



The power of CSR and its implications on employees' satisfaction, motivation and happiness at work: the case of Starbucks

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1. Acknowledgments

Over the last four months, I saw myself in the most challenging and stressful period of my academic life, developing the last stage of my masters: my MSc dissertation.

During this period, many times I felt a great enthusiasm in developing this thesis, as Corporate Social Responsibility is of my greatest interest, but there were many times where my worries prevail all my motivation had become a demoralization.

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2. Abstract

Dissertation Title

The power of CSR and its implications on employees' satisfaction, motivation and happiness at work: the case of Starbucks

Author

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Starbucks is an American company created in 1971, in Seattle. Starbucks is “(...) *not just passionate purveyors of coffee, but everything else that goes with a full and rewarding coffeehouse experience.*”¹ Starbucks also offers “*a selection of premium teas, fine pastries and other delectable treats to please the taste buds. (...)*”².

Starbucks' stores are strategically located near the neighborhoods for meeting friends and family. Thus, the company has been creating a strong customer relationship management (CRM), integrating communication with customers and this way developing long term relationships with them. This continuous work on CRM raised customers' awareness of the company's environmental and social responsibility by *sourcing ethically and sustainably, creating opportunities, leading in **green retail***³ and *encouraging service and citizenship*.⁴

The aim of this dissertation is to have a greater focus on Corporate Social Responsibility, developing a deeper knowledge on employees perceived responsibility of the company, its mission and values, and how the involvement on social and environmental causes can boost their motivation, commitment and happiness at work.

¹Source: <http://www.starbucks.com/about-us/company-information>

²Source: <http://www.starbucks.com/about-us/company-information>

³“*An approach toward managing a retail business that takes advantage of environmentally friendly processes.*” Source: <http://www.greenretaildecisions.com/glossary/green-retail>

⁴Source: <http://www.starbucks.com/responsibility>

3. Resumo

Título da Dissertação

O poder da Responsabilidade Social Corporativa (RSC) e as suas implicações na satisfação, motivação e felicidade no trabalho dos colaboradores: o caso Starbucks

Autora

Mafalda Nogueira Ribeiro Grave Rodeia

Starbucks é uma empresa Americana criada em 1971, em Seattle. Na Starbucks “...*café e bebidas com café de forma entusiasta assim como (...) uma experiência gratificante e única.*” Para além do café, a empresa tem disponível “...*uma seleção de chás (...), pastelaria variada americana e portuguesa assim como outras surpresas deliciosas.*”⁵

As lojas Starbucks estão estrategicamente localizadas perto de zonas onde seja comum o encontro entre famílias e amigos. Assim, a empresa tem vindo a criar uma forte gestão de relação com o cliente, apostando na comunicação com os consumidores e, deste modo, desenvolvendo relações de longa duração com os mesmos. Este trabalho contínuo tem feito com que os consumidores reconheçam que a empresa cumpre as suas responsabilidades sociais e ambientais, apostando no *ambiente, comunidade, cultivo e compra ética e responsável, e diversidade.*⁶

O principal objetivo desta dissertação consiste num maior foco na Responsabilidade Social Corporativa, a perceção da mesma, da sua missão e valores na perspetiva dos colaboradores, e de que modo é que as iniciativas e participação em causas sociais e ambientais impulsionam a motivação, empenho e felicidade dos colaboradores no trabalho.

⁵Fonte: <http://www.starbucks.pt/about-us/company-information/>

⁶Fonte: <http://www.starbucks.pt/responsibility>

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6. Introduction

Starbucks is an American coffee shop created in 1971, in Seattle. Its main commitment is customer satisfaction, through the delivery of high-quality hot and cold beverages – tea and coffee mainly – and through the supply of baked products and merchandising, complementary to the products offered. Its elegant and cosy decoration and ambient music makes the whole store environment a great place to relax, talk and study or work. Starbucks has been developing its CRM and its social responsibility department. The company focuses not only in *doing well*, but also in *doing good*. Activities related with community, employees and environment are the heart of social responsibility area. The present dissertation project aims to present the concept of Corporate Social Responsibility (CSR) and its internal and external implications. It will be given special attention to the internal perceptions, having Starbucks employees' a major role in the analysis process.

6.1. Problem statement

The problem statement inherent to this dissertation project is: *what is Starbucks employees' perception of corporate social responsibility and how it influences their satisfaction and happiness at work.*

6.2. Key Research Questions

To better address the problem statement, four key research questions (KRQ) were formulated:

KRQ1: What is the perceived responsibility of Starbucks' employees?

This question will allow getting respondents' **awareness** to Starbucks' social responsibility. This way it will be easier to later define whether it can be assumed that CSR is relevant factor (or not) in the following research questions.

KRQ2: Do Starbucks' employees perceive that the company is concerned about their worries, problems and accomplishments?

The answer to this question will provide insights on how concerned the company is about employees, and whether they realize it or not.

KRQ3: Do Starbucks' employees feel emotionally attached to the company?

Although employees may feel that Starbucks has a relevant posture concerning employees' "worries, problems and accomplishments", they may not feel "emotionally attached to the company". This question aims to understand whether, based on KRQ2, the perceived care for employees results in an emotional feeling towards Starbucks.

KRQ4: Is there a correlation between the scores achieved in the perceived corporate responsibility and job satisfaction and happiness at work?

For last, the ultimate question was developed to find out whether there is, or not, a relevant correlation between the perceived corporate responsibility (in employees' view) and job satisfaction and happiness. In this question, it is important to understand if employees ranking the highest on the perceived corporate responsibility scale, also rank the highest on their self-evaluation of happiness and satisfaction.

6.3. Methodology

For the analysis of the KRQ, both primary and secondary data were collected. Regarding primary data, in-depth interviews were made to get relevant insights about the company and specific information about the CSR area internationally but mainly in Portugal. All the information was carefully analyzed and reported through a qualitative treatment. Furthermore, it was conducted a scale questionnaire to Starbucks Portugal's employees. The questionnaire contained 31 questions and was distributed Starbucks' stores in Portugal. The data was treated using the IBM Software SPSS.

Secondary data was collected and exposed in the literature review section, to present some relevant topics and clarify concepts mentioned in the dissertation. The main font of information collection was academic books and academic articles, but websites were also an important source of knowledge for this project.

Keywords: Corporate Social Responsibility, motivation, satisfaction, well-being, happiness, sustainability, employees' perceptions of CSR, social marketing.

7. Literature Review

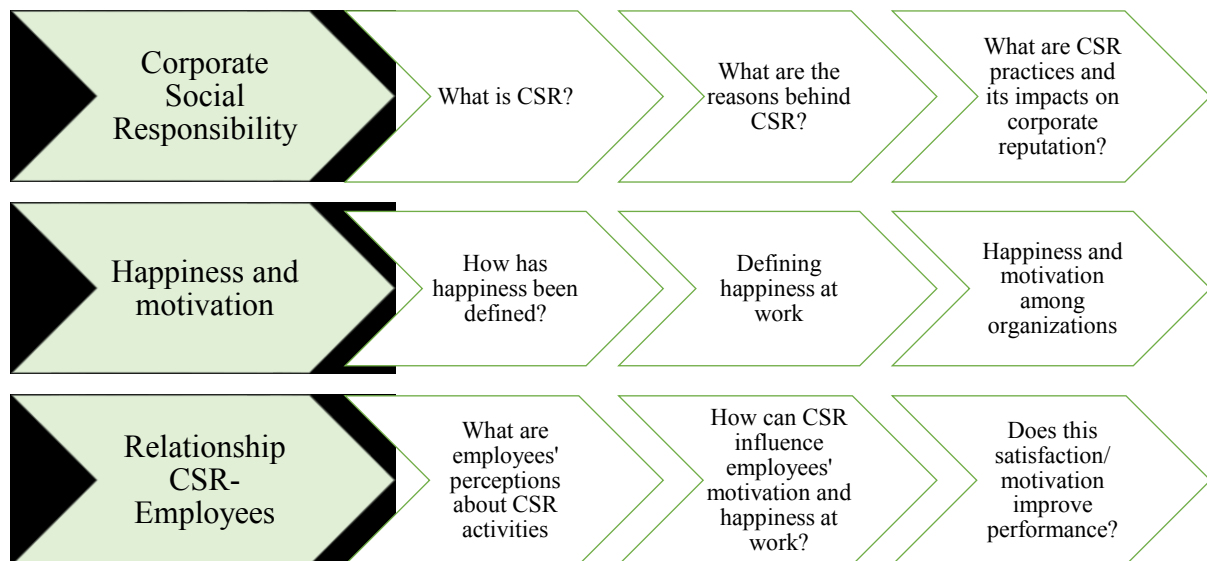


Figure 1. Literature Review Scheme

7.1. Corporate Social Responsibility (CSR)

“CSR concept is a three-dimensional framework that includes: human responsibility, environmental responsibility and product responsibility.”
(Anselmsson & Johansson, 2007)

Corporate Social Responsibility has been increasing its importance over the years, and therefore, companies are adopting CSR activities in their business strategies and making it an integral part of their corporate identification (Šontaitė-Petkevičienė, 2015).

