# Corporate Social Responsibility in the Fast Food Industry

## Introduction

Obesity has always been one of the most health concerns that affect the global health systems. According to Ahima (2011), obesity is a disease and condition that affects both developed and developing countries. In fact, the disease is one of the most health concerns affecting several parts of the world due to the effects of the fast food industry. Thousands of people die annually due to weight related issues that result from addiction to substances contained in fast food products. The acceptance of obese people, government interventions, and approaches to the fast food companies determine the manner with which to ensure a better means of encouraging healthy eating habits (Jalali et al. 2016).

The most appropriate way that the society would help in reducing the effects of obesity is to set standards and models that encourage the adoption of healthy lifestyles. For example, if an obese individual is put under a social group and network that encourages the provision of moral support, the task of reducing weight through better eating habits becomes easy. At the same time, in the event the society encourages the importance of physical activities, such methods may eventually become normalized and finally improve the health of obese people. According to Bjerregaard and Maritobese (2013) and Ahima (2011), people are likely to lead their friends into unhealthy eating methods and poor lifestyles that would lead to increase in weight. Therefore, there is need for ensuring that theoretical approaches are examined with the aim of evaluating the understanding of the role of the fast food industry in escalating cases of obesity in the society.

The fast food industry is a major perpetrator of obesity. The reason for this argument is that the products of the industry are characteristic of leading to increase in weight among consumers. Additionally, fast foods are addictive among their consumers. In 2013, *The Financial Times* reported that McDonald’s was facing intense pressure over the manner in which high-calorie food was being the highest contributor of reported cases of obesity among children (Munshi, 2013). With increase in this pressure, the company agreed to provide consumers with nutritional information inscribed in its menu. McDonald’s also sells burgers at a significantly low price, thereby encouraging consumption of weight-increasing products. Similarly, Bloomberg reported in 2015 that Chipotle was causing obesity by not considering the importance doing away with calories in its menu (Wong, 2015). The actions by these organizations in the fast food industry relate to corporate social responsibility since the companies should take care of the health of their consumers by producing non-harmful foods. The implications of obesity in the families of the affected individuals are adverse. For instance, the cost of treating obesity, mental health issues, and psychological problems has negative impacts on the obese people and their families.

The most probable way that the society would employ in taking the issue of obesity as perpetrated by the fast food industry is to work together with health organizations, promote government initiatives, and ensure that there are effective methods that encourage healthy lifestyles (Ahima, 2011). The influence that the fast food industry also has on escalating cases of obesity needs proper examination of policies to ensure that organizations adhere to laws and regulations that call for social responsibility practices. For instance, the most affected population in the society is the millennial category whose love for ‘junk’ foods is evident everywhere (Ahima, 2011). According to Brindal, Wilson, and Wittert (2008), the love for fast food products is the key reason for increase in cases of obesity reported annually. Apart from the youth, the elderly are also at risk of being obese due to heavy consumption of products in the fast food industry.

Therefore, in a capitalist economy, the concept of consumerism has a significant relationship with obesity among individuals (Vigarello, 2016). In fact, in such societies, there is the creation of an environment where the acceptance of attitudes that foster a consumerist behavior is a normal scenario. From this perspective, it is important to ensure that there is importance of understanding that obese individuals need close care that promotes healthy lifestyles. This aspect of healthier lifestyle in the form of reducing consumption of fast food products would be the most important step curing the world’s obesity problem (Ahima, 2011; Vigarello, 2016). However, this approach needs understanding of the problem itself through theoretical approaches. In this sense, the examination of various theories and their relationship with obesity is an important task (Vigarello, 2016). For this assignment, the examination of stakeholder and theory and institutional theory takes the central point. The rationale for choosing these theories lies on the fact that they offer a clear view of evaluating corporate behaviors in relation to CSR strategies and programs. The examination of the major concepts of these theories would be the first step before evaluating their relationships with obesity.

