

Trouble in Paradise

THE WALT DISNEY
COMPANY'S RESPONSE TO
FLORIDA HOUSE BILL 1557



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Case Overview

After a Florida law prohibiting the discussion or instruction of sexual orientation or gender expression in classrooms was passed, the Walt Disney Company publicly opposed the law. This case study examined how Disney navigated through discrepant expectations related to its stance on the bill from different stakeholders, including its employees and the state government. The case also investigated how Disney's stance on this bill impacted the company's reputation and financial standing.



The
WALT DISNEY
Company

Company Overview

The Start of The Walt Disney Company

The Walt Disney Company was established in 1923 when the distribution of Disney's Alice Comedies was purchased, which became the official start of the company.

Disney went on to create more animations and expanded to documentaries and live-action films in the 1950s.

After Walt Disney's death in 1966, the company expanded its productions units to include films for mature audiences, and also revitalized its animation division with films such as Toy Story in 1995, the world's first full-length computer animated film.

In 1996, the company acquired ABC television network and became the world's largest media and entertainment corporation.



Walt Disney

Company Overview (Con.)

Disney's Mission

The mission of The Walt Disney Company is “to entertain, inform and inspire people around the globe through the power of unparalleled storytelling, reflecting the iconic brands, creative minds and innovative technologies that make ours the world’s premier entertainment company.” Disney has shown commitment to this mission by striving to create content, experiences, and products that inspire and impact their consumers worldwide.

Company Overview (Con.)

Disney's Structure

Disney Parks, Experiences, & Products



Disney Media and Entertainment Distribution



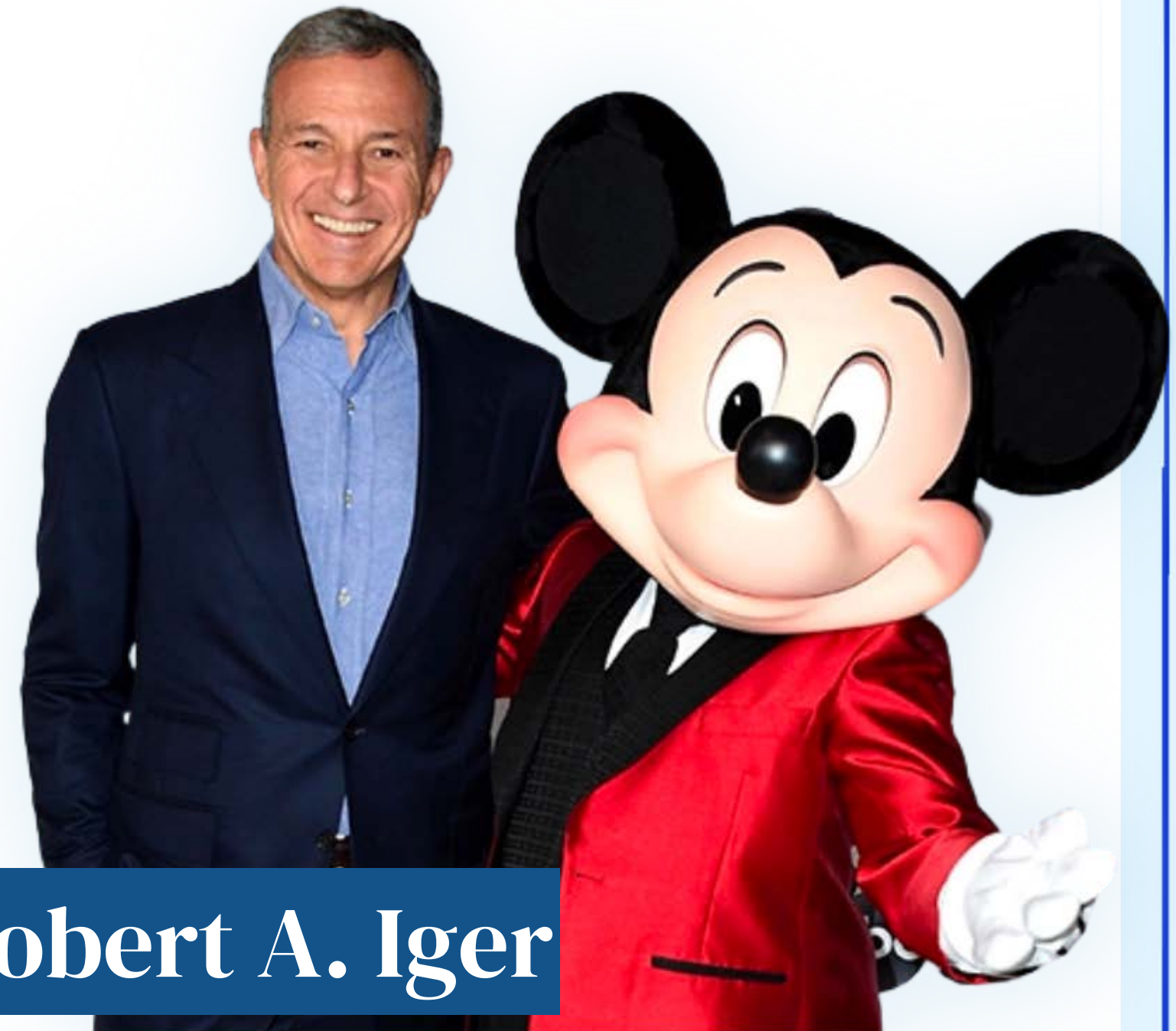
Currently, The Walt Disney Company is “a leading diversified international family entertainment company and media enterprise” that include two major sections: parks, experiences, and products; and media and entertainment.

