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Hospitality industry under lockdown:

The case of McDonalds' UK in Covid-19 times

Human Resource Management – Assessment 1

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Abstract: Human Resource professionals develop an important role in organisations, their job is not limited to the internal aspects of the company. This paper shows how resourcing in an organisation is affected by external and internal factors. This research analysed the current external changes and what were the resourcing strategies adopted or followed by HR professionals in McDonalds' UK.

Keywords: Human Resource Management, McDonalds' UK, Covid-19, Brexit, Joe Biden, resourcing strategies, external factors, internal factors

1. Introduction

The present research wants to identify what are the factors (internal and external) that changed and are changing the policies, procedures, and processes in McDonalds' UK in 2020 and how the company changed.

We know that there are a lot of situations emerged this year, and each new circumstance has to be answered by Human Resource Professionals. In this sense, Bogardus (2004) explains that Human Resource Management combines tactics and strategies to design a plan that maintains productivity. It is not a coincidence, Bogardus links strategy and tactics because both tools are used by HR professionals continuously.

HR professionals analyse different situations and predict potential problems, their work is to anticipate and deal with changed conditions (Gold et al., 2013), but is necessary to answer properly and on time. HRM designs various probabilities and answer in each situation. The function of HR professionals is to reply quickly.

Thus, Armstrong & Taylor (2014) link HRM with strategy, the goal is to achieve the well-being of the people working in organisations. As we will see, the essence of HRM is to be strategic, is to design step-by-step tactics to deal with different realities. Information external and internal are important, they are fundamentals to the strategic plan (Bogardus, 2004; Gold et al., 2013).

2. External factors

For the purposes of this paper, we will restrict this research to three current external factors: Covid-19, Brexit, and Joe Biden's victory in US. We are going to study how each external factor influences organisations in UK, and how the HR specialists have to adapt them to their companies. Our case will be about McDonald's in our country.

We understand not all the external factors impact with the same force, but they have similar characteristics, each business receives different effects, they cause benefits or disadvantages. Generally, the external situation affects all organisations in a country.

2.1 Covid-19

This year, the world suffered a lot of changes and in UK, especially, the atmosphere is totally different. Firstly, Covid-19 extended as a pandemic and showed us that we, the human being, are extremely fragile. Pandemic changed all social paradigms.

To understand the situation, we can graphic the current world as: to be closer is not to be closer. If people want to survive, they need to have social distance. But how can we have social distance in some businesses where the close contact is important?

Covid-19 is a pandemic that the world did not wait for it. As consequence, the rules changed, a big part of the sense of the businesses changed. Policies and procedures changed in all organisations. HR professionals had to evaluate the context, they had to study the new situation and redesigned strategies.

We are going to see how the new government rules created a huge impact on McDonald's and how the company had to deal with the new situation. Human Resources Professionals had to adapt their policies, procedures, and process.

In this sense, to prevent the spread of Covid-19, the government closed all non-essential business from March until June, like McDonald's. Employees started to earn 80% of their salaries, the government announced the furlough would continue until October. The problem for the restaurants like McDonald's was that employees wanted to take rest at their homes until October.

The company opened in June, but furlough continued. McDonald's could not open without its workers. In April, when the company knew that it was going to continue with its operations the following month, HR professionals organized virtual meetings with the employees. They tried to explain that the restaurant would comply with the new security measures for employees, and they wanted to know how many people would accept going to the work under new sets of policies and procedures.

The next tactic by HR professionals was to call each employee and try to convince them to go to work. They wanted to stimulate workers. The deal was that after the pandemic employee who chooses to go work, would have better conditions of work. The rewards motivated and aimed at retaining employees (Henderson, 2017), and a lot of times the return is not in cash, they can be with better schedules for the employees.

2.2 Brexit 2021

On the other hand, UK will exit the European Union from next year, that situation will stop the mass arrival of the European people that come to work. We have to remember that, currently, Europeans make up a significant portion of the UK working class. In 2019, according to research by The Migration Observatory¹, 3.6 million EU-born migrants live in the UK, they are approximately 5.5% of the UK's population, and 48% of EU citizens who live in the UK said that they migrated to the country for work-related reasons.

¹Migration Observatory. 2020. *EU Migration To And From The UK - Migration Observatory*. [online] Available at: <<https://migrationobservatory.ox.ac.uk/resources/briefings/eu-migration-to-and-from-the-uk/>> [Accessed 25 November 2020].

