

INCENTIVE PROGRAMS AND LABOR TURNOVER

IN HOSPITAL FOODSERVICE

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DEDICATION

To the Murphy Family,

“May the road rise up to meet you.
May the wind always be at your back.
May the sun shine warm upon your face,
and rains fall soft upon your fields.
And until we meet again,
May God hold you in the palm of His hand.”
- An Irish Blessing

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ABSTRACT

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INCENTIVE PROGRAMS AND LABOR TURNOVER RATE IN HOSPITAL FOODSERVICE

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The foodservice industry is well-known for high labor turnover rates. Effective retention strategies are of great interest to foodservice management administrators. Research in the business industry suggests using incentive programs to reward employees may improve performance. The purpose of this study was to determine types of monetary and non-monetary employee incentive programs offered in hospital foodservice operations and their effect on labor turnover rate of full-time and part-time foodservice workers. An online survey tool was used to obtain information on incentives offered, reward criteria and staffing from hospital foodservice managers or directors. Fifty-one completed questionnaires were analyzed. Correlation t-tests revealed no significant difference in labor turnover rate between operations offering non-monetary incentives and those offering monetary incentives. Study results suggest that incentive programs have little effect on labor turnover rate in foodservice operations.

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CHAPTER I

INTRODUCTION

It is well known that incentives are used to promote good performance and increase productivity. If high productivity and performance can be achieved through incentive programs, might they also play a role in employee retention? In order to explore this question, it is appropriate to examine an industry where labor turnover is legendary: foodservice.

According to a study conducted by the National Restaurant Association, the yearly average employee turnover for management positions is 50%, and up to 125% for staff positions (Schrunk, 2001). The average cost to an organization for turnover is \$3,000 for a salaried employee and \$1,500 for an hourly worker (Hinkin & Tracey, 2000). Retention in foodservice has been a struggle because of the nature of the workforce, which is mostly unskilled laborers, only 18% of whom will consider foodservice as a career (Schrunk, 2001). Ghiselli, La Lopa, and Bai (2002) conducted a study of job satisfaction and turnover intent among foodservice managers. Seventeen percent of the 438 participants cited the desire for a better salary and benefit package as a reason to leave their current position. Others reported reasons for leaving included inconvenient hours (11%), family responsibilities (10%), and quality of life concerns (10%) (Ghiselli, La Lopa, & Bai, 2002).

Perhaps what foodservice employees need is an incentive to stay – something that will motivate them and instill long-term loyalty towards the organization. An incentive is a reward that is offered in exchange for a desired behavior (Kohn, 1993). In general, incentives are offered for job performance. In most cases, the reward is given to those who exceed the expectations; it is for exceptional, not expected, performance. An incentive may be monetary or non-monetary. For the purpose of this research, monetary incentives included one-time cash bonuses and wage increases. Non-monetary rewards included tangible gifts or gift certificates, paid time off, and certificates or plaques of recognition.

Certain criteria must be included when implementing a successful incentive program. Incentives are only effective if the problem standing in the way of the desired result is rooted in lack of motivation. Incentives need to be directly related to the organization's goals to be most effective (Brostek, 2000). The behavior that is to be rewarded must be something that the employees themselves can directly control. Researchers are divided on the benefits of incentive programs, and some believe they cause nothing but harm to the organization.

There may be positive results of implementing an incentive program. As stated above, past research has determined that when used correctly, incentives may increase levels of performance and productivity. Stolovitch, Clark, and Condly (2002) determined that rewarding employees with monetary incentives not only increased productivity by 40%, but also increased self-confidence and loyalty to their organization. This, in turn,

can translate into financial gain for the organization. Being rewarded for a job well done will boost employee morale.

Some research has concluded that incentives are, in fact, detrimental to the organization (Kohn, 1993). For example, Kohn insists that incentives foster too much competition among employees, breaking down team effort. One might say that achieving and maintaining team effort is critical in the process oriented environment that is healthcare foodservice. Another criticism of incentive programs presented by Kohn is that after the incentive program has been around for several years, the rewards become an expectation for employees. No longer are employees rewarded for exceptional performance, but for expected performance. Kohn finally contends that the potential increase in productivity created by incentive programs will not last long-term. When relying on incentives, the organization is merely using a reward as a short-term solution to an underlying motivation issue.

The motivation issue can only be solved by programs that require more work than handing out a cash bonus (Kohn et al., 1993). For example, Carle Foundation Hospital in Urbana, Illinois, offered a language instruction course to motivate non-English speaking employees. The program was designed to inspire current employees to develop their skills in order to qualify for promotions to positions requiring more public contact. This included obtaining a job such as cashier, which is commonly perceived as requiring more responsibility than a dishwasher. At the end of a year, the hospital reported that they retained 8 out of 10 non-English speaking employees as a result of their language

instruction program (FoodService Director, 2001). Other researchers have commented that while someone takes time to learn a job, productivity is lower than that of an experienced employee (Hinkin & Tracey, 2000). It appears that it would be wise for foodservice managers to not only motivate employees to be productive, but to also keep those productive employees in the organization as long as possible. Based on these reports, it is possible that satisfying the intellectual and emotional needs of the employee may provide a strong foundation for long-term performance improvement and/or employee retention.

Survey Methods

Surveys have traditionally collected information using a paper-based system, but with the increased usage of the Internet, web based surveys have gained popularity. A review paper examining the trends in health care foodservice written by Puckett in 2002 states that six out of ten foodservice operators use the Internet at work (Puckett, 2002). There may be advantages to using web-based surveys over paper-based ones. A recent study published in the *Journal of Database Marketing and Customer Strategy Management* concluded that Internet-based surveys encourage a higher level of self-disclosure than paper-based surveys (Hanna, Weinberg, Rajiv, & Berger, 2005). Another study comparing mail, fax, and Internet-based surveys conducted by Cobanoglu confirmed that there is an overall faster response rate and lower cost associated with web-based surveys (Cobanoglu, Ward, & Moreo 2001).

Rationale

Those foodservice operations that reward their employees with incentives may have lower employee turnover than those who do not, and those operations offering non-monetary incentives to employees may have decreased employee turnover as compared to those offering cash-only rewards. It is possible greater employee loyalty is established when appealing to the psychological or emotional needs of the worker, so an employee may be more inclined to continue working with the organization. However, does recognition and praise backfire? Do the most talented employees go on to achieve “bigger things” elsewhere?

Results of this research could benefit the industry in a number of ways. The study may reveal how many foodservice directors in the sample are currently giving rewards for certain behaviors, and if doing so impacts employee turnover. If offering rewards is associated with decreased labor turnover, there is the potential for operations to save the cost of training new employees by keeping those they have now. By categorizing the rewards into monetary or non-monetary incentives, the researcher may be able to determine which of the two kinds appear to have the most desirable effect on employee turnover. Finally, by assessing the foodservice director or manager’s practices regarding incentive programs, the researcher can make a statement regarding the perceived barriers to implementation and level of management support. By obtaining information on foodservice directors’ perceived barriers to program implementation, the researcher can

suggest areas in which more training or information could assist foodservice directors in developing incentive programs.

Purpose of the Study

The purpose of this study was to determine the types of monetary and non-monetary employee incentive programs offered in hospital foodservice operations and their effect on the labor turnover rate of foodservice workers. Foodservice directors and managers' interest towards implementing incentive programs was also assessed.

Research Hypotheses

Null hypotheses for this study included:

- 1) There will be no significant relationship between years of experience as a foodservice manager and labor turnover rate.
- 2) There will be no significant difference in labor turnover rate based on foodservice manager education level.
- 3) There will be no significant difference in labor turnover rate based on type of hospital ownership.
- 4) There will be no significant relationship between incentive program budget and labor turnover rate.
- 5) There will be no significant difference in labor turnover rate based on the types of incentives offered.
- 6) There will be no significant difference in labor turnover rate based on the types of behavior rewarded.

- 7) There will be no significant relationship between foodservice managers' level of interest in implementing incentive programs and labor turnover rate.
- 8) There will be no significant difference in labor turnover rate based on foodservice managers' attitudes towards incentive programs.

Assumptions made about this research include:

- 1) Each participant was a hospital foodservice manager.
- 2) Each participant provided correct information on turnover on the questionnaire.
- 3) A representative sample would be obtained through an online survey.

CHAPTER II

REVIEW OF LITERATURE

Foodservice Industry Characteristics

The foodservice industry includes all venues that produce and serve food. This includes full-service restaurants, hotels, schools, hospitals, and nursing homes. All require a means of producing food, often 365 days a year, and it is the employees that keep the industry running. The majority of healthcare foodservice operations utilize a centralized, conventional preparation and service system, which means that most healthcare kitchens prepare and serve their meals in a single location. This requires a number of well-trained employees to execute preparation and service from start to finish. Most healthcare foodservice operations today are self-operated, as opposed to being managed by contract management companies (Puckett, 2002).

