An Investigative Role of Ethics in Business Performance: The Case of McDonald’s Corporation in the United States of America and other Selected Countries

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Abstract

The fast food industry has become a basis for numerous researches from which different topics, findings and results are obtained. The rapid growth of this industry has become an issue for experts to undergo research resulting from the wide variety of people who have gotten accustomed to eating outside their home particularly those with long working hours. As a result of this, studies have been carried out on the industry ranging from one topic or objective to another. This study therefore seeks to examine the role of ethics on business performance using the fast food industry as a case study. The progress of an organization usually depends upon various factors one of which ethics is placed on. Hence the study gives a noticeable prominence to the factors and attributes that show the relativity with ethics and need to ethically shape a business towards success. Those important components that shape the company are the employees, the customer and of course the environment of the company. The research has explored the headway between those important attributes and ethical consideration in the organization. This analyzes and clearly defines the topic in a positive way. The research is conducted on the very famous and leading fast food chain - McDonald's in order to analyze the role of ethics in the company’s success. The research therefore implicates the use of secondary data taken from a variety of articles, newspaper extracts and books formed into case studies for research analysis. The research also uses the case-study method to ascertain its findings from the sources of data and with the aid of a purposive/judgmental sampling technique it carries out a qualitative approach to study the cases. Findings from the study reveal that there exists a relationship both positive and negative depending on the code of conduct or ethical standards put in place by the organization.

Keywords: Ethics, Business performance, McDonald’s, Fast food industry, Case study.

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various fields, particularly in philosophy. It is said to be a branch of philosophy which seeks to address issues pertaining to concepts of right and wrong [2]. Ethics define moral guidelines that govern good behavior; that is, to behave ethically would be to behave morally correct. Business ethics is a form of applied or professional ethics that examine ethical principles and morals or ethical problems that arise in a business environment as it applies to all aspects of business conduct and is relevant to the conduct of individuals and entire organizations [3].

Food has become one of the common habits in today's world and with specific attention on fast foods. The fast-food sector in the food/hospitality industry has for long been an alternative for people with long working hours who cannot afford to spare time cooking at home. This is made easy raising from the fact that fast food is affordable and is usually preferred by people in this category and a few others. It is essential for fast food chains to consider the ethical considerations more than other industries due to the concern about people's health [4]. Fast food being one of the most flourishing industry around the world, it is not only boosting itself but also the countries' economy as reflected on the GDP which has experienced a positive upward trend over the years as a result of the collective advancement experienced in this industry especially with the contributions of multinational fast-food chains like McDonald's, Pizza Hut, Nandos, KFC etc. Their latest services and technological advancement has intensified the minds of their customers in a new way or direction and the dynamic changes in the taste and perception of people are not in any visible way affecting their businesses rising from the fact that they rapidly accustom themselves to recent trends and changes in taste. With the changes in taste and perception, the fast food chains are also in continuous practice to improve the ethics and values of their organization to improve their integrity and progress [5].

Ethics have been construed to have a negative effect on the profitability of businesses. Managers are of the view that profits and ethics are inversely proportional as it has been observed that adopting ethical practices may reduce the company’s profits; however, the long-term effect on the organization’s profitability is positive. This is because when majority of the customers perceive healthy ethical gestures, they become attached to such organizations and in the end promoting sales and profits. In the same trend, it is opined that a reputation for ethical practices in any business activity can be a competitive edge via promoting productivity by minimizing cost of business transactions, establishing customer loyalty, creating trust with suppliers, maintaining social capital and successful team of employees [6].

As a result of the unclear right ethical action, hospitality managers do gain a deeper understanding of various ethical issues and learn different ways of tackling them when they arise. As a result of these factors, this paper seeks to evaluate the crucial impact of ethics on the company's success and examining the role of employees’ satisfaction towards the development of the company.

**Literature Review**

The role of ethics on business performance has been a topical issue for researchers over time over the disposition of managers either seeking higher levels of productivity and those willing to better or sustain the organization’s reputation. This paper will therefore do a review of some of the existing literatures therefore making relevant contributions to them.

**Conceptual Review**

**Ethics**

Ethics have been defined by various professionals based on a variety of their opinions and perceptions of what it should or could be. The Merriam-Webster dictionary defines ethics as “a set of moral principles, especially ones relating to or affirming a specified group, field, or form of conduct.” The term ethics is in a dialectic form, that is, it uses rigorous analysis to reveal the flaws of logic and the contradictions of the reasoning and seeks to go beyond them. It also deals with what we should or should not do, but it does so by applying reasoning, for or against, in order to decide on the conduct to be taken when faced with a moral problem [8]. The main objective of ethics is to place the human at the heart of our care and try to act for his greatest good [8].