Company Overview (Con.)

Disney's Leadership

The Walt Disney Company's leadership team is composed of 19 executive leadership members and 12 board of directors.

The current Chief Executive Officer is Robert A. Iger, who took office on November 20, 2022 to succeed the previous CEO, Bob Chapek. Mr. Iger also served as CEO and Chairman of The Walt Disney Company from 2005 to 2020.



CEO Robert A. Iger

Company Overview (Con.)

Disney's Social Responsibility Initiatives



TO CELEBRATE AN
INCLUSIVE, RESPECTFUL
WORLD.



TO HELP CHANGE THE COURSE
OF THE PLANET'S STORY BY
CREATING A HEALTHIER HOME
FOR PEOPLE AND WILDLIFE.



BRING COMFORT, OPTIMISM,
AND JOY TO THEIR
COMMUNITIES AND INSPIRE
HOPE.

The "Don't Say Gay" Bill

The Florida State Parental Rights in Education Act (House Bill 1557 or HB 1557 or "Don't Say Gay" bill):

- The bill "prohibit(s) classroom discussion about sexual orientation or gender identity in certain grade levels or in a specified manner".
- The bill states, "Classroom instruction by school personnel or third parties on sexual orientation or gender identity may not occur in kindergarten through grade 3 or in a manner that is not age-appropriate or developmentally appropriate for students in accordance with state standards".



**FLORIDA GOVERNOR
RON DESANTIS SIGNS HB
1557 ON MARCH 28, 2022.**

Disney Employees Speak Out

Initially, Disney had chosen not to speak in favor of or against the bill, although the company had a history of supporting LGBTQ+ rights

On February 28th Disney's LGBTQIA+ Business Employee Resource Groups sent a letter to Chapek requesting the company "issue a public statement condemning anti-LGBTQIA+ policies in the U.S. "

IN THE LETTER, THE DISNEY EMPLOYEES URGED THE COMPANY TO:

1

Issue a statement to the public condemning anti-LGBTQIA+ policies and laws in the United States

2

End donations to anti-LGBTQIA+ policy and officials, aligning with the company's principles and priorities.

3

Provide security, support, and resources for employees and families that have been impacted by anti-LGBTQIA+ legislation.

Disney Employees Speak Out (Con.)

Disney's silence continued while LGBTQ+ employees and LGBTQ+ advocacy organizations such as the AIDS Healthcare Foundation (AHF), spoke out, protested, and held walkouts against Disney's silence, imploring the company to reject the bill. On March 3rd, over 200 people gathered outside calling on the company to share its views on the bill.



