Management Functions at McDonald's Applying Henry Fayol's Theory

Module code and name: Introduction to Leadership and Management LCBB4015

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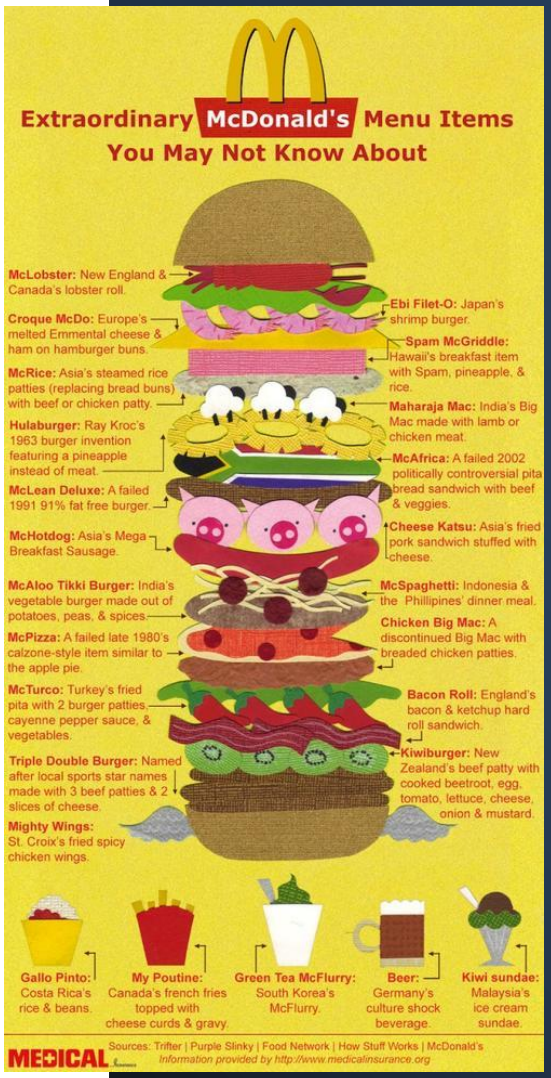
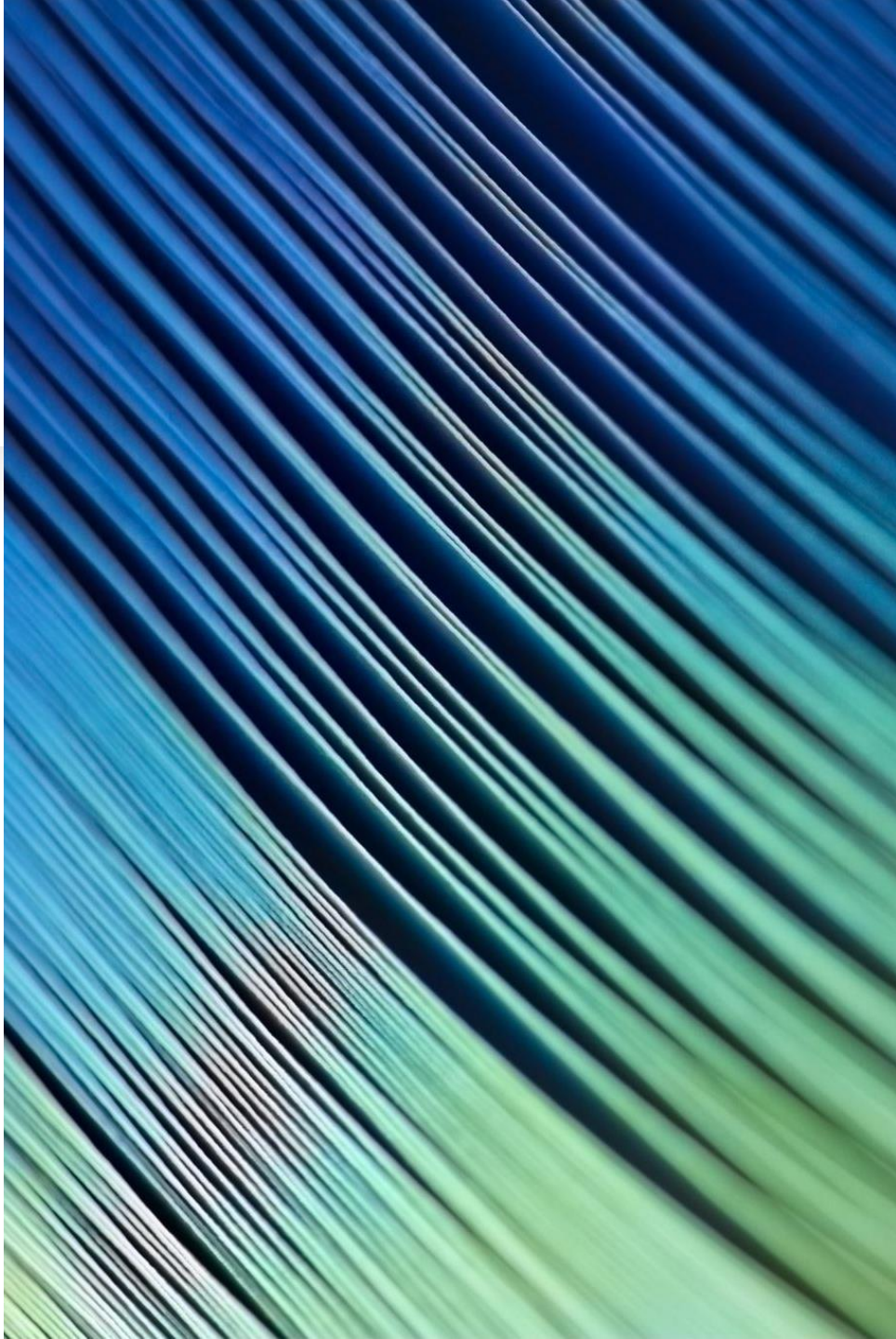