## Theories

### 1. Description of Stakeholder Theory

The stakeholder theory, developed in the 1930s, has become important in determining and defining the practices of contemporary organizations (Grayson and Adrian, 2017). This theory, as put forth by Dodd, holds that as trustees of organizations, the directors must strike a balance between the competing interests of non-shareholder stakeholders such as government and the community and those of shareholders. In attaining this, the directors are expected to formulate and implement corporate social responsibility strategies that are acceptable to all parts. However, at the core of the strategy should be the interests of the customer (Grayson and Adrian, 2017; Laplume, Karan, and Reginl, 2008). As such the organization is expected to protect the welfare of the customers by ensuring that the products offered not only enhances the productivity of the organization but as well improves the customers’ welfare. Grayson and Adrian (2017) further notes that the organization must take into perspective the needs and interest of stakeholders since any developments, both positive and negative, have an effect on the stakeholders’ ability to attain their social and economic goals.

These stakeholders such as the customers have no rights to initiate a definitive measure and course of action that goes against the management of every corporation even though they consume their products. At the same time, these stakeholders lack voting rights that would define the course of action in the event directors fail to uphold proper corporate social responsibility practices (Laplume, Karan, and Reginl, 2008). As a result of these factors, the implication is that stakeholders have limited influence in the manner with which corporations should run their operations. Considering the moral and ethical aspects, this theory argues that stakeholder attitudes are usually unfair since the same stakeholders play an important role in enhancing the success of corporations similar to the same way shareholders contribute toward goal realization (Laplume, Karan, and Reginl, 2008). Therefore, the theory is effective in addressing the perceived injustices f organizations toward the stakeholders.

Furthermore, the stakeholder theory, according to Laplume, Karan, and Reginl (2008), is one of the most significant corporate social responsible practices whose major focus is to ensure that corporations hold a significant level of accountability to their stakeholders as well as ensuring that there is balance in the divergent interests held by the stakeholders. In doing so, the theory has three specific components that include normative validity, the concept of instrumental power, and descriptive accuracy. In terms of the instrumental power aspect, this theory is effective in creating a framework whose purpose is to check the connections between the performance of corporations and stakeholder management (Grayson and Adrian, 2017). Decretive accuracy is an aspect used to describe specific behaviors that define the organization. Finally, the normative validity part of the theory is important in the interpretation of the purpose of every organization (Laplume, Karan, and Reginl, 2008). Since the goals and objectives of corporations are to ensure proper governance, the normative validity component of this theory is the most important one (Laplume, Karan, and Reginl, 2008).

As clarified above, stakeholder theory defines stakeholders as a group of individuals who ensure that the organization exists. As such, in the event that there are no customers, the organization would cease to exist. However, one limitation of the theory is that there is no universally acceptable definition of stakeholders. Grayson and Adrian (2017) examine that there is need for organization’s directors to consider the development and implementation of practices that promote healthy lifestyles and take care of the interests of all stakeholders. From this point of view, all stakeholders deserve justice in through the activities of every organization. Although non-shareholder stakeholders may not have a direct influence in corporate behavior and business activities, it is important to ensure that their interests are considered when making major decisions. The rationale for this argument is that these stakeholders are important in promoting the success of the organization. From this perspective, adhering to ethical business behaviors that contribute toward the well-being of the consumers and other stakeholders should be a priority of every business entity and industry whose objective is to attain positive public reputation and sustainable competitive advantage.

### 2. How it is Related to the Issue

As mentioned earlier, the stakeholder theory has a close connection with the concept of corporate social responsibility. Corporate social responsibility and the stakeholder theory have specific moral and ethical principle (Freeman, 2010). The theory is a crucial part of the idea of motivating organizations and their directors to act in socially responsible manner. In this sense, directors should ensure the application of practices that improve the well-being of the stakeholders. In this theory, a socially responsible organization is that whose business operations and policies take care of the interests of both the shareholder and non-shareholder stakeholders. In the fast food industry, there have been several concerns about the manner in which products are blamed for increasing cases of obesity among consumers. Since this is the case, the stakeholder theory maintains that non-shareholder stakeholders such as the consumer has significantly low influence in forcing directors in this industry to contribute in the definition of better business practices to reduce the production of fast foods or improve the processing methods to minimize increase in weight among consumers.

