

# McDonald's in Dubai: Operational processes and performance

Richa Thapliyal<sup>1</sup>, Vjay Paul<sup>2</sup>, Dr. Mandakini Sharma<sup>3</sup>

<sup>1</sup>HSS, Graphic Era Deemed to Be University, Dehradun

<sup>2</sup>HSS, Graphic Era Deemed to Be University, Dehradun

<sup>3</sup>Associate Professor, Department of Visual Arts, Graphic Era Hill University, Dehradun, Uttarakhand, India,

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## ABSTRACT

The present study pertains to a case study on McDonald's operating in Dubai for a long time now. The focus of this study lies on two aspects: process management and operational performance objectives. Process management is the streamlining of businesses activities inside and outside an organization. Thus, an organization's process management is a function of its governance, human resource, marketing, supply chain management, etc. On the other hand, operational performance objectives of a company lay emphasis upon providing quality services in efficient and effective manner. As the case study will unfold, McDonald's in Dubai has been attempting at smoothening its process management across the value chain with its focus on cutting costs, providing customized services to customers and improvising upon its supply chain management. Likewise, keeping the fundamentals of quality, flexibility, cost, dependability and speed into consideration, McDonald's has been in the forefront in providing quick services to the customers keeping the customers' tastes and affordability and trust in mind. While there are many opportunities for McDonald's to scale its operations and expand its operations as well as add to its list of menu more dishes in line with demands from customers seeking healthy solutions or more traditional and authentic tastes, challenges abound in terms of providing customized offers to a clientele hailing from myriad international contexts. While the case study is limited in its scope in terms of covering only secondary data sources, it is anticipated that further studies may be conducted using a comparative perspective or use primary sources for assessing the ground realities of the company.

**Keywords:** .

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## INTRODUCTION

While Dubai's services industry is booming in the restaurant space, a multinational company needs to keep a number of factors into consideration while operating in other destinations. The present study seeks to underscore the principles of operational performance for a leading restaurant chain, McDonald's in Dubai context. Drawing evidence from extant literature on the process management and operational performance, the case study shall probe the process design at McDonald's in Dubai besides providing an insight into the challenges and opportunities that lie ahead for the restaurant chain in Dubai. Finally, the case study shall summarize the case study analysis and leave directions for further research.

### **Literature review**

This section shall deal with two aspects: factors impacting service process design and objectives of operational performance.

#### ***Process management***

Processes are defined as sequences of tasks performed within or across companies or organizations which may be core (corporate expertise and production) or supplemental (processes supporting the operations of the core processes) in nature (Schulte, Janiesch, Venugopal, Weber & Hoenisch, 2015). A company needs to push investments to develop its operational processes, including practices and capabilities (Wu, Melnyk & Swink, 2012). Operational processes may be better facilitated with the support of top management and good human resource management practices (Parast, Adams & Jones, 2011). Also, process management has its implications for an organization's value chain, marketing function and organizational structure (Hertz & Johansson, 2006). As such, process management is a broad concept which includes planning and monitoring of the performance of a business process (Kohlbacher, 2010). Process management is applicable for products as well as services. There are four basic dimensions of process management-process awareness (knowledge of entire chain of processes running in an organization), process ownership (clear demarcation of responsibilities at different points of processes), process measurement (availability of mechanisms to gauge and evaluate organizational processes) and process improvement (flexibility for innovation in processes to meet internal and external pressures) (Iden, 2012). Process management supports better decision-making in organizations thereby resulting in effective projects' and processes' designing (Ofner, Otto & Osterle, 2012). The goal of process management is to meet the requirements of the customer in the best possible manner which entails application of sophisticated mechanisms and techniques for streamlining different processes involved in an enterprise. Besides, the aim of process management is to achieve competitive advantage through performance improvement (Pritchard & Armistead, 2006). Therefore, the process management has immediate impact on the financial and customer service dimensions of a company (Parkan, 2006). This calls for proper strategizing on the part of the company to ensure that process management remains robust right from inception (Sneyd & Rowley, 2006). For instance, streamlining the supply chain management impacts the internal processes of a company in a positive way (Rungtusanatham, Salvador, Forza & Choi, 2006). In another study, shop-floor and cross-functional communication and information sharing practices were identified as significant predictors of improved business processes (Anh & Matsui, 2011). Again, operational processes are known to be improvised as a result of overall equipment effectiveness (OEE), which implies the availability and utility of sophisticated tools for production processes (Mansour, Ahmad, Dhafr & Ahmed, 2013). Yet another critical dimension towards process improvement pertains to leveraging innovation capabilities which, in turn, has implications for organizational performance (Minna, 2014). Overall, while there is a debate on versus operational transformation of processes (da Silva, Damian & de Padua, 2012), it has been argued that an optimum combination of functional and operational transformations be instituted for smooth process management (Palmberg, 2010). Finally, to remain a process-focused organization (PFO), it is important that process management be flexible enough to allow a company to adapt itself to changing business requirements in an agile environment (Neubauer, 2009). This is in line with the observation that process management entails analysis of the context in which a business operates (vom Brocke, Zelt & Schmiedel, 2016). Summing up, process management entails structural, functional and operational dimensions of an organization from an internal (streamlining

