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Abstract

Many restaurant organizations have committed a substantial amount of effort to studying the relationship between a firm's performance and its effort to develop an effective human resources management reward-and-retention system. These studies have produced various metrics for determining the efficacy of restaurant management and human resources management systems. This paper explores the best metrics to use when calculating the overall unit performance of casual restaurant managers. These metrics were identified through an exploratory qualitative case study method that included interviews with executives and a Delphi study. Experts proposed several diverse metrics for measuring management value and performance. These factors seem to represent all stakeholders'interest.

Keywords

Restaurants, Manager, Unit-Level, relationship, human resources, reward-and-retention

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Strategic Human Resources Management Performance Metrics for Unit-Level Managers: An Exploratory Study of U.S. Casual Restaurants

By Kevin S. Murphy

Many restaurant organizations have committed a substantial amount of effort to studying the relationship between a firm's performance and its effort to develop an effective human resources management reward-and-retention system. These studies have produced various metrics for determining the efficacy of restaurant management and human resources management systems. This paper explores the best metrics to use when calculating the overall unit performance of casual restaurant managers. These metrics were identified through an exploratory qualitative case study method that included interviews with executives and a Delphi study. Experts proposed several diverse metrics for measuring management value and performance. These factors seem to represent all stakeholders'interest.

INTRODUCTION

In the past two decades scholars and practitioners alike have dedicated a substantial amount of effort to studying the relationship between a firm's performance and its human resources (HR) practice (Michael & Tracey, 2004). What has emerged from these studies is evidence that supports a linkage between a firm's HR practices and its performance (Delaney & Huselid, 1996). However, what has become equally clear is that HR practices do not operate independently from each other or from the firm's overall strategy. Instead, HR practices operate in complex systems of interrelated parts. The systems identified in these studies have become known as high-performance work systems (HPWS) within the field of strategic HR management (SHRM). Firms able to implement such systems through complementary internal alignment have increased the intangible value of their human capital and created greater economic value for their business. These organizations can compete more effectively in their business segment and produce greater-than-average profits.

This study set out to identify a set of performance metrics for restaurant managers in the U.S. casual restaurant business. This was a first step in identifying the relationships between a restaurant firm's performance and its effort at developing effective HR management reward–and-retention systems. The objective of this research was to conduct an exploratory qualitative case study using interviews, the Delphi technique, and company data. The study results were intended to develop a consensus among restaurant industry professionals and outside industry experts on the best performance metrics to use when measuring the overall unit performance of casual restaurant managers.

The restaurant industry employed over 13 million people and generated sales of $558 billion in 2008, making it the nation's second-largest private-sector employer, providing work for 9% of those employed in the U.S. (National Restaurant Association, 2008). Ideally, as casual restaurant companies learn to view their employees from a new perspective, as strategic human capital possessing intangible assets valuable to the firm--knowledge, experience, skill, etc.-- the companies' performance should improve. In reality, however, the industry's current HR practices have resulted in high turnover and low employee retention. Consequently, the industry has suffered from high levels of replacement costs; lost productivity; poor service quality; and lack of employee skill, know-how, and experience. In addition, low restaurant-employee job satisfaction has been linked to turnover and increased customer dissatisfaction (Murphy & DiPietro, 2005).

Gordon (1991) concluded that "corporate cultures, consisting of widely shared assumptions and values are, in part, molded by the requirements of the industry in which they operate" (p. 410). The foodservice industry, and more specifically the restaurant segment, is subject to Gordon's exact proposition that, when it comes to valuing employee retention and experience, industry norms shape the corporate culture/thinking of individual entities. Many individual restaurant firms appear stuck in the industry's dominant logic of giving their employees as little as possible because, as many operators seem to believe, that is the restaurant business model for profit. For restaurant firms to harvest the full potential of their employees' intangible value, they need to undergo a fundamental change in philosophy. They can do so by developing a clear understanding of the relationship between a firm's performance and its HR practices.

