

**ANALYSING THE IMPORTANCE OF EMPLOYEE
MANAGEMENT, A CASE STUDY OF MCDONALD'S USA**

STUDENT LIFE

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Stage 2: Literature Review

2.1 Introduction

A literature review overviews the previously published works on a specific topic. The purpose of conducting a literature review is to summarise and synthesise arguments and ideas generated by existing sources of knowledge. A literature review is an important section of a research study due to its ability to use existing sources of literature to highlight a particular topic. Implication of a literature review is important for a research study to conduct a successful assessment to deliver required information. Analysts are conducting this literature review to highlight the importance of employee management using McDonald's USA as a real-life example. This section will furthermore highlight core theories and models based on this research topic to define significance of employee management for organisations. It will also develop critical analysis based on proposed objectives by highlighting merits, demerits and gaps in those objectives with help of existing sources of information.

2.2 Theoretical aspect of literature review

❖ *McGregor's Theory X and Theory Y*

Theory X can explain the importance of heightened supervision and external rewards; however, Theory highlights the motivating role of job satisfaction and it influences employees to approach activities without direct supervision. As discussed by Islam and Kalimuthu (2020), McGregor's Theory X/Y can act as an alternative approach to managing employees at workplaces positively as an advantage. McDonald's USA can utilise this theory to improve its employee management procedure effectively. Implication of this theory will influence this organisation to integrate a participative management style to give employees responsibility and freedom. In contrast, as opined by Mansaray (2019), McGregor believed that Theory Y will guide management practices and can influence participation in decision-making while Theory X can highlight old-fashioned views of managers. Therefore, implementation of this theory can help McDonald's to influence the creative thinking ability of employees to improve chances of collaboration. Giving employees freedom and responsibilities can help by enhancing employee performance rates and organisational performance rates.



Figure 2.1: McGregor's Theory X and Theory Y

(Source: LinkedIn, 2023)

❖ **Maslow's hierarchy of needs**

Abraham Maslow developed a theory named Maslow's hierarchy of needs to highlight key ideas in terms of motivation. **Raises and bonuses** are particularly motivating when it comes to influencing aspects of employee management for organisations (Forbes, 2021). Implementation of this theory can motivate McDonald's to give its employees raises and bonuses to influence employee management. According to Trivedi and Mehta (2019), attention to every **human need** can act as an essential factor for motivation of employees and social status and job security can motivate employees easily. Implementation of this theory can help this organisation to **acknowledge human nature** of its employees to deliver effective outcomes. On the other hand, as suggested by Ihensekien and Joel (2023), **flow in the hierarchy** can indicate incapability of a person to satisfy baseline needs and might not progress to satisfaction of self-actualisation needs. Therefore, McDonald's as an organisation needs to focus on achieving self-actualisation needs of its employees for motivational purposes.

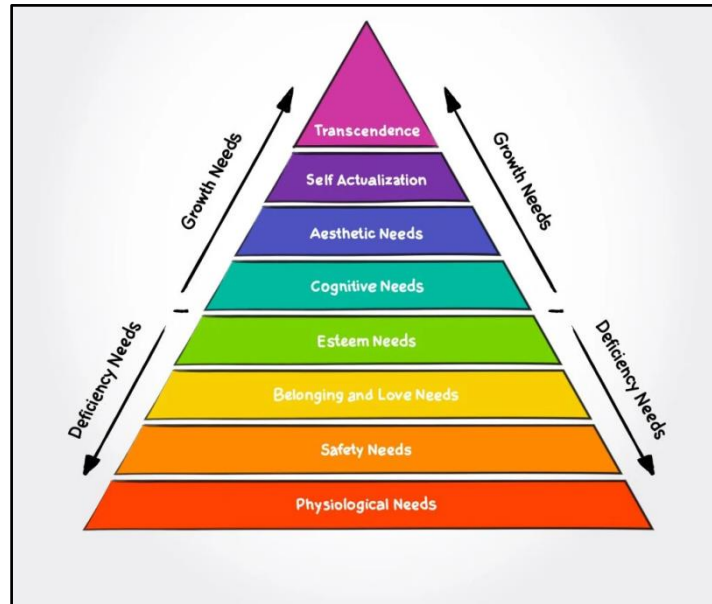


Figure 2.2: Maslow's hierarchy of needs

(Source: Simplypsychology, 2023)

❖ ***Herzberg's dual factor theory***

Herzberg's two-factor theory functions as a well-known concept in the area of human resource management thus; employee management is a core factor of this theory. It can be helpful for organisations by providing key insights to encourage employees for organisations like McDonald's. As discussed by Zhang *et al.* (2020), two-factor theory can distinguish two continuums from dissatisfied to not dissatisfied and then to satisfied. Implication of this theory can define the impact of putting employees in a neutral state without motivation. In contrast, according to Peramatzis and Galanakis (2022), Herzberg's dual factor theory describes motivation as intrinsic to hygiene factors to job and hygiene factors as extrinsic. It might influence this organisation to put its direct focus on motivation to engage employees accordingly. Therefore, implementation of this theory can influence McDonald's to frame a holistic employee motivation plan as a part of employee motivation.

