

Organizational Culture at Starbucks

**Sin Yan Goh¹, Daisy Mui Hung Kee², Qing Er Ooi³, Jia Jie Boo⁴, Pei Ying Chen⁵,
Asla Alosaimi⁶, Megha Ghansal⁷**

Universiti Sains Malaysia, Penang, Malaysia^{1,2,3,4,5}

Kuwait University, Kuwait⁶

ABES Engineering College⁷

Correspondence Email: daisy@usm.my

ABSTRACT

The importance of organizational culture has always been the subject of organizational success. Organizational culture has captured the attention of academic scholars. Organizational culture plays an important role for an organization to build its branding. Organizational culture can be used as a powerful engine of competitive advantage and thus allow an organization to integrate its culture and branding to produce phenomenal results. A good organizational culture will result in a strong brand. The paper presents the organizational culture in Starbucks, an American coffee company. As a brand of 48 years, Starbucks has successfully instilled their cultures especially their shared values to employees. This move enables Starbucks to be one of the most successful brands in the century. This paper also investigates the reasons behind its success as well as the relationship between them.

Keywords: Organizational culture, Starbucks, Organizational success, Branding.

INTRODUCTION

Starbucks Corporation is an American coffee company and coffeehouse chain which has been established in 1971 in Seattle's Pike place market. At that time, it was a merchant of whole bean and ground coffee, tea, and spices. Today, Starbucks is the world largest coffee company, with 16,120 stores in 49 countries. Starbucks has approximately 11,000 stores in the United States, nearly 1,000 stores in Canada and more than 800 stores in Japan.

Starbucks serve cold and hot drinks, whole-bean coffee, micro-ground instant coffee, which is known as VIA, espresso, cafe latte, full-and-loose-leaf teas including Teavana tea product. Snacks offered include items such as chips and crackers; some offerings are seasonal or specific to the locality of the store. Moreover, many stores sell pre-packaged food items, hot and cold sandwiches and drinkware including mugs and tumblers; select "Starbucks Evenings" locations offer beer, wine, and appetizers. Starbucks-brand coffee, ice cream, and bottled cold drinks are also sold at grocery stores.

From the founding of Starbucks in Seattle as a local coffee bean roaster and retailer, it was experienced a rapid growth in its business. It is first become profitable in Seattle in the early 1980s but lost money on its late 1980s expansion into the Midwest and British Columbia. The first Starbucks is located outside of the North America in which it opened at Tokyo in 1996. In the years between 1987 to 2007, it opened an average of two new locations daily and in 2010, the company began its Starbucks Reserve program for

single-origin coffees and high-end coffee shops. Starbucks operates five roasteries with tasting rooms and 43 coffee bars as part of the program.

Starbucks' mission is to inspire and nurture the human spirit which is one person, one cup, and one neighborhood at a time. Starbucks will make sure everything they do is through the lens of humanity - from their commitment to the highest quality coffee in the world to the way they engage with their customers and communities to do business responsibly.

Organizational Culture

Organizational culture is one of the organizational mechanisms to help keep the organization going. It is the shared knowledge within an organization regarding the rules, norms, systems, symbols, language, assumptions, beliefs and habits (Needle, 2004). Organizational culture affects the way people and groups interact with each other, with clients and stakeholders. Also, organizational culture may influence how much employees identify with organizations (Schrodt, 2002).

Organizational culture can be shown in the way an organization conducts its business, treats its employees, customers and the wider community. Employees should also have freedom while decide developing new ideas and personal expression. Organizational culture is also shown in power and information flow through its hierarchy and employees' commitment towards the organization's objectives.

It is important to have a positive organizational culture as it promotes healthy competition among competitors. Employees are encouraged to perform better by engaging with the customers by a small gesture like writing the name of customers on the cup or even calling the customer by their name that cannot be found in other organizations in the same industry.

