

# McDonalds an overview of company commerce essay



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McDonalds is the number one worldwide foodservice retailer with over 33,000 local restaurants. These restaurants are located in 119 countries and together they manage to serve approximately 68 million people each day. “McDonald’s brand mission is to be our customers’ favorite place and way to eat. McDonald’s worldwide operations are aligned around a global strategy called the Plan to Win, which center on an exceptional customer experience – People, Products, Place, Price and Promotion. We are committed to continuously improving our operations and enhancing our customers’ experience” (mcdonalds.com). They also have seven specific values which are: placing customer experiences at the core of all they do; staying committed to their people; Believing in the McDonald’s system; operating their business ethically; giving back to their communities; growing their business profitably; and lastly continually striving to improved (mcdonalds.com)

## **McDonald’s HR Planning**

Their vision is “ to be the world’s best quick service restaurant experience.” (McDonald’s) In order to achieve this mission McDonald’s follows three worldwide strategies which are to be the best employer for its people in each community around the world, to deliver operational excellence to its customers in each of its restaurants, and to achieve enduring profitable growth by expanding the brand and leveraging the strengths of McDonald’s system through innovation and technology (McDonald’s). McDonald’s worldwide operations are aligned around a global strategy called the Plan to Win, which center on an exceptional customer experience – People, Products, Place, Price and Promotion.

McDonald's targets every age group, not only through the menu of their restaurants itself but also through programs, partnerships and sponsoring. They developed a healthy growing up program designed to encourage children from kindergarten through third grade to adopt lifelong habits of good nutrition, exercise and positive-esteem. McDonald's also partnered with the American Library Association to encourage families to read together through local libraries and they sponsored this animated, anti-substance abuse television special, which was broadcasted on every major network in North America. (McDonald's)

McDonald's products include a wide variety of their very affordable menu options; mainly hamburgers, cheeseburgers and fries. They compete internationally, nationally, regionally as well as with local retailers of food products. Their competitors include Burger King, Wendy's, Hardees, Taco Bell, and KFC. Their competition is on the basis of pricing, convenience and services. The SWOT analysis displays McDonald's strengths, weaknesses, opportunities and threats as an enormous fast food restaurant. Its strengths include: leader in the quick service sandwich industry, brand recognition, strongest international presence and highest worldwide sales, real-estate holdings, easily recognizable product, variety of sources of income, and franchise business model. Its weaknesses are: continuous struggles in offering value-priced items and expensive items, and high employee turnover rate. Their opportunities include: growth in the food-service industry, initial public offerings in other countries, and acquisitions of other restaurants and retail sales of merchandise. The threats of McDonald's are: increased competition from various industries, health conscious consumer

trend, value-conscious consumer trend, saturation of US fast-food market, slow growth in the sandwich segment, and price war business practices.

(McDonald's) After identifying the strengths, weaknesses, opportunities and threats of the company, McDonald's developed a corporate strategy that encompassed a growth strategy- adding restaurants through people and capital resources, maximizing sales & profit through better operations, reinvestment, product development, effective marketing and lower development costs, and improving international profitability. (McDonald's)

Currently McDonald's operates in 119 countries, added about 650 stores in Asia/Pacific, 550 in Europe, and 350 in Latin America in the year 2000 with plans to add more during 2001. (McDonald's) However, recently McDonald's began diversifying their successful restaurant business by operating several restaurants concepts, such as Aroma café- a small chain of coffeehouses serving prepared sandwiches and pastries, Chipotle Mexican Grill- a fresh max grill serving gourmet burritos and tacos and Donatos Pizza- a restaurant business that sells pizza, subs and salads. McDonald's also welcomed Boston Market, a U. S. chain specializing in fresh, convenient meals. (McDonald's).

## **Staffing**

To ensure that the business is successful and customers are happy McDonald's has to recruit, select and retain a lot of employees through advertisements of vacancies in the actual McDonald's restaurants, local job centers, career fairs and other local facilities. (McDonald's) It is vital to use effective hiring material with a clear message targeted at the right audience because according to McDonald's, " customer satisfaction begins with the attitudes and abilities of employees." " Effective workers are the best route <https://assignbuster.com/mcdonalds-an-overview-of-company-commerce-essay/>

to success.” (McDonald’s) After interviewing applicants for the job, managers evaluate the responses received then the employees attend a welcome meeting where the company gives an overview of the job role, food hygiene and safety training, policies and procedures, administration, benefits and training and development. (McDonald’s). To ensure employee satisfaction McDonald’s provides health insurance benefits to full-time employees and a 10% raise in salary is rewarded on the basis of performance and a 20% increment is given at any time of the year once performance is outstanding (McDonald’s). McDonald’s human resource management system also includes K/3 HR personnel management, payroll management and report module, as well as performance management, employee capacity quality module (McDonald’s).

