

Corporate Social Responsibility (CSR) Survey—KFC, McDonald's

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ABSTRACT. *As is known to us, up to now, there is no uniform definite of CSR in the world, and different countries and regions have different understandings and interpretations. This term paper will discuss the different Corporate Social Responsibility (CSR) issues that emerged within two multinationals (KFC and McDonald's), which leads to some conclusions about what responsibilities those multinational companies should assume and how those measures will influence the industries.*

KEYWORDS: *corporate social responsibility*

1. Introduction

With the acceleration of globalization, the fast-food culture originated in the United States gradually spread to all over the world, like KFC and McDonald's. These stores always appear in the world's major cities. However, transnational enterprises must pay attention to their own corporate social responsibility in order to develop steadily in the long term.

This paper provides an overview of three case studies regarding different multinationals, namely KFC, and McDonald's. As the leading companies of fast food, they have taken up most of their market share. It is well known that the standards for food safety vary from country to country and it costs a lot so these multinational corporations may violate corporate social responsibility to maximize the benefits, which led they have been involved in CSR conflicts in different areas. This paper will investigate whether the conflicts have affected the CSR policy of these multinationals and whether the companies subsequently set concrete targets.

According to these three cases, we will discuss the following research questions to help study CSR.

- 1) What kind of strategies did these multinationals make in terms of CSR?
- 2) What kind of conflicts did these multinationals have encountered and how do they solve it?

2. Case study

2.1 KFC

2.1.1 Profile

KFC, commonly referred to as KFC, is a famous American fast-food chain founded by Colonel Harlan Sanders in 1952. It mainly sells fried chicken hamburgers, French fries, soft drinks and other Western fast food.

KFC belongs to the world's biggest food group - Parkson restaurants group. It has more than 3.3 chain stores and 840000 employees, in its more than 100 countries and regions in the world, which owns KFC, pizza hut and other worldwide famous brand catering, respectively in the cooked chicken, pizza, Mexican flavor food and seafood restaurant area ranked first in the world^[1]. On November 12, 1987, the first KFC restaurant in China opened in Qianmen, Beijing, beginning its development in the world's most populous country. By the end of 2019, KFC had 6,534 outlets.

In recent years, KFC's development in China is on the rise, and its corporate social responsibility issues are particularly noticeable.

2.1.2 KFC CSR Policies and Reporting

KFC China pays close attention to and actively participates in social welfare undertakings. As KFC has become more and more mature in China, its understanding of how to fulfill its corporate social responsibility has also been gradually improved^[2]. KFC's early public welfare projects mainly follow, that is, to participate in the existing public welfare projects in the society, in the middle and late stage gradually to give play to their own characteristics, self-built projects mainly. This also further confirms KFC's "new fast food" concept of "based on China, unlimited innovation" goal.

2.1.2.1 KFC Dawn Fund

KFC has been thinking about how to establish a long-term system to better help people in need. After an in-depth investigation, KFC targeted college students, a special group forced to drop out of school because they could not afford college tuition fees, and they are also a potential group to become a bright future of the country. Therefore, in 2002, "China KFC Dawn Fund" was born, providing a total of 20,000 yuan for each aided college students. In 2009, the total investment of the first and second phase of the project is over 80 million yuan, and it covers 26 cities in China.

In the middle and late stage of the project, KFC continued to innovate the form of funding -- they hoped that every student who received assistance would come to

KFC restaurant to participate in practice and complete the necessary working hours, and KFC would give them the corresponding remuneration. Finally, the Dawn Fund has formed a unique operation mode of "academic support" + "restaurant practice" + "social service"^[3].

2.1.2.2 KFC Three-man Junior Basketball Championship Challenge

KFC in the world has been committed to the promotion of "balanced nutrition, healthy life" video health policy, and once again the foundation put forward the slogan of "every day exercise, healthy life". At the same time, the KFC believes that only concept and slogan too vague, through management discussed repeatedly, KFC in 2004 invited the Chinese basketball association hosted "Three-man Junior Basketball Championship Challenge", for teenagers across the country set up a platform to encourage teenagers to tangible exercise more and to develop good exercise habits. After years of experimentation, it has become the largest and longest running three-person basketball game in China. This is a real grassroots basketball event. The purpose is only one -- let the children exercise and enjoy the basketball.

