

Myth busting

Disproving negative stereotypes about Saudi youth



McDONALD'S
SAUDI ARABIA:
NATIONALISATION
OF WORKFORCE

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Total number of McDonald's branches
in the Kingdom

251

in

50

cities

More than
9,000
employees

Once again ... thank you all

Our story started with a group of young, enthusiastic employees with varying educational, cultural and employment backgrounds. Together we laid the cornerstone of professional and productive teamwork which enabled us to open our first branch.

Our primary goal was to offer high-quality products to a society seeking mouth-watering and outstanding food. We coupled our goal with vision, ambition and will, and embarked on an ambitious mission that continues today.

Now, 24 years later, our McDonald's Saudi Arabia family exceeds 9,000 skilled staff working together everyday to provide exceptional food and service to our millions of customers throughout the Kingdom. Thanks to God, we began as pioneers of this sector, and have continued to lead the market in the quarter century since.

Furthermore, we believe that our hard work and the attitude we have fostered among our people has had a profound impact on the country. The hard work, loyalty and respect that the young Saudis working in our restaurants display benefit not only McDonald's but the individuals themselves, and the entire nation. The impact of this can't be calculated in money terms -- people's respect is an invaluable treasure.

Our warm greetings to each member of our McDonald's team and to your families. We wish you all further success, and look forward to continuing our story of success with you.

2030: Ambitious vision for a prosperous future

Clearly, the nationalization of jobs can no longer be considered as optional – rather it is a necessity for any company aiming to succeed in the current economic climate. Sustainable growth has always been an integral part of our strategy. Furthermore, this model of growth has consistently delivered added value to the communities in which we operate, by investing in the skills and capabilities of our young Saudi recruits, and ultimately benefiting national development.

McDonald's Saudi Arabia – comprising Riyadh International Catering Corporation that operates McDonald's development licenses in KSA's Central, Eastern and Northern regions; and Reza Food Services, the franchise holder in the Western and Southern regions – profoundly believes in our responsibilities towards our nation. This belief is rooted in our Islamic foundations and our commitment to community service.

For this reason we have constantly sought to pursue the most modern and effective nationalization programs, using innovative tools and processes to achieve optimal employee satisfaction and ensure that McDonald's is seen as one of the best employers in Saudi Arabia.

We can confidently claim that our nationalization efforts of the last 24 years have significantly benefited not just the individuals who have worked for us, but the entire economy, with our training and employment practices playing an important role in raising national capability.

The nationalization of jobs is a key component of Saudi Arabia's ambitious Vision 2030.

Roads to success are always easier to navigate with a clear and inspiring vision.. Our path toward a successful future starts at Vision 2030, which represents a historical shift in Saudi Arabia's growth and development strategy, combining as it does the counsel of our wise and established leadership with youthful ambition and determination.

A fundamental of Vision 2030 is the commitment of the entire private sector. We at McDonald's Saudi Arabia believe that it forms a clear and straightforward roadmap to a prosperous and secure future for our motherland, which is why we are committed to do all we can to contribute to its success. The performance of McDonald's Saudi Arabia during the past years reflects our exceptional abilities to turn challenges into opportunities. In this report, we would like to focus on a current issue which is having a detrimental affect on the Saudi jobs market: negative stereotypes about young Saudis. Our cover story in this year's annual report sets out exactly why we believe this to be a grossly unfair image that at the very worst could be applied to only a fraction of our youth. Some people have unintentionally accepted these unjust views as fact. This is the core subject of our report this year.

This report answers two important questions: how we have been able to continuously excel in finding new and innovative ways to nationalize



jobs; and how we have also succeeded in overcoming negative images about our youth..

We believe that the expertise in job nationalization we've built up over the years, has significantly contributed to overcoming this negative stereotype. Our approach has always been to emphasize the positive, stressing the skills and positive attitude shown by our young Saudi employees, and equipping them to overcome any imaginary barriers that hinder their ambitions.

Alongside these issues, we remain steadfast in our goal of maintaining Saudi Arabia McDonald's leadership of the quick service restaurant (QSR) sector. We are also committed to providing our staff with a safe and healthy environment by treating them well, equipping them with all the required skills and knowledge, and enabling the positive team spirit that underpins the ability to delight our customers.