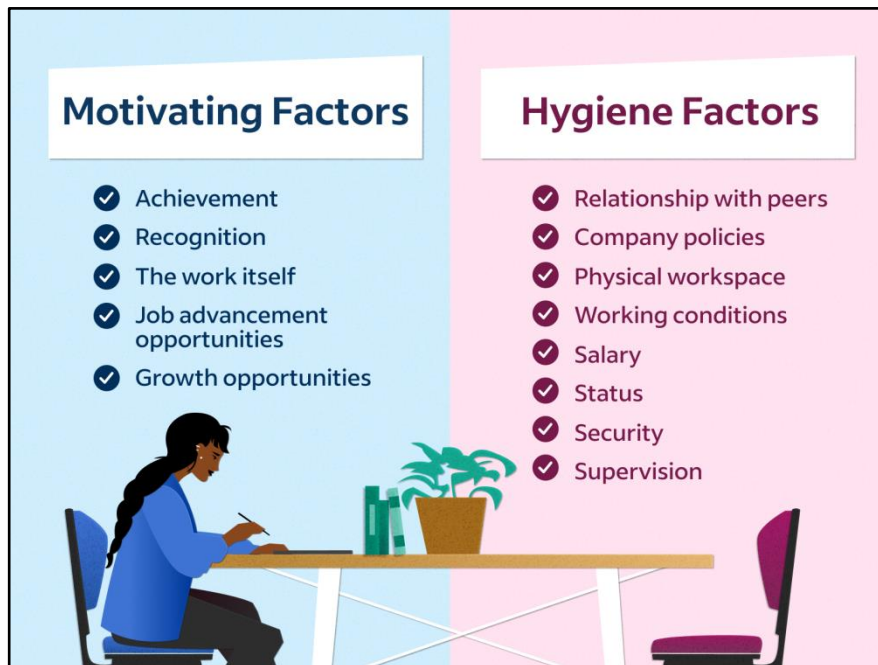


Figure 2.3: Herzberg's dual factor theory

(Source: Indeed, 2023)

2.3 Empirical aspect of literature review

2.3.1 Importance of employee engagement policies and system governance in organisations like McDonald

The focus area of the first objective is to conduct an in-depth analysis of McDonald's employee management policies and system governance. Giving rewards to employees is a policy of employee engagement integrated by McDonald's. The merit of this objective is that it focuses on McDonald's however; its demerit is it does not focus on other organisational contexts. According to a report, McDonald's is planning to cut its workforce for restructuring purposes (Bbc, 2023). Employee engagement is an important factor due to its ability to create a better workplace culture. As highlighted by Riyanto *et al.* (2021), employee engagement acts as the antithesis of job fatigue and engagement can act as the status of an employee stemming from social exchanges at workplaces. Engaged employees are more productive and can build strong connections with customers, which directly affects 20% higher sales.

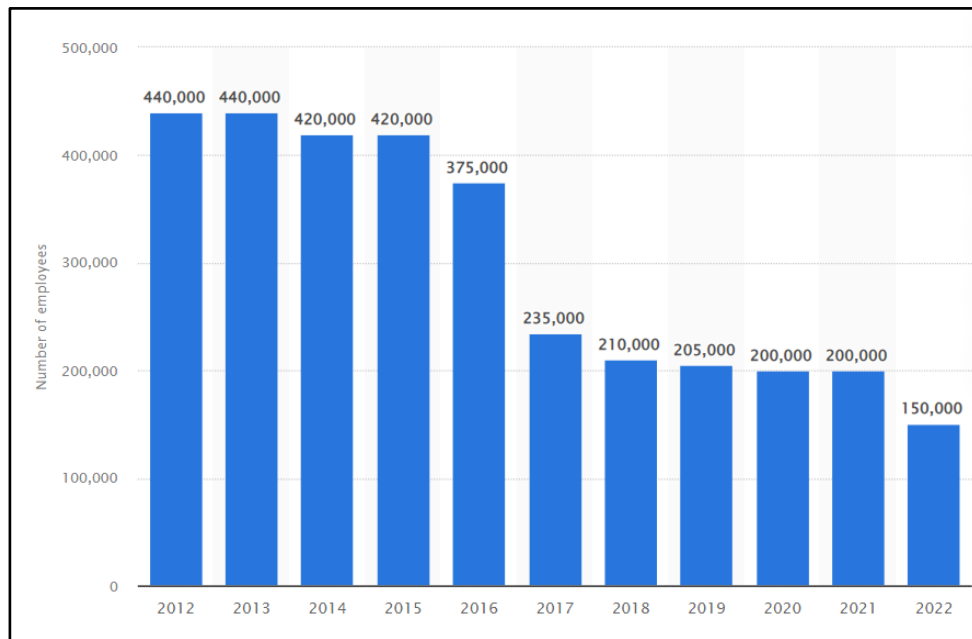


Figure 2.4: Number of McDonald's employees (2012-2022)

