

The Link Between Staff Training and Development and Retention Levels in Firms: The Case of McDonald's in Finland

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Abstract

This research investigated how training and development relate to staff retention in an organizational context by taking the case of McDonald's in Finland. To realize this aim, the research was guided by the following specific objectives: to investigate factors affecting employee turnover at McDonald's in Finland; to explore factors affecting the effectiveness of training and development at McDonald's in Finland; to explore the relationship between training and development and retention of employees at McDonald's in Finland; to suggest how McDonald's in Finland can improve employees' training and development to improve staff retention. The theoretical framework offers a critical review of past scholarly articles that explored concepts on or related to the link between training and development and employee retention, including the underpinning research: Herzberg's Two-Factor theory and definitions of key concepts. The study was qualitative research that adopted the deductive approach to help understand the relationship between staff training and development and retention levels in firms. Semi-structured interviews were chosen as the data collection technique. The study found that McDonald's has a great commitment to training and developing its workforce through e-learning, e-business, and product development training. The company derived benefits from training and developing employees include improved organizational performance and overall wealth, better customer services, and improved employee productivity and performance. Also, the study found a positive relationship between training and development and employee retention in the organization. The researcher concluded that McDonald's could improve its training and development strategies to enhance staff retention by providing constant training and learning opportunities to employees and trainers, promoting employees within the company, and then training them to handle those higher positions. McDonald's should consider these and ensure that training aligns with employees' needs to enhance its effectiveness.

Background to the Study

One of the fundamental concepts in contemporary organizations is a resource-based view. Based on this view, there are three types of resources constituting a source of competitive advantage: organizational capital, physical capital, and human capital (Anis, Nasir & Safwan 2011). Managing these resources has become essential in this contemporary era of competitive advantage. As established already, the transfer of information and technological advancement can be achieved quickly, making it easy to acquire the first two resources. However, this is not the case for human capital as a competitive advantage because it is not easy to copy or reproduce (Anis et al. 2011). This also demonstrates that non-human resources do not provide organizations with many advantages because they are easily available and transferable. To that extent, Anis et al. (2011) pointed out that human resources are a significant differentiator between competing companies because they create a substantial and lasting impact. Thus, attracting and retaining skilled employees is significant because they contribute to competitive advantage.

One of the most troubling issues for organizations is staff turnover, which is upsetting both for employers and employees (Anis et al. 2011). Accordingly, Aleem and Bowra (2020) note that employers have to incur hiring and organizational costs whenever they lose their human capital. Employee turnover can be either involuntary or voluntary. Involuntary turnover implies that an employee leaves the company because of conflict with colleagues, poor performance, or other issues. In contrast, the voluntary loss of an employee relates to better opportunities in rival organizations (Anis et al. 2011). Since turnover is troubling to organizations, techniques to enhance retention are imperative.

Consequently, companies attempt to retain their skilled and talented employees through various strategies. The ability to retain employees and their valuable talent or skills helps the organization preserve its investment in human capital (Anis et al. 2011). Thus, talent management is a key aspect of every organization's growth. Organizations have realized that a sustainable competitive advantage can be obtained through retaining skilled and talented employees. The need to retain employees has forced organizations to take certain steps aimed at making employees feel valued and part of the firm (Aleem & Bowra 2020).

Past studies have identified various techniques organizations use to retain employees, including improving the work environment, training, and compensation (Hassan et al. 2013). Moreover, researchers like Aleem and Bowra (2020) and Anis et al. (2011) have noted that labor shortages are a major concern for organizations, making employee retention a major goal, especially for skilled employees. Studies undertaken by various researchers have identified training and development as a key variable in determining or influencing staff retention (Anis et al. 2011). Since organizations have realized that training and development are critical to retaining employees, some firms focus on specialized training instead of general training to ensure that employees are unfit for rival companies (Anis et al. 2011). Thus, training and development have become fundamental aspects of organizational strategy to the extent that some firms have developed a training

and development function as one of the areas of human resource management. Training and development, as a function, focus on systematic activities geared towards retaining and improving the quality of the workforce. In the contemporary business world, organizations continuously train and develop to secure employees' commitment and increase productivity and quality of services to customers (Hassan, Razi, Qamar, Jaffir & Suhail 2013.).

In the present dynamic environment, employees are most interested in acquiring new knowledge and learning new things to take responsibility for improved earnings and career growth (Anis et al. 2011). Training and development of employees play a significant role in increasing staff commitment and loyalty towards the firm because they aid career growth. The current study is based on the notion that fast food industry growth is grounded in human resource development. Thus, there is a need to gain a deeper understanding of training and development to help organizations in the fast-food industry retain their employees (Hassan et al. 2013.) In particular, the study uses McDonald's in Finland to explore the link or the relationship between staff training and development and employee retention. The fast-food chain has been selected for this study because it is the second-largest restaurant chain after Hesburger. Furthermore, McDonald's has operations across the globe, implying that the findings can be applied in a wider context.

