

The idea of corporate social responsibility marketing essay



**ASSIGN
BUSTER**

\n[[toc title="Table of Contents"](#)]\n

\n \t

1. [2. 0 Starbucks' CSR efforts](#) \n \t
2. [3. 0 Stakeholder Analysis and CSR](#) \n \t
3. [4. 0 Conclusion](#) \n

\n[/toc]\n \n

Nowadays, the idea of Corporate Social Responsibility is not new to the business industry. The society and corporations have been paying more and more attention on the initiatives of CSR, which is if a particular corporation's business processes are producing an overall positive influence on society. In other words, CSR is defined as a firm's sense of responsibility towards the environment and community in which it operates (Crane & Matten, 2010). The increasing attention that paid to CSR has not been entirely voluntary. Many businesses only realised their CSR after being shocked by public responses to the issues they had not previously put in mind, and which were part of their business responsibilities (Porter & Kramer, 2006). However, if companies could foreseen their CSR and react in advance, it would not only create competitive advantages for them, but it could also improve their brand images (Banerjee, 2008). Starbucks Corporation is a famous brand which sells coffee and has opened a massive number of stores all over the world. This essay will firstly focus on analysing Starbucks' efforts of CSR, followed by identifying and discussing different stakeholder groups of Starbucks. Finally, whether the stakeholder analysis of Starbucks provides useful framework for the development and assessment of CSR will be discussed and a conclusion will be drawn.

<https://assignbuster.com/the-idea-of-corporate-social-responsibility-marketing-essay/>

2. 0 Starbucks' CSR efforts

2. 1 Historical CSR efforts of Starbucks

In 1992, Starbucks established the Starbucks Environmental Mission Statement, which committed that the company will positively contribute to the environment. Since then, Starbucks has been expanding their definition of their environmental responsibility within the context of their company growth and their business which has become more complex. Starbucks' CSR report (2006) has included their several positive contributions to the environment. As Starbucks is concerned about the climate change will affect the quality of coffee beans, the company has been evolving and implementing an environmental strategy focused on the climate change. What is more, in 2006, Starbucks established a three-year climate change mitigation strategy. This strategy includes purchasing renewable energy, joining with other organisations to raise the awareness of climate change in order to save more energy together. At the same time, Starbucks introduced a new strategy for producing their cups in order to reduce the negative impacts on environments. This strategy includes three main actions: a) by eliminating most double-cupping, 60 per cent of post-consumer recycled fiber; b) customers who use their own reusable cups are offered a \$0.10 discount, this allowed Starbucks to save 674,000 pounds of paper from going to the landfill in 2006; c) Starbucks introduced the hot beverage paper cups which received a positive safety review from the Food and Drug Administration (FDA) in the U. S. What is more, the company improved its environmental footprint by greening the store through design, operations and waste and recycling management. In recent years, apart from

maintaining the established strategies, Starbucks have began to focus on other social responsibilities such as donations to charity or reducing tissue waste in stores. According to the Starbucks official website, the company pays a minimum of \$1.26 per pound for Fair Trade certified ingredients in order to buy Fair Trade Certified™ coffee for the company's supply chain strategy (Businessgreen, 2010). Heath (2006) argued that even though firms are not entitled to solve all the world's social issues, nor could they do so. Each individual firm can identify their own set of societal issues that it is able to solve. By doing so, the firm could gain the greatest competitive advantages. Moreover, Starbucks' supply chain strategy has helped the company to gain the advantage of high-quality products, which also improved Starbucks' brand image (Maloni & Brown, 2006).

Harnrungchalotorn and Phayonlerd (2005, p35) stated that: " Starbucks has ran its business by driving Corporate Social Responsibility (CSR) as a tool that covers the company in every sector of their business." Therefore, Starbucks have indeed identified their social responsibilities and have put much effort into the issues, and these efforts have been realised by the society. This is one of the reasons why Starbucks have created a such successful brand image (Thompson & Arsel, 2004).

