Turnover

## **Abstract**

The high rate of restaurant employee turnover, particularly of the non-supervisory employee, is a continuing problem. The authors assess the possible correlates of this turnover and their relative strengths, ranking and comparing working hours, quality of supervision, chance for promotion, on-the-job training, pay, work of others, employees' attitudes, and management's interest in employees to present possible solutions for the high rate of turnover.

## **Keywords**

Nita Cantrell, Mort Sarabakhsh, Correlates of Non-Institutional Food Service Turnover, Rate-of-pay, Termination, Supervision

# Correlates of Non-Institutional Food Service Turnover

by  
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and  
Mort Sarabakhsh

*The high rate of restaurant employee turnover, particularly of the non-supervisory employee, is a continuing problem. The authors assess the possible correlates of this turnover and their relative strengths, ranking and comparing working hours, quality of supervision, chance for promotion, on-the-job training, pay, work of others, employees' attitudes, and management's interest in employees to present possible solutions for the high rate of turnover.*

High rates of employee turnover are becoming an increasing concern to non-institutional food services. In 1989, the average industry-wide turnover rate was over 250 percent<sup>1</sup> These high turnover rates translate into a costly problem in that they often lead to productivity loss, retraining expenses, and low employee morale.<sup>2</sup>

In interviews of corporate executives, managers, and employees in six restaurant and six hotel companies, Woods and Macaulay found, in the six restaurant chains, the estimated cost of annual turnover for hourly employees ranged from \$2 million to \$25 million.<sup>3</sup>

The apparent lack of concern in controlling excessive rates of turnover may be attributed to the lack of a framework for costing turnover in the restaurant industry. However, current economic concerns and decreasing profit margins are producing more interest in alleviating costly turnover and a demand for research in this area.<sup>4</sup>

There is probably no single correlate that is highly related to employee turnover, but rather a combination of indicators. Past studies have relied on information from supervisors and managers to determine turnover correlates, with little information collected from terminated hourly employees.<sup>5</sup>

One of the most frequently mentioned points of dissatisfaction in

past studies is low pay. Poor quality of supervision also appears to be a major correlate of restaurant employee turnover. Seventy-six percent of the food and beverage managers surveyed in Wasmuth's 1983 study cited poor supervision as a possible termination cause. The 1982 Survey of Restaurants and Institutions reported that 51 percent of food and beverage owners had received complaints about supervision from employees.<sup>6</sup>

Lack of opportunity for advancement, recognition for good performance, and personal development are also cited as possible turnover indicators.<sup>7</sup> Gindin's 1986 survey of 165 industry executives reported that the main reason restaurant employees leave is due to a lack of recognition of good work performance by their supervisors.

In light of the severe shortage of employees, 1.1 million by 1995 as projected by the National Restaurant Association, the restaurant industry must take steps now to reduce the turnover rate. Four basic steps needed are as follows:

- to recruit the right type of people
- to provide more opportunities for advancement
- to provide more education and training
- to pay competitive salaries<sup>8</sup>

### **Study Involves Two Cities**

This study was conducted in the cities of Fargo, North Dakota, and Moorhead, Minnesota. Of the 135 known non-institutional food service establishments, 10 randomly selected restaurants participated in the pilot study; 50 randomly selected restaurants were asked to participate in the final study. Questionnaires were delivered to each of the participating restaurants with instructions that they were to be completed only by non-supervisory employees.

Portions of the questionnaire were adapted from Warr, Cook and Wall's "Measurements of Some Work Attitudes,"<sup>9</sup> with the remainder originally constructed. The questionnaire, validated through the pilot study, consisted of four sections: Section 1, demographic information and present occupation; Section 2, past restaurant employment history; Section 3, assessment of the employee's reasons for leaving the employ of the most recent past restaurant to determine correlates for high employee turnover rates; and Section 4, determination of the strength of each correlate associated with the turnover rate.

Participants were divided into four groups for response analysis: wait staff, including cashier, waiter, waitress and hostess; bartenders; cooks; and auxiliary staff, including deliver persons, bus persons, and dishwasher positions. The assignment of the various positions to a particular group was based on similarity of duties.

The response means of past restaurant ranking and present restaurant ranking were compared for statistical significance using the

Wilcoxon Matched Pairs Signed Ranks test at the .05 level. The correlations between the subgroups rankings for nine termination factors was determined by Spearman's rank correlation coefficient test.

Of the 270 respondents, 197 had worked in at least one other restaurant and were able to complete the entire questionnaire. However, 47 of the 197 were in supervisory positions, leaving 150 participants for data analysis. Of those, eight were bartenders, 93 wait staff, 16 auxiliary staff, and 33 cooks.