Business in the UK will lose an important group of new workers, the problem is treated with contingency plans designed by HR professionals. It is important to understand the problem, then HR professionals design a hypothetical situation and, finally, develop strategies about the situation. Unfortunately, external changes are not always predictable.

What would be the role of HR professionals? Fewer available workers mean less supply of labour, this would change the parameters of the job interviews, there would be fewer requirements. We can see how an external factor influence an internal factor (policies) because both factors are connected or interrelated.

We remark that is important to understand the problem, but what is the process to analyse the situation and look for a solution? External factors are information, they are part of the plan, but they are not the plan. Bogardus (2004) observes that, in the way to solve the problem, Human Resource professionals have to identify and solve four fundamentals questions: where is the company in the current moment? where does the company want to go? how will the company get there? and how will the company know when they arrive?

Where is the company in the current moment? McDonalds' UK has more than 1300 restaurants and there work more than 120,000 people ². The company grows every year, its business strategy is not only to have a variety in its menu with low prices but also to serve food quickly and properly. Each worker has a function, the company works as a clock, each worker is a cog in the chain.

Where does the company want to go? The company thinks to expand its restaurants in UK, McDonalds started this year saying that they wanted to open 60 new restaurants in 2020³, Covid-19 stopped the expansion for this year.

How will the company get there? In this sense, Human Resources professionals play an important role. Different strategies are used to attract and to hire and retain workers. The company has different programs where the employee can grow, training is the key to the growth of the employees.

How will the company know when they arrive? Every year the company analyses the results. In this sense, Bogardus (2004) shows that Human Resources Professionals use the metrics, they are the means where each function is a measured business performance. Thus, the metrics show how HR programs contribute to company success.

Knowledge of the situation is vital, but it is also important to understand where the organisation is, and what are tools that the organisation can use. We can see that the information is necessary to design strategy but is only the first step. Strategy means to find opportunities to deal with a situation, but if HR professionals cannot apply them, they will be only on the paper.

² Mcdonalds.com. 2020. *History | Mcdonald's UK*. [online] Available at: <<https://www.mcdonalds.com/gb/en-gb/newsroom/history.html>> [Accessed 25 November 2020].

³ bighospitality.co.uk. 2020. *Mcdonald's UK To Open 60 New Restaurants In 2020*. [online] Available at: <<https://www.bighospitality.co.uk/Article/2020/01/30/McDonald-s-UK-to-open-60-new-restaurants-in-2020>> [Accessed 25 November 2020].

2.3 Joe Biden in US

As we can see, external factors are important for every organisation. For example, United Kingdom put attention to the elections in United States, and not only because is an important country in the world, but United States and United Kingdom have important commercial relationships. UK imports and exports a large volume of goods to US.

Thus, trade between UK and US is worth £221bn, and there are approximately 1 million British citizens who are working in US companies⁴. Additionally, commercial relationships are not just limited to imports and exports of goods, between US and UK there is a historical relationship. More than 7500 US companies have operations in UK⁵ and McDonald's is one of them.

In this sense, the political conjecture in US is totally important for UK. For example, a lot of tools and machinery in UK come from the US. A change in economic policies with US would mean a big problem for the companies in UK. But, in this case, what exactly is the job of HR professionals?

First of all, HRM is to have a strategy and planning, as well as anticipation. HR professionals act as a partner to line manager at all levels (Marchington et al., 2016). An important function is to have the tools to prevent a problem and they have to inform each management about the possible new situations.

In this context, we can see that HR professionals are not limited to study and organize a company internally, it is also necessary that HRM have the capacity to understand between lines in the external context and to have an answer just in the moment.

3. Internal factors

External factors influence HRM decisions but are also necessary to understand the internal factors. Both create the Human Resource Environment. In this sense, the first step to study the internal factors is to understand and focus on the objectives of the company.

In our case, McDonalds' UK has as objective to serve quality food in a short time. The essence of the company is not only to offer quality food but is also to serve them quickly. In that case, HR professionals have to coordinate with each segment to achieve their goals.

But it is necessary to combine objectives with culture. This last concept is a process built over time (Dowling, Festing & Engle, 2013). In this context, objectives and culture are the base to create policies and procedures in each company, those are the internal factors in organisations. Policies are the guide in the company. Bogardus (2004) says that policies are broad guidelines that supervisors and managers have to follow to develop what the company needs.