This report answers two important questions: how we have been able to continuously excel in finding new and innovative ways to nationalize jobs; and how we have also succeeded in overcoming negative images about our youth.

The secret behind our success over the past years lies within the individual qualities of our team members – in particular the skills, innovative thinking, commitment to work, belief in our brand, and dedication to customer service which characterize the McDonald's family.

However, past success is only an inspiration for the present and a motivation for future success. Ours is a fast-moving industry in a rapidly changing economy – and we intend to remain ahead of the game by continuing our innovative approach to job nationalization, and focusing more investment on current and future Saudi employees.

Last but not least, we would like to express our optimism about the future thanks to our loyal customers at McDonald's Saudi Arabia, together with the excellence of the McDonald's team.



Mishaal Khalid F. Al Saud
President

Riyadh International Catering Corporation
Developmental licensee for McDonald's Restaurants in the Central, Eastern, and Northern regions of the Kingdom of Saudi Arabia



Abdul Rahman Ali Reza
General Manager

Reza Food Services Co. Ltd
Developmental licensee for McDonald's Restaurants in the Western and Southern regions of the Kingdom of Saudi Arabia

Disproving the stereotypes: Myth busting

McDonald's Saudi Arabia answers by **Waleed bin Nasser Al Saud** Vice President of Riyadh International Catering Corporation, Developmental licensee for McDonald's Restaurants in the Central, Eastern, and Northern regions of the Kingdom of Saudi Arabia

The myth: "Saudi employees are productive for just one hour a day."



Shabib Al-Briq



Muhammad Al-Melhawi



Hamza Msraei



Abdullah Saud

Our team replies:

Hamza Msraei says: "Our customers can hardly believe that I am Saudi because I deliver their orders immediately. It is my fourth year working here in this giant company."

Similarly, **Muhammad Al-Melhawi** and **Mohammed Al-Maghrabi** have been working for McDonald's for three years, during which time they've proved hard-working, intelligent and adept at all the different service positions. Despite struggling with English, they have consistently demonstrated excellence, the ability to learn and develop, and to overcome obstacles however challenging.

As **Shabib Al-Briq** says: "If you want other people to see you as a successful person and follow your example, you have to show a commitment to the goals you are seeking, and especially to your schedule."

Similarly, assistant branch manager **Abdullah Saud** says: "Young Saudis are increasingly open to private sector opportunities instead of just looking at government vacancies. They realize that it is their responsibility to work wherever they can to help build a sustainable economy, and that they personally have a responsibility to overcome destructive habits that historically have limited productivity. Saudi youth are productive, and working within a Saudi team helps generate a one-team spirit, which really helps customer service."

McDonald's says: Our data offer the clearest evidence of the productivity of our Saudi employees. More than 80 percent of them work shifts of more than six hours.

The myth: "Young Saudis are self-indulgent and unreliable."



Mansour Sharahili

Our team replies:

Mansour Sharahili changed jobs many times before he joined the McDonald's team. He joined us after four years of intermediate school, and continued at high school while working at McDonald's. During his four years service Mansour has enjoyed stability and job security. He was promoted several times, advancing from crew member to shift leader to assistant manager. He is now branch manager.

His advice for young Saudis: "From my experience I can tell you that through patience and hard work, you will reach high positions. I am proud of myself at McDonalds, I wish you the same!"

McDonald's says: We rely on thousands of young Saudis across all our disciplines, and are proud to have given them roles of responsibility, and their part in serving more than 400,000 customers each day.

The myth: "Saudi youth are lazy and do not take responsibility."



Majed Al Omari



Nasser Al Tawheri



Said Al-Yami



Our team replies:

Crew trainers **Majed Al Omari** and **Nasser Al Tawheri**, who have spent four years acquiring their skills and are now passing them on to their colleagues, couldn't speak more highly of the young Saudi team members they help train, saying that they invariably prove their competence and ability, and generally spare no amount of effort in their work.

Similarly, **Said Al-Yami**, who is a trainer at the branch he's worked at for five years, says that no matter how big the responsibilities and the tasks assigned to today's new employees, they always deliver good performance. – and even add a touch of excellence to the business.

McDonald's says: In 2015, McDonald's Saudi Arabia introduced its 'Tahadi' program in which select employees can be promoted to shift manager to a salary of SAR6,500 within 11 months.

Those in the program are both working and studying, and still achieve a 90 percent attendance record.