Demographically, 32 percent were full-time employees, working 40 hours per week or more, and the majority (51 percent) were between the ages of 22 and 30; 65 percent were female and 35 percent male.

Of those responding, 23 percent had worked in five or more restaurants, while 42 percent had worked in only two. Data showed a definite trend toward employment longevity, with 80 of the respondents having worked in one restaurant for over two years. In fact, 23 of the 80 had worked in one restaurant for over five years.

This data is contrary to that reported in Lydecker's 1988 study and Woods and Macaulay's 1989 study which stated the average restaurant employee's tenure was eight months and four months, respectively.

### **Employees Rate Present Job Favorably**

Ratings of eight food service turnover correlates were compared between the respondent's present and most recent other restaurant employment. The eight correlates used for comparison were working hours, quality of supervision, chance of promotion, on-the-job training, pay, work of others, employees' attitudes, and management's interest in the employees. The comparison was conducted to assess the differences, if any, in the respondents' rating of correlates between their present and most recent other restaurant employment. The comparisons for the overall sample population are shown in Table 1.

Overall data show that respondents rated their present restaurant employment more favorably than their most recent other restaurant employment for all correlates, with the exception of pay; chance of promotion was rated very poor to poor by 55.9 percent of respondents for most recent other restaurant and by 47.4 percent for present restaurants. Working hours, quality of supervision, on-the-job training, work of others, employee attitudes (present restaurant only), and management's interest in employees (present restaurant only) were rated good to very good by over 40 percent of the respondents. Pay for present employees was rated very poor to poor by 31.2 percent of respondents. Pay for the most recent other restaurant was rated very poor to poor by 30.5 percent of respondents.

Comparison results of the four subgroups, however, show some differences from the overall sample. More than one-third of the respondents in the auxiliary staff and bartender subgroups rated quality of supervision (most recent other restaurant), pay (most recent other restaurant), and management's interest in employees (most recent

**Table 1**  
**Percentages of Food Service Turnover Correlate Ratings**

	<b>Present Job</b>					
	<b>Very Poor</b>	<b>Poor</b>	<b>Average</b>	<b>Good</b>	<b>Very Good</b>	<b>No Resp.</b>
Working hours	1.3	2.6	18.2	40.1	33.1	4.5
Quality of supervision	--	12.3	22.1	34.4	27.9	3.2
Chance of promotion	28.6	18.8	28.6	13.6	7.1	3.2
On-the-job training	1.9	8.4	30.5	33.1	23.4	2.6
Pay	6.5	24.7	33.1	24.0	8.4	3.2
Work of others	1.9	3.9	34.4	40.3	16.9	2.6
Employee attitudes	1.9	16.9	29.9	35.1	13.6	2.6
Management's interest	6.5	9.7	20.1	32.5	28.6	2.6
	<b>Most Recent Other</b>					
Working hours	4.5	18.8	24.0	30.5	18.2	3.9
Quality of supervision	10.4	21.4	22.1	23.4	20.1	2.6
Chance of promotion	29.9	26.0	18.8	13.0	9.1	3.2
On-the-job training	4.5	16.9	35.1	24.0	16.9	2.6
Pay	11.0	19.5	38.3	18.8	9.1	3.2
Work of others	5.8	8.4	40.9	36.4	5.8	2.6
Employee attitudes	8.4	17.5	40.9	22.1	7.8	3.2
Management's interest	15.6	16.9	34.4	15.6	14.9	2.6

n = 150

other restaurant) as poor to very poor. Pay was also rated poor to very poor by more than one-third of the Cook subgroup for both restaurant employments.

Results of the wait staff comparison data showed that over one-third rated quality of supervision and management's interest in employees for most recent other restaurant as poor to very poor. Another interesting note is that 31.2 percent rated pay at their present employment as poor to very poor, as compared to 23.5 percent for the most recent other restaurant.

The Wilcoxon's Signed Ranks Test, when applied to the overall comparison data at  $p=.05$ , indicated a significant difference between the rankings of the most recent other restaurant and those of the present restaurant.

### **Rate of Pay Ranks Highest for Leaving**

The last question on the survey asked respondents to rank, in order of importance, reasons why they left their most recent other restaurant employment. A number one ranking indicated the most important reason, and number nine, the least important. Only 126 of the 150 respondents completed the questions.

