What Strategies Can We Implement to Reduce Employee Turnover at McDonalds?

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Introduction

Behind the counters and kitchens of fast food restaurants, a crisis is unfolding. Over the years McDonald's fast food restaurants have struggled to retain employees and they are leaving their jobs in staggering numbers. Due to the low wages, high stress, lack of career advancement opportunities, and inadequate training, fast food companies struggle to connect to their employees and make them feel valued. With McDonalds being one of the top 4 employers in the world, with about 2 million employees spread worldwide, they have had a turnover rate of 150% since 2014. These numbers bring up alarming questions that must be answered.

Industry Analysis

The fast food industry plays a major role in many families around the world, providing a quick easy bite for customers that seek convenience, speed, and affordability. These families come home late and struggle to balance work, school, extracurricular activities, and other responsibilities and rely on fast food restaurants to provide them with an easy dinner alternative. These restaurants serve billions around the world and provide a crucial need.

In the United States, Mcdonald's restaurants receive about 7.3 million customers a day, 51 million per week, and 2.7 billion per year. However, the scale of McDonald's operations also brings with it significant challenges. From these numbers, we can tell that McDonald's equates to billions of meals that their employees are tasked with making every day. This amount of productivity has caused McDonald's to mass-hire employees with little to no training, very few benefits, and a lack of job autonomy. These issues directly correlate with why the employee turnover rate is so high.

Problem Analysis

In the fast food industry, we need to look deeper into why the employee turnover rate is at such an alarming rate. The first step to answering the question is understanding that employees often view McDonald's positions as temporary roles rather than long-term career opportunities. This perception can be especially true for younger workers or those seeking part-time employment to meet immediate financial needs.

Right now there are not many reasons for employees to stay with McDonalds for an extended period of time and we want to change that. By offering new opportunities and benefits to employees we can retain our personnel and continue to train them and offer them leadership opportunities. By providing our employees with benefits and opportunities we can make our employees feel rewarded for their hard work and improve their overall performance.

Research Methods

To understand the root causes of employee turnover at McDonald's, a combination of primary and secondary research methods was employed:

Primary Data

Employee Surveys:

Surveys assessed satisfaction with pay, fairness, and career development opportunities. These provided quantitative insights into the broader trends affecting employee retention.`

Exit Interviews:

Exit interviews highlighted dissatisfaction with wages, lack of career advancement opportunities, high stress from inadequate staffing, and limited recognition and feedback from management as key factors influencing employee departures.

Survey Insights

Based on the survey data, significant insights emerged regarding employee satisfaction at McDonald’s. The majority of respondents (60%) expressed dissatisfaction with the current pay structure, emphasizing its role as a key retention challenge. Paycheck frequency also impacted retention decisions, with 53.3% acknowledging its influence. Regarding benefits, while 56.7% of employees found them somewhat satisfactory, a notable portion remained unimpressed. Clear career growth opportunities appeared lacking, as only 36.7% of employees believed such paths existed within the company. Flexibility and work-life balance were also concerns, with 50% feeling McDonald’s could do more to support a healthy balance. Importantly, 56.7% indicated they would consider staying long-term if compensation, benefits, and career development opportunities improved, highlighting these as critical areas for targeted interventions to boost employee retention.

Insights from Exit Interviews

In a recent exit interview with a former McDonald’s crew member, key insights emerged regarding their decision to leave the company. The employee cited dissatisfaction with wages as their primary concern, explaining that the pay did not adequately reflect the physical demands of their role, especially during busy hours. They also expressed frustration over inconsistent schedules, which made it difficult to balance personal responsibilities. A lack of career progression opportunities was another significant factor, with the employee stating that even after several years of service, they saw no clear path to advancement. Additionally, they mentioned feeling underappreciated, noting that positive feedback from management was rare, even after handling challenging shifts. These reflections highlighted a recurring theme of employees feeling undervalued, overworked, and without long-term prospects within the company.