7.1.1. What is CSR?

The first approach to CSR was initially made by Beyer (1972) and Drucker (1974) defending that organizations should incorporate social activities to achieve the well-being of a community. They stated that these organizations are making a big amount of profits and therefore, they should contribute for the sustainability of the environment and for the progress of the society.

However, some authors had the opposite idea of CSR. For example, Friedman (1970), argued that a company should not be accounted for its social activities. Management must only be concerned about increasing profits and shareholders' wealth under legal

boundaries. The author states “There is one and only one social responsibility of business - ...to increase its profits [...]”

Šontaitė-Petkevičienė (2015) addresses this issue by considering CSR activities as “translating good causes into strategic benefit of good corporate reputation”. On the other hand, Öberseder, Schlegelmilch, Murphy and Gruber (2013) consider the European Commission’s definition the most appropriate: “the responsibility of enterprises for their impact on society”⁷.

Corporate Social Responsibility can be distinguished between internal and external, depending on the beneficiaries and the parties involved in the activity in cause (Georgeta, 2008). The internal CSR refers to the organization’s human resources, having as primary concern the respect of employees’ rights, health, security, training and open communication within the company. On the other hand, external CSR is related with consumers, suppliers, stakeholders and the physical and social environment. According to the author, companies are expected to act to demonstrate their commitment and contribution to society’s social, environmental and economic goals, and share the benefits of the performed CSR activities with key stakeholders and shareholders: “doing well by doing good will reassure stakeholders that the new behaviour will outlast good intentions”.

CSR is a fundamental element when dealing with corporate reputation, which is regarded as an important strategic resource factor concerning company’s competitive advantage (Šontaitė-Petkevičienė, 2015).

7.1.2. What are the reasons behind CSR?

CSR is important to companies and many of them are incorporating it into their strategies, but why? What are the main reasons behind this idea? Well, the development of CSR activities can make automatically outcomes valuable for companies such as word-of-mouth, some flexibility regarding negative information and opinions, and creates awareness for customers about *why* companies engage in these initiatives (Bhattacharya & Sen, 2004). Consequently, CSR has an influence on consumers’ reactions to the

⁷Source: http://ec.europa.eu/growth/industry/corporate-social-responsibility_pt (last update: December, 2016)

company and its products/services which, in turn, increases the probability of buying its products/services (Feldman & Vasquez-Parraga, 2013). So, the authors argue that CSR can be used as a tool to attract and retain customers.

However, not only customers are attracted and retained, but also employees: initiatives related with social and environmental issues can have a positive effect on employees' motivation and retention at the company. This aids companies building a more positive image and reputation among customers and employees (Weber, 2008). With a better image and perceived products (Polonsky & Jevons, 2009), companies increase consumers' willingness to buy their products and/or services (Sprinkle & Maines, 2010), boosting companies' financial performance and market value (Polonsky & Jevons, 2009).

7.1.3. What are CSR practices and its impacts on corporate reputation?

Another meaningful question in this topic is how can companies develop these initiatives and which dimensions should be considered. An effective CSR requires a broad and careful investment by the organization, being responsible and understanding how their activities are viewed by stakeholders (Polonsky & Jevons, 2009). Carroll (1999), Salmones, Crespo & Bosque (2005) highlight three major dimensions when developing CSR initiatives: economic, ethical-legal and voluntary/philanthropic responsibility. Carroll (1999) develops further a new dimension: legal.

It is important for companies to have present that this orientation should be combined towards economic constraints with a focus on individuals and collective moral values, and integrate these values in corporate decision making (Nijhof & Jeurissen, 2010).

With a well-defined CSR strategy and dimensions, companies start changing their activities and consequently their reputation. A key aspect of corporate reputation is stakeholders' perceptions about organization's CSR initiatives and outcomes (Šontaitė-Petkevičienė, 2015).

CSR is not a homogeneous concept, and therefore when broken down into the different areas related, each of them will affect corporate reputation differently (Melo & Garrido, 2012). By other words, the overall impact on corporate reputation will probably depend on which CSR dimension is being considered (Pérez, 2015). As said before, one of the reasons why companies adopt CSR initiatives is to increase stakeholders' and customers'

awareness of the product/service that the company sells, which also turns out as an impact of CSR (Husted & Allen, 2007). Because customers are influenced by these activities (Castaldo, Perrini, Misani, & Tencati, 2009), they become aware of the ethical consequences of the organization's actions, and therefore assure that some quality standards are guaranteed by companies (Lamberti & Lettieri, 2009). As these practices generate customer beliefs that organization follows high ethical standards and cares about wellbeing, this, in turn, positively impacts consumers' thoughts of the company (Park, Lee, & Kim, 2014), maximizing the earning potential of its corporate reputation (Unerman, 2008). Furthermore, competitive advantage is strengthened (Melo & Galan, Effects of corporate social responsibility on brand value, 2011) and the authors Bayoud and Kavanagh (2012) also point out financial performance and the possibility of attracting foreign investors and employee commitment as main outcomes of CSR activities.

7.2. Happiness and motivation

Being happy is of great importance to most people, and happiness has been found to be a highly valued goal in most societies (Diener, Subjective well-being, 2000). Feeling happy is fundamental to the human nature, and most people are at least slightly happy much of the time (Diener & Diener, 1994).

7.2.1. How has happiness been defined and measured?

Throughout time, authors have developed different theories of happiness (Kesebir & Diener, 2008). The majority is either focused on the hedonic perspective or on the eudaimonic perspective. The first describes happiness as pleasant feelings and favourable judgements, while the second one argues that happiness involves doing what is virtuous, morally right, true to one's self, meaningful, and/or growth producing (Ryan & Deci, 2001) (Ryff & Singer, 2008).

A fundamental question is what makes people happy and why some people can achieve a higher level of happiness than others, and to answer this question, Fisher (2010) points out four key topics:

- 1- Something in the environment or circumstances of the person makes them happy;
- 2- Something inherent to the person predisposes them to be more, or less, happy;
- 3- Some interaction or situation creates happiness;
- 4- Volitional behaviour impact happiness.

7.2.2. Happiness at work

“To achieve the good life people must work in good organizations” (Gavin & Mason, 2004). Fisher (2010) argues that there are organization’s attributes that contribute to happiness among organization members. *The Great Place to Work* institute suggests that employees are happier when they feel proud of their job and their colleagues are kind and trustworthy.

Equity (fair treatment among employees, respect and security), achievement (pride in the organization, feedback, work challenges and accomplishments) and camaraderie with team mates are described by Sirota, Mischkind and Meltzer (2005) as critical factors with respect to happiness and well-being at work place. Previous research provides evidence that individual-level perceptions of affective, cognitive, and instrumental aspects of organizational climate are consistently and have a strong relationship with happiness in the form of job satisfaction and organizational commitment (Carr, Schimdt, Ford, & DeShon, 2003). While engagement represents energy, effort, and initiative brought by employees to their jobs, satisfaction is described as the extent to which they feel the company meets their expectations at work and satisfies its implicit and explicit contracts with them (Nohria, Groysberg, & Lee, 2008).

