

# Research of Staff Turnover Challenges in the Chinese Fast - food Industry

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**Abstract:** *Fast food chains in China have had poor financial results and significant employee turnover. This research seeks to identify the root causes of the issue and provide remedies. This research utilised interviews to gather data. This research included three fast food entrepreneurs and managers in China. In conclusion, while some businesses have effectively handled the issue, the present staff turnover in the Chinese fast-food sector is still very significant. Most workers are unhappy with their present pay, working conditions, workload, job autonomy, and professional growth opportunities. The bulk of departing workers are younger, since their expectations of increased wages and perks frequently become negative. Bad recruiting services, inability to fulfil the requirements of younger workers, job dissatisfaction, poor working conditions, and lack of advancement possibilities all contribute to high staff turnover. This research recommends that fast food businesses should concentrate on recruiting individuals with the appropriate talents, building connections with employees to facilitate dialogue between employers and employees, and conducting frequent pay and compensation evaluations to ensure that workers are paid competitively.*

**Keywords:** Fast food industry; Employee turnover.

## 1. INTRODUCTION

This chapter summarizes the research's context, objectives, subject motivation, methods, and structure. Its purpose is to give a concise overview of this article.

### 1.1 Brief Introduction & Purpose of Study

Chinese fast-food industry has grown rapidly in recent years due to increased competition, improved franchising and chain management, and the introduction of new cuisines and brands (Wang, 2016). The industry expanded rapidly after 2007, currently accounting for 45 percent of China's overall food and beverage market (Gandhi & Zhou, 2014). However, compared to sectors like local SMEs and multinational businesses, China's fast-food industry is failing and not living up to its full potential (Wang, 2016). The Chinese fast food industry's underperformance is due to a failure to effectively use human resources to accomplish long-term goals (Kaliannan, 2015). Low employee retention has hampered the sector's success. Notably, employee turnover is alarmingly high in China's fast-food industry.

### 1.2 Research Aims and Objectives

The primary objective of this study is to examine staff turnover problems in China's fast-food sector. To accomplish this goal successfully, the following aims will drive the research:

- 1) To conduct an analysis of the present staff turnover issue in the Chinese fast-food sector;
- 2) To investigate the factors that contribute to employee turnover in the Chinese fast-food sector;

### 1.3 Significance of the Research

Several empirical researches have been done on employee turnover problems in different sectors, excluding fast food. However, these studies have not examined staff turnover in the fast-food sector, particularly in China. As a result, the present research evaluates staff turnover problems in the Chinese fast-food sector. This study will also benefit managers in the fast-food industry. Fast food chains in China may improve their competitiveness and minimise possible expenses by limiting the industry's high turnover. In this respect, the study provides value by advising fast food chains not just in China but globally on how to improve employee happiness, reduce turnover, and achieve long-term objectives.

## **2. LITERATURE REVIEW**

This chapter discusses staff turnover in the Chinese fast-food sector. The existing literature was examined to identify gaps that this research would fill. So, this part defines employee turnover, the current staff turnover issue in the Chinese fast-food sector and explains why employees leave the Chinese fast-food business.

### **2.1 Employee Churn**

Employee turnover occurs when an employee quits an organisation for a variety of reasons, both professional and personal. However, Hom (2012) defines employee turnover as the voluntary or involuntary departure of employees. According to Branham (2012), employee turnover occurs when some workers leave and other people join the company. Employee turnover is the pace at which certain members or workers leave an organisation while new people enter. While all these definitions are valid, Hom's (2012) definition of employee turnover appears the most suitable for this research.

### **2.2 Employee Turnover in China's Fast-food Sector**

According to the South China Morning Post (2018), staff turnover in the Chinese fast-food sector has hit a new high of 50%. Therefore, many businesses now focus on managing expectations rather than capabilities. These methods attempt to educate employees on their duties and encourage group and teamwork to advance their careers and happiness. However, the Chinese restaurant business recorded a 41% staff turnover rate in 2016, compared to 10% to 20% in other industries (Qiu, 2016). Specifically, most workers in China's fast-food sector quit their jobs within two years of hiring.