Previous business-strategy theory has included the HRM function as part of the implementation stage of strategy making; current approaches argue that human capital and the businesses that develop it can generate a competitive advantage (Barney, 1997). Some classic strategy theories take the strategic-choice view that companies select a "generic" competitive strategy (Porter, 1985). The continued superior performance of some of the most successful restaurant firms, such as Outback Steakhouse and Cheesecake Factory, has been attributed, in part, to unique capabilities for managing HR to gain competitive advantage (Murphy & DiPietro, 2005). In contrast, some HR systems hinder the development of new strategies or present obstacles for implementing current strategies, thereby contributing to a firm's competitive weakness.

The study of SHRM has gained much recognition over the past two decades thanks to businesses' increasing need to create value, and to gain competitive advantage through human capital. Research clearly shows a link between the rewards a company offers and the type of employee attracted by those rewards into long-time service (Lawler, 1987). In recent years reward systems have expanded by type and quantity. Traditionally, restaurant unit managers were rewarded with a base pay and a business-period bonus based on meeting preset goals for revenues and expenses (Muller, 1999). In general, rewards have been divided into monetary and non-monetary, but with the advent of chain restaurants these two categories have become blurred. What were previously thought of as "soft" HR work practices have become increasingly important to restaurant managers, if not paramount to successful HR restaurant strategies. Employees in high demand are increasingly acting as their own agents, negotiating individual arrangements, much like professional sports players, based upon their employment value to the firm (Murphy & DiPietro, 2005).

In today's knowledge-based economy, human expertise is viewed as a separate resource class (intangible asset) and as a distinct resource that adds more value to an organization than do traditional profit-generating resources, such as the manufacturing of goods (Wernerfelt, 1984).

The potential of human capital to learn and thus continually improve its services, to shift its knowledge from one organization to another, and to combine other resources in more useful ways "makes human beings distinct from other types of resources" (Penrose, 1959). Human capital capable of yielding competitive advantage is that which meets the test of rarity, value, relative immobility, and superior, appropriate talent (Boxall, 1998). Restaurant firms that achieve ongoing viability have the potential to build an HR competitive advantage through superior human capital and organizational processes. These sources of superiority depend on the quality of alignment between the restaurant company's interests and the employee's interests. It is for this reason that HR strategies could become important sources of competitive advantage in the future: "the challenge for management will be creating value through people rather than using them as objects" (Olsen & Zhao, 2002).

A major challenge facing HR professionals is determining the value of HR practices so that this value can be translated into meaningful and relevant assessments of return on this investment. According to Lev, the current status of valuating the HR function is "in its infancy and is seriously hampered by the absence of publicly disclosed corporate data on human resources" (2001). Valuing the intangible tacit knowledge residing in the minds of an organization's human capital is significantly more challenging than valuing tangible assets. Organizations invest gratuitous amounts of resources in their employees in the form of training, development, work life balance programs, ownership programs, and other expenditures in their HR. However, not until these expenditures produce benefits that exceed costs (in the form of increased worker productivity) is an asset created. It is such a complicated concept and influenced by so many intervening variables that it may not get fully developed for some time. There is an emergent body of evidence demonstrating that "the methods used by an organization to manage its human resources can have a substantial impact on many organizationally relevant outcomes" (Delery, 1998). SHR researchers have been advocates of the theory that provides support to the relationship between HR practices and firm performance (Huselid, 1995). Several SHRM researchers have directly or indirectly made attempts to theorize the effects of single or multiple HRM variables on firm performance. These efforts have led to the incremental development of the SHRM knowledge base that stresses the relationships between HR practices and firm performance.

