

LEGITIMACY OF MCDONALD'S CSR DISCLOSURE

Beryl Aranda Cakti¹, Aji Dedi Mulawarman²

^{1,2} *Accounting Department, Faculty of Economics and Business, Brawijaya University, Indonesia*

Abstract. This research aims to examine McDonald's reactive actions through its Corporate Social Responsibility (CSR) as associated with the Middle East conflict phenomenon through the perspective of Legitimacy Theory. As such, McDonald's often receives criticism from the public for its reputation as a western food brand. This research applies a qualitative descriptive approach with a netnography method, and involves data collected through lurking. The results of this research exhibit that the actions taken by McDonald's strive to maintain the legitimacy of its image among the global community by (1) issuing a statement that its operations are not affected by the Middle East conflict and run locally, (2) providing humanitarian assistance to affected conflict victims, and (3) issuing statements condemning all forms of genocide. Globally, McDonald's does not appear to support Israel in the Middle East conflict, but there are inconsistencies as it (1) provides food to Israel, (2) buys back shares of Israeli McDonald's franchises, and (3) has global shareholders owned by companies that are also shareholders of Israeli defense equipment suppliers.

Keywords: Corporate Social Responsibility, Legitimacy Theory, McDonald's.

I. INTRODUCTION

Corporate Social Responsibility is a company's responsibility to the social and environmental aspects of the community in which it operates. Corporate social responsibility demonstrates a company's concern for the interests of other parties beyond its own interests. Corporate Social Responsibility (CSR) is a way for companies to obtain operating permits and a good reputation in the eyes of the public (Podnar & Golob, 2007). According to Sidharta (2016), in implementing Corporate Social Responsibility, companies must be committed to sustainable economic development that focuses on balancing social, economic, and environmental aspects.

CSR disclosure itself is a practice whereby companies publish information related to social, environmental, and economic activities carried out to have a positive impact on the community and the surrounding environment. A company is often expected to operate in accordance with applicable norms and consider the social and environmental impacts of their business activities. Existing norms can originate from laws, ethics, company policies, or public expectations of responsible business behavior, including how companies convey their reports, which may lead to attempts at legitimization through CSR disclosure.

Stakeholder theory suggests that a company's CSR policy should be directed towards its stakeholders, such as employees, customers, suppliers, investors, and local or central government (Jansson, 2005). Legitimacy theory encompasses a broader network of business

social responsibility than that suggested by the stakeholder approach and states that in exchange for providing an institutional framework for their operations and access to markets for resources and products, companies implicitly agree to meet certain expectations that society has about their behavior (Gray et al., 1988).

As one of the world's leading fast food companies, McDonald's often faces various issues that can affect public trust in their brand. McDonald's is included in the 2023 boycott list compiled by the Indonesian Boycott, Divestment, and Sanctions Movement. The boycott of McDonald's, especially in Indonesia, occurred due to allegations of its contribution to the ongoing genocide committed by Israel against Palestine. This phenomenon can be said to be related to CSR because CSR itself is a practice where companies publish information related to social, environmental, and economic activities carried out to have a positive impact on society, in this case in the form of free food provided by McDonald's Israel. Along with this, the McDonald's brand in various Muslim-majority countries has also been aggressively calling for various donations to be given to the surrounding communities in need as well as humanitarian aid to Palestinian victims, which is a form of CSR project.

As a result of these events, McDonald's stock price declined at the end of 2023, but gradually recovered in the following months until 2024, when the stock price rose again. This was because the boycott only occurred in a few countries and was not global in scale. In fact, this boycott did not occur in Western markets; on the contrary, they supported McDonald's actions in Israel when it provided more than 4,000 free meals to the military and hospitals in Israel every day during the war.

