

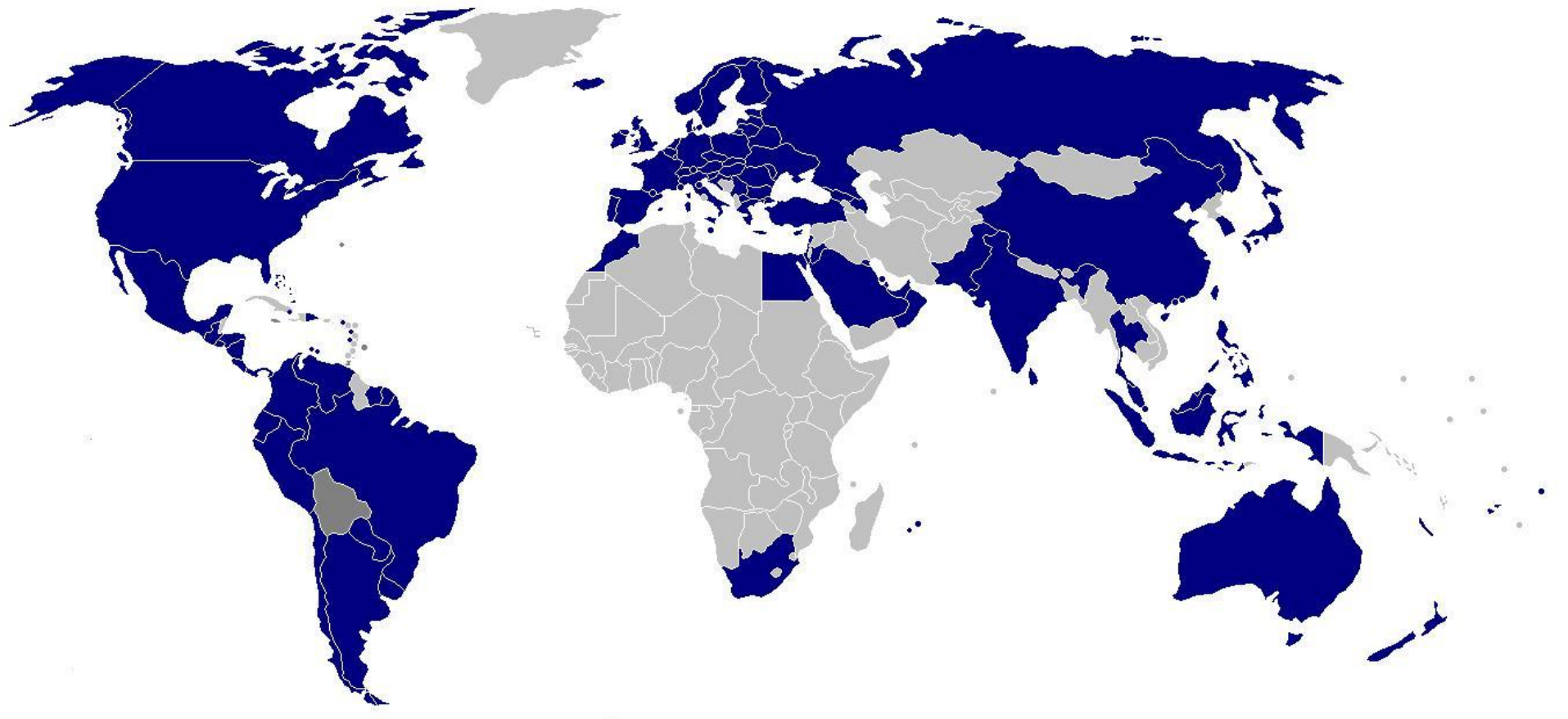


Formal Organizations

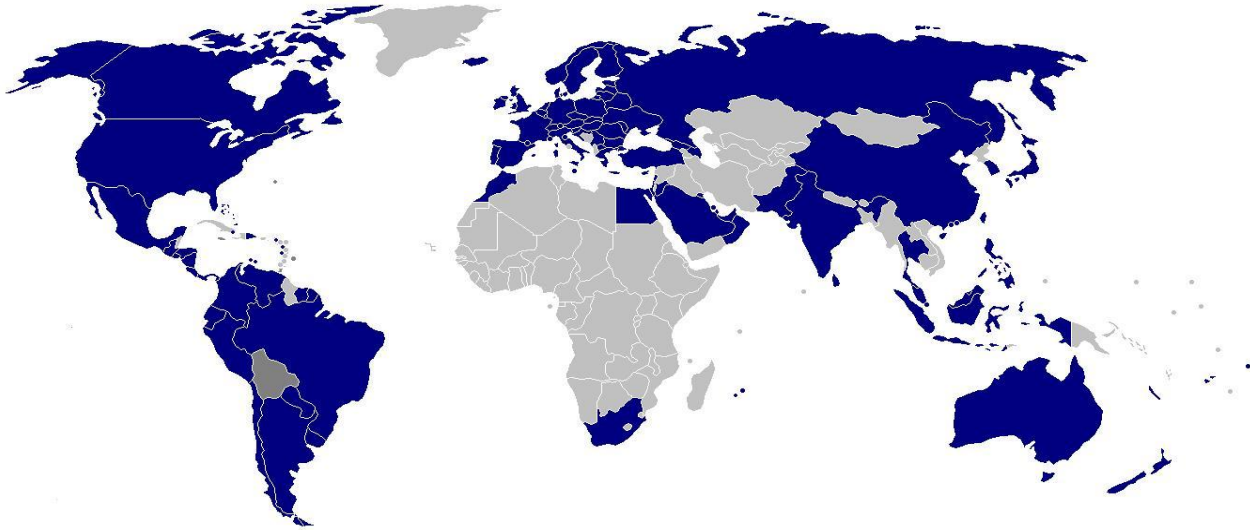
McDonalds

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Why Focus on McDonald's?



Why Focus on McDonald's?



- A. McDonald's - a fast-food service corporation headquartered in the United States, with 32,000 units in 117 countries
 - 1. Approximately 60 million people eat at a McDonald's restaurant each day, and the fast-food chain estimates that it handles 22 billion customer order per year.

McDonald's ...

represents just one of many organizations that sell fast and processed foods.



McDonald's ...

is one player in an efficient and complex
organizational food chain.

McDonald's is part of the **industrial food system** that produces high calorie, nutrient-low, processed food that is more available, affordable, and aggressively marketed than nutritious food (Prevention Institute 2011).



McDonald's is part of the industrial food system in which the goal is to maximize profit by:

- ✓ speeding up the production process
- ✓ increasing the amount produced
- ✓ cutting labor costs
- ✓ finding the lowest-cost ingredients

McDonald's is part of the industrial food system that depends heavily on:

- ✓ pharmaceuticals (most notably antibiotics)
- ✓ chemicals (most notably fertilizers)
- ✓ fossil fuel

to manufacture and transport food products.

Formal Organizations

Coordinating mechanisms that bring together people, resources, and technology and then directs human activity toward achieving a specific outcome

People + Resources + Technology = Goal

3 Types of Formal Organizations

Voluntary Organizations

Draw in people who give time, talent, or money to address community need or achieve some other not-for-profit goal

Religious organizations



Food banks



Coercive Organizations

Draw in people who have no choice but to participate.



Children who go to public schools have no choice but to participate, since it is mandated by law that they attend.

Utilitarian Organizations

Draw in those seeking employment, to acquire a skill, a treatment, a service, a product for a price.



