

A Case Study of McDonald's Organizational Development

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Abstract. Based on the "Sinicization" of McDonald's as the main research background, this paper focuses on the analysis of the group after entering the Chinese market in the organizational management adaptability of the problems and solutions. After a systematic analysis of the business model, development concept and business pain points carried out in the process of McDonald's Sinicization, this paper analyzes the difficulties and problems encountered in the process of Sinicization from many perspectives, such as corporate culture, leadership style, staff management and so on. In the end, based on the theory of organizational behavior, the paper puts forward feasible suggestions for the future development of the company, aiming at the hope that McDonald's development will be better and better.

Keywords: Fast-food industry; McDonald; Business Analysis.

1. Introduction

As an integral part of modern Chinese catering, the fast food industry has become increasingly popular and sought after by consumers because of its adaptability to mass consumption levels and its ability to adapt quickly, and has become one of the giants of fast food [1]. KFC decided to enter the Chinese market in the 1980s, with the first shop starting operations in Beijing, and since then China's fast food industry has been developing rapidly. After more than 40 years of development, China's catering industry, especially the fast food industry, has developed very rapidly, with a growing market share. 1990s GNP growth over the 1980s reached 78% year-on-year, the fast food industry in China is growing at an annual increment rate of 20%, and the profit rate of the industry can reach about 20%. The fast food industry has gradually become an important force to support the sustainable development of the catering industry and the growth of the economy.

In 2009, the catering market began to enter a phase of rapid growth, with annual revenue of nearly RMB 2 trillion. With the attention and investment of people on diet, the development trend of catering industry is good, which leads to the accelerated expansion of fast food. The scale of operation of fast food in southern China has obviously exceeded that of ordinary food [2]. Take the Pearl River Delta region as an example, its market share has reached 90 percent, and the market share of developed provinces in the eastern coastal region has also exceeded 50 percent.

Since the introduction of the fast food industry into China in the last century, the overall trend of development has been good and has gradually adapted to the requirements of social and economic development, making the fast food industry continue to develop rapidly, with a steadily growing market share. The golden period of China's fast food industry began in 2010, with Beijing, Shanghai, Guangzhou, Shenzhen, and other first-tier cities as the center, gradually spreading out to all provinces of the country and gradually developing towards a mature stage. Since then, China's fast food market has become a hot spot. With the escalation of competition between Chinese and foreign fast food enterprises, the development momentum of fast food industry has become more leading in the restaurant industry [3]. very many catering companies began to use this environment to enter the rapid expansion of speed stage. In 1940, two brothers founded "Dick and Mac McDonald" restaurant, which is the model for the creation and development of McDonald's. In 1955, McDonald's, one of the largest fast food chains in the world, was founded. Shenzhen opened its first restaurant in China, after which

McDonald's officially entered the Chinese market, thus officially also officially opening up its business in the socialist country.

Today, McDonald's still holds a place among the restaurant chains in the Chinese market where there are many fast food brands. By 2022, after growing over the past eighty years, McDonald's has successfully spread its shops all over the world, and according to statistics, the amount of McDonald's shops in China has exceeded 4,000, and in 2011, the brand 'McCafe' was introduced to In 2011, McDonald's introduced the brand 'McCafe' to China, and has also successfully expanded its business management concept to different countries around the world while making great strides and gaining recognition for itself and even driving the development and progress of the global fast food industry [4, 5]. It has become one of the more successful multinational chains in the global food and beverage industry.

However, there are still certain pain points in the development of McDonald's in the Chinese market, such as difficulties in corporate culture, leadership style, and staff management, which will hinder the rapid development of McDonald's in China. Specifically, in the study of corporate culture, there are problems with McDonald's China in terms of corporate product development, corporate business image, corporate product pricing, and corporate follow-up strategies. In the study of employee management, there are loopholes in the management mechanism of McDonald's China, loopholes in the innovation and reform of management, and loopholes in the rapid development of management.