Introduction to McDonald's

- Founded in 1940, USA
- Operates in 100+ countries
- Over 40,000 restaurants globally
- Revenue exceeding $25 billion (2023)
- (McDonald's, 2023)



Challenges faced by McDonalds

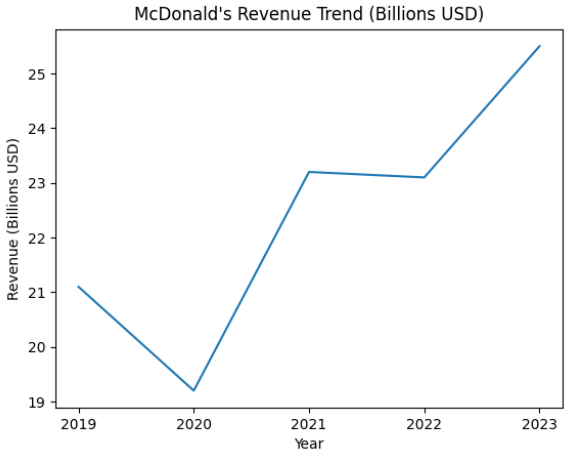
- **High Employee Turnover** – Frequent staff changes require constant hiring and training.
- **Customer Service Pressure** – Fast service expectations during peak hours can lead to stress and mistakes.
- **Health & Nutrition Criticism** – Ongoing public concerns about unhealthy food options.
- **Strong Competition** – Competing with other fast-food chains and delivery services.
- **Maintaining Food Quality & Consistency** – Ensuring the same standards across all locations.
- **Workplace Pressure** – Managing busy shifts, time targets, and customer complaints.
- **Rising Costs** – Increased prices of ingredients, labour, and utilities.

