

Case study on motivating partners at starbucks

[Business](#), [Company](#)



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It owns about 4000 branches in the whole world. The reasons of why Starbucks is worldwide popular are not only the quality of coffee, but also its customer service and cosyenvironment. Besides, it is also famous for its satisfaction of employees. The turnover rate of employees at Starbucks was 65% and the rate of managers was 25% a year However, the rates of other national chain retailers are 150% to 400% and 50% respectively. Compared

with them, the turnover rate of Starbucks is much lower than other industries on average.

As a result, Starbucks would be one of the optimal business models for the strategies of employee motivation, customer satisfaction and cooperation of teamwork. Motivation refers to forces within an individual that account for the level, direction and persistence of effort expended at work[1]. People have basic needs such as food, security or achievement, that translate into an internal tension that motivates specific behaviours with which to fulfil the need. If the behavior leads to one's success, the person will fall in the state of satisfaction or we can call it reward[2].

Rewards are two types; intrinsic and extrinsic. Intrinsic rewards refer to satisfaction that occurs in the process of performing an action. Such as a salesperson that sold encyclopaedias for intrinsic reward of helping children read well. Extrinsic refers to a reward given by another person such as promotion and bonuses. The understanding that I had on Starbucks' approach to its employee motivation is best explained by the case based on the Vroom's Expectancy Theory of Motivation; is based on an idea that work effort is directed toward behaviors that people believe will lead to desired outcomes.

The Expectancy Theory of Motivation explains the behavioral process of why individuals choose one behavioral option over another. It also explains how they make decisions to achieve the end they value. Vroom introduces three variables within the expectancy theory which are valence (V), expectancy (E) and instrumentality (I). The three elements are important behind choosing

one element over another because they are clearly defined: effort-performance expectancy (E to P expectancy), performance-outcome expectancy (P to O expectancy).

Three components of Expectancy theory: Expectancy, Instrumentality, and Valence. 1. Expectancy: Effort > Performance (E > P); 2. Instrumentality: Performance > Outcome (P > O); 3. Valence - V(R) Expectancy- Probability (E to P) Expectancy is the belief that one's effort (E) will result in attainment of desired performance (P) goals. Factors associated with the individual's Expectancy perception are self efficacy, goal difficulty, and control. Self efficacy is the person's belief about their ability to successfully perform a particular behavior.

Goal difficulty happens when goals are set too high or performance expectations that are made too difficult are most likely to lead to low expectancy perceptions. Control is one's perceived control over performance. In order for expectancy to be high, individuals must believe that they have some degree of control over the expected outcome.

Starbucks had matched employees to the jobs based on their abilities and clear communicating the tasks requires for the job is an important part of this process. This process took place within the 25 hours of classroom training.

Instrumentality- Probability (P to O) Instrumentality is the belief that a person will receive a reward if the performance expectation is met. This reward may come in the form of a pay increase, promotion, recognition or sense of accomplishment. In Starbucks, they offer various types of benefits package

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includes full medical and dental insurance coverage, disability and life insurance, vacation days, a retirement saving plan with match company contributions, discounted stock purchase plans and stock options as part of Starbucks's BEAN STOCK Program.

Instrumentality is low when the reward is given for all performances given. Factors associated with the individual's valence for outcomes are trust, control and policies. If individuals trust their superiors, they are more likely to believe their leaders promises. When there is a lack of trust on leadership, people often attempt to control the reward system. When individuals believe they have some kind of control over how, when, and why rewards are distributed, Instrumentality tends to increase.

Formalized written policies impact the individuals' instrumentality perceptions. Instrumentality is increased when formalized policies associates rewards to performance. Valence- $V(R)$ Valence: the value the individual places on the rewards based on their needs, goals, values and Sources of Motivation. Factors associated with the individual's valence for outcomes are values, needs, goals, preferences and Sources of Motivation Strength of an individual's preference for a particular outcome. $Motivation = expectancy \times instrumentality \times valence$

Managers should make each factor positive in order to ensure high levels of motivation. Conclusions Referring to this case study, the new Baristas carefully selected and will receive 25 hours classroom training before they start their job. During this training, Baristas will be trained, coached exposed to the company's goals, diversity awareness, customers, succession planning

and career development plan. This would be the E to P Expectancy Concept. The Baristas then exposed to the company's benefits and rewards; where the P to O Expectancy Concept occurs.

The last one is the Valences outcomes. Starbucks distribute rewards that employees' value. This action can increase the expected value of outcomes resulting from desire performance. Expectancy Theory of Motivation remains one of the better theories for predicting work effort and motivation, and with one limitation that is, the theory had ignore the role of emotion in employee effort and behavior. Question 2 : What needs does Starbucks appeal to through its training approach, benefits package, work/life program and partner relations mechanisms?

From my analysis earlier, Starbucks training approach, benefits package, work/life program and partner mechanism had fall into needs theory of Expectancy Theory. As I have stated earlier that this theory had ignore the emotional factor. As this theory seems using some kind of mathematical method on measuring the level of motivation, the emotional entity was so abstract and difficult to measure. What most important is the positive impact or the outcome occurs. I wanted to conclude that there were several soft impacts happened in Starbucks as the consequences of the implementation of Expectancy Theory.

