KFC: Stakeholders And Social Responsibility

KFC

Introduction

KFC or Kentucky Fried Chicken, originally from Louisville, Kentucky is one of the most popular fast-food restaurants in the world, loved for their unique tasting chicken seasoning recipe, serving over 12 million customers in 118 countries all around the world. By December 2013, there were 18,875 KFC restaurants. 4,563 in China, 4,491 in the United States, and 9,821 across the rest of the world. KFC was founded by Colonel Harland Sanders in the early 1930s as he started cooking and serving hungry travelers who stopped by his service station in Corbin, Kentucky, US. At this point, Sanders didn't own his work restaurant but served people from the comfort of his own home in the service station. In 1937, Sanders bought a motel across the street and named it Sanders court and café. By 1964, Sanders had expanded to more than 600 KFC outlets in the US and Canada. These days KFC is one of the more commonly seen restaurants in pretty much every city in the world. KFC is now part of an umbrella company called Yum! Brands, a Fortune 500 company, also operates the brand's Taco Bell, Pizza Hut, Wing Street, and KFC.

In this essay, I will be carrying out a PESTLE analysis (see appendix), outlining Kentucky Fried Chicken's biggest ethical issue. As well as looking into how KFC has some good practices and values within the company and are an ethical company since these events, we will also look into recommendations and strategic options for KFC in the event of an event occurring that could tarnish their reputation and how they have reacted to a crisis in the past.

Issue

In 2003/2004 KFC was targeted by PETA (People for the ethical treatment of Animals), it was said that KFC's suppliers were unethically treating chickens that were later to be sold on to KFC for their restaurants. Every year, KFC needs at least 700 million chickens to run their outlets for a week. On the KFC website, they have previously said that they only deal with suppliers who promise to maintain their high standards and commitment to animal welfare. But during this year PETA sent undercover investigators into some of the places that supply the chicken to KFC. One of the places that they went to is the Pilgrims Pride plant in Moorefield West Virginia. The video evidence showed that workers within this supplier were kicking live chickens, throwing them into walls, slicing their heads off when they are still alive, and it shows the PETA investigator asking why the works do this, the reply is that they get annoyed with the chickens and do it for fun. Footage also showed how inhumanly the workers would treat the birds themselves, especially within their living areas, works would pee in the corner and as you would walk into where the chickens This is not the only one of KFC's suppliers that are caught out. Another one of the suppliers that were investigated was Tyson Slaughterhouse (One of KFC's number one suppliers within the United States, within the slaughterhouse, birds were purposely burnt to death, blown apart with fireworks, and their legs were broken by the works within the slaughterhouse so that they could fit into their shackles.

PETA also sent investigators to suppliers to other countries, such as India. Chickens were found overstuffed into awfully crowded warehouses, dotted around were chicken carcasses, due to breeding chickens for a heavy top so they would have more meat on them, some chicken's legs were not able to hold the weight of their body, this causes lameness within some of those born, some of the chickens needed immediate medical attention but were suffering at the hands of the workers who seemed to neglected any respect for the animals.

What happened?

PETA focused on the statement on the Yum! Brands and KFC website which states " Yum! Brand and KFC believe that treating animals humbly and with care is a key part of our quality assurance efforts. This means animals should be free from mistreatment at all possible times from how they are raised and cared for to how they are transported and processed. Our goal is to only deal with suppliers who provide an environment that is free from cruelty, abuse and neglect." Even though this was the case on their website, the abuse still carried on within the slaughterhouses. Whether KFC knew? We are still in the blind spot on that information. The campaign carried on for years with the name "Kentucky Fried Cruelty" (Website below) with many celebrities, such as Pamela Anderson, rallying with them. With the video footage being made public KFC had no choice but to sack at least eleven of their employees.

Since then KFC has put several measures in place to show customers that they care about chicken welfare, as well as adding a section onto their website called "chicken welfare" where they state "We could buy the cheapest chicken there is. We don't. Because it won't taste as good. And we believe that, if you are going to eat chicken, you want to know it's been cared for properly. We certainly do. And we know you feel the same.

We're not perfect, there's more that we can and should be doing. So we are on a journey to improve the lives of all of our chickens.

It starts with our welfare policy which you can read as part of our Western European Sourcing Code of Practice. Next, we are working on a plan for where we are heading, setting targets, and then publishing how we have performed against them later this year. We believe that being transparent is the best way to improve standards.

We're working with partners like World Animal Protection who will challenge us to be better and the Farm Animal Initiative (FAI), who are specialists in welfare and agricultural ethics. They conduct the dedicated welfare audits that take place in all of the farms that supply us with chicken."

On their website, they have also added a section in the year of 2018 (as this is an ongoing case with PETA) called the December 2018 progress report. They go on to say within that in May 2018 they launched their new Western Europe Sourcing Code Of Practise, which outlines their latest policies on chicken welfare. They talk about how the new policy encourages suppliers to improve welfare to chickens. KFC has chosen to be very open with customers about the whole process and their improvement with treatment towards the animals they rear for their restaurants. Over 2018 KFC has been building a new auditing system that will hopefully collect data that will help KFC determine the level of welfare quality. They said their ambition is to use this data to work with all suppliers (not just the ones used within the KFC family) but all chickens

used within the industry. KFC finish by saying “Early next year, we’ll publish the first set of results and use this data to set out a range of new commitments and targets, and we hope that by committing ourselves and our suppliers to greater transparency and working in collaboration with peers, competitors, farmers, and NGOs we can bring about change that our industry and customers can be proud of.”

As well as putting all of this information on the website they have teamed up with a scheme called Red Tractor which is the only scheme within the United Kingdom that covers the entire supply chain from egg to fork. Red Tractors focus on animal health and wellbeing, they provide good levels of hygiene and staff training. Now every bucket of KFC within the United Kingdom has the Red Tractor logo to provide assurance to customers that chickens that are being used within the KFC outlets are being treated well.

