

# Introduction to kentucky fried chicken business essay



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This report discusses ethical dilemma such as overcrowded environment, cruelty in slaughterhouse and trashing the Amazon rainforest of KFC and their suppliers and evaluation using moral standards such as Utilitarianism theory and theory of rights and moral duties with recommendations on how these dilemmas may be avoided or solved.

## **1. 0 Introduction to Kentucky Fried Chicken (KFC) Corporation**

Kentucky Fried Chicken (KFC) was found in Louisville; it is the world's most widespread chicken restaurant chain which offers services to more than 12 million clients in 109 nations all over the world. Kentucky Fried Chicken operates more than 5, 200 restaurants in the US and more than 15, 000 restaurants all over the world. KFC was introduced by Harland Sanders in the early 1930's. Sanders began preparing and serving food for hungry travellers who pass through by his service station in Corbin, Kentucky, United States. Sanders did not own a bistro, but he used to serve travellers on his own dining table in the living quarters section of his service station. He expanded his business by 1964, as time passes he franchised more than 600 chicken restaurants in all over United States and Canada. Consumers around the world enjoy more than 300 other items from KGF (Kentucky Grilled Chicken) in the US and a salmon sandwich in Japan. KFC then merged with Yum Brands in 1997 when that enterprise was acquired from PepsiCo as Tricon world-wide restaurants Inc (KFC, 2012). C: UsersHPDesktopkfc-logo. jpg

## **2. 0 Ethical Dilemmas**

An Ethical dilemma is a complex situation that often engages an apparent mental confrontation between moral imperatives, in which to comply one would outcome in transgressing another (PETA, 2004).

Few years back KFC faced questions from NGO such as Greenpeace and The people for treatment of Animals (PETA) regarding unethical activities by KFC's suppliers for chicken such as Cargill and Pilgrim's Prid. KFC was suspect for its role in the decimation of the Amazon rainforest and their ill-treatment towards chicken in poultry farm by PETA (PETA, 2004; Greenpeace, 2006).

### **GREENPEACE Perspective**

Greenpeace is an independent global campaigning organisation that works towards changing attitudes and behaviours of others and to protect and conserve the environment and to promote peace. Another unethical issue of KFC was raised by Greenpeace for their link in destruction of the Amazon Rainforest. In 2006 Greenpeace came up about the mass deforestation in Amazon rainforest caused by KFC (Greenpeace, 2006).

## **2. 1 Dilemma 3: Trashing the Amazon rainforest**

According to Greenpeace, KFC is fuelling the destruction of Amazon by selling cheap chicken fed on soya grown land. Greenpeace investigation clearly shows that large area of rainforest is being destroyed by direct sales of cheap soya by KFC's supplier Cargill, in order to sell billions of chickens products to its consumers at low cost. The KFC demand of soya fed for its

chicken to their supplier Cargill has done this unethical activity, which is affecting the global climate. Rainforest that covered a huge part of earth's land area has reduced due to deforestation, which clearly shows very high impact of business operations. Greenpeace wants Cargill and KFC to make that animal feeds they buy do not contribute to destruction of Amazon (Greenpeace, 2006). C: UsersHPDesktopkfcbanner. jpg

### PETA Perspective

People for the Ethical Treatment of Animals (PETA) is the large animal rights organization. They have more than 3 million supporters and members. In 2004, PETA revealed the results of an investigation which was done into a KFC's supplier's poultry farm in Moorefield, West Virginia; that supplier is known as Pilgrim's Pride (PP). PP is second largest processor of chickens in US. PETA revealed that each year probably more than 1 billion chickens got tortured and killed in the poultry farms. The overcrowded environment, cruelty combined with frustrated workers and lack of ethical operation processes led to improper acts in KFC's supplying slaughterhouse (PETA, 2004).

PETA came up with several ethical dilemmas of KFC from which two are explained in this report.

## **2. 1 Dilemma 1: Overcrowded farm environment**

PETA revealed that in PP's farm, chickens are stuffed in overcrowded sheds where they can hardly find space to move; in the result chicken hurts each other. To save space and avoid chicken hurting it selves and others, the

employees cut of off chicken beaks with hot blade with giving it any kind of <https://assignbuster.com/introduction-to-kentucky-fried-chicken-business-essay/>

painkillers. Overcrowding and horrible acts by employees in the farms cause painful ammonia burns on the poor chickens. The main shocking thing is injured chickens receive no treatment and they have to bear the pain throughout their life (PETA, 2004). C: UsersHPDesktopimage-182167-galleryV9-ztnf. jpg

## **2. 2 Dilemma 2: Cruelty in the slaughter house**

Another case PETA revealed was about the cruelty in the slaughter house. The chickens get slaughtered before they are five weeks old. At the slaughter house, poor chickens are hanging upside down and then employees transferred it through conveyor belts to the killing room fully consciously. At a time many chickens are dumped from the crates to the fast moving conveyor belt that cause chicken at the bottom to get suffocated. Due to unable to manage the huge amount of chickens, the workers in slaughter house threw away chickens, slamming them to walls or floors. Furthermore, during the processing of removing feathers, the live chickens are thrown into scalding hot water which is such a horrible and painful act (PETA, 2004). C: UsersHPDesktopChickenSlaughter. jpg

## **2. 4 Stockholders Analysis**

Stockholder

KFC is one of the brands of Yum brands, which have been conducting their businesses in all over the world. The acts practiced by the KFC and its suppliers have an impact on the stockholders. If an enterprise fails to solve these dilemmas, the enterprise would be responsible for missing out to take

advantage of opportunities in future. The investment of the stockholders would be at high risk if the enterprise closes down (Shrestha, K. S, 2010).