2.1.2.3. Responsible product strategies for consumers

KFC has an almost fastidious demand on the quality of its products. Purchase, production, service and other links are strictly in accordance with the KFC company's global unified quality standards, and the use of a set of strict norms to ensure that these standards are meticulously implemented. This standard system includes: the efficiency and quality of the distribution system, the precise amount of each ingredient, the minute and second limit of cooking time, and the specific cleaning process of sanitation, etc. The most eye-catching is the product shelf life system of KFC -- nearly 100 products, raw materials and ingredients have a clear shelf life. Once the shelf life is passed, even if it is one minute, the products need to be scrapped immediately. This is done to ensure strict quality of KFC products and a high degree of responsibility to consumers.

In recent years, KFC has made greater efforts in product development. It has set up a health advisory committee and hired many famous Chinese nutritionists and medical experts to provide long-term professional support for KFC in nutrition and health. Moreover, KFC keeps innovating in product research and development, making efforts to change the regret that traditional fast-food varieties have few choices and increase the dietary choices of consumers in restaurants, especially paying attention to the development of vegetables and food with high nutritional value.

2.1.3 KFC Conflicts

2.1.3.1 The Sudan Red Incident

On March 15, 2005, Shanghai authorities found "Sudan Red" in New Orleans chicken wings and New Orleans drumstick Burger seasoning during sampling tests at KFC restaurants. Shanghai headquarters of Parkson Group told KFC branches nationwide Monday to "stop selling New Orleans wings and New Orleans Drumsticks in all KFC restaurants nationwide as of Monday, and destroy all remaining ingredients." On the afternoon of March 16, Parkson Group issued a statement announcing that the New Orleans Grilled Wings and New Orleans Grilled Chicken Drumstick sauce had been found to contain "Sudan Red " and apologized to the public. KFC said it would rigorously pursue the supplier's responsibility for using Sudan Red in its seasoning. During this period, consumers also encountered difficulties when claiming for compensation from KFC with invoices.^[4]

2.1.3.2 Incidents of employee exploitation

The Guangzhou-based New Express newspaper conducted a survey on the implementation of the minimum wage system and the hourly minimum wage after the two sessions ended. The reporter "spied" into Guangzhou KFC, as time waiters and part-time waiters to conduct a survey. The results showed that workers were paid significantly less than the minimum wage set by the government while working extremely hard. Part-time worker is stipulated in the Guangdong province standard of hour minimum wage accounting, western fast food companies to issue workers less 1.7 ~ 3.5 yuan per hour wage, and this should be a part-time worker of injury insurance, also did not fulfil these restaurants in the agreement signed with "spied" reporter, do STH without authorization rules one month probation period, and reject the agreement text to the employees. In addition, the newspaper also learned that at least 10 cities, including Beijing, Shanghai, Tianjin and Taiyuan KFC fast-food restaurants, when local workers, part-time hourly wage levels below the local minimum hourly wage.^[5]

2.1.4 KFC Policies Post-Conflicts

2.1.4.1 Be honest about food issues

Due to supply chain reasons, the Sudan red ingredient appeared in some KFC products on March 16. Therefore, KFC became the first multinational company in China to take the initiative to expose the Sudan Red issue and accept public supervision: it stopped selling all the problematic products in the country at the first time, took the initiative to inform and apologize to consumers, always maintained transparency to the public, and cooperated with the government to conduct a comprehensive inventory and self-censorship. After a series of rigorous and

scientific tests, eight days later, all KFC products related to the Sudan red issue have been confirmed by national professional institutions and fully resumed sales.^[6]

There is no doubt that KFC has its own problems: too trusting of suppliers' food with Sudan Red may harm the health of consumers, etc., but from its discovery of the problem to the action of solving the problem, we still see the responsibility and credibility of a multinational company. Compared with the same Sudan red or loud cry, or silent, or the three kinds of fobbed off, KFC to confess a lot, a lot of honesty; Like the voluntary recall of cars, KFC's self-exposure, self-inspection and self-discipline are also a positive attitude to respect consumers.