Secondary Data

Employee reviews from platforms like Glassdoor to gather insights on common grievances. These reviews highlighted recurring themes such as dissatisfaction with pay and benefits, with many employees stating that their compensation did not align with the demands of the job. Others pointed out a lack of clear career advancement opportunities, describing the role as a "dead-end job" without pathways for promotion. Additionally, stressful working conditions, including understaffing during peak hours and inconsistent management support, were frequently cited as major sources of frustration. These insights provided valuable context for understanding the drivers of employee turnover at McDonald’s.

Challenges & Problem

McDonald's wages often fail to reflect the job's demands, making it difficult to attract and retain employees. Workers feel their compensation does not justify the physical and mental workload. Low wages remain one of the top reasons employees leave for better-paying opportunities in other industries. Addressing this requires rethinking the pay structure to stay competitive.Limited healthcare, no paid leave, and minimal retirement plans create financial strain for employees. With 56.7% dissatisfied with the benefits package, many compare it unfavorably to competitors. Expanding benefits to include paid leave, affordable healthcare, and retirement options would show greater support for employee well-being.High expectations and understaffing result in burnout. Employees reported feeling overwhelmed, especially during peak hours, with 50% dissatisfied with work-life balance. Enhancing staffing levels and providing regular breaks and mental health resources can reduce stress and improve satisfaction.Without clear pathways for advancement, many employees view McDonald's as a short-term job. Only 36.7% saw growth opportunities, emphasizing the need for structured career development programs to encourage long-term retention.

Solutions

Four different ways in which employee retention rates could be improved or stopped are improving employee benefits, creating motivation in the workplace, creating a SMART goal, and creating job enrichment.

Employee benefits are a way that companies can create tangible benefits and motivation for their workers. For example, another company in the industry, Chick-fil-A, offers their full-time employees many different benefits, such as a 401k match of up to 5%, medical and dental insurance, PTO, tuition reimbursement, and scholarships. McDonald's could use this model to better understand how their employees could gain better benefits when working alongside them.

Motivation is defined as "the desire to achieve a goal or a certain performance level, leading to goal-directed behavior" (Bauer & Erdogan, 2021, 140). Motivation is one of the factors of job performance alongside ability and environment. Without motivation or any of the other parts, an employee would not be able to perform their job correctly. A company like McDonald's can create both intrinsic and extrinsic motivation with positive reinforcement. They can provide intrinsic motivation by supplying the employee with an enjoyable work environment and relationships with others. Extrinsic motivation can be issued to the employee with benefits and rewards such as more employee benefits and pay raises. Doing so will encourage positive behavior to occur again in the future.

A SMART goal is "a goal that is Specific, Measurable, Aggressive, Realistic and Time-Bound" (Bauer & Erdogan, 2021, 178). McDonald's can create this goal and introduce performance-based bonuses tied to specific, measurable goals and allow their staff to understand the importance of their work.

Lastly, McDonald's can create more job enrichment for their employees. Job enrichment is "a job redesign technique allowing workers more control over how they perform their tasks" (Bauer & Erdogan, 2021, 172). By doing this, the company will allow members to feel more encouraged as they will sense that they are being challenged with the position that they have. This will give a sense of importance within the organization and it will motivate employees to come to work and work to the best of their ability.

S.M.A.R.T Goals

To maintain an effective and motivated workforce, the organization will apply the smart goals concept, which will help set clear, measurable, achievable, relevant, and time-bound goals. First, we will delegate assignments to ensure each employee will be undertaking tasks that require their specialized skills and knowledge to complete them, all this to make the employees happy with their assignment. In this way the productivity of employees and at the same time the opportunity for personal development will be highest if roles are matched to individual competencies. For this purpose, a formal tracking system will be established to monitor progress based on established benchmarks. This will assist in determining any blocks that may be present before they become a problem and more importantly, to ensure that the team is on track with project requirements. Daily, weekly, and monthly progress meetings will help to share performance data, promote goal orientation, and increase awareness of successes and issues, respectively. We will also establish realistic objectives mainly because before embarking on a project, we will assess the available resources, capabilities of the team in handling the project, and possible barriers to the project implementation. These principles of management are rather realistic and are aimed at minimizing stress, avoiding employees’ burnout, and making them committed to their work. Shared objectives and objectives will be revised when conditions warrant change. Each task will be relevant as each one will directly align with the company’s larger goals. The strategy will help the employees to learn where they fit in the organization and may lead to an increase in commitment towards the organizational goals. This connection will help them recommit themselves and push themselves to perform not just the minimum expected. Last but not least; we will be assigning time-bound targets to achieve the project deadlines effectively. An idea of due dates and meetings will ensure follow-through and the ability to manage time frantically. The scope of work of each team member will be defined and there will be no confusion on what should be done and by when. With the help of this SMART goal framework, we will build an effective, productive, and engaging workplace that employees will want to contribute to while the organization sees its growth.