In the same line, Armstrong & Taylor (2014) observe that policies are instructions, the organisations need to adopt them and apply them. Policies are built by the company, they are

⁴Carroll, L., 2020. *Key Points: What The UK Wants In A US Trade Deal*. [online] the Guardian. Available at: <<https://www.theguardian.com/politics/2020/mar/02/key-points-what-the-uk-wants-in-a-us-trade-deal>> [Accessed 25 November 2020].

⁵ Commerce, U., 2020. *U.S.-UK Trade And Investment Ties*. [online] U.S. Chamber of Commerce. Available at: <<https://www.uschamber.com/international/europe/us-uk-business-council/us-uk-trade-and-investment-ties#:~:text=42%2C000%20American%20firms%20export%20to,than%207500%20have%20operations%20there.>>> [Accessed 25 November 2020].

paradigms and models, each organisation follows on its own way because each company is different. For example, policies reflect topics as promotion, reward, discipline, diversity, or bullying. But policies are developed within the governmental framework, there are government regulations about hiring, compensation and termination.

Policies are the guide of the organisation, but they need an instrument which shows how it is possible to apply them, those are the procedures. In that perspective, Borgadus (2004) analyses that procedures inform about the methods for each specific situation.

Whilst policies are general, procedures are specific. Each situation in the organisation needs a specific answer. The policies show what the company wants, the procedures show how the company will solve each situation. In this regard, Armstrong & Taylor (2014) say that procedures are the way that managers and supervisors must follow to solve a situation in the organisation.

4. Resourcing strategies

External and internal factors are a complex space of information, HR professionals combine them and apply answers, but is necessary to use strategic resources. As we are able to analyse, each organisation is a 'world different', but what happens when an international company has the same practices around the world? Are the policies and procedures the same in all countries?

In our case study, the closest synonym of McDonald's is globalization, the company has a standardization of practices, the restaurant has the same model in all its branches, but what happens with its policies and procedures?

McDonald's has the same objective around the world, but each country has different rules that produce different policies. We are not referring to what the company seeks as its objective, we are referring to how policies and procedures must be adapted to internal legislation and how HR professionals must interpret and develop techniques to implement them, that are resourcing strategies. Organisations are embedded in national cultures, and HR professionals must have a strategy shaped for different political and economic factors (Bratton & Gold, 2017).

Sparrow, Brewster & Harris (2004) argue that if HR professionals want to achieve a competitive advantage, it will be necessary to combine knowledge of internal resources and strategic resources.

HR professionals need to study the company's culture and objective, they have to combine them with the other internal factors: policies, procedures and process; and, finally, apply them in a strategic plan. Pilbeam & Corbridge (2010) mention that an effective strategy is that HR professionals show what is the culture of the company, and the employee will be able to understand what is the performance that the company expects to obtain from them.

On the other hand, we could identify in our case how HR professionals called each employee, even managers worked in the different areas of the restaurant during the lockdown as customer service and delivery executive and in the kitchen as well. The strategy was to show that they know all the areas and can evaluate each role *in situ*. Thus, Henderson (2017) asserts that a Human Resources Manager has to be familiar with the tasks of the employees.

5. Conclusion

The world lives in changes in different aspects such as politics, economics, or socials. Those variations influence organisations. HR professionals use each information to develop strategies, external and internal factors are vital to building steps to deal with every new situation.

Dealing with a problem has different steps, but before designing a strategic plan, HR professionals have to understand what the objective and culture of the company are. The objective can be the same for a long time, but culture changes with the environment, culture is not static.

We could see that external and internal factors are linked, but what is the way to 'synchronize' objectives and culture? HR professionals have to use resourcing strategies. The essence of resourcing strategies is to achieve the objective of the company by developing a plan where the employees are to be the engine to achieve those goals.

For example, to avoid expansion of Covid-19 the government created new rules. The customers had to accelerate the process to use of technology. McDonald's asked its customers to buy online, that process was a change and employees had to adapt. New technology changes the work and requires employees to be much more adaptable (Cook, 2009).

Thus, HR professionals created plans to train staff and customers in the use of new technologies. The strategy by HR professionals is to develop plans in the most cost-efficient manner possible (Sparrow, Brewster & Harris: 2004).

Cost-efficiency does not mean doing them in the cheapest way. There is a difference between cost-efficiency and cost cheap. To achieve the goals, it is necessary to use resourcing strategies and to be focused on the objectives. This is in essence the main function of HR professionals.

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