## **Training & Development**

McDonalds can be recognized for its rigorous approach to ensuring effective training and the successful development of each of their employees. It is not uncommon for employees to begin their careers at McDonalds as restaurant workers or “ crew”, as the company would refer to them, and to continue to develop on their paths eventually reaching levels such as management and executive positions (mteliza. mbs. edu). McDonalds begins training its employees by preparing them to serve in-store customers, and extends to the grooming of future managers as well as future franchise owners.

Recently McDonalds has added elements to enhance their training and development program by improving their leadership training, and fine tuning the company’s coaching and mentoring processes (auaboutmcdonalds.com).

To ensure the effective training of their team, McDonalds created their very own Global Training Center. Hamburger University was founded in the basement of a McDonalds restaurant by a former Senior Chairman in 1961, and has since grown to see more than 500 students each year, and to have over 80, 000 restaurant managers, mid-level managers, and owners graduate from its program. Being the first restaurant company to ever design such a facility for the development of their employees and the enhancement of their company's quality of service. According to the McDonalds corporate website, " Since its inception, training at Hamburger University has emphasized consistent restaurant operations procedures, service, quality and cleanliness. It has become the company's global center of excellence for McDonald's operations training and leadership development" (aboutmcdonalds. com).

Hamburger University employs 19 full-time professors with adequate restaurant and management experience teaching students how to be successful in various roles throughout the business. Training for McDonalds employees is tailored to their desired career path within the business. The crew development curriculum was developed by the university and is facilitated in the restaurant; this is specifically designed for restaurant support staff as well as restaurant managers. Shift and Systems management courses have been designed for future managers to attend in one of the many regional training centers McDonalds has for its employees. Managers must complete these courses before they are given the opportunity to attend Hamburger University where their skills will be further

developed, and they will be given the expertise necessary to run a multi-million dollar restaurant (trainingmag. com).

Business consultants and department heads will begin a path of development designed for mid-level managers. Focusing on leadership and communication skills, this curriculum teaches individuals to coach as well as consult with others to ensure the successful operation of the business. The executive curriculum at Hamburger University provides courses that build upon the leadership skills necessary for the optimal support of employees. Executives are also provided with knowledge about the skills needed to effectively deal with restaurant owners/operators, as well as sales growth. According to McDonalds, “ Career Development at McDonald’s combines a focus on personal growth and development with talent management objectives in order to help employees to perform at their very best – while experiencing personal career satisfaction” (aboutmcdonalds. com).

## **Performance Management**

As a global company servicing many countries and cultures around the world, McDonalds does not share a certain set of standards for its performance management at international locations. Because cultures differ, management styles as well as the idea of what peak performance should look like varies with each location. Performance appraisals are measured differently, globally. McDonalds attempts to drive a High Performance Culture within the company and to tie rewards to results. In order to accommodate the differences that can be seen in the measurement of performance at a global company such as McDonalds, as procedure was set in place by the company. The company designed a Performance

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Development System. In this system the distribution of rewards are based on individual performance. The process includes and Individual Performance Plan, Individual Development Plan, and a Mid-Year Review. This process ensures that the level of performance of employees is reflective of the expectation of the location of the employee as well as the specific expectations of the managers at a given location.

## **Employee Relations**

Employee relation is the relationship between employer and employee and the way employees feel about all aspects of the job. By providing more in depth information about the company in this project, we hope to change the view of what employment at McDonald's is like and show that McDonald's employee relations is top notch in this industry.

Firstly, we all know that the perception of a McDonald's job is not very good; in fact a " McJob" according to Merriam-Webster dictionary is a low-paying job that requires little skill and provides little opportunity for advancement. This view of a McDonald's job is what we have grown to know and believe, however, within the organization employees appear to think just the opposite. Employee satisfaction at McDonald's has been rated consistently at 80% or above which clearly implies a good employee – employer relationship. In an article from McDonald's titled " Employee-first Approach Pays Off for McDonald's Canada", it states that in a recent survey of about 42, 000, 84% strongly agreed that they felt valued as an employee and 86% were proud to be working at McDonald's. In another survey from McDonald's employees in its nine largest markets, 84% of them would recommend working at McDonald's.