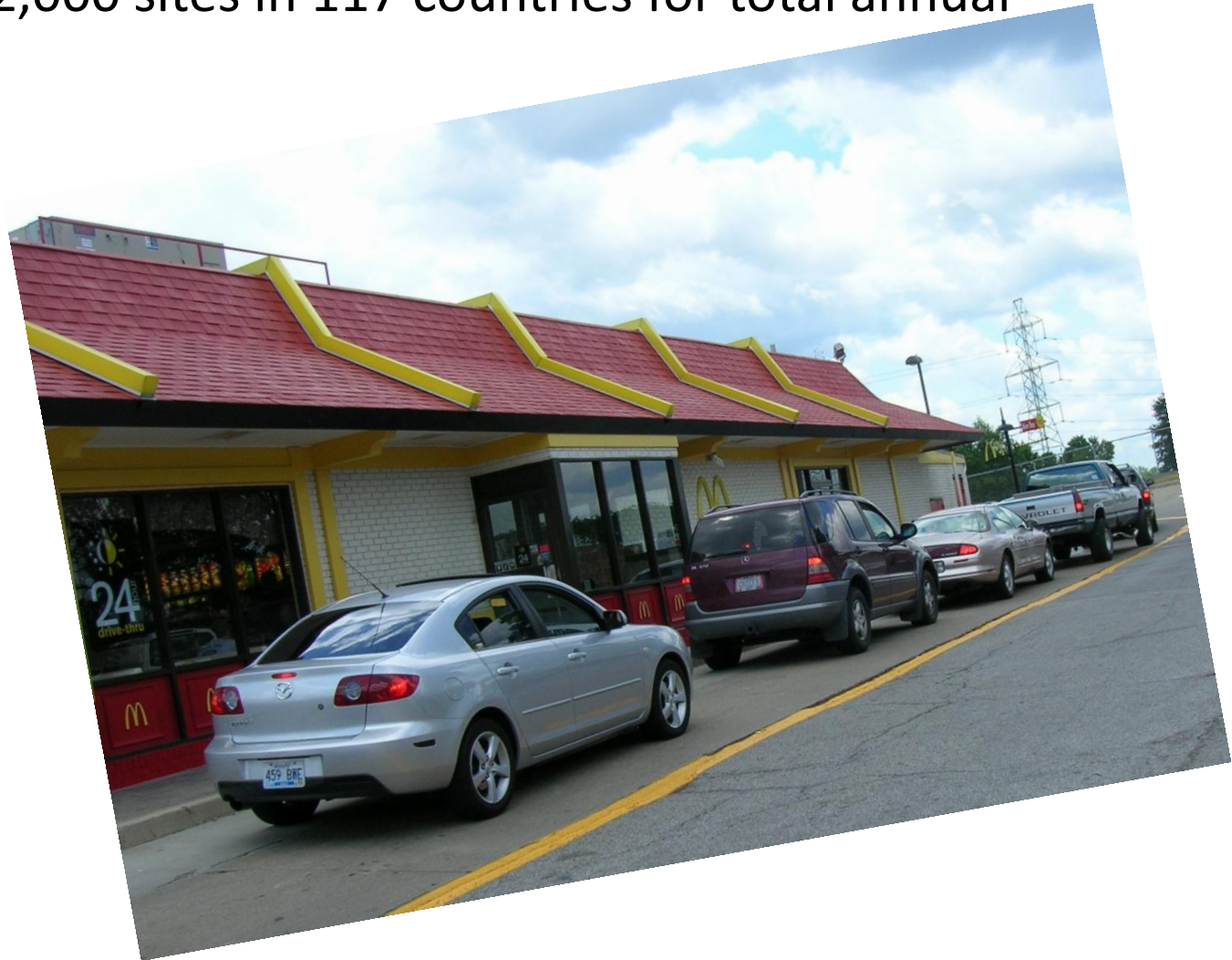
Bureaucracy

A completely rational organization that, in theory, uses the most efficient means to achieve a valued goal

Goal could be:

- feeding people (McDonald's)
- recruiting soldiers (military)
- counting people (Bureau of the Census)
- collecting taxes (IRS)
- drilling for oil (ExxonMobil)
- providing a service (hospitals)

McDonald's coordinates the activities of 1.2 million employees worldwide so that 60 million customer transactions occur each week at more than 32,000 sites in 117 countries for total annual sales of 22.7 billion.



