

Leadership: Management Lessons from McDonald's

Case duration (Min): **45-60**
Organizational Behaviour (OB)
Principles of Management (PoM)
Leadership in organizations
Motivation and Performance Management

Worldwide

Case summary:

Whilst the interview is with an employee from McDonalds, the case is applicable to many industries. The case provides a platform for discussion about leadership and management at a high level.

Efficiency is about how the organisation uses its resources to undertake activities and we note that some companies are able to get more out of their resources than others. In the case of human resources, this is achieved through motivation.

This case briefly explores the concepts of leadership and management and will focus on leaders' and what they can do to influence and persuade followers to act in ways that help the organization attain its goals.

Learning objectives:

Identify how leaders and managers might influence the behaviour of others

Case problem:

What should leaders and managers do in order to achieve goals through the behaviour of others?

McDonald's
Company
Restaurants

First, if you are taking a taught management course then consult with your tutor and ensure that the case has not been scheduled into a teaching class or tutorial. If it has not:

1. Play/ read the media associated with the case. You may need to access the Internet and enter a URL to locate any video clips.
2. Attempt the Case study questions.

Consider attempting the case study as a group exercise; you could form a study group with fellow students.

3. Check the suggested answers - remember these are suggestions only and there are often many possible answers.

Discuss questions and answers with other students.

4. If you feel your answer(s) were weak then consider reading the relevant suggested readings again (also see the case study suggested references).

Title/ Media type	URL/ Media description
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Management Lessons from McDonald's

http://feedroom.businessweek.com/?fr_story=b4efa023d4c5497ac5e36a381dea5c066adf1&rf=bm

Film

Business advice from a former executive

Leading by example, recognition and the need for constant communication are three of the timeless lessons that can help companies, says former McDonald's exec Paul Facella

Facella asks what leaders should be doing and discusses leading by example and the need for leaders and managers to 'get-out' (walk-the-floor); in doing so they can communicate (build relationships and cascade important information to workers and partners) and motivate (reward, award and recognition) others, especially those delivering results. He also comments on the importance of honesty and integrity.

His advice comes from many years experience at MacDonald's which he states is applicable to any organization, any size.

NOTES:

Case study questions...

Action	Pre/During/After class
1 LEADERSHIP AND MANAGEMENT What is leadership and management? Are all leaders managers? Are all managers leaders?	During
2 MOTIVATION What is meant by motivation and how do we motivate or persuade others to do what we want them to do? In the video clip, Facella discusses recognition and communication - how might these motivate others and which motivational theories best address these as motivational factors?	During
3 NETWORKING AND BUILDING RELATIONSHIPS Why is networking and building relationships and important managerial activity?	During

ORGANIZATIONAL LEADERSHIP

the ability of an individual to influence, motivate, and enable others to contribute toward the effectiveness and success of the organizations of which they are members

LEADERSHIP

the process of establishing goals and influencing the behaviour of others in the pursuit of effective goal achievement.

LEADERSHIP

the process of influencing the activities of an organized group in its efforts towards goal-setting and goal achievement.

LEADERSHIP

Leadership is the process of influencing an organisation (or group within an organisation) in its efforts towards achieving an aim or goal.

LEADERSHIP

the process of influencing others to understand and agree about what needs to be done and how to do it, and the process of facilitating individual and collective efforts to accomplish shared objectives

LEADERSHIP AND MANAGEMENT MODEL

A developmental framework for ensuring that organisations create, manage and invest in effective leadership now and in the long term. The model is based on four key principles of commitment, planning, action and evaluation

COMMUNICATION

A sharing of meaning through the transmission of information

MOTIVATION

The driving force within individuals by which they attempt to achieve some goal in order to fulfil some need or expectation.

Question/ Answer

1 Leadership and Management

What is leadership and management? Are all leaders managers? Are all managers leaders?

Management is about getting things done with the aid of people and other resources or more specifically it is the process of leading and directing all or part of an organization, through the deployment and manipulation of resources (people, technological, financial, material, intellectual or intangible). It concerns the effective utilisation and coordination of resources to achieve defined objectives with maximum efficiency. Yukl (2006) defines leadership as the process of influencing others to understand and agree about what needs to be done and how to do it, and the process of facilitating individual and collective efforts to accomplish shared objectives. Typically associated with the concept of influence is motivation; leadership may be considered as the ability of an individual to influence, motivate and enable others to contribute towards the effectiveness and success of the organisation. Yukl (2006) notes that a person can be a leader without being a manager and a person can be a manager without leading. He notes a continuing controversy about the difference between leadership and management with some writers treating them as different to the point of being mutually exclusive i.e. that management and leadership cannot occur in the same person. Other scholars view leading and managing as distinct processes that do not assume leaders and managers are different types of people. Both processes are necessary for the success of an organisation. The relative importance of the two processes and the best way to integrate them depends upon the situation at the time. Leadership is essentially an influencing process; the process is ultimately aimed at goal achievement. The function of the leader is to ensure the organisation does the right thing (effectiveness) whilst the manager ensures things are done right (efficiency); the leader is concerned with establishing direction, the vision and organisational goals and influencing followers to obtain commitment. Consequently, the leader must be a good communicator and able to influence others-motivating and inspiring. The manager ensures goals are attained through plans, budgets, resource allocation, organisation and problem-solving. Managerial activity can be described in terms of several general processes: relationship management, information management, decision-making and influencing people.

