

Assessment 1 - Structure and culture

Case study McDonald's

by Ivanka Ivanova

INTRODUCING THE MODERN WORK PLACE

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Introduction

This essay will outline McDonald's Structure, Culture and Management Performance. Also, will analyse the relationship of the company's culture, structure and organization by using the methods used in the past and how the work place has changed over the years by using some of the Hofstede's national cultural methods.

McDonald's is in the restaurant industry and is a fast food global organization which is well-known as family-oriented, the company's mission statement is:

Our aim is to provide a fun and safe environment where our customers can enjoy good food with quality ingredients at affordable prices. (mcdonalds.com 2020)

World-wide McDonald's has most of its restaurants on Franchising, business man and women own and operate the stores.

All owners have to abide by the same organizational and managerial structure given by the corporation no matter where in the world the restaurants are open.

At first McDonald's started as a small restaurant in 1948 in California by the brothers Dick and Mac McDonald. The brothers had developed a drive-thru and fast service for their customers with low price burgers.

In 1955 Ray Kroc became franchise agent to the brothers and opened the first restaurant for the McDonald's corporation, (corporate.mcdonalds.com) the man was impressed by the methods the McDonald brothers used to make fast and with good quality sandwiches. Today the corporation has become one of the largest franchise companies in the world. (corporate.mcdonalds.com, 2020)

Structure

Companies' structures are made in functional dimensions geographical, people or product oriented or all combined together. One Example is McDonald's who is one of the largest fast-food companies in the world and it has international division to operate. In addition, the company uses different

restaurant forms: drive-thru, walk-thru and stores, and the organizational structure will be based according to how many employees are set to work in the different store formats. Furthermore, the big corporations have very well-organized structure where people are positioned in hierarchy to manage the daily business. The first man to shed light to the understanding of hierarchy (organizational skills) is Henry Fayol. The author was a manager in a big French company and over the many years there and his experience led to his decision to write about it as he believed that all organizational and managerial activities were very important. (*New Sunday Times*, 1998).

The elements of management that Fayol identified are Planning, Organizing, Command, Co-ordination and Control and all that is to make sure that the problem solving in the companies go fast and efficient.

Companies organisational structures are classified as three main ones: **matrix**, **flat** and **hierarchical**. The hierarchical structure is used in big companies and has many layers and each level of employee has narrow span of control. The flat one has less layers and wide span of control which is used in smaller companies. The matrix structure is a hybrid of the previous two structures and is mainly used for projects. The top level of these structures is the leadership, middle level is the management daily tasks and the lower level is the work force of the company.

McDonald's has **tall hierarchical** structure of 11 levels (*see Fig1*) which helps the company to achieve its objectives and goals. For instance, each restaurant has a Store Manager who is responsible for decision making of the welfare of the store. In each level all employees know their duties in the roles they fulfil e.g. powers and limitations. To run the flow of information, feedbacks and instructions the companies has chine **of command**. These structures are established that the companies may operate efficiently their organizations. Furthermore, the hierarchical structure has a big advantage of having loyal workers by providing motivation for career advancement of the employees within a company. (*Mullins, 2016, Pgs. 398, 404-406*).

For example, McDonald's has crew training programs where an employee can advance from crew trainer to manager, also McDonald's has apprenticeship program that helps workers to gain NVQ qualifications in UK such as Hospitality NVQ2. (*people.mcdonalds.co.uk*)

