

Analysis of Human Resource Management with Reference to Administrative Skills: Case of McDonalds

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Abstract

Every organization tries to maintain high level competition in the market; however, very few of these successfully create their position in the market. Different marketing concepts and strategies are adopted by the companies to remain successful. Among other strategies, uniqueness of product or services contributes to the success of the company. Moreover, constant update and external market scan is also necessary to remain informed about the changing demands and needs of customers. One such organization is McDonalds that has maintained its leadership in the fast food industry. The paper initially presents a brief introduction of the company. The paper discusses that McDonalds often faces conflict of interest where the union workers on behalf of employees give rise to their issues such as low wage rate, inappropriate working conditions and working hours. It is evident that conflict between management and workers arise in most organizations. McDonalds is the global leader in the industry of fast food. However, the paper analyzes the issues and proposes few options i.e., collaboration, accommodation and compromise. However, the option of accommodation is most feasible for McDonalds to settle the dispute between management and workers.

Keywords: Human Resources, Organizations, Workers, Interest, Management.

Introduction

The McDonald's is known as one of the largest chain of hamburger and fast food restaurants internationally. The brand serves more than 68 million customers on a daily basis in more than 119 countries with approximately 35,000 restaurant outlets. McDonalds Corporation has its head-quarter in the US. The company was started as a barbecue restaurant in 1940 which was operated by Maurice and Richard. In the year 1948, the restaurant business was reorganized as a hamburger stand through the use of principles of production line. This paper will initially provide background of the industry i.e., Fast food industry. This will be followed by the brief introduction of McDonalds and its operations. Then the paper will analyze the conflict of interest that is found at McDonalds between employees and management. In order to settle the conflict of interest, the paper will provide three options and will recommend one of the best option or advice that must be act upon.

The role of human resource management has been increased largely in the large few years. Today, human resource management and its functions are considered as an important part in the organization that was previously ignored. Thus, one of other important concerns for human resource management is the look after the employee management relations and their concerns. This is because there is high level of conflict of interest between management and the workers. ¹ This case is evidenced at McDonald's restaurant chain as well. The employees are dissatisfied with the company's pay scale that has often resulted in labor strike at McDonalds. Moreover, this issue also affects the worker's motivation level at the franchise.

Industry Background:

McDonalds belong to fast food industry which is also called Quick Service Restaurants (QSR). The industry is serving millions of people worldwide where the presence of restaurants is concentrated in many cities. ² The industry focuses on high speed, low cost and high volume product. The foods are precooked or preheated and served to-go. Many restaurants in the fast food industry offer dining for on-site consumption.

The McDonald's Corporation is known as the leader in fast food restaurants as it has the largest chain of restaurants globally. ³ The restaurant chain serves more than 68 million customers on daily basis in about 119 countries through its 35,000 outlets. The head-quarter of McDonalds is in the United States. McDonalds started as a barbecue restaurant in 1940 which was operated by Maurice and Richard. In the year 1948, the business was reorganized as a hamburger stand. The restaurant initially used principles of production line. However, later Ray Kroc joined the restaurant in 1955 as franchise agent. Since then, he purchased McDonalds chain and has grown the business internationally. The restaurants of McDonalds are operated by either the company, an affiliate or by a franchisee. The business is divided according to geographic segments i.e., Europe, US, Asia, Africa, Middle

East, Latin America and Canada. ⁴ The company sells mainly hamburgers, chicken, cheeseburgers, breakfast items, french fries, milk shakes, breakfast items and desserts. However, to meet the changing consumer tastes and demand, McDonalds has expanded its menu and now also include seasoned fries, wraps, smoothies, fish, fruit, fish and salads.

Conflict of Interests:

There has always been remaining a conflict of interest between management and workers on pay. The issue regarding employee's pay is raised by the workers' union on their behalf. ⁵ The workers union refers to the parties that represent the management and workers of the company. The worker's union at McDonalds conducts the negotiations to implement a bargaining agreement with the organization that addresses the worker's demands and their rights ⁶ McDonalds that is acknowledged as the leader in fast food industry is making huge revenues but offers small pay per hour. Moreover, the company does very small pay increase that is quite insufficient. ⁷ In addition to this, the perks and benefit are only offered to the employees that work at higher management levels and not offered to the employees working at restaurant franchise. Besides insufficient pay, the company's working conditions and leisure hours are also not appreciated by employees. ⁸ Although, it is true that the company offers flexible working hours, but it is also important for the McDonalds to provide its employees with better working conditions and appropriate leisure hours. These issues have resulted in employee dissatisfaction. In order to analyze the case properly, it is important to understand the conflict of interest of each parties to the case. Firstly, the interest of McDonald's management is not to fulfill the demands of the unions and to enjoy large profits. As McDonalds is a profitable restaurant and a leader in its own industry, therefore it is important for the company to take special care of their employees as they directly serve customers. ⁹ The dissatisfaction of workers will affect their relationships with customers thereby affecting the productivity. However, McDonalds is not willing to negotiate with the worker unions as they believe that the operations of the company are largely disrupted. ¹⁰ Secondly, the interests of union workers is to bring discussion to a certain point that exactly discusses their concerns such as increase in wage rate, working conditions and leisure hours at the restaurant. Although, the union workers have been trying to settle the issue with the management, but due to few constraints i.e., resistance from the management, the dispute has remained unresolved. Moreover, the union workers have often protested their concerns through strikes. ¹¹ Thus, the worker's concerns are right in their own way, but the response of the McDonalds with respect to the concern of employees is not good.