Although the focus of this study is hospital foodservice practices, the literature review will span all industries. This is due to the limited research available on hospital foodservice workers.

Foodservice Employees

One of the most comprehensive collections of studies examining the foodservice industry was conducted by the Foodservice Research Forum, a group of foodservice executives. This group regulates all significant research projects in the foodservice industry. Through partnership and funding with the National Restaurant Association and

the Coca-Cola Company, the Industry of Choice (IOC) study was designed to achieve several research objectives. Part I of this study analyzed restaurant employee needs and existing career orientation groups in the United States. Part II examined employee training practices in the foodservice industry. At the time of the IOC study in 1997, 9.5 million people worked in the foodservice industry, and it was projected that this number would reach 10.8 million by the year 2005. Data was collected primarily through the use of focus groups, interviews, and paper surveys from a recruitment pool of 10,000 foodservice employees. Different groups of foodservice employees were studied in Part I, including full service restaurant, quick service restaurant, and institutional foodservice employees. Part II included data from restaurant employees only.

Part I included an analysis of behaviors and attitudes employees held about themselves and their work environment. Specific study objectives included identifying workforce size, demographics, and factors that influenced employee satisfaction. Actual and perceived barriers to entry and advancement in the foodservice industry were also addressed.

Surveys from 2,871 foodservice employees were analyzed. The researchers reported the defining trends in the workforce to be a high percentage of youth, females, diversity, and high turnover rates. Over 40% of workers were under 25 years of age, and 40% were between the ages of 25 and 44. Hispanics were reported to be the most highly represented minority group in the industry, totaling 13.4% of the worker population in

1995. It was projected that Caucasians would comprise 66% of the workforce by 2005 (Industry of Choice, 1997).

The IOC study categorized foodservice workers as either Careerists, Undecided, Passing-throughs, or Misplaced employees. Careerists were those individuals with a positive outlook on both work and life. They enjoyed working in the industry and planned to stay long-term. Twenty-percent of the foodservice workers surveyed were considered Careerists. The Undecided employees were more likely to feel that their careers were controlled by external forces. They may have lacked direction in their jobs and were often unsure of whether or not they wanted to stay in their current position. These employees were more likely to have been fired, laid off, or decided to quit without giving notice to their employer. Thirty-eight percent of the participants were Undecided employees. Passing-through employees accounted for 22% of the sample population. This type of employee viewed their current job as a temporary position, with no plans to make it a career choice. In general, Passing-throughs had a positive outlook on both life and work. Students made up a large majority of this population. The Misplaced employees reported being very dissatisfied with both life and work. These individuals were more receptive to workplace misconduct and a “lenient attitude towards personal integrity”. Approximately 20% of the IOC participants were placed in this category. Interestingly, Misplaced employees, being most unhappy with their jobs, were equally as likely to stay in their positions as the Careerists (Industry of Choice, 1997). Overall, the group of institutional foodservice employees had the highest percentage of Careerists,

(23%) and the lowest percentage of the Misplaced (17%). This study showed that most institutional employees were Undecided (42%), and 18% were Passing-throughs. It was also found in this report that institutional employees felt they had less to complain about concerning their jobs. When compared with full service and quick service restaurant employees, institutional foodservice workers have more paid vacation and benefits overall (Industry of Choice, 1997).

Regarding challenges to success in the workplace, language barriers proved significant. The IOC study revealed that 1 out of 6 foodservice workers' primary language was a dialect other than English. It was also reported that the education level of employees in foodservice had decreased. Only 26.6% of foodservice workers were high school graduates in 1997, in comparison to 41.8% in 1985 (Industry of Choice, 1997).

The flat organizational structure has become a growing trend within the healthcare foodservice environment. This system promotes an open communication policy that has the potential to empower employees. In addition to this, the workforce is becoming more diverse, so the need for appreciation and acceptance of cultural differences has become paramount (Puckett, 2002). When employees feel accepted, they are more likely to actively contribute and exercise loyalty towards an organization.

Employee Motivation

An incentive can only be effective if the issue is inadequate motivation. In this case, an incentive offered to perform the desired behavior may be effective in achieving goals (Kohn, 1993). The goal may be increased productivity, exceptional performance,

reduced absenteeism, or exemplary safety records. The incentive offered could be any number of things, but the administrator must consider whether it will be motivating to all employees.

But what motivates employees? Frederic Herzberg's Two Factor Theory is a widely accepted motivation theory. Herzberg (1966) wanted to "test the concept that man has two sets of needs: his need as an animal to avoid pain and his needs as a human to grow psychologically". In Herzberg's study, 200 engineers and accountants were interviewed. Each was asked what kinds of things contributed to their job satisfaction, and which of those things reduced job satisfaction. Based on the data collected through interviewing, Herzberg concluded that five hygiene factors determine job satisfaction: good working conditions, acceptable quality and level of supervision with company policy and administration, interpersonal relations, job security, and salary. Herzberg noted that the work itself, responsibility, and advancement seemed to be of greater importance for a lasting change of attitudes. Once the hygiene factors were accounted for, Herzberg suggested employees would be inspired to do good work based on his established motivation factors: nature of the work, sense of achievement, recognition, responsibility, and personal growth and advancement. Herzberg concluded that hygiene factors led to job dissatisfaction because of a need to avoid unpleasantness, and motivation factors led to job satisfaction because they fulfilled a need for personal growth and self-actualization (Herzberg, 1966).

Jeffrey LaBelle, M.S., M.B.A., an environmental health and safety manager and past president of the American Society of Safety Engineers, (2005) thinks it is especially important to emphasize that Herzberg regards an appropriate salary as a condition that must be met before an employee can be motivated. Therefore, this implies that increasing salary will not motivate. Reducing any of these hygiene factors will not necessarily de-motivate an employee, but it will cause him to become “dissatisfied”. Again, fulfilling the hygiene factors will not create a motivated employee, merely one who is “not dissatisfied”. These motivation factors, if fulfilled in some way, have the potential to increase the employee’s internal happiness, whereas hygiene factors only influence external happiness (LaBelle, 2005). Based on Herzberg’s theory, LaBelle felt that rewards can increase the incidence of a desired behavior or decrease the incidence of an undesired one.

In an attempt to answer what employees are looking for in a job, a survey study of 278 hotel employees was conducted. Of the total sample, good wages, job security, and opportunities for advancement were ranked in descending importance. The 21 back-of-house food and beverage employees participating considered good wages was considered the number one need, followed by good working conditions and interesting job assignments. “Sympathetic personal help” was ranked last (Simons, 1995).

In the Industry of Choice study, the Top Ten Perceived Employment Needs were identified. The top five needs in order of importance included the need to receive a regular paycheck, a clean place to work, competitive wages, having the right equipment

to do the job, and having enough employees around to share the workload (Industry of Choice, 1997).

Labor Turnover in the Foodservice Industry

Turnover has always been a problem for the foodservice industry. According to a study conducted by the National Restaurant Association, the yearly average employee turnover for management positions is 50%, and up to 125% percent for staff positions (Schrunk, 2001). Retention in foodservice has been a struggle because of the nature of the workforce, which is mostly unskilled laborers, only 18% of whom will consider foodservice as a career (Schrunk, 2001). According to a study conducted in 2000 by the National Association of Food Equipment Manufacturers, 67% of 170 foodservice managers surveyed cited labor shortages and employee turnover as a major deciding factor when choosing equipment (Schechter, 2001). It has become necessary for the kitchen to be equipped to replace staff as needed (Puckett, 2002).

Turnover is expensive. According to a report in *Food Management*, the costs of terminating a current employee and the cost of hiring a new one are substantial. Replacement of a kitchen worker or counter person can cost up to \$1,520 (Schuster, 2006). Another source cites the average cost to an organization for turnover as \$3,000 for a salaried employee and \$1,500 for an hourly worker (Hinkin & Tracey, 2000). The total costs of turnover come from a number of direct and indirect costs. In a foodservice operation, this may include the costs of terminating the employee from payroll, advertising the new position, interviewing new applicants, and training. Financial losses

may result due to lack of productivity during training because of fewer meals produced per labor hour while experienced employees learn to work with the new person. When other employees are forced to pick up the slack, there is potential for less efficient customer service. In short, quality in products and service may be lost as a new employee learns his job.

In a study of foodservice retention and recruitment strategies, Marsha Edwards, M.S., (2004) reported an overall annual employee turnover rate of 21% among 141 school foodservice operations nationwide. Thirty-seven percent of managers who responded reported problems retaining non-managerial staff. Part-time employees presented the highest labor turnover frequency, followed by substitute employees. Some reasons for non-managerial employees leaving their jobs reported from this study include the need for better pay and more hours. Edwards (2004) recommended that employers provide more incentives, including tangible benefits, training opportunities, and recognition opportunities based on the results of her research.