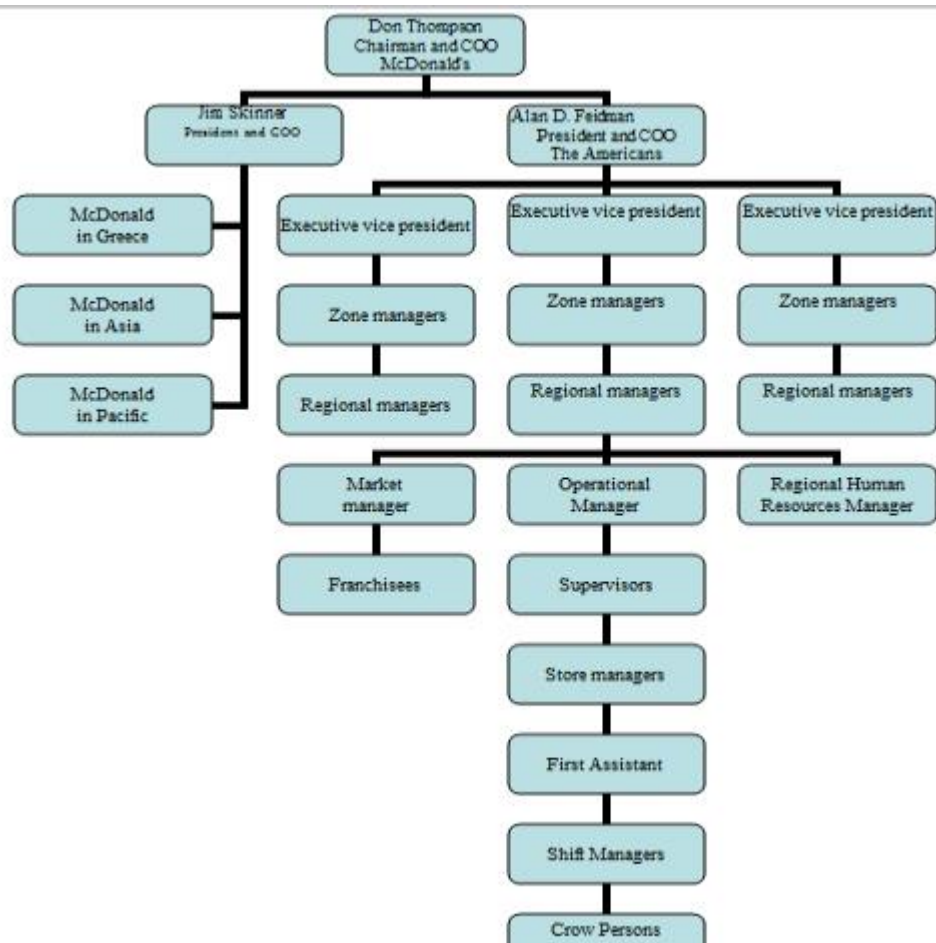


Fig1 <http://image.slidesharecdn.com>

CULTURE

The word **culture** has many definitions, in social studies is explained as *(the way of life of particular people, esp. as shown in their ordinary behaviour and habits, their attitudes towards each other, and their moral and religious beliefs)*. (dictionary.cambridge.org)

McDonald's is one of the companies that uses its organisational culture to attract consumers and qualified workers and this is done to ensure that the business is running smoothly and the costumers are satisfied. Also, McDonald's organisational culture aims to educate its employees and some of the main components are: *"People-centricity, Individual learning, Organisational learning and Diversity and inclusion."* (Thompson, [PA more.com](https://www.pamore.com))