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McDonald's management was faced with the challenge of identifying McDonald's Employment Value Proposition (EVP). Results came in from 55 countries and about 10, 000 employees about what they love most about working at McDonald's. From the answers from its employees McDonald's identified three themes, Family & Friends, Flexibility, and Future. Despite what a " McJob" may look like from the outside, McDonald's has great employee relations and employees enjoy their jobs and are satisfied.

## **Compensation & Benefits**

Compensation and benefits can be a major factor when it comes to deciding what job is right for you. Despite popular belief, McDonald's, with regards to its lucrative compensation and benefits package is an ideal employment option for many people across the globe. Medical, Dental, Profit Sharing, Vacation, Sabbatical Program, Employee and dependent life insurance, Incentive Pay, Recognition Programs are some of the said compensation and benefits that McDonald's offers its employees.

One of McDonald's benefits is the McDonald's Profit Sharing and Savings Plan, which is a 401k plan. In this plan McDonald's prepare their employees for life after retirement. In an online report from McDonald's, it is said that they have a participation rate of 93% of its eligible employees enrolled in this program. In this plan, employees contribute 5% and McDonalds matches that with 7% contribution. Also, depending on the company's performance an addition 4% may be added to bring the company's contribution towards the employees 401k to 11%, which was the case from 2006 through 2008.

Another one of McDonald's compensation and benefit is their education assistance. According to their website, eligible employees can receive up to <https://assignbuster.com/mcdonalds-an-overview-of-company-commerce-essay/>

5, 250 a year for grades “ C” and above. Another excellent incentive McDonald’s offer is their Child Care assistance where employees receive discounted tuition rates for their children.

As a result of McDonalds efforts with this compensation and benefits program McDonald’s UK as reduced turnover rate by 20% according to their online report. McDonald’s obviously recognizes that their employees need to feel valued and thus they have come up with this extensive package to attract and keep their employees.

## **Employee Surveys**

Each year, many publications and organizations conduct surveys, polls, and benchmarking studies to determine which companies are doing noteworthy work in the area of inclusion and diversity. McDonald’s has a proud history of being the recipient of many of these awards, some on a recurring basis.

Awards include the following: Working Mother Magazine, “ Top Companies for Multicultural Women”, 2011 & 2010, Black Enterprise Magazine, “ 40 Best Companies for Diversity”, 2011; Latina Style Magazine, “ Best Companies for Hourly Workers”, 2011; Diversity MBA “ 50 Out Front for Diversity Leadership: Best Places for Diverse Managers To Work” 2011; Executive Leadership Council, “ Corporate Award”, 2010; Fortune Magazine, “ 50 Most Powerful Women – Jan Fields (#25)”, 2010; Latina Style, “ Best 10 Companies for Latinas to Work”, 2010; Congressional Black Caucus Foundation, “ Avoice Corporate Award”, 2010; Black Enterprise Magazine, “ 40 Best Companies for Diversity”, 2010; Hispanic Business Magazine, “ Top 10 Diversity Elite Companies”, 2010; PODER Magazine, “ Top 25 Franchises for Hispanics”, 2010; “ Top 6 Companies for Hourly Employees”, Working <https://assignbuster.com/mcdonalds-an-overview-of-company-commerce-essay/>

Mother Magazine, 2010; “ Top Supplier Diversity Program for Women”, Professional Woman Magazine, 2010; “ Best Company for Promoting Asian Pacific Americans to Develop Workforce Skills”, Asia Society, 2010 (aboutmcdonalds. com).

Each year, McDonald’s Canada conducts internal employee surveys to get feedback on how well the company is doing. The most recent survey of nearly 42, 000 people showed that 84% agreed or strongly agreed that they felt valued as an employee of McDonald’s, and that 86% said they were proud to be working at McDonald’s. From an employer image perspective, it was the second major award of the season for McDonald’s Canada, which also earned a nod as one of Canada’s 10 Most Admired Corporate Cultures.

Conducted on behalf of the National Post by Waterstone Human Capital, a leading retainer-based search firm, the results of the survey of 340 Canadian executives showed how strong leadership drives corporate culture and how culture drives performance.

McDonald’s Canada was a first-time recipient of this prestigious distinction, which was based on the following criteria: vision and leadership, cultural alignment, measurement and sustainability, rewards, recognition and innovative business achievement, corporate performance, and corporate social responsibility.