Since the customers are non-shareholder stakeholders, they have limited influence on the manner in which the directors of organizations in the fast food industry should design their business operations. However, the interests of these stakeholders should be taken care of since their contributions to the success of the industry are similar to those of shareholder stakeholders. In fact, this argument finds support from the core principles of the stakeholder theory. In order to meet this objective, directors of organizations should ensure the promotion of the initiatives that enhance the wellbeing of their consumers (Furusten, 2014). For instance, facilitating dietary programs such as MyPlate, which is a nutrition guide proposed by US Center for Nutrition Policy and Promotion, would be useful in enhancing the recovery of obese individuals as well as minimizing cases of new obesity. In doing so, organizations would be seeking to earn positive public reputation by taking care of the interests of their consumers. The same initiatives would also be successful if such organizations take advantage of community sporting events through funding and sponsorship. In fact, such activities are useful in promoting health lifestyles among consumers of fast food products.

Since the operations of corporations affect both shareholder and non-shareholder stakeholders, the theory asserts that directors are obliged to be responsible to both by running companies in a manner that benefit all of them. There is also the perception that since the aspect of shareholder primacy is effective in putting more emphasis on the need for organizations to increase the interests of shareholders, there is the possibility that this approach would be harmful to the need for upholding the interests of non-shareholder stakeholders such as the customers of fast food products. At the same time, the shareholder primacy goes against the moral standards of business operations. As a result of this argument, it is important to ensure that the corporate law moves closer toward the stakeholder protection as well as increasing laws that govern corporate behaviors.

Furthermore, the fast food industry should bear responsibility for the increase in overweight conditions by engaging in research whose major objective is to ensure that there are better means of engaging in production. In this sense, product ingredients should be healthy in order to reduce cases of overweight. In connection with these approaches, the same organizations should engage in promotion and advertising methods that inform consumers about the health dangers and implications attached to the consumption of fast food products. In doing so, such organizations would be promoting better practices for corporate social responsibility as examined in the stakeholder theory. Specifically, such approaches are important in ensuring that the interests of stakeholders in the industry are put into consideration, thereby improving the need for a positive public reputation among organizations. At the same time, these corporate social responsibility practices are useful in enhancing profitability in the sense that organizations avoid possible legal obligations that are usually costly both financially and in harming a company's public reputation.

### 3. Description of the Institutional Theory

Another important theory to examine in connection with corporate social responsibility is the institutional theory. According to this theory, institutional environment has a significant influence in the realization of specific formal structures in corporations. In most cases, this influence is even stronger than the influence of market pressures. In this case, innovative structures that are important in improving technical efficiency are legitimate within the organizational environment. Ultimately, these innovations may be legitimized in a manner that failure to do so becomes irrational. This explanation means that organizations have to adopt innovative practices that take care of the well-being of their consumers, employers, shareholders, and other stakeholders.

Meyer and Rowan in this theory examine that institutional myths would be acceptable in order to ensure that organizations would be able to gain legitimacy in their institutional environment (Aluchna and Samuel, 2017). In line with this argument, organizations adopt structures that are important in identifying specific procedures that are necessary in enhancing corporate social responsibility (Aluchna and Samuel, 2017). The adoption of such activities has its focus on preserving organizational aura based on the concept of “good faith.” In examining ‘good faith,’ it is important to understand that organizations should engage in practices that are not harmful to the consumer. In fact, legitimacy in the corporate world is important in ensuring that the survival of every company remains a key aspect for business success (Aluchna and Samuel, 2017). However, this survival depends on processes that take care of the interests of customers, employees, and shareholders of the organization (Aluchna and Samuel, 2017).

However, the institutional formal structures that promote legitimacy have the possibility of reducing efficiency as well as jeopardizing the possible an organization’s competitive advantage in their technical environment (Furusten, 2014). There are also three types of pressures that force organizations to adopt similar structures. Firstly, the coercive pressure results from influence from other organizations and legal mandates. For example, due to competition from Pepsi, Coca Cola had to restructure its operations in a manner that promotes CSR by funding Water Sustainability Project. These legal mandates include the need for ensuring that business operations should ensure that the interests of the stakeholders become a priority for every organization (Furusten, 2014). Furthermore, the mimetic pressure is the need for organizations to adopt structures used by successful organizations. However, this pressure usually arises as a result of high uncertainty. Lastly, there is the normative pressure that results from similar attitudes of professional groups that come into the organization through the implemented hiring practices. However, a weakness of this theory is that normative pressure results from professionalization, implying that personal behavior of members of a particular occupation may fail in resulting to effective structure.