In an article titled *Health Care Foodservice: Keeping Pace*, Ruby Puckett, M.A., R.D., president of Foodservice Management Consultants and experienced foodservice industry researcher (2002), examined the challenges facing healthcare foodservice directors today. Puckett cited issues such as recruiting and retention problems within a shrinking labor market as potential barriers to the success of a foodservice operation. Foodservice directors required to comply with constantly evolving regulations and standards from accreditation agencies may feel pressured to spend most of their energy

ensuring that their employees are following the rules. This may prevent the director from spending adequate amounts of time nurturing their staff with activities to increase labor retention (Puckett, 2002).

To adjust to the reduced labor market, foodservice directors are finding ways to produce meals with equipment that does not require as much human input. There is an overall greater dependence on technology (Puckett, 2002). Technologically advanced equipment can provide greater monitoring of food safety controls, and allow the operation to perform more efficiently. However, it is often the expectation of hospital administration that patient satisfaction will be achieved in combination with reducing food, supplies, labor, and operational costs. This expectation to limit spending may limit funding availability for programs with the potential to impact employee retention, such as incentive programs. Overall, Puckett believed that training and retention in foodservice would remain an issue.

In 1999, international management consulting firm Kepner-Tregoe conducted a survey of managers and workers in all industries (“Avoiding the brain...”,1999). When asked why they believe their most talented employees leave, 33% of managers stated they felt the employees perceived there was limited opportunity for career advancement. Twenty six percent of the managers stated that employees did not feel valued, and 16% believed the employees may have left due to a conflict with a supervisor or manager. Lack of appropriate financial compensation was not included in the top three reasons why

employees left. Only 44% of managers believed money may have played a part in an employee's decision to leave ("Avoiding...", 1999; Schuster, 2006).

Results from the 2001 Compensation/Operations Study published in *FoodService Director* show that employees working in fields other than foodservice cite reasons to stay with their current jobs such as the benefit of working close to home, flexible schedules, having "fun on the job", adequate pay and benefits, and opportunities for career growth (Schrunk, 2001). In contrast, foodservice workers report that they are not having "fun on the job" and are dissatisfied with their pay and the lack of opportunities for career growth (Schrunk, 2001).

In the Industry of Choice study (1997), 75% of foodservice workers reported their annual income as less than \$25,000. With 50% of foodservice employees reporting they lived below the United States poverty line, as many as two-thirds of the employees cited lack of compensation as the number one reason for leaving a foodservice job. Additional reasons for leaving their job included the desire for a better work schedule, better benefits, and the opportunity for advancement (Industry of Choice, 1997).

Although the literature holds limited evidence as to why foodservice workers leave their positions, but there is some data reporting on the reasons foodservice managers leave. A study conducted by Ghiselli, La Lopa, and Bai, (2002) examined job satisfaction and turnover intent among foodservice managers. They concluded that factors such as age, tenure, job content, and job satisfaction most strongly effected turnover. They stated that education might also play a role. Of those foodservice

managers surveyed, two-thirds were 40 years old or younger, and 35.7% held bachelor's degrees. About 25% of the managers stated they planned to leave their job in the "near future". Seventeen percent of the participants cited the desire for a better salary and benefit package as a reason for leaving their current position. Other reported reasons for wanting to leave included inconvenient hours, family responsibilities, and quality of life concerns. Overall, the researchers concluded that those managers who were older, and more satisfied with the "intrinsic components" of their job, were less likely to want to leave (Ghiselli et al., 2002).

Incentive Programs

Purpose of Incentives

Incentive programs were created to motivate employees to perform a specific task or behavior in exchange for a reward, or "perk". An incentive itself is a reward that is offered in exchange for a desired behavior (Kohn, 1993). In general, incentives are offered for overall job performance. In most cases, rewards are given to those who exceed expectations; they are for exceptional, not expected, performance.

An incentive may be defined as monetary or non-monetary. Monetary incentives may include one-time cash bonuses and salary or wage increases. Non-monetary incentives may include tangible gifts or gift certificates, paid time off, tuition reimbursement, on-the-job training, and certificates or plaques of recognition. A non-monetary incentive may even encompass a broader group of intangible rewards, such as verbal recognition before peers and special job assignments (Brostek, 2002).

Certain criteria must be included when implementing a successful incentive program. Incentives are only effective if the problem standing in the way of the desired result is rooted in lack of motivation. Incentives need to be directly related to the organization's goals to be most effective. The behavior that is to be rewarded must be something that the employees themselves can directly control. Brostek was able to identify the critical elements of a successful incentive program after evaluating their use in government agencies. Based on the characteristics of the most successful reward systems, incentive programs should have strong executive leader support, with clearly defined criteria that directly supports the organization's mission and goals. The best incentive programs utilized a mix of monetary and non-monetary incentives and publicly rewarded both high-performing individuals and teams. Finally, frequent monitoring, evaluation, and restructuring of programs was a reported practice among those agencies with effective incentive programs (Brostek, 2002).

Incentive Programs: Pros and Cons

Researchers are divided on the benefits or possible pitfalls of incentive programs. Some believe in the power of rewards to produce positive results in the workplace, whereas others contend that incentives cause nothing but harm to the organization.

There may be positive results of implementing an incentive program. When used correctly, incentives may increase levels of performance and productivity. Stolovitch, Clark and Condly (2002) found that rewarding employees with monetary incentives not only increased productivity by 40%, but also increased self-confidence and loyalty to

their organization. The researchers concluded that this, in turn, can translate into financial gain for the organization. Also, it is possible being rewarded for a job well done will boost employee morale.

Other researchers have concluded that incentives are, in fact, detrimental to the organization (Kohn et al., 1993). For example, Kohn insisted that incentives foster too much competition among employees, breaking down team effort. He felt that achieving and maintaining team effort is critical in the process oriented environment that is healthcare foodservice. Another criticism of incentive programs presented by Kohn is that after the incentive program has been around for several years, the rewards become an expectation for employees. The longer an incentive program is in place, the more likely employees are to view the reward as insufficient. No longer are employees rewarded for exceptional performance, but for expected performance. Kohn finally contends that the potential increase in productivity created by incentive programs will not last long-term.

Kohn et al., (1993) states that when an organization relies on incentives, it is merely using a reward as a short-term solution to an underlying motivation issue. The motivation issue can only be solved by programs that require more work than handing out a cash bonus. Other researchers have commented that while someone takes time to learn a job, productivity is lower than that of an experienced employee (Hinkin & Tracey, 2000).

Incentives may cause other negative effects in the workplace. For example, when the incentive is offered for meeting a safety goal, there may be a tendency for employees

to hide injuries. People need to develop their own reasons to stay and perform well in their jobs, and it is believed they cannot do this if the employer is always “bribing” them (Gaines, 1997).

Use of Monetary Incentives

Michael Brostek, the Associate Director of Federal Management and Workforce Issues at the United States General Accounting Office, issued a report in 2002 concerning the use of incentive programs in federal agencies. The government has regularly used incentives as a way to reward high performance, and Brostek believes incentive programs can be used to strategically manage workers in the interest of supporting high performance expectations (Brostek, 2002).

Brostek (2000) evaluated incentive use in government agencies and found that monetary incentives such as cash bonuses were used most frequently. He states that it has been the general consensus that supervisors believe these monetary incentives are effective in motivating employees. In Edwards’ (2004) research in school foodservice, both full-time (55%) and part time (42%) employees received yearly bonuses.

Some supervisors from Brostek’s research felt that there may be some drawbacks to offering monetary incentives. The dollar amount given is often relatively low. It is possible that over time, employees may even come to think that these rewards are given just because it is the accepted practice and that they are not contingent on exceeding performance standards at all. The cash rewards become more of an entitlement for expected, not exceptional, performance. Some government agency officials reported that

they believe monetary incentives in particular create too much competition among employees. This breakdown in teamwork can prevent everyone from achieving agency mission and goals, as no one person is capable of doing it on his own (Brostek, 2002).

Editors at the restaurant industry newsletter *Briefing* asked readers to comment on what they thought it took to please an employee. Many of the 1,000 respondents cited money as one of the most effective motivators among employees in their restaurants. Seventy five percent offered regular pay raises, and 50% reported regularly offering cash bonuses (Withiam, 1999).

Use of Non-monetary Incentives

Non-monetary incentives such as medals, certificates, plaques, trophies, and tangible gifts or training opportunities and challenging work assignments have also been offered by government agencies as a reward for exceptional performance. Brostek notes that some government employees reported greater motivation to perform well when receiving non-monetary rewards as opposed to monetary.

Publicizing employee achievement of performance goals through newsletters or ceremonies has been quite effective in communicating to all employees how an individual's performance exceeded expectations. In fact, employees experienced an increase in confidence of the fairness of incentive programs when it was made clear why certain employees had been rewarded (Brostek, 2002).

