

“Corporate Social Responsibility” An Ethical Vision or Commercial Vision – A Study with Special Reference to KFC.

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ABSTRACT: Corporate Social Responsibility (CSR) also referred as Corporate Sustainability is one of the major talks of discussion in today's business world. All the companies are keenly showing its interest towards ethical social behaviour. CSR is a self-governing instrument whereby a corporate observes and safeguards its dynamic acquiescence with the essence of the commandment, ethical values and nation-wide or global rules. The following Study will recognize and investigate the CSR practices implemented by the selected Company (KFC). After a thorough investigation it tries to assess the rewards extended due to such practices by the Company. There are certain people and bodies called as stakeholders who have direct effect by the performance of a corporate sustainability, hence, the Study also estimate the effect on Stakeholders if CSR is imputed by the organizations. It also throws a light on Observation of the ethical theories with its application and challenges towards the specific stakeholders (employees, customers, suppliers and society).

KEYWORDS- Sustainability, Corporate Social Responsibility, Stakeholders, shareholders.

I. INTRODUCTION

The theme of corporate social responsibility had been captioned by different appellations, comprising tactical philanthropy, corporate citizenship, social responsibility and other signatures. All convey with it a convinced perception on the role of corporate in society. Irrespective of the tag, for now leading pattern underlying CSR is placed on the impression of crafting “shared value.” Every business no doubt is engaged in creating value to its shareholders, but at the same time the recent trend is also the satisfaction of society and other stakeholders to have a win win strategy. Corporate Social Responsibility (CSR) also referred as Corporate Sustainability is one of the major talks of discussion in today's business world. All the companies are keenly showing its interest towards ethical social behaviour. CSR is a self-governing instrument whereby a corporate observes and safeguards its dynamic acquiescence with the essence of the commandment, ethical values and nation-wide or global rules. Many studies are found on the topic of CSR its, needs, importance etc., but very little literature is found on the idea of the reason behind these activities performed by the corporates. The following Study will recognize and investigate the CSR practices implemented by the selected Company (KFC). After a thorough investigation it tries to assess the rewards extended due to such practices by the Company. There are certain people and bodies called as stakeholders who have direct effect by the performance of a corporate sustainability, hence, the Study also estimate the effect on Stakeholders if CSR is imputed by the organizations. It also throws a light on Observation of the ethical theories with its application and challenges towards the specific stakeholders (employees, customers, suppliers and society). The study majorly aims at analysis as whether these social activities performed are really an ethical vision or the idea behind these activities are ethically commercial vision.

II. Background of the Organization: (Kentucky Fried Chicken (KFC))



2.1 Brief: KFC is a fast food restaurant business specialized in stir fry chicken. Its main headquarter is in Louisville, Kentucky, in United States. KFC is the second largest Fast food restaurant by its sales volume. It has 18,879 channels in 118 countries. KFC is one of the subsidiary Company of Yum brand, where Taco bell and Pizza Hut are also subsidiaries.

KFC's unique produce is fried chicken bits, hardened with Sanders' formula of 11 herbs and flavours. The KFC has certain noteworthy business secrets. Its most of the products are supplied in cardboard 'bucket' keeping all its hygienic conditions in mind. This bucket has become very famous since KFC's inception, and

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also considered as a unique characteristic of the Company. This bucket system was started by franchisee PETE Harman in 1957. From 1990 the KFC products have been expanded and the menu has become larger. At present the menu has many items with different flavours and tastes, such as fillet burgers, wraps, salads etc. the major product of KFC menu is its family meal, in which fried chicken pieces are served along with French fries, buns, coleslaw and a soft drink.

The old slogan of KFC was “Finger Lickin’ Good”. Now the slogan has been changed to “Nobody does chicken like KFC and “So good”.



2.2 History: KFC was originated by Harland Sanders, a businessperson who originated vending deep-fried chicken on or after his pavement cafeteria in Corbin, Kentucky, during the inordinate Depression. Sanders recognised the latent of the cafeteria franchising idea, and the first "Kentucky Fried Chicken" franchise released in Utah in 1952. KFC promoted chicken in the fast food business, spreading the marketplace by stimulating the well-known supremacy of the hamburger. By labelling himself as "Colonel Sanders", Harland developed a projecting character of American national antiquity, and till now his image remnant extensively used in KFC marketing. However, the business's fast development saw it crush the ageing Sanders, and in 1964 he sold the establishment to a clutch of financiers managed by John Y. Brown, Jr. and Jack C. Massey.

