

teaching note

Clashing Values, Firm Identity, and Changing Social Norms: The case of Chick-fil-A

Case Summary

This case examines the controversy surrounding Dan Cathy of Chick-fil-A's statements concerning gay marriage. The firm, built upon traditional Christian values, is forced to consider the changing social climate of America represented here by the LGBT market. As the popular restaurant chain attempts to expand into new lucrative markets in the present day, the backlash of Cathy's polarizing remarks are discussed with the implications for the future perception of the firm. Beginning with the initial interview that sparked the event, the reactions of both Cathy and the general public are presented, showing the expansion into the political arena.

The purpose of this is to better understand the consequences of taking a stand on popular issues for a hospitality firm by discussing the resulting media frenzy. Further, the financial consequences of the sudden exposure are outlined to suggest that despite the polarizing nature of Cathy's comments, the brand's incredibly strong service and product quality were able to propel the chain into continued success. By discussing the popular restaurant chain's background and taking a deeper look into Chick-fil-A's corporate culture, it is hoped to better understand the inherent value of identifying and building upon a solid purpose statement. More, the resiliency of a cohesive, distinct brand allowed Chick-fil-A to move past the incident and its political detractors to continue their expansion.

Two previous cases should be acknowledged for their discussion of the Chick-fil-A issue: Weiler et al. 2013 and Ho et al. 2013. These cases provided similar coverage of the restaurant's background and values as well as a look at some of the results from Cathy's remarks. The current case builds upon this event and extends the focus on the importance of service quality as well as the continuing backlash Chick-fil-A faces in its expansion into new markets. Finally, the importance of how the hospitality industry is realizing the potential of the LGBT market is weighed against the long term viability of Chick-fil-A's corporate image.

Teaching Objectives

After studying and analyzing the case, students should be able to:

- Discuss the implications of staying true to the business' vision/mission/purpose statement in the face of changing social norms.
- Examine the response to an image crisis for a hospitality organization and the effects of sudden publicity on resulting financial outcomes.
- Consider how a company's expansion into new markets may be met with the repercussions of past perceptions.

- Understand how a focus on product and service quality may help to support a firm through times of potential crisis.

Theoretical Background

The changing nature of societal acceptance in America would seem to hinder the ability for an organization such as Chick-fil-A to stay true to the value system upon which it was founded. The concept of organizational identity, proposed by Albert and Whetten (1985) refers to the core concepts of a firm that remain unchanging and form the foundation of what makes the enterprise distinct from its competitors. Further work in the area proposed that rather than a solid entity, the identity of an organization is fluid and must adapt to changing environments in order to stay relevant and successful (Gioia, Schultz & Corley, 2000). The concept of an organizational identity can be grounded in the creation and maintenance of a corporate purpose statement, or the combined discussion of a firm's vision and mission statement. Research on corporate mission statements have shown the relative ambiguity of many firm's statements while showcasing the evolution of a company's mission over time (Swales & Rogers, 1995).

The case also draws upon the significant body of work concerning the effect of higher levels of perceived quality on subsequent outcomes such as higher customer satisfaction, intention to return, loyalty and other performance variables desired by businesses (i.e. Zeithaml, Berry & Parasuraman, 1996; Cronin, Brady & Hult, 2000). Chick-fil-A's numerous accomplishments allows it to stand out from competitors based on the recognition of its superior product and service quality. These findings correlate with established literature, to exemplify how a firm that can deliver a very positive experience for consumers will reap the benefits of financial success.

The two concepts of service quality and organizational identity can in effect be debated against one another; highlighting the fact that the strong levels of product and service quality held by Chick-fil-A enables them to continue to expand. Despite Cathy's retraction of his earlier remarks in 2014, the company itself has done nothing to change its core values. The exception to this was the removal of support for select organizations identified as hate groups by proponents of LGBT rights, but the expectations of franchisees and employees appears to still be in full effect.

Suggested Teaching Strategy

This case would be appropriate for study in an undergraduate class that concentrates on business policies, strategies, and objectives. Whether the course is discussion based or not, it will be important to have an open forum for student opinions and ideas to be easily heard.

