

Business ethics of kfc assignment one:



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Assignment one:

Q1. There are mainly three theoretical ethical approaches present and they are:

Deontological ethics: Deontological ethics is basically a normative ethical position in which the morality of action is judged based upon the adherence of the rule by action. The theory had been developed by Immanuel Kant (Klein & Smith, 2004). Kant argued that it is not the consequences of any action which can make right or wrong but the motives of the person who is responsible for taking up the action itself.

Consequentialism: Consequentialism is an ethical theory which takes into consideration the consequence of the conduct of a person. The judgment about the rightness of conduct is based upon it. According to the consequentialism theory, it can be stated that the morally right act can bring out good and positive outcomes (LeClair, Ferrell and Fraedrich, 2012). The theory has been developed to be distinguished from the deontological ethics.

Pragmatic ethics: Pragmatic ethics has been developed by John Dewey who believed that some of the societies have progressed substantially morally in the very same manner in which they attained progress in science. The pragmatic ethics also states that principles, norms and moral criteria can be improved through inquiry.

Q2. Comparison of absolute ethics and relative ethics:

The absolute ethics is based on the theory that some things can be considered either right or wrong from a particular point of view and the things cannot be changed as per the culture. There are certain actions which

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are intrinsically right or wrong. It means they are right or wrong according to their point of view. On the other hand, the relativist ethics is based on the theory that there are no valid moral principles. If an action is good in itself and if it is considered bad by others then there is no basis to find out the truth behind it (LeClair, Ferrell and Fraedrich, 2012).

Q3. Ethical issues affecting the businesses:

In the complex global business environment, all the businesses face various types of ethical issues. They are:

- **Fundamental issues:** The most essential and fundamental ethical issue which the businesses should face is trust and integrity. The businesses should treat every customer fairly and all the business affairs should be carried out with honesty. From the perspective of KFC, one of the companies considered for this study, the organization should strive to provide the best quality of food to every customer, providing the maximum value for money. Also, they should maintain transparency in the ways they conduct business in every possible arena.
- **Diversity issues:** There are many companies that always employ the workers from a specific culture or community. An ethical response to the diversity mainly begins with recruiting the diverse workforce and all the employees in KFC should be given equal opportunities in various aspects such as training, promotion etc (LeClair, Ferrell and Fraedrich, 2012). It should start with providing equal opportunity to every individual who applies for a position in the organization. The ethical response of the company is fulfilled when the employees can enjoy a

respectful workforce which values the contributions made by them to the company.

- **Marketing issues:** There are some marketing ethical issues which might be confronted by the organizations. There are many companies who promote their products to a particular community or culture which is purely unethical approach to marketing. Organizations also involve themselves into falsely promoting the benefits of certain items. All these result into customers taking up decisions in favour of the company based upon false promises. KFC holds the ethical duty of designing their marketing campaigns based solely upon the truth (Maignan, Ferrell, and Ferrell, 2010).
- **Decision making issues:** Ethical decision making processes of the organizations should protect the employees and they should make sure that all the operations of the businesses should be fair. The business decisions at KFC should never be framed in a manner which would cheat their customers, deprive their employees of their rights and defraud the government & society in general.

Assignment two:

Q1. How business objectives are affected by ethical considerations

There is huge importance of ethical considerations in the business of KFC. The ethical considerations can help KFC to address the problems, situation and opportunities to choose the actions. As KFC has adapted ethical standards in marketing, they promote their products among people with correct information. They have also adapted ethical standards in packaging

of the products. The government agencies of the countries in which KFC operates their business and the consumers too have pressured KFC to provide healthier menu options to the customers, particularly among children and since, KFC started to provide healthier food options to the customers, the total number of customers has increased (Merritt, 2011). KFC also employed a diverse workforce in almost all the countries in which they operate and they have also employed a huge number of people with physical challenges. It helped them to be appreciated by the governments and agencies of the countries.

Q2. Implications for a business and its stakeholders to operate the business ethically:

The ethical operations of the business of KFC have also helped the stakeholders to be benefitted. The most important stakeholders i. e. the customers can get healthier menu options which help them to reduce their costs of daily meals (Merritt, 2011). The shareholders of the business have also been benefitted as their profit has also been increased due to the ethical operations of the business. The government agencies have also been satisfied with the ethical considerations of KFC and more and more countries are giving opportunity to KFC to expand their business in multiple countries.