According to DiMaggio and Powell, the overall effect of this theory is the increase in homogeneity of all structures adopted by organizations in their institutional environments. Similarly, the theory calls upon organizations to adopt structures that promote health standards among stakeholders. For instance, business operations should not only focus on the need to make profits but also enhance well-being of the consumers (Olsen, 2010). Furthermore, Rowan examined in this theory that the adoption of proper institutional structures should put more focus on specific practices that are important in meeting the necessary objectives for better understanding of consumer needs. In this case, when there is a significant level of cooperation across all areas of the institutional environment, the possibility of increasing diffusion of innovative structures eventually becomes long-lasting. However, contentious institutional environment means tentative and significant slow adoption of innovative practices.

The extreme nature that is evident in the understanding of institutional environments and the role of formal structures in promoting better practices requires that this theory becomes part of every process of policy formulation. This argument has its foundation on the fact that the theory is useful in examining the key aspects of social structures within organizations. Specifically, the theory considers the important principles and processes by which organizational rules, norms, and routines are established and designed to become guidelines for social behavior (Peters, 2012). These structures within the organization are also useful in ensuring that business operations in the institutional environment meet the set standards for ethical behavior in business practices. As such, the institutional theory provides a better understanding of the manner in which organizations adopt structures that meet acceptable levels of social behavior throughout all levels of business operations.

### 4. How it is Related to the Issue

The second theory examined in the analysis of obesity and its relationship with the fast food industry is the institutional theory. In this theory, the major argument is that organizations have to consider the adoption of structures that improve legitimacy by taking care of the principles of corporate social responsibility (Barrena et al., 2016). The institutional theory provides a significant avenue for understanding the boundaries between business activities and the society (Barrena et al., 2016). Although the primary concern of every business is to realize growth through profitability, this theory maintains that the achievement of this goal would be impossible without the engagement of ethical and moral standards that enhance the wellbeing of various stakeholders (Furusten, 2014). Similar to the previous theory, the institutional theory asserts that the success of every organization depends on the contribution of the stakeholders. In this sense, the adoption of structures that promote better lifestyles would be important in minimizing cases of overweight among consumers by improving the production of better production practices.

From the foregoing argument, it is paramount for the fast food industry to adopt structures that are effective in ensuring that all stakeholders have their interests considered part of organizational strategies (Barrena et al., 2016). The implication of this statement is that companies in the fast food industry engage in activities that result in structures that perpetrate the realization of high levels of obesity. For example, the adoption of structures that are not effective in improving environment efficacy is characteristic of the fast food industry (Barrena et al., 2016). As such, the lack of adherence to the major arguments of this theory by organizations in this industry is negligence to the interests of consumers and other stakeholders. For example, Gillison (2018) examines that many companies in the fast food industry are failing in pushing for structures that promote the realization of the objectives of the ‘clean eating’ initiative.

In order to rectify the above situation, directors, and the management in organizations operating in the fast food industry should consider the importance of developing and implementing specific structures that promote corporate social responsibility measures for health lifestyles. Nonetheless, it is difficult for organizations to pinpoint specific methods of evaluating a given structure with its effectiveness without collecting data from research and consumer feedback. According to Neves (2014), these companies should first examine the fact that their products have a negative impact on their consumers. The first step to address the issue is to acknowledge this fact and consider the most appropriate course of action if the companies desire to keep their businesses running (Barrena et al., 2016). For example, adopting structures for enhancing legitimacy and efficacy in the business environment implies the need for evaluating the current structures in order to pinpoint areas of weaknesses as well as identifying opportunities for reducing the spread of obesity.