While the fast food industry, represented by McDonald's, is growing rapidly in China, there are also a series of problems with its management, resulting in a series of obstacles to McDonald's development. Some of these problems have been identified in previous literature by scholars at home and abroad through research studies [6]. For example, the fast food industry, led by McDonald's, has problems such as a variety of levels of development, management levels that need to be improved, and staff shortages and frequent staff turnover pose challenges to the industry's development. In addition, through interviews and site visits, the author found that, in addition to the problems identified in the previous literature, there are also the following drawbacks that need to be addressed.

1). McDonald's management system is not sound, its management process is not standardized, and its management does not respect the requirements and wishes of its employees enough, resulting in many problems not being fed back to the leadership from the grassroots level.

2). McDonald's corporate operating costs are rising and profits are declining, resulting in the shrinking of the food materials it sells and a deteriorating customer experience.

3). The brand marketing and service concept is weak. Compared with its biggest competitor, KFC, its advertising and publicity are not in place, which leads to the fact that users are basically unaware of McDonald's new products when they are launched.

2. Difficulties encountered by McDonald's in the process of "Chinaization"

2.1 Corporate culture

2.1.1 Problems in the development of the company's products

McDonald's products have always been standardised on a global scale. When customers walk into any shop, they will find that they do not need to look at the menu as the contents are basically identical and the food items are single and relatively slow to be updated. Although McDonald's does introduce some localised products, such as the rice set menu and other types to cater to local tastes, McDonald's stipulates that the rice set menu can only be sold in the evening, which deviates from Chinese eating habits. Moreover, the development of new products is slow compared to KFC, which makes many old customers have no sense of novelty, thus causing a large loss of customers.

2.1.2 Problems in the image of business operation

McDonald's business philosophy is the concept of "customer first, customer always first". Specify the QSCV principles as the requirements and standards for their service to their customers. Q is for

Quality, which ranks first in its business standards, reflecting that the company has extremely strict standards for food Quality control. Frequently encountering food quality problems, however, McDonald's in the first half of 2022, for example, Guangzhou store staff will be off the food back on the shelf, Shenzhen suspected sales metamorphic food, etc., will be about the safety of McDonald's food back into the forefront of Chinese consumers for its "double standard" management. In response to this, McDonald's should be flexible in solving specific problems and analyses, adapt to the local food culture and open up the market, and make sure to adjust and optimise the ingredients on the basis of the original standardised food products, so as to meet the nutritional standards and cater to the tastes of the majority of local people [7].

2.1.3 Problems in product pricing

According to the current pricing level of McDonald's, the average consumer spends about RMB 40 yuan for a lunch at McDonald's, which is equivalent to half a day's salary for an average worker, so the pricing of McDonald's is high in China's food market.

2.1.4 Problems with corporate follow-up strategies

In general, McDonald's often adopts a follow-up strategy, which is demonstrated by the fact that McDonald's often adopts a follow-up strategy when choosing shop locations, often appearing in the same place as KFC's shops. This follow-up strategy although can save a lot of manpower material resources to the location, but because the two stores are usually very close, although have a cluster effect makes customers more, however, the competition between the two companies are also more fierce, customers usually spend a lot of time to choose, leading to loss of a certain number of customers.

2.2 Leadership style

2.2.1 There are loopholes in the management mechanism of the management

Public information shows that McDonald's turnover composition is usually divided into four regions: US region, Europe region, Asia Pacific, Middle East and Africa region and other regions. McDonald's latest financial report clearly points out that the Asia Pacific region pulls down McDonald's overall performance [8]. The only explanations for the reasons are food safety incidents and changes in the external market environment, but some industry insiders believe that McDonald's financial data shows that there are problems with McDonald's strategy, execution and leadership. For supply chain management, McDonald's side also admits that the uniform style of the supply model is weak in coping with risks in the absence of contingency plans.

2.2.2 Gaps in management's innovation and reform

Whether it is the functional departments in charge of each part of the regional general manager or the president who is in charge of the overall situation, McDonald's is still lacking in the ability to reform and innovate. According to statistics, when individual McDonald's employees find opinions on their work, they may not be able to communicate them to their superiors. Perhaps the corporate culture of McDonald's at the beginning of its entry into China was too conservative and old-fashioned and lacked boldness.