Henry Fayol's Five Functions of Management

- Planning – Setting objectives and strategies
- Organising – Structuring resources
- Commanding (Leading) – Directing employees
- Coordinating – Aligning activities
- Controlling – Monitoring performance
- (Fayol, 1949; Robbins & Coulter, 2018)

Financial Performance and Strategic Stability

- Revenue growth reflects long-term planning
- Resilience post-COVID recovery
- Strong global brand positioning
- (McDonald's, 2023)



Planning at McDonald's

- Corporate strategy development
- Market research and forecasting
- Digital ordering & AI integration
- Sustainability initiatives
- (McDonald's, 2023; Daft, 2020)

Organising at McDonald's

- Franchise-based organisational structure
- Clear chain of command
- Division of labour in restaurants
- Efficient resource allocation
- (Robbins & Coulter, 2018)

Commanding

Definition :

- Directing employees' work
- Giving clear instructions
- Supervising performance
- Ensuring discipline and standards

Commanding at MacDonalds :

- Shift managers lead daily operations
- Clear instructions during busy hours
- Training employees for food safety

Evaluation :

Advantages :

- Clear direction for employees
- Faster decision-making
- Improved efficiency
- Strong leadership

Disadvantages :

- Can reduce employee creativity
- Risk of over-control
- Possible stress in high pressure shifts

Modern view :

- Focus on leadership, not authority
- Communication and motivation
- Supportive management style

Coordinating

Definition

- Coordinating ensures all organizational activities and departments work together towards common objectives (Robbins and Coulter, 2022).

Application to McDonald's:

- Coordination between marketing and operations during product launches (McDonald's Corporation, 2024).
- Global headquarters aligning with franchisees to maintain brand consistency (McDonald's Corporation, 2024).
- Supply chain coordination ensures timely delivery of ingredients worldwide (McDonald's Corporation, 2024).

Evaluation

Advantages:

- **Enhances efficiency and teamwork (Robbins and Coulter, 2022).**
- **Maintains global consistency across markets (McDonald's Corporation, 2024).**
- **Reduces duplication of effort and operational conflict (Johnson, Scholes and Whittington, 2023).**

Disadvantages:

- **Can slow decision-making in large multinational structures (Johnson, Scholes and Whittington, 2023).**
- **Over centralization may reduce local flexibility.**

Modern Perspective:

- **Digital systems and real-time data sharing improve cross-functional coordination (McDonald's Corporation, 2024).**
- **Increasingly use collaborative, team-based structures rather than rigid hierarchies (Robbins and Coulter, 2022).**

Controlling

- Definition
- • Controlling involves monitoring performance, comparing results to standards, and taking corrective action where necessary (Robbins and Coulter, 2022).
- ——

  Application to McDonald's:
- • Monitoring key performance indicators (KPIs) such as sales and service speed (McDonald's Corporation, 2024).
- • Financial performance tracking and compliance reviews (McDonald's Corporation, 2024).
- • Customer satisfaction measurement through feedback systems (McDonald's Corporation, 2024).

Evaluation

Advantages:

- Protects brand reputation (McDonald's Corporation, 2024).
- Ensures quality and operational consistency.
- Identifies issues early for corrective action (Robbins and Coulter, 2022).

Disadvantages:

- Excessive monitoring may reduce employee motivation (Robbins and Coulter, 2022).
- Over-reliance on quantitative metrics may overlook human factors (Johnson, Scholes and Whittington, 2023).

Modern Perspective:

- **The Balanced Scorecard approach integrates financial and non-financial performance measures (Kaplan and Norton, 2021).**
- **Modern control systems emphasizes performance support rather than strict supervision (Robbins and Coulter, 2022).**

Critical Evaluation of Fayol's Theory

- Strength: Clear managerial framework
- Strength: Universally applicable principles
- Limitation: May oversimplify modern complexity
- Limitation: Less focus on innovation & agility
- (Daft, 2020)

Conclusion

- Fayol's five functions remain relevant in contemporary organizations such as McDonald's.

- Coordinating ensures global alignment and operational consistency.

- Controlling maintains performance, quality, and profitability.

- However, modern organizations operate in dynamic and uncertain environments.

Introducing a Contemporary Perspective:

Unlike Fayol's structured, hierarchical approach, transformational leadership focuses on adaptability and cultural change, suggesting that effective modern management combines classical functions with inspirational leadership.

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