internal processes of a company for better intra-coordination) as well as external (facilitating the organizational relationship with major forces like environmental pressures, context, culture, etc.) perspective.

***Operational performance objectives***

Operational performance may be understood in terms of the evaluation and assessment of a company’s functioning and operational performance may be conducted on a daily, monthly as well as yearly basis. The main purpose of gauging operational performance is to assess the gap between the company’s ongoing operational performance and the overall vision and mission statements espoused by a company. There are five operational performance objectives for a company and these have been acknowledged in literature as quality, speed, dependability, flexibility and cost. Quality is the first and foremost objective of operational performance (Gambi, Boer, Gerolamo, Jorgensen & Carpinetti, 2015). It implies conformity to certain specifications. By sticking to such pre-determined specifications, the company may be assured of delivering error-free services. This contributes to cost savings and enhanced trust among the clients and customers. The second objective pertains to “speed” which implies the total time taken between the customer’s placing of a request and its fulfilment. This is a crucial dimension of operational performance because it is an important barometer of gauging customer satisfaction. If the speed of service is fast, customer is more satisfied and may be keen on placing further requests in future. The second implication of “speed” lies in saving costs for the organization. For instance, speedy responses reduce inventories and help in managing risks. The third operational performance objective relates to “dependability” which implies that services should be provided to the customers with zero waiting time. With “dependability” is built trust between the partners. On one hand, customers place repeat orders and on the other hand, suppliers become more assured of the credibility of the organization. The fourth operational performance objective is that of “flexibility” which implies the ability to modify or change operational processes in some way or the other. Flexibility is called for in operational performance to bring in change in the nature and scope of operations to improvise them. Flexibility may be of different types: product/service flexibility, volume flexibility, delivery flexibility, etc. For instance, product/service flexibility implies development of products/services in a novel manner to attract more customers; volume flexibility may be defined in terms of the increase or decrease of output in line with customer requirements. Delivery flexibility implies the improving business processes in terms of providing more customized and hassle-free services to customers. Delivery flexibility furthers speed and saves time. Finally, the operational performance of an organization is a factor of “cost” which implies adoption of cost-reduction mechanisms by the organization. In fact, each of the four preceding objectives contributes to the fifth objective. Table 1 summarizes the key implications of each of these five objectives.

<b><i>Objective of operational performance</i></b>	<b><i>Defining feature</i></b>
Quality	Adherence to standards.
Speed	Time taken for responding to the fulfillment of a customer request.
Dependability	Providing timely services.
Flexibility	Ability to mould operations.
Cost	Cost-saving mechanisms.

**Table 1: Operational performance objectives**

### **Case study: McDonald's in Dubai**

McDonald's is a leading fast-food retail giant with its stores located across the globe and it follows a franchise model for starting outlets. McDonald's has its beginnings in the 1950's and as of now, it has more than 36000 outlets across more than 100 countries. McDonald's commenced its operations in UAE back in 1994 following a franchise model. McDonald's is well-acclaimed for its French fries, Quarter Pounder, Chicken McNuggets, McArabia Chicken, Fillet-o-Fish and the Big Mac. Besides, McDonald's at Dubai offers salads like Feta Garden Salad and Chicken Caesar Salad. Breakfast menu includes McMuffins, Sausage wraps, Hashbrowns, etc. Happy Meals are offered with preferences for Beef burger, Cheese burger, Chicken McNuggets and Chicken burger. Extra value deals with different combinations are offered with Egg McMuffin, Sausage McMuffin with egg, Halloumi Muffin, etc. McSavers are relatively cheaper options which cost less for customers. Finally, McDonald's at Dubai offers a range of desserts like Kit Kat McFlurry, Oreo McFlurry, Hot Fudge Sundae, Apple Pie, etc. Finally, McDonald's has special offers for children like arranging birthday parties, games or special meals. Thus, there is a variety of dishes for customers to choose from.