PERFORMANCE METRICS

Many different performance metrics have been used to appraise manager performance: For examples, turnover, productivity, return on investment, return on assets, gross annual rate of return on capital, return on equity, earnings per share, market value and market/book value (Huselid, 1995; MacDuffie, 1995; Delery & Doty, 1996; Becker & Huselid, 1998; Guest, Conway, & Dewe, 2004; Murphy & Williams, 2004; Hartog & Verburg, 2004). It is difficult to determine which metrics will provide meaningful and clear-cut performance measurement results. Delery contended that the selection of the level of analysis should be determined by the outcome (1998). If the outcome were firm performance, then the level of analysis of the system would be different than if the outcome of interest were staff competence. However, clear theoretical distinctions may be hard to sustain in practice because it is most unlikely that all a manager's practices will affect only firm performance or staff competency per se. There is bound to be crossover between outcome measurements. For example, selection, training, and development might help to ensure a highly competent workforce. But training and development might also impact corporate firm performance or motivation. On the other hand, information sharing might not affect workforce competency, but might impact corporate firm performance or motivation. In all likelihood, this means it will be difficult to have one performance metric that is applicable to multiple outcome levels (e.g., firm performance, competency, and motivation). However, it may be feasible that multiple performance metrics will be able to reflect the performance outcome of all the components in a management system.

With the previous discussion in mind we have chosen to use the performance outcome metrics of productivity, turnover, and financial performance as starting points for the pilot study. They were used in Huselid's seminal study (1995). Additionally, this set of outcome measurements is parsimonious and representative. The data is easily obtainable. These outcome measurements were presented to the panel of experts' focus group as a discussion point in the development of appropriate performance-appraisal criteria for use in determining an effective performance metric for managers in the casual, themed restaurant industry.

CASE STUDY

The approach chosen to answer the research question "What performance measurements can be utilized to determine effective restaurant-manager work practices?" was a case-study method that used a combination of data-collection techniques: interviews for the pilot study, the Delphi method for broader consensus building, and secondary data collection. Independent restaurateurs, chain restaurant managers, consultants, and academics were chosen to consider performance metrics for unit management in the U.S. casual-restaurant business. First, a priori assumptions were made based on a review of the SHRM literature and secondary data to establish the performance metrics. Next, experts at the vice presidential level or above were interviewed to refine and further develop the Delphi questionnaire instrument and collect primary data. Finally, a Delphi study was conducted to gain a consensus.

A case study is appropriate when no experimental control can be used in the data collection process and when a researcher seeks an answer to "what," "how," and "why" questions (Adler & Ziglio,1996). A case study is an "empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident" (Yin, 2003). Since this study was exploratory in nature and sought to answer "what" questions, the case-study research methodology was deemed to be appropriate. Thus, a case study was used to establish the salient performance metrics for restaurant management systems used by HR leaders and the gathering of appropriate information used in the decision-making process. The outcome is a list of performance measures common to the casual restaurant industry and a more in-depth exploration of industry HR problems and challenges.

THE PILOT STUDY INTERVIEWS

The rationale for the study required that primary data used to answer the research questions come from U.S. casual-themed restaurant companies, both large and small, and industry experts from various backgrounds. Thus a Delphi instrument was required as a data collection technique. However, it was expected that some detailed qualitative data could not be gathered through the Delphi. Therefore, eight semi-structured, individual interviews were conducted with an expert group (Table 1) and used for the purpose of narrowing the gap between academic literature used to develop the Delphi instrument and restaurant industry practitioners' domains. This enabled the authors to clarify a response or question. It was expected that some of the questions might not be interpreted in the intended way. Thus, the questionnaires were pre-tested and revised based on suggestions of colleagues who had had past experience in HR and restaurant management. Interview scripts were prepared and used during the interviews. Scripts allowed the researcher flexibility in clarifying questions or asking alternative questions that were better understood by the interviewees.

The information gleaned from the interviews was used to develop and test the final instrument to be used in the Delphi rounds. Additionally, secondary data were collected, including company documents, government documents, and periodicals pertinent to the companies for use in data verification. The participants provided crucial contextual information on the work-practices dimensions under consideration for the Delphi instrument. Revisions based on the pilot study interviews were made, and two performance metrics were added to the final Delphi questionnaire—retention and guest satisfaction.