KFC was one of the chief fast food chains to enlarge globally, inaugurating channels in Canada, the United Kingdom, Mexico, and Jamaica by the mid-1960s. During the 1970s and 1980s, KFC practised varied affluences nationally, as it went through a sequence of variations in business possession with tiny or no knowledge in the cafeteria occupation. In the first 1970s, KFC was sold to the spirits distributor Heublein, then PepsiCo bought it and in 1987 KFC turn out to be the first Western restaurant chain to expose in China. The chain has subsequently prolonged quickly in China, which is currently the business's sole chief market. PepsiCo turned off its cafeteria business as Tricon Global Restaurants, which far along altered its appellation to Yum! Brands.

2.3 Competitor: there are many competitors for KFC. All the businesses which are dealing in fast food, cafeteria, and restaurants are competitors. But the major competitors are Pizza Hut, McDonald's, Subway, Papa Johns, Burger Kings, Taco bell, Dominos etc. though there are a number of competitors for the company, still KFC is well known for its fried chicken and delicious flavours and tastes (Schreiner, Bruce July 23, 2005).



III. CORPORATE SOCIAL RESPONSIBILITY:

3.1 Analysis of organization practices in promoting CSR related to Friedman's principles of CSR:

CSR is a self-governing instrument whereby a corporate observes and safeguards its dynamic acquiescence with the essence of the commandment, ethical values and nation-wide or global rules. CSR in an occupation is a mindfulness where establishments put collectively civic and organic problems in their business operations and networks with their stakeholders (Bhattacharya, C.B.; Sen, Sankar; Korschun, Daniel 2008). It is the progression whereby the establishments come accelerative pocket-sized more to attend the humanity at its budget. At times on their own accord and sometimes by demand. By helping the social order the establishments may get massive benefits such as status, benevolence and patron following, but at the similar time it also outlays a lot (Haupt, Simon October 4, 2011).

3.2 Milton Friedman's view on CSR:

"Milton Friedman's accustomed riposte is: "an establishment's sculpability is to craft as plenteous money for the investors as conceivable." At preliminary rouge this give the impression insolent, ill-mannered, austere

and even punishing. What about wage earner fortification? Contamination? Kid employment in less-developed nation-states? Are problems like these to be disregarded by establishments? This undoubtedly give the impression like an indecorous, spiteful the social order (Henderson, David 2001).

If we go into the subterranean assessment of Friedman, contemplate about the problems as an economist would, and it look as if there is no invalidity amongst establishments hurtling earnings and a municipal and progressive evolution. For an economist it looks as the Friedman is right initially but later they may assume it as caution sign (company should only focus on earnings). Seeing that it results of being respectable towards society. (D Wood, 1991). Friedman made understood that the establishments to creepworthy profits have to make the merchandises which are within certain rules and are socially tolerable (part of social responsibility). This can be well understood in the following proclamation given by Friedman “at this point a sole social obligation of corporate is to consume its means and encompass in actions envisioned to upsurge its earnings so protracted as it is within the rule of game.” Again Friedman also regarded that the by-law must look after whether the establishments are ensuing rulebooks or not. Hence construction of law by countless such as property right, consumer right, employee’s right etc. should be there to look after all these matters, which will observe the establishments creeping profits behave reliably or not (McWilliams, Abigail; Siegel, Donald 2001). From the above analysis it can be understood that there are three major arguments of Friedman relating to Corporate Social Responsibility theory: It is the people who has ethical and morale responsibilities, corporates are just run by human beings. As an agent Directors and managers have total responsibility upon the money of the stakeholders, and hence they are answerable for the proper utilization of the shareholders money usage. The problems related to general public and society are to be taken care by Government not the corporations.

Though in the initial path Friedman’ arguments looks to be crude and illogical, but later if we go in to the depth of the ideology it was understood that it ends up as formation of a outline of by-laws is further likely to make establishments further in authority and produce social goods. And also the peripheral costs which the establishments incur because of sustainability improvement would be now internalized by the establishments due to legitimate structure.

3.3 Analysis of KFC practices in promoting CSR related to Friedman’s principles:

KFC has accomplished in diverse ways of stimulating CSR deeds to all its stakeholders. KFC sustainability subterfuge is stranded on many of the activities such as education, diversity, environment, animal welfare, people, food, community etc.

3.3.1 Education: The story of KFC’s education sustainability was initiated with a traveller who was to be a college student. The Colonel Sander (founder) contributed the student a drive and a full studentship. This performance of sympathy stimulated the Kentucky Fried Chicken Foundation, which has subsequently delivered \$14 million in scholarships to 2,600 students. As an independent non-profit association, the Foundation’s benevolent plans are made conceivable over the enduring support of KFC franchisees and the KFC Establishment.



