

The contribution of mcdonalds to society



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This report is regarding to a research in McDonald's social performance and analyzing how well McDonald's performance with regards to fulfill the needs within society. Although McDonalds is a monopoly and worldwide fast food restaurant, there will be positive and negative elements of performance that might affect the society. Therefore, this report will show us the overall of McDonald's performance and giving some example to illustrate and explain in more details.

This report is discussing about the review and aspect of social performance, such as the overview of McDonalds and the contribution of McDonalds to our society. McDonalds opened its first restaurant in Malaysia in year 1982, it has been given a lot of advantages to Malaysia. In addition, McDonald also participates to the environmental protection plan to save the world.

However, a big cooperation company may have positive and negative impact due to social performance. In this section, we will discuss about the impact of McDonald's social performance. For an example, McDonalds and McCurry has been tangling for 8 years in the legal battle, this is the issue that McDonalds have encountered as the copyright has been violated.

Furthermore, nowadays people are concerning in their healthy life, but fast food is considered oily and bad for health, McDonald have to come out with a strategy to overcome it and attract more customers.

In the next section, we will discuss about how the stakeholders affected by the McDonald's social performance. There are three elements of stakeholders, which are internal, connected and external stakeholders, but in this section we will discuss the internal and connected stakeholders only

because the external stakeholders do not affect much to McDonalds. The external stakeholders include the government, neighbors, pressure groups, local councils and the surrounding community. (Ian Worthington 2009)

Last but not least, McDonalds Corporation is the world's largest chain of hamburger fast food restaurants, it may have encountered some difficult problems. This report may help McDonalds to overcome the issues with some suggestions as well as to develop a good impression and expanding its market in the future.

McDonalds is a big corporation and international fast food restaurant around the world, it was founded by Richard and Maurice McDonald in 1937 in California, and 43 years later in December 1980, the global fast food restaurants had arrived in Malaysia (The Communications Department McDonald's Restaurants Ltd 1995). It gives a lot of advantage to McDonalds and opportunity to capture more shares and customers as the fast food trend in Malaysia still have the market to expand. Since 1982, McDonalds opened its first restaurant stated in Kuala Lumpur, Malaysia. It creates many job opportunities, especially in its headquarter which is having more than 8, 000 local people and 120 support staffs being employed.(M. Azu, 2010)

This report reviews McDonald's social performance, and how the McDonald's performance influencing to the society. Furthermore, it also shows the effective of stakeholders and the performance of company with regards to fulfilling needs within society.

Social performance

The corporate social performance consists of measurement in “ how well the institution has translated its social goals into practice” (CGAP Workshop Paris 2004). It also known as corporate social responsibility (CSR), is define as the continuing commitment by business to behave ethically and contribute to economic development...” (Lord Holme and Richard Watts n, d.) There is another definition, “ CSR is about capacity building for sustainable livelihoods. It respects cultural differences and finds the business opportunities....” (Ghana n, d.)

For McDonalds, my own definition is that CSR is about how companies manage the business operation to produce an overall impact on society and creates a good impression to customers and stakeholders in order to making profits in ways of belief in welfare, and responsibility to take care of welfare benefits. In this section, we will discuss about how well the CSR of McDonalds in the society.

2. 1 Services provider & technology improvement

McDonalds also provides customers extra services such as delivery order through phone and online, and also 24 hours service for people who look for quick meal during their night shift. (McDonald’s n. d.) It gives a good aspect of economic arises as many household can purchase the fast foods in the convenience way. This will slightly increase the rate of consumption in Malaysia. Moreover, it helps to develop infrastructure especially telecommunication, intercommunication and so on, as nowadays people are lazy to go out having their meals, some of them are ordering their meals through internet rather than driving a car to buy foods.

2. 2 Environmental protection

Environmental protection refers to “ any activity to maintain or restore the quality of environmental media through preventing the emission of pollutants or reducing the presence of polluting substances in environmental media.” (Glossary of Environment Statistics, Studies in Methods 2001). In this case, McDonalds is announcing a plan to buy up \$100 million in recycled construction materials for use in building and remodeling its fast-food restaurants. (John Holusha 1990), it is helping the recycling industry to reclaim those materials such as newspapers, cans and bottles.

In addition, McDonalds also uses the recycling materials for packaging such as beverages, burgers and so on. However, the McDonald’s recycling program is not only aimed to do like that, the company said the plastic items are also can reform into the useful items such as trays and buckets. (John Holusha 1990) Therefore, sometimes McDonalds will come out with their strategy such as using the recycle plastic items to make plastic glass as a free gift for customers who buy a set of meal.

3. 0 Impact of social performance

As we know that McDonalds is a fast food restaurant, some people might not satisfy with their services or foods. This section will tell us the issues that McDonalds encountered and the way of improvement.

3. 1 Copyright and Patents

Copyright is a “ protection for original expression of ideas that we cannot copy from them who have registered”. (HJ Ventures International, Inc 2004) There are different functions between copyright and patent. For a thing to be

patented it must be useful. Since we know that McDonalds is a big corporation, they had registered the copyright and patents, which mean people cannot use the similar name or product when forming a business. However, sometimes company may face the copyright and patents problem.