Table 1
Interviewees

Position	**Restaurant**
SVP of Group HR	Darden Restaurants
Southeast Partner	Fleming's Steakhouse and Wine Bar
SVP of Family Resources	Buca De Beppo
Chief People Officer	Donnatos Restaurant
VP and Managing Director	HVS International
VP of Training and HR	Tony Romas
Regional Employment Director	Longhorn Steak House
Assistant Professor	University of Central Florida

DELPHI METHOD

The Delphi method is based on a "structured process for collecting and distilling knowledge" from an assembly of experts by means of a series of surveys intermingled with controlled opinion feedback (Adler & Ziglio, 1996). Delphi represents a useful communication mechanism among a group of experts and thus facilitates the development of a group consensus (Helmer 1977). The Delphi method has been developed in order to make dialogue between experts feasible without permitting certain types of negative social interaction and impeding opinion forming (Wissema, 1982). Lacking full scientific understanding, decision-makers have to rely on their own perception or that of an expert. Although the Delphi technique and cross-impact analysis were developed as forecasting tools, in recent years the Delphi method has gained popularity for non-forecasting applications, such as this study.

One of the key objectives of the Delphi method is to obtain consensus from a group of experts in their particular field. To this end we asked a group of restaurant experts to evaluate performance metrics initially identified in prior research and add to these using their knowledge of the industry. This served to validate earlier ideas and often took several iterations before full consensus was achieved. The important aspect of this step was that experts contributed in privacy so they were not influenced by group discussions and key thought leaders. We used a cross section of restaurant industry experts, including company executives, consultants, academics, and investors/owners, to achieve the greatest breadth of results and agreement between scholars and industry leaders.

In putting our panel together we contacted restaurant industry executives, academics, and HR consultants who had expressed a willingness to participate (Tables 1 & 2). This selection method was used intentionally to help ensure a wide range of participant perspectives and to guarantee that all participants were fully versed in the relevant subject. Restaurant companies of all sizes, both public and private, franchised as well as company owned, were selected to participate in the Delphi. Twenty-two executives at all levels, ranging from recruiters to vice presidents involved in the HR, were chosen to participate. Additionally, ten consultants and academics at all levels, from small business owners to vice presidents involved in HR research and work, were chosen to participate, thereby topping out the field of experts at thirty-two.

Table 2:
Delphi Participant Organizations

Applebee's Bar & Grill
Buca De Beppo (2 participants)
California Consulting
Cheesecake Factory
Chilis Bar & Grill
Darden Restaurants (2 participants)
Donnatos Restaurant
E-brands restaurant
First Watch Restaurant
Fleming's Steakhouse and Wine Bar
Houston's Restaurant
HVS International (2 participants)
Levy restaurants Inc.
Longhorn Steak House
Maggianos Little Italy
Olive Garden
Red Lobster
Smokey Bones BBQ
Sonny's BBQ (2 participants)
TGI Fridays
Tony Romas
UCF (2 participants)
University of Nebraska
University of New Orleans
Virginia Tech
Virtual Path Ways
Za-Bistro Consulting

The final Delphi instrument was prepared based on information gathered through research of the appropriate literature and five performance metrics chosen initially as possibilities. A revision based on the pilot study was made, and two performance measures (retention and guest satisfaction) were added to the final Delphi instrument. The final questionnaire was assembled, pre-tested for clarity, and then distributed using electronic protocol.

SAMPLE

The minimum number of Delphi participants to ensure a good group performance is somewhat dependent on the study design. Experiments by Brockhoff suggested that under ideal circumstances, groups as small as four can perform well (1972). We used a cross section of restaurant industry experts from around the U.S. to achieve the greatest breadth of results and agreement between scholars and industry leaders. A major advantage of this method is that data can be collected without physically assembling the contributors. This technique is designed to take advantage of participants' creativity as well as to facilitate group involvement and interaction.