**Business Performance**

The Business Dictionary defines performance in business as “the accomplishment of a given task measured against preset known standards of accuracy, completeness, cost and speed.” It is the results of activities of an organization or investment over a given period [9]. It is an integral part of the company as it provides a platform for supervisors and managers to measure employee performance and determine whether employees are meeting the company’s expectations [10]. Business performance is measured on a variety of variables ranging from cash flows, inventory turns, receivables/sales growth, productivity, employee retention/turnover, backlog, interest rate coverage, gross margin and a many more.

**McDonald’s Corporation**

McDonald's is an American hamburger and fast food restaurant chain. It was founded in 1940 as a barbecue restaurant operated by Richard and Maurice McDonald, in San Bernardino, California, USA. Their original small burger stand was after a while transformed into one of the largest, well-known transnational corporations using production line principles. McDonald's is one of the world’s...
largest restaurant chains, serving approximately 69 million customers daily in over 100 countries across approximately 36,900 outlets as of 2016. McDonald’s primarily sells hamburgers, cheeseburgers, chicken products, french fries, breakfast items, soft drinks, milkshakes, wraps, and desserts. With the numerous outlets located world-wide, many find it somewhat refreshing to see a familiar place when travelling in unfamiliar places. By homogenizing products and appearance of the stores, McDonald’s sells this feeling of comfort and familiarity [11].

**McDonald’s Standards of Business Conduct for Employees**

McDonald’s is committed to conducting business ethically and in compliance with the letter and spirit of the law. This commitment is reflected in McDonald’s values. Inherent in each value is our commitment to be ethical, truthful and dependable and this is reflected through our ‘standards of business conduct’ which serves as a guide to making good decisions and conducting business ethically [12].

McDonald’s in its code of conduct ensure that her employees complete an annual certification of compliance with their local union of the standards. Annual anti-bribery trainings are also conducted to kick against collection of bribes by her employees. Also, compliance office monitors are also put in place to act as checks and control for the employees. Besides the aforementioned, the company enforces policies prohibiting money laundering and engagement with terrorists (McDonald’s – Standards of Business Conduct).

**Ethical Concerns in the Hospitality Industry**

As it has been mentioned earlier, the issues pertaining to ethics is not only inherent in the hospitality industry but in every other industries. The peculiarities associated with ethics in the hospitality industry are as a result of the social values and direct involvement of employees, employers and customers. The ethical concerns in this industry also with reference to McDonald’s are therefore represented in the diagram below:

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**Fig-1: Ethical Framework - Source: Authors’ Diagram**

The diagram in fig.1 gives a framework of the important ethical considerations or issues which are related to the fast-food industry where McDonald’s belong. Each component of the ethical concerns has its influence on any related company’s performance and could therefore be regarded as factors that can make or mar a company’s progress.

**Corporate Social Responsibility**

Corporate social responsibility deals with the process involved pertaining to how a company strives to sustain its resources in order to utilize it into the future as well and this approach would be mainly concentrated on business ethics, economical performance, along with philanthropic contributions. This concept is focused
mainly on how to create value to the stakeholders of the business rather than creating value only for the shareholders or the owners of the business [13]. Corporate social responsibility is all about maintaining the sustainability of environmental factors and the safety and protection of environmental worth. Big brands and multinational companies are more towards money-making and profit earning instead of thinking about other factors that are important and surrounded by us. It is the responsibility of every organization to make implications for economic and social sustainability. Brand image is not based on only one factor, that is profit generation but it also depends on many other factors. To make the world a better place to live is key responsibility [14].

McDonald’s CSR constitutes that as a philanthropic contribution they donate a proportion of their profits to the Ronald McDonald home which started operations as a non-profit organisation and rely heavily on McDonald’s for the funding requirements. It is apparent that within these Ronald McDonald homes, children who are seriously ill are taken care of and they are treated, this could be concerned as a good course of action [15].

In 2014, for the 20th year in a row, McDonald's ranked last in customer satisfaction in a national survey of patrons of 12 major fast-food chains published in June 2014 by the American Customer Satisfaction Index [16]. The corporate social responsibility constitutes a wide variety of responsibilities which every company is expected to adapt. This includes:

Supply Chain Greening

Supply chain is the movement of materials as they move from their source to the end customer. This chain constitutes a network, process and/or activities which comprise suppliers, purchase, manufacturing plants, warehouses, transportation, distribution outlets, raw materials, products, etc. Green supply chain is about making the entire supply chain more environmentally sustainable. It takes into consideration the aspects of reuse, reduce, rework, refurbish, reclaim, recycle, remanufacture, etc. [17].

McDonald's has taken the corporate and social responsibility as their first priority and is helping in dynamic ways to make the world a better place to live. They have started taking initiatives from an environment, nutrition, and sustainability. Each department must be held accountable in every company to get the report of the role in making the surrounding fitter and healthier [18]. Their focus in greening the supply chain department is to improve the waste management systems as investments in technological advancements for making new technology waste machines will definitely learn to improve environmental footprints [19].