In a study (Handayani, 2024) related to PT MAP Boga Perkasa (MAPB), which has a franchise business for Starbucks and McDonald's outlets, one of the results showed that in November, MAPB's stock movement tended to be stable but its value was small compared to the months before the pro-Israel product boycott (BDS movement and MUI fatwa). with the lowest share price at Rp. 1,800 per share and a trading volume of only 3,000 shares, and the highest at Rp. 2,090 per share with a trading volume of 76,100 shares. This shows that after the issuance of the MUI fatwa on November 8, the trading volume of MAPB shares was affected by the boycott of the two franchises.

Based on the background description above, this study focuses on the following research question: Is the response made by McDonald's Indonesia to the conflict in the Middle East a strategy used by McDonald's Indonesia to legitimize its profit interests, which will be seen from various public responses to this event through social media, and compare these findings with the data in McDonald's CSR report and annual financial report?

This research was conducted to determine whether it is true that various statements made by McDonald's and donations made from this income are entirely for the sake of corporate social responsibility and not to secure profits from the boycott. The results of this research are expected to broaden the author's knowledge and insight and contribute to the development of accounting literature and research for researchers, Brawijaya University, and future researchers. Because the trigger for the research object is an international conflict, conducting research would cover too broad a discussion if it used various financial reports from every McD brand in several countries. Therefore, the research problem will be limited to McD brands in several countries through social media owned by each McD franchise (active social media), while the financial reports will use McD's global financial reports.

II. LITERATURE REVIEW

A. *Legitimacy Theory*

Legitimacy theory is one of the most frequently cited theories in the field of social and environmental accounting (Tilling, 2004). Similarly, Naser, AlHussaini, Al-Kwari, and Nuseibeh (2006) state that legitimacy theory has been used in accounting studies to develop theories of social and environmental responsibility disclosure. Legitimacy theory focuses on the interaction between companies and society. Legitimacy theory states that organizations continuously try to ensure that they carry out activities in accordance with the boundaries and norms of society (Deegan et al., 2002). Public legitimacy is a strategic factor for companies in developing their business in the future. This can be used as a vehicle for constructing corporate strategy, especially in relation to efforts to position oneself in an increasingly advanced society (Nor, 2011).

Legitimacy theory explains that companies disclose their social responsibility in order to gain legitimacy from the community in which they operate. This legitimacy allows companies to avoid undesirable situations and increase their value. Legitimacy theory states that organizations should not only pay attention to the rights of investors but also to the rights of the public (Deegan and Brown, 1996). Legitimacy theory states that organizations must continuously try to convince others that they are conducting their activities in accordance with the boundaries and norms of society (Rustiarini, 2011).

B. *Boycott Theory*

Boycott theory encompasses the concepts and principles involved in collective action to withdraw support or involvement from a particular product, service, or entity as a form of protest or rejection of practices or policies that are considered unethical, harmful, or controversial. Several theories related to boycotts involve psychological, social, and economic aspects. Here are some related theories:

a. Social Effect Theory

According to Cialdini, R. B., & Goldstein, N. J. (2004), social influence theory explains how people can be influenced by groups or society to take certain actions, including participation in boycott actions.

b. Consumer Choice Theory

According to Sheth, J. N., & Newman, B. I., & Gross, B. L. (1991), consumer choice theory investigates the factors that motivate consumers to choose or reject products based on their values, preferences, and morality.

c. Theory of public opinion leadership

According to Katz, E., & Lazarsfeld, P. F. (1955), the theory of public opinion leadership describes how individuals or groups with expertise or authority are considered public opinion leaders who can influence mass behavior in the context of boycott actions.

C. *Corporate Social Responsibility*

Corporate Social Responsibility (CSR) in modern history has been known since Howard R. Bowen published his book entitled *Social Responsibilities of The Businessman*. Since then, many other scientific references have been published in various countries referring to the principles of business responsibility to society as outlined in Bowen's book. The basic idea put forward by Bowen is that companies have an obligation to run their businesses in line with the values and goals of the communities in which they operate (Untung, 2008). Corporate Social

Responsibility (CSR) is the commitment of companies or the business world to contribute to sustainable economic development by paying attention to corporate social responsibility and focusing on the balance between economic, social, and environmental aspects. The complexity of increasingly complicated social issues has positioned CSR as a concept that is expected to provide new breakthrough alternatives in empowering the poor (Untung, 2008).