The myth: “Young Saudis are not professionally ambitious.”



Nayef Hussein Al-Hassan



Habib Hussein Al-Mo'men



Our team replies:

Nayef Hussein Al-Hassan is an example of what ambition can achieve. He joined McDonald's Saudi Arabia in 2003 as a crew member. He wasn't fluent in English, but he studied hard and completed several training courses inside and outside the Kingdom. He fulfilled different positions and responsibilities, and became a manager of a 50-employee restaurant. He was finally promoted to Operations Consultant, becoming the first young Saudi to this position and is now responsible for six restaurants and 225 employees.

Likewise, **Habib Hussein Al-Mo'men** started his career as a delivery driver. He too studied hard and developed his skills and knowledge, becoming both crew trainer and assistant manager, and today is a successful branch manager.

Yusuf Al-Mutairi is another great example. Before joining McDonald's he wasn't particularly focused or ambitious, spending six years in a series of dead-end jobs. Now he says: "I feel comfortable working at McDonald's, mainly when I can see the satisfaction of our customers for what I do. I look forward to greater responsibilities in more senior positions."

Mohammed Al-Briq has been working at our branch in Al-Muzahmiyya for four years with patience and hard work and is looking to achieve more success to reach his ambitious goal.

McDonald's says: Young employees at McDonald's Saudi Arabia aspire to take responsibility at our restaurants, with all their strength and determination. This can be proved by the 248 Saudi employees who started as crew member and have been promoted to run one of our branches with a great deal of success.



The myth: “Young Saudis have no loyalty to their employers.”



Talal Al-Mutairi



Abdallah Al-Mubarakhi



Our youth say:

Talal Al-Mutairi has completed eight years working at McDonald's. He understands implicitly how to deal with customers having completed many training courses – and continues to make us proud of his loyalty.

Talal has completed two years of his bachelor degree at the Saudi Electronic University, and is sincerely grateful for the support given by his branch manager when he was granted paid leave to prepare for the exams.

Abdallah Al-Mubarakhi is another similar example. He happily works as an assistant manager and has been able to develop his capabilities and skills. During his six year employment at McDonald's, he was able to finish his studies.

McDonald's says: We are so proud of all these and many other outstanding stories of loyalty. There are more than 312 Saudi employees who have been working for more than two years in McDonald's Saudi Arabia, a third of whom have completed their fifth year here.

Our employees feel secure about their jobs, and are satisfied about their rewards and benefits, which have motivated them to continue to deliver excellent service to our customers. Our 2016 turnover rate was 78%, which is a normal average. We have every hope it will reduce further next year.

Our Seven Step Guide to overcoming negative stereotypes

Seven Steps

7 steps implemented to break the negative stereotypes of the Saudi youth.



Waleed bin Nasser Al Saud

job security



job loyalty

1

Develop employee loyalty

Simply stated, the equation is: job security = job loyalty. Some businesses don't understand loyalty – but need to if they want to succeed.

The incentives, benefits and job security McDonald's Saudi Arabia offers has significantly helped overcome negative stereotypes of young Saudis, and proved they can be loyal employees who work hard and diligently – and particularly excel in leadership roles and responsibilities.

2

A clear career path

If there's no clear career path, performance evaluation is unfair, and if there are no opportunities for promotion, employees will not be loyal to their employer. Rather, he will become disillusioned and look to move elsewhere. And this can spur other employees to do the same.

Since its early days, McDonald's Saudi Arabia has offered a clear scale of salaries and job positions, and encouraged employees to stay and advance in the QSR sector, and to intensify their efforts in order to attain leadership positions.

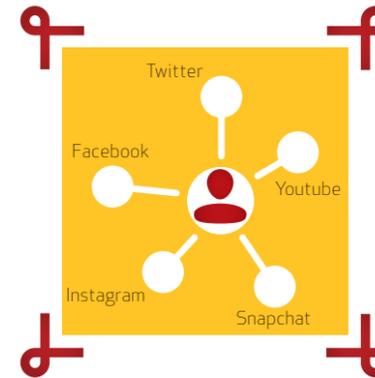


3

Participate in decision-making

We aim to provide a healthy environment that supports employees, and to develop them from team members into strong leaders, making them feel they are partners not employees.

