

Whole Foods Strives to Be an Ethical Corporate Citizen

INTRODUCTION

In a period of time when green is on everyone's mind, it seems fitting that Whole Foods Markets are popping up with their distinctive green signs in neighborhoods across the country. Beginning with their first expansion in 1984, Whole Foods has consistently grown domestically. In 2007 Whole Foods began opening stores in the United Kingdom. While continually opening new stores, the company fueled its expansion by acquiring other food chains. For instance, it acquired one of its largest competitors, Wild Oats, in 2007. Whole Foods has consistently ranked as one of the World's Most Ethical companies for its emphasis on organic food, healthy living, customer satisfaction, quality, and sustainability. The firm has also been elected as one of the top companies to work for. Although customers are considered to be the company's highest valued stakeholder, Whole Foods has adopted a stakeholder orientation that focuses on the needs of its stakeholders, including its employees and the community.

Whole Foods has spearheaded efforts in the grocery industry to source its food products responsibly and search for innovative solutions to improve its environmental footprint. The company emphasizes healthy living and seeks to contribute to the communities in which it does business. However, despite Whole Foods' significant accomplishments in business ethics, it has not been free from criticism. In its pursuit of growth, it has been accused of placing local stores out of business and has received mixed responses from some consumers. Other ethical issues include antitrust investigations and questionable activity by CEO John Mackey.

This case will begin by providing brief background information on Whole Foods' history. It will then examine Whole Foods' mission and values, followed by how it strives to live out its values to become a good corporate citizen. We will also examine some ethical issues that Whole Foods has faced to demonstrate the complexity companies experience in order to constantly engage in ethical decision making within their businesses.

COMPANY BACKGROUND

In 1978 two entrepreneurs in their twenties used a \$45,000 loan to open a small natural foods store in Austin, Texas. John Mackey and his then-girlfriend Rene Lawson Hardy wanted to help people live better. At the time, there were fewer than a dozen natural foods markets in the nation. The couple named their business SaferWay as a spoof on Safeway. The entrepreneurs had a rocky start. At one time they used the store as a residence after being kicked out of their apartment for storing food products. After two years Mackey and Hardy agreed to merge SaferWay with

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Clarksville Natural Grocery, owned by Craig Weller and Mark Skiles. The newly merged company called themselves Whole Foods Market.

The company continued to face challenges. Less than a year after opening, a devastating flood hit Austin, wiping out Whole Foods' inventory. With no insurance and \$400,000 worth in damages, the company's future looked dire. Yet with the help of the community, the store reopened four weeks after the flood. In 1984 the company expanded into Houston and Dallas. Four years later they acquired a store in New Orleans, followed by one in Palo Alto, California, a year later. The company continued to grow during the 1990s as Whole Foods merged with over a dozen smaller natural groceries across the nation. Whole Foods continued to thrive in the early twenty-first century and today earns more than \$10 billion in revenue, owns more than 300 stores and employs more than 56,000 workers (compared to nineteen workers in 1980). John Mackey continues to lead Whole Foods as the company's CEO.

From the onset, Mackey desired to create a company that incorporated the values of healthy living and conscious capitalism. Conscious capitalists believe "that a new form of capitalism is emerging that holds the potential for enhancing corporate performance while simultaneously trying to advance the quality of life for billions of people."¹ For Mackey, businesses should seek to balance the needs of all stakeholders rather than simply try to earn a profit. As a result, Whole Foods places the customer as first priority. The company has adopted criteria such as the Whole Foods Trade Guarantee and the Eco-Scale Rating system to ensure that customers receive the highest in quality organic products. Although Whole Foods sells a number of brands, it also sells its own private labels including its 365 Everyday Value, Whole Market, and Whole Kitchen/Whole Pantry. Its 365 Everyday Value private brand is for customers who desire high quality organic food but who also wish to save money. Because organic food usually costs more, the 365 Everyday Value is meant to appeal to more budget-conscious consumers.

