

Analysis of mcdonalds hr policies business essay

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Introduction

Motivation at work is viewed increasingly as being a significant factor in contributing to a company's overall success in achieving corporate goals. McDonald's Corporation, usually called McDonalds by the crowd, which is the largest fast food supply company around the world, serves about 68 million customers in 119 countries every day. To support this amazing business, 761, 000 employees are working for McDonalds (McDonalds, 2013). The aim of this report is to assess the effectiveness of McDonald's HR policy in a business view. This report is going to introduce HR policy used by McDonalds first. Then, analyze the motivation factors used by McDonalds with motivation theories from its HR policy including their employees' feeling, and perform a contrastive analysis of McDonalds HR policies by comparing McDonalds HR policies with other fast food providers'. Finally, this report will evaluate the effectiveness of McDonalds HR policy with the analysis which will be demonstrated in this paper.

Introduction to McDonalds HR policies

Motivators, which are able to encourage employees to work hard, can be segmented by financial and non-financial rewards. This section will introduce McDonalds HR policies by both financial and non-financial rewards. On financial side, McDonalds uses direct shares, uniforms, paid vacation, bonus scheme and stock purchase plan, competitive wages, MAC Card, Haircut Discounts, wages increases and so on to attract employees. However, in McDonald's restaurants, crew members are by far the most numerous and constitute the entry-level position. Roughly three-quarters of them are part-time employees. Their wages are very low. In addition, Swing Managers

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constitute the first true managerial position in McDonald's hierarchy, while their hourly wages are just slightly higher than wages of crew members. Assistant managers are higher salaried. There is only one Restaurant Manager per McDonald's restaurant (USA Today, 2012). Moreover, it is shown on McDonalds' official website that McDonalds USA National Employee Scholarship Program rewards the accomplishments of McDonald's outstanding student-employee applicants with scholarships. McDonalds adopt various non-financial rewards to motivate its employees. If referring to McDonalds HR non-financial rewards, most people may remember the flexible working time in McDonalds. Besides, McDonalds provides training programs, life insurance, and education support. It promises a good future development chance for their employees. More than 50% of their owner operators started off behind the counter, so did more than 75% of their restaurant managers. ' If we are going to anywhere, we've got to have talent. And, I'm going to put my money in talent', said by Ray Kroc, who built McDonald's into the most successful fast food operation around the world. By the way, employees who are students can earn up to 46 credit hours toward their 2 or 4-year degree if enrolling in its management training and education programs (McDonalds, 2013).

Analysis of McDonald's HR policies

In this section, connections between Business Motivation theories and McDonalds HR policies will be talked about first. Then, employees' feeling in McDonalds will be used to analyze the advantages and disadvantages of McDonalds HR policies. This section is also going to compare HR policies in McDonald's and some other firms in fast food industries.

Connections between Business Motivation theories and McDonald's HR policies

Taylor's Scientific Management In Taylor's scientific management theory, money is assumed as an important motivator. This theory is trying to determine the most efficient way to perform a task. It recommends pay by a " piece rate" method based on " fair day's pay". The result is that the workers work fast to get bonus (Carla, V., 2008). In the second part, it is referred that competitive wages are used as McDonald's payment policy (McDonald's, 2013), which is similar with piece rate method in Taylor's scientific management, because workers can get more salaries if they work harder. However, McDonald's never regards wages as a significant motivator. Free or discounted meals, flexible hours and many other benefits to their employees are playing motivator's role, too. Therefore, McDonald's uses a part of Taylor's scientific management as their HR policies. Maslow's Hierarchy of Needs Abraham Maslow divided the needs of employees to five classes: physiological needs, safety needs, love and belonging needs, esteem needs and self-actualisation. He separated these five needs into higher and lower levels. Physiological and safety needs were described as lower order needs, while the other needs are classified as higher order needs. He thought once each level is satisfied, the needs at this level become less important (Business Studies, 2007). McDonald's does not emphasise the lower order needs in their career description. The reason of this may be that the work in McDonald's is safe, and the majority of employees in this company consist of students, whose physiological needs can be satisfied by their families. However, McDonald's emphasise their flexible work time and experience employees can get from their work.

McDonald's has a clear recognition on their employee's needs, satisfying their employees with higher levels in Maslow's hierarchy of needs. In this case, Maslow's theory is being implemented enormously by McDonalds.

Herzberg's Two Factor Theory The factors that can motivate workers were categorized into motivators and hygiene factors by Fredrick Herzberg. Motivators like interest in work and future opportunities are factors which give workers job satisfaction, while hygiene factors such as working environment lead workers to be dissatisfied. McDonald's seems believe that the motivators in Herzberg's two factor theory can bring employees satisfaction. The rewards got from great performance and future development chances are both used to motivate employees by McDonald's. McDonald's may try to make employees motivated by their work instead of hygiene factors including salaries.

