Fall 2008

Started as Customer: Confessions of a Business Ethics Teacher

Scott Kelley, DePaul University

Available at: https://works.bepress.com/scott_kelley/7/
STARTED AS CUSTOMER: CONFESSIONS OF A
BUSINESS ETHICS TEACHER

Scott Kelley
DePaul University

Business ethics faculty face a difficult challenge. As stories of corporate corruption continue to grow, the social pressure for universities — and business ethics teachers especially — to “teach students ethics” can be overwhelming, at times. For those who think this pressure is warranted, as I do, it is all the more important to consider how a single course or series of courses can have an impact.

The case study, Started as Crew, wisely begins by identifying achievable learning objectives for business ethics instruction, citing the AACSB’s Ethics Education Task Force Report. In short, the Task Force argues that business schools must encourage student learning in three critical ways: by developing a deep understanding of the challenges surrounding corporate responsibility, by providing students with tools for recognizing and responding to ethical issues, and by engaging students at an individual level through analysis of positive and negative examples of business conduct. Without such clear learning objectives, ethics education may well be integrated throughout the curriculum, but it is unlikely to have its intended effect, namely, to challenge students to make “decisions of integrity” once they leave the academy for “the real world.” Ethics education in business schools must train moral habits of mind and the three aims of the AACSB constitute an essential starting point. In light of these learning objectives, the McDonald’s case is very effective.

‘DEVELOPING A DEEP UNDERSTANDING’

Reaching beyond initial assumptions to a deeper understanding requires a critical examination of the language and mental models involved in any case study. Concepts such as “corporate responsibility” reflect deeply held assumptions that need to be critically examined: to whom is a corporation responsible? Who defines this term and on what
basis? Is responsibility an obligation imposed on a corporation extrinsi-
cally or an internal organizing principle by which to drive strategy? How
does each student define corporate responsibility? Such questions are
crucial for developing deeper understanding; however, I have learned in
my own teaching experience that it is not wise to begin a course by asking
them. It is more effective, I have found, to begin with the particulars—a
particular corporation or business practice and a particular facet of social
responsibility. Started as Crew narrows the scope of corporate responsi-

ability in its broadest possible sense to the positive obligation of reducing
poverty, in a much more limited, concrete sense. Its particular focus
encourages students to uncover limited mental models and bias.

As the authors define mental models, they are “selective filtering
process by which each of us frames our experiences.”2 All mental models
are incomplete or limited in some sense because our experience is con-
textual; but the ‘limitedness’ of a mental model only becomes problem-
atic, that is, a bias when it stifles further questions for investigation or
exploration and does not yield deeper understanding. While there are a
variety of biases, two are relevant to identify here: the bias of common sense
frames mental models based exclusively on an individual’s immediate
experience without critical reflection. The bias of conceptualism, to the con-
trary, consistently truncates inquiry by remaining in a realm of excessive
abstractness or ideology.3 These biases form two problematic poles that
business ethics education must avoid; the bias of common sense makes
one’s own experience normative while the bias of conceptualism fails to
account for cases or evidence that contradict or challenge deeply embed-
ded mental models.

I must offer here a brief confession, since teachers are just as sus-
ceptible to both biases as the students they teach. My assumptions about
McDonald’s have largely been shaped by my experience as a customer.
Prior to my exposure to McDonald’s through my work as a scholar, I saw
it as a place to go for “fast food” when I was in a hurry. Inadvertently, I
tended to associate the McDonald’s brand with the fast food industry in
general, even using the term “Mc” to refer to the generic, minimally
acceptable, or ubiquitous. I was guilty of using the term “McJob” with
my peers shortly after I finished my undergraduate education to express
the very real and legitimate fear we had of not finding a decent paying job
amidst an economic downturn. The slang term “McJob,” therefore, had
come to represent a significant social problem: limited, minimum-wage
employment that is indicative of the working poor—the hidden face of
poverty in America.4 My common sense bias unfairly and uncritically framed
Kelley: Response: Started as Customer

my experience of McDonald’s. McDonald’s employees, I had come to assume, had limited opportunities to improve their economic situation. The “McJob,” it seemed to me, was part of the cycle of poverty, not a possible way out of it. Clearly, I was guilty of the very biased mental models that perhaps permeated others’ misperceptions of this institution.

