

To Identify the Motives of Attrition in Quick Service Restaurants

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ABSTRACT

Hospitality industry in India has been growing very rapidly. The major contribution is given by the quick service restaurants after the various star hotels. Entry of QSR was first seen in the year of 1996 when MacDonald's started in Delhi. From then on, we have various International and Indian QSR brands entering and sustaining the super heavy competition. The hospitality industry or fast food industry is a service oriented industry which is in touch with the customers all the time. The contact time with the guest is almost 12 hours during operations, which leaves less time for social life with limited money in the pocket.

This leads to a lot of pressure to work hard continuously. Survival has become extremely grave. Hence this current situation is leading employees to always look for a better opportunity with good pay which is leading to a heavy attrition.

The switchover between the companies is happening in a very short duration for various reasons. The research is trying to identify the causes of employees leaving their job specifically, working in top international fast food / quick service restaurant brands in the Pimpri Chichwad Municipal Corporation.

Key Words- Quick Service Restaurants, Attrition, Hospitality Industry

INTRODUCTION

Hospitality as a service industry is one of the big and growing industry in India from many years.

The sector is classified under Tourism, Hotels, Restaurants, Bar, Transport catering and quick service restaurants which are called as fast food outlets. Fast food industry is the industry which is expanding very fast globally and in India.

The first entrant was “MacDonald” a US brand who entered in the year 1996. At that time India was a country who was new to the concept of “Dinning Out”. Today the scenario has changed from right to left. India today is a home for all big International and Indian players which are either new or established fast food chains. The fast food industry is expected to double from 2013 to 2016, to 1.12 billion dollars.

The industry is doing extremely great business wise, but a major problem faced in fast food today is high labor turnover which is a reason to worry. Turnover rate indicates the number of employees who leave an organization during a specific time. If a good numbers of employees have left the organization it indicates that the motivation is lacking towards the job that they are performing.

As the economy of a country is improving the percentage of turnover in every fast food brand is increasing too. There are various reasons surely for the staff leaving and joining a new brand somewhere. Hence the major challenge is to find out the reason for people leaving. The work pressure in every sector of hospitality industry is extremely high as the operation hours are close to minimum 10-12hours a day which is further extended to 2-3 hours many times. Also it demands continuous attention towards the guest which does add onto the overall work pressure.

Entry of new International and Indian companies in fast food sector is seen as a reason, why there is a heavy labor turnover. The latest entry is by Starbucks, a Coffee Bar in the year 2014.

Indian companies are aiming to redefine their services and redesigning their products because of the heavy competition that they are facing in the market which is acting like a pulling factor. In India every year a new brand is entering with a bang and aiming at pulling experienced staff from a competitive brand with additional perks and better pay.

Another reason is an organizational culture in any brand that exists in the market. Today’s generations is moving away from only hard work to smart work which will allow them to have enough time to enjoy their personal life. They also are seeking at looking at balancing after work life by doing something which is beyond the daily routine that they have. One of the reason identified for the turnover for highly educated hospitality employees is work – family conflict.

REVIEW OF LITERATURE

1. Gopinath Sangaran, Anshul Garg studied in the research paper that, the hospitality industry is extremely labour insensitive. The major determinants of job satisfaction are, the work that they the employees are expected to perform, low salary packages, promotions, relations with co-workers.
2. Vinay Chauhan, Shilpa Mahajan studied that, hotels which are major part of the hospitality industry is recognising a need to build a brand to recruit and retain the employees in the organisation which will lead a lower the turnover eventually . Employee's loyalty has linked directly to the intention to stay in the industry, hence cutting down the attrition.
3. Van Thompson studied that the turnover rate in United States fast food industry is seen over 100% which means that all the employees have left their job. It also states that burger king had a turnover rate of 210 % in the year 2008 and Taco Bell had 144 % in 2009. The turnover happens also because of the younger employees tend to leave their job often in search for better job. One of the observation that the author has mentioned is that employees who are doing full time job are mostly stuck for longer time.
4. [Tom DiChristopher](#) (2015) states in his article that there is heavy cash cost towards the employee turnover, which made MacDonal'd's to increase the wages for 90,000 employees which then is further linked to the relations in between the customer and the employees.
5. Monica Parpal (2015) stated that hiring and retaining the employees are two different difficult things. The major reasons of why employees leave are, low pay and lack of appreciation, conflict with colleagues, lack of benefit etc.
6. [Rebecca Burn-Callander](#) (2015) mentioned in her article that according to Glass Door research the culture of the organization helps retaining the employees for along time . Having pay and profit share would help employees working feel closer to the company.
7. Tony Agracia (2015) stated that in one of the research conducted by National Restaurant Association found that 17% of restaurant operators think that recruiting and retaining the employees has become one of the biggest challenges. The improved economy is leading all the companies to rethink on their recruiting and retaining strategies.
8. Dipietro, Milman (2004) studied that managers in QSR industry do realize the need to retain the employees who are in hurry to leave the job, but they are unable to handle the attrition because of the lack of knowledge of the action plan to be undertaken,

neither they are aware of the reasons of the turnover. one of the finding in the research paper also stated that employees leave because they are seeking a better pay, healthy work atmosphere.