Healthy Environment

The world all over is becoming more conscious of its environment and different campaigns have been organized geared towards sensitizing the public on the need for keeping a healthy environment. Usually, people are now very much health conscious so they prefer to choose a healthy environment where they can have their meals. The healthy environment does include food, surrounding, techniques and the procedure of that particular restaurant which becomes a criterion for people to follow when choosing a restaurant [20]. Maintaining a healthy menu is also a key factor to create a healthy environment and now as people are much more aware of the policy implications, they usually get convinced by reading the corporate social responsibility practices of that company.

Environmentally, McDonald’s practices are also questionable. Unlike a fresh ground beef patty at a local butcher shop, “a typical fast-food hamburger patty contains meat from more than one thousand different cattle, raised in as many as five countries” [21]. Due to a large amount of waste from McDonald’s, pollution is being increased with the span of time and hence they are using an excessive amount of power and energy that could be dangerous for UAE in future [22].

Brand Image, Brand Trust and Brand Loyalty

The growth of the company is totally on customers as the customer is king and the most valuable asset to any company. Creating the brand trust, brand image and brand loyalty is one of the very important aspects of a company but it is as difficult as it is important. As corporate social responsibility makes the world a better place to live for each individual and hence this activity is the best source of gratifying a customer in a positive manner. Making positive perceptions is a way difficult thing as people have dynamic thinking capabilities and different psyche. CSR activity is a very influencing tool for the company to practice [23].

Ethical Concerns in Hygienic Food

Although McDonald’s makes the effort to support children with life threatening illnesses, the diet offered by this corporation and others contributes to obesity, heart diseases, asthma etc., [11]. Due to the dynamic changes in the taste of people, many new and unfamiliar dishes are being brought into the fast food chains and are sold out without any ethical considerations. As more of the foods are getting introduced, so much more it needs safety and quality demands that could be done by proper food management system to guarantee consumers satisfaction bearing in mind that they have minimal risk of consuming their favorite dishes and so they could eat without any stress and uneasiness. Ethical concerns in food must include hygiene, cleanliness, cultural and religious aspects, and quality concerns as well; this will make it helpful for the restaurants to provide healthy...
food with full ethical considerations [24].

Ethics could help improve food chain performance as supervision is followed through in each phase of the product cycle from purchasing its ingredient until presenting it to the customer; this plays a significant role. Everyday activity in the restaurant needs an ethical frame of mind especially in concern with the food. It is believed that there must be some procedural tricks to identify the unethical activities in the company. This would help better the overall standards particularly in the company’s business franchises all over the world.

Food hygiene knowledge is also a real concern for many countries. Awareness and knowledge about hygienic components of food is a significant factor for both consumers and the company in order to avoid various food-borne illnesses that are very common nowadays. The issue of food-poisoning has become a very great concern in fast food chains sometimes leading to unwarranted lawsuits. There are several practices to prevent food from the risk of different diseases and both the company and the consumer must implement those practices. In most cases, children rapidly adapt to fast food consumption culture and are avoiding taking their meals from home. This is because they are unaware of the diseases that are brought about by fast food consumption, and therefore the need for awareness through education and campaigns. Instructions of food hygiene should be provided at every educational sector and the educational sector should discourage the students from intake of fast foods contents which causes harm to their health. Food safety instructions should be made available for all age trends particularly the youngsters who are very much into eating fast food [25].

It has also been obtained that fast-food contains ingredients that are detrimental to healthy living conditions thereby making consumers speedily over weight. This obesity problem is the source of the arousal of other diseases such as diabetes, bone disorder, severe heart attacks and much more. The society is unaware of this fact and does not care about their diet pattern. This calls for the management and authorities to play a role in making a policy geared towards preparation of healthy foods that would be anti-obesity and for that, different seminars and campaigns should be conducted in order to encourage the inclusion of those valuable ingredients to food that would not harm people’s health in future [26].

Ethics for Employees

All businesses can benefit from having a code of ethics in place. Codes of ethics can serve as guidelines for making decisions, whether at the business owner level or on the frontline. Food establishments, whether restaurants, grocery stores or wholesalers, face a distinct range of significant ethical challenges tied to the treatment of minimum-wage employees and the trade-off between food costs and quality. Employee relations are an important aspect of ethics and is often ignored by employers in the industry. The ethical consequences and issues are also increasing by the day due to less focus on the ethical aspect of business. The overlooked ethical issues are stimulating such problems by employees including - being contended and bad mannered with the customers, behaving impolite and ill-mannered, making deceitful acts and being dishonest with the job, corruption and extortion in workplace etc. Employees practice these unethical activities in their workplace because there are no trainings and seminar sessions of practical ethical values imbibed into the employees. Employees’ performances display the ethical code of conduct and that directly affects the progress of the company [27].

In looking into the quality of ingredients mixed up in a meal, the responsibility is giving to a food handler. Food handlers are among the most important crew in any fast food chain as they are the one who are saddled with the responsibility of handling meals from the point of preparation to the point of serving. Should there be any discrepancy or irresponsible action taken at any time, then the food handler would be strictly liable for such. It is the key responsibility of the food handler to take care of the added ingredients in the food. Yet, these ingredients are unsafe and are creating food borne diseases and other heart and bone diseases due to high cholesterol and contamination [28].