We always strive to encourage a culture that supports job nationalization and contributes to the creation of an environment which attracts young people to work in the QSR sector, as well as challenging the myth that young Saudis are only interested in public sector jobs.



4

Project a positive example in the media

We are committed to sharing our experiences about our Saudi team members across all media channels – including news sites and social media like Twitter, Facebook, Instagram and other media platforms – in order to reflect a fair picture of Saudi youth.



5

Share inspiring stories

We launched the ISRAR Award for young Saudis to compete and tell their stories, so that they could inspire those who are seeking a job, and urge them to try and overcome obstacles. These stories also help inspire a spirit of enthusiasm among their colleagues, and to highlight the positive aspects of their work and their own tips for success. This prize aims to redress the negative perceptions about young Saudis' professionalism that still persist, despite the reality.



6

Business transparency

We launched a digital platform called 'Your Right to Know', which allows customers and job seekers to ask any question about the products we offer, job roles, and employee rewards and benefits.

We have also run several campaigns to get people to visit our branches to demonstrate that we are a Saudi company that invests its revenues in developing its people, and contributes to Saudi Arabia.



7

Attract college students

We signed an agreement with the College of Community Services at King Saud University to train students and help them apply the theories that they learn on the ground. Our aim is to attract them to the jobs market and help them become role models to their compatriots. These students meet with the young and confident nationals that work at our branches, to hear about their experiences and witness the energy and enthusiasm that characterizes our team.



2016 achievements

We are very proud when we review our 2016 achievements. For example, 8,681 young Saudis applied to join us, a monthly average of 720 applications.

Of particular note is our Tahadi Program which we launched this year to join our three established recruitment paths. In this, selected applicants need to pass five training courses and complete two training books, all in 11 months, and to meet all attendance requirements. A total of 103 young Saudis have already completed this year, are now working as shift managers, and well on their way to branch management positions.



Less turnover, more nationalization

Holding on to a market-leadership position is never easy, but the secret of how we've been able to do so is that we are the leaders in nationalization. Today our Nitaqat rating (the Ministry of Labor nationalization initiative) – stands 23 percent – an impressively high figure for both the retail and QSR sectors, which traditionally suffers a high level of staff turnover.

Thanks to our flexible and straightforward employment programs, our clear career path, and the benefit and rewards package we offer, our 2016 turnover rate was 78 percent, which is a normal average. We have every hope it will reduce further next year.

Expanding our branches

Just as a thousand mile journey begins with a single step, we started with only one branch, but today have 251. In 2016 we opened 28 new branches and plan to open a further 20 in 2017.

We now serve 50 cities throughout the Kingdom, and operate in some new regions for the first time ever, including new branches in Sakaka, Arar, Khafji and Nairiyah. This expansion also provides even more opportunities for Saudi job seekers, and contributes to the national economy.

What's more, this expansion has enabled us to reach out to an even wider customer base, and to become ever more intertwined with Saudi society, with which we interact in a true spirit of partnership.

Our family grows..

It's been another year full of achievements and success at McDonald's Saudi Arabia. We now employ 9,015 people, 23 percent of whom are Saudi nationals.

But we're not stopping there – and look forward to recruiting even more young Saudis throughout 2017.

What's more, due to the success of our past recruitment campaigns, we're sure we'll succeed, thanks to the great reputation as a first-rate employer we've built up over the years. However, we also recognize that there will be challenges and obstacles to overcome. But with such a great team in place, we're confident that together, we will succeed.



Ajjalona



Several months ago, we launched the Ajjalona website (<http://www.Ajjalona.com>), which brings together all our social responsibility initiatives.

Over the course of the year, Saudi Arabia McDonald's has continued its strong commitment to serving the national focus on community health, education support, environmental awareness, and job nationalization.

Our previous achievements in job nationalization can be downloaded by scanning the following code:

<http://www.ajjalona.com/reports-ar.php>



The President's Award



Suleiman Saud Al-Ajaji, Regional Manager for Administration in the Northern and Eastern regions, was awarded the President's Award.

This high-level award is given to employees selected from the top 0.01 percent of McDonald's employees worldwide.

Al-Ajaji received the honor from McDonald's President Steve Easterbrook at a special ceremony at McDonald's HQ in Chicago, USA. The award is testament to the successes achieved by young Saudis, and its continued policy of job nationalization.