In putting our panel together we contacted restaurant industry professionals, academics, HRM consultants, and investors/owners who expressed a willingness to participate (Tables 1 & 2). This selection method was used intentionally to help ensure a wide range of participant perspectives and to guarantee that all participants were fully versed in the relevant subject. Restaurant companies of all sizes, both public and private, franchised as well as company owned, were selected to participate in the Delphi. A total of 32 people were recruited to participate in the Delphi, including 22 professionals at all levels, ranging from recruiters to senior vice presidents who are involved in HRM. Additionally, 10 consultants and academics at all levels, from small business owners to vice presidents involved in the hospitality HRM field, were chosen to participate, to top out the field of experts at 32. Since each participant was told that his/her answers would be reported only in the aggregate and without company association, no data is linked to any specific company or person. The participants' association is listed to demonstrate the breadth of experience and knowledge represented. The companies represented had a combined total of 7,768 restaurants as of January 1, 2006, covering all 50 U.S. states. Even though there are no definitive guidelines for determining the optimal number of participants, a panel of 10 to 15 members is sufficient for producing effective results if the group is homogeneous (Tersine & Riggs, 1976). However, if the panel members are heterogeneous (with wide representation), a larger number is required to achieve realistic quality (Taylor & Judd,1989). Even though there is no specific procedure for determining the optimal number of group members to use, more group members should be used to compensate for those group members who drop out between rounds.

FINDINGS

Previous SHRM research has dubbed high value HR work practices as High Performance Work Systems (HPWS). With few exceptions, these studies have been conducted mostly in manufacturing firms, multiple contextual settings, highly regulated industries, and/or countries that do not possess operational characteristics similar to those of the restaurant service industry. There are dramatic differences in the business models between the previously stated industries and the U.S. restaurant industry; hence a subtle shift in the performance metrics required between them is apparent from the interview results. In addition, this study was specifically targeted to management in the casual restaurant industry, not overall employment as compared to the other studies.

Pilot Study Interview Findings

Nine candidates agreed to participate in the interview group used to refine the final instrument. Only one of the restaurant executives became too busy to participate in the interview process. Hence, eight completed the interview process. All agreed that their interview comments could be used in the study. The panel members ranked three pre-selected performance measures and ranked five pre-selected operationalized performance measures on a seven-point Likert-type ordinal measurement agreement scale (Table 3). Additionally, they suggested multiple other performance measures in the open-response section of the interview. These additional suggestions include customer service, promotion from within, retention (two times), sales, people development, employee survey (two times), same store sales, customer satisfaction scores (three times), employee satisfaction, percentage of seats filled (two times), restaurant level earnings, and cost per hire. Two performance measures were added to the original three performance measures (Turnover, Financial Performance, and Productivity) based on the pilot study interviews: Retention and Guest Satisfaction. Both Retention and Guest Satisfaction were deemed to be dissimilar enough from the original three preselected performance metrics and work practices to be added to the Delphi stage of the study.

Table 3
Interview Preselected Performance Measures

Performance Measures Defined	Mean	Median	St.dev
Productivity	4.88	5.00	2.23
Sales per employee	5.50	6.00	1.93
Turnover	6.75	7	0.71
Average annual rate of manager turnover	6.63	7.00	0.74
Financial performance	6.63	7.00	0.74
Gross annual rate of return on capital (GRATE)	4.50	5.00	1.77
Market/book value for economic profits.	4.00	4.00	1.83
Operational cash flow	6.75	7.00	0.46

Delphi Findings

Delphi round one listed five preselected performance metrics (Table 4). The Delphi participants ranked the five performance measures on a seven-point Likert-type ordinal measurement agreement scale and made some general comments for clarification in the open response section. As previously stated, two performance measures were added based on the pilot study interviews, Retention and Guest Satisfaction. To operationalize the five performance metrics, eight performance definitions were used (Table 4). Three operationalized performance measures were added based on the pilot study interviews: Productivity, defined as customers per employee hour (#2); Retention, defined as average annual rate of manager retention (#7), and Guest Satisfaction, defined as overall guest satisfaction score (#8). Out of the initial 32 participants who agreed to take part in the Delphi study, 24 participants actually responded to the first round of the Delphi questionnaire.

