

COMPENSATION, COMMUNICATION AND MOTIVATION : CASE STUDY

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ABSTRACT

Operating retail chain is a difficult task for multinational entities, since they have to deal with culture, expectations, people, motivation, operational expenditures, supply chain etc. Among these factors people and motivation linked to compensation aspects is a major challenge. This case study has conducted based on a restaurant chain in Malaysia, McDonald. The methodology followed is qualitative case study with the support of content analysis and primary interviews. The case observations clearly indicated that compensation, communication and motivation factors need to be looked into by the management in order to retain the staffs in the firm.

Keywords: compensation, communication, motivation, employees, human resource management

INTRODUCTION

Nowadays, there is many fast food outlets all over the world, there are many franchises like KFC, McDonald's, Wendy, and so on. So the people have many choices when they wanted to work in fast food outlets, they can choose what they want. Therefore, in order to attract more people to come to join the outlet and also retain their own employee, many fast food outlets have improved their employee satisfaction. As employee satisfaction is important to keep the employee or attract more people to

join. A satisfied employee will contribute more to the organization and also will stay inside the organization. If the employee is not satisfied, they may choose to leave the organization and join the other organization. They may also do not want to contribute more and may not work hard. This may cause some problem like when the employee not providing a good service to customers, the customers will feel dissatisfaction and will make the brand reputation bad. As McDonald's have a lot of outlets over the world and they need a lot of employees to work for them. High number of employees mean that high cost of salary. So, in order to lower the salary, McDonald's paid their employees low salary and even increase their workload. Therefore, the employees of McDonald's had protest against it. Therefore, in order to increase employees' satisfaction, McDonald's have increased their employees' salary, provide better training and practice, and also provide benefits to their employees.

OBJECTIVE OF THE CASE STUDY

The main objective of this study is to identify the problem of employees' dissatisfaction and its impact on McDonald's. To achieve this main objective, this study highlighted some specific objectives:

1. To find out the problems of employee dissatisfaction;
2. To suggest solutions and interventions.

SCOPE OF THE STUDY

The study covers the problems that cause the employee dissatisfaction in McDonald, and also the solutions and intervention to solve the problems.

METHODOLOGY OF THE STUDY

In order to conduct the study accurately, rules and regulation have to be followed. The data and information of the study were collected from one source:

1. Secondary Sources:

- Websites
- News
- Article
- Various publication

PROFILE OF THE COMPANY

History

McDonald's is a fast food company that founded by Richard and Maurice McDonald in 1940. McDonald's franchises used the Golden Arches logo in 1953. McDonald's original headquarters was in Oak Brook, Illinois, but in 2018 McDonald's moved its headquarters to Chicago. McDonald's is the largest restaurant chain in the world, where McDonald's has almost 36,900 outlets over 100 countries. McDonald's has about 1.5 million of workers work for their franchises over the world. They provided several food-like burgers, chicken products, breakfast, desserts, and so on. They also provide toys in Happy Meals.

Vision

Our overall vision is for McDonald's to become a modern, progressive burger company delivering a contemporary customer experience. (McDonald's 2018)

Mission

Our mission is to be our customers' favorite place and way to eat & drink. (McDonald's 2018)

Leadership

McDonald's is led by Steve Easterbrook who has been the president and CEO of McDonald's since 2015. Under his leadership, McDonald's has become serving more customers, more often, enhancing customer experience with innovation and a foundational commitment to run a great

restaurant. Steve Easterbrook operates McDonald's with transparency and clear intention, as his goals are set with returns, and that means stability. He has improved the employee satisfaction by providing more benefits, increase wage, and also training in order to overcome the employee protest.

PROBLEM

Low wages

As McDonald's is the largest fast food chain in the world, so they have a lot of employee around the world. As McDonald's wanted to earn more revenue, they have several ways like reduce costs. In order to save cost to earn more revenue, McDonald's paid their employees with low wages and even lower than the national minimum wage in many countries. One of the factors that cause employee dissatisfaction is low wages, low wages will demotivate the employee and the employee will feel dissatisfaction about it. This will make the employees that the organization do not care about them and they may go to find other job in other organization. The wages given to the employee is too low and McDonald's even don't care about it until recent years when protest broke out. When the employees feel frustrated about McDonald's, they went to protest against McDonald's to get a national minimum wage of hour. In a statement, "Workers have found themselves living on low wages with no guarantee of hours." (The Guardian 2017) During the strike, the former McDonald's state that "It's cheaper to buy a \$35,000 robotic arm than it is to hire an employee who's inefficient making \$15 an hour bagging French fries." (Kate 2016) This state that McDonald's is not care about their employees. Low wages will cause many effects on employees. One of the examples is reduce the morale of employees. Employees had work hard and believed they will get suitable paid but turn out lower than their expectation will decrease morale of the employee. Low morale will make the employee question about whether they stay in the organization. As the mission and vision of McDonald's is focus on customers, and it is lack on focus on employees. In recent years there is many strikes about low wages paid by

McDonald's around the world like some countries like United State, England and so forth.