National culture - Hofstede's 6 cultural dimensions

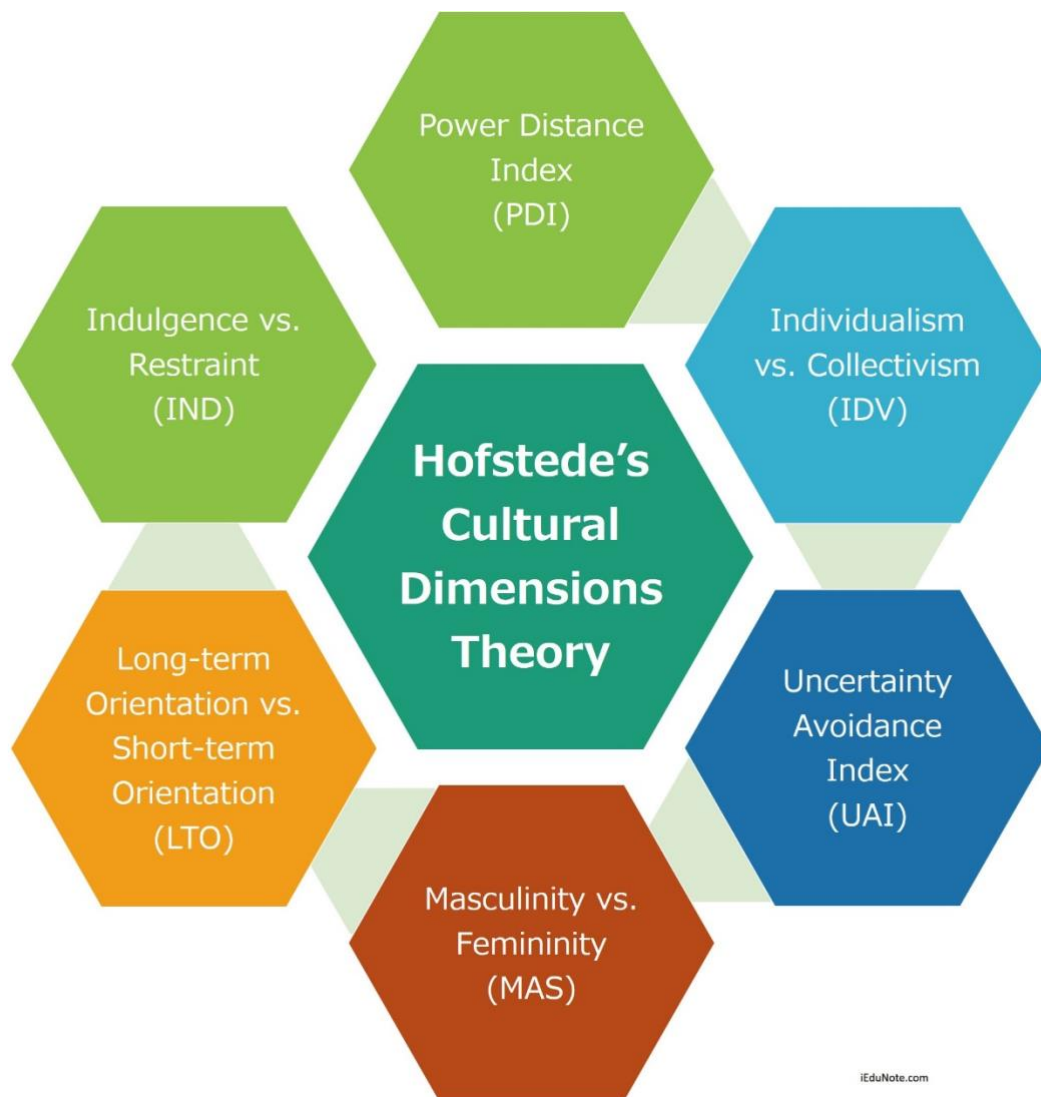
Around the globe there are many people who are from different nationalities and have different cultures and in order for people to effectively communicate and collaborate in global organizations they need to understand what is **national culture**. (YouTube, *Mister Simplify*, 2020)

In 1970 Dr Geert Hofstede after doing a research for 10 years published his model of **cultural dimensions** and ever since organizations around the world have been using this model as a standard measurement for cultural differences.

Professor Hofstede worked for IBM and he conducted his research in his work place by studying people in 50 different countries. At first, he managed to recognize four different dimensions who could discern one culture from another. Presently there are six dimensions of natural culture of which the last too he found in cooperation with other professors. ([mindtools.com](https://www.mindtools.com))

Representation of the six cultural dimensions we can see in (Fig.1).

Fig.1



Source: iedunotes.com

Power Distance Index (PDI)

In general, this refers to the inequality in distribution of power because of the cultural differences which creates **power distance**. There is a **high** and **low** power

distance index. In the **high PDI** subordinates expect to be told what to do and the centralisation of all decisions making power is in the hands of its leaders, whereas in countries that operate with **low PDI** it's the opposite, power is distributed almost equally. (*mindtooos.com*)

For example, Malaysia is one of the countries within the **high PDI** and it scores 100 on Hofstede chart (*see Fig2*). Furthermore, McDonald's takes advantage of this when making the website for Malaysia by restricting the costumer's power to choose their items of the Halal menu by (*single downwards action*) and asks the consumers to trust them, whereas in Sweden people have more power to act for themselves. (*gfluence.com*)

Individualism Vs. Collectivism (IDV)

"This refers to strength of the ties that people have to others within their community." (*mindtools.com*) In instance, **individualism** is when looking after yourself and your immediate family e.g., children, parents, spouse and **collectivism** is made of bigger groups like the extended family or community where others are taken care of.