It is possible to reward employees and promote job satisfaction without spending money. Weiss, a senior editor at *Medical Economics* (2005), interviewed physicians

concerning methods that they used to reward employees. Many of the physicians believed they can reward their employees in ways that do not require direct costs. Autonomy can be empowering to many. For example, one family medical practitioner in Vellejo, CA, allowed her employees to develop their own systems for completing billing and scheduling tasks, as long as they were done on time. She believed that providing her employees with greater responsibility and control over their tasks contributed to their desire to continue working in her office (Weiss, 2005).

Non-monetary incentives can also be satisfying when given based on employees' specific needs. For example, a family practitioner in Sanford, NC, offered a number of different rewards to employees when cash was not available. Educational materials as well as paid tuition and paid time off for taking college courses were offered to those employees pursuing degrees. Flexible scheduling, birthdays off, reimbursement of uniform costs, and gas allowances were other incentives offered (Weiss, 2005).

Cynthia Gay, RD, foodservice supervisor for the West Virginia University Hospital in Morgantown, WV, has offered non-monetary incentives as opposed to monetary incentives to her foodservice staff. She has offered \$10 gift certificates or mouse pads to employees on their anniversaries, and makes a point of changing the type of gift each year. In addition to gifts, Gay publishes a newsletter recognizing employee achievements. Extra vacation time is awarded to staff members who have achieved perfect attendance records within both a six-month and twelve-month time period (Blumberg, 2005).

Monica Cecille, MS, RD, the foodservice director of Manor Park Nursing Home in West Allis, WI, implemented an incentive program that allowed employees to earn money towards education. After one year of employment, a full-time employee can earn \$0.50 for every hour of work. Eligible employees have the potential to earn a maximum of \$1,500 annually (Blumberg, 2005).

Some management consultants encourage managers to actively praise employees in order to improve employee retention. One consultant, Keith Borglum, stated that it was important for managers to be specific when praising employees, and, for greatest effectiveness, they should do it publicly. Borglum believes that if managers praise their employees often and for the right behaviors, those employees will be more satisfied with their paychecks (Weiss, 2005).

Special recognition awards and bringing in refreshments to celebrate employee accomplishments were also considered good ways to reward employees. According to Weiss (2005), "Personalized, non-monetary rewards tailored to each employee are more likely to be appreciated than one-size-fits-all remunerations". Edwards (2004) reported that 45% of the 141 school foodservice operations studied were currently using an employee recognition program as a means to provide an intangible benefit. The possible benefits of giving special recognition were explored in a study of hotel-casino employees. A total of 860 participants answered questions about job satisfaction and the number of years employed in that position. Eighty-three percent of the participants were hourly employees, and the remainder included supervisors (9%), managers (4%), and non-

managerial salaried employees (4%). The researchers concluded that employees who reported a greater level of job satisfaction when their roles were clearly defined and were recognized for their good work. A high level of job satisfaction was associated with a high level of pride in one's organization, leading to a greater level of commitment to the organization and lower turnover rates. Therefore, employee recognition programs have been found to possibly be successful in reducing labor turnover rates by increasing employee satisfaction and boosting morale (Arnett, Laverie, & McLane, 2002).

In 2001, *Safety Director's Report* surveyed 394 safety directors from different companies and found that 50% of them offered incentives for employees who achieve safety goals. The nature of these incentives was unspecified ("New warnings on...", 2001). A survey of *Occupational Hazards* readers reveals that 80% of the 176 safety directors who responded used incentives (Safety awards/Incentives study:..., 1999). The top five types of incentives reportedly being used or planned to be used included apparel (61.8%), gift certificates (61.1%), camera equipment (55.4%), watches or clocks (54.1%), and electronics (48.1%). The most important perceived benefits of offering these incentives as a part of a safety program were increased safety consciousness (89.3%), improved employee morale (64.1%), reduced accident costs (48.6%), increased safety program status (46.5%), and reduced accident rates (42.3%).

Sixty four percent of the directors believed that including incentives in their safety program improved employee morale, which may have an effect on labor turnover. Only

2.1% percent of those who responded believed the incentives had no effect at all ("Safety...", 1999).

How much must be spent on rewarding employees? The following results of the *Occupational Hazards* survey referenced in the preceding pages reflect the safety directors' expected monetary expenditure on incentives for each employee: Of the 394 directors surveyed, 32.5% spent less than \$25.00 per employee, 24.4% spent \$25.00 to \$49.00 per employee, 20% spent \$50.00 to \$99.00, and 23.1% spent \$100 or more on each employee to purchase incentives.

Foodservice Director Perceptions of Incentive Programs

Karolyn Schuster, a writer and editor for *Food Management*, (2006) interviewed several college and university foodservice managers concerning the effectiveness of incentive programs. At Mount Holyoke College in South Hadley, MA, the director of dining services believed recognizing positive actions on the job and making the possibility of receiving a reward such as an increase in base pay, honors, or gifts, open to every employee was the key to running an effective incentive program (Schuster, 2006). The director of dining services at the University of Maryland in College Park felt flexible scheduling and a work environment encouraging social involvement and pride were two techniques that worked in her operation. This director believed her practices helped to control employee turnover as well. However, when asked about the effectiveness of incentive programs, most managers believed they proved ineffective in their operations (Schuster, 2006).

Incentive Programs and Turnover

Some believe rewarding employees with certificates of recognition will influence their loyalty towards an employer (Quesnel, 2004). In an effort to increase safety compliance among employees, Thunder Bay Hydro created a program called Target Zero. The objective of the program was to award those employees who achieved safety goals over a five year period with a special plaque. They have expanded their practices to award for perfect attendance as well. The company believes prioritizing employee health and commitment has influenced a labor turnover rate that is less than 5%.

One foodservice operation found a way to reduce turnover through the use of a non-monetary incentive. The Carle Foundation Hospital in Urbana, Illinois, offered a language instruction course to motivate non-English speaking employees. The program was designed to inspire current employees to develop their skills in order to qualify for promotions to positions requiring more public contact. For example, this included obtaining a job such as cashier, which is commonly perceived as requiring more responsibility than a dishwasher. At the end of a year, the hospital reported that they retained 8 out of 10 non-English speaking employees as a result of their language instruction program ("To reduce employee...", 2001).

The Kepner-Tregoe study conducted in 1999 asked managers from several industries to report on current strategies to reduce labor turnover and to comment on whether they believed these practices to be ineffective ("Avoiding the brain...", 1999). The following data was reported for managers participating in the survey: Of the 69% of

managers making pay more competitive, 29% believed this practice to be ineffective in reducing labor turnover. Of the 60% offering better benefit packages, 27% reported this as ineffective. Of the 65% of managers granting more authority and responsibility in hopes of reducing labor turnover, 37% felt this was ineffective. Of the 51% of managers giving more recognition for superior employee performances, 40% believe their efforts to be ineffective in reducing turnover. Of the 55% of managers offering flexible work scheduling, 36% stated this technique was ineffective. Of the 48% of managers offering more on-the-job training, 36% felt this was ineffective in reducing labor turnover. Since in every case, a minority of managers felt these methods to be ineffective, one may conclude that the majority of respondents felt these methods were effective or had no opinion.

CHAPTER III

METHODOLOGY

All methods for this study were approved by the Institutional Review Board at Texas Woman's University (Appendix A).

Sample Population

The sample population included hospital foodservice directors and managers from The National Society for Healthcare Foodservice Management (HFM), which includes 1,903 members on record in the 2006 membership directory. Participants were also recruited from the American Dietetic Association's Foodservice – L (ADA) listserv, which includes 399 members.

Questionnaire

The questionnaire was developed by the researcher and consisted of 11 questions. Each hospital foodservice director or manager was asked to disclose information about his or her educational background and number of years in foodservice plus information about hospital characteristics such as type of ownership. The foodservice directors or managers were asked to provide the number of full-time and part-time employees who were hired and those who remained during 2004-2005. Other questions focused on the kinds of incentives that were offered and for what kind of accomplishments the rewards were given. For the purpose of this research, monetary incentives included one-time cash bonuses and wage increases. Non-monetary rewards included tangible gifts or gift

certificates, paid time off, tuition reimbursement, and certificates or plaques of recognition. The foodservice directors or managers also had the option of listing more specific information about the incentives they used. Level of interest in implementing incentive programs was assessed using a likert type scale that ranges from no interest, moderate interest, to strong interest. Participants were asked to indicate any perceived barriers to implementing incentive programs (Appendix B).

The questionnaire was validated through circulation to a group of 6 professionals that included hospital foodservice directors and educators. The questionnaire was revised for content and clarity based on three experts. A pilot study was then conducted with a convenience sample of 15 Texas hospital foodservice directors or managers prior to the start of the official study. Three completed questionnaires were returned, and since no changes were made in the survey, the results were included in the final analysis.