In the same vein, it is important for companies to consider the impacts of job satisfaction on employee productivity. Employee satisfaction has been defined as a key aspect in ensuring a high level of productivity. The needs and values of the fast food workers must be satisfied to increase the level of motivation and the level of progress automatically. The turnover rate in the fast food chain is higher than in any other industry just resulting from paying little or no attention to the needs of employees particularly the junior ones. In 2014, 400 protesters rallied outside McDonald’s headquarters during its Annual General Meeting (AGM) in May calling for a higher minimum wage for fast-food workers. Although McDonald’s barred the media from attending its AGM, reports of McDonald’s response to the questions on wages and other issues raised by shareholders attending the meeting emerged shortly afterwards [29].

Changing Foreign Cultures

Not only do McDonald’s products harm individual and environmental well-being, they are also having an influence on some East Asian cultures with the corporation’s entry into those countries. “Critics claim that the rapid spread of McDonald’s and its fast-food rivals undermines indigenous cuisines and helps create a homogenous, global culture” [30]. Another
major change brought to the East by the entry by McDonald’s and American corporations into Asian countries, is the new obsession with American culture. “Prior to the arrival of McDonald’s, festivities marking youngsters’ specific birth dates were unknown in most of East Asia. In Hong Kong, for instance, lunar-calendar dates of birth were recorded for use in later life- to help match prospective marriage partners’ horoscopes or choose an auspicious burial date‖ [30]. However, with respect to the changing cultures particularly in foreign dishes brought by McDonald’s into the various countries it has spread to, the company has improved its services by encouraging glocalisation; that is, localizing its dishes to suit the culture of the country in which it serves. In the UAE, cultural dishes have been on the display in the McDonald’s stores but yet do not put away the fact that some of the items are still not naturally grown.

Animal Welfare Policy

McDonald’s uses the term “responsible actions” to explain the components of its social-environmental-animal welfare approach to social responsibility and industry leadership. The social category, for example, includes food quality and safety, national sourcing, suppliers and social accountability, promoting antibiotic effectiveness, and changing (potentially unsafe) toy batteries. The environmental category includes protecting rain forests, pursuing a responsible fish supply, biotechnology awareness, and reducing packaging impact. Finally, the animal welfare category includes the Animal Welfare Council and Global Principles, working with experts, and animal welfare audits [31]. The company draws from a range of resources which includes animal and paper products. McDonald’s being an industry leader ought to be in a position to influence the industry in which it operates regarding ethical and social norms. Therefore, it is expected of her to influence the conditions associated with factory farming – the raising and slaughtering of farm animals for food [31].

Theoretical Review

Ethical theories are useful to analyze everyday life situations including hypothetical ethical dilemmas. What is perceived to be ethical is related to the thoughts, views and knowledge of different origins. This study discusses four broad ethical theories:

Deontology

The deontological class of ethical theories states that people should adhere to their obligations and duties when engaged in decision making when ethics are in play. This means that a person will follow his or her obligations to another individual or society because upholding one’s duty is what is considered ethically correct. This implies that should McDonald’s therefore uphold its duty to the society, it would be considered as been ethically correct but this may not seem to look into other factors where the company is ethically deficient. Deontology contains many positive attributes, but it also contains flaws. One flaw is that there is no rationale or logical basis for deciding an individual’s duties. For instance, a business person may decide that it is his/her duty to always be on time to meetings. Although this appears to be something good, we do not know why the person chose to make this his duty. It could therefore be said that the basis for deciding on whether McDonald’s performs its duties to the society cannot be utterly balanced [32].

Utilitarianism

Utilitarian ethical theories are based on one’s ability to predict the consequences of an action. To a utilitarian, the choice that yields the greatest benefit to the most people is the one that is ethically correct. There are two types of utilitarianism, ‘act utilitarianism and rule utilitarianism.’ Act utilitarianism subscribes precisely to the definition of utilitarianism— a person performs the acts that benefit the most people, regardless of personal feelings or the societal constraints such as laws. Rule utilitarianism takes into account the law and is concerned with fairness. A rule utilitarian seeks to benefit the most people but through the fairest and most just means available. Therefore, added benefits of rule utilitarianism are that it values justice and includes beneficence at the same time. Both act and rule utilitarianism has disadvantages. Although people can use their life experiences to attempt to predict outcomes, no one can be certain that his/her predictions will be accurate. Uncertainty can lead to unexpected results making the utilitarian decision maker appear unethical as time passes, as the choice made did not benefit the most people as predicted. Another assumption that a utilitarian decision maker must make concerns his/her ability to compare the various types of consequences against each other on a similar scale. But, comparing material gains, such as money, against intangible gains, such as happiness, is very difficult since their qualities differ to such a large extent. An act utilitarian decision maker is concerned with achieving the maximum good. Thus, one individual’s rights may be infringed upon in order to benefit a greater number of people. In other words, act utilitarianism is not always concerned with justice, beneficence or autonomy for an individual if oppressing the individual leads to the solution that benefits a majority of people [32].