3.3.2 Diversity: It is further than a values at KFC; it is portion of KFC’s instituting “How they Work Together” philosophies. KFC’s world-wide ethos is vigorously emerging a labour force that is varied in stylishness and background, where everybody can make a change. The concept of diversity in the company is about giving a free rein to the workforce and their power. The company feels that creating this unleashing environment to the employees make them sense to be greatly valued and supported which directly effects on their performance which again leads to the positive results to the company at the end

3.3.3 Environment: the company is doing all its activities and taking effective measures to protect environment and in the same stance benefit its customers, associates and franchises. The major areas the company undertake measures for environmental issues are Green Buildings (the innovative buildings that majorly concentrate on energy saving, water harvesting and conserving, material quality etc.), energy consumption (effective technology for lightning, air conditioning and refrigerating), supplier scorecards (assessing the suppliers in areas such as waste, pollution controls, and environmental managements.)

3.3.4 Animal welfare: the suppliers here will share their commitments regarding the handling of animals. They always does research on welfare of animal and its advancement process.

IV Analysis:

Though KFC does all these on their own accord as a part of sustainability, it unswervingly or meanderingly follows the principles of Friedman in the following ways. Solitary individuals have a moral answerability for their actions, but Friedman’s view about it can be clearly understood such that KFC as one of the legal entity (artificial person) has a moral answerability for its actions. The other riposte of Friedman is, it is executive’s responsibility to act wholly in the interests of stockholders. But it is not unseen that if the above sustainability practices are carried out, it leads to straight intensification the profitability of the commerce and as a result welfares the shareholders. The problems related to general public and society are to be taken care by Government not the corporations. If KFC does not show firmness to the environment matters by itself, Government may interfere and forcefully make the Company to do it.

4.1 Evaluation of rewards obtained by KFC in implementing the above principles:

It is a known fact that the above CSR activities done by the company is not free of cost, instead these activities expend a lot to the company (Jones G & George J 2003). But still KFC has performed these all activities and also has lots of future plans further for the community sustainability. This is because it has certain benefits too such as increased sales and market shares, as per the survey conducted by Klein 75 % -80% of customers respect the companies which care for society and are attracted to buy more their products. The CSR activities also strengthen the Brand by an increased sale and market value the brand of the company will directly and easily positioned in the market. Caring the employees lead to more dedicated and committed employees resulting in easy achievement of company goals. KFC publishes every year a report which shows the Sustainability attained and future policies, it evidently shows the long term forecasting of the company in its fiscal and sustainability matters.

Hence it is clear that KFC was able to achieve more benefits by attaining the society at its cost.

V. Ethical theories as a base for entities:

Ethical Theories are the "acclaimed" set of statutes and thoughts that generate accurate and improper behavior and justifications for a given status quo (Jones G & George J 2003).

The paramount ethical theories plotted in resolution for a problem or issue of an Establishment is;

5.1 Egoism: This philosophy states as the judgement maker has a free right to take his verdicts which ought’s his specific self-centredness in extensive and short term.

5.2 Utilitarianism: This philosophy is inconsistent to the above philosophy; it explains that an accomplishment of an individual can be acknowledged as accurate if the outcome of the accomplishment is worthy for the maximum persons. Therefore if the action supports and gives cheerfulness to as several people that choice is taken under utilitarian strategy. (Rosenberg, Matthew J. 1 April 2002).

5.3 Ethics of Duties: if the decision maker is intended to stipulate on regulations and constraints of his duties in which he is bounded, it is called the theory of “ethics of duties” He can’t do or take decision beyond the duty. The decision maker is self-controlled and stickled on to the duty restrictions. As moral actors, one of the compulsions of persons is to make their individual well-adjusted decisions with locus to correct and incorrect. Here is no requisite for forward-thinking stimulus to identify values for principled performance.

The judgement is virtuously right if it is consistent, approbation in human self-respect, and wide-reaching. Persons are well-adjusted actors who might accept these standards themselves.

5.4 Ethics of rights and justice: this viewpoint states that the verdicts are justly correct if it is proficient of valuing basic human rights and considering everyone in the same manner.

5.5 Virtue Ethics: states that fairly correct actions are those instigated by performers with virtuous temperament. Thus, the preparation of a virtuous excellence is the principal phase in the direction of morally right behaviors.

5.6 Feminist Ethics: is a methodology that line up compassionate, melody and spirited collective message, be worried for one other, and eluding of harm on top of conceptual values (kidder 1998).

5.7 Discourse Ethics: according to this belief the judgments are engaged to resolve the skirmishes based on definite norm unit. The norm is united based on a balanced sign on unaffected understanding of all noteworthy guarantors.