However, although Whole Foods recognizes the importance of customers, it also considers the health and well-being of its other stakeholders, including employees and communities. Its mission statement consists of three goals: 1) whole foods; 2) whole people; 3) and whole planet. According to its mission statement, Whole Foods has adopted a stakeholder orientation to guide its activities. This approach, along with a strong adherence to its core values, has been crucial in establishing Whole Food's reputation as a firm committed toward benefiting its stakeholders.

MISSION STATEMENT AND CORE VALUES

Whole Foods' core values, described in Table 1, are an outreach of Whole Foods' mission statement. Whereas the mission statement provides a general direction, Whole Foods' values gives additional details about how it is turning its mission into a reality. The core values also provide an idea of how

¹ "What is Conscious Capitalism®?" <http://consciouscapitalism.org/learnmore/> (accessed August 24, 2012).

Whole Foods ranks certain stakeholders. Whole Foods calls the company values its Declaration of Interdependence to emphasize how interdependent the company is upon its stakeholders.

The first two values involve meeting customer needs. Whole Foods describes its commitment toward selling the highest quality natural and organic products available as attempts to be buying agents for customers and not selling agents for manufacturers. Next, Whole Foods turns its attention to the happiness of its employees. Whole Foods believes that satisfying customers and employees will create wealth for shareholders. The community, the environment, and suppliers are essential stakeholders for Whole Foods to serve. It is clear from Whole Foods' core values that the company takes a stakeholder orientation in how it does business.

Table 1 Whole Foods Market's Core Values

• Selling the Highest Quality Natural and Organic Products Available
• Satisfying and Delighting Customers
• Supporting Team Member Happiness and Excellence
• Creating Wealth Through Profits & Growth
• Caring about the Community & Environment
• Creating ongoing win-win partnerships with suppliers
• Promoting the health of all stakeholders through healthy eating education

Source: Whole Foods, "Whole Foods Market's Core Values," <http://www.wholefoodsmarket.com/values/corevalues.php#selling> (accessed July 13, 2012).

LIVING ITS VALUES

The success of Whole Foods can be credited to the fact that it has modeled its operations around its key stakeholders. Mackey's vision of a model company was one that earned a profit and yet considered it a responsibility to benefit society. This vision has turned Whole Foods into one of the most successful organic grocers in the world. The following section will delve further into how Whole Foods meets the needs of its customers, employees, communities, and the environment.

COMMITMENT TO CUSTOMERS

Since customers are the highest priority at Whole Foods, the company has adopted a number of strategies to meet the needs of this stakeholder group. For instance, Whole Foods retail stores maintain an inviting environment, complete with eateries and tables both inside and outside the store for visitors to dine. Free sampling is common at Whole Foods locations to allow customers to try the products. Employees are instructed to treat customers like a valued part of the family. Although many consumers consider Whole Foods products to be high-priced, its 365 Everyday Value products appeal to the more price-conscious consumer.

The company also builds customer relationships through the use of social media. Whole Foods maintains Twitter and Facebook accounts that the company actively utilizes to post information on sales, answering customer concerns, providing articles or tips about healthy eating, and even re-tweeting information from food experts. Each Whole Foods location has pages on social media, as well as some of their departments. This targeted approach allows Whole Foods to connect with customers and address concerns in real-time.

Whole Foods' customer-centered focus has paid off. In the American Customer Satisfaction Survey, Whole Foods was voted the second highest in the supermarket category after Publix. Whole Foods largely differentiates itself from its rivals by emphasizing quality over price. As consumers become more and more health-conscious and the trend toward organic food continues, Whole Foods has become well suited to attract this target market. To reassure consumers that its products are of the highest quality, Whole Foods offers a number of quality standards. Its Whole Trade Guarantee maintains that the company only purchases products that meet the following criteria:

- Meet its quality standards
- Provide more money to producers
- Ensure better wages and working conditions for workers
- Utilize sound environmental practices.²