Theory X and Theory Y Douglas McGregor divided employees to two completely different types. One is Theory X, standing for people who are lazy, selfish, dislike work and need to be controlled. On the contrary, people who are Theory Y are able to enjoy their work, take responsibility if motivated and have creativities or job knowledge. The main difference between people who are Theory X or Theory Y is if they are motivated by money or many different needs. Theory X assumes that people are only motivated by money, but Theory Y has an opposite assumption. McDonald's attaches importance to their workers' motivation generated from different factors, but wages cannot be the factor. Therefore, McDonald's do not intend to attract employees who are Theory X. At the same time, McDonald's emphasise its flexible hours again and again as their most important HR policy. If taking this motivator as one of the incentives for employees who belong to Theory Y, this factor seems not effective enough.

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In short, there is no clear links between McDonald's HR policies and the Theory X and Theory Y.

3. 2 Employees' feeling in McDonald's

Table 1. Analysis regarding employees There are 60 respondents which include 60% of male and 40% of female, who are between 16 to 40 years old. Employees at less than 20 take 70% of this questioned group. In addition, 74% of them are working for McDonalds as part time jobholders. As shown in Table 1, 55% of the employees were strongly in agreement with their flexible work time. 23. 33% agreed with this. Only 3. 33% of them were not sure. Unexpectedly, 18. 33% of them have the opposite perspective. This part of employees may be the full-time workers for McDonald's. Among these 60 employees, more than a half of them were motivated to work as a result of the free food facility provided by McDonald's. 28. 33% of them were only agreeing with this. 6. 67% of them do not think that they worked for free food in McDonalds. On the wage rates, 85% of the employees thought the wage rate was not fair. When employees were asked about their relationship with their employers, majority of them answered that they deal with their employers not well. Additionally, 11. 67% of them had no clear idea about their relationship. Moreover, if looking at the reward part, only 13. 33% questioned employees almost agreed with McDonald's reward system. Majority of these surveyed employees disagreed with this reward system (53. 3%). At the same time, a quarter of questioned employees strongly disagreed with this. The data shown above reveals some advantages and disadvantages in McDonalds HR policy. Most of employees do not intend to take work in McDonalds as their future career. They are possible to work in

McDonalds for flexible work time, great facilities, and friend-making chances. However, the vast majority of workers in McDonalds displeased by salaries, employer-employee relationship and reward. They may be not satisfied with McDonald's leadership.

Comparisons with practices of some other firms in fast food industries

KFC The same as employees in McDonalds, the motivation level of employees working at KFC lies between moderate and high levels. Financial benefits such as wage rates and other fringe benefits are not prior to non-financial benefits. KFC also offers plenty of part-time job opportunities for their employees. Additionally, workers in KFC are motivated a lot by good relationships with their colleagues. A relative research shows that 65% of KFC employees are highly motivated, 31% are moderately, while 4% are least motivated. Therefore, employees working at KFC are adequately motivated by KFC through nonfinancial benefits (Mohammad Kamal Hossain I and Anowar Hossain II, 2012). Similar HR policies between KFC and McDonalds show that these policies may be effective in this industry.'Burger King Corporation Flexible schedules, full-time benefits and career development are three main components of motivators in Burger King. However, the company does not provide free food for their employees, while it only offers food with discounts (Burger King, 2013). It can be seen that facilities in Burger King may be inferior to McDonalds.

Evaluation

McDonalds is a pioneer in the fast food industry around the world. Its HR policies mainly consist of flexible schedule, good facilities and future

development chances. There are clear links between McDonalds HR strategies and Maslow's hierarchy of needs, for the company is clear the major part of employees have been satisfied with lower order needs such as physiological and safety needs. Thus, McDonalds tries to satisfy employees' higher order needs, including love and belonging needs, esteem needs and self-actualisation needs. This is also can be regarded as Herzberg's two-factor theory implements. At the same time, McDonald's selectively uses Taylor's scientific management by competitive wages, while it never uses salaries as the only motivator. Employees in McDonalds generally reach an agreement that the facilities such as food provided by McDonalds are good, and they enjoy the friendship they build while working. However, for most employees working at McDonalds complain about their low salaries, McDonalds had better to improve its wage rate to get an extensive satisfaction of their employees. Also, the employer-employee relationship needs changes. More rewards had better be given to employees. Compared to the main competitors of McDonalds, KFC and Burger King, HR policies used by McDonalds are also used by them, which proves that McDonald's HR policies are successful and widely used in fast food industry. In brief, the HR policies in McDonalds are effective for they satisfy their employees' high level of needs very well, despite the payment problem.

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