Defining A Positive Ethical Organization

Does Chick-Fil-A Exemplify a Living Code of Ethics?

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The purpose of this paper is to evaluate the ethical management style of the fast food chain Chick-Fil-A and if the organization exemplifies a living code of ethics. Modern dictionaries define ethics as ‘following accepted rules of personal or professional behavior. It is a prescribed philosophy dealing with questions of what is good and bad coupled with moral duty and obligation, the principles of moral behavior governing an individual or group. By implementing a standard of ethical behavior, as a business practice, the restaurant chain Chick-Fil-A exemplifies a living code of ethics as a cognitive, affective, and behavioral manifestation of an ethical organizations identity. Has Chick-Fil-A set a new standard for a positive ethical organization and does the concept of ethics (and integrity) have a deeper meaning than what the dictionary provides? Analysis aligned with applicable theory (Authentic Leadership Theory and Spiritual Leadership Theory) confirms Chick-Fil-A ‘walks the walk’ on corporate values and ethical conduct.

What distinguishes an ethical organization? We often tend to focus on the lapses of judgment and unethical behavior, extreme examples of corporate misconduct, the process that leads to national scrutiny, or the methods corporations may use to hide unethical business practices from the public view.¹ We seldom recognize an organization that displays positive-intentional behaviors that depart from the acceptable norm of corporate America.

In an interview with Baptist Press Chick-Fil-A’s President, Dan Cathy, made a personal statement that he supports the traditional family:

“We are very much supportive of the family-the biblical definition of the family. We are a family owned business, a family led business, and we are married to our first wives. We give God thanks for that...we know that it might not be popular with everyone...” ²

Dan Cathy, CEO
For years, according to Mr. Cathy, Chick-Fil-A has applied “biblically-based principles” to their business management processes and they will continue to do so and the company is closed on Sundays to encourage their employees to spend time with their families and attend the church of their choice. Due to recent national media attention the organization issued a statement on July 19, 2012 telling its customers that “going forward, our intent is to leave the policy debate over same-sex marriage to the government and political arena” and its tradition is “to treat every person with honor, dignity, and respect—regardless of their belief, race, creed, sexual orientation or gender.”

Dan Cathy’s statement would not have been noticed if it were to come from any pulpit in America. But because this statement was made by a New Testament, Bible-believing businessman of faith Cathy’s statement stood out in the media. In comparison where was the national outrage when Rev. Jeremiah Wright made his infamous statement, “_____ the United States” when he used the Lord’s name in vain. Freedom of speech has been redefined considering who makes the statement and ethics has a new definition. Mr. Cathy did not make a targeted statement against those who participate, or support, gay marriage. He affirmed his personal support for traditional marriage and his concern that God would punish a nation that does not adhere to the biblical definition of marriage. Mr. Cathy appropriately exercised his 1st Amendment rights.

Polling organization YouGov reported the Atlanta-based chain’s approval rating have plummeted in the wake of Mr. Cathy’s statement. Prior to his interview Chick-Fil-A’s approval rating Index score was 65, well above the Top National Quick Service Restaurant (QSR) Sector average of 46. After the interview the index score dropped to 39. Surveys are contingent upon several factors i.e. age of respondents, gender, geographic location of the survey respondents, employed/not-employed, religious belief or affiliation, political following, etc. These index results could be easily manipulated according to the purpose and solicitation of the organization gathering information especially if a personal agenda is driving the outcome. It is interesting to realize Chick-Fil-A has experienced record sales from their 1600 stores nationwide and sales continue to increase even after Mr. Cathy’s statement. If the survey were conducted among those Chick-Fil-A customers who stood in line for over two hours awaiting their lunch during the August 1st, 2012 Appreciation Day is it plausible the index rating would exceed 100?

Recognizing Authentic Leadership
Authentic leadership is one of several recent leadership theories related to positive psychology. It has been related to theories such as ethical leadership and transformational leadership.\textsuperscript{4} Within this framework, authentic leadership “focuses on the formation of authentic relationships between the leader and followers that are characterized by trust and integrity.”\textsuperscript{5} Such leadership is an extension of an authentic person, and only an authentic person can be an authentic leader. It will be interesting over the next few months to see how the employees, acting as followers to the organization, will respond to the media accounts of the Cathy statement and how well employees cope with the public outcry from those whom do not agree with Mr. Cathy’s personal belief on the traditional family.

Dan Cathy displayed authentic leadership by stating his personal convictions regarding his support for the traditional family. Such statements, and his leadership, have transcended and identifies the Chick-Fil-A organization. Authentic leadership comes from a theoretical base of leadership referred to as Positive Organizational Scholarship (POS) which enables us to envision an affirmative model of an ethical organizational identity.\textsuperscript{6} Such POS theory recognizes the intentional behaviors that depart from the norms of the organization but in honorable ways.\textsuperscript{7} Such POS theory of leadership is anchored in positive values, beliefs, and behaviors incorporating moral capacity.\textsuperscript{8}

Although authentic leaders remain true to their moral character and values, being a political style leader will help to establish trust and confidence from their followers as well as leaders that use political skills are socially astute, observe others accurately, have high situational awareness, and high self-awareness. When leaders are both authentic and political their followers will be more likely to trust them, perceive them as credible, and allow the development of a good reputation. The Chick-Fil-A organization has a long established culture and reputation as an honorable entity and Mr. Cathy is well served to lead to the perception of his effectiveness.