OBJECTIVE OF THE STUDY

- To study the various factors affecting the attrition rate in the quick service restaurants.
- To examine importance of an exit interview in QSR industry.

KEY TERMS & DEFINITIONS

QSR- Quick Service Restaurants is a food and beverage service outlet serves food which is prepared and served in a short span of time.

Fast Food – Same industry as QSR which is to be served fast food in short time in an informal atmosphere.

Attrition – According to the Wikipedia website the attrition is employees leaving a company to join somewhere else

Hospitality Industry– refers to the relationship between a guest and a host, wherein the host receives the guest with goodwill, including the reception and entertainment of guests, visitors, or strangers

PCMC- Pimpri Chichwad Municipal Corporation, an extension industry hub to Pune city.

LIMITATION OF STUDY

- The study is limited to only PCMC- Pimpri Chichwad Municipal Corporation; hence it has a very narrow approach.
- The study is conducted in the current scenario and the scenario of fast food is changing very fast.
- The study is based on the sample which is collected randomly from top QSR companies.

RESEARCH METHODOLOGY

COLLECTION OF DATA

Primary Data

Primary data was collected from the questionnaires. The questionnaire were given to entry, middle and top management level employees of top 4 QSR brands which are Dominos, Pizza Hut and Kentucky Fried Chicken and `MacDonald's.

The sample size was 45 employees from PCMC area.

Secondary Data, was collected from,

- E-Journals
- Magazines
- Books
- Websites
- E- Articles

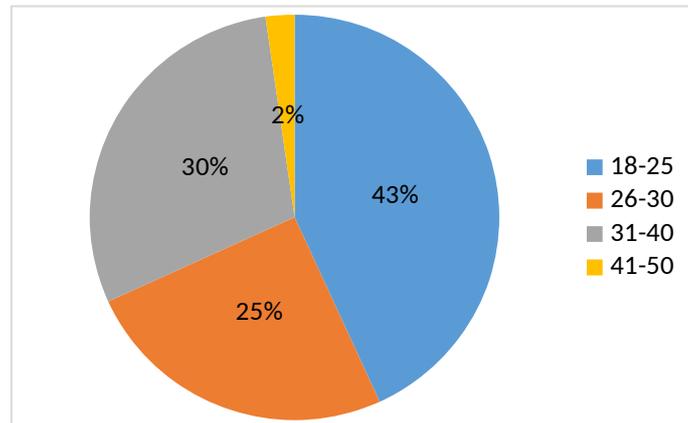
Sampling Techniques

The random sampling technique was used to collect the data from outlets from PCMC area

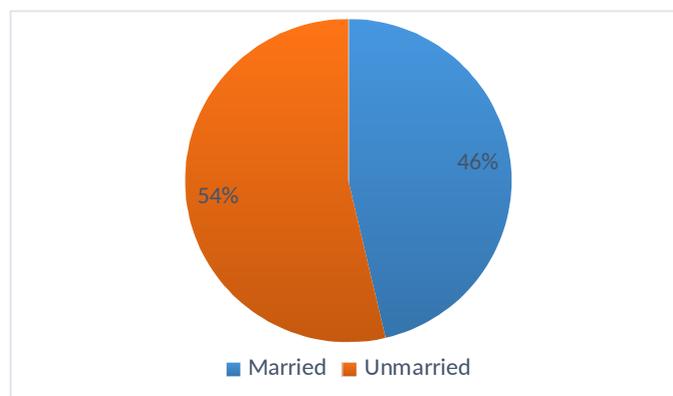
Questionnaires were filled by 45 employees of top 4 fast food brands