Data Collection

An Internet based research method was chosen for matters of participant convenience, in hopes to encourage a high response rate. This research was conducted using a survey tool available at <http://www.SurveyMonkey.com>. The questionnaire was transferred from hard copy to the Internet using a formatting template available through Survey Monkey. All members of either group who were hospital foodservice directors or managers were recruited to participate via an email message through the respective listserv (Appendix C). The goal was to obtain a minimum of 120 responses. The questionnaire was originally posted to the HFM listserv twice, approximately six weeks

apart. Because response from the HFM listserv was poor, hospital foodservice directors and managers were recruited from the Foodservice-L listserv sponsored by the American Dietetic Association. The questionnaire was posted once to this group's listserv. Each participant who completed the survey was entered into a drawing for a \$100 American Express Gift Card.

Statistical Analysis

Results of the questionnaire were downloaded from the Survey Monkey server in Microsoft Excel format. This file was then converted for use with statistical software. Data was summarized and analyzed using the Statistical Package for the Social Sciences (SPSS) for Windows, version 14.0. Statistical significance was set at $p < .05$. Descriptive statistics included means and standard deviations, as well as frequencies and percentages for data on demographics, employment, budget, incentives, and rewards. The original research plan was to use Pearson's Product Moment Correlations to determine relationships between labor turnover rates (all, full-time, and part-time) and foodservice directors' experience, program budget, and interest in implementing incentive programs for hypotheses 1, 4 and 7. Due to the small number of respondents for levels of the categorical independent variables, for example education level, groups were collapsed and compared using Independent Samples t-tests. Independent Samples t-tests were conducted to test for differences on turnover rates between the levels of education level (graduate degree, no graduate degree), types of hospital ownership (for profit, not for profit), (Federal/Public, Private), types of incentives offered, and types of behaviors

rewarded. Labor turnover rates were calculated based on the data provided by foodservice directors or managers for both full-time and part-time foodservice employees only. The formula that was used to calculate turnover is as follows:

$$T(\text{turnover rate}) = \frac{S (\text{Number of Separations}) \times 100}{A (\text{Average Workforce for the Year})}$$

(Keiser, DeMicco & Grimes, 2000). All data on turnover rate was expressed in percentages. Turnover rates were compared within all employment groups, including total number of employees (Turnover All), full-time employees (Turnover FT) only, and part-time employees (Turnover PT) only. For the purpose of this research, full-time employees were defined as those foodservice workers who worked ≥ 30 hours per week. Part-time employees were defined as those foodservice workers who worked ≤ 29 hours per week.

CHAPTER IV

RESULTS & DISCUSSION

Results

Sixty-two online questionnaires were completed. Because 11 of the surveys were submitted with incomplete answers, those were not included in the statistical analyses. Data from a total of 51 questionnaires was analyzed. This was 43% of the desired goal of 120 responses for this study. Demographic characteristics of the foodservice director or manager participants can be found in Table 1.

The majority of the responses came from the National Society for Healthcare Foodservice Management (HFM) listserv members. HFM and the American Dietetic Association Foodservice-L listserv (ADA) may include foodservice directors or managers from various types of foodservice operations. However, it was assumed that all of the participants were hospital foodservice directors or managers because this participation requirement was clearly stated in the recruitment e-mail (Appendix C). Of the total participants, over half held a graduate degree, and only 4 out of the 46 who responded to the question had less than a bachelor's degree. The mean number of years of experience as a hospital foodservice manager or director was 13.9 years. Most of the managers or directors worked for not-for-profit hospitals. An approximately equal number of the total hospitals were public or private. The average amount of money

reported in incentive program budgets was \$9,713 per year. Reported values ranged from \$0 to \$14,000.

Table 1

Demographic Characteristics of Participating Foodservice Directors or Managers and Hospitals (N=51)

	Frequency
Director/Manager group membership	
National Society for Healthcare Foodservice Management (HFM)	31
American Dietetic Association Foodservice-L (ADA)	20
Director/Manager education ^a	
Associate's degree	3
Some college credits toward Bachelor's degree	1
Bachelor's degree	6
Some Graduate work	7
Master's Degree/MBA	27
Doctorate	2
Hospital ownership ^a	
Federal	5
Public	13
Private	12
Not-for-profit	34
For-profit	17*

Note: ^a Total is less than 51 due to missing responses for this question.

*Assumed those who did not respond "not-for-profit" were "for-profit"

When asked to rank their level of interest in implementing incentive programs in foodservice operations, 4 of the 49 respondents who answered this question replied that they had no interest in implementing incentive programs. A greater number (16) reported having a moderate interest in implementing an incentive programs. The majority of the hospital foodservice directors who participated (29) indicated that they have a strong interest in implementing incentive programs in their operations.

Table 2 shows the average number of foodservice workers employed in the participating hospital foodservice operations. Note the wide range of workers employed. This suggests both small and large hospitals participated. Also note that some facilities reported no labor turnover whatsoever.

Table 2

Characteristics of Foodservice Employees in Participating Hospitals (N=51)

Employment category	Mean	SD	Range
Average employees on payroll during past 12 months	71	58	8 - 210
Full-time employees ^a	48	41	3 - 148
Part-time employees ^b	22	28	0 - 135
Average employees who left during past 12 months	12	14	0 - 84
Full-time employees ^a who left	5	9	0 - 55
Part-time employees ^b who left	7	8	0 - 29

Note: ^a Full-time employees are those who worked ≥ 30 hours per week.

^b Part-time employees are those who worked ≤ 29 hours per week.

Table 3 shows the average yearly labor turnover rate percentage for the three employment groups. The mean labor turnover rate among the total number of employees was 18%. The mean labor turnover rate among full-time employees was 11%. The mean labor turnover rate among part time employees was 40%, which was the highest of the three groups.

Table 3

Mean Labor Turnover Rates of Foodservice Employees in Participating Hospitals
(N=51)

Employment category	Mean Turnover (%)	SD
Turnover All ^a	18	14
Turnover FT ^b	11	16
Turnover PT ^c	40	37

Note: ^aTurnover All = turnover among all foodservice employees

^bTurnover FT = turnover among full-time foodservice employees

^cTurnover PT = turnover among part-time foodservice employees

As shown in Table 4, Pearson's product moment correlations revealed no significant relationships between the three labor turnover rates and years of experience, education level, incentive program budget, or level of interest in incentive programs.

Table 4

Relationship of Foodservice Director/Managers' Years of Experience, Education Level, Budget, and Interest in Implementing Incentive Programs with Labor Turnover Rates (N=51)

	<u>Pearson's Product Moment Correlations</u>		
	Turnover All ^a	Turnover FT ^b	Turnover PT ^c
Years of experience	-0.01	0.11	-0.01
Incentive program budget	0.27	0.25	0.19
Interest in incentive programs	0.03	0.17	-0.07

Note: All correlations were not significant, $p > .05$.

^aTurnover All = turnover among all foodservice employees

^bTurnover FT = turnover among full-time foodservice employees

^cTurnover PT = turnover among part-time foodservice employees.

Due to the small sample size, the categories of education level were collapsed into two groups for purposes of statistical analyses. The two groups included those foodservice directors or managers with less than a graduate school degree and those with a graduate school degree (See Table 5). An Independent Samples t-test was run to compare the labor turnover rate between the two groups.

As shown in Table 5, there were no significant differences between foodservice directors with and without a graduate degree on turnover rates for all employees, full-time, and part time. Examination of the means showed that the turnover rate for part-time workers was marginally higher under directors who had a graduate degree ($M = 49\%$) compared to directors who had less education ($M = 31\%$).

Table 5

Relationships Between Education Level of Hospital Foodservice Directors and Labor Turnover Rates of Hospital Foodservice Workers (N=51)

	<u>Graduate Education</u>			<u>No Graduate Education</u>			<i>t</i>	<i>p</i> ^d
	n	Mean	SD	n	Mean	SD		
Turnover All ^a	29	20	16	22	16	9	-1.18	0.25
Turnover FT ^b	28	10	10	22	13	21	0.62	0.54
Turnover PT ^c	25	49	39	21	31	28	-1.8	0.09

Note: ^aTurnover All = turnover among all foodservice employees

^bTurnover FT = turnover among full-time foodservice employees

^cTurnover PT = turnover among part-time foodservice employees

^dIndependent samples t-tests were used to compare relationships.

In similar fashion, an Independent Samples t-test was used to compare the labor turnover rates of foodservice employees managed by hospital foodservice directors or

managers with the Registered Dietitian (RD) certification and those without the RD. As shown in Table 6, no significant differences were found between food service directors with or without a Registered Dietitian Certification on any of the three turnover rates.