This research aims to investigate how training and development relate to staff retention in an organizational context by taking the case of McDonald's in Finland. To realize this aim, the research will be guided by the following specific objectives;

1. To investigate factors affecting employee turnover at McDonald's in Finland
2. To explore factors affecting the effectiveness of training and development at McDonald's in Finland
3. To explore the relationship between training and development and retention of employees at McDonald's in Finland.
4. To suggest how McDonald's in Finland can improve employees' training and development to improve staff retention.

In recent years, the fast-food industry has stood out as a popular choice for research on employee behavior. However, most studies have focused on human resource behavior as an antecedent of performance. This implies that few studies have focused on talent enhancement and improvement as antecedents of employee turnover (Hassan et al. 2013). According to Gan and Yusof (2019), most researchers have mainly investigated employee turnover concerning intrinsic and extrinsic motivations. Although training and development can also be categorized as a form of employee motivation, few studies have explored it as a single variable in relation to retention. The shift towards human resources as the source of competitive advantage makes training and development as a strategy for retaining employees an interesting area to explore. Based on a report by YLE (2021), young people in Finland are getting less inclined to work in fast-food restaurants after reports of mistreatment surfaced in various restaurant chains.

Despite the lack of enthusiasm from young people towards seeking employment in the fast food industry, few studies have examined what is causing the high turnover in the Finnish fast food industry or why prospective employees are not prioritizing it (YLE 2021). More importantly, limited studies have explored the strategies employed by fast-food restaurant chains to retain their employees. Although organizations in the Finnish fast-food industry may employ various strategies to retain their talented employees, exploring training and development as a potential variable is essential to providing insight into employee turnover in Finland.

Currently, many young people get employed in fast food chains, and students consider it an advantage to work in fast food restaurants even though they do not have much experience or training. However, as soon as they start working, they quit or leave the industry, citing the jobs as bad. This is somehow worrying because it contributes to the high turnover in the industry. Thus, this thesis is relevant because exploring training and development as a potential variable is essential to providing insight into employee turnover in Finland's fast-food industry. Correspondingly, this thesis is important because the findings will provide the basis for further re-search into the future, which other researchers interested in this area can explore. Secondly, the thesis is essential as the recommendations can be helpful for the company to utilize for the betterment of the organization. Also, the thesis is important as the findings can provide valuable references for researchers exploring this area in the future.

The researcher is motivated to choose this topic because it is an interesting topic that falls under the human resource management perspective, as was required in writing the thesis. This topic is interesting because it will help uncover how training and development can be done effectively in the fast-food restaurants in Finland to enhance the retention level and help resolve the issue of high turnover and unattractiveness of the job opportunities in the industry, especially by the young people who seem to lack interest in working at the fast-food industry. Secondly, the researcher is motivated to choose this topic because no study has been done that links training and development to retention levels at McDonald's in Finland. Therefore, it is valuable to explore this topic in the context of McDonald's as one of the big fast-food restaurants in Finland.

This research report is divided into five key chapters. The first chapter, the introduction, provides a background to the study, pointing out the aims, objectives, and rationale behind the study. The second chapter, literature review, evaluates and reviews relevant theories and published scholarly sources on the links between training and development and employee retention. The third chapter is about research methodology, which covers research design, philosophy, strategy, and data collection techniques. Moreover, the chapter highlights ethical considerations, sampling, and data analysis methods. The fourth chapter presents the findings from the data collection process and analyzes and discusses the same. In chapter five, the conclusion and recommendations are provided

Theoretical Framework

This research's main aim and central problem is to investigate how training and development relate to staff retention in an organizational context by taking the case of McDonald's in Finland. As stated earlier, this chapter offers a critical review of past scholarly studies that explored concepts related to the link between training and development and employee retention. The chapter defines and explains the key concepts that constitute the subject of investigation. In particular, the chapter defines and explains concepts such as training and development and employee retention. Subsequently, the chapter identifies and justifies the theory that explains the relationship between the two variables in its entirety. The chapter also reviews existing articles on the topic to ascertain the factors that could lead to high employee turnover. This is significant because it provides insight into what causes employee turnover before attempting to understand how training and development could be a solution. This is followed by a review of scholarly published sources on the factors influencing the effectiveness of training and development. In other words, the review attempts to identify the factors that could enhance employees' training and development to ensure that desired outcome is realized. As central issues or key aims, the chapter critically reviews the relationship between training and development and employee retention. The review is critical because both sides of the relationship are considered. Finally, the chapter highlights the key arguments discussed and the gaps this research will address.