The (*collective societies can be 'exclusive'*) e.g. one is considered outsider if he doesn't belong to particular group and is usually not welcomed by others and treated unfairly. Whereas, (*individualist societies can be 'universal'*) e.g. all members are usually treated equally. (YouTube, Mister Simplify,2020) In (*Fig2*) the chart represents the IDV of four countries where on one side are United Kingdom and US which are more individualistic and on the other side Malaysia and Bulgaria which are very collective societies.

Uncertainty Avoidance Index (UAI)

This dimension reference to uncertainty people are expose to, like unusual situation and confusion and how different cultures deal with it. Furthermore, when people of a culture feel threatened by the unknown, they establish institutions to avoid these situations. In instance the reflection of the UAI score we can see on Hofstede chart (*Fig.2*) and Bulgaria has the highest avoidance index. Countries with high UAI have set rules and believes and they would not like to defer from them, for them is easy and risk free to stick to things they already know whereas countries with low UAI like UK are willing to except new concepts. (*hofstede-insits.com*) Furthermore, by exploiting the UAI McDonald's adapted its culture to the local

social norms in order to be expected and have success in the new countries when it went global in the 70's. (*daytranslations.com*)

Masculinity Vs Femininity (MAS)

Masculinity reference to when being focused on material possessions and is motivated by achievement and success. A high score on MAS means that society is focused on competition and who is the best in the field they are working on.

A high score on Femininity means that the society is more focused on better quality of life for the family and balancing work and life. According to the Hofstede's chart (*Fig.2*) Bulgaria is considered to have a Feminine society and, in such countries, (*the focus is on **work in order to live***), people are focused on well-being, quality in their working lives and so on. (*hofstede-insights.com*) On the other side of the spectrum United Kingdom has masculine society so in Western Europe people tend to be more masculine.

Long Term Vs Short Term Orientation (LTO)

“This dimension describes how every society has to maintain some links with its own past while dealing with challenges of the present and future.”

Short term societies value traditional norms and people who remain unchanged whereas **long** term societies value changes and have more pragmatic way of approaching things, they adapt easily to new changes. For example, on chart in (*Fig.2*) Bulgaria has the highest score for **long** term orientation that means the country has pragmatic culture and people are willing to adapt according to the circumstances in order to achieve success. (*hofstede-insights.com*)

Indulgence Vs Restraint

This dimension refers to how people control their impulses and desires. Restraint societies have strict social norms and have more pessimistic attitudes like in Eastern Europe (*Fig.2*) where people are poorer, they have less means to enjoy life. In contrast, indulgent societies (UK, US) believe in enjoying life e.g. leisure time, satisfaction of their desires. Also, in indulgent societies people feel more in control of their lives and have more optimistic attitudes.

COUNTRY COMPARISON

Select one or several countries/regions in the menu below to see the values for the 6 dimensions.

Go further, discover our cultural survey tool, the **Culture Compass™** or join our **open programme Introduction to Cross-Cultural Management**.