Where we failed and how we succeeded

Problem

The traditional method in employment through job fairs and career days	Employment in the main center only
Employment turnover exceeded 149%	Recruitment procedures require three weeks
Lack of understanding of the needs of youth	Dates and timing of the session clashes with school and university classes
Shame of facing the public	Training locations are far away
Lack of familiarity with English language	Lack of self-confidence
The inability to read and memorize the menu	The need for encouraging and problem solving
Skills shortage	

Year 1993 the first breakthrough

1995 The first Localization Committee

2005 The second Localization Committee

In any path to success there are hurdles to overcome

Solution

Newspapers and branch ads	Employment in the branches
Considering staff as partners not employees	Employment within three days
Survey and poll on current and potential employees	Training session begins at 4 pm
Working in the rear lines	Training in hotels near residential neighborhoods
Organizing empowerment courses	A certificate of appreciation from the President
Translating the curriculum to Arabic	Open door policy
Training on the job	

Leaving work to benefit from the "Hafiz" program

Salary is not enough	High staff turnover 42%	Inadequacy of career path
High staff turnover 57%	Lack of commitment to working hours	
Restaurant branches are far from residences	Difficult access to young people	
Inconvenient work hours	Lack of satisfaction	
Social obligations for youths + desire for a government job	The need to secure basic needs	
Long recruitment procedures	The need to participate in decision-making	Lack of role models and inspiration

2012 The application of "Nitaqat"

2013 The SR4,500 Campaign

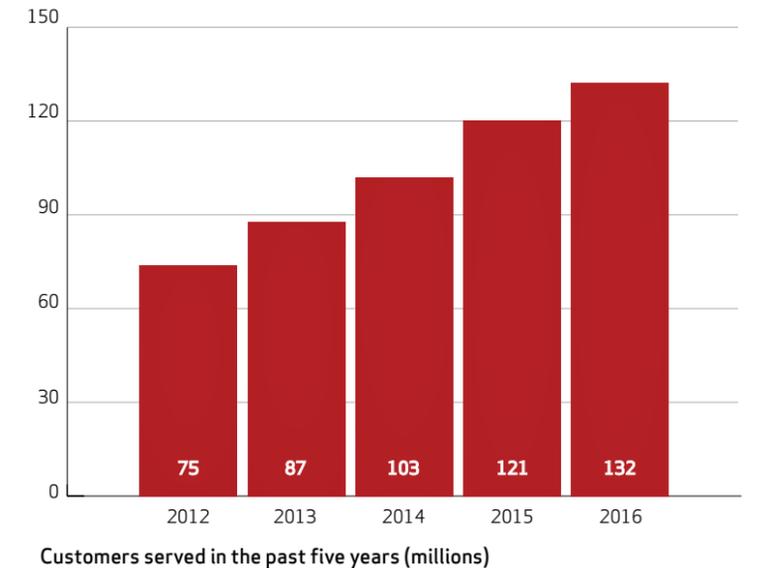
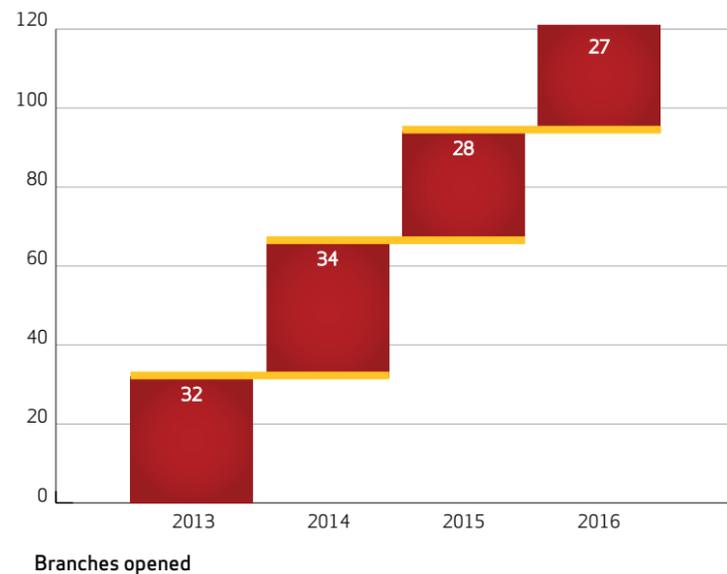
2014 The SR5,000 Campaign