7.2.3. Happiness and motivation among organizations

One of the most challenging thing for a manager is to get people do their best work (Nohria, Groysberg, & Lee, 2008). Hackman and Oldham (1975), Morgeson and Humphrey (2006) and Warr (2007) have highlighted some job/task characteristics related to happiness (**SEE APPENDIX 1**). Fried and Ferris (1987) argues that jobs possessing more characteristics pointed out by Hackman and Oldman (1975) are more satisfying to employees. Also, an individual’s affection to work may be influenced by other people with whom there is some type of interaction (Fisher, 2010). It is important to refer that positive attitudes towards organization and/or job tasks are not directly created by environments or events occurred, but instead by individuals’ perceptions and judgments of these environments or events. Positive states of mind are related with creativity and proactivity (Amabile, Barsade, Mueller and Staw (2005) and Fritz and Sonnentag (2009)). Previsous research found out that positive state mood increase positively task performance, acting consequently on motivation (Erez & Isen, 2002). Despite of the most common effect of happiness being positive, there are authors that suggest the opposite.

Beal, Weiss, Barros and MacDermid (2005) argue that all emotions, positive or negative, influence negatively job performance by shifting attention from the task to the emotional side.

7.3. Relationship CSR – Employees

When thinking about CSR, its motives and consequences, people tend to analyze immediately its effects on two major elements: first - consumers, and second - the company itself (especially on financial performance).

The success of a CSR strategy relies not only on competitors and customers, but also on the effect that it has on employees' loyalty. This kind of strategy assumes that CSR should be included in the whole company's structure, so everybody can think, communicate and act on the specific CSR issues they face in their work (Brown, 2005). Therefore, corporations are using CSR to strengthen its relationships with different stakeholders including customers, investors, government, suppliers, and employees. This will avoid conflicts with stakeholders and will improve their loyalty to the company (Ali, Rehman, Ali, Yousaf, & Zia, 2010).

7.3.1. What are the employees' perceptions about CSR activities?

Tajfel and Turner (1985) presented a framework in which argue that individuals have the need to classify themselves and others into social groups. The authors stated that the relationship between CSR and employee engagement could be explained through the Social Identity Theory – individuals derive part of the identity from the group/s to which they belong.

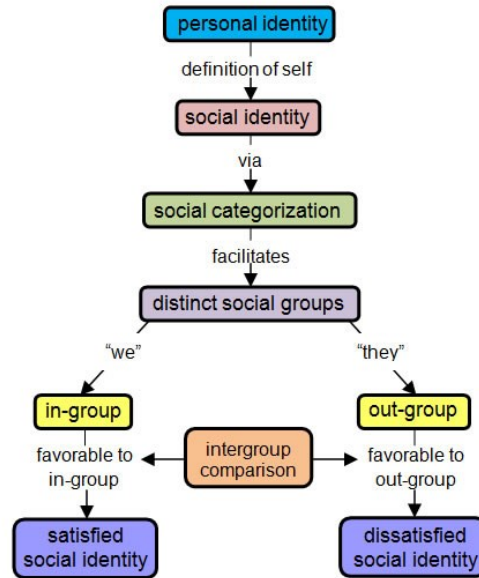


Figure 2. Social Identity Theory: social self-categorization, social identification and social comparison. Source: http://www.age-of-the-sage.org/psychology/social/social_identity_theory.html

Later, “The Sirota Survey Intelligence” (2007) and Murray (2008) concluded that there is a positive relationship between engagement across the company and how employees perceive the organization’s commitment. Therefore, to take as much of the benefits of CSR, employees must be involved in the decision making regarding which actions should be undertaken regarding the environment, the community and employees themselves (Stawiski, Deal, & Gentry, 2010).

7.3.2. How can CSR influence employees’ motivation and happiness at work?

The relationship between CSR and employee engagement is defined as a set of processes that takes into consideration people’s experiences and their verbal expressions, while giving them value, meaningfulness and applicability (Bryman & Bell, 2007). The authors Donaldson and Preston (1995) and Freeman (1984) believe that CSR activities that involve the participation of employees boosts their own motivation. Stawiski *et al.* (2010) also complied that good actions from organizations motivate employees to discuss with others outside the company and feel a sense of belongingness with the organization.

Companies also care about employees’ retention and motivation towards work and the organization itself. Companies are using CSR as a strategic tool to have a good relationship with not only external stakeholders, but also with internal stakeholders (e.g.

employees) (Ali, Rehman, Ali, Yousaf, & Zia, 2010). Moskowitz (1972), Turban and Greening (1996), Albinger and Freeman (2000), Greening and Turban (2002), Backhuas, Stone and Heiner (2002), Peterson (2004) and Dawkins (2004) defend that CSR contributes to attract talented employees and improves the commitment of the existing ones. It also builds better reputation for the organization and attracts recent graduates (Scott, 2004).

7.3.3. Does this satisfaction/motivation improve performance?

“The more employees are influenced by CSR, the higher will be their organizational commitment, and consequently it will enhance their productivity.” (Ali, Rehman, Ali, Yousaf, & Zia, 2010).

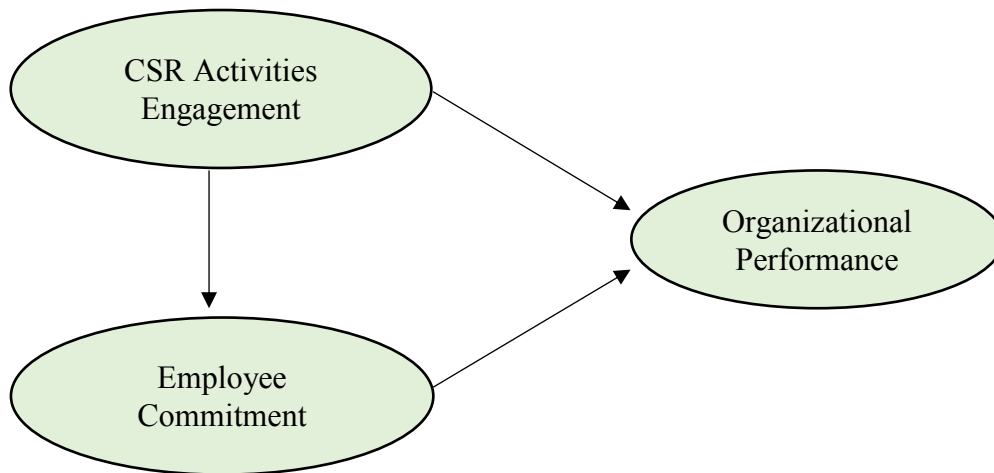


Figure 3. CSR and organizational performance Framework, per Ali et. al

The authors defend that the implementation of CSR activities has an impact on employee organizational commitment, which lead to a positive effect on organizational performance. Per Buckingham and Coffman (1999) and Gibbons (2006) companies build a strong employee engagement to be competitive.

CSR makes a company more attractive as employer and therefore attracts a larger number of higher qualified applicants, which increases the average skill level of employees. When employees perceive that the company is supporting them, they believe the organization is being fair and therefore respond positively – throughout satisfaction and/or organizational commitment (Rhoades & Eisenberger, 2002).

For companies to achieve their goals, the development and maintenance of strong relationships between the company and the employees is crucial: through communication, identification, dialogue, and exchange processes, or even a combination of them (Greenwood, 2007). When companies have strong relationships with their stakeholders, the probability of both parties work towards the achievement of common goals is higher (Lindgreen & Swaen, 2010). Lindgreen and Swaen (2010) also argue that an employee may be so devoted to the company up to a point where an organizational success or failure is considered part of their personal achievement.

CSR activities raise the skill level and effectiveness of employees, and causes a stronger organizational commitment. Furthermore, employees' motivation increases, they start acting in a more responsible way, developing the level of trust that employers have on their workers (Nurn & Tan, 2010; Balakrishnan, Sprinkle, & Williamson, 2011). After implementing new labor practices and adhering to human rights, companies can retain employees for longer periods, reducing employee turnover rates (Smith, 2005).