Rights

In ethical theories based on rights, the rights established by a society are protected and given the highest priority. Rights are considered to be ethically correct and valid since a large population endorses them. Individuals may also bestow rights upon others if they have the ability and resources to do so.

A major complication of this theory on a larger scale is that one must decipher what the characteristics of a right are in a society. The society has to determine
what rights it wants to uphold and give to its citizens. In order for a society to determine what rights it wants to enact, it must decide what the society’s goals and ethical priorities are. Therefore, in order for the rights theory to be useful, it must be used in conjunction with another ethical theory that will consistently explain the goals of the society.

The goals of the society towards the conduct of the fast-food industry is therefore inclined with the variety of what the society perceives as their rights. The rights of individuals in relation to the way they are treated speaks more volume on their perception of the fast-food industry. Though the people have the rights to choose wherever they want to eat their meals, it doesn’t take off the fact that there still exist harms in consumption of fast-food [32].

**Ethical relativism**

Ethical relativism asserts that right and wrong are subjective and can be determined by each society or group of people independent of any others. There are two types of ethical relativism, descriptive and normative ethical relativism. Descriptive ethical relativism claims that different cultures have different moral values and this may be true. However, normative ethical relativism claims that each culture is right in itself and denies that rational or objective ethical judgements can be made on a particular culture’s values and morals. Normative ethical relativism is not accepted by contemporary ethical theorists as it claims there is no universal ethical standard and anthropologists have found this to be untrue because most cultures have underlying similarities. Normative ethical relativism also claims that what is good will be socially acceptable within a given culture and what is bad will be socially unacceptable, which can cause unsolvable conflicts within the theory [32].

**RESEARCH METHODOLOGY**

Research methodology identifies different methods and techniques used in the research. It explores the methods of data collection and data analysis using different techniques. It also defines the limitations and ethical consideration of the research; it provides a framework to express the connections between research variables and to get a systematic analysis on those variables [33]. The research seeks to establish the role of ethics in business performance taking into cognizance the objectives of the study which are been achieved using the appropriate methodology.

In order to gain different perspectives and draw attention to different factors that affect business performance via ethical behavior, descriptive research methods were employed in this study in order to describe, observe, and take note of the reoccurring phenomenon from the observations. In this descriptive study, qualitative data collection techniques were used. The study takes into consideration a qualitative approach so as have an in-depth understanding of and proffer better judgement. The qualitative approach is also useful in the case study method as it appears to me more appropriate for the study.

The case study method is a very popular form of qualitative analysis and involves a careful and complete observation of a social unit, be that unit a person, a family, an institution, a cultural group or even the entire community. This study gathers data from a wide variety of journals, articles and books particularly with interest on the United States of America, China and United Arab Emirates. As a result of the approach and method of data collection, the study will make use of purposive/judgmental sampling.

**Data Analysis**

In this research where the data is on the basis of the role of ethics in the progress of a company is collected from the sources of past researches, articles and case studies by using the deductive approach as the whole data is based upon the qualitative analysis. The purpose of this study is to highlight those ethical practices, which will affect the organization in a positive manner, as it will give progress to the company.

**FINDINGS**

**Case Study 1: McDonald’s Marketing Strategy towards Children**

In an article written by [34], they studied the McDonald’s corporation relating its marketing strategies towards children. The study found out that there exists a controversy arising from the attitude of parents towards the marketing tactics of the company.

The study pointed out that in 2010; McDonald’s was sued for unethical marketing practices towards children through the act of providing toys whenever the kids have a pack of ‘happy meal.’ Parents claimed that McDonald’s had invaded the minds of their children through its deceptive marketing. This showed that McDonald’s purposely marketed children because they are able to persuade their parents to purchase their products. Other complaints that the company influences unhealthy eating habits in children through their adverts thereby exploiting them rose with the toy claim.

The study examined four ethical theories to determine if the company was acting ethically or not and why. For each of the theory, McDonald’s deemed to have acted ethically except for the Kantian theory. The individualism theory claimed an ethical practice by the company as it was based on maximizing profit for the owners and stockholders. This was a success because the picture posed to the children through the adverts causes them to persuade their parents to take them for a treat and in the long run not only the child gets to purchase an item but also the parent(s) therefore...
increasing profits. Also, the utilitarian theory supports the ethical claim of the company having to state that happiness should be maximized while pain should be minimized. As long as the children get what they want, they remain happy, the joy of the child gives the parent a sense of happiness, higher profits are recorded by the company and employees are better job secured. With all these in place, maximum happiness is achieved and such is deemed to be ethical.