Table 6

Relationships Between Registered Dietitian (RD) Certification of Hospital Foodservice Directors and Labor Turnover Rates of Hospital Foodservice Employees (N=51)

	<u>RD Certification</u>			<u>No RD Certification</u>				
	Turnover (%)			Turnover (%)				
	n	Mean	SD	n	Mean	SD	<i>t</i>	<i>p</i> ^d
Turnover All ^a	34	19	15	17	17	11	-0.62	0.54
Turnover FT ^b	33	10	10	17	14	24	1.01	0.32
Turnover PT ^c	31	43	38	15	35	30	-0.66	0.51

Note: ^aTurnover All = turnover among all foodservice employees

^bTurnover FT = turnover among full-time foodservice employees

^cTurnover PT = turnover among part-time foodservice employees

^dIndependent samples t-tests were used to compare relationships

An Independent Samples t-test was also conducted to compare the labor turnover rates of those hospital foodservice employees who worked for a public/federal hospital and those hospital foodservice employees who worked for a private hospital. As shown in Table 7, there was a significant difference between the two groups for overall turnover

rate, $t(29) = -2.41, p < .05$. Examination of the means showed that the turnover rate for all workers was higher when directors worked for a private hospital ($M = 29\%$) compared to directors who worked for a public/federal hospital ($M = 16\%$). No significant differences were found for turnover rates of full-time or part-time employees separately.

An additional Independent Samples t-test was also conducted to compare the labor turnover rates of those hospital foodservice employees who worked for a for-profit hospital and those foodservice employees who worked for a not-for-profit hospital. As shown in Table 8, no significant differences were found between foodservice employees who worked for non-profit or profit hospitals on any of the three turnover rates.

Table 7

Relationship Between Hospital Ownership (Public/Federal, Private) and Labor Turnover Rates (N=51)

	<u>Public/Federal</u>			<u>Private</u>			<i>t</i>	<i>p</i> ^d
	n	Mean	SD	n	Mean	SD		
Turnover All ^a	18	16	9	12	29	21	-2.41	0.02
Turnover FT ^b	18	16	23	12	11	13	0.57	0.57
Turnover PT ^c	15	34	27	12	55	47	-1.45	0.15

Note: ^aTurnover All = turnover among all foodservice employees

^bTurnover FT = turnover among full-time foodservice employees

^cTurnover PT = turnover among part-time foodservice employees

^dIndependent samples t-tests were used to compare relationships

Table 8

Relationships Between Hospital Ownership (Not For Profit, For Profit) and Labor Turnover Rates of Hospital Foodservice Employees (N=51)

	<u>Not for Profit</u>			<u>For Profit</u>			<i>t</i>	<i>p</i> ^d
	n	Mean	SD	n	Mean	SD		
Turnover All ^a	34	16	11	17	22	18	1.56	0.13
Turnover FT ^b	33	11	18	17	11	11	0.02	0.99
Turnover PT ^c	31	35	30	15	51	44	1.48	0.15

Note: Seventeen of the respondents did not denote whether they were non-profit or for-profit. The assumption was made that those who did not check not-for-profit were in fact for-profit hospitals.

^aTurnover All = turnover among all foodservice employees

^bTurnover FT = turnover among full-time foodservice employees

^cTurnover PT = turnover among part-time foodservice employees

^dIndependent samples t-tests were used to compare relationships

For each respondent, a total incentives score was created as the sum of the number of incentives each participant reported offering. Similar total scores were created for rewards and barriers. Total scores for incentives offered ranged from 0 to 6; for rewards, 0 to 7; and for barriers, 0 to 5. Pearson's product moment correlations were conducted between the total number of incentives offered, rewards, and barriers and labor turnover rates among all employees, full-time only, and part-time only groups. As shown

in Table 9, no significant relationships were found between total number of incentives, rewards, or barriers and any of the three employee turnover rates.

Table 9

Relationship of Total Number of Incentives, Rewards, and Barriers with Labor Turnover Rates of Hospital Foodservice Employees (N=51)

	<u>Pearson's Product Moment Correlations</u>		
	Turnover All ^a	Turnover FT ^b	Turnover PT ^c
Total number of incentives	0.09	0.06	0.20
Total number of rewards	-0.03	0.17	-0.02
Total number of barriers	0.16	0.03	0.12

Note: All correlations were not significant, $p > .05$.

^aTurnover All = turnover among all foodservice employees

^bTurnover FT = turnover among full-time foodservice employees

^cTurnover PT = turnover among part-time foodservice employees

Independent Sample t-tests were used to compare turnover rates among foodservice employees who were offered specific incentives and those who were not offered each specific incentive. As shown in Table 10, there were no significant differences between labor turnover rates for all employees, part time employees, and full time employees when managers or directors offered additional paid time off.

Examination of the means showed that the turnover rate for all foodservice workers was

marginally higher under directors who did not offer additional paid time off ($M = 21\%$) compared to directors who did ($M = 12\%$).

No significant differences were found for overall turnover rate or turnover rate of full-time or part-time employees between foodservice directors who offered other incentives. Foodservice managers or directors also named other incentives when given that option in the “other” category of the questionnaire. Other reported incentives included thank you notes, monthly birthday parties, raffle prizes, lunches during meetings, free meal vouchers, and special recognition in employee newsletters.

Independent Sample t-tests were used to compare turnover rates among foodservice employees who were rewarded for certain behaviors and those who were not rewarded. As shown in Table 11, there was no significant difference between turnover rates when employees were rewarded for specific desirable behaviors. Examination of the means showed that the turnover rate for full-time foodservice workers was marginally higher under directors who did not reward for completion of extra training ($M = 18\%$) compared to directors who did not ($M = 9\%$). No significant differences were found for overall turnover rate or turnover rate of part-time employees between food service directors who offered other rewards. Answers reported in the “other” category included rewarding employees for working extra shifts or coming in on short notice.

Table 10

*Relationship Between Incentives Offered and Labor Turnover Rates of Hospital**Foodservice Employees (N=51)*

	<u>Incentive Offered</u>			<u>Incentive Not Offered</u>				
	Turnover (%)			Turnover (%)				
	n	Mean	SD	n	Mean	SD	<i>t</i>	<i>p</i> ^d
<u>One time monetary bonus</u>								
Turnover All ^a	18	16	10	33	20	16	1.08	0.23
Turnover FT ^b	18	12	23	32	11	10	-0.40	0.69
Turnover PT ^c	15	38	28	31	41	39	0.26	0.80
<u>Wage salary increase</u>								
Turnover All ^a	32	19	15	19	17	11	-0.50	0.62
Turnover FT ^b	31	13	19	19	8	9	-1.17	0.25
Turnover PT ^c	27	44	37	19	35	33	-0.92	0.36
<u>Gifts/gift certificates</u>								
Turnover All ^a	27	18	10	24	19	17	0.31	0.76
Turnover FT ^b	27	9	9	23	14	21	0.99	0.33
Turnover PT ^c	25	45	36	21	35	36	-0.97	0.34
<u>Additional paid time off</u>								
Turnover All ^a	14	12	7	37	21	15	1.99	0.05
Turnover FT ^b	14	13	26	36	11	10	-0.45	0.66
Turnover PT ^c	12	34	31	34	43	37	0.71	0.48
<u>Recognition plaques/ribbons</u>								
Turnover All ^a	35	20	15	16	14	10	-1.47	0.15
Turnover FT ^b	35	11	10	15	12	25	0.18	0.86
Turnover PT ^c	33	43	38	13	33	29	-0.85	0.40

Note: ^aTurnover All = turnover among all foodservice employees^bTurnover FT = turnover among full-time foodservice employees^cTurnover PT = turnover among part-time foodservice employees^dIndependent samples t-tests were used to compare relationships

Table 11

*Relationship Between Rewards Offered and Labor Turnover Rates of Hospital**Foodservice Employees (N=51)*

	<u>Reward Offered</u>			<u>Reward Not Offered</u>				
		Turnover (%)			Turnover (%)			
	n	Mean	SD	n	Mean	SD	<i>t</i>	<i>p</i> ^d
Extra training								
Turnover All ^a	14	16	9	37	19	15	0.67	0.51
Turnover FT ^b	14	18	25	36	9	10	-1.86	0.07
Turnover PT ^c	11	44	30	35	39	38	-0.36	0.72
Perfect attendance								
Turnover All ^a	21	17	11	30	19	15	0.56	0.58
Turnover FT ^b	21	15	21	29	8	10	-1.54	0.13
Turnover PT ^c	18	34	37	28	44	35	0.96	0.34
<u>Work safety record</u>								
Turnover All ^a	8	16	9	43	19	14	0.59	0.56
Turnover FT ^b	8	10	9	42	12	17	0.33	0.74
Turnover PT ^c	7	51	46	39	39	34	-0.86	0.40
<u>Productivity</u>								
Turnover All ^a	11	15	7	40	19	15	1.01	0.32
Turnover FT ^b	11	11	8	39	11	18	-0.001	1
Turnover PT ^c	10	25	16	36	45	38	1.61	0.11
<u>Work performance</u>								
Turnover All ^a	33	19	15	18	17	12	-0.32	0.75
Turnover FT ^b	33	13	18	17	9	12	-0.87	0.34
Turnover PT ^c	30	44	42	16	34	20	-0.88	0.39

Note: ^aTurnover All = turnover among all foodservice employees^bTurnover FT = turnover among full-time foodservice employees^cTurnover PT = turnover among part-time foodservice employees^dIndependent samples t-tests were used to compare relationships

