

# teaching note

## *Tips to Reduce Employee Turnover in the Restaurant Industry: Case of a Restaurant Unit Within Darden*

### Summary

This case study explores employee turnover in the restaurant industry. Successful retention strategies were analyzed in detail at Longhorn Steakhouse in Greenville, North Carolina. The need for new strategies is demonstrated to lower turnover rates and retain successful employees. By showing how the manager at Longhorn uses creative measures to lower turnover rate, the reader is encouraged to think of creative strategies on their own that could be successful in lowering turnover at their own place of work or in other applicable settings.

### Learning Outcomes

The case explores how Darden as a company has been able to achieve and maintain some of the lowest turnover rates in the industry. The case emphasizes specific strategies and human resource practices that allow for retention of successful employees in an environment that is continuously recognized as a great place for employees and customers. This case study is designed for junior or senior students studying human resource management and hospitality management. At the end of the case study, the student will be able to:

- Understand the negative implications of turnover in the food-service industry
- Identify the factors that cause high turnover rates at a restaurant organization
- Determine the differences in a successful and unsuccessful human resource practices
- Develop a strategy to reduce turnover in a full-service restaurant

### Before Class

Students should be instructed to read the case study before class as well as the supplementary articles and references used in the case:

- Bhat, Z. (2014). HR Practices and employee turnover intentions. A correlation analysis. *Global Journal for Research Analysis*, 3(7), 171-173.
- DiPietro, R., & Milman, A. (2008). Retention factors of tipped hourly employees in the casual dining restaurant segment: Exploratory research in Central Florida. *International Journal of Hospitality & Tourism Administration*, 9(3), 244-266.
- Han, S. J., Bonn, M. A., & Cho, M. (2016). The relationship between customer incivility, restaurant frontline service employee burnout and turnover intention. *International Journal of Hospitality Management*, 5297-106.
- Tews, M. J., Michel, J. W., & Stafford, K. (2013). Does Fun Pay? The Impact of Workplace Fun on Employee Turnover and Performance. *Cornell Hospitality Quarterly*, 54(4), 370-382.

### Discussion Questions and Answers

1. *After analyzing these issues and practices utilized at this restaurant unit, the question remains: how are these policies transferable to other organizations?*

The practices used at Longhorn are transferable to other organizations. However, in most situations, modification to meet the organizational culture is necessary. A manager should understand the needs and desires of their employees and the employees they are trying to recruit then incorporate those factors into the human resource practices and retention strategies. As one of the largest full-service restaurant organizations in the world, Darden has more resources available to provide employees, such as training, conferences, benefits, and transfer opportunities. A local restaurant obviously does not have this network, yet they can still use several techniques. One method could be improving current human resource policies. For example, in hiring practices making the switch toward putting more of an emphasis on attitude than experience would be beneficial. Also, creating a corporate culture that values and respects employees can be done even at a smaller entity. This appreciation can be shown through empathy, listening to employees after they have had a rough day, and being understanding if a conflict arises. When a manager creates a context of open communication they can build trust with employees. This reduces the chances of the employees getting burned out and frustrated with their current positions. This case provides several examples, so managers should read this case and think "How can I apply this to my own organization?" Instead of just implementing all the ideas presented, the manager should customize them in a way that will aid to lower turnover in the long run rather than just creating some initial success.

2. *Is it realistic to assume that the strategies that have allowed this restaurant unit to achieve such low turnover could be successful at other companies, why or why not?*

The methods and practices discussed throughout the case study have been proven to be successful at Darden and specifically at the Longhorn Steakhouse in Greenville, North Carolina. However, every organization is different and therefore so are the needs and desires of their employees. These recommendations are for full-service restaurants and while they can be useful for other industries and various segments of the food service industry, they were designed to be used in a full-service restaurant setting. However, incorporating successful human resources practices specifically involving retention efforts, hiring, training, internal promotions, and conflict resolutions are essential to the operation of any organization. This case gives students a platform to understand the

importance of these factors and to creatively develop some of their own solutions. The differences in strategy between a place that is struggling and an establishment like Longhorn are minimal; the biggest difference is the level of urgency. Longhorn and Darden cannot become stagnant if they develop the mindset that already have a positive work environment and low turnover rates and decide there is no need to worry about these issues anymore they will lose their current advantage. These are strategies that require constant upkeep and development and managers at different locations are encouraged to try new ideas. Therefore, the strategies are very similar except a place that is struggling must prioritize implementing these changes as soon as possible which may require a larger initial investment.