Organizational culture is unique and can be used to define an organization and normally different organizations will contribute to different organizational culture. Organizational culture goes a long way in creating the brand image of the organization and gives an identity to the organization

Having an organizational culture should also bring all the employees on a common platform. Since all employees are expected to have the same view of organizational culture in an organization, employees must be treated equally, and none should feel neglected or left out at the workplace. Employees need to adjust well in the organization culture for them to perform theirs during working hours.

Therefore, it is safe to say that a positive organizational culture affects the organization's productivity and performance while providing guidelines on customer care and service, quality of product and safety level, employee's punctuality and attendance and concern towards the environment.

RESEARCH METHOD

This research uses qualitative method. The data are collected by analyzing the organization culture they have.

RESULTS AND DISCUSSIONS

Justification Idea

A positive organizational culture helps to boost an organization's productivity and to enhance its branding. Starbucks instills a good organizational culture into every worker. They view the workers as one of their most precious strategic assets. The founder and CEO of Starbucks, Schultz (1994) once said: "When people ask me about the reasons for Starbucks success, I told them not what they expect to hear but I told them that it was the people at Starbucks and the way we managed them that was the true differentiating factor." He showed how importance is organizational culture.

As Starbucks realizes the importance of treating people differently, instead of just a cup of expensive coffee, they managed to provide an experience of drinking Starbucks in a warm and friendly ambiance. They apply the culture of servant leadership. The leaders in the company are always caring for the employees in the company. The company tries to optimize employee morale and indirectly make their workers serve customers better. Everyone in the company will be treated warm and friendly as this is the culture and shared values among them. In this way, they tend to treat the customers and the community the same way too. Thus, customer satisfaction will automatically increase and in the long run, Starbucks will earn customer loyalty.

With the culture of inclusion and diversity, Starbucks practices equal employment opportunities, which is their non-discrimination policy. The policy ensures that everyone will be treated fairly and equally. For example, Starbucks Malaysia has an outlet at Bangsar Village II that hire hearing-impaired employees as their baristas. Starbucks Malaysia has worked with the NGO Society of Interpreters for the Deaf (SID) to facilitate the hiring, training, and coaching of deaf employees. The ordering process has been tailored to ease these special workers. This outlet has shown Starbucks' non-discriminatory policy and the way they commit to their social responsibility. Starbucks believes that diversity can enhance their work culture and, at the same time, creates a culture of empowerment for innovation, economic growth, and new ideas.

More than what a normal organization that only focuses on organizational growth, Starbucks also devotes to support and help their workers to improve self-value, to enhance own experiences and knowledge. The company constantly provides learning opportunities for the employees to develop their skills or even plan for their future. The company also gives rewards to those employees that succeed. Through Opportunity for Youth, a program that was launched by Starbucks that aims to provide careers to the youth as they aim to create pathways for future leaders. Starbucks College Achievement Plan also provides a great opportunity for those employees to enroll in college and finish their bachelor's degree. These actions show that as a company, Starbucks also help their employees to grow and learn.

In general, Starbucks has instilled a good organizational culture that helps the company to do their branding. The good relationship among the employees and with the customers, the culture of diversity and inclusion and the help and support for the employees to grow and learn are some key factors that make Starbucks so successful in this era.

Idea Application

To create a positive impact on the organization and the people working within it, it is important to know certain areas where change is required. While talking from

organizational culture, it is necessary to state that the idea that there must be a positive culture in Starbucks, must be applied. It should have been implemented well within the organizational culture and could be managed by various strategies. It is necessary to establish those types of values within the culture of this organization to create more values. These values must be highlighted in some way to develop the interest of employees within the company's setup (Starbucks, 2019).

It cannot be denied that Starbucks does have a big history of providing excellent services to its customers. They just need to value their branding of products and services to get more positive responses and feedback from employees. They must be trained to equip themselves fully with these values that become a part of their organization. In this way, they can create such an environment that is built upon the values which could play a massive impact on the employees' lives. It is necessary to foster these values in the organizational setting so that various employees could learn how to perform various roles in this organization.