Table 11, continued

*Relationship Between Rewards Offered and Labor Turnover Rates of Hospital**Foodservice Employees (N=51)*

	<u>Reward Offered</u>			<u>Reward Not Offered</u>				
		Turnover (%)			Turnover (%)			
	n	Mean	SD	n	Mean	SD	<i>t</i>	<i>p</i> ^d
<u>Longevity</u>								
Turnover All ^a	29	21	15	22	15	11	-1.61	0.12
Turnover FT ^b	28	14	19	22	8	9	-1.42	0.16
Turnover PT ^c	24	39	30	22	42	42	0.25	0.80
<u>Referring other employees</u>								
Turnover All ^a	12	23	11	39	17	14	-1.51	0.14
Turnover FT ^b	12	11	12	38	11	17	0.16	0.87
Turnover PT ^c	12	51	37	34	37	35	-1.16	0.25

Note: ^aTurnover All = turnover among all foodservice employees

^bTurnover FT = turnover among full-time foodservice employees

^cTurnover PT = turnover among part-time foodservice employees

^dIndependent samples t-tests were used to compare relationships

Independent Sample t-tests were used to compare turnover rates among foodservice employees with the perceived barriers to implementing incentive programs in each foodservice director or manager's hospital. As shown in Table 12, no significant differences in labor turnover rate were found between foodservice employees whose directors or managers cited specific barriers to implementing incentive programs. In the "Other" category, participants cited barriers due to union issues, lack of support from food service staff members, and the tax implications of offering added benefits.

Table 12

Relationship Between Barriers and Labor Turnover Rates of Hospital Foodservice Employees (N=51)

	<u>Barrier Present</u>			<u>Barrier Not Present</u>				
	Turnover (%)			Turnover (%)				
	n	Mean	SD	n	Mean	SD	<i>t</i>	<i>p</i> ^d
<u>Lack of funding</u>								
Turnover All ^a	22	19	17	29	18	11	-0.29	0.77
Turnover FT ^b	22	10	10	28	13	19	0.69	0.49
Turnover PT ^c	21	42	43	25	39	29	-0.36	0.72
<u>Lack of time for planning</u>								
Turnover All ^a	11	20	22	40	18	11	-0.38	0.71
Turnover FT ^b	11	16	30	39	10	9	-1.16	0.25
Turnover PT ^c	10	43	46	36	40	33	-0.25	0.81
<u>Lack of support</u>								
Turnover All ^a	12	18	8	39	18	15	0.03	0.98
Turnover FT ^b	12	17	27	38	9	10	-1.51	0.14
Turnover PT ^c	9	44	29	37	39	37	-0.37	0.71
<u>Perceived ineffectiveness</u>								
Turnover All ^a	13	22	20	38	17	11	-1.27	0.21
Turnover FT ^b	13	7	10	37	13	17	1.15	0.26
Turnover PT ^c	12	48	43	34	38	33	-0.91	0.37
<u>Lack of knowledge to plan program</u>								
Turnover All ^a	11	17	13	40	19	14	0.24	0.81
Turnover FT ^b	11	13	30	39	11	10	-0.31	0.76
Turnover PT ^c	10	37	39	36	41	35	0.36	0.72

Note: ^aTurnover All = turnover among all foodservice employees

^bTurnover FT = turnover among full-time foodservice employees

^cTurnover PT = turnover among part-time foodservice employees

^dIndependent samples t-tests were used to compare relationships

Discussion

The study attracted a highly educated group of participants. This was likely due to the fact that the participants were being recruited from professional organizations. The majority held bachelor's degrees, and over half reported receiving graduate degrees. This is consistent with the data reported in the Compensation Operations Study published in *Food Service Director* (1999). This study of industry salary averages reported 76% of 173 foodservice operators participating were college graduates, and 33% held advanced degrees.

The majority of the hospital foodservice managers or directors showed interest in implementing an incentive program. However, data was not obtained on the reasons for this interest in the study. This finding is similar to the report by Schuster (2006), who interviewed college and university foodservice managers on the effectiveness of incentive programs. Of the five managers Schuster interviewed, most believed their incentive programs were effective in retaining good employees in their operations (Schuster, 2006). However, this belief may be unexpected in the institutional foodservice population, where many employees are of the "passing-through" kind (18%), and may not be interested in incentives (IOC, 1997). An all-industry study of employee turnover in North America by the Kepner-Tregoe management consulting firm reported that half of the 1,290 managers who participated rewarded employees with "more recognition for superior performance". Forty-percent of those managers rated this action "ineffective" in reducing employee turnover rates ("Avoiding the brain...", 1999). It appears hospital

foodservice managers and directors may feel differently about the effectiveness of incentive programs and are motivated to implement incentive programs whether they benefit the operation with measurable outcomes or not.

The significantly lower labor turnover rate in federal and public hospitals in comparison to private hospitals may be due to the kinds of benefits, incentives, and opportunities for advancement offered to employees. This difference in turnover rate may be contributed in large part by the federal hospitals. Government jobs often include attractive benefits such as desirable insurance packages and pension plans. The federal government appears to have done a thorough examination of the benefits, usage, and effectiveness of incentive programs in their agencies based on the report from the United States General Accounting Office (Brostek, 2000). Both monetary and non-monetary incentives awarded to individuals and teams were perceived as effective motivators and rewards by agency officials. Brostek cites human capital as the government's "greatest asset".

Conceivably, this statement suggests that the government would consider the satisfaction of federal employees to be of great importance. If employees feel important, they will likely want to stay at their jobs. In addition to this, there may be more opportunities for promotion in federal hospitals, where criteria for advancement are likely to be standardized to accommodate the number of employees. This may prevent the break down of team effort that could result from too much competition as suggested by Kohn (1993), and maintain employee retention rates.

The slightly higher mean labor turnover rate among part-time employees related to education could be due to the manager's inability to relate to the employee. A part-time employee may have a difficult time feeling understood by a manager with a high level of education. The reason this may not have been evident among full-time employees is that perhaps managers have more opportunity to build a stronger working relationship with full-time employees because of regular contact. It is possible the part-time employees have shifts that are between hours when the manager or director has already left for the day. Also, it is possible that managers with higher levels of education are employed at larger facilities in metropolitan areas where there are more employment opportunities for part-time workers. Another reason for higher labor turnover rate among part-time employees in this category may be due to the type of person who works part-time in foodservice. Again, they are the "passing-throughs" – those employees, often students, who view their job as a temporary position. Approximately 18% of institutional foodservice employees in the IOC study were found to be "passing-throughs" (1997). Edwards (2004) presented similar results in a study of employee retention strategies, in which the highest level of labor turnover rate among school foodservice employees existed in the part-time category. These findings from other studies are consistent with the somewhat higher labor turnover rates among part-time employees in this study. However, this finding was not statistically significant.

None of the incentives listed on the survey appeared to be associated with a lower turnover rate. This result conflicts with the conclusions made by Stolovitch, Clark and

Condly (2002) who found that rewarding employees with monetary incentives increased productivity by 40%. Non-monetary incentives such as employee recognition programs have been found to be successful in possibly reducing labor turnover rates by increasing employee satisfaction and commitment to the organization (Arnett, Laverie, & McLane, 2002). Although neither monetary nor non-monetary incentives listed on the research questionnaire revealed statistically significant differences in turnover rate, there was a slight difference in turnover rate among hospitals that offered paid time off as an incentive. However, this difference was not significant. It is possible that employees are considering a non-monetary incentive such as additional time off to be of importance when deciding to stay at a job.

Similarly, none of the rewards listed on the survey appeared to be associated with a lower turnover rate. A slightly higher, but not significant, mean turnover rate was found among full-time employees offered rewards for extra training. This conflicts with a report of greater retention in a hospital foodservice operation rewarding extra training for language instruction ("To reduce employee...2001). There is no obvious explanation for why the mean turnover could be marginally higher for the full-time employees rewarded for extra training based on this research. However, it is possible that employees who receive additional training can qualify for positions at other facilities that offer higher salaries.

CHAPTER V

SUMMARY & CONCLUSIONS

The purpose of this study was to determine if incentive programs have any effect on labor turnover rate. The results from this study suggest that incentive programs have little effect on labor turnover rate in hospital foodservice operations.

Null Hypotheses

- 1) There will be no significant relationship between years of experience as a foodservice manager and labor turnover rate. This hypothesis was accepted.
- 2) There will be no significant difference in labor turnover rate based on foodservice manager education level. This hypothesis was accepted. However, a marginally significant higher level of labor turnover rate was evident among part-time employees managed by a director or manager holding a graduate degree.
- 3) There will be no significant difference in labor turnover rate based on type of hospital ownership. There was a significantly lower labor turnover rate among those hospitals under federal and public management. Therefore, this hypothesis was rejected.
- 4) There will be no significant relationship between incentive program budget and labor turnover rate. This hypothesis was accepted.
- 5) There will be no significant difference in labor turnover rate based on the types of incentives offered. This hypothesis was accepted. However, a marginally significant

lower rate of labor turnover was found among employees offered an incentive of additional paid time off.