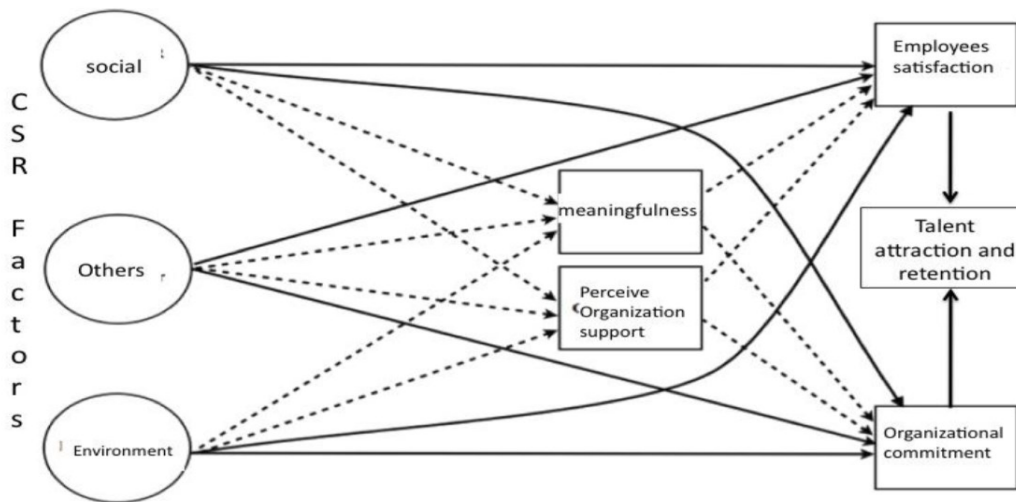


Figure 4. Framework - The link between CSR and positive employees influence, source: Gazzola & Mella (2015)

8. Case-Study

8.1. Coffee Market

Nowadays, consumption of coffee is higher than last decades. Income rises and coffee remains affordable, and what was previously viewed as a luxury is now a basic habit in people's daily life. The increase on coffee's demand has allowed producers to have new opportunities and grow much their businesses faster than before. Coffee is mainly produced in developing countries, which depend on coffee export for most of their incomes (SEE APPENDIX 2). Brazil, Vietnam and Columbia are world's largest producers (SEE APPENDIX 3).

8.1.1. The billions-worth coffee industry

Coffee is the third most consumed beverage worldwide (after water and tea, respectively occupying the first and second positions⁹). Agriculture was one of the sectors most affected by last decade economic crisis, however, coffee industry was able to counter this downturn. Since 2008, the value of coffee productions has grown at over 3,5% a year, above the 2,5% overall growth in agriculture (SEE APPENDIX 4). The annual output has now reached almost nine million tons, one million tons more than a decade ago¹⁰. The gross value of production of green coffee now exceeds US\$16 billion, and its export value reached US\$24 billion in 2012. Just 10 years ago, the green coffee production was only US\$5,1 billion for a total of 5,5 million tons¹¹. From October 2015 to September 2016, 148 million of 60kg bags of coffee was produced, and 151,3 million of 60 kg bags consumed in this year, corresponding to an average growth rate of 1,3% since coffee year 2012/2013¹² (SEE APPENDIX 5). Brazil for instance, produced about 43,2 million 60kg bags of coffee in 2015¹³. Coffee is produced in developing countries where poverty is a concern and, for example, more than 10% of their population lives with less than US\$1,25 a day (SEE APPENDIX 6). However, change is on the way! Coffee production is allowing many poor farmers and small firms to grow their business and escape poverty.

8http://www.ico.org/diversification.asp?section=What_We_Do

9<http://www.worldatlas.com/articles/top-coffee-producing-countries.html>

10FAO Coffee Pocketbook, 2015

11FAO Coffee Pocketbook, 2015

12http://www.ico.org/monthly_coffee_trade_stats.asp

13<https://www.bloomberg.com/news/articles/2016-02-05/african-coffee-producers-see-low-prices-on-high-brazilian-output>

With new technologies and procedures, beans are becoming of higher quality and therefore more valuable. But if the main production of these beans comes from developing countries, yet their consumption is made mainly by high income countries. However, there have been changes here too, including consumers from the growing middle class in developing countries. Now over 70 countries produce coffee, though 50% of this production comes only from three countries – Brazil, Vietnam and Columbia¹⁴. Production and consumption is increasing but many of these producers are now facing some challenges with climate change.

Sustainable coffee can be easily identified by analysing five key-indicators¹⁵: *a certification of sustainability (SEE APPENDIX 7); the country of origin, the botanical variety, the roaster and the price.*

8.1.2. The linkage between coffee and environment

Coffee, in its natural and traditional way, grows on a plant that is so tall that usually people call it tree. This method is called Shade-Grown coffee production (SEE APPENDIX 8). However, the recent growth in demand has resulted in a shift from a traditional and sustainable coffee production methods to an intense coffee beans growing, that requires large inputs of fertilizer and pesticides, which contributes for the loss of biodiversity in nature – that is called Sun-Grown coffee production (SEE APPENDIX 9).

To help conserve the habitat, farmers demand a fair living wage. This way, they will be encouraged to engage in sustainable coffee production, watching over the environment as well as having a better-quality product guaranteed and avoiding the need of exploitation of the environment for survival.

8.1.3. Fair Trade is key

There are five major certifications with respect to coffee: organic, Fair Trade, Smithsonian Bird-Friendly, Rainforest Alliance and Utz Certified. Fair Trade helps small producers of various goods and agricultural products avoid exploitation. The World Fair

¹⁴FAO Coffee Pocketbook, 2015

¹⁵http://www.coffeehabitat.com/2007/05/top_5/

Trade organization highlights its main principals¹⁶:

- Opportunities for economically disadvantaged producers;
- Producers receive a fair price;
- It is not allowed forced or child labour;
- Working conditions are safe and healthy;
- Equal employment opportunities are provided for all;
- The organization develops skills and capabilities of its own employees or members;
- Buyers and producers build long-term relationships;
- Producers have access to financial and technical assistance if needed;
- The organization is transparent in its management;
- Sustainable production techniques are encouraged¹⁷.

Giving the current economic circumstances the world faces, where profits rule and small-scale producers are not taken into consideration when it respects to the bargaining process, farmers and producers are often left without resources or hope for their future. That is why Fair Trade has such an important role when it comes to the well-being of farmers – they can escape from this terrible conditions and maintain their traditional lifestyle, producing good quality products and decreasing the negative impact on the environment.

8.1.4. A Fair-Trade example

On April 2000, **Starbucks** saw itself having a remarkable turnaround. A group of thousands of activists pressured the company to have 100% Fair Trade coffee in their stores (**SEE APPENDIX 10**). Thus, on October the same year, Starbucks introduced the whole bean Fair Trade certified coffee in more than 2.300 stores. This was a result of 84 organizations signing up to an open-letter to Starbucks as well as the various national demonstrations and persistence of activists for Starbucks to carry Fair Trade¹⁸.

¹⁶<http://wfto.com/fair-trade/10-principles-fair-trade>

¹⁷This does not mean that Fair Trade certified coffee was grown under strict environmental standards

¹⁸<http://www.globalexchange.org/fairtrade/coffee/starbucks>

8.2. Starbucks: the world's largest coffee retailer

8.2.1. Starbucks worldwide

Starbucks opened its first store in 1971 in Seattle's Pike Place Market. The store initially started as a roaster and retailer of whole bean and ground coffee, tea and spices.

The name was motivated by the first mate in Herman Melville's Moby Dick, "Starbuck". The logo also inspired by the sea, is a twin-tailed siren from Greek mythology (SEE APPENDIX 11). As of October, 2nd 2016, Starbucks has more than 25.085 stores in 75 countries worldwide¹⁹, and privileges from the location of its stores to incentivize meetings of friends and family. Therefore, Starbucks mission is "to inspire and nurture the human spirit – one person, one cup and one neighbourhood at a time"²⁰. It is part of their values: to create a culture of warmth and belonging, where everyone is welcome; to act with courage, challenging the status quo and finding new ways to grow the company and each other; to be present, connect with transparency, dignity and respect, and deliver their best in all they do, holding themselves accountable for results, being performance driven, through the lens of humanity.