Fig.2

Source: *hofstede-insights.com*

MANAGEMENT PERFORMANCE

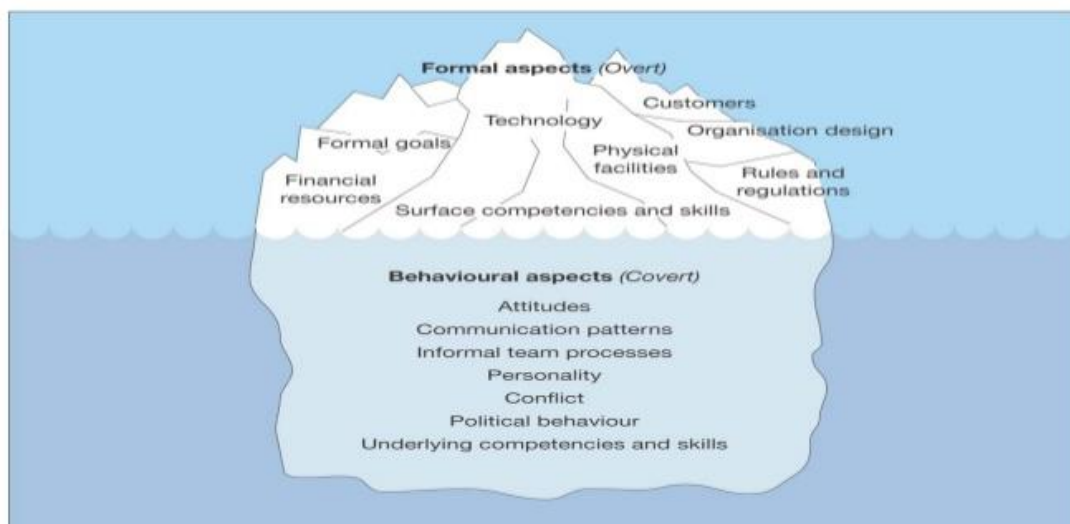
Organisational/Corporate Culture

Corporate culture refers to how the business is managed by applying the following factors: experience, expectations, shared attitudes, the philosophy and knowledge of the company, interactions with external stakeholders, and rules that have developed since the organisation started. Also, influence on the company performance has the internal flow of communication and its employees and how committed and motivated are they to accomplish the collective goals.

There are **formal-visible** aspects in an organisation e.g. rules, formal goals, financial resources, physical facilities, technology, customers etc... and **behavioural-covered** aspects e.g. political behaviour, fundamental competence and skills, personally, communication pattern and attitude. (*Mullins, 2016, Pgs. 8-9*)

Fig3

The organisational iceberg



Source: Don Hellriegel, John W. Slocum, Jr and Richard W. Woodman, *Organizational Behavior*, Eighth edition, South-Western Publishing © (1998), p.6. Reprinted with the permission of South-Western, a division of Thomson Learning: www.thomsonrights.com. Fax 800 730 2215.

Organisational Behavior, Do Tien Long

Leadership and Management

How managers interact with their employees will affect the efficiency with which the tasks are done in an organisation. (Mullins, 2016, Pgs. 3-4). In instance, McDonald's corporation managers are trained to be leaders and have good people skills, respect the employees, team working etc... One of their managers, Thiago, says: "We are more than just a restaurant. We're a community that is creating a better future". (People.mcdonalds.co.uk) In *Fig.4* we can see an example of a good (**leader**) and bad manager (**boss**).

Fig.4



Source: (spinsucks.com)

Furthermore, a good manager must know well how to plan, organise, delegate, command, coordinate, and control all tasks in order to achieve the goals and objectives of the company.

Diversity and Inclusion

In order to be effective an organisation has to embrace diversity on the work place and treat all its employees equally. (Mullins, 2016, Pg.) A good example of this strategy is McDonald's values of individuality and equality.

Furthermore, McDonald's diversity policy in UK states that they respect all culture, gender, ethnicity, age groups, sexual orientations and religions, and they hire local employees "which means our restaurant employees are true reflection of the communities and people they serve every day". (*McDonald's.com*)

CONCLUSION

The general aim of this assignment is to familiarise the readers with the structure and culture of an organisation-McDonald's. The company has been in the restaurant industry for a long time and has created a very good image and also have some of biggest market shares in the industry. In the modules above we can see the importance of good leadership and management in order a business to run smoothly and be successful. Furthermore, the employees of an organisation are one of the most important assets in a company and McDonald's is boasting with its diverse culture and equality which makes it a very desirable place to start someone's career. Nowadays McDonald's continues to improve and adapt its organisational structure and culture to achieve its goals in performance, management and organizational behaviour.

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