**Case Study 2: McDonald's in China**

Another article written by a HND student titled ‘Ethical issues faced by McDonald’s’ in 2015 sought to consider the issues the company faced in China. The study observed that one of the company’s outlets in Beijing sold expired food to customers and store staffs were involved in changing the expiry dates on the foods. The theory of CSR was used to analyse the issue and results showed that sales rate continued to decline. Many customers restricted from buying their products threatening not to return until McDonalds was ready to respond to the claims [35].

**Case Study 3: McDonald’s Beef Fries Controversy**

In another study, the researcher wrote on the controversy of McDonald’s ‘Beef Fries’ [36]. It was reported that in the USA, the company in 2001, was accused of wrongfully selling its French fries as 100% vegetarian products when actually they contained beef flavoring. The lawsuit alleged that the company had for over a decade, duped the vegetarian customers into eating French fries that contained beef extracts. This spread over to India causing a decline in revenue as some of its restaurants to be vandalized after protesters accused the company of unethical practices as it was expected to protect its customers. The case was eventually settled with the company paying damages to vegetarian groups and accepting that it had done wrong.

**Case Study 4: McDonald’s Ethical Criticisms in Europe**

Another case titled, ‘McEurope: McDonald’s faces ethical criticism in Europe’ [37] reviewed and seem to indict the company of unethical practices in Europe. The study focused on the problems of obesity and unhealthy eating that have confronted the company. The criticisms covered many of the key issues around ethics, globalization and sustainability. McDonald’s meals were observed to contain food items that contributed to obesity causing different harm to the health of Europeans. The eating habits of the Europeans were also adjudged to have been unethical following the trend in advisement by the company which affected the children in particular. Although vigorous efforts have been put in place to restore the credibility of the company but yet, it is still a rising issue among the fast food industry.

**Case Study 5: Ethical Consumerism: McDonald’s**

In another study [38], McDonald’s was used as a case study for what ethical consumerism was for business. The study evaluates McDonald’s ethical operation through primary survey and secondary research. The conveying result of the analysis showed that consumers are making ethical choices except for the fact that the fast food products are not healthy for children. It also revealed that the prospects of the company in its current situation need to be transformed for the betterment of the consumers having considered that to be one of the company’s weaknesses. Ethical consumers are very much concerned about other ethical issues than the quality and price of the good. They seek rather for better standards in the way products are produced and distributed around the globe. The study provided the following tables and charts showing a primary survey which was carried out to ascertain some facts about the company from its customers.

<table>
<thead>
<tr>
<th>Table-1</th>
<th>Do you visit McDonalds for eating?</th>
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<tbody>
<tr>
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<td>Number of respondents</td>
</tr>
<tr>
<td>Strongly disagree (1)</td>
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<td>Disagree (2)</td>
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<td>20</td>
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<td>Strongly agree (5)</td>
<td>6</td>
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Do you believe that the company is ethical in giving 100% more vegetables, fruits, whole grains or low fat grains?

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<th>Likert scale range</th>
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<th>Frequency percentage</th>
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<td>8</td>
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<tr>
<td>Disagree (2)</td>
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<td>20</td>
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<td>Indifferent (3)</td>
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<td>16</td>
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<td>Agree (4)</td>
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<tr>
<td>Strongly agree (5)</td>
<td>8</td>
<td>16</td>
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How far are you satisfied with the animal meat used in McDonalds?

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<th>Frequency percentage</th>
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<td>Disagree (2)</td>
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<tr>
<td>Indifferent (3)</td>
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<td>32</td>
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<tr>
<td>Agree (4)</td>
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<td>28</td>
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<tr>
<td>Strongly agree (5)</td>
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<td>12</td>
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Do you think the food provided by McDonalds is nutritional for the children?

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<th>Likert scale range</th>
<th>Number of respondents</th>
<th>Frequency percentage</th>
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<td>Strongly disagree (1)</td>
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</tr>
<tr>
<td>Disagree (2)</td>
<td>16</td>
<td>32</td>
</tr>
<tr>
<td>Indifferent (3)</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td>Agree (4)</td>
<td>8</td>
<td>16</td>
</tr>
<tr>
<td>Strongly agree (5)</td>
<td>4</td>
<td>8</td>
</tr>
</tbody>
</table>

The food provided by McDonalds is nutritional for the children

<table>
<thead>
<tr>
<th>Likert scale range</th>
<th>Number of respondents</th>
<th>Frequency percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly disagree (1)</td>
<td>12</td>
<td>16</td>
</tr>
<tr>
<td>Disagree (2)</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
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<td>16</td>
<td>32</td>
</tr>
<tr>
<td>Agree (4)</td>
<td>14</td>
<td>28</td>
</tr>
<tr>
<td>Strongly agree (5)</td>
<td>6</td>
<td>12</td>
</tr>
</tbody>
</table>
Does the company comply with the standards of ethics and values when it comes to using paper bags and recycling the wastes?