QUALITY STANDARDS

Whole Foods has compiled a list of standards to guarantee the highest quality for the organic food that it sells. The company works hard to eliminate all genetically modified products in stores whenever possible. It features foods that are free of artificial preservatives, colors, flavors, sweeteners, and hydrogenated fats. Its private labels are free of high fructose corn syrup, one of the biggest contributors to American obesity. One of the biggest things that Whole Foods does that separates it from its competitors is its commitment toward alerting customers to the presence of

² Whole Foods Market IP ,L.P., "Our Whole Trade Guarantee®," 2011, <http://www.wholefoodsmarket.com/products/whole-trade.php> (accessed July 16, 2012).

genetically modified foods. If the company cannot find a product that is not genetically modified, then the product is labeled to inform customers that they are buying something that is not completely “all natural.” This labeling is not required by law and demonstrates the company’s commitment to reducing genetically modified products. Although using labels might dissuade customers from purchasing a particular product, it also gives Whole Foods a competitive advantage because customers can trust the company to be truthful. Customers tend to do more business with companies that they trust, and Whole Foods’ second place position on the American Customer Satisfaction Index indicates that the firm has indeed reaped the rewards of high customer trust.

ECO-SCALE™ RATING SYSTEM

Another set of quality standards that Whole Foods has adopted pertains to the cleaning supplies that it sells. Whole Foods uses what it terms the Eco-Scale™ Rating System to inform users about the safety and the environmental impact of the cleaning products that it features in its stores. According to Whole Foods, the Eco-Scale Rating System is the first such rating system for cleaning supplies for retail stores. To develop these standards, Whole Foods uses a third-party audit system as a way to eliminate bias. Products can be separated into red, orange, yellow, or green categories.

Products in the red category are not sold at Whole Foods; these products do not meet the company’s safety and environmental standards. Those in the orange category appear to be “safe” with no significant safety and environmental concerns and no animal testing. Those in the yellow category meet all the standards of the orange category and take further steps to be environmentally-friendly. For instance, products in this category do not have synthetic, petroleum-based thickeners from nonrenewable resources. Yellow products do not contain any ingredients with moderate environmental concerns. Those in the green category are considered to be the safest and most eco-friendly. These products do not have any petroleum-based ingredients but are made with plant- and mineral-based ingredients. Products in all of these categories have their ingredients labeled on the packaging and have received third-party verification, allowing consumers to make informed decisions about their cleaning purchases. Because Whole Foods’ reputation depends upon the organic and green claims of its products, this Eco-Scale Rating System and the company’s Quality Standards ensure the authenticity of its products.

COMMITMENT TO EMPLOYEES

If customers are the highest priority stakeholder at Whole Foods, then employees come as a close second. Whole Foods has consistently ranked as one of the “Best Companies to Work For” in *Fortune* magazine. Whole Foods is committed to ensuring equality among employees. At a time when executive pay has been highly criticized in proportion to employee salaries, Whole Foods has capped the pay of its executives at 19 times the average full-time salary for the firm. CEO John Mackey takes \$1 per year in compensation.

Employees receive 20 percent discounts on company products, and Whole Foods members that work at least 30 hours a week are eligible for healthcare coverage. Employees who work between 20 and 30 hours a week can also receive health coverage after working a certain number of service hours. When employees work 6,000 service hours, they are eligible for stock options, providing them with a stake in the company.

While Whole Foods desires its customers to live healthy lives, it also desires the same for its employees. The company began the Team Member Healthy Discount Incentive Program to award employees for living healthy lifestyles. Employees that meet certain benchmarks in cholesterol level, blood pressure, no smoking, and body mass index are eligible for an additional 10 percent discount on Whole Foods purchases.

Additionally, Whole Foods is known for its diversity. Forty-four percent of the Whole Foods workforce consists of minorities, and women also make up 44 percent. Whole Foods also offers domestic-partner benefits to same-sex couples. Whole Foods' treatment of its employees has resulted in a low voluntary turnover rate of 9 percent, versus an average turnover rate of about 100 percent for the industry.