Benjamin Siemon ✓
@BenjaminJS

I am a LGBT animation writer at Disney and this is why I want the company I love to take a stand against the "Don't Say Gay" Bill. [#DisneySayGay](#) [#DisneyBoBetter](#)



1:51 PM · Mar 6, 2022 4,902 Retweets 354 Quote Tweets 16.7K Likes

On March 5, Disney employees began to speak out publicly in response to the company's silence on LGBTQ+ issues. Disney employees and creators with ties to the company began sharing their thoughts and feelings on social media using the hashtags [#disneysaygay](#) and [#disneydobetter](#). Several of the videos went viral on various social media platforms.

Disney's Response to Employee Outrage



- On March 7, 2022, former Disney CEO Bob Chapek released a memo to employees speaking out against the bill, but still refused to make a public statement rejecting it, instead saying that there are more effective ways to bring change.
- On March 8, 2022, the bill passed the Florida State Senate, and on March 9, Chapek publicly stated that Disney opposed the bill saying, "We were opposed to the bill from the outset, but we chose not to take a public position on it because we thought we could be more effective working behind the scenes, engaging directly with lawmakers on both sides of the aisle,".
- Disney also pledged \$5M to organizations that protect LGBTQ+ rights, including the Human Rights Campaign who refused the donation.
- On March 11, 2022, Chapek apologized to employees for the silence against the bill saying, "I let you down. I am sorry,".

Stakeholder Reactions



Disney Employees

Disney's response to the bill was not well received by its employees. Ben Siemon, actor and writer, whose credits include Disney's DuckTales, responded to the controversy saying, "Please don't be fooled by this half-hearted triage. The bill was allowed to pass with no public position from Disney, and they still intend on funding all the politicians that passed it".

Dana Terrace, the creator of the Disney Channel animated series "The Owl House", which features multiple LGBTQ characters, tweeted: "I'm f***ing tired of making Disney look good." In a video attached to that tweet, which has received more than 2 million views, Terrace criticized the memo that Disney CEO Bob Chapek had sent to employees on March 7. In the memo, Chapek had stated that the company was more effective at bringing about change through its inclusive content than by speaking out in the political arena.

Stakeholder Reactions (Con.)

Disney Employees (Con.)

On March 10, the LGBTQIA+ employees of Pixar, and their allies responded to Chapek's internal memo and public bill opposition statement with a letter. It refuted, point by point, the internal memo Chapek sent to employees earlier that week and also criticized the fact that the company "did not take a hard stance in support of the LGBTQIA+" at the shareholder meeting.

Employees were still angered with CEO Chapek's late response to the Florida bill and wanted Disney to honor their list of demands that included further actions listed on WhereisChapek.com, including commitment to protect its employees from hateful legislation.

On March 22, Disney employees staged walkout to demand action against the 'Don't Say Gay' bill. More than 100 employees in different parts of the company joined a full-length walkout and protest.



Stakeholder Reactions (Con.)

LGBTQ+ Groups

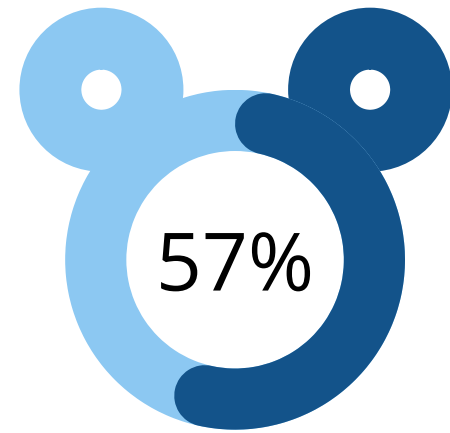
Once the Human Rights Campaign (HRC) got wind of Chapek's \$5 million pledge, they rejected the company's donation. Joni Madison, Interim President of the HRC declined the offer from Disney demanding that the company "build on their public commitment" and take "meaningful action" to combat the legislation.