### **2.3 Turnover Factor Analysis**

Younger workers in the fast-food sector have a higher turnover rate than older workers (China Tourist Hotel Association, 2015). Employee turnover is significant due to age. Because most young people struggle to advance in their professions and earn more money. According to Liu (2014), poor employee satisfaction and low compensation are likely causing of high turnover in the Chinese fast-food sector. So, workers in the fast-food business must be timely and offer great customer service. This increases staff turnover compared to other sectors in China. Unlike Liu (2014), CTA (2015) estimates the employee turnover rate in the fast-food sector in China to be approximately 39.95 percent. This number is expected to rise as workers seek greater pay and job satisfaction. Chan and Mai (2015) argue that career growth is a result of employee effort and an organization's desire to reward it. Therefore, employers are more likely to promote and train workers, lowering employee turnover. According to Jung and Yoon (2015), the work environment affects employee happiness. A positive work atmosphere motivates most workers to remain.

## **3. RESEARCH METHODOLOGY**

### **3.1 Research Design**

As explained by Erikson and Kovalainen (2015), research philosophy is the basic principles that guide researchers in collecting, analysing, and interpreting data. Generally, research philosophies include activism and interpretivism (Bell, 2015). This research will be interpretivist. Interpretivism allows researchers to get insight and understanding about employee turnover in Chinese fast-food restaurants by assessing the attitudes and emotions of many stakeholders, including managers and employees. The researcher will ask participants questions regarding their thoughts on staff turnover in the fast-food industry (Marshall and Rothman, 2015). Activist philosophy, on the other hand, is characterised by limited knowledge.

Deductive and inductive research methods are often employed (Marshall and Rothman, 2015). Using Ormston's (2014) inductive approach requires establishing theoretical references and wide generalisations. From inferences to bigger concepts and generalisations, this is known as a bottom-up approach. Conversely, the deductive approach relies on broad statements to draw inferences about events (Kovalainen, 2015). In this study, the researcher will collect data on staff turnover in the Chinese fast-food industry before drawing conclusions. The inductive approach allows the researcher to develop generalisations and hypotheses. This study does not need hypothesis testing, the deductive approach will be ignored.

This study uses a case study to highlight the underlying issues. Unlike other research techniques, case studies focus on an organization's analysis (in this case, part of the Chinese fast-food industry). A case study also helps academics comprehend a complex phenomenon from a practical perspective, as Ormston (2014) argues. How does employee turnover affect the Chinese food industry? How do these factors affect food sector employee turnover in China? "How does employee turnover affect Chinese fast-food restaurants?" So, a case study is the best approach for this inquiry.

Face-to-face interviews will be used to collect qualitative data for this study. The main advantage of conducting in-depth interviews is that they are very valid and reliable (Brannen, 2017). Also, a strong rapport with the responder enhances the quality of the data collected (Ormston et al., 2014). Nonetheless, interviewing methods are biased, expensive, and time consuming.

The study design was selected to provide a framework for the researcher to both answer questions and solve research problems (Lewis, 2015). Therefore, the study was divided into 2 different objectives. In line with the study's aims and objectives, the researcher created 8 interview questions to elicit specific information and collect extra data. The researcher created clear and simple questions to ensure high-quality data collection.

### 3.2 Data Collection and Analysis

This study's qualitative data will be collected through in-depth face-to-face interviews. The primary benefit of conducting in-depth interviews to gather data is that it increases validity and trust since the respondents provide adequate information (Brannen, 2017). Also, a good connection with the interviewee enhances the quality of the data gathered (Ormston et al., 2014). Probability and non-probability sampling are common techniques (Brannen, 2017). This research utilised non-probability sampling. The research participants were chosen via convenience sampling. The researcher may therefore choose respondents depending on their accessibility and availability. More significantly, convenience sampling is less expensive, and researchers should use their judgement in selecting sample sizes. However, convenience sampling is biased since it is chosen purely for the researcher's convenience. The sample population comprised of three Chinese fast-food managers. The researcher visited with three managers of three distinct fast-food businesses with the assistance of family and friends. The fast-food joints were labelled A, B, and C. During the interviews, the researcher presented the study's goals and objectives to these supervisors. Each interview was 25-35 minutes. The content analysis method was used to examine the qualitative information. Content analysis is the process of analysing contextual material by categorising and classifying it according to various themes (Elo, 2014). To screen qualitative data for differences and similarities, the researchers utilised content analysis to identify and categorise answers according to the study goals.

## 4. FINDING AND DISCUSSIONS

This chapter analyses the interview data. Three managers from a variety of Chinese-owned fast-food chains were interviewed.