Starbucks is happy to deliver the best quality coffee possible, as it is its goal to grow coffee under the "highest standards of quality, using ethical sourcing practices". To have a closer relationship with farmers and to assure the maximum quality of beans, Starbucks' coffee buyers frequently travel to farms in Latin America, Africa and Asia.

The company is happy to affirm that together with the quality coffee, they are also able to have "the finest people serving the finest coffee".

"It happens millions of times each week – a customer receives a drink from a Starbucks barista – but each interaction is unique.", at

Starbucks.com/about-us

Starbucks calls their employees "partners" since they are the heart of the company's experience. As previously said, it is part of their values to treat the partners with dignity and respect. For Starbucks, being a partner means having the possibility of being something more than an employee – to grow as a person, in their careers and in the community, living the Starbucks mission and to be a leader. "(...) To become your

¹⁹By October 2nd, 2016, in Starbucks 4th-Quarter Report 2016

²⁰<https://www.starbucks.com/about-us/company-information>

personal best. To be connected to something bigger. To be meaningful to the world. And to be recognized for all of it. It's all here for you".

Currently, the company offers exceptional products to be consumed at the stores, at home and/or on the go: more than 30 blends and single-origin premium coffees, merchandise that includes coffee- and tea-brewing equipment, mugs and accessories, packaged goods, books and gifts, and fresh food (baked pastries, sandwiches, salads, yogurt and fruit) too.

8.2.2. Being a responsible company

Starbucks is a company that seeks an equilibrium between profitability and social conscience. The company pursues responsible purchasing practices, supporting farmers and acting in a responsible and sustainable manner, creating the minimum negative impact in the environment and contributing to the positive ones too. This way, Starbucks' goal is to give a better future for people who depend on coffee productions and give them a better life quality and future.

The relationship developed with farmers also boosts trust and loyalty between both parties, having total confidence on the quality of products sold. The company works constantly on making both partners and customers aware of the environmental problems and in trying to reduce their mark in the nature – by recycling, water conservation and green construction. With respect to the community, it encourages and promotes communities to prosper and succeed.

8.2.3. The Starbucks' C.A.F.E. Practices creation

Over the last 15 years, Starbucks has been developing, together with Conservation International²¹ (**SEE APPENDIX 12**) and SCS Global Services (Scientific Certification Systems), a set of practices that defines sustainable standards – C.A.F.E. Practices (Coffee and Farmer Equity). C.A.F.E. Practices are based on four key areas: **product quality**, which states that all coffee must meet Starbuck's standards for high quality, **economic accountability and transparency**, in which is required to the suppliers to submit an evidence of payments made throughout the coffee supply chain and must be clear how much of the price of green coffee gets to the farmer, **social responsibility**, where a minimum-wage is required, child and forced work is prohibited and safe and healthy work conditions are assured, and lastly **environmental leadership**, i.e. avoid and

²¹<http://www.conservation.org/partners/pages/starbucks.aspx>

manage waste, conserve water and energy, preserve the environment and biodiversity.²² (SEE APPENDIX 13).

By 2012, 93% of its coffee was ethically sourced through C.A.F.E. Practices, Fair Trade and/or other externally certified or verified programs. In 2015, Starbucks wanted to have 100% ethically sourced coffee, however it failed by 1% (SEE APPENDIX 14). By now, Starbucks is the largest coffee retailer to reach this milestone, and is the pursue for the last 1% that makes the difference and world a better place.

8.2.4. How does C.A.F.E. Practices differ from other certifications?

Each certification is different from the other. They vary in the range, depth of individual criteria, and on the evaluation of the criteria and how “points” are attributed to each criterion and, thus, to the certification. To have a term of comparison, C.A.F.E. Practices is compared to the Rainforest Alliance. Starbucks coffee’s designation from *preferred* (scored more than 60%) or *strategic* (scored more than 80%) is more likely to have been grown under sustainable conditions and eco-friendly environment than a coffee certified by Utz or Fair Trade initiative, having these last fewer, or very general, environmental standards. Still, the most biodiversity-friendly method is the Bird-Friendly certified coffee, developed by ecologists²³.

8.2.5. The programs worldwide

“From the neighbourhoods where our stores are located to those where our coffee is grown, we are committed to creating and investing in opportunities for people around the world.”

Starbucks has numerous of programs concerning the social and environmental responsibility. They vary from country to country, but they are present around the whole world. For Starbucks, the role and responsibility of a for-profit, public company is mainly focused on 4 major fields: **source ethically & sustainably, create opportunities, lead in green retail, and encourage service & citizenship**²⁴. Part of the programs are the

²²<https://www.starbucks.com/responsibility/sourcing/coffee>

²³<http://dailycoffeenews.com/2015/05/15/starbucks-claims-99-ethically-sourced-coffee-but-what-does-that-even-mean/>

²⁴<https://www.starbucks.com/responsibility>

Starbucks Foundation, Starbucks Community Stores, Veterans and Military Support, Inclusion and Diversity at Starbucks, Starbucks College Achievement Plan, Farming Communities, Hometown and Starbucks (RED) – SEE APPENDIX 15.

8.2.6. “The balance between profit and benevolence”: the case of Portugal

Currently, Starbucks in Portugal has seven different areas of intervention (SEE APPENDIX 16). Joana Ramos, Starbucks’ Marketing responsible states that “The balance between profit and benevolence – if we want to give more to the community, we first need to give more to shareholders”.

Besides Starbucks in Portugal has numerous projects in which is committed to help “Starbucks is constantly contacted by organizations and the company knows that there is a lot to do, there are a lot of necessities in our community. Unfortunately, it is not possible to support all of them”, she adds. Starbucks Portugal speaks for itself: “We do to others what we would like others to do for us, and we know that it is just a grit in the sand, but if we all do the same, we can make the world a better place to be”.

8.3. The competition

8.3.1. Main players in the coffee market

Although Starbucks is a company with high recognition and popularity around the world, it is not alone in the market as we know.

Worldwide, the main competitors of Starbucks are:

- ***Dunkin Donuts (DD)***: Dunkin Donuts opened its first store in 1950, in Massachusetts. The company sells around 52 varieties of donuts, dozens of coffee and non-coffee beverages and baked goods. It has by now more than 11.300 restaurants (more than 8.000 in U.S. plus the district of Columbia, and more than 3.200 international restaurants in 36 countries). Adding to the similar business structure in terms of products and goods that it sells, it has also a social responsibility component in their business²⁵. (SEE APPENDIX 17)
- ***Costa Coffee***: founded in 1971, Costa Coffee is the largest and fastest growing coffee chain in U.K. By February 11, 2016 it had 2.034 stores in the U.K. and more than 1.000 internationally²⁶. In Europe, CC is the coffee chain with more

²⁵<https://www.dunkindonuts.com/dunkindonuts/en/company.html>

²⁶<https://www.whitbread.co.uk/media/news-press-releases/Whitbread-Trading-Update-3rd-March.html>

stores, before McCafé (in the 2nd position) and Starbucks (in the 3rd position)²⁷.
(SEE APPENDIX 18)

- **McCafé:** McCafé is owned by McDonalds' restaurants and it is focused on coffee and baked goods, as a typical coffee-house like other competitors. It was launched in 1993 in Melbourne and in 2003 was the largest coffee retailer in Australia and New Zealand²⁸ (SEE APPENDIX 19).

Globally, Starbucks is the coffee chain that occupies the first position with respect to leading coffee chains ranked by number of stores worldwide, with 25.085²⁹.

According to Starbucks' provided information, in Portugal there are about 75.000 food & beverages units. All of them offer coffee which makes them, in one way or another, competitors of Starbucks - although some more than others. Despite of the huge success of Starbucks, the Portuguese tradition is not the American-style coffee to go as it is in the U.S.A. and U.S. Portuguese people are used to drink a shot of coffee, an *expresso*. With globalization, and (more and more) frequent trips that people do to every part of the world, some of the Portuguese costumes have been changing. And one of them is the coffee consumption. More and more people are adopting the American style of drinking coffee.