For the application of the idea in the context of Starbucks, it is necessary to state here that the organizational culture must be blended well inside the employees for a lasting impact. It can be understood about Starbucks that the image and brand of this organization have taken ages to build. This fact cannot be easily ignored about this company that the strong organizational culture of this organization has led its people to devote strongly towards it. The people attached to the organization's culture ensure that they could use the organizational culture in their best interest. It could only happen if they were ready to instill in themselves the values which had been promoted in Starbucks.

It is important to mention that the culture of diversity could be found in Starbucks that is a great idea to be implemented in this organization. The culture of diversity, as well as inclusion values instilled in the minds of the employees, could create a positive environment for the organization. The people, therefore, could live in the environment in which they were devoid of prejudice. Moreover, it cannot be underscored about Starbucks that the employees working within the company could enjoy great independence and autonomy. They have the liberty to independently take their decisions which could help them to reach towards organizational success. However, there are certain challenges in the application of the idea in the organization which cannot be easily overcome.

To deal with these aspects, it is necessary to instill these values and customs which could enable these employees to find a good place in their firm. It could have many benefits for them like getting increased levels of confidence (Ferguson, 2019). Moreover, these values also enable the people working in the firm to contribute to the success of the organization in one way or another. It is necessary to know these aspects so that this idea can be applied effectively, and it could have its excellent benefits also. It is also important to achieve customer satisfaction as well which is necessary for any organization to work. If the employees working inside of the organization do not have this thing inside of them, they cannot work. Therefore, this thing must be embedded in them so that they can contribute in some way.

The loyal relationship between Starbucks and its customers is one of the most distinct characteristics that differentiate Starbucks from its competitors. Unfortunately, the trend has been lower customer satisfaction at Starbucks recently. Therefore, efforts to

enhance customer satisfaction have been considered as a critical step that needs to be taken by Starbucks.

It is importance for us to emphasizes employee job satisfaction at workplace since it is closely related to customers' perceptions of service. It means that employees who have higher levels of job satisfaction are more able to deliver excellent service because they are expected to share these positive emotions with customers. Hence, the behavior of satisfied employees plays an important role in shaping customers' perceptions of business interactions. This is because satisfied employees are more apt to be friendly, enthusiastic, attentive, and empathetic toward customers.

The organization must be able to make their employees realized that their work and performance is both recognized and valued, hence Starbucks need to ensure hard work is celebrated in their workplace. Recognition and reward always act as the best way to make employees feel that their contribution to the organization is being appreciated. It can be vouchers, a day's extra holiday, a lie-in, ad-hoc gifts or simply use of the best parking slot for the month. Employees who perceive fairness via appropriate rewards at the workplace are more willing to deliver a high level of services in interaction with customers and this, in turn, increases customer satisfaction.

Besides, if Starbucks provide a work environment which makes their staff enjoys spending time in, it can help to improve their performance every day. Employees are more likely to be disgruntled if they are regularly facing frustration caused by slow servers, using substandard facilities, or even because of a piece of broken equipment. Therefore, one of the actions needs to be taken by Starbucks is to deal with staff complaints swiftly and embed reporting processes to identify issues in a very effective and efficient way. This help the Starbucks organization to improve their employee's job satisfaction to raise their customers loyalty.

Employees' perception of the degree of support and consideration an employee recognizes from a supervisor often influences their job satisfaction. Therefore, a leader should realize that they are affect their employee fulfillment and job satisfaction. This can be achieved by constructing more fluid paths and help them attain their career goals. High job satisfaction causes employees to engage in behaviors that could be critical for organizational success if their personal goals are aligned with organizational support.