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#### Customers

Customers expect KFC to serve the best quality and good prices of their products. KFC has many fans all around the world and they expect KFC to grow more and serve them with better products. From research we have noticed that suppliers for KFC have been breeding chicken unhygienic, they give them drugs that can have a negative impact on the consumers' health. KFC must investigate about their supplier's breeding and their process so that the quality of chickens is maintained (Shrestha, K. S, 2010).

#### Suppliers

KFC has many suppliers from which Pilgrims' Pride supplies them the huge amount of chicken and those chickens then go for further process and then to be served into KFC restaurants all around the globe. KFC must convey proper steps and methods to evaluate suppliers and their material as suppliers affect the overall operation of KFC. Furthermore Suppliers must focus on their improvement because if KFC is affected; they would be affected too, as KFC is the main buyer of chicken for suppliers (Shrestha, K. S, 2010).

#### Media

Mass media is also affected as most of the protest made all around the world especially by non-government organizations was made from the help of media. Media made organization business firms and even people to be more aware about their and others activities, and show the difference between right and wrong. Through information gained from media, people have changed their decision and demonstrated their activities against the KFC (Shrestha, K. S, 2010).

#### Non-Government Organization (NGO)

NGO such as PETA and Greenpeace are likely to be influenced by the supplier's poor acts for chicken handling by the employees in slaughterhouse. PETA revealed these dilemmas to make people aware about the operations of KFC's supplier called Pilgrim's Pride and PETA also mentioned some corrective act that can improve the life of chicken. Furthermore Green Peace organization also made the entire world aware about the Cargill for soya fed for chicken, which was highly responsible for Amazon rainforest deforestation (Shrestha, K. S, 2010).

### **3. 0 Evaluation using Moral Standards**

Evaluation for these dilemmas is done based on two moral standards which are:

Utilitarianism

Rights and Duties

### **3. 1 Utilitarianism**

Utilitarianism states actions are right proportion as they tend to promote happiness and wrong as they tend to produce the reverse of happiness.

Utilitarianism theory says that the benefit should be more than costs.

Here are the two options for KFC with their benefits and costs.

#### **OPTION 1: Continuation of Unethical Farm**

##### **Benefits**

##### **Costs**

##### **Present**

Decreasing Operating cost for KFC as less storage cost is occupied by overcrowded chickens.

As operating cost decreases profit margin increases for KFC.

As profit margin increases stockholders' satisfaction increases.

Legal actions can be taken against KFC by government and non-government organisations. Example the action taken by PETA and Greenpeace.

By having unethical operations, negative brand image are created.

Customers can boycott KFC for its animal abuse.

Stakeholders are affected seriously in several ways such as stockholder is at high risk for their investment.



## **Future**

As stockholders' satisfaction increases, it attracts more investors to invest in KFC's corporation.

Due to high investment, KFC can actually expand their business.

Due to customers boycott towards KFC's products can decrease profit margin.

By having unethical operations, KFC can be closed in future.

By performing unethical operations, it can affect investor's decision who wants to invest in KFC.

Employees are at high risk of losing their jobs if KFC get shutdown.

It also increases Corporate Social Responsibilities for KFC

## **OPTION 2: Ethical Farm**

### **Benefits**

### **Costs**

### **Present**

Stakeholders' satisfaction increases as they are conducting their business ethically.

It motivates employees to be ethical in working environment.

Brand image are created as KFC's performing ethically.

More customers are attracted towards KFC's product because of their ethical operations.

Increasing in Non-government organisation's satisfaction due to their ethical activities.

Increase in production cost by operating ethically.

Selling price would be high as there is high production cost.

High selling price will decrease customer's demand.

## **Future**

As customers are attracted to by KFC's product, it increases profit margin for them.

As profit margin increases, return on investment by stockholders' also increases.

It attracts more investors and lenders to invest in KFC, as this organisation is earning more profit and rate of return on investment is high.

Employees' satisfaction increases as the organisation is profitable due to which they can earn bonuses and expect an increase in their salaries.

It also improves competitive advantage.

It can reduce profit margin as there low demand for their product.

Evaluation based on utilitarianism theory

As utilitarianism theory says that benefits should be more than cost. KFC must operate ethical farm as the benefits are more than the cost. If they operate unethical farm, the costs would be higher than the benefits.

### **3. 2 Rights and Duties**

Moral Rights and duties state that all human being are permitted/empowered to do something or are entitled to have something done for them. These rights create duties of others towards an individual.

In the case of KFC, it is a duty of KFC to consider the impact of their operations on others; such as the impact on their stakeholders who are getting affected by KFC's unethical operations. Furthermore it is not only the right of Human being to live as they want, animals also have these rights. They also want to be treated properly but cannot fight for their rights that's why we have non-government organisation who fight for animal's right such as in KFC's case, PETA is fighting for animals right. It is a duty of KFC to operate according to PETA's animal ACT and laws.

Furthermore KFC is not only harming animals but also community and environment by trashing the Amazon rainforest. It's a duty of KFC to be socially responsible for their acts towards environment, local community and their surroundings.

### **4. 0 Recommendation with Justification**

KFC's supplier such as PP must focus more on preventing animal abuse rather than frustrating their employees. KFC should survey supplier's

slaughterhouse regularly to make sure they are following the ethical practices recommended by PETA regarding Controlled Atmosphere Killing.

Justification:

Controlled Atmosphere Killing will help the birds to have a painless death.

Hence, this act will act will take care of cruelty and pain given to birds.

## **5. 0 Conclusion**

After conducting a wide research on these dilemmas we have learned that PETA and Greenpeace have a fair view about these issues. We have also learn that stakeholders are on high risk by KFC's unethical activities which is not so well either for stakeholders nor for company itself.

KFC must change the way they conduct their businesses and they must have a ful knowledge about their workers, environment, community, customers, suppliers and so on.