Career Development Strategies

Improving their employee development must be a multi-faceted strategy that will promote personal and professional growth. Such hierarchical training programs can enhance the employees' knowledge of management using a comprehensive undertaking and exposure to the senior leaders. Promotion opportunities are achieved by organizing career ladders and an internal job marketplace, coupled with bi-yearly career planning meetings. Experienced staff should be teamed up with junior employees at the same time, reverse mentorship should be used. Altogether, peer-mentoring groups can also extend networking and partnership prospects at the workplace of the organization. Another important strategic objective is the extension of tuition scholarships, which cover certification, scholarship, and university partnerships. All these initiatives not only help develop a particular career but also ensure the qualification of the personnel corresponds to the organization's strategy. Through these development programs, companies can facilitate the learning culture, and engagement, and promote a pool of internal talent. According to the research, certain factors can make the employees satisfied with the organization, for instance, perceiving that their organizations show them potential career advancements and educational opportunities. Finally, a proper training and career development policy, strong mentorship, and other supporting educational services make the company able to attract and maintain highly qualified employees as well as to provide them with conditions required to create a strong and adaptive workforce ready to face any future challenges.

Benefits of Compensation Strategies

It is clearly understood that the employee benefits are important in order to improve the standard of living of employees as well as the organization. From the employee’s perspective, they receive these benefits in a bid to enhance their financial well-being and enhance satisfaction and motivation in the job. Stakeholder reward mechanisms include contribution match in 401(k) schemes, public holidays, cash awards, performing bonuses, and medical and other insurance plans that provide security and reward. These benefits crop up by effectively addressing financial and personal needs hence producing a more responsive and devoted manpower. To the organizations, comprehensiveness of the employee benefits implies a number of benefits. What it has shown is a lower turnover rate among employees to make it easier and cheaper for the employers to sustain the company without having to constantly post jobs and train new employees. A stable employee base enables organisations to direct the resources towards business development and advancement instead of having to go through the hiring process time and time again. Also, organizations that offer splendid benefit packages get the reputation of being employers of choice. While this improves the overall organisational image to the outside world it also goes a long way in retaining qualified employees and improving the organisation’s stock of talented employees.

All in all, good and effective employee benefits mean good and positive experiences for the employee while bearing sustainable returns for the organization in the long run. The match between employee satisfaction and organizational objectives can be viewed as the rationale for emphasizing the need for the development of extensive benefit programs to support multifaceted accomplishments.

Conclusion

McDonalds turnover rate is no mystery. Due to poor pay structure, dissatisfaction with the benefits, low career growth opportunities, and 56.7% saying they would have stayed if there was better compensation and growth options. With fast food being a highly stressful industry McDonalds turnover rate was up over 150%. As McDonalds has already implemented some solutions, there are more out there. If McDonalds implements SMART Goals, it will assist the employees with productivity and show the company whether they are a good fit for the position they are in. With weekly performance checks on employees, more and more performance data will be shared. This teaches employees career development strategies, while helping the company's larger goal of having more skilled employees and lower turnover. These skills learned

will help the employee move up in the company, having a future there, with less chance to leave. SMART Goals will also add job enrichment, and positive reinforcement, completing the two factor theory. Employees will both be satisfied with their job by completing their said goal for the week, and get validation for higher ups for completing said task. McDonalds is also able to pair junior employees with experienced staff to help provide guidance in the work they are doing. With better hygiene factors, such as educational benefits, PTO, and employee career development, McDonalds is starting to lower the turnover rate of their employees and keep profits.

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