CONCLUSIONS

Organisational culture is represented as “a set of shared mental assumptions that guide interpretation and action in organizations by describing process acceptable behaviour for various situations” (Ravasi and Schultz, 2006). it's usually what sets an outsized company apart from its competitors, and ultimately attracts customers thereto. In all aspects of this case study, it may be seen that fairly often it's all the way down to understanding individual psychological feature describing cognitive attitude so as for associate degree organisation to effectively offer the correct motivation, produce the correct groups and to instil their culture. In providing motivation it's vitally important to require the individual into account. Steven Reiss expressed “the distinction between intrinsic and adventitious motivation is construct invalid as a result of universal human motives are multi-faceted (generally diverse) and don't divide into simply 2 kinds”.

Teams should even be checked out significantly rigorously so as to supply a bunch of people who will work effectively and use every other's strengths to the advantage of the corporate. though corporations have their own values and culture to instill on their employees, the temperament and values of the employees they use should be paramount to employers as ultimately, they're in direct purpose of contact with customers and are the visual illustration of the complete as a full.

REFERENCES

- Edward Ferguson (2019). *Starbucks Corporation's organizational culture & its characteristics*. Retrieved from <http://panmore.com/starbucks-coffee-company-organizational-culture>
- Equal Employment Opportunity Policy-U.S. Retrieved from <https://globalassets.starbucks.com/assets/64d3d446645142f7ba96fda3eda123c8.pdf>
- Flamholtz, E.G., & Randle, Y. (2012). Corporate culture, business models, competitive advantage, strategic assets and the bottom line: Theoretical and measurement issues. *Journal of Human Resource Costing & Accounting*, 16(2), 76-94. DOI: 10.1108/14013381211284227
- Introduction of Starbucks, Wikipedia website. Retrieved from <https://ms.wikipedia.org/wiki/Starbucks>.
- Kong W. Y. (2016). *The first Starbucks outlet in the world to hire deaf baristas is in Bangsar*. Retrieved from <https://www.timeout.com/kuala-lumpur/blog/first-starbucks-outlet-in-the-world-to-hire-deaf-baristas-is-in-bangsar-072716>
- McShane, S. L., & Von, G. M. A. Y. (2005). *Organizational behavior*. Boston: McGraw-Hill Irwin.
- Needle, D. (2004). *Business in context: An introduction to business and its environment*. Opportunity for youth. Retrieved from <https://www.starbucks.com/responsibility/community/opportunity-youth>
- Prachi Juneja. *Importance of organizational culture*. Retrieved from <https://www.managementstudyguide.com/importance-of-organization-culture.htm>
- Schrodt, P (2002). The relationship between organizational identification and organizational culture: Employee perceptions of culture and identification in a retail sales organization. *Communication Studies*, 53, 189–202.
- Starbucks official website. Retrieved from <https://www.starbucks.com/about-us/company-information>.
- Ferguson, E. (2019). 'Starbucks Corporation's Organizational Culture & its Characteristics'. *Panmore Institute*. Retrieved from <http://panmore.com/starbucks-coffee-company-organizational-culture>
- Starbucks, (2019). *Culture and Values*. Retrieved from <https://www.starbucks.com/careers/working-at-starbucks/culture-and-values>
- Prachi Juneja, (2015). *Importance of Organizational Culture*. Retrieved from <https://www.managementstudyguide.com/importance-of-organization-culture.htm>
- Lauren Clarke. (2001, 2005). *Proven Methods to Increase Employee Engagement in the Workplace*. Retrieved from <https://inside.6q.io/increase-employee-engagement-in-the-workplace/>
- Runrun, it Blog. (1029). *Effective Leadership: Why It's Important and How It's Achieved*. Retrieved from <https://blog.runrun.it/en/effective-leadership/>
- Deal T. E. and Kennedy, A. A. (1982, 2000) *Corporate Cultures: The Rites and Rituals of Corporate Life*, Harmondsworth, Penguin Books, 1982; reissue Perseus Books,



2000. Retrieved from <https://gothamculture.com/what-is-organizational-culture-definition/>

Torben Rick. (2015). *What is Organizational Culture*. Retrieved from <https://www.torbenrick.eu/blog/culture/organizational-culture/>