### ***Factors influencing the service process design at McDonald's in Dubai***

McDonald's focuses on focus, consistency and value (Jones, Shears, Hiller & Clarke-Hill, 2006). This finding has been reiterated in another study which underscores that McDonald's has been known to have focused on three dimensions of implementation strategy: accuracy, uniformity and distinctiveness (Yaniv & Brock, 2008). While accuracy implies defect-free and authenticity in services, uniformity implies consistency in providing services and distinctiveness implies uniqueness of a service. For ensuring smooth process management, McDonald's has a robust governance structure across all its outlets in Dubai. The human resource management is adequately done to ensure that customers from diverse background find no challenge in placing their orders while interacting with the team. Therefore, the franchisees as well as the staff members are trained in all dimensions of hospitality keeping the fundamentals of quality and efficiency in mind. Likewise, the marketing team ensures that amidst tough competition from rivals across the food-chains and other restaurants in Dubai, McDonald's is able to provide services in accordance with the taste of the customers. For instance, customized offers are provided for children and health-conscious customers. Likewise, international customers are offered an array of a la carte dishes to pick from as per their liking. McDonald's invests heavily in advertising and such advertisements are flashed across significant points across the city besides being active in print media. Inventory management is one dimension which is of immense significance for the company because McDonald's strikes a balance between placing orders from its suppliers and preparing dishes for customers based on their demand. Further, processes are streamlined to ensure that there is cost-cutting for which unnecessary items are not prepared and food wastage is minimized. McDonald's believes in the dictum, "Quality is one thing we never compromise on". To ensure that there is freshness and quality maintenance in its services, McDonald's at Dubai has a firm commitment to serving pure halal beef, fresh dairy products sourced from approved suppliers, fresh eggs, buns and salads. For further quality assurance and emphasis upon health of the customers, McDonald's at Dubai provides explicit information about the nutritive content of the ingredients used in preparations. Finally, safety standards are strictly adhered to at McDonald's outlets in Dubai for providing efficient and effective services to customers. Summing up, McDonald's at Dubai has been

instrumental in providing a fine dining experience to customers with its smooth process management practices.

### ***Operational performance objectives at McDonald's in Dubai***

McDonald's has been experimenting with its services across different cultures. For instance, it was a major challenge to take the decision to launch breakfast menu to suit the tastes of the customers in Pakistan back in 2011 (Baig, 2012). As a fast-food restaurant chain, McDonald's has been striving to capture the market share by providing quality services across diverse parameters (Min & Min, 2011). In this section, McDonald's in Dubai shall be probed further in terms of the five operational performance objectives which were outlined in the section on review of literature, viz. quality, speed, dependability, flexibility and cost.

Quality: Customer satisfaction holds immense significance for McDonald's and the company is emphatic upon maintaining rigorous quality standards while serving customers. Besides, quality control is ensured because franchisees of all McDonald's outlets in Dubai have been trained a priori regarding the key functioning of the outlet. Thus, franchisees are aware of the requisites for kitchen maintenance and employee management. Further, to ensure a smooth supply chain management, McDonald's has a list of approved suppliers who are entrusted with the responsibility of providing fresh and quality raw materials. At all the McDonald's outlets, this norm is being adhered to in a bid to provide a uniform and satisfying customer experience in all outlets.

Speed: Being a fast-food business, McDonald's strives to ensure efficiency in its services. Thus, the objective of the company is to minimize the serving time for the customers. Secondly, the company harnesses advanced technology to meet the needs of numerous customers. For instance, the company invests heavily in kitchen equipment and accessories for improved customer service. Furthermore, employees are well-trained to serve customers in minimum time possible.

Dependability: McDonald's has always been adopting a Just In Time (JIT) approach towards management of inventories. By applying this approach, McDonald's ensures that a dish is prepared only when the order for the same is given by the customer. Thus, food wastage is avoided to a great extent and customers are provided with freshly-prepared food. Thus, on one hand, customer confidence has increased and on the other hand, quality is ensured.