The Chick-Fil-A organization has developed a culture derived from the Spiritual Leadership Theory whose purpose is to create vision and congruence in values across individuals, teams and organizations.\textsuperscript{9} Scholars claim the spiritual leadership theory achieves three critical issues; identifying and incorporating a universal values consensus, provides a process to achieve congruence across all levels, and predicts that authentic leaders will be ethically well when they incorporate spirituality. A causal view of spiritual leadership incorporates vision, hope/faith, and altruistic love (Beatitudes)\textsuperscript{10} theories of workplace spirituality, and spiritual survival. The purpose of spiritual leadership is to create vision and
value congruence across the strategic empowered team, on the individual level and, ultimately, to foster higher levels of organizational commitment and productivity. Intentional or not the Cathy family, using Biblically based management principles, has successfully established a culture of spirituality as their Living Code of Ethics.

Christians, as part of their spiritual journey, are struggling with applying their faith at work. With the recognition of spiritually in the workplace companies are accelerating their acceptance and implementation of spiritual components to the workplace. Companies such as Taco Bell, Pizza Hut, Aetna International, Deloitte and Touche are presenting morally based lessons usually presented in churches, temples, and mosques. There is evidence that workplace spirituality programs not only lead to beneficial personal outcomes such as increased joy, peace, serenity, job satisfaction, and commitment but they also deliver improved productivity, reduced absenteeism, and turnover. Employees who work for organizations they consider being spiritual and trustworthy are less fearful, more ethical, and more committed.

The result of workplace spiritually will be revealed in employee response during a time of crisis such as what was brought on by Mr. Cathy’s statement on traditional marriage. For many employees, and members of the buying public, Mr. Cathy clearly identified his personal and reflective corporate values, and proactively executes those values on a daily basis. His character trait of integrity, and the development of self-awareness and self-value, is enhanced as he continues to prioritize his promises and commitments to employees and the public. If we can’t make and keep our commitment to ourselves as well as others, our commitments become meaningless. We know it, and others know it. While courage may focus on bottom-line results, value consideration deals more with the long-term welfare of other stakeholders. The basic mission of mature management is to increase the standard of living and the quality of life for all stakeholders.

**Recognizing a Living Code of Ethics**

By definition a *living code of ethics* is the cognitive, affective, and behavioral manifestation of an ethical organizational identity within a positive ethical organization. It is about the cognitions of members acting ethically within their organizational role, a feeling that ethical action is not only right, but it is the only way to act within the organization and members’ ethical behavior within the organization. A living code is a departure from expected norms and is the result of the interaction between authentic leadership and ethical organizational culture.
To be recognized as an authentic leader there must be five recognizable organizational processes implemented to build a living code. These processes are recognizable in the Chick-Fil-A organization:

1. The Attraction-Selection-Attrition Process:

Leaders need to examine the ethical behavior and identity of individuals in recruitment and termination. They should attempt to match the individual’s ethical identity to the organization’s ethical identity and, as the organization’s ethical reputation becomes known, it will attract people who match the organization’s ethical identity.

Chick-Fil-A has demonstrated this process well as they have become attractive to a youthful workforce drawn to an organization which displays a propensity to be fair, ethical, honest, and supportive. Even the appearance of their employees reflects a higher level of performance over other fast-food chains. The organizational standards are attractive to the first time worker currently in high-school or college. It is a safe place to work.

2. The Socialization Process:

The Socialization Process is central to the success as current and new members are taught the values of ethics within the organization. Using both formal and informal orientation programs, training, and mentoring help people understand the organization is serious about ethical issues. Each person, within the organization, acts as a role model of ethical behavior to strengthen the Living Ethical Code. Over time the code gains an ethical personality and becomes stronger.

Chick-Fil-A embraces the socialization process in the training aspect of employment. Such processes are evidenced from the time you drive up to place an order to go from your car or stand in line inside the restaurant lobby. You can feel the smile and appreciation expressed to the customer as a reflection of the living code established within the organization. Dan Cathy stated in a 2002 interview, “I love the fact that through business, I have the opportunity to talk about values, about character.”
3. Reward System:

Reward systems (according to Verbos) are “any formal means of applying the power of reward or punishment.” Reward systems should be consistent with the Living Code. Inconsistent use of the system will determine confidence in the leaders and any sense of fairness.

Although state and federal laws govern any form of discrimination against an employee, the Chick-Fil-A organization has embraced a reward system which signifies continuing relevance and support to the Living Code. The organization’s Operator model and its biblically based Corporate Purpose statement allows the operator (owner) to a small franchise fee, with a 50/50% sharing of profits. This reward system produces entrepreneurial owner/Operators that are both emotionally and financially committed to the business. As Cathy said, “the bottom line depends on the operator’s honesty, integrity, commitment, and loyalty to customers and to us. We trust our operators to make good decisions…and they do.”