- **Similar concepts:** *Costa Coffee, Soho Coffee;*
- **Chains where coffee has a strong position (or looks for it):** *A Padaria Portuguesa, Jeronymo Coffee Shop, Eric Kaiser, McCafé;*
- **Independent concepts with very good quality:** *Choupana, Fábrica Coffee Roasters.*

At Starbucks, the heart of the business is clearly the beverages (hot and cold). In most of the competition, food has a stronger position on sales— or equal — when comparing to beverages. None of them offers coffee in such a differentiated way and with such a variety (Starbucks offers coffee in more than 87.000 different ways, if we consider varieties such as milk, coffee, flavours, etc).

²⁷<https://www.statista.com/statistics/283302/number-of-costa-coffee-stores-in-the-united-kingdom-uk/>; <https://www.statista.com/topics/1670/coffeehouse-chain-market/>

²⁸http://usatoday30.usatoday.com/money/industries/food/2003-05-20-mcdonalds_x.htm

²⁹By October 2nd, 2016, in Starbucks 4th-Quarter Report 2016

8.3.2. A new way of coffee consumption – the case of Portugal

Starbucks showed a new way of looking to coffee. According to Maslow Pyramid (**SEE APPENDIX 20**), coffee is included in the physiologic needs, together with food and other drinks. But with the entry of this “American-style” store, now it is more than that: it is authenticity, uniqueness, ego, social integration. And this can be explained by the different combination of drinks that customers have available at the stores: they can **personalize** their drink giving their preferences, and make it **exclusive**. And this is more than a need: what consumers get when you order a Starbucks coffee is a feeling and an emotion unique, knowing that they are paying more but they are getting more than a coffee. It is the smell, the store environment, the music – all the senses are very precise and harmful. The brand automatically turns out into a personality that customers start to feel attached with. And that is why the Portuguese people feel special when they drink a Starbucks coffee beverage.

8.4. The future

8.4.1. What the future holds: a global perspective

“In 2008, Starbucks was fighting for its survival. The financial crisis triggered a global recession, and sales slowed for the first time in the company’s history. (...) Commentators wondered aloud if Starbucks best days were behind us.”

In 2008, with economic crisis, many people, companies and entire countries went through difficult times. And Starbucks was no exception. Many and hard decisions were made, stores closed, and people fired.

In 2015, Starbucks looked back and made a balance of the achievements it had achieved during these 8 years. Even in tough times, the company has never given up on the objectives it had concerning social responsibility.

Adding to the main **global** objectives of Starbucks for 2015 (**SEE APPENDIX 21**) that were not achieved, and that the company certainly wants to achieve from 2016 onwards, the next level of goals has already been announced by the chairman and CEO of Starbucks, Howard Schultz. On the March 23rd 2016, partners, shareholders, invited guests, and board members were together at the 24th Annual Meeting of Shareholders to

hear the accomplishments made by the CEO given the record of the financial results delivered and to know more about what the future holds³⁰.

The chairman has presented the record revenues of \$19.2 billion – an increase of 17% over the fiscal year of 2014, - and was enthusiastic about the commitment to elevate Starbucks across retail, channel and digital development through innovation.

The tea market has been growing over the past years, and Starbucks wants to invest more in this category: the new tea brand acquired by Starbucks, *Teavana*, has been increasing its popularity among customers, and tea beverages' sales have been growing recently.

8.4.2. What the future holds: 2017 - New Year, New Life for Starbucks in Portugal

According to information gathered from Starbucks, 2017 will be a year where the Social Responsibility will take a special place in the company's strategies and business operations. Regarding the relationship with partners and activities related to them, Starbucks will maintain food donations, will improve and foster a more effective internal communication with partners and put an effort to increase the success of the *piggy-bank* system. The relationship with *Banco Alimentar* will be maintained and Starbucks will incentivize the collaboration of its partners, as well as in another volunteer work that Starbucks participates. The main goal for 2017 with these NGOs is to strengthen the relationship between them, increase their support and collaboration, and incentivize more partners to volunteer in different activities. Starbucks is committed to be always alert for the possibility of NGOs to need them and wants to increase its availability. Give people with disabilities the possibility to work at Starbucks is also a concern for 2017. In addition to one Down Syndrome partner and one from *Vale do Acór*, the company wants to recruit an Asperger Syndrome person in 2017. Together with "Casa da Alegria", Starbucks Portugal is developing a similar project to the one from the "Quinta da Fonte da Prata", projecting a Christmas campaign to raise economic funds. The campaign will be communicated in all different points of sale and community boards.

8.5. Watch out, Starbucks! Not everything might be good in the future...

Despite the success huge success that has been making across the U.S., the tea consumption and different positioning that Starbucks wants to achieve in Portugal, may

³⁰<https://news.starbucks.com/news/starbucks-2016-annual-meeting-of-shareholders-press-release>

not be achieved in a near future. The tea consumption in Portugal is far from being as popular and enjoyable as the one of coffee. In 2012, while coffee was chosen 88,1% of the times, tea was only 11,9%³¹ (**SEE APPENDIX 22**). In 2013, while tea consumption was around 0.065kg per capita, coffee consumption was 2.6kg per capita, ranking the 29th position in the world's biggest coffee consumers (by country)³².

Another challenge for Starbucks in Portugal might be the recently announced opening of the first *Dunkin Donuts* store. Alejandro Cordero, CEO of Dunkin' Coffee, announced that, for 2017, the company wanted to open its first store in Portugal and launch six more in Spain³³.

From what is possible to take of everything that Starbucks has been doing and that will keep doing, the company has all the necessary conditions to be a successful company now and in the future, in Portugal and/or internationally. However, some difficulties may arise. As the consumption patterns change and innovation is more and more a “must” in nowadays' companies, it is necessary to be aware and to continue the progress not only in the environmental and social component, but also in the products, store environment and go along with the trends and developments in retail industry.

31<http://www.economist.com/blogs/graphicdetail/2013/12/daily-chart-17>

32<http://www.caffeineinformer.com/caffeine-what-the-world-drinks>

33<http://www.europapress.es/economia/noticia-dunkkin-coffee-desembarcara-proximo-ano-portugal-aeropuertos-espanoles-20161214130336.html>

9. Research

To acquire relevant information to answer the Key Research Questions (KRQ), it is necessary to get opinions and thoughts from people who are always in touch with Starbucks and its practices, activities, and that have for sure a different view from the one of consumers. Here, perceptions and outcomes of CSR at Starbucks will be analysed. Therefore, this chapter will be entirely dedicated to employees – who Starbucks call *partners* – and all their internal vision of the concept of CSR.

9.1. Methodology

9.1.1. Appropriateness of the research design

The purpose of this study is to evaluate whether CSR has an impact, either positive or negative, among the employees and how this might/might not influence their satisfaction at work. The research design is composed by both qualitative and quantitative research and the methods chosen were an **interview** and **paper surveys**. For the qualitative research, it was excluded the possibility of a focus group since it was very difficult to reunite employees out of working hours. For the same reason and given the limited free time that employees have while working (breaks), it was also impossible to make individual interviews to some of the employees. So, it was conducted an interview to the Marketing responsible at Starbucks, who also manages the activities related with social responsibility.

For the quantitative research of this study, the possibility of conducting online surveys was complicated since the sample was very specific (Starbucks stores employees), it implied the collection of total respondents' emails (which would take more time) and possibly many of the respondents could not have easy access to the internet. Therefore, the method chosen was paper surveys – they were easier to distribute among employees and to collect.

9.1.2. Research design

The current study is a cross sectional and correlational study. The cross sectional aimed to help the researchers prove or disapprove assumptions, it is not costly to perform and does not requires a lot of time, and can be used as a new study of in-depth research.

The study includes 29 variables that compose the Perceived Responsibility Scale, plus two social demographic variables (professional category and the date, in years, in which they have joined the company).

9.1.3. Pilot Study

A brief pilot study was carried out, with five subjects to assess the comprehensibility and clearness of the items. Since the questionnaire was directed to employed people, the five individuals chosen were also current workers.