Characteristics of a Bureaucracy

1. A clear-cut division of labor exists. Specific employees are assigned to specific jobs.

- Manager
- Counter Crew
- Drive Thru
- Kitchen Crew
- Assistant Manager

2. Authority is hierarchical.

2.1 million employees
at McDonald's



CEO

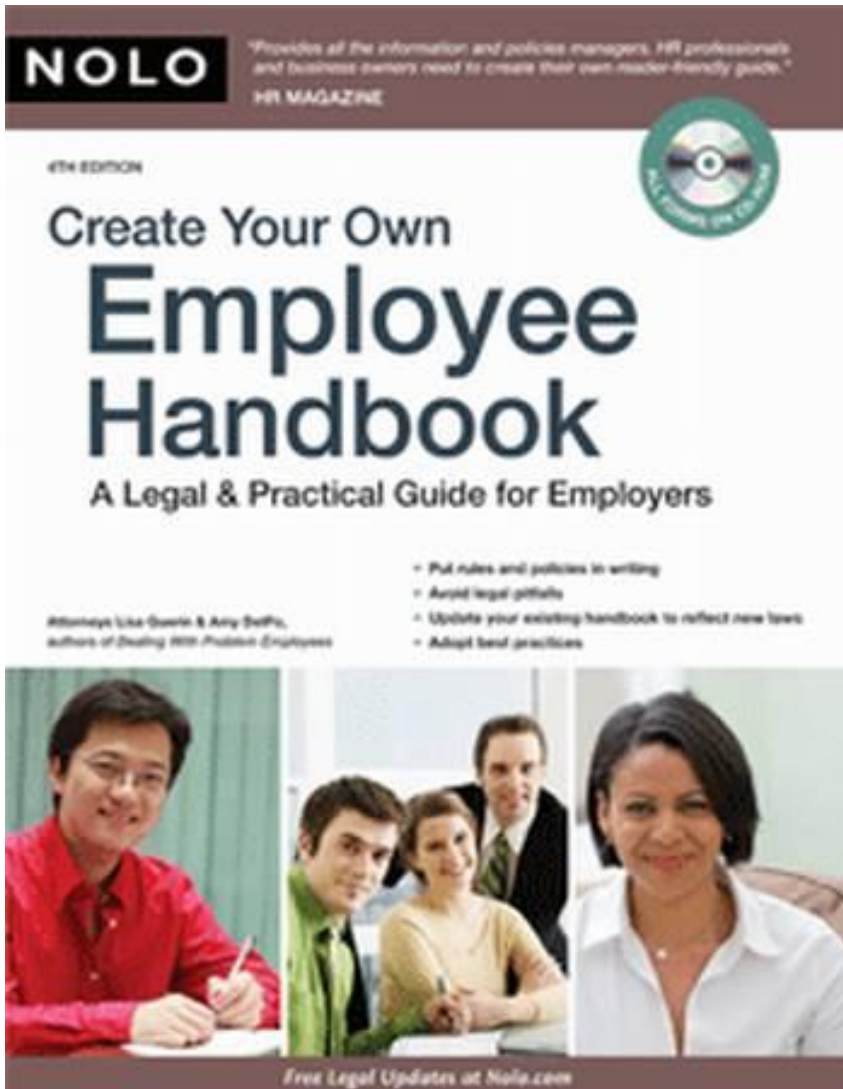
Top of hierarchy

\$1.4 million salary
and \$11.5 million in
performance
bonuses

Crew

Bottom of hierarchy

\$7.30 per hour



3. Written rules specify the exact nature of relationships among personnel and describe the way an organization should operate.

4. Positions are filled according to objective criteria.

Educational Requirements of a McDonald's Crew Worker

- ✓ No educational requirements. As long as the applicant knows how to read and write, can follow instructions, and has the willingness to work, he/she can be a candidate for the job.
- ✓ Demonstrate ability to handle difficult situations and the skill to fulfill the required position during interviews.
- ✓ Minimum age 14 years, but follows the laws of employment of children depending on the country or state.

5. Organizational personnel treat clients or customers as cases (“without hatred or passion, and hence without [special] affection or enthusiasm”)

- Prices do not vary by customer.
- Greeted in same way: “Welcome to ...”

Revenue

The total amount of money a corporation receives for goods sold or services provided during a certain time period, such as a year.

How does the McDonald's Corporation coordinate the activities of 1.2 million employees in more than 32,000 restaurants located in 117 countries to fill more than 60 million customer orders each day?

Instrumental Rational Action

- Result-oriented behavior and practices that use the most efficient methods for achieving some valued goal, regardless of the consequences

Rationalization – a process whereby thought and action rooted in (Max Weber, Daily life organized)

- emotion (love, hatred, revenge, joy)
- superstition
- respect for mysterious forces
- tradition

is replaced by instrumental rational thought and action

To get at instrumental rational action we must ask these kinds of questions. . .

What is the quickest most cost-effective means to make a profit?

How do 175 egg-producing companies in the United States produce 6.03 billion eggs per year, many of which go toward making EggMcMuffins?





One answer:

Raise as many chickens in possible in a designated space.

Breed chickens for weight such that they reach full slaughter weight in two months or less.



Allot 9-12 square inches
for each chicken.

Year	#cows millions	Production per cow (in pounds)
1980	47.8	449
1985	46.2	510
1990	42.4	533
1995	44.6	569
2000	42.7	626
2005	41.9	619

Farmers use hormones such muscle-building androgens or estrogens (to shut down the estrus cycle, thus freeing up resources/calories that would be needed for the reproductive cycle for “meat production.”

“McDonaldization” of Society

“The process by which the principles of the fast-food restaurant are coming to dominate more and more sectors of American society as well as the rest of the world.”

George Ritzer

4 Principles of McDonaldization

- Efficiency
- Calculability
- Predictability
- Control

1. Efficiency – offering a service of product that allows consumers to move quickly from one state of being to another (for example, from hungry to full, from fat to thin, from **sleeplessness to sleep**)



2. Quantification and Calculation – offering numerical indicators that enable customers to evaluate a product or service easily.

Get a pizza delivered in 30 minutes

Obtain eye glasses in 1 hour

Lose 10 lbs. per week

3. **Predictability** – offering the same product or service no matter where or when it is purchased.



This woman trusts that the lipstick she uses will be the same quality and consistent color every time she buys it.



This man knows that this brand of soup tastes the same no matter when and where he buys it.

4. Control – involves replacing employee labor with nonhuman technologies and/or requiring, even demanding, that employees and customers behave in a certain way.



Monitoring phone conversations for quality assurance purposes

Setting goals on number of phone calls to handle per minute

Iron Cage of Rationality

The process in which
supposedly rational
systems produce
irrationalities