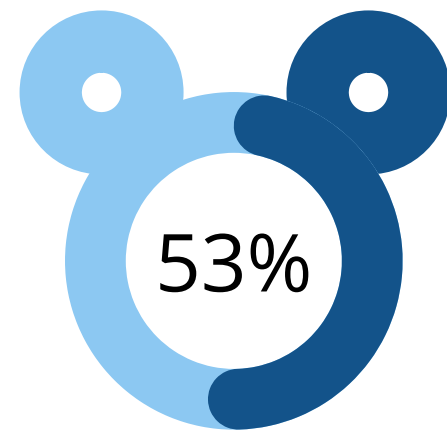
Stakeholder Reactions (Con.)

Consumers

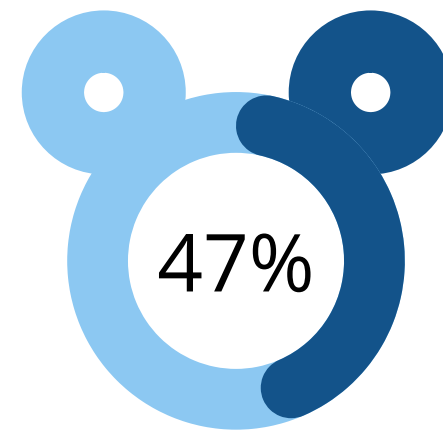
The majority of consumers in the US are reportedly satisfied with the actions taken by Disney in response to the bill in Florida. According to a poll conducted by Morning Consult, a global decision intelligence company:



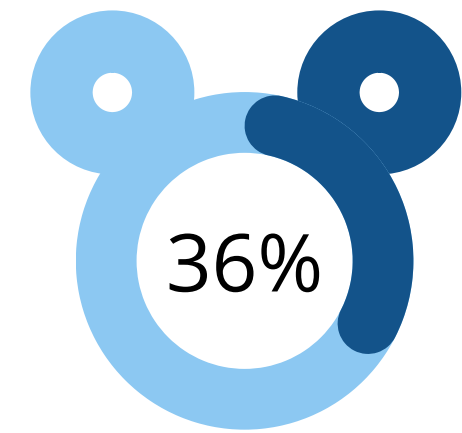
of self-identified Disney fans said they were not even aware of Chapek's eventual denouncement of the bill.



of self-identified Disney fans said they opposed closing down stores and amusement parks in response to the bill.



of Disney fans supported the idea of the company donating money to LGBTQ+ organizations.



of fans preferred the company issue a statement against the bill.

Stakeholder Reactions (Con.)

Florida Government

As recently as November 2022, Disney CEO Robert Iger, was quoted telling employees that he was ready for things to quiet down and was sorry to see Disney dragged into that battle. After hearing these remarks, Governor DeSantis stated, “We didn’t drag them in. They went in on their own, and not only opposed the bill, they threatened to get it repealed”.



Stakeholder Reactions (Con.)

Corporate World

The Human Rights Campaign and Freedom for All Americans advocacy groups published a petition condemning anti-LGBTQ legislation. It reads, “we are deeply concerned by the bills being introduced in state houses across the country that single out LGBTQ individuals – many specifically targeting transgender youth – for exclusion or differential treatment”.

Along with The Walt Disney Company, Starbucks, Nordstrom, Pinterest, Target, Mattel, and Lululemon are among the 200 companies that quietly signed this petition.



Financial & Reputational Impact on Disney

In April, Governor DeSantis announced he would be dissolving Disney's Reedy Creek Improvement District which has allowed Disney complete control over the 40 square miles of land where Disney World operates. Dissolving it would get rid of Disney's exemptions from state regulations and property taxes. While many believe this decision was meant to punish Disney for speaking out against the "Don't Say Gay" Bill, Desantis stands firmly behind the statement that he simply does not believe Disney should receive "special treatment".



The dissolving of Disney's Reedy Creek Improvement District is expected to take effect in June 2023. This means that Disney would have to seek approval from local counties for construction projects, such as hotels and theme parks .

Financial & Reputational Impact on Disney (Con.)