3. *Darden currently has strong policies that have created a positive work environment that allows for retention, but what are the most important policies?*

The most important strategies were the ones outlined in this case. The Human Resource practices involved recruitment, hiring decisions, training, development, and conflict resolution. The benefits they provide to employees such as: health care coverage available to part-time employees, 401K plan, flexible scheduling options, yearly training for managers, promotion opportunities, and transfer placement. Also, the positive work environment seen by the involvement of the managers, open communication an emphasis on fun, and team building in the work place. These factors motivate employees and create an environment that employees enjoy. Sometimes restaurant work is considered as a career stepping stone to employees but Darden has been able to create a work environment that employees are proud to belong to and makes them want to stay and build their careers within the company.

4. *If a manager acknowledges that they have an employee turnover problem but do not have a huge budget to make major changes, what is a good place to start and how can they create a plan that will allow for higher employee retention in the long run?*

Some of the strategies discussed in the case were totally free, such as creating a context of open communication and incorporating fun into the work place. Having games such as those described by Mr. Cunningham where the employees are on teams and compete in promotional challenges can make the company money. By turning selling into a game, employees are encouraged to become more involved and are motivated to sell more to customers so it benefits the company by allowing them to achieve higher sales and makes the employees happy because they can feel bonded to their coworkers and managers through their involvement in the game. Even if an organization has a small budget, they need to devote a portion of it to providing employees more benefits, improving recruitment efforts, reorganizing the current Human Resource department, or implementing effective training programs. The manager should conduct a cost vs benefit analysis to determine which practices will be the most beneficial and when

profits start to improve, they can incorporate more.

5. *Think of one creative idea you would use to maintain the positive work environment and low turnover rates if you were a restaurant manager who faces high turnover rate. Explain your reasoning.*

This is an opportunity for the students to use their critical thinking capabilities, apply everything they have learned, and develop their own ideas. For this question, any answer that shows they have understood the reading and grasped the concepts being discussed should be acceptable. Their actual idea is not as important as their thought process and the reasoning they used to make the decision. Here the instructor is looking to see that students not only read the case but they also can process it. The best way to do so is ask them practical implication questions. This question can be discussed as a group. Having the students divide up into teams, then present their ideas to the class is an effective way to get the students involved and make sure they properly interpreted the material.

### ***Class Instruction (75 minutes)***

This case can be discussed in one class period if the students have already read the case and supplemental materials before attending class. Have the students answer the questions individually before the start of the class period to make sure they come to class prepared. Start the class by reviewing the case and talking through the discussion questions as a group, but do not talk about the final discussion question now, it will be presented later (20 minutes).

During this time clarify any confusion they may have on the material and use the teaching note to guide the discussion. Then ask students:

- Have you worked at a restaurant that suffers from a high turnover rate?
- Have you ever been in a very positive work environment which encouraged you to remain working in for a long time? Explain.
- Have you ever been in a very negative work environment that you wanted to quit right away? Explain.

After the instructor allows several students to offer their personal examples, ask "After reading this case and knowing what you do now, do you have any ideas to fix the problem?" This will get the class to discuss specific examples from their own life and show how this information is useful (10 minutes). For the final discussion question, the instructor is advised to split the class into groups of 3 to 5, depending on the class size. Then the instructor can have students share their ideas with their group members. Each group will choose their top ideas and prepare a short presentation for the class (15 minutes). Then each group will present their top ideas to the class as if they are presenting a proposal to a Darden executive (20 minutes). A way to encourage students to get involved and take the presentation seriously is by offering the winning group extra credit. After the presentation, the instructor will choose the group who best demonstrated the ideas

presented in the case and used creativity in their application. Have a final wrap up of the material and then explain the homework assignment (10 minutes). The homework assignment is to use the content from the class discussion to write a one page, single-spaced case analysis based on the case study and in-class discussion. After performing this brief analysis, they will have grasped the concept in its entirety and the instructor can continue to build upon this material for the remainder of the course.