When the coercive pressures under legal mandate become high, organizations find themselves at a position where the adoption of new structures becomes necessary. However, a low coercive pressure means a much slower rate in the adoption of new formal structures that would reduce cases of obesity. As such, the theory maintains that increased adoption of institutional structures that promote better business practices becomes useful in building a sustainable legitimacy within the institutional environment (Furusten, 2014). Therefore, it is important for organizations to accelerate the rate of adoption of new structural forms in order to achieve a better position of competition within the industry (Phan, 2014).

Furthermore, the relationship between the practices of organizations in the fast food industry and prevalence of youth to obesity is better understood through consumerism as seen in the capitalist economy (Furusten, 2014). In this form of economy, the major focus is the maximization of profits through the adoption of structures and business operation activities that have little regard on the effects of products on non-shareholders stakeholders (Barrena et al., 2016). In fact, these organizations are characteristic of prioritizing shareholder stakeholder primacy, an approach that has a negative impact on organizations and the industry itself in the sense that such approaches violate ethical and moral standards of conducting business by neglecting the interests of non-shareholder stakeholders such as the consumers. Although organizations usually put emphasis on profitability, it becomes difficult sometimes to strike balance between market forces and the implementation of effective CSR programs.

In the arguments for institutional theory, it is important for organizations to examine the effect that their products have on the consumer before implementing any organizational structure (Furusten, 2014). The key objective for this evaluation is to ensure that there is adequate concern for interests of the stakeholders. As such, business models used by organizations in the fast food industry should put emphasis on the understanding of core factors such as the need for minimizing cases of obesity through the adoption of structures that promote wellbeing by way of advocating for better eating lifestyles (Furusten, 2014). Although there is a misconstruction and misguided notion that such a move would jeopardize the success of these companies, it is important to notice that such methods of enhancing corporate social responsibility would be effective in building a strong public image as well as attracting new customers (Barrena et al., 2016). However, this objective is only achievable when the management of these organizations adopt an institutional structure that promotes healthy and ethical business practices.

## Conclusion

In conclusion, the above analysis indicates that the stakeholder theory and the institutional theory have a significant connection with corporate social responsibility. In the examination of the principles presented by the developers of these theories, there is an important aspect attached to the manner with which organizations and their operations influence the overall impact on the industry stakeholders. For instance, the stakeholder theory examines that companies have to take care of the interests of stakeholders in order to remain relevant in their business environments. In this sense, the design and implementation of strategies that promote corporate social responsibility would be useful in ensuring that stakeholder interests are put into account in order to improve the company's public reputation.

On the other hand, the institutional theory examines corporate social responsibility from the perspective of organizational structures. In this logic, these organizations adopt new structures depending on the prevailing industrial conditions. For instance, legal mandates that try to govern activities undertaken by these companies may compel the managers to adopt and review various institutional practices. However, the adoption of these structures eventually affects the manner in which company operations influence stakeholders. Similarly, organizations would copy structures and practices used by presumably successful peers in order to achieve their business objectives. The result of these approaches would be the realization of efficacy and legitimization of activities in the institutional environment.

In order to examine the relationship between these theories and corporate social responsibility, it was important to analyze the manner that the fast food industry is the major cause of the increase in the reported cases of obesity across the globe. In this analysis, it becomes evident that the activities undertaken by organizations in this industry are characteristic of leading individuals into a situation where consumerism does not put into consideration the interests of stakeholders. Specifically, organizations in the capitalist economy put more emphasis on the wellbeing of shareholder stakeholders such as employees as opposed to non-shareholder stakeholders such as the customers. In this case, there is importance for implementing laws and regulations that are effective in ensuring that there is adequate levels of protection of the customer from organizational operations that would otherwise be harmful to health.

Therefore, the organizations operating in this industry have to consider making significant investments on research and development in order to facilitate the implementation of various projects and activities that reduce cases of obesity among consumers. The first approach to this end is to acknowledge the fact that consumers play an important role in ensuring the success of every business. By doing so, the industry would be able to realize that various organizational practices such as the support of health eating habits and the promotion of sporting events would enable them attain a better public reputation and a sustainable competitive advantage.

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