The common sense bias represented by the term “McJob” operated alongside the bias of conceptualism that I also held concerning the concept of poverty. Whether measuring domestic poverty or global poverty, income is a common metric that has significant limitations. Not only can income metrics give a false sense of precision about the “nature” of poverty, they often mask hidden patterns of exclusion that the poor face on a daily basis. It is important to note that wages are only one facet of a much larger phenomenon. As Amartya Sen describes, poverty is a form of capability deprivation that limits freedom. Alleviating poverty, therefore, infers the process of developing the capabilities that enhance freedom. Perhaps this mental model is the most challenging for us all to eradicate: while low income may be a symptom of the poverty problem, higher income, in and of itself, is no guarantor of economic development or poverty reduction.

In fact, wages are only one facet of a much larger phenomenon. Few social issues are as burdened with bias and limited mental models as poverty, especially in Western, developed economies. The reality of poverty in America, for instance, is juxtaposed with the strongly held, abstract ideal that America is “the land of opportunity.” Moving beyond such deeply held assumptions about poverty in America is a tough challenge for business ethics teachers — one that requires disciplined and self-critical analysis.

RECOGNIZING AND RESPONDING TO ETHICAL ISSUES

Started as Crew illustrates the multi-layered challenges of an effective corporate response to the social challenge of poverty, especially when the “McJob” is sometimes viewed as part of the problem. Because Started as Crew focuses on one particular social problem rather than a general “ethical assessment” of McDonald’s as a whole, it avoids the mental model “trap” of the separation thesis, the logic of which has shaped business ethics discourse for decades. The separation thesis holds that business and ethics are two discrete subject matters that have different modes of reasoning and practice. Socially responsible activities like alleviating poverty, according to the logic of the separation thesis, are distinct from ordinary business practice. The primary flaw of the separation thesis is that
it fails to recognize that sound business practices can also be socially beneficial and, therefore, should not be treated as two distinct modes of reasoning or activity. The separation thesis also operates in the mind of many critics who assume that beyond “merely hiring and retaining employees” McDonald’s must make some additional contribution to be considered “socially responsible.” The unfortunate consequence of this reasoning is that companies spend a lot of time, effort, and energy on being “socially responsible” and on highly visible activities like philanthropy that have little or nothing to do with core competencies or business strategy.

An unfocused “ethical assessment” of McDonald’s could easily center on McDonald’s significant philanthropic endeavors while completely overlooking the social impact of its core business activities. By focusing on poverty alleviation exclusively, *Started as Crew* challenges the mental model underlying the separation thesis and, instead, evaluates the business practices that emerge from the four pillars of its core business plan: quality, service, cleanliness, and value. As the case illustrates, the four pillars of McDonald’s core business plan and the corresponding implementation strategy have had a significant impact on addressing the challenges of poverty. It is from the four pillars of its business strategy, not an undefined sense of “social responsibility” that makes the stories in *Started as Crew* possible, and inspiring.

Consider the story of Darlene Calhoun, for example, who sought a part-time job with flexible hours since her military husband was stationed in Portland, Oregon. The opportunity to work the night shift alleviated some of the burden many working families face when it comes to childcare. Flexible hours afford working families greater capacity to manage these demands. In addition, military families suffer significant financial hardship because of frequent relocations, making it difficult for spouses to pursue a career. Darlene, however, found the ability to relocate and continue working at McDonald’s a vital component for her career advancement. Workplace flexibility is a key reason McDonald’s workforce is so diverse. In light of poverty demographics, it is significant that McDonald’s has produced more millionaire business people within the African-American community than any other organization in the United States.