2 Motivation

What is meant by motivation and how do we motivate or persuade others to do what we want them to do?

In the video clip, Facella discusses recognition and communication - how might these motivate others and which motivational theories best address these as motivational factors?

Motivation can be defined as a concept used to describe the factors within an individual which stir up, maintain and channel behaviour towards a goal (the purpose toward which an endeavour is directed; an objective). Motivation is goal-directed behaviour. Since it is part of a manager's job to get their work done through others, managers need to understand why people do things (that is, what motivates them) so they can influence others to work towards the goals of the organisation. Motivation can be considered to comprise an individual's effort (how hard a person is trying), persistence (how long a person keeps trying) and the direction (what a person is trying to do) of that behaviour. Motivation theories focusing on the goals we seek are known as content theories, theories that focus on how we make choices with respect to desired goals are known as process theories.

Maslow argues that we are motivated by the desire to achieve or maintain the various conditions upon which these basic satisfactions rest and by certain more intellectual desires. David McClelland is most noted for describing three types of motivational need, which he identified as: Achievement motivation - The 'achievement motivated' person seeks achievement, attainment of realistic but challenging goals, and advancement in the job; Authority/power motivation - The 'authority motivated' person has a need to be influential, effective and to make an impact. There is a strong need to lead and for their ideas to win through and affiliation motivation - The 'affiliation motivated' person has a need for friendly relationships and is motivated towards interaction with other people. The affiliation driver produces motivation and a need to be liked and held in popular regard. These people are team players.

Herzberg identified a number of motivator factors - aspects of work which lead to high levels of job satisfaction, motivation and performance, and include achievement, recognition, responsibility, advancement, growth and the work itself are known as motivator or content factors. Motivator factors are based on an individual's need for personal growth. When they exist, motivator factors actively create job satisfaction. If they are effective, then they can motivate an individual to achieve above-average performance and effort.

Feedback – the extent to which performance information is related back to the individual; recognition is based on content theories.

Process theories of motivation focus upon what people are thinking when they decide whether or not to place effort into a particular activity. Process theories of motivation define in terms of a rational cognitive process see for example: Adams' Equity Theory: Balanced give and take; Locke's Goal theory and Vroom's Expectancy Theory: We expect what we predict. Effective communication is at the heart of such theories. Goal setting is a powerful way of motivating people. Goal-setting theory states that goals can be a major motivational source at work. Goals, when accepted, lead to higher performance levels. Goal theory (see Latham & Locke, 1964 and Locke, 1968) proposes that both motivation and performance will be high if individuals are set specific goals which are challenging, but accepted and where feedback is given on performance. According to Locke, employees are motivated by clear goals and appropriate feedback. Locke went on to say that working towards a goal provided a major source of motivation to actually reach the goal – which, in turn, improved performance. Goal setting is a process theory of motivation and a motivational technique, based on the argument that work performance can be explained with reference to characteristics of the objectives being pursued, such as goal difficulty, goal specificity and knowledge of results. The value of goal setting is well recognized (see for example Management by Objectives). Goal setting theory is generally accepted as amongst the most valid and useful motivation theories in organizational behaviour. Locke's research showed that there was a relationship between how difficult and specific a goal was and people's performance of a task. He found that specific and difficult goals led to better task performance than vague or easy goals. To motivate, goals must be clear (You know what's expected); challenging (the goal is possible but stretching); have commitment (goals must be understood and agreed upon if they are to be effective) and workers must receive feedback.

3 Networking and building relationships

Why is networking and building relationships and important managerial activity?

Managerial activity can be described in terms of several general processes - relationship management, information management, decision-making and influencing people. To carry out their responsibilities, managers need to obtain recent, relevant information which often exists only in the heads of people who are widely scattered within and outside the organisation; they need to make decisions based on information that is both overwhelming and incomplete; and they need cooperation from people over whom they have no formal authority. Managers depend, not only on their subordinates but a large network of contacts to provide information, support and assistance. Managers use different parts of their network for different purposes and extend the network as needed to accomplish particular objectives. Networks are developed in a variety of ways and the process of networking is a continuous activity for managers. Many interactions involve oral communication which is used to exchange information and attempt to influence people. Managerial responsibilities increasingly involve international issues, and managers must be able to understand, communicate with, and influence people from different cultures. Building cooperative relationships requires considerable empathy, respect for diversity and an understanding of the values, beliefs, and attitudes of people from different cultures.

Case study references

Cole, G A. and Kelly, P P. (2011) 'Management Theory and Practice', Ed. 7. Cengage EMEA.

Kelly, P P. (2009) 'International Business and Management', Cengage Learning EMEA.