2.2 Stakeholder Groups of Starbucks

Stakeholder theory is a organisational management and business ethics theory. It addresses values and morals in managing a business. Edward (1984) was the first author to detail this theory, and he identified the stakeholders groups of a corporation. Traditionally, the stockholders and shareholders are considered as the owners of the business, and their needs <https://assignbuster.com/the-idea-of-corporate-social-responsibility-marketing-essay/>

and interested were ought to be put in the first place. However, stakeholder theory suggests that apart from them, there are other parties need to be considered as well. These include political groups, trade unions, governmental bodies, trade associations, financiers, communities, suppliers, customers and employees. In some cases even the competitors are considered as stakeholders as well. In this section, the following three stakeholder groups of Starbucks will be analysed and discussed: customers, suppliers (farmers) and employees (Friedman, 1970).

2. 2. 1 Customers Nature of Interest and Power

The customer stakeholder group is very important to all firms, because customers have the power of purchasing goods or services from firms. In other words, customers provide huge contribution to firms' revenue and profits. Not only that, customers also have the power of boycotting firms who provide unsatisfactory goods and services, or whose company policies are unacceptable (Griseri and Seppala, 2010). All these apply to Starbucks. In order to make customers feel good about the Starbucks places and the coffee they drink, Starbucks have been aiming to provide long-term high quality coffee. Starbucks' strategies to achieve sustaining coffee quality include sustainable trade and quality assurance and product recall.

Starbucks always make sure that they purchased high-quality materials agriculture and manufactured goods, as well as their non-coffee products such as Cocoa, Tea, Bakery and Dairy etc. Starbucks also use high quality water to produce their drinks including Ethos water. The approach of quality assurance and product recall allows Starbucks to control their overall product quality and to reduce the amount of customer complains, hence to increase <https://assignbuster.com/the-idea-of-corporate-social-responsibility-marketing-essay/>

customers' level of satisfactory. In fact, Starbucks have never stopped travelling worldwide to look for high-quality coffee beans in order to always provide coffee that has premium quality (Mystarbucksidea, 2010). In 2004, Starbucks established a guideline which is known as Coffee and Farmer Equity (C. A. F. E.), which is used to ensure the sustainable supply of high-quality coffee. What is more, Starbucks have considered other aspects to achieve higher customer loyalty (Findarticles, 2010). Customer loyalty can be obtained through high quality products, friendly workers, excellent customer services, good location of the stores that are easy to access, and comfortable environment in the stores (Crane and Matten, 2010). Starbucks have more than 16, 000 stores in more than 60 different countries. Customers are able to find a Starbucks store easily even they are in a foreign country. Workers are productive and friendly as they enjoy their work. What is more, Starbucks are designed to be a place for customers to relax, so the comfortable space in the stores have attracted many customers (Michelli, 2007). Therefore, Starbucks see customers as a very important group of stakeholder and as a famous brand name in the coffee industry, Starbucks have been able to raise the values that customers are interested in.

2. 2. 2 Suppliers (Farmers) Nature of Interest and Power

Like customers, as one of the stakeholder groups, suppliers also have their own nature of power and interests. Suppliers have the power of selling same products to a firm's competitors at a different rate. At the same, like customers, suppliers also have the same power of boycotting a firm and stopping providing a firms any materials, if they are unhappy about the firm's policy and quality of products. Suppliers' interests are to receive <https://assignbuster.com/the-idea-of-corporate-social-responsibility-marketing-essay/>

regular order of goods from a firm, and to be paid promptly for goods that they delivered (Scott & Lane, 2000). For Starbucks, their main suppliers are farmers who have direct influence on Starbucks' product quality. Starbucks always make sure that premium prices are paid to suppliers if coffee that are linked to premium quality is provided. The company also sees economic transparency as a very important approach for evaluating whether their suppliers or farmers receive equitable payment for their crops and other products. Starbucks have established strong relationships and direct engagement with their suppliers and coffee farmers, which will keep Starbucks in touch with all the suppliers' issues and progress (Starbucks Corporation, 2006). Farmers have access to credit and resources which are provided by Starbucks, this will help farmers to improve their products' quality hence to strengthen their businesses as well as Starbucks' business. What is more, Starbucks provide certification labels, including organic and Fair Trade Certified™ in order to achieve sustainable coffee farming. Therefore, the evidences show that Starbucks treat suppliers and farmers as another important stakeholder group, and have successfully raised the values they are interested in. Starbucks have achieved high loyalty of suppliers and farmers by providing on time payment, fair rates of payment and practice fair trade with them (Starbucks, 2010).

