Running head: ACTION PLAN BUILDING BLOCKS

Critical Analysis Paper – Building Blocks of an Action Plan

COML 610

Gonzaga University

Ted Dahlstrom

COML 610

Professor Shlossberg

February 25, 2018

**Introduction**

Founded in Seattle in 1971, Starbucks is named after Starbuck, chief mate on the *Pequod*, the whaling ship in Herman Melville’s novel, *Moby Dick* (Raghav, 2016). The company’s green “Siren” icon is a two-tailed mermaid that is the main symbol of the Starbucks brand. The siren is a Greek mythological creature that lured sailors with the sweetness of its song and caused them to wreck off islands in the Mediterranean Sea (Siren, 2018).

Starbucks is one of the most recognized companies in the world. Its siren logo is an image that directly speaks to the ethical engagement and commitment of the company and its employees, or “partners,” as they are colloquially known.

**Ethical Engagement**

Starbucks prides itself on being an ethical company, dedicating countless hours and resources toward corporate social responsibility and staking its reputation on conducting business in an ethical manner. It has been named by the Ethisphere Institute as one of the world’s most ethical companies for 12 years straight. Ethical companies, according to Ethisphere (2018), demonstrate achievements in transparency and compliance and drive positive change in the business community and societies around the world.

Additionally, *Fortune* magazine (2018) named Starbucks the fifth most admired company in the world. The rankings are based on innovation, people management, social responsibility, and global competitiveness. Companies such as Starbucks earn the *Fortune* award in part because they are concerned about the community and the environment (Johnson, 2016).

Starbucks’ mission and values are taken seriously by its partners and company leadership. Its mission, “to inspire and nurture the human spirit - one person, once cup and one neighborhood at a time,” displays a desire to influence society as a whole, both in America and globally. Starbucks also has four values that inspire and drive the behavior of its partners, customers, and stakeholders (Starbucks, 2018): (1) Creating a culture of warmth and belonging, where everyone is welcome; (2) Acting with courage, challenging the status quo and finding new ways to grow our company and each other; (3) Being present, connecting with transparency, dignity and respect; and (4) Delivering our very best in all we do, holding ourselves accountable for results. Starbucks (2018) prides itself on being “performance driven, through the lens of humanity,” and its commitment to social responsibility and ethical behavior is often the first thing people think of, along with coffee, when they see the green Siren logo.

**Stakeholder Impact**

The interests of stakeholder groups associated with Starbucks are as diverse as the stakeholder groups themselves. Four particular stakeholder groups: Partners, Customers, Local Communities, and Suppliers, represent the diversity of interests among the many stakeholder groups related to the Starbucks brand.

Partners – As mentioned, Starbucks employees are known as “partners.” Starbucks has 254,000 partners working in more than 25,000 retail locations in 75 countries (Fortune, 2018). Starbucks provides above-average benefits to all its employees, particularly those working in retail locations, which results in its partners feeling economic, social, and psychological satisfaction, all stakeholder claims as defined by Johnson (2016). Part-time workers are eligible for health care benefits and stock options, which is unusual for a large company. Starbucks focuses on treating its partners equally, which, in turn, establishes loyalty throughout the organization. Starbucks is not unionized, so its partners do not participate in collective bargaining and most do not work under employment contracts, but all are guaranteed adequate working conditions and freedom from arbitrary and capricious behavior on part of company officials.

Customers – Starbucks has millions of customers, many of whom are fiercely loyal to the brand. Its mission includes a desire to “nurture the human spirit,” so ethical business practices are both a necessity and a desired outcome. Starbucks sees itself as more than a coffee company; its locations are designed to be a “third place” outside of the home and office. Starbucks wants to be a part of the communities it serves, and its partners regularly give back by volunteering and sponsoring community programs. While Starbucks is known for more than just good coffee, it is at its core a coffee company. Its customers expect a consistent experience during each visit, but its values and mission inspires loyalty among its customers, who see Starbucks as more than just a coffee shop.

Local communities – Starbucks has locations in thousands of communities throughout the 75 countries it serves. There is even a Starbucks in the Hemmingson Center at Gonzaga University. Gonzaga University is its own community and also part of the Spokane community. University officials likely considered Starbucks’ commitment to ethics and corporate social responsibility when deciding whether to partner with the company and open a location on campus.

According to Johnson (2016), local communities expect company officials to be involved in community affairs and have an interest and support of local government along with support of cultural and charitable projects. Many Gonzaga graduates have gone on to work at Starbucks and the company participates in various school-sponsored networking and professional events. Starbucks’ partnership with the Gonzaga community reflects its desire to be a part of all the communities it serves.

