

Case Study Report, McDonald's

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Business Ethics

In modern society, the criterion of morality in business communication moves into the economic sphere. The economic interest is brought to the forefront at that, followed by the material result and the profit as a concentrated criterion of human activity and communication. The ultimate test of the justice or injustice becomes the ability to successfully run a business, in other words, the business pragmatism. Thus, the situation is created when the result of the business indicators of market relations finally comes to the fore for the company and retains all universal, including religious, values. In this connection, attention should be paid to the fact that a person with 'market character' is constantly at odds within himself and is characterized by bifurcated consciousness. It should be emphasized that, on the one hand, the owner's business life, the promises and obligations to partners and shareholders compels him to follow the norms of morality that the market demands, meaning to effectively and efficiently care about maximizing profits by whatever means available. On the other hand, as a person, who is in the community, in a particular social environment he bears social responsibility to the community, so the chief cannot disregard the universal moral norms. A number of examples testify to the social responsibility bringing changes to the company's reputation, attitude and consumer demand, and consequently affects the financial performance of corporations. One of the multiple cases is bad business ethics scandal concerned with the McDonalds Corporation.

McDonald's Case

It often happens that the corporations' relationships with their shareholders determine their ethical directions and values. Being a very successful and profitable business in practically every country of the world, McDonald's occupies the leading position in global targeted social backlashes due to public accuses of bad ethics in business conduction and poor social standards in treating both its employees and stakeholders. The notorious McDonald's example of bad business public repute is the so-called 'McDonald's Legislation' resulted from the corporation's

investment of Nixon's campaign in 1972. In return the legislation was so favorable to the founder of the company, Ray Kroc, as allowing his company to hire the underage employees with the wages 20% less than the previously allowed minimal limit at the federal level. This case is flagrant among the bad business ethics practices for the purpose of supporting their own, stakeholders or shareholders agendas. However, observers noted this was another typical case of the large companies' financial manipulations with the legislative representatives in 70s of the last century. With the course of time corporations learned to act 'cautiously' hiding their economic ambitions under the charitable campaigns, Greenpeace support, promoting democratic values in the third world countries, etc.

Another precedent of bad ethics reveal within McDonald's Corporation is the case with employees at St. Hubert, Quebec, where the first trade union formation attempt was made. It failed promptly, the union was closed, and since then each employee knows the company forbids and prevents any unionizing activities. This precedent with McLibel was labeled as the most outrageous and disrupting events directly concerned with business ethics rules causing lots of negative denouncing and disparaging publications. In late 80s and early 90s Greenpeace movement members widespread leaflets in the UK with information damaging McDonald's Corporation repute, in fact bluntly blaming the company for soliciting unhealthy food promotion, third world poverty, exploiting teenagers and aged employees, conducting experiments on animals, and destroying the rainforests. The infamous naming "McDollars", "McGreedy" and "McProfits" tells of the public's understanding of the real background motifs.

Surely, the McDonald's Corporation reacted to the manifests with the lawsuit for libel. The trial, however, did not help regain the repute as the shareholders expected, moreover, it 'tarnished' the company's name for good at the official level. The group was found not guilty by the court and the company was announced globally responsible for exploiting of kids, promoting junk food, underpaying the workers and ignorance towards their suppliers' animals' torture. The

aggravated situation seems to be unredeemable; however, the business history knows lots of good reputation recovery examples. For instance, Christine Day took a completely new course in business development for Lululemon, once she was appointed a new president after Denis Wilson, who legated tons of problems. Using his experience and a new strategy, she did her best to extend the presence of Starbucks in the world. Moreover, she persuaded the founders to take a course management at Harvard and Stanford, to better understand the need for change. In 4 years the company's value has grown from \$ 350 million to \$ 10.59 billion.

There are certain ways to establish good business ethics within the company and its maintenance through years. The company Johnson Controls provided another role model for large corporations with its adopted and publicized Business Ethics Policy Act on January, 1st, 2011. It underlined the main principles of the organization to be followed in everyday practice: the business ethics policy is applicable to each employee at each level; the company's activity should be directed to promoting good health and safety of all employees throughout the world; the company takes into account all peculiarities, values diversity and supports the team members, helping them to realize their potential. The Act also encouraged the employees and customers to report on any violations of the code.

References

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