Q3. Role of KFC acting as a moral agent:

KFC is a world-renowned organization, which has become a moral agent in terms of diversity in employment and promoting healthy eating and lifestyles. There are even stores that are run entirely by hearing and verbally-disabled individuals. By doing this, the company has extended tremendous support to the disabled communities and has set a great

example of employment ethics. In turn, it has also aided the organization in gaining huge amounts of popularity in the society as a whole. Also, KFC promotes healthy eating by offering healthy food options in the menu and marketing them aggressively to attract customers, especially kids. For example, its grilled chicken is a healthy option and is promoted with a lot of vigour (Idalberto, 2012).

Q4. Analysis of the development of mechanisms to achieve employee empowerment and involvement:

In order to achieve employee empowerment and involvement, KFC motivates employees with the employee of the month mechanism. The best employees get this award and their pictures are displayed at the stores. Employees are also motivated with incentives, rewards, etc. Diversity is a priority and KFC has incorporated different community websites, job sites, etc. in order to involve different kinds of people into the workforce. The company also promotes female leadership. In 2012, special assignments were designed to identify leadership skills so that 15 women could be given leadership roles in the company (Gil, 2012).

Assignment three:

Q1. A current ethical issue affecting McDonald's:

The McDonald's Corporation is the largest restaurant chain fast food in the world and is based in the U. S. It manages its subsidiaries directly or through franchise. McDonald's restaurants are found all over the world (to employ full-time about 438, 000 people) and have become one of the most recognizable symbols of so-called globalization, the fast-paced lifestyle and

modern consumerism. A recent ethical issue that the company has been facing is criticism of its employment practices. On 5 August 2013, The Guardian published in a report that 90% of the employees working in McDonalds, UK, had zero hour contracts (Idalberto, 2013). Zero hour contracts are contracts that do not specify any work schedule or regular time period of duty. There is no obligation to provide work or pay, and, the company can make employees work in an 'on call' system. Thus, under this contract, McDonald's can pay employees strictly on the basis of hours worked. The Guardian revealed that McDonald's is the world's biggest zero hour employer. Zero hour contracts, though legal, are considered to be unethical as they are often used to exploit the workforce. As per a study done by the Fast Food Forward, due to zero hour contracts, 84% of the workforce of all fast food companies in New York, are paid less than the salaries they deserve (Neville, 2013). In the period between 2007 and 2011, employees of the fast food industry in USA had to get help worth \$7 billion from public assistance options as their low salaries could not help them sustain themselves and their families (Fast Food Foreward, 2013). As per the research by Fast Food Forward, some of the employment practices and HRM practices of McDonald's are unethical. If minimum wage employees ask for help or proper salaries, the McResource phone line provides the advice of getting food stamps. The McResource website states that employees should divide their food into small pieces while eating, so that, they have the feeling of eating more food. The website also advises employees to get cash refunds on gifts that have not been opened and to stop complaining. The site states that complaining results in 15% increment of stress levels, and hence, should be avoided (Neville, 2013). These practices, advices and statements

of McDonald's have been criticized heavily and the company was forced to shut down the McResource website. These incidents have created a lot of negative publicity for the company and have damaged its reputation (Rabaglio, 2011).

Q2. Report on how McDonald's can improve the ethics of their operations whilst meeting objectives and ensuring good employee/employer relationships:

McDonald's can solve this ethical issue and improve its operations by opting for ethical employment and HRM practices. It can avoid zero hour contracts and have full time employees who are paid adequate salaries (Rabaglio, 2011). In order to accommodate the increased expenses, it can reduce the number of employees. Presently, most employees work on an hourly basis, and hence, do not have any liability to work complete shifts of fixed duration. With fixed shifts of 8-9 hours, even a reduced work force can provide high quality of work performance and the overall productivity will not be affected negatively. Also, adequate salaries will improve the relationship between management and employees and the morale and motivation of workers will improve. This will increase efficiency. The company should also make a strict clause to avoid child labour. Finally, in order to incorporate part time workers, the hourly payment option should be replaced with half shift options of 4-5 hours. This can be ideal for students (Marras, 2011).

Q3. Suitable ethical code:

A suitable ethical code for McDonald's would involve the following policies:

- Child labour should be banned strictly

- Full time employees should be paid adequate salaries with respect to their job roles and zero hour contracts should be abolished
- Work schedules should be established in well defined shifts
- Employee needs should not be neglected (Idalberto, 2012).

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