While Whole Foods cares for its employees, it also realizes that happy employees translate into happier customers—and higher profits. Yet Whole Foods does not seek to empower employees simply through benefits. It also utilizes the talents of its employees to improve company operations. Self-directed work teams consisting of employees make many of the decisions in the day-to-day operations of the different stores. For instance, teams can hire employees and have control over their scheduling. New team members are elected onto the team by two-thirds of a vote. The company provides its team members with extensive training and resources, including an online site called "Whole Foods University" that provides educational information for team members. Courses provided through Whole Foods University range from information on the company's gain sharing program to the company's quality standards. By empowering its employees through teams, perks, and education, Whole Foods has been able to turn its workers into significant contributors of value for the company.

COMMITMENT TO OTHER STAKEHOLDERS

As Whole Foods demonstrates with its values, consumers and employees are not the only stakeholders the firm considers to be important. Its fourth value includes creating wealth through profits and growth, which is essential for any organization to survive. The more profit Whole Foods is able to generate, the better return for Whole Foods stockholders and investors. Whole Foods believes that meeting the needs of consumers and employees will help contribute to wealth for its investors. Such a stakeholder orientation recognizes that each stakeholder is interconnected with another. Whole Foods stock value has grown at approximately 37 percent each year, and its 2011 net income of \$343 million jumped 133 percent from its 2009 net income. This growth is important as most grocery stores have seen declining growth in recent years. Whole Foods' profitability

demonstrates that the company can succeed with a socially responsible focus on organic foods and quality standards.

Whole Foods also strongly believes in giving back to the global community, perhaps best emphasized through its Whole Planet Foundation established in October 2005. The Foundation was created with the mission to create economic partnerships with the poor in developing-world communities. Rather than simply providing immediate items such as food or clothing, Whole Foods creates strategic partnerships with microfinance institutions. Microfinance provides small loans, typically \$200 or less, to entrepreneurs in developing countries wanting to start their own small businesses. The company's first grant in 2006 helped develop a microfinance program in Costa Rica. Consumers and employees interested in donating can donate on the Foundation's website. Since 2007 employees have provided more than \$3.25 million to the program.

On a more local level, Whole Foods has also established the Whole Kids Foundation. The Whole Kids Foundation was founded with the mission to improve the nutrition of children. The company partners with schools and other organizations to increase the access of children to healthier food. Company partnerships have included the LunchBox Project, an online resource providing information for schools that want to increase its offerings of healthy food in their cafeterias, and the Let's Move Salad Bars to Schools Initiative, which provided funds to increase the number of salad bars in schools across the United States. As a grocery store committed to selling healthy and organic foods, Whole Foods has been able to link its philanthropic endeavors to its value of supporting stakeholder health through healthy eating education.

In terms of supplier partnerships, Whole Foods partners with local farmers to offer a variety of produce. Whole Foods is committed to sourcing from local farmers that meet its quality standards, particularly from organic farmers who engage in sustainable agriculture. To qualify as local, food products must have traveled less than seven hours by food or truck to the store. Every one of Whole Foods' eleven regions has guidelines about how to use the term "local" in their stores, and some stores have chosen to adopt stricter criteria for local products by lessening the travel time.

Whole Foods believes that sourcing locally grown produce embodies its values of giving back to the community, contributing to sustainability, and offering consumers a variety of high-quality choices from which to choose. For instance, because there is less of a need to package and transport products for long distances, local farmers can make more money, which they in turn can use in their local economies. Additionally, Whole Foods states that support for local farmers encourages them to diversify, which increases Whole Foods' product selection and contributes to biodiversity in the environment. Transporting products shorter distances also reduces the greenhouse gases released from vehicles. These win-win relationships with farmers helps Whole Foods "give back" to its suppliers and to the environment.

Finally, although not specifically mentioned in their values statement, Whole Foods has also considered the concerns of special-interest groups. Whole Foods became the first large supermarket to adopt humane animal treatment standards for the meat products that it sells. In

coming up with these standards, Whole Foods discussed ideas with animals rights special interest groups to decide upon criteria for sourcing its meat products. Many companies pay little attention to special-interest groups because they are considered to be secondary stakeholders. In other words, they are not necessarily required for the company's survival. However, Whole Foods realized that collaborating with special-interest groups would not only secure their support but also provide it with input on how the company could improve its practices to become a socially responsible company.