Workload Increased

Since McDonald's launched their all-day breakfast menu, the employees are complaining about the increased of workload. Due to this menu it has increased a lot of work for people in food preparation and also cleaning, but McDonald's never provides compensate for the employees. It has also made their kitchen disarray and also decreased in quality of the food and cause losing of customers. All-day breakfast mean that the customers can order breakfast item anytime they want even though it is already afternoon. This means that the employees of McDonald's need to deal with extra menu comparing with the time when the all-day breakfast is not launched. This has caused the employees need to double the amount of preparation like prepare the ingredients of breakfast and also the ingredients of noon or night. So, when customer order breakfast menu item, the employee needs to prepare the ingredient for the customer. The item that used to prepare breakfast need to put in the kitchen all day and only can clean it when the shop is closed. It has increased the workload of an employee that he needs to clean everything when the shop is closed instead of cleaning the breakfast menu item at morning while the other at night.

All-day breakfast is planned by Steve Easterbrook who is the CEO of McDonald's and it is used to increase the revenue earned by McDonald's. This mean that McDonald's care about their revenue earned more than their employees. McDonald's even doesn't pay more for their employees even though the workload increases, and this will cause many employees to dissatisfy about McDonald's. Some of the outlet of McDonald's is lack of manpower which means that the employees in the outlet already doing 2 to 3 people work, and the all-day breakfast has increased even more workload to them.

SUGGESTIONS

Increase wages

In order to solve the problems, the CEO of McDonald's had increased the wages of employees in McDonald's from \$9.01 to \$9.90 and plans to lift the pay to over \$10 an hour in 2016. They also provide tuition help for their employee who is still studying. McDonald's had state that they will allow their employees to earn five days of paid vacation holidays every year after one year of employment. McDonald's also launched a program to provide assistance for their employee in study. The program "Archways to Opportunity" is the program which provide their employees financial assistance in order to help them finish their diploma or college. Increased of wages and also provide financial assistance to employees have increased their employee's satisfaction. This has also benefit McDonald's as a satisfied employee will contribute more to the organization. The increasing of wages has made the employees feel happier and loyal to McDonald's, and they have performed better, become more productivity, and increase the customer satisfaction. McDonald's also launched a program named "401K". 401K is McDonald's Profit Sharing and Savings Plan. It helps their employees save on tax-deferred basis for future, and it is their employee primary retirement savings plan.

Motivation and Rewards

McDonald's have provided many motivation and rewards to their employee to increase employee satisfaction. According to McDonald's reward manager Neal Blackshire, "If the business strategy goes in one direction and reward in another and is not helping, pushing and encouraging it, then it is a waste of time, money and effort." (Robert 2015) For example, in 2014, McDonald's have given their employees which the restaurant has the best customer satisfaction enter a prize draw which will win a trip to Brazil World Cup. McDonald's also provide bonus and incentive to their employees when they meet the target. For example,

every month McDonald's will give bonus to their employees when their outlets are the top 10%.

McDonald's also provide many benefits to their employees. The benefits provided by McDonald's is flexible where the employees can choose to add or remove the benefits. They have provided a wide range of benefits to suit their employees from different age range and so on. These benefits include medical, life insurance, vouchers, staff travel, group risks and so on.

INTERVENTION

Communicate with Employee

In order to know what the employee wants it is important to communicate with them. Lack of communication will make the management don't know about the employee thinking and the management will hard to satisfy their employee. Communication plays an important role in employee satisfaction. Many problems will occur when the communication between management and employee is not established. So the supervisor need to keep communicate with their team to know their problem and know them better. This will help the employee feels that there are taken care by the company and also will feel better. McDonald's should have a clear communication line between employee and management, so that employee able to tell their problem and management able to solve the problem. McDonald's also needed to take feedback from their employee to know the plan worked or not. For example, like the all-day breakfast launched by McDonald's that increase the workload of employee, McDonald's do not take feedback from their employees and it has caused increase in employee dissatisfaction. Feedback is important to know an employee is happy with the management or not.

Compensation and Pay

Salaries and compensation are always a key aspect to get new employee or keep an employee in an organization. If an organization is giving low

salary or not compensate their employee of their work, the employee will dissatisfy and find a new job in other organization. McDonald's did not compensate and give reasonable salary to their employee has cause many employee dissatisfactions. The employee even goes for a strike about this issue. So, when they are increases of workload, McDonald's should compensate their employee well like pay more for the employee or provide benefits like trip or some events that encourage them and make them feel valued. It is important to compensate an employee as they had work hard and expect something. If organization failed to compensate them, they will feel like their work is useless and not valued by the organization. Compensate can come in many forms like money, prize, achievement and so on. McDonald's can compensate their employee like providing recognition, prize and so forth.

LIMITATION OF THE STUDY

There are several problems when conducting this study. The limitations are as follows:

1. Lack of primary sources;
2. Extensive reviews of reports and literatures could not be made.

CONCLUSION

As a conclusion, McDonald's has dealt with the employee leaving organization and also company's reputation as the restaurant chain that earn the most revenue provide their employee low wages than national wages. This has caught many people attention about the issues, and the people start to think that McDonald's is bad organization and a lot of people will not be joining McDonald's after this issue. However, after this issues McDonald's realize that human resource is important to organization and they have started to increase the wages and also provide more benefits to their employee in order to make them stay inside organization and also wanted to attract more people to join the organization. They have become more take care about their employee satisfaction and want to increase their employee satisfaction. I think that

McDonald's will become better as a fast food chain or a good employer in the future.

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