

# Offering High School Diploma Program to Frontline Workers Improves Employee Engagement and Reduces Turnover



## Case Study: McDonald's® and Walmart\*

**Managing high employee turnover is expensive.** The estimated cost of employee turnover is, at minimum, a third of a worker's annual salary.<sup>1</sup> Given that the median minimum wage U.S. worker's annual salary is \$15,000, this means that an \$8 an hour employee costs about \$5,000 to replace.



An \$8/hr Employee Costs about  
**\$5K TO REPLACE**

Between expenses associated with separation activities (severance pay, unemployment insurance and continued benefits for former employees) and expenses associated with replacement activities (recruiting, advertising, and training costs for new hires), employee turnover is extremely costly for employers.

While this is true across industries, it is especially evident in the hospitality and retail sectors, which have some of the highest employee churn rates. **In 2016, the turnover rate in the hospitality sector topped 70% for the second consecutive year**, and the retail sector reached a churn rate of nearly 40%, the highest since the Great Recession.<sup>2,3</sup>



**LOW EMPLOYEE ENGAGEMENT**

**Plays a Significant Role in Turnover**

One contributing factor to high employee turnover is low employee engagement—less than a third of U.S. workers report feeling engaged in their daily work.<sup>4</sup>



**The number of engaged employees is even lower among the millennial generation, who will make up two thirds of the workforce by 2025.<sup>5</sup>**

Even more significant is the fact that employee engagement has a direct effect on company performance. Companies with an engaged workforce show higher earnings per share and have historically recovered from recession at a faster rate.<sup>6</sup>

According to a study conducted by the Harvard Business Review, aligning individual staff goals with corporate goals is one of the most impactful drivers of employee engagement. Additionally, 71% of business leaders consider a high level of employee engagement one of the key factors most likely to bring their company success.<sup>7</sup>

## Innovative Retention Strategies

One way companies are choosing to engage their employees is by offering opportunities for growth and learning.

In the case of millennials, learning opportunities are a major factor contributing to overall job satisfaction—in fact, millennials rank opportunities to learn and grow in their jobs above all other considerations.<sup>8</sup>

**87%**  
of Millennials



Want Their Job to Serve as an Opportunity for Development and Learning<sup>9</sup>

Major employers like McDonald's and Walmart are implementing innovative ways to meet the needs of their employees while simultaneously upskilling their workforce and retaining their most valuable team members.

By aligning corporate goals with the goals of their staff, they have seen an increase in employee engagement and retention.

## High School Completion Program Results in Increased Retention Rates

An estimated 38 million American adults do not have a high school diploma. Recognizing that many of their employees were included in this portion of the population, employers such as McDonald's and Walmart now offer their workforce a path to complete high school.

Through a partnership with Smart Horizons Career Online Education's (SHCOE) high school program, these companies provide free access to educational programs that allow staff members at each company to earn an accredited high

school diploma and advance their career training. In doing so, the companies have implemented a cost effective way to attract and retain talent.

**By recognizing their workforce's unique ambitions and challenges, and offering appropriate solutions,** McDonald's and Walmart have aligned their goals with the goals of their staff, resulting in higher employee engagement, increased employee retention, and cost savings.

McDonald's and Walmart have Aligned Their Goals with the Goals of Their Staff, Resulting in:



Higher Employee Engagement



Increased Employee Retention



Cost Savings

McDonald's has seen employee participation in the program more than double in the last 2 years. The program has been so successful that both McDonald's and Walmart have extended the benefits to family members of employees, who are also now able to participate.

- More than 1,500 McDonald's and Walmart employees have earned their high school diploma through SHCOE
- Another 4,000 students are currently enrolled and actively working towards that same goal

Franchise owner-operator John Moreland offers SHCOE to employees at all 14 of his southern Illinois McDonald's locations. He reports an employee retention rate of over 70%—nearly double the state average—which he directly attributes to the program.