Definition of Concepts

This section defines the main concepts used in this thesis. These include training and development and employees' retention.

Training and Development

In the contemporary era of advancement, in which technology changes constantly, training is necessary for all organizations to remain competitive in the market. According to Anis et al. (2011), organizations can no longer solely rely on a conventional specialization but must improve employees' skills to compete in the current and future markets. This denotes the value accorded to training as a strategy for developing or enhancing employees' skills and commitment towards the organization. In that regard, Sahinidis (2008) defined training as a planned intervention designed to improve the determinants of an individual's job performance. Essentially, Sahinidis (2008) argues that the concept of training comes from changes acquired through learning and development. However, Gan and Yusof (2019) conceived the concept differently. They defined training as the process of developing and gaining individuals' knowledge, abilities, and skills to ensure the smooth performance of daily operations in the firm. Although the two definitions suggest that training aims to improve performance, Gan and Yusof (2009) consider the concept as a process, making its definition more in-depth compared to Sahinidis (2008). Therefore, the study maintains that training is a process of acquiring and developing abilities, skills, and knowledge to enhance performance.

Similar to training, development is also a process of improvement for future jobs (Anis et al. 2011). Employees are always considered for development of career-enhancing skills, leading to employee motivation as well as retention (Al Karim et al. 2019). It is common knowledge that a well-trained and developed workforce will be a valuable resource to the organization, leading to an increased probability of their effectiveness and efficiency in undertaking their duties (Al Karim et al. 2019). However, Gan and Yusof (2009) point out that development implies learning opportunities created to help staff grow. This assertion is incongruent with the explanation of Anis et al. (2011) that development is not fundamentally skills-oriented but rather provides a general attitude and knowledge that will be beneficial to employees in higher positions. Thus, development programs in organizations are frameworks aimed at helping employees develop their professional and personal knowledge, attitudes, skills, behaviors, and abilities to undertake specific organizational tasks (Al Karim et al. 2019). Based on these definitions and explanations, it is plausible to argue that development equips employees with knowledge about the business environment, human relations, and management principles necessary for better management of the organization.

Notably, Al Karim et al. (2019) point out that training and development strategies used by the organization will need to move beyond techniques and traditions to be effective and achieve expected goals in the future. Nevertheless, Anis et al. (2011) note that training and development are meant to strike a balance between research and actual company practices that offer background into the essentials, such as learning environment, transfer of training, and evaluation. Therefore, training and development reduce turnover because they create advancement opportunities, reduce absenteeism, and improve employees' commitment to the organization. The significance of training and development is demonstrated in how most organizations create human resource development functions. (Anis et al. 2011.)

Methodology

This chapter explains the progression of the research methodology, which entails the consideration of the approach that this study has employed and the justification of its use. Besides, this section provides the justification for choosing a qualitative research design for this study and explains data collection techniques and data analysis techniques. Furthermore, the presentation of the practical ethical considerations and remarks on the methodology limitations for this research is put forward in this chapter.

Research Strategy

A research strategy refers to the overall plan that a researcher employs to conduct the study, which is how the research answers the research questions. It provides a high level of guidance to the researcher in executing, monitoring, and planning the research (Johannesson & Perjons 2014.) Bryman (2015) asserts that research strategy assists the researcher in effectively determining the type and nature of the data to be collected. Accordingly, the types of research strategies that researchers can use include grounded theory, action research, experiments, ethnography, case studies, and surveys. The type of

re-search strategy adopted depends on the objectives or questions of the study, the research scope, and the subject control level (Johannesson & Perjons 2014.)

In this study, the case study is employed. The case study is employed in this research because, firstly, it is used to explore a single phenomenon in a natural setting by utilizing different methods to get in-depth knowledge regarding a particular phenomenon, which in this case is how training and development techniques relate to employee retention at McDonald's in Finland. Therefore, it is an appropriate strategy to investigate the study at hand. This study will use interviews as the method of collecting data for analysis. Additionally, case studies enable data collection from contemporary events or organizations. Remarkably, a case study is essential in addressing a company's internal issue, as persons directly involved with the firm are sampled to get their perspectives (Wedawatta et al. 2011.)

Research Approach and Strategy

The research approach refers to the techniques and plans a researcher uses to elucidate the extensive procedures and assumptions employed in data collection and how they are interpreted. In this context, the two major research approaches are deductive and inductive (Bryman 2015). The deductive approach entails testing the validity of existing assumptions and theories. Remarkably, in this approach, the author begins with a research idea and then splits it down into specific hypotheses that are adopted to collect the data. Contrarily, the inductive approach involves information and knowledge generation to be utilized in designing new theories (Bryman 2015). Against this background, this study will adopt a deductive approach to help develop an understanding of the relationship between staff training and development and retention levels in firms. The generated findings from the respondents can be used to derive conclusions that can be generalized and applied to the fast-food industry in Finland (Ormston et al. 2014).