Corporate Social Responsibility (CSR) is a mechanism for an organization to integrate concern for the environment and society into its operations and activities with stakeholders, which goes beyond legal responsibilities (Anggraini, 2006). CSR is an approach whereby companies integrate social concerns into their business operations and in their interactions with stakeholders based on the principles of voluntarism and partnership (Nuryana, 2005). CSR can be interpreted as a reciprocal relationship between a company's operations and the community in order to elicit a positive response from the community. CSR is a company's contribution to society in an effort to improve the quality of life (Susiloadi, 2008). Lanis and Richardson (2012) state that CSR is the key to the success and survival of a company.

D. CSR Disclosure

Hackston and Milne (1996) state that corporate social responsibility disclosure, often referred to as social disclosure, corporate social reporting, social accounting, or corporate social responsibility, is the process of communicating the social and environmental impacts of an organization's economic activities to specific interest groups and to society as a whole. This expands the company's responsibility beyond its role in providing financial reports to capital owners, particularly shareholders. This expansion is based on the assumption that companies have broader responsibilities than just seeking profits.

The disclosure of environmental, social, and economic information in annual reports or sustainability reports reflects the level of accountability, responsibility, and transparency of corporate social responsibility () to investors and other stakeholders. The disclosure aims to establish good and effective communication between the company and the public and other stakeholders about how the company has integrated corporate social responsibility into every aspect of its operations. The more stakeholders know about the company's social investments, the lower the company's risk of facing social turmoil. Three concepts of disclosure according to Hendriksen and Breda (1992):

1. Adequate disclosure is disclosure that covers the minimum disclosure that must be made so that company information is not misleading.
2. Fair disclosure is disclosure that reasonably demonstrates ethical objectives in order to provide equal and general treatment to all users of company information.
3. Full (complete) is disclosure that is complete and requires the presentation of all relevant information.

E. Principles of Corporate Social Responsibility

Based on international regulations known as ISO 26000, there are principles that must be applied in the implementation of CSR. The principles according to ISO 26000 include: (1) Accountability: An organization must be accountable for its impact on social, economic, and environmental aspects. (2) Transparency: An organization must disclose in a clear, accurate, and complete manner, and at a reasonable and adequate level, the policies, decisions, and activities for which it is responsible, including their known and potential impacts on society and the environment. (3) Ethical Behavior: An organization's behavior must be based on the values

of honesty, fairness, and integrity. These values imply concern for people, animals, and the environment, as well as a commitment to addressing the impact of its activities and decisions on the interests of stakeholders. (4) Respect for Stakeholder Interest: Although an organization's objectives may be limited to the interests of its owners, members, customers, or constituents, other individuals or groups may also have rights, claims, or special interests that must be taken into account. Collectively, these individuals or groups constitute the organization's stakeholders. (5) Respect for the Rule of Law, The rule of law refers to the supremacy of law and, in particular, to the idea that no individual or organization is above the law and that the government is also subject to the law. (6) Respect for International Norms of Behavior, An organization must respect international norms of behavior, while adhering to the principle of respect for the rule of law. (7) Respect for Human Rights An organization must respect human rights and recognize the importance of human rights and their universality.

III. RESEARCH METHODOLOGY

In this study, the researcher used descriptive qualitative research. This study attempts to describe and understand the impact on McDonald's in terms of profit through an analysis of published CSR reports. This research approach uses a qualitative netnography approach, which focuses on understanding cyberspace, where people interact with one another and form their own observational culture and social system. This study uses Instagram as its field research, employing a lurking approach where the researcher observes various posts and comments from Instagram social media users. The types of data used in this study are primary data in the form of various Instagram posts made by McDonald's franchises in several countries and secondary data in the form of previous studies, books, journals, articles, and various other information found on the internet that is still related to this study.