2.1.4.2 Ambiguous on the issue of employee exploitation

The author consulted a large number of information about the employee exploitation in KFC on the Internet, and found that the disclosed information was very few, and the measures of improving the employee welfare and wage conditions in KFC could not be consulted. The author believes that there are two reasons for this phenomenon: First, most of the welfare and wage conditions of enterprises are not disclosed. Secondly, the nature of labor-oriented industry makes KFC focus on reducing the cost of employees to create greater profits. These two reasons make KFC avoid the issue of employee exploitation and ambiguous attitude.

2.2 McDonald's

2.2.1 Profile

McDonald is a large multinational restaurant chain in the world. It was founded in Chicago in 1955 and has about 30000 branches in the world. Mainly sell hamburgers, as well as French fries, fried chicken, soda, ice cream, salad, fruit and other fast food. In addition, there is a wireless Internet service in every outlet of McDonald's in the United States.

McDonald has about 32000 outlets in 119 countries on six continents, representing an American lifestyle in many countries. As the first and largest multinational fast-food chain, McDonald has been the focus of public discussion on food related obesity, corporate ethics and consumer responsibility, and has been accused of affecting public health, such as high calorie induced obesity, and lack of balanced nutrition. Many people denounce it as junk food.

2.2.2 McDonald's CSR Policies and Reporting

2.2.2.1 McDonald's house and China Wheat foundation provide welfare for children

Uncle McDonald's house mainly provides a temporary home for children and their families seeking medical treatment in other places. Over the past 40 years, more than 337 McDonald's homes have been set up in 35 countries and regions around the world, providing services to 8000 families every day.

In Chinese mainland, McDonald's and China Song Qingling Foundation jointly launched the "China McDonald's charity fund" (the "China Wheat fund"), which promotes the health and welfare of Chinese children through the sustainable fundraising mechanism and the establishment, search and financing of projects that directly improve the health and welfare of Chinese children.

2.2.2.2 McDonald's assistance to Wenchuan earthquake

China Wheat foundation is also committed to disaster relief. After the Sichuan earthquake on May 12, 2008, China Wheat foundation provided more than 21 million yuan of financial and material support to the disaster areas. When the earthquake came, McDonald's resumed operation in the disaster area as quickly as possible, actively launched rescue donations, sent the food and drink that the people in the disaster area needed most, and contributed to the stability of the people's life in the disaster area.

2.2.2.3 Contribution to the social environment

Environmental protection is the most important thing in building a "two oriented society", and it is also the key to the sustainable and healthy development of social economy.

With the development of the fast-food industry, the consumption of plastic bags has brought a huge burden. In order to promote the development of environmental protection in China, the state promulgated the "ban on plastic" on June 1, 2008. Before the launch of this policy, McDonald's implemented degradable paper bag packaging in Chinese restaurants, no longer providing plastic bags to customers, hoping to set an example for the restaurant industry to pass the concept of environmental protection. Moreover, McDonald's has always insisted on not purchasing raw materials for paper products from tropical rainforest, and suppliers must also submit written proof of the origin of the raw materials. McDonald's adheres to its own principles and contributes to the development of the world environment.

2.2.2.4 Human care for employees

McDonald's promises to every employee in the company that "we value you, your growth and your contribution". In the development and change of market economy, people's competition can never be ignored. McDonald's takes "personnel" as the first strategy of the company's operation and development.

McDonald's provides employees with welfare remuneration to ensure their work and life, and holds regular training to promote the growth of employees. McDonald's also has its own set of policies, such as communication days, staff meetings, symposiums, etc., to regularly investigate employee's satisfaction, so as to ensure smooth expression of employee's wishes.

2.2.3 Conflict

2.2.3.1 Wages and benefits

Driven by profit maximization, McDonald's is suspected of violating the minimum wage standard, taking advantage of the imperfection of the trade union organization, the lack of law and the blank, as the umbrella to seek its own interests. The "Butterfly Effect" caused by the minimum wage standard of "foreign fast food" has exposed the blank points of Chinese law and the weakness of the trade union's power to check and balance with enterprises, thus promoting the improvement of the minimum wage system.

In April 2007, a data showed that McDonald's in Guangzhou paid only 4-5 yuan per hour to part-time employees, which was about 40% lower than the minimum wage of 7.5 per hour in Guang Dong Province. Some net friends once commented angrily: "what can you buy with RMB 4? Two ice cream cones!" and when using part-time employees, they involved in serious violations of laws and regulations, such as wage treatment, overtime use of employees, no work-related injury insurance for employees, and unilateral recovery contracts.^[7]

2.2.3.2 Food health issues

In recent years, food safety incidents often occur in China, and people pay more and more attention to food safety. Therefore McDonald's, a well-known fast-food hot enterprise in China, has also attracted people's attention.