(Source: Statista, 2023)

Email messages and safety calls help this company to connect with its employees. In addition, McDonald's also focuses on integrating inclusion and diversity as a part of its employee engagement policy (LinkedIn, 2021). Encouraging employees to communicate about their jobs on online platforms can be advantageous in sharing positive brand messages for McDonald's. McDonald's system governance can facilitate effective, judicious and pioneering management to deliver long-term success to every stakeholder (McDonalds, 2023). In 2022, McDonald's accounted for 150000 employees and it highlights a decrease compared to 2021. As highlighted by Alabdullah *et al.* (2022), finance governance structures can be helpful in improving financial performance of organisations. McDonald's also provides a comprehensive range of systems and policies to manage its business activities properly. This company needs to focus on improving its governance structure to enhance its financial performance by developing accurate employee engagement policies.

2.3.2 Impact of issues of internal workforce management system structure in organisations like McDonalds

The second objective wants to focus on core issues in terms of the internal "workforce management system structure" of McDonald's. Cutting jobs acts as a major issue "internal workforce management system structure" for organisations like McDonald's. The merit of this objective is that it wants to focus on internal workforce management system structure issues of McDonald's. In contrast, the demerit of this objective is that it did not focus on external workforce management issues of this company. According to the report,

“McDonald's employs about 200,000 people in corporate roles and its owned restaurants, with 75% of them located outside of the US” (Bbc, 2023). Implication of proper internal workforce management can be advantageous for McDonald's in improving the level of employee productivity.

Incorporation of an accurate “internal workforce management system” can be beneficial in reducing operational expenses for companies like McDonald's. According to Parmar (2020), organisations often-underweight value and necessity of engagement capital, they have farmed in their existing workforce. As an outcome, it can influence existing workforces of organisations negatively by generating dissatisfaction. Contradictorily, as discussed by Ladewski and Al-Bayati (2019), the workforce management system of an organisation is responsible for forming teams to solve quality problems. Therefore, this company needs to develop effective teams to eliminate issues in its “internal workforce management system structure”. **Harassment and racism** can be major internal workforce issues faced by employees working at organisations like McDonald's. Development of a toxic culture indicated issues faced by employees in terms of “internal workforce management”. Eliminating these issues can be helpful for companies as McDonald's to offer better customer services by enhancing the performing abilities of employees. Workforce management in the internal context of a company can enhance business growth by 11% within five years.

2.3.3 Discussing the link between Employee Management System Restructuring Actions and Employee Job Cut decision in McDonald's USA

The third objective intends to define interconnection between “employee management system restructuring actions” and “employee job cut decision” by using McDonald's as an example. The merit of this objective is it wants to establish a connection between “employee management system restructuring actions” and “employee job cut decisions”. Contradictorily, the demerit of this third objective is that it does not focus on other company examples to develop this literature review. McDonald's decided to cut the jobs of its employees to restructure its management system (Bbc, 2023). The link between these two factors can decide chances of long-term success for companies. Employment downsizing turned into a fundamental factor of working life as companies struggled to cut expenses. According to Dźwigoł (2019), means of a restructuring programme can formulate a restructuring process in operational layers of an organisation. Job-cutting decisions are going to help McDonald's to move faster as a company by reducing its global expenses.

Job-costing decisions can be advantageous for freeing up required resources to invest in business growth for McDonald's. In contrast to employment downsizing, a responsible

“restructuring strategy” can focus on enhancement of business growth for organisations. As demonstrated by Knight *et al.* (2019), an intervention’s focus on improving restructuring and problem-solving skills can reduce organisational redundancies. This company operates in more than 160 regions globally and deciding to cut jobs can help this company to manage its operational expenses. In contrast, as highlighted by Wang *et al.* (2020), deciding to cut jobs suddenly can cause mental health problems such as stress among employees. As an outcome, it can reduce the level of job satisfaction among employees working at McDonald’s. Redundancy and cost-cutting measures can highlight deliberate behaviour and international facets of McDonald’s for its future growth.