IV. RESULTS AND DISCUSSION

McDonald's was founded in 1940 by two brothers, Richard and Maurizio, in San Bernardino, California, United States. Initially, they sold snacks such as hot dogs and French fries. However, in 1948, they introduced the concept of a fast-food restaurant with a limited menu and fast service. This concept was very successful and began to attract the attention of retro entrepreneurs. In 1954, Kroc joined the McDonald's company and began to develop the franchise business (Deni Martin, Rilis.id, Nov. 22, 2023).

Global condemnation of Israel's human rights violations against the Palestinian people since October 7, 2023, which have resulted in tens of thousands of civilian casualties and damage to public facilities, has come under intense scrutiny from the international community. The effects of these attacks have indirectly impacted the economic activities of several companies considered affiliated with the state that violates human rights (Israel). This became evident when a major US corporation with a food product (McDonald's) in Israel was exposed on several social media platforms for distributing free food to Israeli military personnel as a form of support for their actions against the Palestinian civilian population. The impact of this action eventually led to a boycott of US corporations that have franchise affiliates in several countries, accompanied by a boycott of other product brands that were suspected of supporting the human rights-violating country.

As a result, McD implemented CSR, which went through four stages of legitimization, namely:

A. Creating innovation

At this stage, the company focuses on initial recognition from the community. This involves adjusting company practices and policies to align with prevailing social norms and expectations. The company must demonstrate competence, especially in financial and professional aspects, to gain public recognition. In relation to this first stage, the first CSR-related project undertaken by McDonald's was the establishment of "Ronald McDonald House Charities," an organization founded in 1974 in Philadelphia that focuses on the needs of families with children being treated in hospitals.

B. Innovation Acceptance Process

Companies need to maintain this status by continuously meeting public expectations. This includes consistent and proactive performance in anticipating challenges that may arise to their legitimacy. Companies must be responsive to changes in public expectations. Since the first publication of its CSR report, " " in 2002, McDonald's has continued to develop its CSR projects and provide more detailed information.

C. Diffusion of Legitimacy

This innovation then became a useful and even necessary cultural framework for how and why people do things. When innovation spreads, its adoption into a new context requires less explicit justification than when it is adopted in the first local context. At this stage, the company has involved its legitimacy process with broader stakeholders, which in this case refers to the expansion of a company's operations in new markets. Looking at the development of McDonald's as a highly globalized multinational company, this stage also includes an awareness of the need to develop Corporate Social Responsibility (CSR) in various countries where they are expanding. McDonald's carries out CSR through Ronald McDonald House Charities in the humanitarian field as a form of McDonald's concern for the community and the surrounding environment. Corporate Social Responsibility (CSR) has become an inevitable requirement along with the emergence of community demands on corporations.

D. Legitimacy Process

At this stage, legitimacy efforts through innovation in the previous three stages can be threatened by internal or external incidents. Therefore, companies need to take defensive measures to protect their legitimacy. These activities are often reactive and require quick management to address these threats.

As a result of the renewed conflict between Israel and Palestine at the end of 2023, social media was flooded with various discussions, ranging from news to posts about the conflict. From various McDonald's branches around the world, it can be seen that some parts of the world did not experience a boycott, while the other half did. This can be seen from the various responses of social media users on the official Instagram accounts of different McDonald's branches. In several branches located in the west, when viewed on their official Instagram accounts, the comments written by netizens there are mostly about products being promoted by McDonald's, while in the east, especially in McDonald's branches with a Muslim majority, almost all posts contain comments calling for a boycott of McDonald's products.