Whole Foods representatives met with representatives from special-interest groups, farmers, and animal experts to determine humane animal-treatment standards species by species. Whole Foods eventually created a supplier certification program in partnership with the Global Animal Partnership to ensure that its suppliers were adhering to company standards. The idea behind this program is not only to ensure compliance, however, but also to inform consumers about the meat they are purchasing. For this reason, Whole Foods has adopted a ranking system consisting of 5 steps. Step 1 assures consumers that the animal lived outside of a crate or cage. Step 2 indicates that the farm provided some type of enrichment for the animal. Step 3 indicates that the animal had access to the outdoors, while Step 4 means the animal was free to roam or forage when outdoors. Step 5 means that the animal lived its entire life with all the body parts it was born with. It is also possible to achieve a Step 5+ ranking, which indicates that the animal met all these standards and also spent its entire life on one farm. This ranking system reiterates Whole Food's concern for the environment as well as for consumer choice.

COMMITMENT TO SUSTAINABILITY

Last but not least, Whole Foods is strongly committed to the environment. We have already seen how Whole Foods strives to reduce its environmental impact by selling organic food, sourcing from local farmers, selling eco-friendly products, and reducing transport times for its products. However, Whole Foods also strives to incorporate green practices at an operational level as well. The firm is invested significantly in renewable energy, such as solar, wind power, and biodiesel. This does not necessarily mean that Whole Foods powers everything *in its stores* from renewable energy. The company does continue to use electricity, and it is very difficult for any large firm to use 100 percent renewable energy. Rather, in 2006 Whole Foods made the decision to offset all of its energy use by purchasing wind energy credits. This money goes toward funding renewable energy projects in wind farms.

Some of its stores, however, have purchased solar energy installations to power their facilities. A solar energy installation can prevent 1,650 tons of carbon dioxide from being emitted into the atmosphere. The company has also begun using biodiesel fuel in its trucks and is modifying its trucks to cut back on wind resistance, which in turn saves fuel. Its trucks are equipped with a fuel-saving system that allows them to turn off completely when loading or delivering products, which saves the fuel that would have been expended if the trucks were left idling. The firm has also begun to obtain LEED (Leadership in Energy and Environmental Design) certification for some

of its stores, meaning they adhere to strict environmental standards and use more eco-friendly building materials such as recycled wood in their construction. Whole Foods' accomplishments in renewable energy earned it a ranking among *Forbes'* "America's Greenest Companies in 2011.

In the stores themselves, Whole Foods embraces the concept of Reduce, Reuse, and Recycle. The company does not use plastic bags and encourages its customers to use renewable grocery bags when shopping. As part of an incentive, the store will provide a nickel refund to those who come with renewable shopping bags. The stores use recycled paper when printing and has begun to use rechargeable batteries to cut down on energy use. To reduce its energy use even further, Whole Foods has also begun to replace its plastic and paper food containers and utensils with all-fiber packaging.

Finally, Whole Foods is continuing to work on selling products that are not only good for consumers but that are more beneficial to the environment. The company has pledged to support more sustainable sourcing of palm oil, which has traditionally been a strong contributor to deforestation in some countries.

Perhaps one of its biggest landmark commitments, however, is its dedication toward seafood sustainability. Whole Foods was the first grocery chain to adopt a sustainability program for seafood caught in the wild. Because overfishing has become such a problem, Whole Foods adopted a three-color labeling system to help consumers make informed decisions. Red labels are a sign that the seafood should be avoided because it harms the environment or other marine life. Whole Foods has also developed standards for farmed seafood to make sure the fish are being farmed responsibly.