During the summer vacation of 2014, the media exposed that McDonald's supplier Shanghai Fuxi Food Co., Ltd. (the company will sell chicken and beef which exceed the national shelf life to McDonald's through so-called technical treatment) reprocessing a large number of meat raw materials that have exceeded the shelf life, and illegally modify the shelf life. These expired raw materials are reprocessed and sold in McDonald's fast-food restaurants. The exposure of the incident made McDonald's fall into the trust crisis caused by food safety because of

the supplier problem. In fact, this is not the first time McDonald's has been exposed to food health problems.^[8]

2.2.4 McDonald's policies post-conflict

2.2.4.1 Salary

According to the report, from September 1, 2007, McDonald's began to enter the Chinese mainland market for the first time in 17 years. The salary adjustment plan covers 75% of McDonald's restaurants in China, involving 95% of employees and about 45000 people. This includes not only full-time staff such as office staff, restaurant managers and restaurant staff, but also all part-time employees, with increases ranging from 12% to 56%. At present, McDonald's has more than 3000 stores in the mainland and employs 200000 mainland workers. Up to 80% of them are part-time workers (part-time workers), most of whom are college students.^[9]

2.2.4.2 Formula

Although McDonald's has been exposed to a number of incidents of food safety problems, but all timely issued notices and pay fines. The regulation of food content was also adjusted accordingly.

Since 2010, McDonald's has reduced the salt content of Chinese menus by more than 450 tons, including hamburgers, French fries and ketchup.(excessive consumption of salt will cause great harm to the human body, which will lead to diseases such as hypertension, osteoporosis, stones, and gastric cancer).Natural butter has been used instead of margarine (margarine is a substitute made of one or more animal fats and needs to be mixed with emulsifiers, seasonings, pigments, preservatives, etc.)

3. Results and findings

Through the detailed analysis of the three cases, we can find that although KFC and McDonald's both actively shoulder their social responsibilities in China, there is still a gap in the specific implementation.

3.1 Common factors

KFC and McDonald's have all made outstanding social contributions in China. Both KFC and McDonald's have set up their own funds for social welfare. Through the establishment of this fund, KFC helps Chinese college students who are in trouble, hoping that they can graduate smoothly. Moreover, KFC Dawn Fund has formed a unique operation mode of "academic support", "restaurant practice" and "social service". The Ronald McDonald's House in China provides a temporary

home for children and their families who are seeking medical care outside of China. The Ronald McDonald's House in China Charity Fund promotes the health and welfare of children in China.

There are safety problems in the food, but they all actively cooperate with the rectification, respond and treat each other honestly. Immediately stop selling the offending product and apologize publicly.

In terms of employees' salary, both KFC and McDonald's have the phenomenon of employee exploitation. The salary is lower than the local minimum standard, which cannot guarantee the normal quality of life of the employees. While the workers are working extremely hard, the salary they get is obviously lower than the minimum standard set by the government, thus squeezing the labor force of employees.

3.2 Differences

In addition to setting up funds for donations, McDonald's, for their part, have adopted environmentally friendly, biodegradable tableware, but KFC has done nothing about it and didn't shine.

KFC discloses little information about employee exploitation, avoids the issue of employee exploitation and is ambiguous. McDonald's, with its alleged violation of minimum wage standards, took advantage of the imperfect labor union organization, lack of laws and gaps, as an umbrella for its own interests. However, after that, the salary was raised. McDonald's provided welfare compensation to employees to ensure their work and life. It also held regular training to promote the growth of employees.

3.3 Conclusion

Through analysis, it is not difficult to see that the corporate social responsibility is crucial to the corporate image and development. On the one hand, KFC and McDonald's have taken positive responsibility in some aspects, but there are also deficiencies in some aspects that need to be improved. KFC has not actively responded to the national call for environmental protection by adopting biodegradable food packaging and tableware, which still needs to be improved. In terms of food safety, we should strengthen the prevention and control of product quality to avoid the impact on people's health.

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