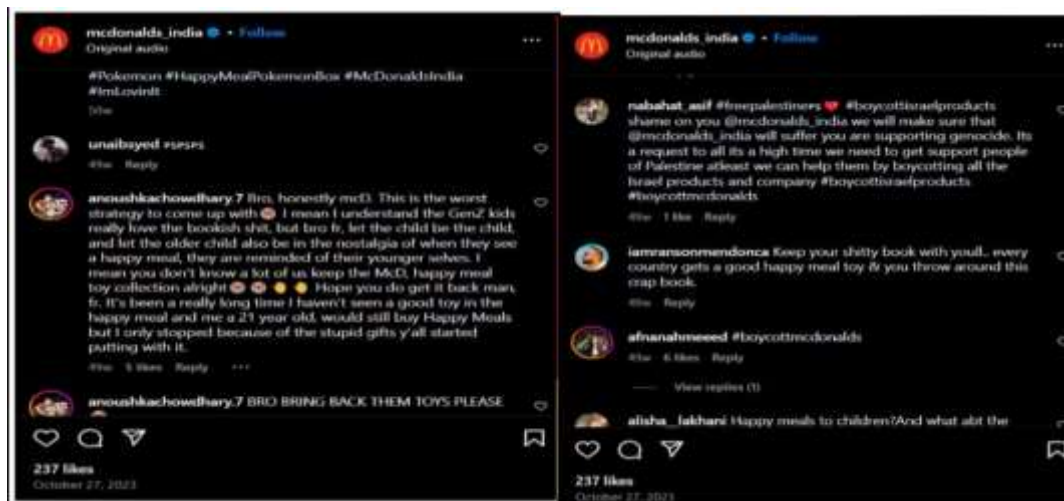


Figure 1. Comments on McDonald's India's Official Instagram Account

The reality of a society accustomed to prolonged conflict has led various communities around the world to issue threats and boycotts. Even though this conflict will eventually subside, the public seems to be aware of its influence on a company's performance when affected by a sustained boycott. That is why, even though McD franchises in several countries have shown their concern for this conflict by making donations, most people still express their sentiments about this conflict by continuing to boycott. Along with various comments from netizens expressing their support for the victims of the conflict, McDonald's in various countries has also been aggressively posting statements of support for the victims as well as statements of neutrality.

Statement from Al Maousherji Catering Company - McDonald's Kuwait

We the Maousherji Catering Company, as the local representatives of McDonald's Kuwait, announce that we stand with our brothers and sisters in Palestine, especially in Gaza, and we reject any and all claims questioning our Arab or our Kuwaiti identity.

We also would like to reiterate that McDonald's on a global level does not interfere in any way, shape or form in matters of politics, religion or heritage. McDonald's is a global corporation that remains focused on its business and operations across the many markets it services. Moreover, no unilateral decision made by any individual McDonald's franchisee can be seen as unified global action, or set company policy or even as a declared political stance by McDonald's globally. What the McDonald's operator did in Israel was an example of such individual action; it was not a global decision, nor was it approved by any of the other local operators, especially those in our region.

We once again reiterate that McDonald's Kuwait is a 100% locally owned and operated Kuwaiti company, owned by Al Maousherji Catering Company. Since inception, we have been proud of our Kuwaiti and Arab identity, and have continuously sought to be active corporate citizens within our community, supporting and empowering it. Accordingly, we would like to announce that Al Maousherji Catering Company has made a USD 250,000 donation to the Kuwait Red Crescent Society to help with relief efforts in Gaza. Kuwait has long been a leader in humanitarian efforts, and we continue to be inspired and driven by our national giving spirit, and determined to play a positive role in this current situation.

Penjelasan McDonald's Malaysia

1. **Siapaakah pemilik McDonald's Malaysia?**
McDonald's Malaysia dimiliki oleh McDonald's International Development Corporation (MIDCO), yang merupakan anak syarikat McDonald's Corporation. MIDCO adalah syarikat yang berdaftar di Amerika Syarikat dan beroperasi di seluruh dunia.

2. **Adakah McDonald's Malaysia membuat pembayaran royalti kepada McDonald's Corporation?**
Ya, McDonald's Malaysia membuat pembayaran royalti kepada McDonald's Corporation sebagai sebahagian daripada perjanjian lesen.

3. **Adakah pembayaran royalti kepada McDonald's Corporation digunakan untuk memindas rakyat Palestin?**
Tidak. McDonald's Corporation tidak terlibat dalam aktiviti memindas atau mendanai mana-mana pihak yang terlibat dalam konflik Israel-Palestin.