2015 Future Leadership Campaign

Organizing massive campaigns, orientation towards youths in remote areas

Salary starts from SR4,500	Salary starts from SR4,000 + SR1,000 for full-time commitment	Paths that fit each category
Setting a clear career ladder	Advertisements published through the branches and social media	
Flexibility in choosing work site	Program to measure the level of employee satisfaction	
Flexibility in choosing work schedule	(ICRM) Program for receiving employee complaints and inquiries	
Two days off weekly	Monthly meeting with HR + quarterly meeting with senior managers	
Recruitment within 24 hours		Achieve career ambition to become a director
		Persistence Awards to tell their stories and inspire others

2016 at a glance



The One-Team spirit

«العلاقة بين المدير وموظفيه عندما تكون تحت شعار: **كُل يكمل الآخر**، تولد بيئة عمل ناجحة. كما أن ثقة المدير لها علاقة مباشرة بتعزيز ولاء الموظف لمكان عمله».



«الموظف يتفانى في عمله عند تقدير مجهوده».



"The employees are dedicated to their work when their efforts are appreciated."

"The relationship between the managers and their staff when it is under the motto: **'Each complements the other'** generates a successful business environment.

The trust of the manager is directly related to the promotion of the employees' loyalty to their place of work."

Many people may not know that McDonald's Saudi Arabia has an open-door policy which offers all employees the opportunity to come forward with any proposal, question, or complaint to the company's leaders without having to go through their line manager.

We understand that putting multiple barriers between senior management and staff, and old-fashioned policies that rely on the locked door and ambiguity, all lead to our employees lacking confidence in our company's policies.

«المدير القائد يهتم بأدق التفاصيل لدى موظفيه، لنجاح منظومة العمل».



"The leading director cares about the smallest details of their staff, in order to **guarantee the success** of the work system."

«أي تصرف إيجابي هو محل تقديرنا.. هناك من يهتم..»



"Any positive behavior is the recipient of our appreciation.. **There are those who care...**"

قد لا يعرف الكثيرون أن ماكدونالدز السعودية تتبنى سياسة الباب المفتوح، حيث تمنح الفرصة لجميع الموظفين في أي وقت وعلى اختلاف مستوياتهم الوظيفية، أن يتقدموا بأي اقتراح، سؤال، أو شكوى لديهم، إلى مدراء الشركة دون الحاجة إلى المرور بمديرهم الحالي. فنحن نعلم أن عدم بث روح المحبة في مكان العمل، ووضع مئات الحواجز بين الإدارة العليا والموظفين، وتطبيق سياسات الإدارات القديمة التي تعتمد على الباب المغلق، وسياسة الغموض، تؤدي إلى عدم ثقة الموظف في سياسات الشركة.

«نناقش في اجتماعاتنا سير العمل ومشكلاته وإن صغرت، سعياً للخروج بأفكار تحسن من أداء الموظف وكفاءته، وإتاحة الفرصة أمام الشباب للتعبير بثقة عن فكرهم القيادي، وإزالة حاجز الرهبة من الإدارة».

«ماكدونالدز السعودية ليست مجرد مكان للعمل..»



"McDonald's Saudi Arabia is not just a place to work ... it's a lifestyle that is characterized by genuine affection and cooperation"



"Unlike some critics, we don't believe that appreciating and honoring employees leads to idleness or a lack of accountability. In our experience it is the reverse – and delivers a **significant boost in productivity, and personal development.**"

روح الفريق الواحد.. كلمة السر بين القائد والموظف للنجاح

«يتوهم البعض أن تكريم الموظف وشكره يقود إلى تراخيه، وإصابته بشعور أنه في مأمن من المساءلة، لكننا نؤمن أن ذلك يعد فهماً خاطئاً، يصح بلا شك أحد فرص مضاعفة إنتاجية الموظف وتطوره وتنمية مهاراته».



«ع لقاءات ننظمها سنوياً لتعزيز روح الفريق الواحد، من خلال لقاء الموظفين بكبار المديرين، الأمر الذي يشعورهم وكأنهم بين أفراد عائلتهم».

"The mutual respect between employer and employee generates a feeling of affection for work, and generates more **sincerity, success** and **creativity.**"



"We organize **four meetings** a year between senior managers and staff to promote team spirit, and to encourage a family atmosphere."