In addition to workplace flexibility, McDonald’s provides numerous opportunities for education and training. Darlene was able to advance in the company by taking advantage of the opportunity to attend Hamburger University. Considering the income disparity between those with a
college education and those without, and considering disparities in access to education, McDonald’s in-house educational programs serve marginalized populations in ways that higher education does not.

As Darlene’s story illustrates, her ascent in McDonald’s is indicative of a corporate culture that values the long-term success of its crewmembers. The fact that 70% of store managers and 50% of McDonald’s corporate staff started as crew refutes the common sense bias of the McJob, and demonstrates that McDonalds exercises significant social responsibility in its core business operations. Hiring from within is a prudent business strategy because it ensures dramatic enculturation and enhances recruitment and retention. High turnover is a significant challenge in the food services industry and a social challenge for the working poor, many of whom are caught between the demands of being a wage-earner and a care provider.

Although McDonald’s promotion from within strategy emerged from its corporate aims of quality and service, it also has the positive social benefit of providing career opportunity for people like Darlene who have limited options as part of a military family. Focusing simply on crewmember wages is likely to overlook the profound social benefits of flexibility and promotion from within in a culture that places such a premium on higher education. Considering both practices in light of McDonald’s 1.6 million employees worldwide, it is clear that its core business practices have a much greater social impact than its philanthropic endeavors.

In addition to workplace flexibility and promotion from within strategies, McDonalds and its franchises exercise social responsibility in ways that are not immediately obvious. When employee participation in health insurance and 401(k) plans was low in the United States, McDonald’s realized that the 1% salary commitment required to participate was prohibitive. In response, McDonald’s gave eligible employees a 1% raise and eventually initiated automatic enrollment, increasing participation from 41% to 93%. In a country where many have no health insurance or a retirement plan, McDonald’s acted prudently on behalf of its employees because quality and service demand a healthy and committed workforce. In some franchises, owners provide students the opportunity to stay on the clock while they study. Other franchise owners allow employees to take English language classes while on the job. Considering the strong correlation between parents who speak English at home and higher test scores in school, it is important to recognize that poverty alleviation strategies are not always obvious—or celebrated by the public.
as “good corporate citizenship.” The broader point for business ethics teachers is that a substantive consideration of poverty alleviation must include the perspectives of the poor, not just newspaper headlines.

McDonald’s business strategy is remarkable in many ways. It produces a quality product sold worldwide by in-depth attention to inputs and process steps. McDonald’s efficiency and quality across the globe was the inspiration behind Dr. Vankataswamy’s Aravind Eye Care hospitals in India, where a doctor and two technician teams perform more than 50 surgeries per day at rates that are affordable to the poorest members of Indian society.12 Dr. Vankataswamy believed eye surgery could be accessible and affordable if it followed McDonald’s business model.

*Started as Crew* is an effective case study for teaching business ethics because it is designed with and helps faculty to achieve clear pedagogical goals. It asks students to develop a deeper understanding of poverty by taking the perspective of the working poor who face challenges that are often hidden by statistics or clouded by abstract concepts. By beginning with McDonald’s actual business practices and the stories of the working poor, the case provides tools for recognizing and responding to ethical challenges in creative ways. Rather than operating under the logic of the separation thesis, *Started as Crew* demonstrates that the social impact of core business practice and strategy ought to be the primary focus of ethical reflection, rather than the highly visible arena of philanthropic contributions. Lastly, the case presses students to consider the creative nexus between core business strategy and broader social responsibility. Business ethics education, therefore, must develop the capacity for students to think critically and creatively about social challenges in light of business strategy.

NOTES


2 *McDonald’s*, p. 4


7 McDonald’s, p. 22.


9 McDonald’s, p. 16.

10 McDonald’s, p. 20.