Suppliers – Starbucks has many suppliers, including hundreds of coffee growers throughout the world. Starbucks makes a point to only buy ethically sourced coffee and has invested more than $100 million toward sustainability efforts in the developing countries that supply its coffee beans (Starbucks, 2018). As part of its commitment to ethics and corporate social responsibility, Starbucks has created social and environmental standards that all its suppliers must meet in order to partner with the company. Starbucks assists suppliers in making improvements to their business practices and has canceled contracts with companies that don’t meet its high standards. Starbucks also collaborates with others in its industry and shares ethical sourcing best practices with other companies. Manufacturers want to partner with Starbucks because they want to be associated with a successful, ethical company.

**Corporate Social Responsibility**

Stewardship is defined as acting on behalf of others and serving the interests of the organization and followers rather than pursuing selfish concerns (Johnson, 2016). By any measure, Starbucks is an ethical company with partners committed to stewardship. Community is at the focus of Starbucks’ mission and values, and its leaders pride themselves on serving the interests of the organization and the communities in which it has a presence. Starbucks’ partners volunteer thousands of hours in communities throughout the world and the company sponsors countless cultural and community-based organizations and events. Its supply chain is rooted in ethical behavior and the company expects its suppliers to behave in an ethical manner. Organizational citizenship and corporate social responsibility are pervasive throughout the company culture.

Specifically, Starbucks maps out its commitment to social responsibility in a yearly Global Social Impact Performance report. The company sets goals to help the people and communities it serves, including: (1) improving the lives of at least one million people in coffee communities around the world; (2) building and operating the world’s largest green retail business; (3) creating pathways to employment for one million people; and (4) strengthening communities by creating impact on issues that matter (Starbucks, 2018).

**Ethical Perspectives**

While Starbucks is widely considered to be one of the most ethical major companies in the world, it does have its critics. Since its partners are not unionized, some union-aligned interest groups contend that Starbucks is hostile to unions and does not treat its workers well. Starbucks has generous employee benefits, including health care and college tuition assistance, but some union-related organizations believe that the company’s scheduling procedures and pressure on low-level employees are unethical and could be improved. The company’s public face is its baristas and store employees, so labor issues are one of the most important issues the company faces.

Starbucks prides itself on its benefits being equal among all its employees--a senior executive receives the same health care benefits as a part-time barista. But the company’s labor issues include partner turnover, transaction times, understaffed stores, and low pay (Taylor, 2017). There is also a division between corporate employees and those working in the stores. Many lower-level employees believe that the company does not support them and company executives have not addressed their concerns, which has led to stress and frustration (Taylor, 2017).

Starbucks’ response to the concerns of its baristas and lower-level employees has included increased pay, revamped benefits, more stable scheduling, and a new dress code (Taylor, 2017). The company also created an initiative intended to address workers’ concerns and regularly engages in discussions with its retail employees to address their frustrations.

**Conclusion**

There are many reasons why Starbucks is consistently ranked as one of the most ethical and admired companies in the world. Its commitment to ethical behavior and corporate social responsibility is stronger than most major companies’. The culture, mission, and values of Starbucks is driven by a sense of duty to improve the communities it serves and provide its employees with industry-leading benefits. Its employees drive this ethical behavior, regularly volunteering and contributing time and resources to local cultural and community organizations and activities. Starbucks, represented by its iconic siren logo, sees itself as more than a coffee company, and its commitment to ethics and social responsibility is reflected in its mission statement and core values.

Resources

Ethisphere (2018). World’s most ethical companies. *The Ethisphere Institute*. Retrieved from https://www.worldsmostethicalcompanies.com/

Flandreau, M. (2016, December 23). Who is the Starbucks siren? The meaning behind our logo. *1912 Pike*. Retrieved from https://1912pike.com/who-is-starbucks-siren/

Fortune. (2018). World’s most admired companies. *Fortune Magazine.* Retrieved from http://fortune.com/worlds-most-admired-companies/starbucks/

Fortune. (2018). Fortune 500. *Fortune Magazine.* Retrieved from http://fortune.com/fortune500/starbucks/

Johnson, C.E. (2016). *Organizational ethics: A practical approach (3rd ed*.). Thousand Oaks, CA: SAGE Publications.

Raghav, S. (2016). Starbucks logo – an overview of design, history and evolution. *Designhill*. Retrieved from https://www.designhill.com/design-blog/starbucks-logo-overview-of-design-history-and-evolution/

Siren. (2018). In *Encyclopedia Brittanica*. Retrieved from https://www.britannica.com/topic/Siren-Greek-mythology

Starbucks. (2018). Ethical sourcing: coffee. *Starbucks.* Retrieved from https://www.starbucks.com/responsibility/sourcing/coffee

Starbucks. (2018). Starbucks mission statement. *Starbucks.* Retrieved from <https://www.starbucks.com/about-us/company-information/mission-statement>

Taylor, K. (2017, May 28). Baristas say that Starbucks is ignoring a huge problem that is impacting sales. *Business Insider.* Retrieved from http://www.businessinsider.com