During this KFC would have lost the loyalty and the trust of many customers that saw them as a reputable company. Therefore the way that KFC has handled the situation seems to do well. Customers of a brand value honesty as well as hard proof. When the scandal first came to light KFC was shocked and said they had no idea that the suppliers treated the chickens in this way, obviously, consumers may have thought that KFC was lying due to bad publicity. But now they have chosen to gather data and be honest with the customers themselves, which in the long run, customers will see as a vote of trust.

Stakeholders

Primary Stakeholders

Primary stakeholders are people or organizations who are directly affected by the actions of KFC and/or Yum! Brands. When looking at stakeholders within PR it is very hard to keep all stakeholders happy. Something that may have a negative effect on one area of stakeholders may have a positive effect on the other. For example, If KFC were to increase their price for their goods, this would have a positive effect on the company as a whole but would have a negative effect on the customers themselves (who are also primary stakeholders because they buy the products). This may also, in turn, have a negative effect on KFC in the long run, because of the increase in price, this may cause a decrease in the number of customers going to KFC and therefore the profit may stay the same or decrease itself.

Secondary Stakeholders

Secondary stakeholders are people or groups that are NOT directly affected by the actions of the company. For example, this could be suppliers, the media, and activist groups. So if something were to happen that caused KFC to have a drop in the sales of chicken, the suppliers, although they are paid by KFC, would not be directly affected as KFC would still need chicken. Same as the media and activist groups, they do not get directly affected by the actions of KFC.

Key Stakeholders

Key stakeholders can belong to either of these two groups, they can be primary and secondary stakeholders, but they can not only be affected, but they can affect the company. For example, Creditors, employees, government, suppliers, and unions. An example of this is when KFC’s

suppliers didn’t have enough chicken within the United Kingdom, this had an effect on the KFC restaurants as they weren’t able to sell any chicken, which is what KFC is best known for.

Ethical issues

This ethical problem falls under the umbrella of “Deontological ethics”. This is the ethical theory that “the morality of an action should be based on whether the action itself is right or wrong under a series of rules, rather than based on the consequences of the action”. It is often described as Duty-ethics. When looking at morality and ethics, it is ethically correct to make sure that all living things are treated correctly and with good welfare. An ethical decision requires us to observe only the rights and duties that we have to others, when this relates to a company, you have to act on the basis of a primary motive to do right by all stakeholders and satisfy all needs. So in this case, it would mean that KFC would have to make sure that all customers were satisfied that they were rectifying the scandal, which is what they have done by being transparent with the steps they have taken to ensure that all chickens that they use have the correct care and welfare. This also applies to stakeholders outside of the company such as activists groups, in this case, PETA. KFC has worked with PETA to rectify what they have found, they have teamed up with schemes such as red tractor, which are UK based suppliers who are dedicated to the welfare of chickens before they go to the restaurants and are treated well from the moment they are hatched from the egg. Another way they would satisfy stakeholders, is with the suppliers, if the employees within the suppliers are well paid and have good working conditions, they’re less likely to be frustrated and take it out on the animals. As KFC are a big company within the fast-food industry, it is up to them to set an example to all the other food chains about the welfare of animals.

Corporate social responsibility

Corporate social responsibility is always important within a company, especially when dealing with things such as animals and food. With the growing number of people more aware of how animals feel and converting over to veganism because of this, there is a growing corporate social responsibility for companies to be more aware of animal welfare. One of the reasons PETA found when investigating the suppliers' slaughterhouses, is that many of the employees were frustrated with the hours they were working and at how little money, and the conditions themselves within the factories, they were therefore taking out their frustration on the chickens themselves. This had more to do with the people that hire within the suppliers but KFC also has a corporate social responsibility to check that this was not happening as they were the ones who were using the chicken they provide within their restaurants.

Recommendations:

1. 1. Surprise audits of all suppliers used which are then to be sent to stakeholders and published online for customers.

Justification: By carrying out surprise audits on all suppliers it gives KFC a chance to see what it's really like rather than suppliers showing them what they want to see. This means that KFC can monitor animal welfare within their supplier's branches. By sending the data to stakeholders and also publishing the data online for customers they gain back good publicity as they are showing and giving proof that they are doing something about the situation themselves as well

as being transparent about the situation.

1. 2. Teaming up with schemes/organizations with good reputations to satisfy stakeholders outside the company (such as activist groups: PETA.)

Justification: By teaming up with schemes/organizations that have a good reputation, such as the Red Tractor scheme, it puts stakeholders such as PETA at ease and helps build the companies relationship with activist groups, and takes them out of the line of fire.

1. 3. Apologizing publicly

Justification: By doing this, KFC is taking reasonability for the things that happened, even if they weren’t aware of what was going on, it shows that they are taking the moral high ground.

1. 4. KFC needs to focus on making sure that all suppliers follow the practices recommended by PETA regarding controlled atmosphere killing.

Justification: CAK helps chickens have a painless death and not have to go through many of the things that the PETA investigator witnessed.

Conclusion

In conclusion according to many activist groups such as PETA, KFC did not adhere to their corporate social responsibility to make sure that all stakeholders act in a socially responsible way. KFC failed to keep track of their animal welfare standards within their major suppliers. Since then KFC has taken measures to ensure that they always stick to the responsibility they have as a company to their stakeholders, such as surprise audits and always making sure there is a high quality of animal welfare within suppliers' factories.

From the pestle analysis and the research that has gone into the situation, following what they are already doing, working closely with PETA as well as following recommendations, KFC should be able to avoid problems like this in the future.