**70%** Employee Retention Rate  
(Nearly Double the State Average at McDonald's)

# The Smart Horizons Career Online Education Program



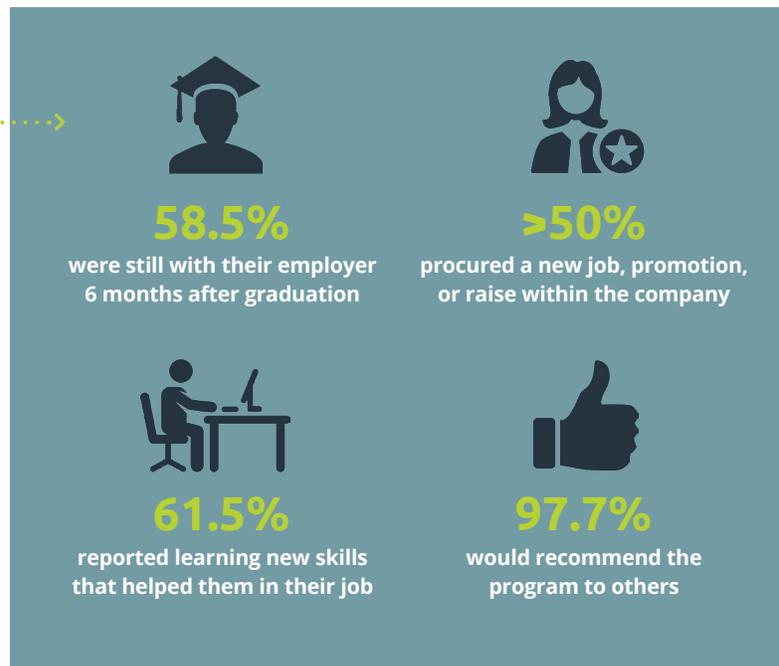
The program was developed to provide an opportunity for nontraditional and adult students to earn an accredited high school diploma and career certificate on their own schedules.

The program is accredited, online, competency-based, and offers support services for adults going back to school after a long hiatus. In addition to earning a high school diploma, students complete a Career Certificate in areas such as Retail Customer Service and Food and Hospitality, in order to gain knowledge and skills in their industry.

## 10 Career Tracks in Areas Such As:

-  Food and Hospitality
-  Retail Customer Service
-  Hospitality and Leisure
-  Office Management
-  Commercial Driving
-  Professional Skills
-  Certified Protection Officer

SHCOE graduates are learning skills to help them succeed in their current roles and advance to new ones. **According to preliminary research conducted on graduates of Walmart and McDonald's SHCOE programs:**



Investing in the future of employees saves money by improving retention rates and reducing costs associated with training and onboarding new hires. Employers also promote a stronger company culture with increased employee engagement and higher morale.

Most graduates also report having a greater sense of loyalty and a more favorable opinion of their employer after completing the program.

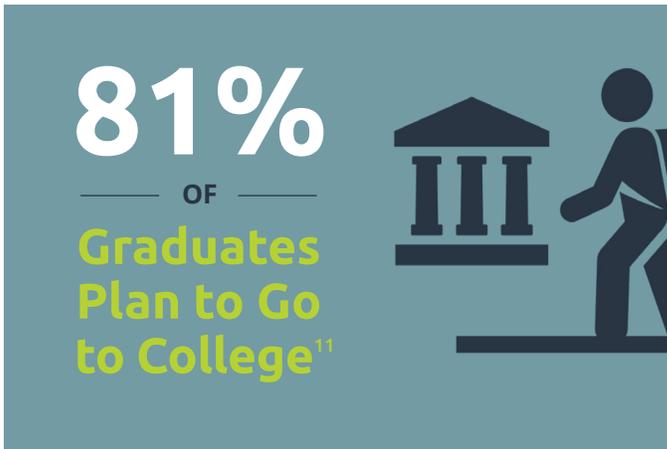
 **"I feel loyal to McDonald's. McDonald's has done a lot for me."**  
-Daniel West, McDonald's Employee

## Pathway to Post-Secondary Education

It is estimated that by the year 2020, 65% of jobs will require post-secondary education.<sup>10</sup>

Offering employees a path to earn an accredited high school diploma can help prepare them for this eventuality—and help to ensure that companies will have qualified, educated workers in the future.

Employees who complete the SHCOE program largely benefit by advancing their careers and/or transitioning into postsecondary learning programs.



Partnerships with corporations like Walmart and McDonald's have helped thousands of students re-engage with education.



**"I am very thankful there is a program that gave me a second chance and believed I could finish my high school... I'm going to apply to move up in my current job... I want to keep moving up in my career and school."**

-Danette Ramirez, Walmart Employee



**"Many entry level jobs still require a high school diploma on top of any certification."**

-Cameron Thurston, McDonald's Employee

**Most graduates who have benefitted from the McDonald's and Walmart diploma programs have been single mothers who are full-time employees:**



**70%**  
are women



**56%**  
are single



**67%**  
have a child



**77%**  
work full-time



**"Getting my high school diploma was one of my biggest dreams. I demonstrated to my family and kids that it's never too late to get an education...My next step is attending college."**

-Karina Gallegos, McDonald's Employee

## Call to Action

**Business leaders who answer the call to provide more educational opportunities for their employees are reaping the benefits.**

**Offering employees a path to earn an accredited high school diploma can help prepare them for this eventuality—and help to ensure that companies will have qualified, educated workers in the future.**

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