ETHICAL ISSUES

It is obvious that Whole Foods has made great strides in social responsibility. By adopting a stakeholder orientation, Whole Foods has received recognition for ethical business practices, environmental responsibility, and customer satisfaction. However, no company can avoid ethical issues, and even the highest rated in social responsibility can make mistakes. The bigger an organization is, the more ethical risks it assumes. As Whole Foods has grown, it has encountered several ethical issues that needed to be addressed. Many of these ethical issues are not going away, either. The following section will describe some criticisms and even legal issues that Whole Foods has faced, some of which represent risk areas for the company.

REACTION TOWARD COMPETITORS

In its more than 30 years in existence, Whole Foods has grown significantly from its humble origins. Some of this growth has come from acquiring other stores, which has caused some criticism from those that did not want their smaller community grocery stores to shut down or be acquired. For instance, in the Jamaica Plain neighborhood of Boston, Whole Foods decided to acquire a local Latin

American store called Hi-Lo when it moved into the community. Many local residents objected, considering Whole Foods products to be too expensive. Most large retail chains must exert caution when moving into a new community as their impact will almost inevitably have an impact on rival, and often smaller, retailers.

While not all its acquisitions go smoothly, Whole Foods had perhaps the most trouble when it wanted to acquire its competitor, organic grocery chain Wild Oats. Wild Oats was the second largest natural grocery chain in the country. In 2007 Whole Foods announced it was acquiring Wild Oats for \$565 million. This acquisition would eliminate a key competitor as well as give Whole Foods access into new markets. However, the proposed acquisition generated immediate controversy—this time from regulators. The Federal Trade Commission filed a lawsuit to block the acquisition, claiming that it would reduce competition in the industry and thus violate antitrust laws. Cited in the complaint were emails from CEO John Mackey stating that a merger between the two companies would help avoid “price wars.” (Price wars often happen when two close competitors are trying to outdo one another and gain market share.) This was another sign that perhaps Whole Foods wanted to gain from less competition.

The FTC also revealed that John Mackey had written blog posts under a pseudonym between 1999 and 2006 that highly criticized Wild Oats. Mackey wrote several negative postings about Wild Oats’ stock prices and its future. While not illegal, many believed these postings were unethical and even manipulative. Whole Foods made sure to distance itself from John Mackey’s postings by stating that they were done outside of the company. However, as the voice of the company, Mackey’s actions brought up serious questions about how Whole Foods approaches competing companies.

Eventually, the FTC and Whole Foods reached a deal. Whole Foods agreed to sell 31 Wild Oats stores and sell the Wild Oats brand. Mackey acknowledged that the company would have been better if it had not pursued the merger, particularly as drops in stock prices and the recession caused so much damage. Although the company has recovered, it is important for it to approach future acquisitions and relationships with rivals carefully with respect to both laws and ethical considerations.

VEERING OFF-COURSE

In 2009, in the midst of a recession and a resolution with the FTC over the acquisition of Wild Oats, John Mackey admitted that Whole Foods had strayed from one of its core values: healthy eating. In an interview, Mackey admitted that “We sell a bunch of junk.” He said Whole Food had “veered off-course” by selling junk food and products that are unhealthy for consumers. Part of this reason was most likely to court consumers, particularly with the increase in competition. Competition from Trader Joe’s and Costco had already led Whole Foods to modify some its strategies, such as matching Trader Joe’s prices on 365 Everyday Value items. However, companies begin to encounter problems when they stray from their corporate values, and Mackey appeared to think that Whole Foods was not being a leader in promoting healthy eating habits.

After this admission, Whole Foods re-committed to its value of healthy eating education. The company hired Healthy Eating Specialists and began posting information on its website to educate consumers on healthy eating. The company also created incentives for its employees to adopt healthier lifestyles, as described earlier. By proactively engaging in the fight against obesity, Whole Foods began to re-embrace its original core values.

UNIONS AND HEALTH CARE

It is no secret that Whole Foods prefers not to have unions. Mackey has cited unions as creating “an adversarial relationship in the workplace.” However, he maintains that managers cannot stop employees from unionizing if they so desire. Some disagree and have accused Whole Foods of union-busting by threatening reprisals if they join a union. Whole Foods joined with Starbucks and Costco to oppose the proposed Employee Free Choice Act, which would give employees the ability to form unions if a majority signed cards suggesting that they desired to have a union. The three retailers instead advocated for a secret ballot process for unionization. While it is not necessarily unethical to be against unions, union busting—or purposefully trying to prevent unions by threats or other underhanded tactics—does have ethical and legal implications. Whole Foods should remain vigilant to ensure that store managers and other officials are respecting employee rights to organize.

Health care has been another debate, not because Whole Foods has a bad health care program for employees. Rather, the controversy stemmed from an op-ed article Mackey wrote against President Obama’s universal health care plan. It might be argued that since Mackey was the one who wrote the article, Whole Foods should not be dragged into the controversy. However, once again because founders and/or CEOs represent a company, society often associates their actions as speaking for the firm, even if an action was done outside the firm. In this case, Mackey, a strong libertarian, wrote an op-ed article in *The Wall Street Journal* criticizing Obama’s health care initiative and proposing other alternatives for health care reform, using Whole Foods health care as an example. For instance, Whole Foods provides up to \$1,800 of funds per year for employees to use for medical care. Money not spent rolls over into the next year. Afterward, Whole Foods will not cover the insurance costs until the employee meets a \$2,500 deductible. According to Mackey, this encourages employees to spend the first \$1,800 carefully and provides them with the opportunity to determine what their health care needs are.

Mackey’s letter led to anger from supporters of the nationalized health care initiative. Some unions and consumers began to boycott Whole Foods’ stores because of Mackey’s stance, claiming that he sees health care as a privilege and not a right. Others, however, refused to boycott even if they disagreed with Mackey’s views. They believed that Mackey—and Whole Foods—had the right to express their opinions. This is an interesting ethical issue, not because it had a major impact on Whole Food’s bottom line but because it brings up the issue of businesses’ and business representatives’ rights to express their viewpoints—particularly in the political process. This

ethical issue is not an easy one to settle and continues to be relevant for businesses that have a major stake in a regulatory decision.

CONCLUSION

Whole Foods has strived not only to be a profitable company but to maintain an ethical standpoint when making decisions related to its customers, employees, and all affected stakeholders. While consistently being ranked as one of the World's Most Ethical companies and best companies to work for, Whole Foods has demonstrated its commitment toward selling organic food, satisfying customers, and incorporating quality and sustainability into its products. All products are examined and evaluated to inform customers of every element of their purchase to ensure that quality and consumer standards are met.

The company has continually demonstrated its commitment to the environment by implementing the Eco-Scale Rating System, aggressively promoting the use of renewable shopping bags, and beginning to obtain LEED certification for some of its stores. Whole Foods strives to make a beneficial impact within each community in which it is located by adopting a stakeholder orientation. These actions have contributed to Whole Foods' current status as one of the top natural grocers throughout the United States.

However, as Whole Foods expands, it has faced many ethical challenges, some of which will likely continue into the future. As it expands, it must anticipate the reactions from community members and attempt to alleviate any concerns. It should also carefully examine its expansions and acquisitions to ensure that pursuing these ventures will not run afoul of regulatory authorities, as it experienced with its unprofitable acquisition of Wild Oats. Finally, Whole Foods must continue to take a stakeholder orientation toward all stakeholders—even its competitors. It is important for the firm to realize that just because an action might not be illegal does not mean that it is necessarily ethical.

Although Whole Foods has experienced some negative backlash, overall the company has developed a strong positive reputation among its stakeholders. As a desire for green product options and the concern for corporate social responsibility continue to increase among stakeholders, Whole Foods' careful attention to stakeholder needs and its strong commitment to its core values provide it with a significant competitive advantage.

QUESTIONS

1. How has a commitment to corporate values contributed to Whole Foods' success?
2. Describe how Whole Foods' adoption of a stakeholder orientation has influenced the way it operates.

3. What are some ways that Whole Foods might have neglected certain stakeholders in the past?

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