2.2.3 There are loopholes in management's high-speed development

The surprise shop openings formulated by management in order to compete with competitors in the Chinese market are the main reason for McDonald's unfavorable development in the Chinese market. It is reported that McDonald's is stronger than KFC in the US market, but it is KFC that has a slight edge in the Chinese market. KFC entered China in 1987, while McDonald's opened its first shop in China only three years later. Statistics to 2021 show that McDonald's has only half the number of shops in China as KFC. However, the rapid expansion has caused McDonald's to spend less energy on suppliers than before and to be less demanding of them. It is understood that in order to accelerate

its expansion in China, McDonald's has once again introduced a franchise model that had been repeatedly frustrated in the Chinese market, and opened individual franchises in 2014.

2.3 Employee management

2.3.1 High turnover of local talent

Employees can have certain nationalistic sentiments, so McDonald's often faces the problem of high staff turnover due to the low loyalty of local employees. High employee turnover and resignation rates are part of the loss for McDonald's, which has to invest more money in hiring and training employees [9]. Moreover, when the company's senior managers and technicians choose to leave, they take the company's internal information and partners with them, a loss that is even greater than the cost of training.

2.3.2 Promotion considerations for local employees

When it comes to career planning, there is debate about whether McDonald's should promote as many local employees as possible. As mentioned in the previous article when senior managers jump ship, the losses incurred are very high and this poses a risk to the company. The local staff's own development is limited by the fact that the local talent is not of foreign nationality, so much so that it reduces their own development opportunities due to various reasons such as visa processing for an exchange abroad [10]. This can lead to low morale and negativity and breed discontent among local employees.

2.3.3 Large differences in staff salaries

The salary levels of McDonald's general employees are generally low. The monthly salary of the highest manager in McDonald's restaurants in China is RMB 3,500-4,000, while the monthly salary of the few other managers is RMB 2,500-3,000; the hourly wage of part-time staff is only RMB 8. The wage level is far lower than the local living and consumption level, but the time and labor invested are not lower than those of other companies, which leads to the employees are more willing to seek better development opportunities, and a large number of excellent employees are lost, and these excellent employees are likely to become the future excellent technical and management talents of McDonald's after several years of training. While local employees are poorly paid, those at the company's headquarters are extremely well paid, creating regional differences and negative emotions among local employees. Excessive pay differences are not conducive to motivation and organizational identity.

2.3.4 Poor communication control

The first issue to consider when localizing talent is the barrier to cultural communication. Employees from different countries face language communication barriers, differences in personal values and habits, and ways of doing things, which leads to a lack of communication between Chinese managers and those at the company's headquarters, and the inability to better communicate about the company's governance issues and some of the situations the company encounters, as well as the possibility of serious decision-making errors caused by differences in understanding, which can bring huge losses to the company or make the subsidiary and the parent company. The lack of communication between the management of the company and the head office may result in serious misunderstandings, which may lead to significant losses for the company or cause the subsidiary and the parent company to go against each other in terms of business strategies and management objectives.

3. Conclusion

This paper mainly introduces the organizational management adaptability of McDonald's in China. Taking McDonald's as the research subject, this paper analyzes the adaptability of the company's organization and management in its Chinese-oriented operation. The main body of this paper is

mainly divided into three parts. The first part is the introduction, the background analysis of China's fast food industry, and the introduction of McDonald's business model, business pain points and business prospects. In the second part, this paper analyzes the difficulties encountered in the process of McDonald's Sinicization, and discusses the problems that can be solved in the future from the aspects of corporate culture, leadership style and staff management. The third part is based on the organizational behavior theory proposed to solve the above problems of measures and methods. The logic of this paper is to introduce the background, put forward problems and formulate suggestions, aiming to solve the problems in the process of McDonald's Sinicization quickly, so as to better develop in the future and set up a business model for the Chinese fast food industry.

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