For an example, there is hottest news in recent years, which contend about the copyrights of the company name, McDonald's v McCurry. " McDonald's vigorously defends its trademarks against violations anywhere in the world..." (Liam Jeory 2009) We can see that McDonalds strongly defends against their copyrights. However, McDonalds failed to sue McCurry for the copyrights, McCurry argued that their selling foods such as briyani rice, nasi lemak, while McDonald's sells fries, and burgers, etc. (Boey Wei Lyn, 2010) In this case, the court held that their style is use in different terms of presentation, get-up and targeted market, and the signboard for McCurry would not result in reasonable persons associating McCurry Restaurant with McDonald's. (Boey Wei Lyn 2010) In fact, McCurry offered to the customers are totally different from what McDonald's offered, and this shows that McCurry did not use " Mc" to name their food items served in his outlet. In conclusion, the court stated that there was no proof in such circumstances, and eventually McDonald's leave to appeal to the court and awarded McCurry cost of RM10, 000.

3. 2 Nutrition

Nowadays most customers concern in healthy foods. However, fast food is considered oily and bad for health, it will link to serious diseases such as heart disease, cancer, obesity and so on. McDonald's has no sufficient scientific evidence to prove that their food can be valuable part of a balance

diet. Many people said that McDonald's are selling unhealthy products, for most people who practice to eat the healthiest possible food usually either cooks at home or have meal at the workplace to avoid taking fast food.

(Helen and Dave) However, the situation is changing rapidly, many food industries has processed the unhealthy mass for food that it can used to replace fresh and healthy foods.

This successful development had causes a serious problem in human health as now they currently sell to about 30 million people daily. (Helen and Dave) People start to rely on McDonald's fast food and dislike cooking at home as it's convenience to all of them. Therefore, McDonalds has become the world largest threats for human health which people are concerning about.

3. 3 Legal and Political Environment

Malaysia is formally an Islamic nation as majority of its population comes from Muslim. McDonalds will have to bind with the Malaysia Law which is Syariat Law, it stated that all food served must be Halal. (M. Azu, 2010) It brings a lot of limitation to McDonald's food offered to Malaysia. In order to capture and making profit in this market, McDonalds have to cooperate in working with suppliers, authorities, local businesses and government throughout their international operations.

As we know that McDonalds makes many offers such as beef, chicken, pork, fish meal around the world, McDonalds is forced to follow the law in Malaysia by serving the Halal food to gain Islam consumers confident which creates a good impression in Malaysia. Therefore, McDonalds must concern in the type

of foods in Malaysia they offered, especially the total absence of pork products.

Effective of Stakeholders

Stakeholders can be defined as “ individuals and groups who are affected by the activities of an organization.....”(Ian Worthington 2009). McDonald’s stakeholders have the combination of Internal, Connected and External Stakeholders in Malaysia. This section shows only the analysis of the two elements of stakeholders as external shareholders take less effect in McDonald’s organization.

4. 1 Internal Stakeholders

Internal stakeholders includes both elements, which is managers and employees, this type of stakeholders will affect the day-to-day operations in McDonalds as their working performance will directly affects McDonalds business and the impression of the company.

4. 1. 1 Managers

In Malaysia, there is only one managing director, Azmir Jaafar, who is responsible to all the McDonald’s restaurant in Malaysia. He is the one who works from low hierarchy level which is assistant manager, store manager, to high hierarchy level of operations consultant, market manager and director of operations. As a trainee manager, he said that the manager needs to understand the basics of cooking burgers and cleanliness in the kitchen at all times. (Sarah Chew 2009) Therefore, a manager must make sure that day-to-day operations are running smoothly and serving the foods and beverage constantly. Moreover, a stock manager also plays an

important role which he has to make sure the ingredients are fresh and applicable.

4. 1. 2 Employees

For a trainee manager, he has to qualify the needs of employee in McDonald's operations. As McDonalds open for 24 operation hours, sometime they need to find someone who is fast learner and able to work in flexible hours. Therefore, the communications interact between employees is the important skills for a manager to manage the working schedule and so on. In addition, Azmir Jaafar said that he love his job because McDonald's has been rated for 10 best employers. (Sarah Chew 2009) McDonalds is also providing training to their employees in terms of management skill, customer service skills and so on so that employee's positive attitude toward customers can bring positive image to the public.

4. 2 Connected Stakeholders

Connected stakeholders cover groups such as shareholders, suppliers and customers, and are parties which invest or have dealings with the firm. (Ian Worthington 2009) These elements will strongly affect the financial performance of the company.

4. 2. 1 Customer

In fact, customer is the key element for McDonalds to survive in the market. Sales levels increase or decrease directly affects the cash stream flow system and McDonald's stock listed in the market.

4. 2. 2 Shareholders and suppliers

Supplier helps to maintain the McDonalds demands and to make sure that ingredient is fresh, as while as McDonalds can provide the best tasty food served to customers. On the other hand, “ increasing of shareholders value will be best served....” (Ian Worthington 2009) Company and shareholders will get profits if the company performs well and achieving success and financial well-being.

5. 0 Conclusion

In short, this report clearly shows that McDonald’s business operations and the impacts of social performance within society, I believe the highlighted points are important to McDonalds to pay close attention and overcome it, and help to improve their performance while expanding the business to the market in near future.

6. 0 Recommendation

As we know that McDonald’s fast food is considered oily and bad for health, I suggest that company should offer healthy foods such as sweet potato, vegetables salad meals to target the people who are vegetarians. Moreover, company should not only target the customers, it can cooperate with another company to form a new restaurant in order to fulfill the vegetarian or healthy needs, and response to any activity such environmental protection plan in the society.