Rate of pay was ranked as the most important reason for leaving the most recent other restaurant employment. The hours worked/schedule flexibility and immediate supervisor were rated second and third most important, respectively (see Table 2). Overall rankings are skewed somewhat by the large number of wait staff. For all of the subgroups, rate of pay was ranked either first or second in importance. Bartenders ranked it first, with the other three groups giving rate of pay second most important. With the exception of the cooks, immediate supervisor was ranked in the top three reasons why respondents left the last restaurant in which they were employed.

Recognition for good work performance was ranked second by the auxiliary staff and tied for third most important with a lack of promotion possibilities by bartenders. Poor opportunity for promotion was the most important reason for leaving given by cooks.

Application of Spearman's rank correlation coefficient test to the rankings of each subgroup showed a consistency of significance, with only two exceptions. There was significant correlation at  $p=.05$  of the rankings between auxiliary staff and bartenders, between auxiliary staff and wait staff, between bartenders and cooks, and between bartenders and wait staff. The degree of correlation between auxiliary staff and cooks and between wait staff and cooks was not significant.

### **Most Rank Present Employment Favorably**

The majority of respondents rated their present restaurant employment more favorably than their most recent other restaurant employment. However, the variables of pay and chance of promotion received similar poor rankings in both.

Although a poor rate of pay has been a traditional given in the restaurant industry, it still was ranked the number one reason for terminating the last restaurant employment and moving to the present

**Table 2**  
**Mean Rankings of Importance Factors for Termination**

	<b>Overall</b>	<b>Auxiliary Staff</b>	<b>Bartenders</b>	<b>Cooks</b>	<b>Wait Staff</b>
Rate of pay	3.98	4.29	3.75	3.62	4.08
Hours worked/ schedule flexibility	4.25	5.21	4.87	4.55	3.88
Immediate supervisor	4.37	3.57	4.25	4.83	4.36
Lack of promotion opportunities	4.59	5.71	4.50	3.24	4.91
Lack of good performance recognition	4.79	4.29	4.50	4.83	4.89
Physical work conditions	5.31	4.43	4.62	6.10	5.24
Job security	5.70	5.50	6.37	5.79	5.63
Fellow workers	5.93	6.07	6.37	6.17	5.76
Lack of on-the-job training	6.03	5.93	5.75	6.10	6.05



restaurant employment. This finding is in agreement with the 1982 Restaurant and Institutions Survey.

The majority of respondents also ranked their past immediate supervisor as one of the top three reasons for termination. The only exception to this were the cooks, who ranked this variable fourth. This finding had not been widely reported in the reviewed literature. This may have been due, in part, to the fact that this literature, with the exception of one source, reported information from supervisors and management, rather than non-managerial employees.

A lack of recognition for good work performance did not seem to be a major termination factor for respondents. This finding is contrary to that of the 1982 Restaurants and Institutions Survey, as well as Gindin's 1986 study.

There appears to be some consistency between the ratings given to the most recent restaurant and the rankings given to the reasons for termination. Chance for promotion, management's interest in the employee, quality of supervision, and pay rate received the most poor to very poor ratings, respectively. Three of these same variables are ranked among the top four reasons for terminating the last restaurant's employment, rate, immediate supervisor, and lack of promotion possibilities.

Restaurant employee turnover continues to be a major concern to the industry. The dwindling pool of available and willing food service employees is beginning to make a drastic impact on the "bottom line." The U.S. Bureau of Labor Statistics reports that the number of entry level workers will drop 11 percent by 1990. A National Restaurant Association study projects a shortage of 1.1 million employees in 1995.<sup>10</sup>

Responses of participants appear to reflect the general feelings and attitudes of many restaurant employees. Low pay rate and no benefits, linked with long, irregular working hours and no recognition for good performance or advancement opportunity, have limited most of the available work force's desire to participate in the restaurant industry.

Restaurants must begin immediately to change their tarnished images. A first step would be to provide competitive pay and benefits. With the increasing shortage of entry-level workers, the competition among industries to secure adequate labor will be strong. Increasing wages and providing benefits will merely be a first step.

Providing training for employees as well as opportunities for advancement will also be imperative for restaurants if they want to retain employees. Employees who know that they can move up in the company will be most likely to stay with the company longer. Training should not only include the basic skills for the job, but also personal development and advanced skills training.

Future studies should address the results of the efforts some restaurants are now making. Assessing the effectiveness of tying managers' bonuses to employee retention could give considerable insight to the "quality of supervision" issue. Also, a study of the effectiveness

of simply increasing wages and benefits on employee retention could shed some light on just how important these factors really are to restaurant employees.

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<sup>10</sup>Elder, *op. cit.*

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