Disney is still dealing with the ramifications of its public stance of the “Don’t Say Gay” bill. In November of 2022, Disney announced that Robert Iger would return as CEO of Disney after Bob Chapek stepped down from the position. Iger served as Disney's Chief Executive from 2005 to 2020.

Chapek, who succeeded Iger as CEO in early 2020, had come under increasing criticism and scrutiny over the company’s performance in the months prior . Although there is not an official statement on why the immediate change, people speculate it has to do with the various crises Chapek has dealt with since taking over the position in 2020, including the silence and then opposition to the “don’t say gay” bill.



**BOB CHAPEK STEPPED DOWN
AS DISNEY'S CEO ON
NOVEMBER 20, 2022.**

Timeline

11
JAN

TUESDAY, JANUARY 11TH, 2022

HB 1557 IS INTRODUCED TO FLORIDA LEGISLATURE.

The Florida State Parental Rights in Education Act, which prohibits classroom instruction on sexual orientation and gender identity was introduced.

24
FEB

THURSDAY, FEBRUARY 24TH, 2022

FLORIDA HOUSE PASSES GOP 'DON'T SAY GAY' BILL.

The bill was passed by Florida's House of Representatives on Feb. 24 and will soon be voted on by the Senate.

28
FEB

MONDAY, FEBRUARY 28TH, 2022

DISNEY EMPLOYEES SEND A LETTER TO CEO CHAPEK.

Disney's LGBTQIA+ Business Employee Resource Groups sent a letter to Chapek requesting the company "issue a public statement condemning anti-LGBTQIA+ policies in the U.S.". At this point, the bill had passed the state's House of Representatives but had yet to reach the Senate.

3
MAR

THURSDAY, MARCH 3RD, 2022

RALLIES OCCURRED OUTSIDE DISNEY CALLING FOR ACTION.

The AIDS Healthcare Foundation held two rallies outside the Disney parks in Florida and California. Over 200 people gathered outside calling on the company to share its views on the bill.

5 & 6
MAR

SATURDAY & SUNDAY, MARCH 5TH & 6TH, 2022

LGBTQ DISNEY EMPLOYEES SPEAK OUT AGAINST THE COMPANY'S SILENCE ON TWITTER..

The AIDS Healthcare Foundation held two rallies outside the Disney parks in Florida and California. Over 200 people gathered outside calling on the company to share its views on the bill.

7
MAR

MONDAY, MARCH 7TH, 2022

DISNEY EMPLOYEE'S TWITTER VIDEO GOES VIRAL & CHAPEK SENDS MEMO TO EMPLOYEES.

After weeks of silence, Chapek sent a memo to Disney employees speaking about the "Don't Say Gay" bill for the first time. He stressed the company's support for the LGBTQ+ community and for creating a more inclusive world.

8
MAR

TUESDAY, MARCH 8TH, 2022

THE BILL PASSES THE FLORIDA SENATE & DISNEY'S POLITICAL CONTRIBUTIONS ARE REVEALED

Popular Information reveals that Disney had donated \$300k over the last two years to supporters of HB 1557. The bill passed the Florida Senate the same day.

9
MAR

WEDNESDAY, MARCH 9TH, 2022

CHAPEK PUBLICLY STATES THAT DISNEY OPPOSES THE BILL & PLEDGES \$5M TO LGBTQ+ ORGANIZATIONS.

Once the Human Rights Campaign got wind of Chapek's \$5 million pledge, they rejected the company's donation and demanded that Disney "build on their public commitment" and take "meaningful action" to combat the legislation.

10
MAR

THURSDAY, MARCH 10TH, 2022

LGBTQIA+ EMPLOYEES OF PIXAR AND THEIR ALLIES RESPOND TO CHAPEK'S INTERNAL MEMO

The LGBTQIA+ employees of Pixar, and their allies respond to Chapek's internal memo and public bill opposition statement with a letter. It refuted, point by point, the internal memo Chapek sent to employees earlier that week and also criticized the fact that the company "did not take a hard stance in support of the LGBTQIA+" at the shareholder meeting.

11
MAR

FRIDAY, MARCH 11TH, 2022

CHAPEK FORMALLY APOLOGIZES TO EMPLOYEES AND PAUSES THE COMPANY'S POLITICAL DONATIONS IN FLORIDA.

