**Ethical Topic-Pay Gap**

Institution Affiliation

Date

Ethics are crucial policies that help a firm determine its actions and decisions. They can be put on paper or verbally communicated, which affect a company at a micro and macro level. Over the years, the fast-food industry has been on the spot for pay gap issues, raising an ethical question. Over 4 million Americans are currently working in the fast-food industry with an average pay of USD 11. Many workers live below the poverty line, while the giant fast-food companies make profits worth billions of dollars. This paper discusses two fast-food Competitors-Mc Donald's and Burger King companies and compares and contrasts their response toward the pay gap of their workers. Further, discuss the primary ethical values implications and determine which two entities are most ethically superior in handling the employees' payment issue.

**The Minimum Hourly Pay Law**

The Fair Labor Standards Act (FLSA) has a mandate of ensuring American employees in the fast-food industry get a minimums hourly wage of not less than seven US dollars (Cihon and Castagnera, 2017). Over the years, both public and private companies have paid their workers not less than what is stipulated by law. Additionally, FLSA has a role of ensuring all nonexempt employees receive time and a half for overtime done. Minors are protected, where businesses are not allowed to hire persons under 18 years for jobs considered to have high risks. The law will enable persons with 16 years to work with limited working hours for nonagricultural positions.

The law ensures fast-food workers are paid not less than the set minimum limit but does not look at the widespread impact of the payment on the employees' ability to meet their basic needs. Workers have launched a protest demanding an increase in hourly pay. With promises of consideration by politicians, employees continue to live under poverty and government support for their survival when giant fast-food companies make profits worth billions, arguing that an increase of the hourly pay to a minimum of USD 15 will lead to loss of jobs and strain in the industry.

**Fast-food Market Giants**

Globally, McDonald's is the largest in the fast-food industry by revenue. As of 2018, the company served over 65 million customers daily, with over 37 thousand outlets in over 99 countries. In 2019, McDonald had a revenue of over USD 21 billion and employing over one million workers. The company is known for hamburgers, French fries, and cheeseburgers, chicken, among other products. In 2020, the company was ranked ninth with the highest brand valuation globally. Burger King Corporation, a close competitor of McDonald's, is the second-largest in the fast-food industry with about fourteen thousand stores in nearly a hundred countries globally. The corporation serves over fifteen million clients every day, selling over two billion hamburgers worldwide.

**The Ethical Issue**

The two fast-food giants are keeping the hourly pay low for their workers and making billion dollars at the expense of their employees. Fast-food employers are under pressure to increase the salary of their workers to improve their lives. The minimum hourly pay has remained unchanged for over a decade in the USA. The cost of living has been changing over the years. With the change in the cost of living in most cities, an increment of pay is essential for helping fast-food workers survive. A worker at McDonald's and Burger king earns a minimum hourly wage of USD 8 and 10, respectively.

Undoubtedly, the workers in the fast-food industry hourly income need an increment to ease live and remove most of them below the poverty line. The failure to listen to the workers' demand for an increment of pay is a moral and ethical issue (UNIBusiness, 2017). Looking at the profits, the fast-food companies are making shows they are more than able to meet the demands of an increment of minimum hourly pay.

The companies pass low wages problem to state agencies and the federal government. As a result, the government carries a massive burden of supporting already working personnel with low pay, leaving many unemployed more vulnerable, suffering under the poverty line. Consequently, the low-wage earners have poor health and lower life expectancy since they cannot afford good healthcare services.

**Similarity and Contrast on Dealing of the pay gap**

Ethics is about choosing to do what is morally right—comparing and contrasting how the two fast-food giants are dealing with the ethical issue of pay gap show their commitment and willingness to apply the ethical principles and set policies in making decisions that affect both the micro and macro environment of the company. The fast-food workers protest over the years have been on the hourly pay increase attracting support from the politicians and opposition by The National Restaurant Association.

The association argues that demand to increase the minimum hourly pay to USD 15 by workers and the federal government will hurt job creation efforts. The argument may be valid but morally wrong since it supports the suffering and increase of poverty of its workers. A business has an ethical mandate to show care and concern for its workers.

Mc Donald supports the demand of an hourly increment to USD 15 for fast-food workers. In a statement, McDonald's vice president said that the need for an increment of hourly pay working in the first food industry is an important one which they choose not to oppose but to support going forward (Gary, 2019). On the contrary, Burger King founder is opposed to the pay increment of employees. In 2015, he opposed the protest by workers in the fast-food industry, saying that wage increment increases food price, making restaurant expensive.

Burger King and McDonald's have a similar effort of improving the pay of their workers at their own pace. They are both paying slightly above the FLSA required hourly pay. However, they both differ on accepting the move to speedily increase the pay to meet the demand of their workers. McDonald's supports the request by the fast-food workers to increase the income per hour to USD 15. Burger King corporation opposed the push by workers to improve their wage pay.

**Ethically Superior**

 McDonald's stands out to be the most ethically superior in dealing with the pay gap inequality of fast-food workers by supporting the demands (Gary, 2019). Although the support is not agreeing to pay their orders in total but in phases, the willingness to support the conversation shows their commitment to listen and act on ethical issues on the pay gap of employees in the industry they are taking the lead. Burger King rags behind since its argument focuses on continuing to pay slightly higher than the set minimum hourly pay of USD 7.25 by FLSA and the creation of poor workers over the years.

**Ethical Values Implications**

The failure by the fast-food companies to listen and act on workers' demands in the industry implicates ethical values. The fast-company inability to address workers' demands that require ethics application affects their reputation in the market. The underpaying and overworking of workers trying to meet their basics needs make workers possess a negative reputation towards a given company. A tarnished public image risks the business for a company, and high employee turnover due to lack of trust and unfairness by the company is inevitable (Fraser, 2020).

Additionally, the company risks losing most of its well-experienced workers and scares prospective workers in the market (David, 2021). Customers' trust is broken concerning the product and quality of services a given fast-food company will offer. The protest by fast-food workers negatively affects consumers view on the quality and services of a firm.

Customers will always ask how can an underpaid worker be motivated to provide a quality service? Such questions can decrease the sales and eventually the revenue of a company. For instance, after years of lobbying and refusal to support the push of an hourly increment by a worker in the fast-food industry, McDonald's announcement gives it a competitive advantage to continue earning both the employee's and customer's trust. The general public feels the company is ethically right to shun the industry's inequality in payment of its workers who are part of their community.

In conclusion, the action by a company to correctly handle an ethical issue such as the pay gap determines its public image in the market. The push by fast-food workers for an hourly increment to USD 15 puts the industry on the spot. It publically displays how ethical principles and policies apply when it requires them to choose what is not just right but morally acceptable. The argument of paying a slightly higher than the set hourly pay by law and putting their workers under the mercy of the government grants for survival is an ethical issue the industry giants need to rethink. The government should not hesitate to continue pushing for an increment through a legislative Act for the benefit of its people. Consequently, easing the burden of reliance on support by underpaid workers in the fast-food industry.

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