A consensus on the best performance metrics to use for measuring the overall unit performance of casual restaurant managers was not reached from the first-round of the Delphi survey. According to the predetermined research protocol, if a participant's response was more than one standard deviation outside the group mean, then they were not in consensus with the group. Therefore another Delphi round was deemed to be needed. The second round was done in the form of controlled feedback. An individually tailored e-mail letter was sent to the 24 participants in the first round for the purpose of giving feedback and gaining consensus (Table 4). This provided occasion for participants to change their response and aid the group in reaching a consensus. Nineteen participants responded to the request to answer the second round of the Delphi questionnaire. Since consensus was reached according to the established protocol, all responses being within one standard deviation of the mean, the Delphi was concluded at this point.

Table 4
Delphi Findings Round One and Two

Operationalized Performance Measures	**Round One**				**Round Two**			
	N	Mean	Median	Std.	N	Mean	Median	Std.
Retention	21	6.52	7.00	0.87	19	6.62	7.00	0.74
Defined as average annual rate of manager Retention	19	6.45	7.00	0.76	19	6.62	7.00	0.50
Turnover	24	6.46	7.00	0.72	19	6.54	7.00	0.59
Defined as average annual rate of manager Turnover	23	5.96	6.00	1.36	19	6.21	6.00	0.78
Guest Satisfaction	21	6.27	7.00	0.94	19	6.52	7.00	0.60
Defined as overall guest satisfaction score	20	6.19	6.00	0.98	19	6.23	6.50	0.97
Financial Performance	24	6.08	6.50	1.14	19	6.21	6.50	0.88
Defined as gross annual rate of return on capital	23	4.87	5.00	1.39	19	4.96	5.00	1.23
Defined as market/book value for economic Profits	22	4.45	4.50	1.47	19	4.48	5.00	1.44
Defined as operational cash flow	23	6.04	6.00	1.11	19	6.08	6.00	0.97
Productivity	24	5.79	6.00	1.53	19	5.79	6.00	1.53
Defined as sales per employee hour	22	5.30	6.00	1.61	19	5.42	6.00	1.56
Defined as customers per employee hour	19	5.25	5.50	1.65	19	5.29	5.00	1.52

DISCUSSION

The Retention mean ranked first out of the five performance metrics in the second round of the Delphi, with a mean of 6.62 on a seven-point Likert-type ordinal measurement agreement scale and a standard deviation of .74. When retention was further operationally defined as "average annual rate of manager retention," the mean score was 6.62, as well, with a standard deviation of .50 (Table 4). Successful organizations realize retention of talented management is integral to sustaining leadership and growth in the marketplace. To be an employer of choice and add value to the firm, a company must retain high-caliber employees in today's competitive labor market. This is not easily done in an industry long known for high turnover. Many organizations dwell on the reasons employees leave, which are not as important or revealing as the reasons they stay. So, is retention just the opposite side of the same coin? From a measurement standpoint, to be sure, but from a cultural-attitude perspective it is so much more, as the experts indicated.

Management turnover is a subject that corporate executives must deal with continually. Simply speaking, management turnover is the percentage of a company's total number of managers that must be replaced at any given moment. The Turnover mean ranked second out of the five performance metrics in the final round of the Delphi for the proposed manager measurements, with a mean of 6.54 on a seven-point Likert-type ordinal measurement agreement scale and a standard deviation of .59. When turnover was further defined as "average annual rate of manager turnover," the mean score was 6.21, with a standard deviation of .78.

The Senior Vice President of Group Human Resources, Darden Restaurants, explained that "turnover should be measured on the absolute plus improvement year over year and against the industry standards." Additionally, he expressed concern that not every company measures turnover the same way. Some companies exclude employee "training or probationary periods" for as much as the first three months; this distorts the industry averages. The Regional Employment Director for Longhorn Steakhouses, indicated that Longhorn uses a rolling twelve months to measure turnover; this gives them a "constant trend indicator." Usually, we think of turnover from an organizational perspective--individuals leaving an organization. However, from the perspective of the customers who use services, turnover occurs more frequently; not only when a service provider leaves the organization, but also when he/she gets transferred or promoted. As far as the guest is concerned, whenever there is a change in who provides support, there is turnover.