- 6) There will be no significant difference in labor turnover rate based on the types of behavior rewarded. This hypothesis was accepted. A marginally significant higher rate of turnover was found in those hospitals offering part-time employees rewards for completion of additional training than those that did not reward for additional training.
- 7) There will be no significant relationship between foodservice managers' level of interest in implementing incentive programs and labor turnover rate. This hypothesis was accepted.
- 8) There will be no significant difference in labor turnover rate based on foodservice managers' attitudes towards incentive programs. This hypothesis was accepted.

Perhaps the strongest limitation of this study was the size of the sample. Only 51 surveys were fully completed. The result of only one research hypothesis (#3) out of 8 total hypotheses was determined to be statistically significant. It is possible that this study could have produced more statistically significant findings with more participants.

The low response rate could have been due to the fact that participants were being recruited from professional listservs rather than through personal e-mail. Permission to recruit members of The National Society for Healthcare Foodservice Management (HFM) via personal email addresses obtained through the membership directory was not granted for use in this study. HFM only allowed participants to be recruited from the member

listserv. It is reasonable to speculate that some potential participants may have never received the recruitment message because of technical failure, junk-mail filtering, or by deleting the message without reading it. It is also possible some foodservice managers or directors were uncomfortable providing information about budget and turnover through the internet. This may have accounted for the 11 questionnaires returned incomplete. The low response rate for this web-based survey conflicts with the conclusions made by Cobanoglu, Ward, and Moreo, who suggested that web-based surveys promote a higher response rate, greater disclosure and quicker return (2001).

It is also possible participation was difficult to obtain due to the nature of the organization membership profiles. HFM includes not only hospital foodservice managers or directors, but also those associated with other healthcare facilities such as long-term care. The American Dietetic Association's (ADA) Foodservice-L listserv may attract any kind of foodservice director or manager, including school, restaurant, or healthcare. This listserv may even include ADA members not currently in a foodservice management position, but simply with a professional interest in foodservice management topics. Because the questionnaire required participation by current hospital foodservice managers or directors, it is possible a significant number of members from these listservs were ineligible to participate in the study.

Recommendations

Due to the poor return of completed questionnaires yielded by the online survey, it is not recommended that future research on this topic be conducted online. Perhaps the

traditional methods of paper-based mail surveys are preferred by foodservice managers and directors. In addition to using paper-based surveys, using a recruitment strategy other than e-mail may produce higher participation. Again, mailing recruitment letters on paper may be more effective.

Based on this study, incentives appear to have little effect on labor turnover rates in hospital foodservice operations; however, it appears administrators have interest in implementing incentive programs. Managers who wish to offer incentives should find simple non-monetary or monetary incentives to offer to employees on a routine basis to reinforce appreciation for their work without the expectation that it will result in a lower labor turnover rate. As there appears to be an equal absence of significant effect on labor turnover rate by offering monetary or non-monetary incentives, it would be financially prudent to offer non-monetary incentives. The effect of offering paid-time off on labor turnover rate should be investigated further.

The foodservice industry needs further research in this area to determine any possible benefits of using incentive programs in hospital foodservice. Conducting research with foodservice employees rather than foodservice managers and directors may provide more information on incentives and rewards that may reduce labor turnover rate.

It is important to remember that many things other than incentives and benefits have the potential to affect labor turnover rate in a foodservice operation. Factors such as working conditions and job satisfaction contribute to turnover rates. Further study on the

needs of foodservice workers may create a better understanding of what directors and managers can do to keep their best employees.

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APPENDIX A

Institutional Review Board Approval

Institutional Review Board

Office of Research and Sponsored Programs
P.O. Box 425619, Denton, TX 76204-5619
940-898-3378 Fax 940-898-3416
e-mail: IRB@twu.edu

October 2, 2006

Ms. Michele Murphy
1407 Bernard Street, Apt #274
Denton, TX 76201

Dear Ms. Murphy:

Re: *Incentive Programs and Labor Turnover in Hospital Foodservice*

The above referenced study has been reviewed by the TWU Institutional Review Board (IRB) and appears to meet our requirements for the protection of individuals' rights.

If applicable, agency approval letters must be submitted to the IRB upon receipt PRIOR to any data collection at that agency. A copy of the annual/final report is enclosed. A final report must be filed with the Institutional Review Board at the completion of the study. Because you do not utilize a signed consent form for your study, the filing of signatures of participants with the IRB is not required.

This approval is valid one year from October 2, 2006. According to regulations from the Department of Health and Human Services, another review by the IRB is required if your project changes in any way, and the IRB must be notified immediately regarding any adverse events. If you have any questions, feel free to call the TWU Institutional Review Board.

Sincerely,



Dr. David Nichols, Chair
Institutional Review Board – Denton

enc.

cc. Dr. Chandan Prasad, Department of Nutrition & Food Sciences
Dr. Carolyn Bednar, Department of Nutrition & Food Sciences
Graduate School

APPENDIX B

Online Questionnaire

Incentive Program Questionnaire

1. Approximately how many years have you been a hospital foodservice director or manager?

2. Please check the credential(s) and education level that applies to you (check all that apply):

Associate's Degree _____ Certified Dietary Manager _____

Some college credits towards bachelor's degree _____

Bachelor's Degree _____ Registered Dietitian _____

Some Graduate work _____

Master's Degree _____ MBA _____

Doctoral degree _____

Other (please list) _____

3. What type of ownership applies to your hospital? Check all that apply.

Public _____ Private _____ Federal _____ Not-for-profit _____ For-profit _____

4. Please state the average number of employees on the payroll in your foodservice operation during the most recent year (past 12 months): _____

Of these, how many are full-time employees? _____

A full-time employee is defined as one who works 30 hours or more per week

Of these, how many are part-time employees? _____

A part-time employee is defined as one who works 29 hours or less per week.

5. How many foodservice employees left (quit, resigned, or were terminated - voluntary or involuntary) during the most recent year (past 12 months)?

Number of full-time employees: _____

Number of part-time employees: _____

6. What incentives do you offer to foodservice employees in your operation.? (Please check all that apply.)

None _____ (If "None", skip #7 and #8 and proceed to question #9)

One-time monetary bonuses _____

Merit-based monetary wage or salary increases _____

Gifts or gift certificates _____

Additional paid time off _____

Recognition plaques (includes medals, ribbons, certificates) _____

Other (please specify) _____

7. State the budget amount in dollars allowed for foodservice employee incentive programs during the most recent year (past 12 months): _____

8. What kinds of things do you reward? (Please check all that apply)

Completion of extra training or education _____

Outstanding attendance record _____

Work safety record _____

Productivity _____

Exceptional work performance _____

Longevity (years of employment) _____

Referring another employee who was hired _____

Other (please specify) _____

9. How interested are you in implementing an incentive program for employees in your foodservice operation?

_____ No interest _____ Moderate interest _____ Strong interest

10. Do you perceive any barriers to implementing an incentive program in your hospital foodservice operation? (Please check all that apply.)

Lack of funding _____

Lack of time for planning _____

Lack of support/disinterest from hospital management _____

Perceived ineffectiveness of incentive programs _____

Lack of knowledge on planning an incentive program _____

Other (Please list.) _____

APPENDIX C

Participant Recruitment Email

Dear Foodservice Manager:

October 13, 2006

You are invited to participate in a research study designed by a graduate student at Texas Woman's University that may be of interest to you. All participants who complete the survey will be entered into a drawing for a \$100 American Express Gift Card!

The purpose of this study is to determine the types of monetary and non-monetary employee incentive programs offered in hospital foodservice operations and their effect on the labor turnover rate of foodservice workers. The attitudes of foodservice directors and managers towards incentive programs will also be assessed.

Only hospital foodservice directors or managers are eligible to participate in the study. All hospital foodservice directors or managers are eligible to participate whether your department offers incentives at the current time or not.

Your participation in this research study is voluntary. There will be no consequences to you if you choose not to participate. If you do choose to participate, you will be required to answer an online survey consisting of 14 questions pertaining to the characteristics of your foodservice operation. The survey will take approximately 30 minutes to complete. All information provided will be kept confidential, however there is a potential loss of confidentiality through all email and downloading transactions.

Should questions arise, you may email Michele Murphy, the principal investigator, at: miche@mail.twu.edu. You may also email Carolyn Bednar at cbednar@mail.twu.edu with questions. Expect a response within 48 hours of inquiry.

If you choose to participate in the research study, please click on the link below to take the survey:

If you wish to be contacted with the results of the study, please reply to this email stating the email address you wish to receive the information.

Thank you.

Michele Murphy, RD, LD
Graduate Student, Texas Woman's University

Carolyn Bednar, Ph.D., RD, LD
Research Advisor