

Internal and External Factors Paper

MGT230

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McDonalds Corporation is a proven global force in both real estate and restaurant operation.

They continually lead their industry in globalization using innovative technologies that enable

continued diversification in all facets of business management. They have maintained high levels of ethical responsibility, no matter the country or culture they are doing business.

The McDonald's 2010 Annual Report showed the company operates 32,737 restaurants worldwide. Of these, over 80%, or approximately 26,000, of these restaurants are owned and operated by franchisees (McDonald's Corporation, 2011). This presents an interesting dynamic between McDonald's top-level management and their many thousands of global subordinates. Specifically, the four functions of management are subject to internal and external forces in varying degrees when applied to such a massive organization.

Planning and organizing are both handled at the corporate level, so McDonald's mid-level and frontline managers are, for the most part, free from dealing with these managerial functions. However, these functions are susceptible to both internal and external influences. For example, in 2003 McDonald's launched a revitalization plan in response to external media forces that questioned the company's unhealthy menu. The plan included changes in customer strategies and global alignment (McDonald's Corporation, 2011), changes that, globally, portrayed McDonald's as a fast-food restaurant that fit the consumers' active lifestyle. While the external forces that prompted these changes, for the most part, originated in the United States, the change to the company's global planning and organizational strategy was influenced as well.

Within the ranks of McDonald's Corporation leading is performed by all levels of management. Jim Skinner, the Vice Chairman and Chief Executive Officer of McDonald's set leadership development as one of his three top priorities upon his appointment in 2004 (McDonald's Corporation, 2011). To facilitate this, McDonald's operates Hamburger University. This school offers management and leadership courses for all levels of management. It also teaches in 28 languages

(McDonald's Corporation, 2011), which emphasizes the high importance the company places on globalization. McDonald's is able to mitigate internal and external forces, as they apply to leading, by standardizing their training program so it transcends all borders and cultures in application.

McDonald's exerts control over its' company by standardizing the menu as much as possible. However, in some cases, external forces such as supply shortages or cultural requirements mean that the controls enacted by the company's senior leadership must be adapted. In these cases, mid-level managers, such as regional or country managers, are allowed flexibility so long as it does not diverge from the McDonald's Corporation's strategic goals.

The McDonald's Corporation is so large that technology plays a vital role in day-to-day operations. However, when examining the functions of management, the impact of technology changes. Much like when examining globalization's impact on the functions of management, technology affects planning and organizing in similar ways.

The strategic and organizational plans developed by top-level managers, are efficiently distributed to managers, and to a lesser extent shareholders, with the help of technology. This is evidenced by the presence of multiple online documents, to include the McDonald's 2010 Annual Report. With this increased availability, however, McDonald's is susceptible to competitor's attempts to gather information about the company and use it against them.

Technology, as it applies to the leadership function of management, is not particularly susceptible to external forces, but it can be affected by internal forces. With technological improvements, managers could be required to interact with their employees on a less frequent basis, thereby lessening the amount of leadership needed to manage effectively. McDonald's counters this