Employees' inner satisfaction. A previous researcher, Pugh & Hickson cited Elton Mayo made an investigation called ' Hawthorne Experiment'. According to the results, if managers provided a suitable working environment considering each personal requirement and their sense of satisfaction rather

than a higher salary or bonus, workers were encouraged to be more hard-working and efficient. He also verified that if managers of an organization do not consider about individual works' needs and wants, then treat them as equal units would “ maximize payment and minimize effort”.

As a result, how to use non-financial incentives would be an important issue for nowadays business. The chief executive officer of Starbucks Corporation, Howard Schultz, considers that the tip of success in Starbucks is not coffee but employees. Constantly accumulating the working experience of employees and providing chances of promotion in a company for working partners is the way to operate sustainability. He firmly believes that the spirit of Starbucks is employees and feels honoured about the value of Starbucks employees.

For this reason, it is necessary to have a perfect education and training policy for better performance in a company. Starbucks offers an interactive structure that makes personnel instil themselves into their job; hence they can motivate partners to satisfy themselves then achieving a new level of performance. Equal treatment The managers in Starbucks treat each workpeople equally and all of the staffs are called ' partners', even the supervisors of each branch are called it as well. In order to narrow the gap between managers and employees, they also co-work with the basic level staffs in the front line.

Due to this, they can maintain a well management system and create a much closer and more familiar atmosphere than other place, which makes not only employees can enjoy their job but also customers are affected by

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their enthusiasm. Listen to employees Starbucks has a well-organized communication channel for employees. It places a great importance on labours. For example, managers plan the working hours per workers and arrange the schedule of time off, according to their wants to meet their requirements. There are interviews weekly to see what employees' need is.

A special survey called ' Partner View Survey' is taken off approximate every two years. The managers can receive feedbacks through the event to which part should be improved or what issue should be paid more attention to. The partners have the right to figure out what is the best policy for them, and the directors show a respect for each suggestion. Starbucks even wants every employee to join in making and developing plans, then achieving their goals all together. As a result, the policies and principles are communicated between all staffs, and there is no limitation in employees' personal opinions.

For this reason, business could improve their strategies even innovate by different ideas. Question 3: What is important to you in terms of your personal work motivation? How does that which motivates you fit with Starbuck's approach to motivating partners? My important personal work motivation would be the physiological, safety and social motivation. If one organizational can provide this, I would say that I will be there for a period of time. There would be important leadership implications to enhance workplace motivation.

There are staff motivation opportunities by motivating each employee through their style of management, compensation plans, role definition, and company activities. Physiological motivation can be imposed by company by

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provide ample breaks for lunch and recuperation and pay salaries that allow workers to buy life's essentials. In government sector (where I work for), offers physiological needs, safety needs and also social motivation. Based on my individual view, managers within this sector may become varies in style of leaderships. This happened due to different background of race, culture and political views.

If the managers fail to be fair or fail to perform, dissatisfaction among workers may occur. In government sector, most of the organizations within tend to be people orientation than result orientated. This similar to the environment in Starbucks, its employees, including informal personnel, are offered a great deal of welfare policies, for instance, commodities discounts for employees, medical insurance (including health, vision and dental) and vacations. Moreover, the partners who work over 20 hours a week are entitled for benefits. This related to safety needs.

Social needs can be generate a feeling of acceptance, belonging, and community by reinforcing team dynamics. Howard Schultz and other Starbucks senior executives worked to instill some key values and guiding principles into the Starbucks culture. The keystone value in the effort " to build a company with soul" was that the company would never stop pursuing the perfect cup of coffee. Because of this, they have the same goal; in other words, they are motivated to increase the sales to earn more profits. Starbucks just handles personnel with its core value, which is the employees are the most important asset of Starbucks.

Showing a respect to employees and well-developed environment have lead Starbucks to produce the best working quality for customers and an increase in profits. Starbucks establishes a well-developed system to keep good relationship between managers and employees. At first, the leaders of a retail shops use the same title “ partner” as a basic level worker to narrow the gap of bureaucracy. Furthermore, they co-work in the first line to eliminate the distance between different statuses. Secondly, the numbers of employees are usually from three to six.

Such a small size of a retail shop makes staffs acquaint with each other easily and deeply. In the co-working period, this helps a team to match different personalities and majors quickly to achieve well performance. Next, the suggestions and complaints provided by employees are treated of equal importance. In the same way, they have a right to participate in the process of revising company policies as well as a manager. In that case, each staff thinks that they also play an important role in company operating, and they can join to work out a direction of Starbucks.

These give employees not only a respect, but a sense of participation. Yet, this Starbuck’s approach was hardly to be found in government sector. In public sector, they tend to uphold the hierarchy line. There were obvious gap between managers and subordinates. Furthermore, the organizations normally contain numbers of staffs. ----- [1] Schermerhorn, Hunt, Osborn and Uhl-Bien “ Organizational Behavior 11th edition” John Wiley & Sons (Asia) Pte. Ltd. 2011 [2] Richard L. Daft “ Management” The Dryden Press 1997