4. **Bolehkah McDonald's Malaysia menjelaskan pendiriannya mengenai konflik Israel-Palestin?**
McDonald's Malaysia adalah syarikat yang berdaftar di Malaysia dan beroperasi di seluruh negara. Kami tidak terlibat dalam konflik Israel-Palestin dan kami tidak mendanai mana-mana pihak yang terlibat dalam konflik ini.



Figure 2. Statements of Impartiality from McDonald's Franchises in Several Countries

A closer look at the financial reports published by McDonald's for the 2023 period shows that there was an overall increase in revenue despite the boycott at the end of the year. The information provided shows that revenue from branches operated directly by McDonald's and those operated by other companies through franchises increased by 10% due to strong sales performance in the U.S. and international market segments.

Continuing with the explanation regarding revenue, it was also reported that there was an offset change in revenue growth in the international market segment due to the withdrawal of all McDonald's branches in Russia in the second quarter of 2022, as well as revenue growth in the licensed market and international development corporate segment being affected by the war in the Middle East. referring to the Israel-Palestine conflict that reignited in October 2023.

This increase in revenue shows that despite boycotts in several countries, revenue still increased, so it can be said that actions such as issuing statements not supporting Israel's actions and sending humanitarian aid also contributed to securing McDonald's profit interests. This was followed by a graph showing that McDonald's share price in October did indeed experience a drastic decline, but in the following months, it quickly rebounded.

REVENUES

The Company's revenues consist of sales by Company-operated restaurants and fees from restaurants operated by franchisees, developmental licensees and affiliates. Revenues from conventional franchised restaurants include rent and royalties based on a percent of sales with minimum rent payments, and initial fees. Revenues from restaurants licensed to developmental licensees and affiliates include a royalty based on a percent of sales, and generally include initial fees. The Company's Other revenues are comprised of fees paid by franchisees to recover a portion of costs incurred by the Company for various technology platforms, revenues from brand licensing arrangements to market and sell consumer packaged goods using the McDonald's brand and, for periods prior to its sale on April 1, 2022, third-party revenues for the Company's Dynamic Yield business.

Franchised restaurants represented approximately 95% of McDonald's restaurants worldwide at December 31, 2023. The Company's heavily franchised business model is designed to generate stable and predictable revenue, which is largely a function of franchisee sales, and resulting cash flow streams. In the fourth quarter 2023, the Company provided an insignificant amount of assistance, including royalty relief and deferral of cash collection for certain franchisees impacted by the war in the Middle East in the International Developmental Licensed Markets and Corporate segment. This assistance may continue and increase as long as the war continues.

Dollars in millions	Amount			Increase/(decrease)		Increase/(decrease) excluding currency translation	
	2023	2022	2021	2023	2022	2023	2022
Company-operated sales:							
U.S.	\$ 3,221	\$ 2,836	\$ 2,617	14%	8%	14%	8%
International Operated Markets	5,702	5,179	6,456	10	(20)	10	(11)
International Developmental Licensed Markets & Corporate	819	733	715	12	3	13	16
Total	\$ 9,742	\$ 8,748	\$ 9,788	11%	(11%)	12%	(4%)
Franchised revenues:							
U.S.	\$ 7,163	\$ 6,585	\$ 6,094	9%	8%	9%	8%
International Operated Markets	6,549	5,985	5,638	9	6	8	18
International Developmental Licensed Markets & Corporate	1,724	1,536	1,353	12	14	15	22
Total	\$15,436	\$14,106	\$13,085	9%	8%	9%	14%
Total Company-operated sales and Franchised revenues:							
U.S.	\$10,384	\$ 9,421	\$ 8,711	10%	8%	10%	8%
International Operated Markets	12,251	11,164	12,094	10	(8)	9	2
International Developmental Licensed Markets & Corporate	2,543	2,269	2,068	12	10	14	20
Total	\$25,178	\$22,854	\$22,873	10%	—%	10%	6%
Total Other revenues	\$ 316	\$ 329	\$ 350	(4%)	(6%)	(3%)	(3%)
Total Revenues	\$25,494	\$23,183	\$23,223	10%	—%	10%	6%