5.8 Postmodern Ethics: It intends to generate principles further than the subject of sensibleness in a stirring “ethical impulse” in the direction of others. It heartens specific performers to cross-examine everyday

groundwork and strategies, and to take note to and keep an eye on their emotional state, deepest eagerness, and 'gut sensations' and their consciousness about correct and incorrect state of dealings (Nash, L. L. 1981).

VI. Analysis of KFC practices regarding Business Ethics (employees, customers, suppliers, society):

6.1 Employees: from the above CSR and sustainability strategies findings of KFC the following facets regarding the employees can be emerged: At KFC, the employees ensure the right to labour in a fair-minded and harmless atmosphere. Its Universal Code of Behaviour grips all employees answerable for considering their co-workers with equality and admiration, so the employees can be compensated grounded on their enactment. In KFC there is no room for any type of nuisance or discernment for the reason that of age, sex, race, faith, nationwide origin, sexual direction, or corporeal aptitudes. KFC has a hotline service called 'Speak Up' where all workers are been provided a provision and guidance on place of work problems.



6.2 Customers: The Company gives the quality fast food to its clientele with slogans of “finger licking good”, “so good” not only on the shop floor but also at home of the customer. KFC tries to bring a innovative way to outline customer authenticity: suggesting choice for delivery in certain marketplaces through its mobile apps. Though there were many controversies for the KFC (not regarding products, but service) now KFC is finding the solutions and now concerned with the quality service aspects of the customers too. KFC tries to bring a novel way to shape consumer faithfulness: proposing choice for distribution in certain main U.S. marketplaces through its mobile application.



6.3 Suppliers: KFC purchase from first-class suppliers. All the companies KFC purchase chickens from are inspected to its well-being standard. If at all there are any new supplier tenders, they have to pass the quality standard audit done by KFC. When company buy from out of the country, its least possible initial point is severe acquiescence with UK and EU wellbeing norms, which the dealers should aim to surpass. KFC technical squads visit all its merchants frequently to evaluate acquiescence with company standard, after visiting a monthly progress report will be submitted to the dealers showing their efficiency and drawbacks to overcome if any. Each bird the supplier supplies will be with a unique identification code which helps the company to identify and maintain maximum standards. In year 2011 KFC achieved “Red Tractor Certification” for using fresh and quality chicken as its major raw material (Kleber, John E. May 18, 1992).



6.4 Society: KFC does many acts of responsibility aspects towards the society, in one of its societal activity for the essence of Chinese New Year, KFC Malaysia shared happiness by giving back to society through programs under its “Tabung Penyayang KFC”. Under this program the KFC operators handed over 13,500 RM (Ringgit Malaysia) to five different charitable homes namely Sarawak Society of Disabled, Pemulhan Wawsan Harpan Kampng Butal, Wellbeing Department-sanctioned Community Rehabilitation Centre (PDK), Deliverance Army Bintulu Corps and Community Services and Miri Methodist Children’s Home. At also KFC quality meals was supplied to all the people at the same time. It also takes dynamic part in agricultural estate, conservational safety structures.



VII. Sustainability of Business Ethics to the Organization (KFC):

A potential to honourable behaviour is often visible in corporate social responsibility (CSR) policy of KFC. The establishment does not review itself solitarily on its ability to deliver goods and facilities but also on process of delivery and how it effect on humankind and the environments. It is clear with the statement of the

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company; “at the central of Coffee shop Kinds’ social responsibility philosophy are four symbiotic origins: People, Food, Planet and Progress. We’re delighted of the developments we endure to make in these areas, in line with our values of revolution and our drive to continually promote the bar in the whole thing we do”.

Government and ethical implementation: there are convinced commandments for all aspect of community which are to be charted by the Establishmentssuch as consumer’s act, environmental protection act, workforces act etc. if the establishments don’t observe their accomplishments or makes the valuesdiscontented severe actions may be taken by the government (Jones G & George J 2003). In case of KFC it is unblemished that it fallows all the sustainability factors as much as conceivable.

VIII. Conclusion:

As an outcome of the above analysis of KFC it is clear that, by accomplishment of all these sustainability relations the KFC has validated its peculiar self-centeredness, has been rewarded with additional and/or happier patrons. KFC has performed these all activities and also has lots of future plans further for the community sustainability. This is because it has certain benefits too such as increased sales and market shares, The CSR activities also strengthen the Brand by an increased sale and market value the brand of the company will directly and easily positioned in the market. Caring the employees lead to more dedicated and committed employees resulting in easy achievement of company goals.

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