9.1.4. Setting and Participants

For the **interview**, the researchers selected the Marketing responsible at Starbucks Portugal and responsible for the social responsibility activities, Joana Ramos. For the **scale questionnaires**, there were selected the total number of current Starbucks' employees in Portugal – 127 individuals (**SEE APPENDIX 23**), excluding the employees at the airport stores in Lisbon, that are operated by AREAS, a Spanish company.

9.1.5. Instrumentation

The first instrument, **interview** (**SEE APPENDIX 24**), had as main concerns the right answers to the questions, i.e. direct but consistent answers, straight to the point but with relevant information that would allow a more complete and detailed analysis, and guaranteeing that none of the important details for the study were left behind. The interview allowed total freedom to answer the questions, formulating them the way the interviewer wanted but always focused in not losing focus. The main topics for this interview were:

1. How CSR acts at Starbucks (its main policies);
2. Its main intervention areas and how do they differ from the ones practiced by Starbucks internationally;
3. In which way are employees integrated in CSR' activities;
4. How are these activities managed internally and their impact (internally and externally);
5. Excluding CSR activities, how Starbucks boosts employees' motivation at work.

Secondly, it was applied a **scale questionnaire**³⁴ (SEE APPENDIX 25) to employees. This instrument included two open-questions to obtain information about their task/job position at Starbucks and the year of entrance in the company, and a scale to measure the perceived corporate responsibility. The scale was composed by six dimensions – *Social, Environmental, Job Satisfaction, Organizational Commitment, Meaningfulness, and Perceived Organizational Support* – to be measured through a total of 29 questions. The scale included two reversed-wording questions, i.e. questioned in the positive or negative form, opposite as the way it has been questioned during the entire questionnaire. This allowed to detect the attention that respondents were giving to the questionnaire and if they were concentrated reading the questions and respective available scale, or if they are just following a pattern of answers. In all of them it was used a Likert Scale – from 1 to 5 – being *1 - Strongly Disagree* and *5 - Strongly Agree*. This was the best alternative found to get more willingness to respond, quicker answers and at the same time acquiring the maximum information needed given the circumstances in which the questionnaire was conducted: during their work period, and therefore scarce time to answer it.

Regarding the reliability of the questionnaire, the alpha's Cronbach³⁵ - that gives us the trustworthiness of this quantitative tool – is 0,93, which indicates that the items have high internal consistency. The higher the Cronbach's alpha, the more the items have shared covariance and more probably measure the same concept.

9.1.6. Procedures

The interview to Joana Ramos, Marketing responsible at Starbucks, was made in October 2016, and took place at Starbucks office, in Belém. Afterwards, the results were analysed and the questionnaire prepared, with insights acquired in the interview.

The questionnaires were distributed to the stores at the beginning of November by mail³⁶ and returned to Starbucks' office in *Belém* by the end of the month. Employees were given two weeks to answer and 66 responses were collected.

³⁴Adapted from previous research, “The Effects of Perceived Corporate Social Responsibility on Employee Attitudes”, (Glavas & Kelley, 2014)

³⁵from 0 to 1

³⁶Every week, mail is sent from Starbucks' office to all the stores and they have included the questionnaires there, for a more efficient distribution and collection of answers.

9.1.7. Data processing and analysis

The analysis of the results was developed using IBM's software SPSS and Microsoft Excel. Since surveys were in paper format, data was exported from paper to an Excel file and then exported to the SPSS software. We ran a factorial analysis to analyze the dimensions of the scale.

9.1.8. Ethical considerations

For ethical reasons - respect and protection of human participants - the questionnaire's first approach was to make clear the conditions in which individuals were participating: the purpose of the study, its field, the voluntariness and anonymousness of the study, keeping their identification unavailable, during and after the study. The realization of the study was previously approved by the company. Because of the working shifts in which questionnaires were given, it was agreed that respondents would not be giving their age and gender, as questionnaires were anonymous and these answers could have denounced specific employees, and instead they provided their work position, and when they joined the company.

9.2. Results

9.2.1. Perceived Corporate Responsibility among different job positions

For this analysis, the different professional categories at Starbucks were discriminated, being selected one at a time in SPSS software (*Data → Select Cases → Position 1 = supervisors; Position 2 = baristas; Position 3 = managers; and Position 4 = warehouse responsible*). This way, when *position 1* was selected, only supervisors were being considered to the analysis, then when *position 2* was selected, only baristas were selected, and so on and so forth. Afterwards, a descriptive analysis was conducted for each of the categories. The results found are at the following table:

	Mean (Standard Deviation)	Range (Min. – Max.)	Number of valid cases
Supervisors	116,7 (10,9)	[98 – 130]	15
Baristas	106,8 (14,7)	[75 – 129]	33
Managers	117,1 (10,8)	[98 – 129]	8
Warehouse Responsible	112,0 (0,0)	[112 – 112]	2

Table 1. Descriptive analysis of Perceived Corporate Responsibility among different professional categories

9.2.2. Factorial Analysis of the PCR scale

A factorial analysis was conducted with *Varimax* rotation and six factors had emerged. It was decided to exclude 3 of the 29 items as they either had low Eigen-values or were not inserted in any factor (items 3, 15 and 19).

Rotated Component Matrix ^a							
	Component						
	1	2	3	4	5	6	7
22	,821	,114	,043	,211	,112	,050	-,001
18	,812	,191	,261	-,011	,173	-,204	-,034
20	,810	-,044	,152	,071	-,182	,076	,021
12	,736	,194	,180	,129	,302	,288	,146
14	,724	,231	,147	-,002	,156	,014	,163
23	,682	,297	,106	,211	,031	,058	-,076
21	,681	,063	,257	,144	-,186	,134	-,115
11	,676	,003	,106	,129	,208	-,025	,327
24	,666	-,052	,290	,188	,148	,276	,015
17	,657	,156	,289	,110	-,049	-,414	,093
10	,576	,101	,191	,038	,523	,080	,234
4	,545	,360	,089	,316	,142	,138	,246
29	,504	,269	,455	,180	,041	,159	,285
8	-,007	,884	,128	,234	,102	,017	,019
9	,172	,818	-,015	,257	,066	,128	,002
7	,091	,813	,243	-,114	-,003	-,038	,011
6	,278	,694	,201	,205	,017	,152	-,095
16	,240	,119	,699	,370	,203	,045	,085
26	,384	,310	,688	-,065	,115	,214	,078
25	,479	,185	,629	,030	,282	,238	,183
13	,464	,377	,507	-,037	-,200	-,169	-,168
2	,253	,281	-,073	,849	-,054	-,020	-,004
5	,090	,221	,469	,626	-,053	,215	,082
1	,330	,080	,387	,557	,434	-,052	-,051
15	-,063	-,067	-,090	,011	-,784	,035	,250
28	,017	,087	,375	,044	-,081	,752	-,070
27	,459	,329	-,120	,112	,095	,540	,096
19	,233	-,011	,160	,038	-,210	-,018	,738
3	,379	,290	,314	,341	,062	,116	-,428

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization. ^a

a. Rotation converged in 17 iterations.

The final solution includes 26 items and emerged six factors that explain 73,1% of the variance.