In 2023, total Company-operated sales and franchised revenues increased 10% (10% in constant currencies) benefiting from strong sales performance in the U.S. and International Operated Markets segment. Revenue growth in the International Operated Markets segment was partly offset by the impact of the Company's exit from Russia in the second quarter of 2022. Revenue growth in the International Developmental Licensed Markets & Corporate segment was impacted by the war in the Middle East, which began in October 2023.

Figure 3. McDonald's Revenue Based on the 2023 Annual Financial Report

This increase in revenue was 2,311 or 9.96%, which shows that the Israeli-Palestinian conflict, which led to boycotts at several McDonald's outlets, especially in Muslim-majority countries, did not affect McDonald's overall revenue, nor did the 2,291 or 37% increase in income. Despite the boycott in several countries, the revenue generated by still increased, so it can be said that actions such as issuing statements condemning Israel's actions and sending humanitarian aid also contributed to securing McDonald's profits.

Looking at McDonald's shareholders, it is known that there are several companies that hold the majority of McDonald's shares. There are at least three companies, namely:

a. Vanguard Group Inc

Vanguard Group Inc is one of the world's largest investment management companies, established on May 1, 1975, offering various investment products including mutual funds, exchange-traded funds (ETFs), financial planning services, and asset management.

b. BlackRock Group Inc

BlackRock, Inc. is a multinational investment company based in New York City and is the world's largest asset manager, established in 1988. Founded by Larry Fink and seven other partners, BlackRock Inc. provides asset management services with a focus on strong risk management practices.

c. State Street Corporation

State Street Corporation is one of the world's leading financial services companies, focusing on investment and asset management services. With a long history dating back to 1792 and a commitment to innovation and sustainability.

Shareholders: McDonald's Corporation		
McDonald's Corporation (US5801351017)		
Vanguard Fiduciary Trust Co.	9.708 %	>
BlackRock Advisors LLC	5.544 %	>
STATE STREET CORPORATION	4.819 %	>
JPMorgan Investment Management, Inc.	3.670 %	>
Geode Capital Management LLC	2.219 %	>

Figure 4. Largest McD Shareholders

These three companies, known as the "Big Three" in the asset management industry, manage trillions of dollars in pension funds, ETFs, and other investment products. They also hold a significant portion of the shares in Lockheed Martin, a major defense contractor that supplies military equipment to various countries, including Israel. These three companies together control more than 30% of the company's total shares, with Vanguard owning approximately 9.052% of the shares, BlackRock approximately 6.535%, and State Street approximately 14.91%.

Given the relationship between McDonald's shareholders, who are also shareholders of Lockheed Martin as a supplier of military equipment used by Israel, various statements claiming that McDonald's is not involved in this matter or in the delivery of aid are found to be inconsistent.

Shareholders: Lockheed Martin Corporation		
Lockheed Martin Corporation (US5398301094)		
STATE STREET CORPORATION	14.91 %	>
Vanguard Fiduciary Trust Co.	9.052 %	>
BlackRock Advisors LLC	6.535 %	>
Charles Schwab Investment Management, Inc.	2.674 %	>
Eaton Vance Management	2.293 %	>