2. 2. 3 Employees Nature of Interest and Power

The last group of stakeholders will be analysed is employees. Workers have the power union bargaining, work actions or strikes. As human capitals are very important assets to a company, their interests have to be considered carefully as well. Employees are looking for a firm that could provide stable
<https://assignbuster.com/the-idea-of-corporate-social-responsibility-marketing-essay/>

employment and fair rate of pay for them. Also, employees want to work in a safe and comfortable environment (Friedman and Miles, 2006). According to Starbucks official website: " Starbucks believe every person deserves to be treated with respect and dignity, and is entitled to a fair, safe and humane work environment. This is deeply held value at Starbucks and one of our Guiding Principles. Our commitment to this value applies as much to our own workforce as it does to the workers employed by our suppliers" (www.starbucks.com). Starbucks also take international labour standards and principles related to working conditions into consideration, including employees' health and safety, minimum wage, freedom of association and security etc. As part of C. A. F. E. Practices, Starbucks developed a comprehensive system to verify the company's coffee suppliers' compliance with international labour standards, including forced labour and child labour practices as well as other environmentally and socially responsible practices. Starbucks' goal is to provide the best possible working environment for their employees in order to attract and retain talented workers and make them love their jobs. Starbucks regularly collect surveys from employees to review their feeling and opinions, and to offer workers competitive benefits including international benefits. What is more, Starbucks often reward workers with excellent performances and recognise employees' efforts. Training opportunities are regularly provided in order to give the workers more chance to improve. At Starbucks, workers' rights are respected and workplace policies are always upheld. Finally, Starbucks always ensures employees are working in a safe and healthy work environment (Scribd, 2010).

3. 0 Stakeholder Analysis and CSR

“ Stakeholder theory is a way of clarifying and responding to the demand and expectations placed on companies, and this is why stakeholder management has been seen as something that companies can do to become more socially responsible.” (Griseri and Seppala, 2010, p44). It is true that Starbucks have considered employees’ interests thus paid more attention to reducing child and forced workers; and customers’ demand of high-quality coffee have let Starbucks to consider the environmental issues and so on. Therefore, from this point of view, stakeholder analysis do help firms to further assess and develop their corporate social responsibility such as workers’ rights, environmental sustainability and obligations to the broader community. However, Griseri and Seppala (2010) also suggested that there is no clear relationship between stakeholder interest and CSR. This is because currently the stakeholder analysis does not offer ways to analyse stakeholders interests based on CSR principles, but by taking wider range of values into considerations, stakeholder analysis should to some extent help firms to make better decisions (Scherer & Palazzo, 2010).

4. 0 Conclusion

In conclusion, this essay has defined CSR and introduced Starbucks’ historical CSR efforts for environmental issues, climate change and broader community issues etc. These analysis have showed that as a famous and successful brand name, Starbucks have contributed much efforts to its obligated CSR. These efforts have been realised by the society and hence helped Starbucks to further strengthen its brand image. By carrying out stakeholder analysis, three different group of stakeholders were outlined in

the essay, and their interests were discussed. Starbucks have concerned these stakeholders power and interests and have been reacting to their requirements and demands. The analyses showed that Starbucks have successfully improved the values that different stakeholders are interested in. Finally, the relationship between stakeholder analysis and CSR was discussed, which concluded that even though there is no clear relationship between them, but stakeholder analysis should allow firms make decisions with higher quality (Scherer & Palazzo, 2010).