<table>
<thead>
<tr>
<th>Likert scale range</th>
<th>Number of respondents</th>
<th>Frequency percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly disagree (1)</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Disagree (2)</td>
<td>8</td>
<td>16</td>
</tr>
<tr>
<td>Indifferent (3)</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td>Agree (4)</td>
<td>14</td>
<td>28</td>
</tr>
<tr>
<td>Strongly agree (5)</td>
<td>13</td>
<td>26</td>
</tr>
</tbody>
</table>

What is your perception about McDonalds when it comes to Green Economy? How would you rate it?

<table>
<thead>
<tr>
<th>Likert scale range</th>
<th>Number of respondents</th>
<th>Frequency percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly disagree (1)</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Disagree (2)</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>Indifferent (3)</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td>Agree (4)</td>
<td>17</td>
<td>34</td>
</tr>
<tr>
<td>Strongly agree (5)</td>
<td>12</td>
<td>24</td>
</tr>
</tbody>
</table>
The charts and tables as it appear above revealed that about 52% of the people were actual customers of the company. 56% of the population sample supported the fact that the company gives 100% more fruits and vegetables while about 14% disagreed with the rest been indifferent. It also shows that 40% of the people were satisfied with the animal meat used by the company while 32% showed dissatisfaction. A whopping 56% of the population sample thinks that the company’s food wasn’t nutritional for the children while about 24% of them were satisfied with the nutritional contents for children. Views have it that when it comes to recycling and standards of ethics and values, the company proved to be on a relatively fair side of the people.

The secondary research reveals that a program undertaken by The White House [39] which approaches to promote a sound consumer awareness and leverage market power collaborated with the Walmart, McDonald’s and Subway had helped to fight labour trafficking which had taken place within the Sunshine Stat’s Tomato industry [40].

**Case Study 6: Why is McDonald’s Sales Declining?**

Another article [41] researched into why McDonald’s sales were falling. It observed that the market share of the company grew in multiples over a number of years; having been profitable during the early 2000s, the company’s share price went from $12 in 2003 to more than $100 at the end of 2011. But recently, the company’s share has begun to decline as a result of the dwindling global sales since 2015. The study observed that some of the company’s problems arose from operational mishaps across the world. In particular, Asia, where it makes nearly a quarter of its global revenues has been hit by several health scares. Sales in China fell sharply after one of its suppliers was discovered to be using expired and contaminated chicken beef. Also in Japan, customers have reported to have found bits of plastics and even tooth in their food.

Aside these problems, geopolitics was also revealed as a contributing source of problem to the decline of sales globally. An example is the retaliation against the Americans and Europeans by Russia sanction over its military intervention in Ukraine which has led to some Russian politicians clamoring for the chain to be thrown out of the country completely even though they had started to experience temporary closing down of some outlets in Russia.

**Case Study 7: McDonald’s Customer Experiences**

A report on full-service and limited-service (fast food) dining chains [42] is based on interviews with 5,557 customers, chosen at random and contacted via email between June 8, 2016, and May 12, 2017. Customers are asked to evaluate their recent experiences with the largest sit-down and fast food restaurants in terms of market share, plus an aggregate category consisting of “all other”—and thus smaller—restaurants in those industries. The report as related to the limited-service restaurants one which McDonald’s belongs to, reveals that Customer satisfaction with fast food restaurants is stable at an ACSI score of 79. Quality ingredients combined with fast service and low prices are helping limited-service restaurants outperform full-service restaurants. Chick-fil-A remains the leader, unchanged at an ACSI score of 87. Panera Bread’s investments in technology have improved efficiency and bumped its ACSI score up 1% to second place at 82. Panera ties with Papa John’s (unchanged) and the combined score of all other smaller chains and individual fast food restaurants (+1%). Meanwhile, McDonald’s continues to run at the bottom of the industry, flat at 69.
Case Study 8: Declining Trend in Sales of McDonald’s Products

According to McDonald’s six year financial summary spanning from 2011 to 2016, it shows that the company’s total revenue experienced a declining trend from 2011 to 2016 except for 2013 when it relatively rose but then declined further years after. Researchers have attributed this decline in revenues to the issues currently facing the company, one of which ethics is involved. The financial summary is shown in next page.

Sequel to the reviewed literatures, the research has been able to evaluate the crucial impact of ethics on boosting the progress of the company. The results revealed that ethics which comes in various ways cannot be ignored no matter how irrelevant it may be. McDonald’s recorded many losses as a result of unethical processes which in the long run did more harm than good on its business performance. Results revealed many cases of unethical behavior emanating from employee which imposed a bad image on the company. Unethical behaviours led to the company’s financial breakdown recording a dwindling trend in financial prowess and losing its credibility.

The results also claimed to have explored the influence of healthy food on the company’s success. It was revealed that some of McDonald’s meals were unhealthy particularly for children resulting into several illnesses ranging from food poisoning to cancer. The meat/beef, fries and other meals containing cholesterol were adjudged by many customers to have an adverse effect on healthy living causing the company to be involved in several lawsuits.

