

Cultural issues facing starbucks



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Section A Socio-cultural dynamics are strong factors that significantly influence strategy and performance outcome of the business across the globe. The fundamental principles of economics and business strategy are linked to the people and their changing preferences. Thus, the business and market strategy are closely aligned to the socio-cultural compulsions of the nations. Starbucks too has followed this philosophy while expanding its business interests across geographical boundaries. There are distinct differences in the operation of its outlets in different countries and Saudi Arabia, Cyprus and UK are some of the countries which are scintillating examples that reflect these differences. The socio religious paradigms are important factors that compel the businesses to adapt to new value system of the country of operation. Cyprus is emerging economy and UK is a developed economy that is significant in its increasing changing pattern of multicultural societies with gender equality as major facilitator. The Starbucks outlets in these countries cater to the public in similar manner irrespective of gender, religion, culture or nationality. But in Saudi Arabia, the company's outlets are divided into separate segment that are designed to cater separately to single males and family units. This is primarily because Saudi Arabia is prominent country of the South East Asia with Islamic culture where single males are not allowed to mix with single women. Thus, separate family unit section in Starbucks allows women to come alone or with friends and family to enjoy coffee. Indeed gender inequality is major difference for changes in format for Starbucks outlet in Saudi Arabia and other non Islamic countries. Another very important aspect that one experiences is that there are no natives working in Starbucks outlet in Saudi Arabia. In Cyprus and UK, the Starbucks is conscious about diversity and

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ensures that it employs people from across race, gender, culture and nations. Starbucks is renowned for its global values and ensures that diversity is included in their core strategy so as to exploit vast potential of the emerging new multicultural societies across the world. It ensures that local population is given opportunities of work in the outlets. But Saudi Arabia has different outlook towards work culture. It is one of the wealthiest countries in the world. The oil and gas have been the major source of wealth creation which has significantly raised the living standard of the common man. Thus, Saudi people do not like to work as waiters and in menial capacity which results in Starbucks employing foreign labour to serve customers. In Saudi Arabia, Starbucks also offers takeaway coffee through small Starbucks stores on the roadside. This is not common in Cyprus or UK where the company has standard outlets where people leisurely enjoy their coffee. Saudi Arabia is fast developing into major industrial state with competitive market. The market is therefore meeting the challenges of the luxury segment through creative inputs to gain competitive advantage. Takeaway service of Starbucks greatly facilitates and meets the changing preferences of Saudi people. This is also the reason that due to different climate conditions, its outlets are opened till late nights which is not so in Cyprus or UK. Section B Saudi Arabia is a Moslem country which follows its religion stringently. Its relations with most of its neighbours are cordial. In the recent times, there was rumour that Starbuck supports Israel was floated in January, 2009, there was sharp reaction in Saudi Arabia where the people started boycotting Starbuck. Starbucks denied the rumour and asserted that 'Rumors that Starbucks Coffee Company provides financial support to the Israeli government and/or the Israeli Army are unequivocally false'

(Starbucks newsroom). There has been long history of war and antipathy of the Jews and Moslem. Israel is a Jewish state which has been seen unfavourably by most of the other nations due to its violence against Palestinians. Thus, boycott was a natural sequence to the rumour. Starbucks had suffered huge revenue loss due to false stories but timely actions from the company have been able to restore the confidence of the people in Saudi Arabia and also the rest of the world. (words: 680) Reference Starbucks Newsroom. Facts About Starbucks In the Middle East. Retrieved from: