McJobs

Low Wages and Low Standards around the World

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EXECUTIVE SUMMARY

McDonald's is the global fast food leader, with more than 36,000 stores in 119 countries. The McDonald's system also employs 1.9 million workers, making it the second largest private-sector employer in the world.[1]

Given its scale and prominence, McDonald's should take responsibility for creating high quality jobs that pay living wages and treat its workers fairly. Instead, the company has adopted a low-road employment strategy, becoming a leader in the development of low-wage, precarious service jobs around the globe. It is no surprise that the Random House Dictionary has defined "McJob" as "an unstimulating, low-wage job with few benefits, especially in a service industry."[2]

This report details abusive employment practices in the McDonald's system that make the iconic golden arches a global symbol of the low-road economy:

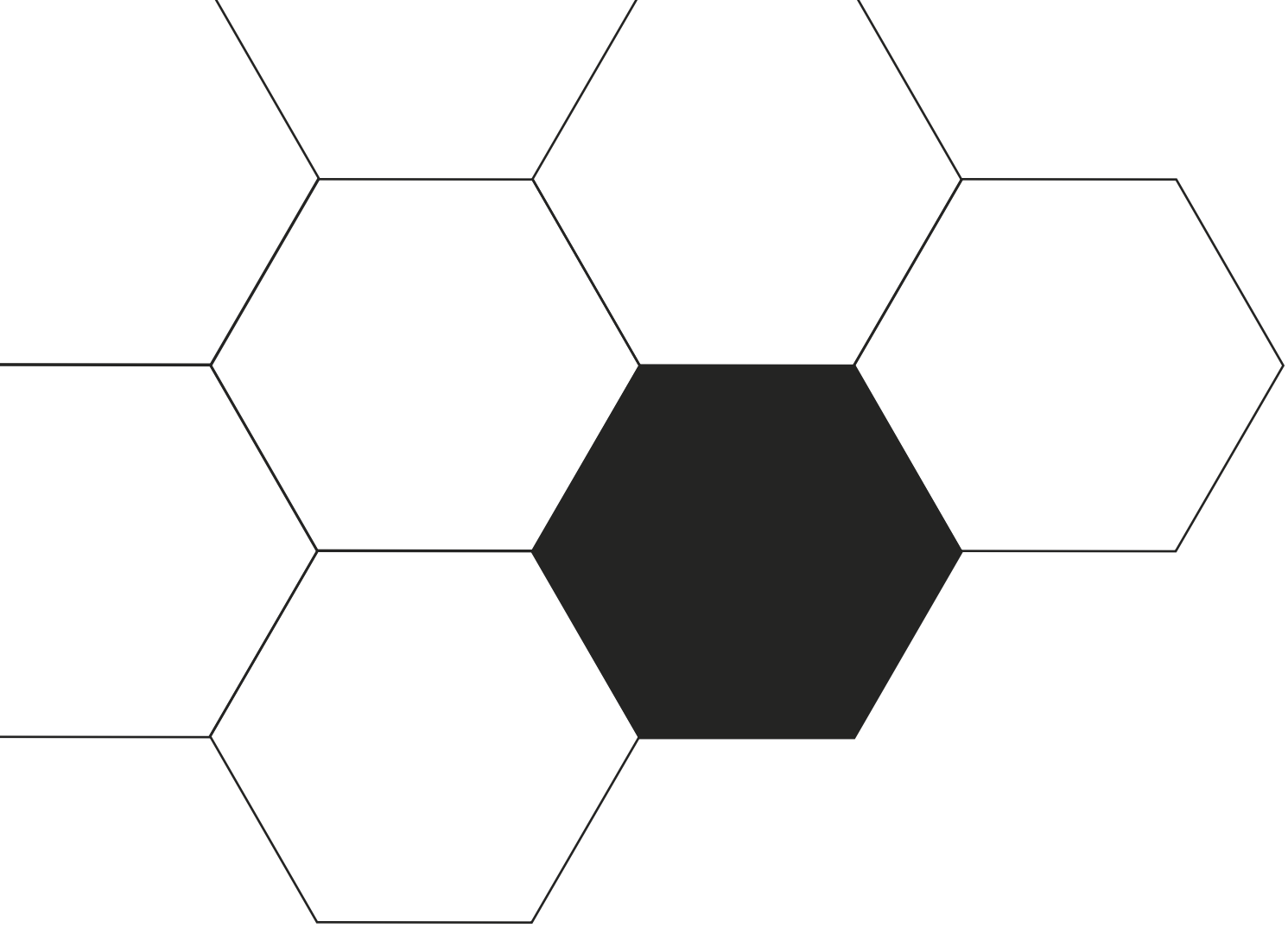
Wage Theft.
In addition to setting the standard for low wages, McDonald's and its franchisees have been found guilty of stealing workers' wages in Europe, Latin America, and other regions, paying millions in fines and penalties as a result.

Employment Discrimination.
McDonald's has a long record of employment discrimination litigation, including allegations of unequal treatment based on gender, race, disability, and sexual orientation.

Child Labor and Migrant Worker Abuses.
McDonald's and its franchisees have been fined in several countries for exploiting children and other vulnerable workers.

Worker Safety.
McDonald's has failed to protect workers in its stores around the globe from burns and other serious workplace injuries.

Anti-Union Practices.
McDonald's has refused to negotiate with workers who have organized to demand improved working conditions, retaliated against workers for organizing activity, and evaded responsibility for workplace standards at franchised stores.



McDonald's, like every corporation, has two choices: it can adopt high-road employment practices and take responsibility for maintaining quality, family-supporting jobs, or it can pursue low-road strategies to suppress wages and circumvent labor law.

McDonald's has demonstrated it is capable of being a high-road employer. In countries such as Denmark, McDonald's workers are paid a living wage, have access to stable schedules and benefits, and are covered by market-wide collective agreements that provide for a decent standard of living.

Unfortunately, in most countries McDonald's has chosen the road of low wages and low standards. This pattern of workplace abuses at one of the world's most recognized companies is intolerable. We call on McDonald's to provide stable, living-wage jobs for all of the nearly two million workers at its stores.

INTRODUCTION

In November of 2012, several hundred fast food workers in New York City went on strike to call for a US$15/hour basic wage and the right to form a union without retaliation. These workers sent a powerful message that it is wrong for corporations like McDonald's – transnational behemoths that make billions in profits – to pay so little that workers and their families live in poverty.

That first strike sparked a movement that has swept across the United States. Thousands of workers in more than 230 American cities have joined several waves of national strikes. Commentators in the U.S. media have noted that the strikes have created a new "social justice movement" and have "completely rewired how the public and politicians think about wages."[3]

> IN 2013, THE AVERAGE MCDONALD'S WORKER HAD TO WORK 1,196 HOURS TO MAKE WHAT THE CEO MADE IN ONE HOUR

Workers in Europe, the United States, and elsewhere see common issues arising from McDonald's abusive labor practices. In May 2014, a national strike by fast food workers in the United States was supported by solidarity actions in more than 30 countries from Argentina to the Philippines.[4]

Then, on April 15th of 2015, massive worker actions in dozens of countries and approximately 350 cities around the world led to sit-ins in McDonald's stores in Brazil and the United Kingdom and strikes led by McDonald's workers in France, Italy, and New Zealand.[5] This broad movement is a response to the many exploitative working conditions found at McDonald's stores around the globe.

Ronald McDonald: the face of the new economy

Poor working conditions at McDonald's contribute to the broader social problem of growing inequality. Over the last 30 years, the service sector has expanded from one in four jobs to approximately three quarters of the workforce in much of Europe, and has grown significantly in emerging markets such as China and Brazil as well.[6] The dramatic increase of service work and the disappearance of many middle-income positions have led to an increased polarization between low- and high-wage jobs, creating a "service underclass" of workers in poor quality, poorly-paid positions.[7] The McJob is the world's leading symbol of this growing service underclass.

The Organization for Economic Cooperation and Development (OECD) wrote last year that income inequality is now at its highest level in 30 years. It argued that "the enormous increase of income inequality on a global scale is one of the most significant – and worrying – features of the development of the world economy in the past 200 years."[8]

Nowhere is this divide more evident than at McDonald's. Analysts of the growing gap between CEO compensation and worker pay reported that accommodation and food services was the most unequal sector of the U.S. economy in 2013, driven by extreme inequality in the fast food industry with CEO-to-worker pay ratios of more than 1,000 to one.[9] They also highlighted McDonald's as the most extreme case in 2013. At that time, the average McDonald's worker had to put in 1,196 hours to make what the CEO earned in an hour. Working full-time, that would take seven months.[10]

How McDonald's really works

McDonald's uses a franchise model for most of its stores around the world. More than 80 percent of McDonald's stores are operated by franchisees, often small business owners with a fraction of the resources and experience of McDonald's itself. This system makes McDonald's one of the leading examples of the growing trend of "fissured employment," in which large transnational corporations outsource work to small employers or independent contractors and avoid responsibility for workplace standards.[11]

McDonald's Terms Defined

'McJob' \mək-ˈjäb\

noun

An unstimulating, low-wage job with few benefits, especially in a service industry.

Random House Dictionary

'McBudget' \mək-ˈbə-jət\

noun

A guide produced by McDonald's for its U.S. workers with advice on making ends meet, which assumed workers had a second job and no childcare, food, or transportation expenses.

"An insult to those living in poverty."

The Miami Herald

'McResource' \mək-ˈrē-ˌsors\

noun

A McDonald's employee hotline that has provided guidance to U.S. McDonald's workers on how to apply for public benefits like food stamps and Medicaid to supplement low wages.

Los Angeles Times

‘Fissured Employment’ \'fish-ərd im-'ploi-mənt\

An employment relationship, such as franchising, under which lead firms that collectively determine product market conditions in which wages and conditions are set have become separated from the actual employment of workers.

Adapted from David Weil, The Economic and Labour Relations Review

‘Union Busting’ \'yün-yən 'bəst-əng\

Trying to destroy or weaken a union, as through prosecution or intimidation.

Adapted from Random House Dictionary

‘Wage Theft’ \'wāj 'theft\

The failure to pay what workers are legally entitled to.

Economic Policy Institute

‘Zero-Hours’ \'zē-(ˌ)rō' au(-ə)rz\

An employment contract in which workers are not guaranteed work but are expected to remain available. The amount of work can vary resulting in little or no pay.

Adapted from Financial Times Lexicon

McDonald’s exerts an enormous amount of control over store-level operations, even at stores operated by its franchisees. For example, many stores use a software package that tracks labor costs and revenue on an hourly basis, putting pressure on store managers to make workers work off the clock when labor costs in comparison to revenue get too high.[12]

McDonald’s could use this level of visibility and control to ensure that its stores live up to responsible social values, the values McDonald’s itself espouses in its standards of business conduct: equal treatment, safe workplaces, freedom from harassment and abuse, and treating workers with fairness, respect, and dignity.[13]

Despite these espoused standards, too many McDonald’s workers around the world are paid poverty wages, have limited or insecure working hours, and endure harmful managerial practices such as retaliation against union activists. These working conditions create the setting for further abuses, including wage theft, unsafe workplaces, and discrimination. And despite its high level of control over working conditions at franchised stores, McDonald’s denies any responsibility for them in many of the stores that operate under its brand.

As one of the largest employers in the world, McDonald’s should live up to its own standards by improving the quality and stability of its jobs and ending practices that drive down wage and labor standards. We call on McDonald’s to take full responsibility for all McDonald’s workers around the globe, and to ensure that the golden arches become synonymous with fair pay and good jobs, instead of low wages and low standards.

BIG MACS, SMALL PAYCHECKS

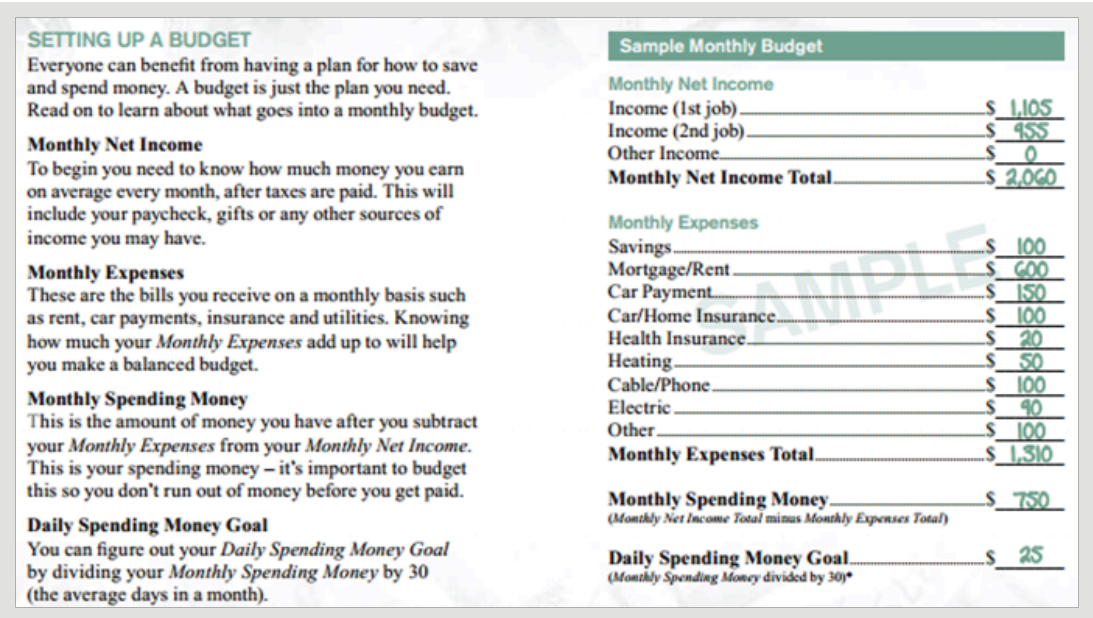
The primary characteristic of McJobs is low wages. Fast food workers are among the lowest-paid workers in much of the developed world.[14] More than half of all fast food workers in the United States rely on some form of public assistance for low-income earners, such as income supports, food stamps, and similar social welfare programs, in order to make ends meet.[15] In much of Asia, the Middle East, and Latin America, McDonald's workers make less than €1 per hour on average.[16]

Low wages at McDonald's are not an accident; they are a key part of the corporation's business model. In fact, it seems that paying workers as little as it can get away with is an extension of what McDonald's founder Ray Kroc professed decades ago: "We sold [workers] a dream and paid them as little as possible."[17]

United States: the origin of the fast food economy

In the United States, McDonald's corporate home, fast food workers are among the lowest paid in the country, earning lower hourly wages than retail and child care workers. In fact, two of the largest occupational groups in the fast food industry have the two lowest median wage rates of any jobs in the U.S.[18] These workers are often paid close to the legal minimum – which is the higher of the federal minimum wage of US$7.25 per hour or state minimum wages ranging from US$5.15 to US$9.47 – with no guarantee that they will ever receive a raise.[19]

In 2013, McDonald's created a "Practical Money Skills Budget Journal," popularly known as the "McBudget," to advise its



SETTING UP A BUDGET

Everyone can benefit from having a plan for how to save and spend money. A budget is just the plan you need. Read on to learn about what goes into a monthly budget.

Monthly Net Income
To begin you need to know how much money you earn on average every month, after taxes are paid. This will include your paycheck, gifts or any other sources of income you may have.

Monthly Expenses
These are the bills you receive on a monthly basis such as rent, car payments, insurance and utilities. Knowing how much your *Monthly Expenses* add up to will help you make a balanced budget.

Monthly Spending Money
This is the amount of money you have after you subtract your *Monthly Expenses* from your *Monthly Net Income*. This is your spending money – it's important to budget this so you don't run out of money before you get paid.

Daily Spending Money Goal
You can figure out your *Daily Spending Money Goal* by dividing your *Monthly Spending Money* by 30 (the average days in a month).

Sample Monthly Budget

Monthly Net Income

Income (1st job)	$ 1,105
Income (2nd job)	$ 955
Other Income	$ 0
Monthly Net Income Total	$ 2,060

Monthly Expenses

Savings	$ 100
Mortgage/Rent	$ 600
Car Payment	$ 150
Car/Home Insurance	$ 100
Health Insurance	$ 20
Heating	$ 50
Cable/Phone	$ 100
Electric	$ 90
Other	$ 100
Monthly Expenses Total	$ 1,310

Monthly Spending Money (*Monthly Net Income Total* minus *Monthly Expenses Total*)	$ 750
Daily Spending Money Goal (*Monthly Spending Money* divided by 30)*	$ 25

SAMPLE

Screenshot of McDonald's "Practical Money Skills Budget Journal."

workers on money issues, claiming that "everyone can benefit from having a plan for how to save and spend money." The McBudget reported that a typical McDonald's worker in the United States brought home US$1,105 in monthly earnings from his or her McDonald's job, which is below the official U.S. poverty line for families of two or more.[20] That rate is the equivalent of only US$7.72 per hour for a full-time worker, barely above the federal minimum wage. The McBudget further highlighted the inadequacy of McDonald's wages by including a line item for a second job and underestimating the costs of many basic necessities, such as rent and health insurance. The McBudget also failed to include the costs of other key necessities altogether, including childcare – which is essential for many low wage workers to sustain employment.[21]

McDonald's consistently fights to keep the minimum wage low. U.S. franchising and restaurant associations, business groups in which McDonald's plays a prominent role, spend significant sums of money to fight increases in minimum wages or other worker benefits including health care and paid sick leave legislation, ensuring that McDonald's workers' real budgets remain wholly inadequate in meeting their financial needs.[22]

Exporting low wages around the globe

Following the model it developed in the United States, McDonald's seeks to keep its payroll costs as low as possible everywhere it operates.

In Brazil, unions alleged in 2013 that many McDonald's workers were paid less than €1 per hour, with conditions amounting to slave labor.[23] In 2006, unions in Hong Kong protested after the release of a study that showed McDonald's and other fast food restaurants paid poverty wages to their employees, averaging €1.91 per hour.[24] In South Korea, part-time workers at McDonald's stores in Seoul have protested low wages and claim McDonald's fails to pay them on time.[25]

McDonald's low wages do not only impact its workers and their families. In the famous "McLibel" trial in the United Kingdom, the judge ruled that McDonald's not only pays low wages but actually "depresses wages for other workers in the [fast food] industry."[26]

> THE BRITISH MCDONALD'S OPERATION PAYS LOW WAGES AND IT **DEPRESSES WAGES** FOR OTHER WORKERS IN THE INDUSTRY.
>
> – *Judicial ruling,* ***McLibel trial***

Public subsidies shore up the golden arches

The societal cost of McDonald's low wages is most easily measured in the billions of dollars of public assistance provided to McDonald's workers every year. Workers use income supplements, healthcare subsidies, food stamps, and other forms of public benefits to make ends meet for themselves and their families.

In the United States, most of these programs are intended for only the neediest individuals, with income limits linked to the official U.S. poverty line. A recent study of the fast food industry's dependence on federal public assistance found that McDonald's alone costs U.S. taxpayers almost €1 billion each year, even without accounting for additional programs at the state and local levels.[27]

McDonald's also encourages its workers to apply for government assistance programs to supplement their McDonald's income. In fact, McDonald's staffs a hotline, known as McResource, to help workers at both corporate and franchised stores apply to the various government assistance programs that they qualify for due to their meager wages.[28]

McDonald's takes advantage of programs intended for the neediest

In addition to the millions of dollars in public assistance that subsidize the insufficient wages of its workforce, McDonald's has come under fire for abusing government programs intended to create job placements for unemployed workers.

McDonald's was criticized for participating in the United Kingdom's controversial "workfare" program, in which welfare recipients were required to work for private employers for free in order to continue receiving benefits.[29] McDonald's U.K. also received £10 million from the government to create an apprenticeship program, which, according to investigators, did not create a single new job.[30]

In New Zealand, McDonald's has also been accused of abusing subsidies from the country's Work and Income agency. Program participants were given six-month placements at McDonald's, during which a portion of their pay was funded by the government. After the six-month subsidy period ended, though, workers were moved to zero-hours schedules like all other employees, with no guaranteed hours.[31]

And in the Philippines, McDonald's master franchisee, Golden Arches Development Corporation, created a program with the Department of Labor and Employment (DOLE) to hire almost 4,000 low-income school students for a summer job program. McDonald's agreed to pay 60 percent of students' salaries, which would be tied to the local minimum wage, with the remainder paid through education vouchers issued by the DOLE.[32]

HOLD THE FRIES, HOLD THE PAY

McDonald's low wages are a serious problem for its workers and for taxpayers, but many McDonald's workers do not even receive the wages they are entitled to. Worldwide, McDonald's and its franchisees have repeatedly been found to have committed wage theft, which is the illegal underpayment of wages that are rightfully owed to workers.

Intense pressure throughout the McDonald's system to keep labor costs low incentivizes store managers to underpay workers, violating employment laws in the process.[33] McDonald's workers have reported multiple wage theft practices, including being paid less than the legally-mandated minimum wage, not being paid for all time worked, receiving paychecks with improper deductions, and not receiving legally-required overtime pay.

McDonald's wage theft around the globe

In recent years, regulators around the globe have found McDonald's has engaged in illegal wage theft practices. In 2009, McDonald's in Brazil was found liable for underpaying 13,000 workers over five years, a period of time which included the handover of operations from McDonald's to a master franchise operator, Arcos Dourados. McDonald's was ordered to pay back wages totaling €33 million.[34]

Despite the franchising of its operations in Brazil, as well as the entirety of Latin America and the Caribbean, to Arcos Dourados, wage theft problems at McDonald's stores persist. Earlier this year, workers in Brazil filed two lawsuits against Arcos Dourados, alleging both that it has continued to violate federal labor laws and that these violations have allowed the company to illegally undercut competitors and circumvent the country's competition laws.[35]

McDONALD'S ORDERED TO PAY BRAZILIAN WORKERS **€33 MILLION IN BACK PAY.**

19 October ***2009***

In the United States, workers filed seven class-action lawsuits against McDonald's in 2014, alleging wage theft violations at both corporate-owned and franchised stores. In particular, they highlighted the striking level of control exerted by McDonald's, and the role that corporate policies and systems played in encouraging and enabling wage theft practices in McDonald's stores in three states.[36] These suits were filed following the release of a poll of U.S. fast food workers showing that 84 percent of McDonald's workers surveyed experienced at least one form of wage theft.[37]

A few years before, the U.S. Department of Labor found that a McDonald's franchisee in New York City required cashiers to count money from the cash register before punching in and after punching out each day. The Department of Labor ordered the franchisee to pay back wages to 390 workers who had not been compensated for time spent working.[38]

McDonald's Japan disclosed in 2006 that it had failed to pay approximately €17 million in overtime wages to more than 100,000 workers. This revelation followed reports that some affected workers were required to put in as many as 2,000 overtime hours per year.[39]

In Russia, an inspection by the Moscow region's prosecutor's office and regional labor inspector found that McDonald's had not paid workers what was due to them in their final days of employment. In 2010, a number of citations were issued to the corporation in order to force it to comply with employment laws in the country.[40]

These are a small sample of the wage theft investigations carried out by enforcement agencies, investigative journalists, and workers' rights groups around the world. Taken together with the U.S. poll and widespread worker reports of wage theft, they indicate the seriousness and pervasiveness of wage theft at McDonald's.

JUST IN TIME SCHEDULING

McDonald's scheduling practices require workers to tolerate unpredictable hours and inconsistent paychecks. Most McDonald's workers are limited to part-time hours or zero-hours contracts, which have no set work schedules at all. Inconsistent scheduling and inadequate work hours hurt workers' incomes and make it more difficult to obtain second jobs, pursue education, and care for their families. This ultimately makes workers more vulnerable to McDonald's illegal practices, including wage theft.

McDonald's penalized for scheduling practices

In some countries, precarious work arrangements at McDonald's have run afoul of labor laws.

For example, the public labor ministry of the State of Pernambuco in Brazil fined McDonald's Latin American master franchisee, Arcos Dourados, over €2 million in 2013 for violations including variable, unfixed work schedules.[41] The lawsuits filed earlier this year, which are discussed above, alleged that these illegal scheduling practices have continued throughout Brazil.

Other workers have raised concerns about the effects of McDonald's scheduling practices on earnings. Wage theft lawsuits filed last year by McDonald's workers in the United States alleged that workers were not allowed to clock in at the beginning of their scheduled shift but rather were required to wait in their stores for business to pick up before they could clock in, depriving them of pay for portions of their scheduled shifts.

Zero-hours means zero stability

McDonald's tracks labor costs to ensure they do not exceed a certain percentage of each store's gross sales.[42] This puts pressure on store managers to engage in aggressive scheduling arrangements, such as on-call systems, that aim to ensure that a store has only the staff management deems necessary to satisfy its current demand levels.

In many countries, McDonald's makes use of zero-hours contracts, which are employment arrangements that do not guarantee a consistent schedule or number of hours. Most McDonald's workers in the United Kingdom and Ireland work on zero-hours contracts. McDonald's is one of the largest zero-hours employers in the U.K., where nine out of ten of its workers work under these precarious arrangements.[43]

Some zero-hours contract workers are required to be available for work, or on-call, without any guarantee that they will be given any hours of work at all. While management at McDonald's has argued that workers want the flexibility of a job with no set hours, workers report that such arrangements make it difficult for them to find other jobs and otherwise make ends meet.[44]

Following years of protests and negotiations, New Zealand workers recently won an agreement to end zero-hours contracts at McDonald's stores. McDonald's was the last major fast food chain in the country to agree to stop the controversial practice.[45]

Fewer hours, fewer benefits

Most McDonald's workers are part-time employees, many of them without consistent hours from week to week. In much of Europe, two-thirds or more of all McDonald's workers were part-time as of 2001; in the United States that proportion reaches 80 percent.[46]

In some cases, keeping workers on part-time schedules allows McDonald's to limit or avoid costs for its employee benefits. In the United States, some McDonald's stores have cut back on workers' hours in order to minimize payments mandated under new national health care regulations.[47]

Scheduling schemes such as zero-hours contracts and part-time positions with no benefits give McDonald's stores flexibility as customer traffic ebbs and flows, but that flexibility comes with a price – a price that is paid by McDonald's workers.

UNSAFE AT ANY SIZE

McDonald's strategy of doing what is easy for the corporation and difficult for its workers extends to many areas, including the troubling inadequacy of occupational safety and health protections at McDonald's stores around the world.

Fast food is a high-risk industry, posing many health and safety hazards to workers.[48] Nearly 200,000 workers in Europe's hotel and restaurant sector experienced occupational injuries severe enough to miss more than three days at work in a single year.[49] And in March of this year, the National Council for Occupational Safety and Health released a survey in which four in five fast food workers in the United States reported having been burned at work.[50]

The highly pressurized work environment at McDonald's, where workers are required to meet the corporation's tight production and speed benchmarks, demands that employees work quickly with scalding oil and hot grills. Workers report they often do not have access to proper protective equipment or the training to do their jobs safely.

A history of unsafe conditions at McDonald's stores

McDonald's has repeatedly been fined or subjected to regulatory action over unsafe conditions in its stores around the world.

In 2011, Brazil's public labor ministry found that McDonald's stores had failed to follow workplace safety documentation requirements, report worksite injuries, and provide safe working conditions for employees. The company was fined €6 million as a result of the investigation.[51]

In addition to the burns caused by hot grills and oil, McDonald's stores themselves can get very hot when cooling and ventilation systems are not adequately maintained, posing additional health risks. The Canadian Ministry of Labour issued multiple orders related to heat stress after inspecting an Ottawa restaurant in response to an anonymous complaint.[52]

Growing allegations of safety problems

Earlier this year, McDonald's workers at 28 stores in the United States filed complaints with the Occupational Safety and Health Administration (OSHA), alleging that understaffing, lack of protective equipment, pressure to work quickly, and greasy floors put workers at risk of burns and other injuries.[53] At the same time, a McDonald's worker in Los Angeles sued the corporation for serious injuries sustained when a faulty coffee container exploded, causing second and third degree burns on her body. A store manager refused to get emergency help and, in attempting to treat the burns with makeshift medical supplies, removed a layer of skin from her foot.[54]

Numerous allegations of unsafe conditions have also led to legal action in Brazil. The lawsuits against McDonald's master franchisee Arcos Dourados, described in a previous section, also allege gross health and safety violations spanning three decades. Specific complaints include workers forced to work in unsanitary conditions and failure to receive hazard pay for dangerous work.[55]

Similarly, a recent investigation of McDonald's by Metropolitan Autonomous University in Mexico found that the chain hired young workers on a temporary basis without giving them appropriate training or protective equipment. Workers who missed work due to occupational injuries or complained about working conditions were fired.[56]

Workers have also taken collective action over heat-related safety concerns in McDonald's stores. In New Zealand, Italy, and the United States, McDonald's workers have gone on strike after broken ventilation systems caused serious heat-related health conditions and at least one hospitalization.[57]

Safety on the job is a basic and fundamental worker right. Its erosion has serious consequences for McDonald's workers and their families. For workers, fast food injuries, and burns in particular, can take weeks or months to heal and may leave permanent scars or result in disfigurement. And the lost wages caused by such injuries places financial strain on these workers, their families, and the social safety net.

> A STORE MANAGER **REFUSED TO GET EMERGENCY HELP** AND, IN ATTEMPTING TO TREAT THE BURNS WITH MAKESHIFT MEDICAL SUPPLIES, REMOVED A LAYER OF SKIN FROM HER FOOT.

MARGINALIZED WORKERS

McDonald's relies on young people, immigrants, and other vulnerable workers to staff many of its stores worldwide. Far too often, McDonald's treatment of these workers exploits their lack of job prospects and limited legal protections.

Happy Meals, unhappy jobs

Everything about McDonald's, from the choice of Ronald McDonald as a mascot to the well-known Happy Meal toys, is designed to reinforce the corporation's image around the world as a fun, family-friendly environment. At the same time, working conditions in McDonald's stores suggest a very different environment, in which McDonald's puts young workers in harm's way and fails to follow laws that support their well-being.

In several countries, McDonald's has been subject to fines or other regulatory actions as a result of child labor violations. In Australia, McDonald's has been convicted of illegally employing children under the age of 15 multiple times.[58] Similarly, the Tel Aviv Labor Court in Israel found McDonald's guilty of recurring child labor infractions for which prosecutors sought the maximum penalty.[59] A McDonald's franchise in New Zealand was also accused by a union of hiring children as young as 12, who were paid in store coupons.[60]

Many child labor laws are designed to protect children from excessive hours or working conditions that could be unsafe for younger, less experienced workers. In Russia, McDonald's was found to have violated working hours limits and safety rules for teenage workers.[61]

Similarly, several McDonald's franchises in the United States have been subject to penalties for violating hours restrictions and safety rules for minors.[62] A McDonald's store in the U.K. has also been fined for requiring 15-and 16-year-old workers to work late at night.[63]

Poor working conditions for children extend beyond McDonald's stores and into its supply chain. In China, children were reported to be working 17 hours a day in sweatshop conditions to produce Happy Meal toys.[64]

In addition to violations of child labor laws around the world, McDonald's and its franchisees operate camps and other programs for children in several countries, which serve as an early recruitment effort for future customers and low-wage workers. For example, McDonald's runs a summer day camp in the Philippines which has been described as "thinly veiled child labor," during which participating children work in McDonald's stores for no pay.[65] McDonald's Japan also invites children into the workplace to work alongside McDonald's employees for free.[66]

Child labor laws are designed to protect children's health and personal development, and to prevent work from interfering with their education. Violations of child labor laws at a major transnational corporation such as McDonald's are unacceptable.

Discrimination at McDonald's

Earlier this year, 10 Black and Latino workers in the United States filed a lawsuit against McDonald's, alleging they were wrongfully fired and replaced with White staff after managers declared that there were "too many Black people" in their store. These workers also alleged that female employees were physically harassed by managers.[67]

Although these allegations are shocking, discrimination at McDonald's has a long history: "An unwritten rule during McDonald's first decade prohibited the hiring of women in the restaurants," according to a history of the company.[68] Apparently that legacy persists. The United States Equal Employment Opportunity Commission has sued McDonald's stores multiple times in recent years for allowing sexual harassment in the workplace. In 2012, for example, the owner of 25 McDonald's restaurants in Wisconsin agreed to pay €815,000 after multiple women, including several teenagers, complained that they had been groped at work and harassed on a regular basis.[69] McDonald's also paid €36,000 in 2010 to settle a New Jersey teenager's similar allegations.[70]

In addition to sexual harassment, female McDonald's workers report facing pregnancy discrimination. A study examining the systemic nonpayment of wages to pregnant workers at McDonald's stores in Brazil found many cases of women forced to resign before their pregnancy came to term so that the company would not need to provide severance pay or make workplace accommodations.[71]

McDonald's workers have also reported discrimination based on sexual orientation and gender identity. A worker in New Zealand alleged that he was disciplined for being "too gay."[72] A transgender teen in the United States also filed a complaint with the Florida Commission on Human Relations, claiming she was denied a job twice and told by a manager that "we do not hire faggots."[73]

Additionally, McDonald's and its franchisees have settled a number of recent lawsuits brought by workers with disabilities alleging discriminatory mistreatment, demotion, and termination.[74] In Taiwan, McDonald's has regularly been among the worst-rated employers on compliance with disability hiring laws.[75]

Immigrants and migrant workers on the margins of labor protections

Discrimination at McDonald's goes hand in hand with the corporation's reliance on immigrants and other vulnerable workers. Undocumented immigrants often have fewer labor protections than other workers and may have little choice but to tolerate employment practices such as wage theft and substandard working conditions.

For decades, McDonald's has employed immigrants entering Western Europe, from those fleeing the eastern Soviet Bloc in the early 1980s to today's African and Filipino immigrants. These workers typically have limited job opportunities and may lack legal documents and status.

"SENEGALESE-BORN WORKERS IN SPAIN CHARGED MCDONALD'S WITH REQUIRING THEM TO **ASK SPECIAL PERMISSION TO USE THE RESTROOM** OR TO DRINK WATER AND BARRING THEM FROM COMMUNICATING IN THEIR NATIVE LANGUAGE.

For foreign workers with few options, McDonald's appears to offer the promise of formal employment with a successful, well-known corporation, even if the wages are low.[76]

The lack of legal status heightens undocumented workers' vulnerability to abuse. In Sweden, undocumented workers won back wages from McDonald's after it was found they were paid 36 percent of what their domestic counterparts made.[77] In February of 2011, a group of Senegalese-born workers in Spain charged McDonald's with requiring them to ask special permission to use the restroom or to drink water and barring them from communicating in their native language. Workers also complained that managers displayed racist posters in their stores and attempted to foment divisions among workers based on ethnicity.[78]

In the United States, student guest workers won nearly €160,000 in back wages and damages from a McDonald's franchisee after the U.S. Department of Labor found they had been paid less than the minimum wage and overcharged for crowded housing. Some workers reported working shifts longer than 25 hours and being threatened with deportation if they complained about long hours or exorbitant rents.[79]

Migrant worker recruitment schemes

Immigrant workers whose legal status is entirely dependent on short-term employment visas are particularly vulnerable to unscrupulous employers. In Sweden, McDonald's managers were alleged to have sold work permits to immigrants from Pakistan for over €13,000.[80] Unions and other civil society groups suggested that the violations uncovered reflected a broader pattern of abuse within the country's work permit programs.

In 2014, foreign workers from Belize working in Canada under its Temporary Foreign Worker Program accused McDonald's of treating them like "slaves." McDonald's allegedly required them to live in housing it controlled and overcharged them on rent. One worker reported that a McDonald's representative told them that the corporation "does not give overtime to foreigners."[81] After intense public scrutiny, the Canadian government banned three McDonald's restaurants from the program and ultimately placed a moratorium on the recruitment of temporary foreign workers in the food service industry.[82]

ANTI-UNION PRACTICES

Collective bargaining is among the most important avenues for workers to address discrimination, unfair pay, unsafe conditions and the other abuses discussed above. Unions and other workers' organizations have brought about dramatic improvements in working conditions ranging from the elimination of child labor to the creation of occupational safety laws.

Globally, collective bargaining is under attack, and McDonald's has been a major union opponent for decades. In the late 1960s and 1970s, McDonald's had a "flying squad" of experienced McDonald's store managers who were dispatched the same day that word came in of an attempt to organize a union.[83] Since then, McDonald's has engaged in a number of specific business and labor relations strategies that undercut workers' rights and disregard international standards.

McDonald's uses franchising to avoid responsibility for its workers

In some places, McDonald's uses its fissured employment model to counteract the requirements of labor laws and corporate social responsibility standards.

In France, for example, McDonald's has a national agreement with labor unions that sets workplace standards, but it does not cover franchised stores, which make up 83 percent of all McDonald's stores in the country.[84] Workers at these stores may face poor working conditions and anti-union pressure, and McDonald's national contract does not address these problems in any way.[85]

In the United States, the National Labor Relations Board has charged McDonald's with coordinating anti-union abuses, such as disciplinary actions against union supporters, across both corporate and franchised stores in response to strikes and other workplace actions. Last year, the Board's general counsel determined that McDonald's should be considered a joint employer of workers at franchised stores because of the control it exercises over employment practices throughout its store network.[86]

Union busting and interference in workplace organizations

McDonald's approach to worker organizations may be best summarized by a manual for store managers that was in use in Germany when workers first formed works councils in that country.

The manual called attempts by workers to elect works councils a failure on the part of management and at least one manager was demoted for allowing such an election to take place.[87] After the works councils were instituted, McDonald's improved its labor relations in Germany, but an oppositional approach still seems to prevail in other McDonald's operations around the world.

In Ireland and the United Kingdom, where sectorial bargaining is not a legal requirement, McDonald's does not recognize or negotiate with any unions or workers' organizations.[88] In Canada, when workers at one British Columbia store voted to form a union, McDonald's stalled and filed numerous legal objections until it was able to mount a decertification campaign. McDonald's never negotiated a contract for the store.[89]

Additionally, McDonald's has directly subverted workplace organizations that are required by law. In Spain, McDonald's took steps to change the parameters of works council elections to make it easier for salaried managers to be elected in an effort to stack works councils with managers rather than rank and file workers.[90]

When McDonald's is unable to avoid negotiating with unions, it has sometimes created company unions to compete with other worker organizations that might more effectively and independently advocate for raising standards, including in Brazil and Mexico. In Brazil, salaries for workers in the company union are 35 percent lower than those of workers covered by independent unions' contracts.[91]

Retaliation against workers for organizing

McDonald's has also retaliated against individual workers on the basis of union activity. In countries with as varying labor conditions as Brazil, Ireland, and South Korea, McDonald's workers have been discouraged from forming unions by management and union activists have been fired.[92] Senegalese-born workers in Spain elected as union delegates claimed that managers threatened to fire them in response.[93] In the United States, McDonald's is currently under investigation by the National Labor Relations Board for a systematic pattern of retaliation against workers for organizing, including threats and "coercive conduct."[94]

Taken together, these actions indicate that McDonald's, like its workers, is fully aware of the central role that worker organization and collective power has played in improving working conditions throughout history. They also suggest that McDonald's takes steps to prevent collective action from improving working conditions at its stores.

A BETTER WAY IS POSSIBLE

The prevalence of low-wage, fissured employment in the service sector does not mean that McJobs are an inevitable function of the economic pressures facing fast food companies.

In some countries, McDonald's is a very different, and more responsible, employer. There, McDonald's sets wages and working conditions at both corporate and franchised stores, creating uniform standards throughout the McDonald's system. It bargains in a fair and above-board manner with unions and other workers' organizations. And the standards it provides, from wages to benefits to scheduling practices, make it possible for McDonald's workers to support themselves and achieve a decent quality of life.

For example, all McDonald's workers in Denmark, including those at franchised stores, are covered by a national collective agreement between McDonald's and their union, the United Federations of Danish Workers, known as 3F. The contract sets wages, working conditions, and other critical terms of employment.

These standards will not make McDonald's workers in Denmark rich, nor will they bankrupt McDonald's stores in the country. At the same time, they promise a different future for the corporation than the history of violations and conflicts outlined in this report, and they promise something better than McJobs for McDonald's workers.

CONTRACT TERMS: DENMARK[95]

Wages:

Workers 18 years of age or older receive a **base hourly wage of €15.43** (kr.115,26), which is higher than the country's average negotiated minimum rate.

Hours worked on evenings, weekends, and holidays are subject to higher rates of pay.

Workers also receive **overtime pay** after the first 148 hours worked in any four week period.

Benefits:

Workers receive **full sick pay** for up to four weeks and 90 percent of full pay thereafter after four months on the job.

Workers receive 18 and 14 weeks of **paid maternity and paternity leave**, respectively, in addition to 13 weeks of paid leave thereafter that are shared between two parents.

Workers with more than 20 years tenure receive 12 percent of their salary in a **pension plan**, two-thirds of which is funded directly by the employer.

Workers receive an extra week of **fully paid vacation** in addition to the five weeks of holiday pay required under national law.

Scheduling:

All McDonald's workers in Denmark have **guaranteed minimum hours**.

McDonald's is required to publish a schedule covering at least four weeks at a time and to coordinate with workers and their union when schedule conflicts arise.

CONCLUSION

The McJob is a symbol of the low-road economy: precarious, low-wage service work, in which fissured employment relationships and union avoidance tactics keep workers in unsustainable conditions. In contrast, McDonald's management in Denmark abides by labor laws, takes responsibility for all McDonald's stores, and cooperates with the workers who serve McDonald's customers each day.

Recommendations

First and most important, McDonald's management should immediately meet with its workers around the world and the labor unions and other worker organizations they have formed to address the numerous workplace problems detailed in this report. McDonald's should commit to raising standards at all of its stores, including those operated by franchisees, and negotiate a plan to offer high-road, family-supporting jobs to all McDonald's workers.

Although the ultimate responsibility for providing safe and high-quality jobs at its stores rests solely with McDonald's, governments and civil society can take a stand against inequality and work to eradicate McJobs. The following steps are of particular importance to addressing the problems identified in this report:

1. **Governments should make a substantial investment in the enforcement of labor standards**, including sufficient funding in human capital at regulatory agencies. Enforcement should rely on significant fines that are calibrated to an employer's size in order to encourage compliance from transnational corporations such as McDonald's as well as small, local businesses. High standards across the service sector would provide broad social benefits.

2. McDonald's employs hundreds of thousands of workers directly, but it also controls the terms of employment for more than one million additional workers at franchised stores. **Regulators and civil society groups should evaluate labor problems at McDonald's and other transnational corporations on a systematic basis**, focusing on how these corporations implement labor standards throughout their operations.

3. Furthermore, **governments should consider the reality of joint employer arrangements, such as McDonald's franchising network, in their implementation of labor laws**. Where possible, requirements for coverage by collective agreements should be extended to all workers effectively controlled by a transnational corporation, as opposed to restricting coverage to direct employees of a specific corporate entity. Full compliance with such legal requirements should be a priority for regulators.

The McJob is not the only possible future. Global corporations such as McDonald's can be held accountable for the quality of jobs they create and challenged to raise standards throughout the world, reflecting an understanding that reducing inequality is vital to the future of the global economy.

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