The CSR activities of the company were relatively well-spoken of by many customers who seem to have agreed with some of McDonald’s policies and safety measures. This contributed to the brand image and reputation of the company causing to remain among the top restaurants in the industry besides the fact that they were also losing some of the trust of their customers as a result of their weaknesses.

In trying to obtain facts about McDonald’s employees satisfaction geared towards the company’s development, the results from the case studies showed that employees were unsatisfied with the company’s working conditions causing a high rate of employee turnover. In fact, there were records of some employees’ protest against the company seeking a raise in pay, better job securities and relationship with their employer. Many data revealed McDonald’s to be less concerned with employees’ welfare and even made the company rank very low in employee satisfaction measures.
## CONCLUSION AND RECOMMENDATIONS

By analyzing several literatures from research articles and journals, the findings and result all move towards one trend, that is, ethics plays a very important role in business performance. The important element of the fast food industry is hygienic food; corporate social responsibility and the behavior of employees that creates a practical impact on the customers need a pillar of ethics. These practices must stand on particular ethical grounds.

Organizations consists of many persons including management, employees, customers, and the environment which necessitated the execution of core strategies geared towards developing the organization. For the same reason, the rules and policies of the company must be simple and policies governing ethics clear enough for the stakeholders’ easy grasp. Ethics is not only the responsibility of the company’s management but the employees and the customers themselves are compelled to be responsible to practice ethically in the company [43].

Concisely, the research has found out that the employees, customer, and environment are the asset of any company and ignoring one of those will lead to a

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### Six-Year Financial Summary of McDonald’s Total Revenue

Source: McDonald’s Corporation 2016 Annual Report [19]

<table>
<thead>
<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales by Franchised Restaurants</td>
<td>$16,829</td>
<td>$18,003</td>
<td>$18,293</td>
<td>$18,196</td>
<td>$18,063</td>
<td>$18,488</td>
</tr>
<tr>
<td>Sales by Operational Restaurants</td>
<td>$15,801</td>
<td>$17,722</td>
<td>$18,073</td>
<td>$18,215</td>
<td>$18,458</td>
<td>$18,911</td>
</tr>
<tr>
<td>Total Sales</td>
<td>$32,630</td>
<td>$35,725</td>
<td>$36,368</td>
<td>$36,411</td>
<td>$36,481</td>
<td>$37,400</td>
</tr>
<tr>
<td>Operating Income</td>
<td>$7,745</td>
<td>$9,748</td>
<td>$9,024</td>
<td>$10,084</td>
<td>$10,760</td>
<td>$11,498</td>
</tr>
<tr>
<td>Net Income</td>
<td>$4,687</td>
<td>$5,229</td>
<td>$4,758</td>
<td>$5,586</td>
<td>$5,465</td>
<td>$5,503</td>
</tr>
</tbody>
</table>

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crisis within the company. Despite the strong image of the company, there are still some impediments causing her to lose credibility among its customers and this is not a good way to encourage development in the organization.

McDonald's in UAE has a wide range of customers who are accustomed to having their meals at the restaurant on a daily basis causing health issues to increase as some of the meals are still yet to meet health standards. Obesity and gradual dismissal of cultural values still rocks the industry though the government and stakeholders in the industry are working hard to mitigate the problems arising from eating unhealthy meals.

**Fig-2: Relationship between the components of Ethics and Business Performance**

Source: Authors' Diagram

After a careful analysis of the results revealed, the following recommendations seeking to contribute to the development of the industry are placed as follows:

In a bid for ethics to have a positive impact on the company and the industry at large resulting in not only the success of leadership, financial and social prowess but also environment and economic safety, the company and industry at large should ensure that its ethical policies are strictly adhered to by all stakeholders. One of the ways to do this is to create adequate awareness among the employees, top management, customers and other stakeholders in the industry. Trainings are also key to enable the employees function effectively and efficiently. Training sessions would help convey proper information about recent trends in the industry causing the employees to be better informed and careful not to tarnish the image of the company.

Also, it is very important for the company to take healthy living conditions seriously. Any further issues arising from its meals causing health disorders would only cause the company to waste time attending to lawsuits, paying compensations and in the long-run losing a large chunk of customers to better behaved competitors. It is therefore necessary for the company to consider ways of using naturally grown farm produce rather than the harmful artificial products in order to mitigate the issues of obesity, heart problems and other health disorders. The company should also consider diversifying the diets to suit different age groups and tastes.

To ensure that McDonalds doesn’t participate in environmental hazardous activities, it should make use of renewable forms of energy such as solar energy. This is will lead to less carbon emission and discourage the depletion of the earth’s ozone layer. Environment policies should be taken into serious consideration so as not to be faced with political challenges which may in the long-run cause the company to be banned from activities in the domiciled country.

It is also the responsibility of the company to ensure that its employees’ welfare is better taken care of in order to reduce the rate of employee turnover. All reports concerning the way the company treats its employees are not in favour of the company as even many protests have been engaged to mitigate the plight of the employees. The company should therefore improve its employees working conditions and ensure that reasonable packages are put in place to satisfy them.

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