McDonald’s and their independent franchisees employ more than 1. 7 million people worldwide – they are the face of our brand and differentiate us from the competition. McDonald’s has been recognized as a great place to work in more than 30 of the markets in which they do business. For instance, the <https://assignbuster.com/mcdonalds-an-overview-of-company-commerce-essay/>

following include awards and recognition under Brands: 2011 Most Innovative Food Companies, 2012 #4 Most Valuable Global Brand, 2012 #7 World's Most Powerful Brand and 2012 #7 Best Global Brand (aboutmcdonalds.com). In the category of leadership, Fortune states the following recognition and awards: 2012 #11 Most Admired Company in the World, Ranked #2 among all companies for "Management Quality", Ranked #2 among all companies for "Global Competitiveness", Ranked #1 among all companies for "Use of Corporate Assets", Ranked #4 among all companies for "Best Long-Term Investment", Ranked #2 among all companies for "Financial Soundness", Ranked #4 among all companies for "People Management", and McDonald's also ranked #1 in the Food Services category (aboutmcdonalds.com).

## **Safety and Wellness**

Safety and Wellness can be best described as the following: Employee wellness focuses on the ability of women and men to secure a decent and productive employment in working conditions that support freedom, equity, security and dignity so the company's economic growth benefits all.

Employee Wellness also touches on areas such as compensation and benefits and the use of appropriately aged labor. McDonald's supplier has gone beyond the basic obligations of law and McDonald's Supplier Code of Conduct to proactively support the well-being of their employees.

Regardless of the fact if it's a quick breakfast, lunch on the go or dinner with the kids, customers come to McDonald's for quality food at a great value.

McDonald's goal is to continuously improve our classic offerings and increase the number and variety of new options that deliver the great taste and  
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balance our customers seek (aboutmcdonalds.com). Unfortunately, there continues to be a major concern about juvenile diabetes, obesity rates and related risks to human well-being among consumers, governments, non-governmental organizations, and health and nutrition experts. McDonald's response is the following: We take these issues seriously and are working to do what we can to positively influence the situation. We know we cannot address this problem alone, but we are committed to being part of the solution (aboutmcdonalds.com).

With guidance from their Global Advisory Council (GAC), McDonald's continue to evolve their overall approach, while supporting their individual markets in meeting the specific needs and requirements of their local cultures and governments. Since 2004, the GAC has provided McDonald's guidance on key areas such as global nutrition labeling, McDonald's "What I Eat, What I Do" children's well-being platform, the development of internal metrics to gauge our progress, and approaches for motivating children to eat more fruits and vegetables (aboutmcdonalds.com).

An organization tries to create and maintain a safe and healthy workplace for many reasons. For instance, it is simply an ethical and socially responsible position; no responsible employer would argue that it is acceptable for employees to get hurt or become ill because of their working conditions. The insurance premium an organization pays for this coverage is determined by several factors, including the value of the claims paid out to employees of the firm. Firms that have fewer accidents and workers' compensation claims actually pay lower premiums. In addition, the Occupational Safety and Health Administration (OSHA) can impose fines against organizations that have <https://assignbuster.com/mcdonalds-an-overview-of-company-commerce-essay/>

unsafe workplace (DeNisi/Griffin). In conclusion, the lost time from accidents and illness can cost an organization a great deal of money, so it is simply good business to maintain a safe and healthy workplace.

## **Communications**

Choosing effective internal communications methods that are right to deliver key messages for diverse audiences is essential to the success of any business. McDonalds is careful about heir methods of both internal and marketing communications. “ McDonald’s adopts multi-channel communication methods to ensure that all its messages are delivered to staff. These include the use of print, online and other forms of technology such as video conferencing” (thehrdirector. com). McDonalds works closely with its communications agency, Summersault, producing employee magazines that are designed to inspire and motivate employees about the company. McDonalds communication practices are just another way for McDonalds executives to keep employees enthusiastic about their jobs and encourage them to go as far as they can I the business.

Overall McDonald’s HR policies and Procedures have contributed to the overall success of the organization. McDonalds has successfully geared their business toward the development of their employees which produces optimal performance and the ultimate prosperity of the company as a global unit. Allowing the demand for their product and customer satisfaction to dictate their method of perfecting their business practices appears to be on of McDonald’s great strengths, and has allowed them to continue to be the most popular fast food chain in the world. Together McDonald’s HR Planning, Staffing, Performance Management, Communications along with many other <https://assignbuster.com/mcdonalds-an-overview-of-company-commerce-essay/>

company practices have propelled the success of McDonalds in the food industry. Efficiency in these areas has provided the foundation for an immensely successful global company.

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