Regarding research design, Bryman (2015) notes that it provides a logical structure that the author can employ in answering the research questions/problem. In this case, the research designs that are most commonly used are quantitative and qualitative. This study adopts a qualitative approach to investigate the link between staff training and development and retention levels at McDonald's in Finland. The qualitative research design involves collecting qualitative data from the participants to capture their views, experiences, and opinions. In line with this, a qualitative study offers an extensive inquiry to provide fundamental justifications for any phenomenon or action taking place (Ormston et al. 2014). Furthermore, this design cuts through the social and context meaning and how individuals are directly impacted, which is of great advantage, especially in the social sciences (Ormston et al. 2014).

This design is suitable when the researcher is seeking to gather an in-depth understanding of a particular social issue from a small population sample of study

subjects (Bryman 2015). Thus, a qualitative study is appropriate for this study because it will enable the researcher to gather detailed data on the experiences and feelings regarding the link between staff training and development and the retention levels at McDonald's in Finland. As such, quantitative research is declining because it gathers numerical data from a large sample size of respondents, which is not the focus of this study (Bryman 2015). The focus of the study is to obtain detailed information from a single-unit organization (McDonald), hence qualitative research is the preferred research design. Besides, the operation of a quantitative study is conducted in restricted environments that prevent the researcher from having direct contact with the respondents; hence, the perceptions and feelings of the respondents are ignored during data gathering (Bryman 2015).

Data Collection Methods, sampling, and data Collection Process

These entail the methods and procedures that researchers utilize to gather data about a particular topic of interest. Researchers commonly employ primary data collection techniques, including questionnaires, focus groups, and interviews (Saunders et al. 2019). This research will employ interviews (semi-structured interviews) because there are many topics to be covered in the interview, and using this method will provide space for the interviewees to share their experiences and knowledge with the training and development techniques employed by the firm (Bryman 2012).

Moreover, unlike structured interviews with little room for variation and flexibility in the way questions are answered or asked, an unstructured interview schedule is open and has greater freedom and flexibility. Even though the study questions will determine the questions the author will ask the interviewees, their wording, content, and sequence are entirely left to the interviewer. This will offer an opportunity for the interviewees to expand on the topics and give the author room to ask further questions that will not be reflected in the interview guide. Interviewees expounding on the topic and revealing more about their knowledge and experiences will enrich the qualitative data that will be collected using unstructured interviews (Alamri 2019). In this way, the researcher will be able to scrutinize some of the experiences or knowledge regarding training and development and its relation to retention in the firm in a more in-depth manner to assist in developing themes.

Additionally, interviews are more suitable for this study because, unlike questionnaires with fixed questions and answers, interviewing offers the opportunity to clarify or explain answers or questions, thereby enhancing the accuracy of the data collected (Bryman 2015). Furthermore, the interviewer can explain the questions to the interviewees, who then get the opportunity to clarify or elaborate on their answers. Finally, another advantage of interviews is that they can be video-recorded or taped, which assists with data coding, transcriptions, and analysis (Bryman 2012). However, the main disadvantage of interviews is that they can be costly and time-consuming, as the researcher requires time to record and collect data, arrange the interview schedule, transcribe the code, and perform data analysis (Alamri 2019).

Conclusions and Recommendations

This thesis establishes that many factors make employees leave McDonald's besides training and development. Other factors include some employees being students and needing to leave to study, un-bearable work pressure, an unfavorable working environment, odd working hours, and getting opportunities from other companies or development. However, many interviewees stated that the main reason was a lack of adequate training, development, and learning opportunities. Thus, the organization should strive to factor in all these to create an environment that will be favorable and make employees stay for longer.

Also, the study has established that McDonald's has an outstanding commitment to training and developing its workforce through e-learning, e-business, and product development training. The company's benefits from training and developing employees include improved organizational performance and overall wealth, better customer service, and improved employee productivity and performance. Therefore, the organization should commit more to training and developing its workforce to continue reaping these benefits. Additionally, the study found a positive relationship between training and development and employee retention in the organization. However, other findings have revealed a significant negative relationship between training and development and staff retention because employees leave to look for better opportunities that match their skills. However, McDonald's should continue to commit to constant and frequent training and development programs for its workforce to continue deriving the benefits of training and developing its workforce. However, it should simultaneously consider promoting these employees within the company to reduce the high turnover resulting from such programs that grow employees' skills.

Finally, the study has established that McDonald's can improve its training and development strategies to enhance staff retention by providing constant training and learning opportunities to employees and trainers, promoting employees within the company, and then training them to handle those higher positions. Therefore, McDonald's should consider these and ensure that training aligns with employees' needs to enhance its effectiveness.

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