Ethical and Professional Human Resource Management:

The ethical behavior of an individual shows the point to which he or she is fair, dignified and honest to other people and in every situation. ¹² A person is referred to as an ethical person only when he or she takes appropriate decisions that does not harm anyone in all circumstances. Thus, ethical behavior mirrors the integrity and honesty that is possessed by an individual. Moreover, it also explains an individual's behavior and other attributes that he or she has developed from time to time in one self. While making important decisions in certain situations, an organization might face the issue that what should be given priority i.e., ethics or profit. ¹³ Such situations test the honesty of the organizations that takes the decision. In business, each professional is anticipated to give respect to the principles of each other and behave in way in which integrity remains unharmed. ¹⁴ There are three different characteristics which defines the behaviors that must be adopted by the professional i.e., commit to oneself and quality i.e., to give full attempt to do a job efficiently and effectively, integrity and responsibility i.e., to present oneself in a way to gain respect from others as it is very important to remain honest in such situations to show one's integrity, and to have respect for others i.e., the professionals must value and pay respect to other working in the organization and remain fair in all acts and in work. Thus, these principles of ethical and professional human resource management must be practiced by all professionals while working in the organization. ¹⁵ Therefore, as McDonalds states themselves as a socially responsible company that have much emphasis on the employees and their productivity, so the company must also display their ethics and professionalism through their acts. ¹⁶

Option I:

In order to settle the conflict of interest, one of the option available is collaboration which is a win-win solution in which both the parties to the dispute i.e., management and union agrees on a situation willingly. ¹⁷ This means that the employees demands could be settled on a win-win case in such a way that there no additional expenses are incurred in the implementation process. Although, this option is not easy to be implemented as it is difficult to satisfy both i.e., the workers union and the management at one point of time as the benefit of one party is loss to other party.

Option II:

One of the best way to settle the conflict of interest is to analyze the problems and benefits that is for both the

parties i.e., management and worker unions that could be affected by the dispute. Thus an option of compromising is also available to settle the dispute. This option demands that both the parties to conflict will give up some of their demands so that they could reach to a solution that is agreed by both the parties.¹⁸ This option could be implemented in a way that the pay rate of employees will be increased and their working conditions will be improved but they will not be provided with leisure hours. This will benefit the management that the workers will not go on any further strikes.

Option III:

Besides compromising and collaboration, the dispute could also be settled by accommodation. In this option, priority is given to only of the party i.e., worker union or the management. Thus, any of the party will have to give up their demands and consider the demands of others to resolve the dispute.¹⁹ This could be done in a way that the management of the McDonalds will accept the demands of employees as they are main resource of the company. Moreover, their demands must also be accepted as they directly deal with customers so their satisfaction is important to the company. Thus, if McDonalds offers them increased pay per hour, their morale will be increased that will make them more satisfied and motivated at work (David, 2009).¹⁹ Moreover, this option will also help to improve the relationship between workers and the management that will indicate no or less strikes and non-disruption in the daily operations.

Discussion

The situation clearly shows that there is an overlap between the professional and ethical behavior. Thus the human resource personnel serve as an interface between the workers and the management in the organizations. The HR personnel are highly responsible to minimize the differences that are created with the passage of time. However, they are responsible to settle the disputes by being professional and ethical HRM personnel. Therefore, in this case, the HRM professionals can adopt the option of accommodation. This option will help to settle the dispute at earliest. The management of the McDonalds will be morally obliged to motivate its workers and offer them suitable working conditions at work. Besides this, as the option will demand the McDonalds to accept the fact that the dissatisfaction of the employees will negatively affect their performances at work, therefore the management should forego the rigidness of employees. Moreover, the McDonalds are responsible to ensure that they have provided better working conditions to its employees. Thus, the option of accommodation is the best option for this case and the implementation of this solution will remove the dissatisfaction of employees and distances between management and workers. Moreover, it will also enable the company to prevent future strikes and other protests. Thus, the solution will serve as a benchmark that is set by McDonalds in the fast food industry and other organizations can also follow this approach to settle the conflict of interest between management and the workers.

Conclusion:

In a nutshell, McDonalds has its unique way of creating benefits and value to its loyal and potential customers where one of the most contributing factor is the timely response to the changing customer needs and tastes i.e., healthy food, customized food, comfortable ambiance etc. Thus, in order to preserve the uniqueness, McDonalds holds the right to preserve its chains by sharing it with an affiliate, a franchisee or holding the rights by the company itself. In a nutshell, different organizations face issues that are due to conflict of interest. However, ethical and professional human resource management suggests that the conflicts must be resolved in an ethical way. Thus, the dispute at McDonalds is between worker unions and the management where the management is not willing to increase pay rate, improve working conditions and provide workers with work hours as this will increase the cost to the company i.e., McDonalds will not be able to enjoy profits at their fullest. However, it is important to settle the dispute. The paper has provided three options to settle the conflict of interest between the two parties where the suggestion of accommodation should be implemented.

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