2.3.4 Strategies to improve planning and executions of Employee Management System restructuring for McDonald's USA

The fourth objective focuses on highlighting key recommendations for planning and executing employee management systems for McDonald’s in the US. The merit of this objective is that it wants to frame necessary recommendations; however, it does not highlight remedies to improve the internal arrangements system of McDonald’s. Employee onboarding can act as an effective strategy to improve employee management within McDonald's. According to Paresashvili *et al.* (2021), integration of a conflict management system can play a significant role in improving employee productivity as a part of employee management. In addition, focusing on employee progression and employee development can be a key remedy to improve employee planning for management restructuring of McDonald's. Employees consider job satisfaction as a key contributor and 60% of employees named people at work as an important factor for job satisfaction.

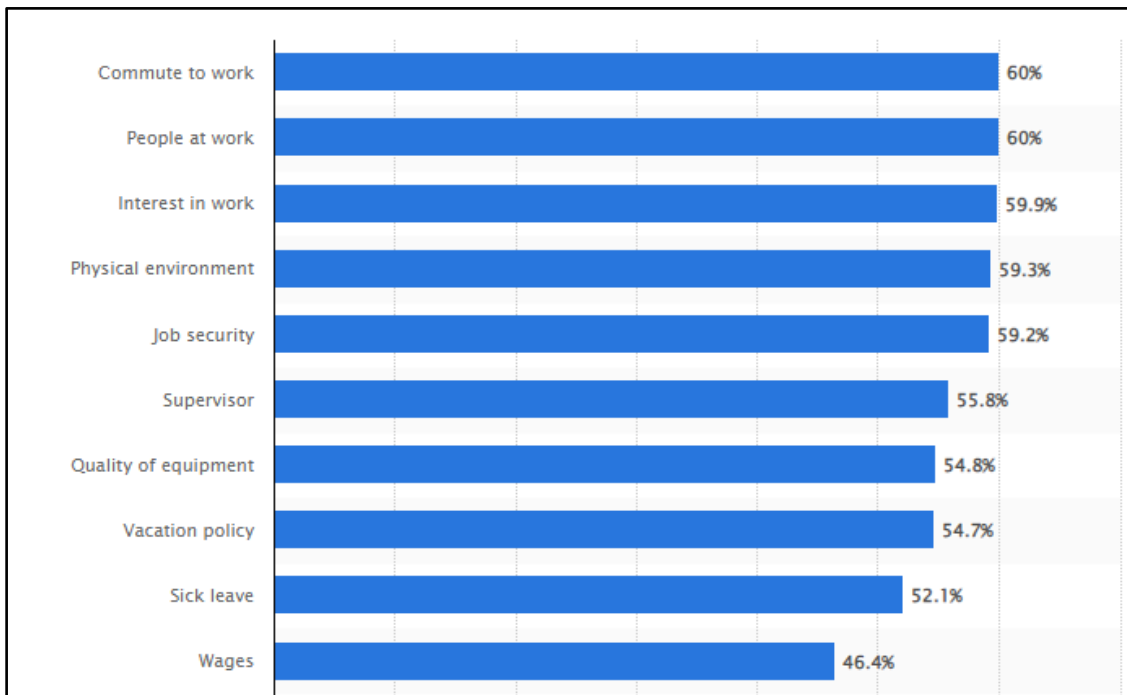


Figure 2.5: Share of employees in terms of job satisfaction contributors

(Source: Statista, 2022)

Measuring progress of employee engagement can be a major factor in developing a good employee management strategy for McDonald's. Developing goals can be an advantageous factor to execute a good employee management strategy and it can resolve conflicts between employers and employees. As discussed by Wang *et al.* (2021), learning motivation of employees depends on their current competencies and their goals for further career development. This company needs to deliver accountability in its business practices in front of employees to execute "employee management system restructuring" to eliminate employee management issues. Contradictorily, according to Kremer *et al.* (2019), knowledge sharing can act as a key factor due to its ability to lead to organisational innovation and creativity, which influences employees to use accumulated knowledge as well. Implication of this aspect can be helpful due to its ability to provide McDonald's with necessary resources.

2.4 Conclusion

In conclusion, this study conducted a review of literature to define the importance of employee engagement using the example of McDonald's USA. It implemented theoretical perceptions to justify the importance of employee management for McDonald's. It complicated theories such as McGregor's Theory X and Theory Y, Maslow's hierarchy of needs and Herzberg's dual factor theory to enhance deliverance quality of this literature review. The focus area of this literature review is a sudden decision taken by McDonald's to restructure its management. This company decided to cut jobs of its employees to restructure

entire management practices. Development of this aspect motivated analysts to decide the importance of employee management policies in an effective way. It highlighted employee management policies utilised by McDonald's and it focused on discussing internal issues faced by this organisation. Additionally, integration of empirical evidence improved the quality of outcomes of this section accurately by discussing key recommendations.

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