Figure 5. Lockheed Martin Shareholders

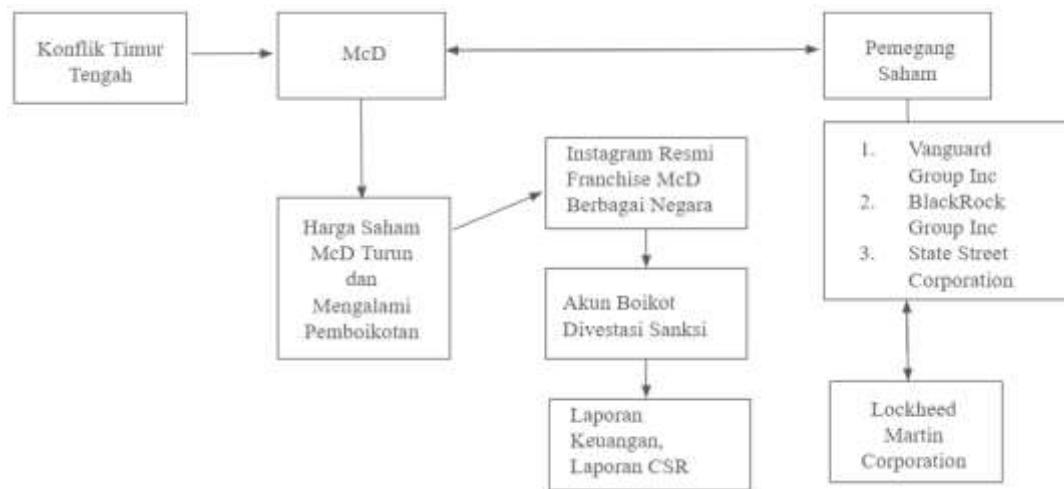


Table 1. Findings Framework

Based on the various data found by the researcher, a framework can be created as shown in the table above. The Middle East conflict, which has begun to heat up again, has had an impact on various Western brands, including McDonald's, which has been affected by falling stock prices and mass boycotts of its products. Evidence of this boycott can be seen in various comments from the global community on Instagram posts used by various McDonald's franchises to promote their products. Afterwards, various McDonald's franchises in several countries issued statements of impartiality towards Israel, which reignited the long-standing conflict in the Middle East. However, this was inconsistent with McDonald's Israel providing free meals to IDF troops and the buyback of all franchises in Israel. Various news sites explained that this was done to regain control of the market in Israel. The inconsistency of these statements was further reinforced when researchers found the Instagram account of Boycott, Divestment, and Sanctions (BDS), which explained in one of its posts that every franchise is required to pay royalties.

Looking at McDonald's financial reports and CSR reports, there is no mention of any humanitarian aid sent to victims of the conflict, nor is the decline in revenue in the Middle East specifically attributed to the conflict. Looking at McDonald's financial reports and , which lists the amount of dividends paid to its shareholders, researchers were led to search for McDonald's shareholders through other websites. The three largest shareholder entities that the researchers found are also shareholders of defense equipment manufacturers, one of which is Lockheed Martin, a supplier of Israeli defense equipment. This further highlights the inconsistency with McDonald's statement that it is not involved, as McDonald's is indirectly involved and shows its support for Israel.

V. CONCLUSION

Overall, based on findings from comments made by netizens from various countries, the sentiment expressed regarding McDonald's actions, such as issuing statements unrelated to the Israeli-Palestinian conflict-Palestine and providing humanitarian aid to the victims of the conflict. All of this is based on McDonald's efforts to mitigate the effects of the boycott, which, as can be seen, continues even after efforts to legitimize the brand in front of the public, especially in several countries with Muslim-majority populations. The reduction in revenue

losses due to this issue through CSR efforts, although it is not immediately apparent whether these efforts were successful or not, can be seen in the 2023 revenue, which actually increased compared to 2022 despite the boycott issue. The stock price chart in Figure 1.1 also shows that in October, the month when the conflict and boycott issue was at its peak, the stock price experienced a sharp decline, but in the following months, it rose again.

The results of the study on McD's CSR legitimacy efforts show that these efforts were made not only to secure public trust in its image but also to mitigate or reduce the risk of a decline in operating profits, considering that McD's revenue still grew amid intense criticism and boycotts.

This research was conducted with the best possible effort and results from the researcher, but there are still limitations. In this study, the researcher only used observation results with the lurking method to collect data, while the Instagram accounts that had to be monitored were quite numerous and came from various countries. In addition, there were limitations due to language differences, and it could not be ascertained that the comments posted were the true opinions of the users.

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