OBSERVATION AND FINDINGS

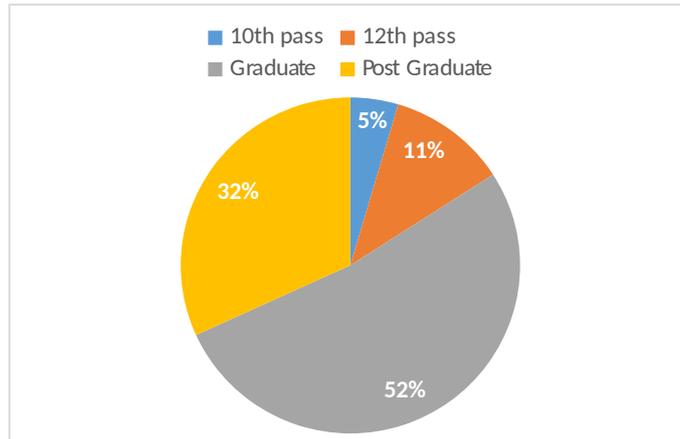
DEMOGRAPHIC INFORMATION



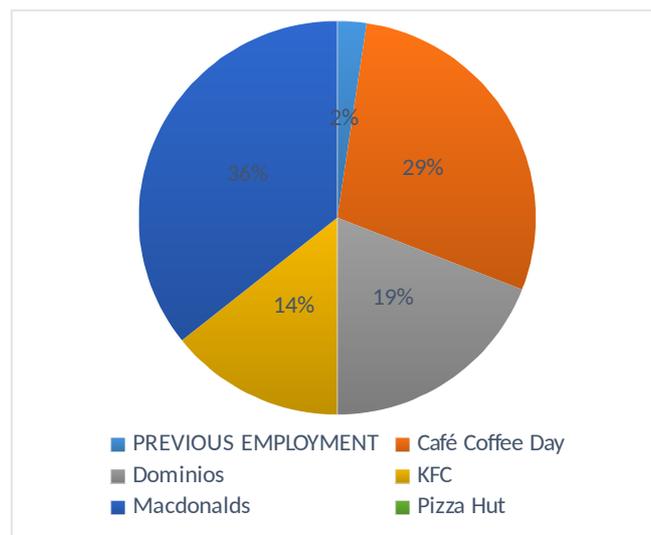
The highest turnover is seen in the age group of 18-25, followed by employees who are in age group of 31-40.



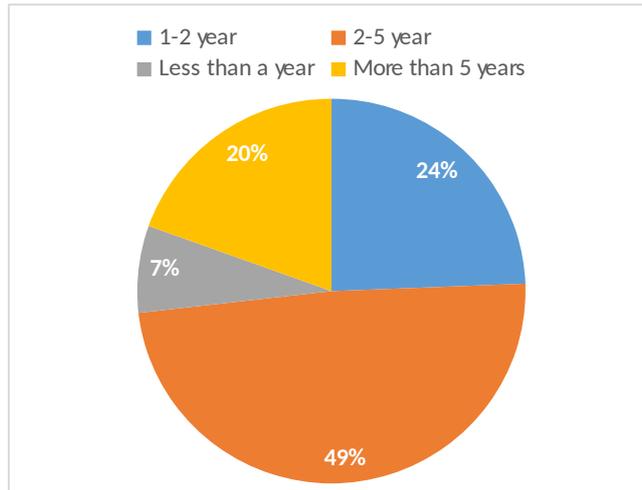
The attrition rate is high in employees who are married compared to those who are unmarried.



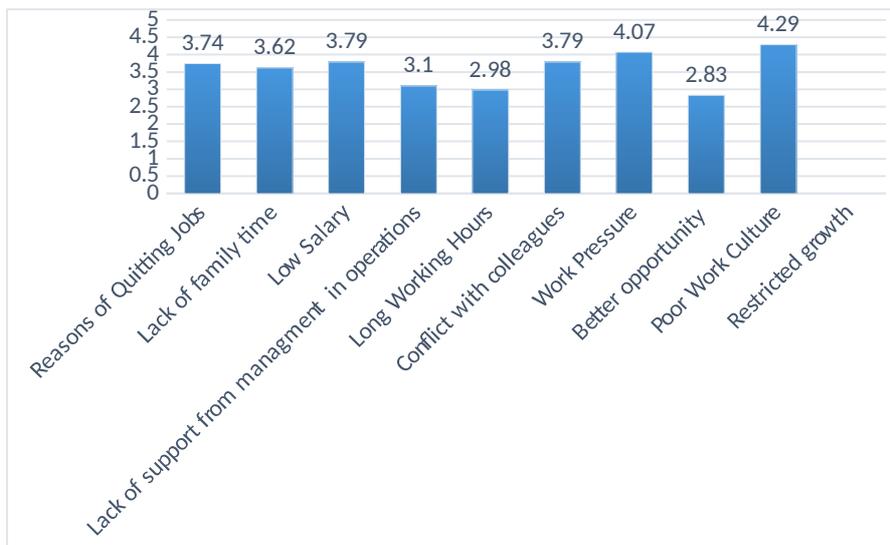
52 % employees are graduate and they tend to leave their job faster compare to employees who are post graduate and 10th and 12th.