Chapek apologized to employees for the silence against the bill and pledged to stop making political donations to supporters of the bill.

22
MAR

TUESDAY, MARCH 22ND, 2022

DISNEY EMPLOYEES STAGE WALKOUT & DISNEY COMPANIES RELEASE STATEMENTS OF SUPPORT ON SOCIAL MEDIA.

Employees were still angered with CEO Chapek's late response to the Florida bill and wanted Disney to honor their list of demands that included further actions: WhereisChapek.com

28
MAR

SATURDAY, MARCH 28TH, 2022

HB 1557 IS SIGNED INTO LAW.

The "Don't Say Gay" Bill was signed into law by Governor Ron DeSantis.

1
JULY

FRIDAY, JULY 1ST, 2022

HB 1557 TAKES EFFECT.

The new law takes effect in Florida almost 7 months after it was introduced.

20
NOV

SUNDAY, NOVEMBER 20TH, 2022

CHAPEK STEPS DOWN AS DISNEY CEO AND IGER RETURNS.

Although there is not an official statement on why the immediate change, people speculate it has to do with the various crises Chapek has dealt with since taking over the position in 2020. These crises include; the coronavirus outbreak, the silence and then opposition of the “don’t say gay” bill, and abruptly firing Disney’s top television executive, all while customers grow furious over the increase in prices.



Conclusion of the Case

Since the passage of Florida's HB 1557, Disney has been active to show its support to the LGBTQ groups, though it remains to be seen when it will regain the trust of its LGBTQ employees.

In May of 2022, Disney began to promote “pride collection” merchandise for the first time, with profits from the items sold donated to selected LGBTQ+ advocacy groups. “The Disney Pride Collection was created by LGBTQIA+ employees and allies at The Walt Disney Company and is a reflection of their incredible contributions and place at the heart of the company. We stand in solidarity with our LGBTQIA+ community everywhere” the company stated on its website. In addition, Disney has also made efforts to include LGBTQ representations in its films.



**DISNEY'S "PRIDE
COLLECTION"**

Page Society Principles

- 1 Tell the truth**
- 2 Prove it with action**
- 3 Listen to stakeholders**
- 4 Manage for tomorrow**
- 5 Conduct public relations as if the whole enterprise depends on it**
- 6 Realize an enterprise's true character is expressed by its people**
- 7 Remain calm, patient, and good humored**

Connecting to Page Society Principles

- 1 Tell the truth:** Disney was not transparent with stakeholders in its political donations or in the work that it was doing behind the scenes.
- 2 Prove it with action:** Disney attempted to do this by making a public statement opposing the bill, donating to LGBTQ+ protection organizations, and stopping political donations.
- 3 Listen to stakeholders:** It took Disney too long to respond to stakeholder concerns and pleas, making its actions look disingenuous.
- 4 Manage for tomorrow:** Disney attempted to do this by working with legislators "on both sides of the aisle" but fell short, leaving employees unsatisfied and creating a new rift with Gov. DeSantis.

Connecting to Page Society Principles (Con.)

- 5 Conduct public relations as if the whole enterprise depends on it:** Disney knew the stakeholder's opinions and values, but continued to wait until it was "too late" to make a statement.
- 6 Realize an enterprise's true character is expressed by its people:** Disney has many employees who are a part of the LGBTQ+ community. By waiting too long to show it opposed the bill, it was not including them in its considerations for its own reputation.
- 7 Remain calm, patient, and good humored:** Disney's leader(s) did not act irrationally or abruptly, remaining calm through the crisis.

Discussion Questions

- Q1** Does Disney opposing the bill after public outcry diminish its authenticity? Why or why not?
- Q2** In a divisive situation like this, is it possible for a company to meet the expectations and needs of stakeholders with different interests, such as its LGBTQ+ employees and the state government?
- Q3** Is it appropriate for employees and consumers to push companies to take stances on controversial political-social issues? Why or why not?
- Q4** What could Disney have done better to use the Page Principles more effectively in its response to HB 1557?