The Guest satisfaction mean ranked third out of the five performance metrics in the final round of the Delphi, with a mean of 6.62 on a seven-point Likert-type ordinal measurement agreement scale and a standard deviation of .60. When guest satisfaction was further operationally defined as "overall guest satisfaction score," the mean score was 6.23, with a standard deviation of .97 (Table 4).

Darden uses a guest satisfaction survey (GSS) measurement in addition to mystery shoppers. This type of measurement is subject to response polarity. Olive Garden uses randomly generated surveys for customers that have both web entry and 800-number responses to mitigate this problem. Additionally, the surveys are used in-house year over year for comparisons, which make the outcome meaningful. Longhorn, on the other hand, does not use GSS while owned by RARE Hospitality.

The Financial Performance mean ranked fourth out of the five performance metrics in the final round of the Delphi, with a mean of 6.21 on a seven-point Likert-type ordinal measurement agreement scale and a standard deviation of .88. When financial performance was further operationally defined as "gross annual rate of return on capital (GRATE)," the mean score was 4.96, with a standard deviation of 1.23 (Table 4). When financial performance was further operationalized as "Market/book value for economic profits," the mean score was 4.48, with a standard deviation of 1.44 (Table 5.3). When financial performance was defined as "Operational Cash Flow," the mean score was 6.08, with a standard deviation of .97 (Table 5.3).

The Regional Partner for Outback Inc. emphasized that both sales and cash flow are important and should not be a problem as long as the manager is executing properly. Darden's Senior Vice President stated that at the restaurant level they were indifferent to both "gross annual rate of return on capital and Market/book value for economic profits" and that in addition to operating cash flow, "restaurant level earnings (sales – controllable expenses) was important."

The Productivity mean ranked last out of the five performance metrics in the final round of the Delphi, with a mean of 5.79 on a seven-point Likert-type ordinal measurement agreement scale and a standard deviation of 1.53. When productivity was further defined as "sales per employee hour," the mean score was 5.42, with a standard deviation of 1.56. When productivity was further defined as "customers per employee hour," the mean score was 5.29, with a standard deviation of 1.52. Dr. Dickson, Assistant Professor of Hospitality Management, expressed a concern that defining productivity as "sales per employee" would encourage managers to cut back on employees and hurt customer service in casual restaurants. The Senior Vice President of Group Human Resources, Darden Restaurants, indicated that productivity could be reflected by how hours are managed.

CONCLUSION

This study set out to identify a set of performance metrics for restaurant managers in the U.S. casual restaurant business. These metrics were to be the first step in identifying the relationships between a restaurant firm's performance and its HR effort to develop effective management reward-and-retention systems. As a first step in the development of a relationship between the HR practices and firm performance for restaurant managers, this study identifies an agreed-upon list of performance metrics to evaluate a high-performance work system for casual-restaurant managers in the U.S.

Previous SHRM research has dubbed high-value HR work practices a high-performance work system. With few exceptions, these studies have been conducted mostly in manufacturing firms, multiple contextual settings, highly regulated industries and/or countries that do not possess operational characteristics similar to those of the restaurant service industry. There are dramatic differences in the business models between the previously stated industries and the U.S. restaurant industry; hence, the shift in the HR work practices that is required between them is apparent from the interviews results.

The results of this study would seem to indicate that a restaurant company uses retention, turnover, guest satisfaction, and operational cash flow for financial performance. However, further research needs to be conducted to determine whether employee surveys need to be part of the evaluation process. The experts commented on different types of employee surveys, such as the employee-engagement survey, the employee-attitude survey, and the employee-satisfaction survey. Taken separately, the comments reflected different metrics; overall, they reflected an opinion that employees need to be asked what they think and how they feel about a variety of issues. The days when businesses could afford to view employees purely as costs are gone. In the new century's knowledge economy, managers must be seen as value and wealth generators who can profoundly affect guest and employee satisfaction, reputation, and performance. How well restaurants measure and then improve systems greatly impacts how successful they are. When it comes to measuring management, no one metric or approach can meet all circumstances. Without reservation, the area of measuring management talent is undergoing fundamental change.

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