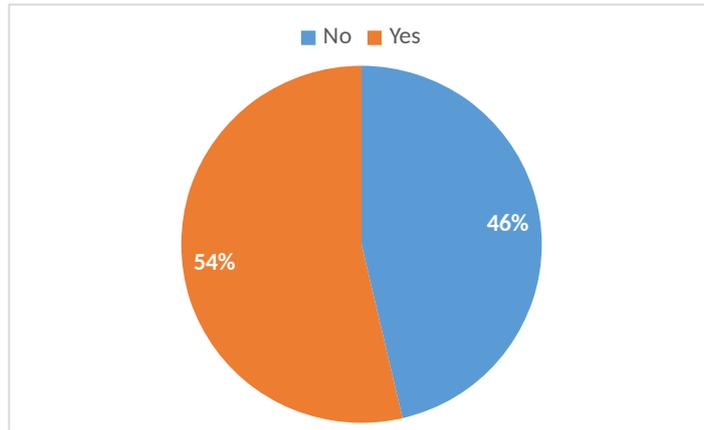
The highest employee turnover is seen in Pizza Hut which is 36% and followed by Domino's Pizza which accounts to 29%.



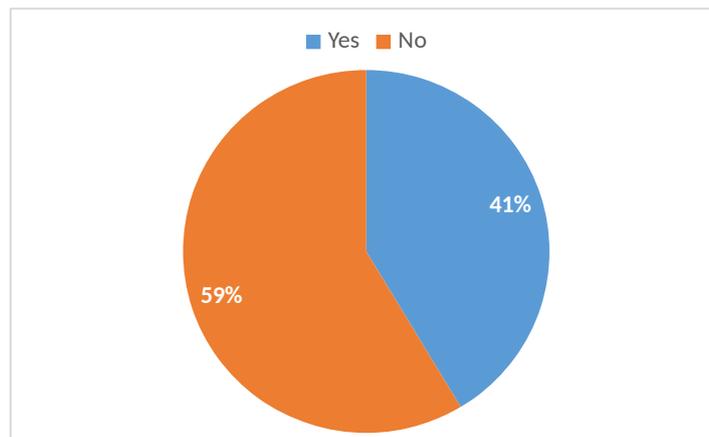
Employees in QSR do not prefer staying in the organization for more than 5 years. 49% employees have worked for maximum of 2-5 years before switching their jobs. 24% employees switch their job within one to two year of their experience.



The above was evaluated on the rating scale from 5 to 1.5 being highly important and 1 being least important. The most important reason for quitting the job is restricted growth in the same organization followed by better opportunity in competition. The least important reason identified is, poor work culture in the current organization.



54% employees said that the exit interview was taken after the resignation was accepted by their company



Out of 54% of employees who appeared for exit interview only 59 % were satisfied and 41% were not

SUGGESTIONS AND RECOMMENDATIONS

Based on the responses received of the QSR employees working in PCMC the following suggestion and recommendations can be made,

- The turnover is high in unmarried employees, as surely they seek more opportunities when they are young in the age group of 18-25. Hence a model needs to be formulated to keep them motivated throughout as they are working with the company.
- It is also observed that graduate employees tend to leave the job in shorter duration. A suggestion in this could be to have a training sessions organize for them to brief about the growth in an organization if further education is taken which will eventually also take care the major motive of quitting job which is restriction in growth .
- A compact and reliable instrument has to be formulated by the management to understand the real problem behind the employees leaving their job. Exit interview needs to be given lot of importance to help in retaining the employees. Managerial staff needs to be sensitive towards the attrition happening in an outlet so it could be controlled at the bottom level.

CONCLUSION

The research has highlighted few very important reasons of employees quitting their job. The QSR industry need to look at all those reasons very critically which will help in reducing the attrition and keep employees happy. The attrition rate will drop down only if there is a open dialog on issues faced by employees who are working in an organization for long hours keeping their personal interest aside. Internal promotion will also help to change the attitude towards the organization. Work pressure is also taking a toll on the employee which could be easily reduced by doing internal human resource activities to keep all the employees motivated.

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