### 4.1 Profile of Interviewees

The table below depicts the profile of the 3 interviewees in this research

**Table 1:** Profile of interviewees

Interviewee	Gender	Age	Department
A	Female	40	Chief executive officer
B	Male	38	Director General
C	Male	45	General Manager

### 4.2 Analysis of Interview Responses

Employees were evaluated twice in Q1. Interviewee A: "Income is adequate. Fewer workers per year die due to proper constraints. It's 5 per year ". Interviewee C said, "I have too many employees. Each year, 10-12 staff leave. Staff turnover costs us thousands of dollars each year ". Despite some organisations' achievement in reducing staff turnover, the industry's current employee turnover rate is considerable.

In Q2, the majority of departing employees were young. However, younger workers were categorised. Some

proposed the 25-35 age group, while others suggested all workers under 40. Interviewee B said "Young workers typically leave. Most recent grads will relocate. Over-40s are more inclined to work long-term".

Concerning Q3, numerous factors were given for why younger workers depart. Many respondents said that younger workers were excessively ambitious, misusing their degrees and continuously seeking more lucrative jobs.

Q4, many respondents also believed exceptional employee benefits will keep workers. Respondent B says, "Employees frequently compare salary. They will quit if paid less than their peers. Similarly for welfare. Prioritising high pay and benefits will keep workers employed".

Respondents to Q5 seemed to think that a bad working environment increased employee turnover, while a good working environment decreased employee turnover. A positive work atmosphere reduces employee turnover. When the working atmosphere is not excellent, employees are more inclined to leave the organisation.

Regarding Q6, most respondents agreed that training and development helped reduce employee turnover. Interviewee C, for example, says "Certainly, training and development programmes will reduce employee turnover. Every person wants to advance in their profession, and they know that only training can help them do so. We now have such a programme to help minimise our high turnover rate". This positive impact arises when employees regard training and development as an opportunity to further their careers. So, they stay to further their careers.

Q7 answers clearly suggest that promotion chances have influenced employee turnover in Chinese fast-food chains by discouraging employees from leaving. Interviewee A said, "Employees who see a clear path to advancement are more likely to stay with the organisation. Being promoted is a method to grow as an individual, therefore it encourages employees to stay with the company. Promoting a shortage of promotions". The foregoing responses indicate that promotion chances do influence staff turnover.

Q8: Many more factors for employee turnover were mentioned by the interviewees. Among the reasons given by interviewees were a lack of autonomy and overwork. Interviewee C said "Heavy workloads activate high turnover. Most fast-food chains don't even bother giving their employees a fair amount of labour each day. To be honest, the slaves are overworked and dissatisfied. No need to keep working overtime".

## **5. CONCLUSION**

This chapter summarises the study considering the findings and analytical criteria presented in Chapter 4. The content of this chapter directly addresses the study's objectives in order to provide responses to the research's questions.

### **5.1 Employee Turnover in China's Fast-food Business**

According to the interviews, the current employee turnover rate in the Chinese fast-food business is still high, albeit some companies have managed to reduce it. According to Qiu (2016), staff turnover in the fast-food industry was 41 percent in 2016, compared to other industries with employee turnover rates between 10 percent and 20 percent.

### **5.2 Causes of Employee Turnover in China's Fast-food Business**

In the Chinese fast-food business, lack of job satisfaction, bad working conditions, and limited promotion prospects are the key factors limiting employee retention. As stated by Terera and Ngirande (2014), employment in the fast-food business is repetitive and monotonous, resulting in high levels of job discontent due to weariness and perceived lack of inventiveness. The report also claims that pay and perks have a big impact on whether an employee stays with the company.

### **5.3 Recommendations**

Firstly, fast food companies in China must focus on hiring people with the proper abilities. The hiring process must be competitive to guarantee that only the best candidates are hired. Second, fast food firms must build rapport with their staff to allow communication. Establish communication channels such as emails, mailboxes, and employee

reps to communicate with management when necessary. Similarly, managers must always be in touch with staff to avoid any suspicions of malice. Fast food chains must conduct regular wage and salary assessments to ensure that their employees are paid competitively.

#### 5.4 Limitations

The study only questioned three Chinese fast-food managers, whose opinions are regarded to be indicative of the Chinese reality. Because there are so many fast-food chains in China, the perspectives of three managers are unlikely to effectively represent the business. In future studies, increasing the number of interviewers may increase the study's representativeness.

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