4. The Decision-Making Process:

In the decision-making process, the Code becomes the Living Code: Walking the Walk. Thus, leaders need to show how ethics are a central part of the decision making process. This reflects on the ethical identity of the leaders and the organization.

In the Living Code of Ethics model a positive ethical organization answers the question “who are we, ethically?” through organizational acts and decisions consistent with the moral values expressed by its leaders and reinforced through the organizational culture and processes. This model is expressed daily in the manner how the organization (and operators) treat their customers and employees.

5. Organizational Learning:

Organizational learning refers to how the organization gathers knowledge and transforms it into a useful format. This means that a Living Code cannot be a set of rules and regulations, but rather a
reflective and evolving process of applying ethical principles to new situations.

The Chick-Fil-A system has evolved into a set of tenets Operators adhere to as a Living Code of Ethics:

- People want to work with a person, not a company
- Each new operator is committed to a single restaurant
- Operators will hold no outside employment or other business interest
- Chick-Fil-A selects Operators for their ability and their influence
- Chick-Fil-A expects quality interaction between Operators and team members
- Chick-Fil-A expects quality interaction between Operators and customers, both in the community and the community

This Operator model has proven to be extremely successful as Chick-Fil-A is recognized as the second largest U.S. quick service chicken restaurant chain with nearly 1600 locations across the nation. The learning curve is simple, but not easy to execute consistently day in and day out but these tenets helps protect the organization during challenges and difficult times, thus increasing the overall success of the organization.

**Business Integrity and Religious Beliefs**

Modern dictionaries define integrity as “The state of being whole, complete, undivided or undiminished” and “in a sound, unimpaired, or perfect condition.” Synonyms include incorruptibility, honesty, coherence, entireness, purity, unity, and virtue. The term is derived from the root word ‘integrate,’ meaning “To make or form into one whole.” For the Christian community, integrity is a basic virtue and an essential character quality reflective of their faith. In the Old Testament integrity comes from the noun ‘מַעֲרָה meaning “faithfulness, trustworthiness, integrity.”

In application, integrity means we live without obvious contradiction between what we say and believe verses what we actually do. A ‘high integrity’ person lives out of a consistent one value system, not two or more. The opposite of
integrity is ‘hypocrisy,’ which occurs when we ‘compartmentalize and rationalize’ our lives and live according to a varying set of standards based on circumstances. The relationship between “ethics” and “trust” is an ambiguous one. Ethics can promote trust, whilst trust can simultaneously be abused resulting in unethical behavior. There is a clear indication that all kinds of trust relationships are being challenged by contemporary developments in society.

Business organizations like Chick-Fil-A have not been spared from being challenged for creating a culture of ethical trust and they have attracted their fair share of attention. The issue of whether religious beliefs should be an appropriate ground for business ethics raises the same debatable issues very similar to those raised in asking whether religious belief should be an appropriate grounding for political morality. While business and politics are different (usually) the debate over political morality are significant because they bypass the constitutional church-state issues.

For some, those whom embrace inclusion, religious influence in politics is problematic, but it is considered more troublesome for businesses to adopt a religious stand embracing perceived exclusionism, thus the attack on Chick-Fil-A. The American experience of separating religious and business institutions promotes confusion as to whether one’s religious views should be kept out of corporate America. The culture of the founding fathers certainly expected and encouraged religion to underpin public morality but, over time, such personal convictions have drifted back into the business climate. The Federalist Papers warned about religious factions.

Yet there are those who fear the broadening of spiritual and biblical principles in the workplace, thus believing any religious movement must be eliminated from the public square and any perception of religion should be a private affair. Such fear has eliminated bible-reading from the schools, removed mandated school prayer, and revived an increased effort to replace creationism with the theory of evolution. The attempted removal of “In God We Trust” from US Currency is a blatant attempt to silence those who advocate bible principles and scriptural references in the public square. The attack on Chick-Fil-A is yet another attempt to eliminate faith and principle from a family owned business because an opposing faction does not agree.

Conclusion
Just like Jesus was rejected by the world and endured its hostility, believers are called to endure the world’s rejection and hostility as well:

“If the world hates you, be aware that it hated me before it hated you…because you do not belong to the world, but I have chosen you out of the world therefore the world hates you. Remember the word that I said to you ‘Servants are not greater than their master.’ If they persecuted me, they will persecute you; if they kept my word, they will keep yours also. But they will do all these things to you on account of my name, because they do not know who sent me.” (John 15:18-21 NRSV)

The lesson to be learned here is to recognize through our circumstances Jesus wants to motivate believers to lay aside concern for the opinion of unbelievers so they will be free to persevere in their commitment to God through Jesus. In the face of the world’s hostility it is all the more essential that the believers pursue unity within the community of faith, just as Jesus and the Father enjoy unity with one another. Despite the world’s hostility and anticipated rejection, Chick-Fil-A has embraced their platform to go out into the world and witness.

By exemplifying Christ Chick-Fil-A will continue to point the world to God by their service to the community which replaces any human status seeking, and as believers, fulfill the great commission ‘one chicken sandwich at a time.’

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Mitroff (1999).


Verbos (2007).