Flexibility: Of late, McDonald's has been offering health-conscious customers a range of dishes. Thus, instead of focusing upon the downside of fast-food, McDonald's provides information on nutrition value per serving. Another dimension of flexibility in McDonald's is evident in serving customized dishes in line with the local tastes. Thus, local franchisees are accorded the option of providing dishes which match the traditional dining experiences of the locals.

Cost: Cost saving is ensured in a number of ways. For instance, costs have been saved to a great extent with the implementation of JIT approach with emphasis upon sophisticated utilization of technology. Likewise, with its systematized e-procurement system for handling supply chain management, McDonald's has been able to check inventory-handling costs by ensuring that supplies match demand expectations.

Summing up, McDonald's has been aiming to provide their best quality services to the customers in Dubai. There is emphasis upon efficiency and effectiveness in its services and customer satisfaction holds the key for the outlets.

### ***Challenges and opportunities for McDonald's in Dubai***

There are three challenges for McDonald's in Dubai: first, the fast-food retail outlet needs to focus on the competitive landscape of the city given the fact that a number of dining options are available to the customers; second, customization of products and services is the need of the hour at McDonald's outlets in Dubai in the face of a number of expatriate population inhabiting the city and the fast and busy life of the residents which calls for quick and efficient services; and finally, the outlets need to strategize such that international experience is rightly mingled with the traditional local appeal of the city. Thus, it is conceded that customers tastes are changing and they are demanding a range of options. To be able to fulfil the myriad demands from a large cross-section of customers in Dubai, McDonald's might do better with timely strategizing and evaluation. Further, McDonald's might have to take a stand regarding its scale of operations. For instance, although McDonald's has many outlets in Dubai, it needs to ascertain if additional outlets need to be opened. Further, while trying to increase the scale of its operations, the outlets need to understand how any why more customers may be enticed with the customized menu and in this vein, the franchisees may need to strike a balance between the operational performance objectives while keeping the process management as smooth as possible.

McDonald's in Dubai has a plethora of opportunities to tap: first, the franchisees should be expanded to cover more locales given the rising demand for beverages and brunches among the residents; second, McDonald's should focus on customized outlets which are specially providing tastes of international cuisine; third, the outlets may further their marketing operations to forge ties with companies so that the employees are provided brunches and beverages at their offices or homes in a timely manner; fourth, McDonald's needs to revamp its human resources to cater to the international customers in a more efficient manner; and finally, the outlets may provide fat-free dishes for the health-conscious customers as well as offer dishes prepared from exotic food-stuffs such as sea-food, oysters, etc. With several obesity cases and health-related fears among the people at large, McDonald's might need to offer its products and services catering to the old-aged segment of the population as well as entice the children. Furthermore, the price-conscious customers might be better accommodated if more options are available across the menu which might be as filling as the rest.

### **Conclusion**

The study holds merits in three ways: first, the study seeks to provide a theoretical background to process management and operational performance objectives; second, the study follows a case study approach and picks a leading fast-food retail outlet in Dubai, McDonald's, and pitches itself across the twin dimensions of process management and operational performance objectives, and finally, the study provides a critical appraisal of McDonald's operations in Dubai in the form of challenges and opportunities to which McDonald's is exposed to in Dubai. The study concludes that while McDonald's has a well-structured process management in place, there are a number of areas where it might need to focus upon. For instance, the very challenge of serving a large international clientele spread across the length and breadth of Dubai entails a fundamental revamp of company's

strategy. Likewise, McDonald's may need to focus itself on maintaining good relationship with suppliers to avoid inventory spillage. Furthermore, while cost-saving remains on its target, McDonald's shall benefit from upholding the operational performance objectives for better and efficient customer services. Overall, the case study has provided a succinct application of the principles of process management and the objectives of operational management.

### **Limitations and directions for future research**

This study has its limitations in the sense that only one organizational entity, McDonald's in Dubai was probed in terms of process management and operational performance parameters. Furthermore, the study was based on secondary data only wherein the online resources of the company and published academic resources were investigated for substantiating the overall perspective. Further studies are called for where a comparative perspective may be drawn in fast-food service sector. Also, the study may be replicated in other countries to ascertain the success and lessons derived for McDonald's in Dubai. Lastly, a primary data collection might be supplemented in a forthcoming study.

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