Concept	Definition	Further Resources
Brand Image	The set of beliefs consumers hold about a particular brand.	Park, C. W., Jaworski, B. J., & MacInnis, D. J. (1986). Strategic brand concept-image management. <i>The Journal of Marketing</i> , 135-145. http://www.qsrmagazine.com/denise-lee-yohn/fresh-factor
Public Relations	Building good relations with the company's various publics by obtaining favorable publicity, building up a good corporate image, and handling or heading off unfavorable rumors, stories, and events.	www.prsa.org Reid, R. & Bojanic, D. (2009). <i>Hospitality Marketing Management</i>
Market Trends	External trends of many types that are likely to affect the marketing in which a corporation operates.	www.restaurant.org (National Restaurant Association)

A strategic-oriented course could potentially be the best fit for this case study, as students should have enough background information from prior classes and from the readings in this course to be able to analyze whether or not Mr. Cathy made an educated decision when he publicly opened up about his stance on gay marriage. The case should be distributed well in advance to class discussion in order to give students a chance to ponder the concepts and resulting implications of the case, as well as to conduct further research. It is also advised to consider only giving this case to senior-level courses, as a professional discussion may require a higher level of maturity than that present in some younger classrooms.

Prior to distributing the case, it is advised to familiarize students with marketing concepts such as branding, public relations and the increasing ability for a controversy to spread across easily-accessible news platforms. To this end, the following table may serve as a starting point for conveyance of these concepts (Definitions adapted from Kotler et al. 2010). *See table at top of page.*

The case can be assigned individually or in groups as an open ended case analysis where students are asked to prepare strategic recommendations on how Chick-fil-A should position itself moving forward in order to maintain market position in the Sunbelt as well as increase market share in new markets. Students can be encouraged to research these markets and develop strategic recommendations which fit the target market demographic in these geographic segments. Alternatively, the class can be divided into several groups depending upon class size and discuss the advantages and disadvantages of owning and operating a family owned business versus a publicly traded firm. After discussion, groups can share their ideas with the rest of the class.

In order to open up discussion for this case study, the professor

should start off with a trigger question such as, "do you believe that all publicity is good publicity?" This question will enable the students to state their opinion and state why they stated yes or no. The student's explanation may also lead to many other relevant topics of discussion such as brand loyalty and brand image. Leading in with relatively neutral questions also opens the floor for a more detailed discussion concerning the implications of Chick-fil-A's core values and the potential for alienation of the LGBT segment. The concept of organizational identity is intended to be communicated to students as an integral part of the successful management of a firm, with the merits of both remaining unchanging in a company's foundation and adapting to changes in society being discussed. Further, the implications of Chick-fil-A's incredibly strong levels of quality can be shown as a competitive advantage that was able to overcome a highly publicized negative event.

As mentioned in the case, Truett Cathy, the founder, developed clear direction for his firm through values which he developed throughout his life. The trials and tribulations of coming of age during a difficult time instilled on him certain wisdom which he has worked hard to extend into Chick-fil-A's company culture today. While the ultimate goal of company values, mission statements and vision statements are to provide a company a loose blueprint for success, the definition of success varies from person to person and it is up to the leaders of a company to define what it values. The face or character of a company is often defined through its direction and it is an important consideration for owners, operators and managers to take into account. To this end, the final discussion question in this case study allows for each student to share how they individually feel that their chosen company's statement reflects the firm as a whole. An extended group discussion can weigh the merits of some of these statements to analyze how certain statements may have more meaning than others.

An argument can also be made for the strength of the convictions held by Chick-fil-A's executives. In place of a mission or vision statement, Chick-fil-A's business purpose statement reads: "To glorify God by being a faithful steward of all that is entrusted to us. To have a positive influence on all who come in contact with Chick-fil-A." The chain has little need to explain how their firm operates; the Christian values held by top management is openly embraced. By taking a firm stance, Chick-fil-A creates a foundation upon which the brand can be built and is relatively transparent for consumers. There are of course individuals who disagree with the religious underpinnings of the firm, however at the store level, the main nod to these values remains the refusal to open on Sundays. It is extremely important to note that it should be made clear that this discussion should not turn into a debate on gay rights or marriage, but merely what is the smartest business decision when revealing these kinds of stances that have strong views on both sides. It is more important for the students to be aware of the ripple effect that can occur when views like this are made publicly.

An interesting way to end the class is to ask students to think and discuss important events in their life and how those events shaped them into who they are today. Ask students: how would you react as a business owner if the values that your company was based on were turned upside down and used against you? Ending discussion in this manner will provide students with personal perspective on many of the topics discussed in this case which will hopefully aid in their understanding, mastery, and retention.

Further Reading

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