

## Candidate E – Analysis and Evaluation (extracts)

**AIM – Investigate McDonald’s business ethics and the impacts of those on the organisation and its stakeholders including the environment.**

McDonalds achieved all its responsible sourcing goals for 2020 relating to its sourcing of its priority commodities such as beef, chicken (soy for feed), coffee, palm oil, fish and fibre-based guest packaging.<sup>9</sup> This means that their raw materials were of a higher standard and therefore more desirable from customers also, this helps to improve the quality of McDonalds products as well as making them more desirable to customers. This impacts the organisation massively as it can increase their market share which in-turn could increase the economies of scale of McDonalds which will allow them to save costs through bulk ordering raw materials at a cheaper price allowing McDonalds to run more promotions which can attract

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<sup>7</sup> J. Freeman (2021), *What is McDonalds CSR Policy?* [Online], Available from: <https://www.asktraders.com/gb/learn-to-trade/trading-guide/mcdonalds-csr-policy/> [accessed 3<sup>rd</sup> December 2021]

<sup>8</sup> Sillars, J. (2019). McDonald’s to launch “evolved” paper straw after customer backlash. [online] Sky News. Available at: <https://news.sky.com/story/mcdonalds-to-launch-evolved-paper-straw-after-customer-backlash-11861300#:~:text=McDonald> [Accessed 19 Feb. 2022].

<sup>9</sup> corporate.mcdonalds.com. (n.d.). Responsible Sourcing. [online] Available at: <https://corporate.mcdonalds.com/corpmcd/our-purpose-and-impact/food-quality-and-sourcing/responsible-sourcing.html> [Accessed 2<sup>nd</sup> December 2021].

customers away from competitors further increasing McDonald's net profit. Higher standard of raw materials will make the final products a higher standard hence making them more desirable which can make the business more profitable.

Community support is a vital part of McDonalds role and CSR contributions to their stakeholders. They encourage community support by their employees through their Global Volunteer Program. They also massively contribute to their charity of choice Ronald McDonald House charity UK, with supporting them by donating a percentage of their profits each year as well as collecting donations in store and holding fundraisers<sup>10</sup>. Since the charity was established in 1985 McDonalds UK has raised £85 million<sup>11</sup> for the Charity which goes towards the running and building of Ronald McDonald Houses. This impacts McDonalds as It can motivate employees because they are working for an ethically responsible business that has a positive effect on their community and it encourages staff to remain with the business, which will result in a high staff retention rate, and this will lead to reduce recruitment selection costs which will save the business money and time looking for suitable staff.

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<sup>10</sup> McDonalds (2021), *Ronald McDonald House Charities [online]*, Available from: <https://www.mcdonalds.com/gb/en-gb/good-to-know/ronald-mcdonald-house-charities.html> [accessed 3<sup>rd</sup> December 2021]

<sup>11</sup> McDonalds (2021), *Ronald McDonald House Charities [online]*, Available from: <https://www.mcdonalds.com/gb/en-gb/good-to-know/ronald-mcdonald-house-charities.html> [accessed 3<sup>rd</sup> December 2021]