Rotated Component Matrix^a

	Component					
	1	2	3	4	5	6
20	,841	,193	-,034	,121	,057	,069
21	,689	,161	,084	,233	,107	,108
22	,685	,461	,115	,040	,208	,041
23	,664	,242	,309	,083	,205	,068
18	,636	,521	,200	,235	-,030	-,232
24	,630	,306	-,047	,300	,172	,276
17	,589	,310	,165	,269	,087	-,434
13	,497	,047	,410	,451	-,094	-,206
10	,175	,859	,082	,211	,004	,054
12	,498	,648	,180	,195	,107	,275
11	,433	,646	-,021	,119	,100	-,033
14	,471	,629	,225	,129	-,034	-,011
1	,068	,541	,078	,460	,502	-,089
4	,335	,540	,341	,108	,279	,134
8	-,033	,070	,881	,142	,235	,031
7	,073	,070	,817	,207	-,134	-,038
9	,089	,185	,812	,000	,264	,132
6	,267	,105	,702	,198	,190	,150
16	,190	,232	,126	,747	,303	,026
26	,341	,256	,321	,655	-,152	,204
25	,339	,462	,186	,625	-,045	,229
29	,415	,370	,263	,457	,117	,153
2	,245	,083	,279	,005	,856	-,015
5	,140	,007	,220	,546	,571	,204
28	,012	,009	,097	,401	-,009	,712
27	,369	,304	,312	-,093	,144	,543

Extraction Method: Principal Component Analysis.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	11,139	42,843	42,843	11,139	42,843	42,843	5,035	19,366	19,366
2	2,660	10,232	53,075	2,660	10,232	53,075	3,977	15,297	34,663
3	1,568	6,030	59,106	1,568	6,030	59,106	3,617	13,912	48,576
4	1,358	5,225	64,330	1,358	5,225	64,330	2,993	11,511	60,086
5	1,198	4,606	68,937	1,198	4,606	68,937	1,889	7,264	67,350
6	1,081	4,157	73,093	1,081	4,157	73,093	1,493	5,743	73,093
7	,848	3,261	76,354						

After these 3 items were eliminated, the Cronbach's Alpha was 0,94, indicating a very good reliability, better than the previous one containing the three items eliminated ($\alpha = 0,93$).

Reliability

Scale: TotalDimensions

Case Processing Summary

		N	%
Cases	Valid	60	82,2
	Excluded ^a	13	17,8
	Total	73	100,0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
,938	26

The factors detected in this analysis were the following:

Factor 1: Emotional connection to the organization

- This factor includes the following items (8):

Q13. I would be very happy to spend the rest of my career in this organization.

Q17. I feel “emotionally attached” to this organization.

Q18. This organization has special meaning for me.

Q20. The work I do is very important to me.

Q21. I feel that Starbucks’ values fit perfectly into mine.

Q22. My job activities are personally meaningful to me.

Q23. Starbucks’ social and environmental initiatives are important to me.

Q24. My organization values contributions from employees that aimed a better performance of the company.

This factor refers to the emotional side of the corporate support, in the employees’ perspective. It has to do with the feelings, emotions and sensibility that Starbucks’ employees have regarding the company itself and the support it gives to them.

Cronbach’s Alpha in this factor is 0,89 which indicates a very good reliability – more internal consistency and it is more probable that the items explain the same concept.

Scale: Dimension1

Case Processing Summary

		N	%
Cases	Valid	62	84,9
	Excluded ^a	11	15,1
	Total	73	100,0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
,892	8

Factor 2: General perceptions about the company and job satisfaction

- This factor includes the following items (6):

Q1. Contributing to the well-being of employees is a high priority at my organization.

Q4. Contributing to the well-being of the community is a high priority at my organization.

Q10. Overall, I am satisfied with my job.

Q11. In general, I like my job.

Q12. In general, I like working at Starbucks.

Q14. I like to talk with people about my organization outside it.

This factor refers to the general conceptions, ideas and notions about the company (overall) and the general satisfaction among employees at Starbucks. In this factor, it is privileged the degree of happiness with the current job and the perceptions that employees have with respect to the company. The **Cronbach's alpha** in this factor is 0,87 which indicates a very good reliability (as before, more internal consistency and more probability to have the items explaining the same concept).

Scale: Dimension2

Case Processing Summary

		N	%
Cases	Valid	65	89,0
	Excluded ^a	8	11,0
	Total	73	100,0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
,873	6

Factor 3: Perceived environmental responsibility

- This factor includes the following items (4):

Q6. Environmental issues are indispensable to the strategy of Starbucks.

Q7. Addressing environmental issues is an essential part of the daily operations of Starbucks.

Q8. Starbucks takes great care that our work does not hurt the environment.

Q9. Starbucks is capable to achieve its goals while staying focused on its impact on the environment.

This factor matches the exact same subject as in the original questionnaire "Environmental". It refers to the environmental concerns that employees perceive the company has: whether Starbucks' employees see the environment as a main concern in Starbucks' daily operations, and the way they are assessed. The respective **Cronbach's alpha** is 0,87 which again represents a very good reliability, indicating that there is more internal consistency and higher probability that the items in this factor explain the same concept.

Scale: Dimension3

Case Processing Summary

		N	%
Cases	Valid	65	89,0
	Excluded ^a	8	11,0
	Total	73	100,0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
,873	4

Factor 4: Perceived Organizational Support I

- This factor includes the following items (4):

Q16. I feel "part of the family" at Starbucks.

Q25. My organization cares about well-being of employees.

Q26. My organization takes into consideration goals and values of employees.

Q29. My organization takes pride in accomplishments of employees at work.

Factor 4 respects to perceived organizational support, it refers to the sense in which the company has special worry about employees' well-being and happiness. The **Cronbach's alpha** is equal to 0,87 indicating a very good reliability and higher internal consistency.

Scale: Dimension4

Case Processing Summary

		N	%
Cases	Valid	61	83,6
	Excluded ^a	12	16,4
	Total	73	100,0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
,869	4

Factor 5: Organizational priority focus

- This factor includes the following items (2):

Q2. Contributing to the well-being of customers is a high priority at my organization.

Q5. Employees are often part of Starbucks' social initiatives (suggestions, participation, others.)

This factor is related with the company's priorities considering both customers and employees, and how are they perceived by the latest ones. Its respective Cronbach's alpha is 0,63 which is a questionable reliability – it cannot be said that these two questions together are reliable to explain the organizational priority focus, as the probability of this factor to explain the same concept is low.

Scale: Dimension5

Case Processing Summary

		N	%
Cases	Valid	65	89,0
	Excluded ^a	8	11,0
	Total	73	100,0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
,628	2

Factor 6: Perceived Organizational Support II

- This factor includes the following items (2):

Q27. My organization is willing to help employees if they need a special favor, even personal ones.

Q28. My organization shows little concern for employees. (R)³⁷

The Cronbach's alpha in this factor is equal to 0,46 which is considered “very poor” or “unacceptable”, meaning that the two items in this factor probably are not measuring the same underlying construct. One possible solution for this problem would be the elimination of an item. However, because there are only two items, which is already a small number, it is not possible to delete any of them.

³⁷ Reverse-worded question

Scale: Dimension6

Case Processing Summary

		N	%
Cases	Valid	63	86,3
	Excluded ^a	10	13,7
	Total	73	100,0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
,455	2

9.3. Discussion and Conclusions

9.3.1. Summary

The main objective of this study was to measure the perceived corporate responsibility at Starbucks. A total of 66 employees filled a self-report questionnaire and provided relevant insights to obtain some conclusions. The first factorial analysis conducted revealed the existence of seven factors with Cronbach's alpha equal to 0,93, and explaining 72,35% of the variance. However, it was then realized that three items of the scale questionnaire did not have high Eigenvalues, which means that they should not be considered when running the factorial analysis. Questions 3, 15 and 19 were excluded and six factors emerged, explaining 73% of the variance. The Cronbach's alpha in this case increased to 0,94% which is even better than before. The 6 factors were then analysed: the first four factors achieved very good Cronbach's alpha, which means that they can be considered reliable and probably explain the same underlying concept. The last two factors' alphas indicated that these factors cannot be considered predictable, once Cronbach's values were low and probably the items considered in each of the factors do not explain the same paradigm.

9.3.2. Results

KRQ1: What is the perceived responsibility of Starbucks' employees?

To answer this question, it is necessary to analyse the total score obtained in the scale developed in the questionnaire.

The total score on the perceived corporate responsibility (PCR) only refers to the 26 Likert-scale questions, given that questions 3, 15 and 19 were eliminated due to low Eigenvalues. In SPSS Software, it was created a variable “*TotalScoreExcQ3Q15Q19*” that results in the sum of the outputs of the 26 questions.

Descriptives

	N	Minimum	Maximum	Mean	Std. Deviation	Variance
TotalScoreExcQ3Q15Q19	60	75	130	110,27	14,213	201,995
Valid N (listwise)	60					

The maximum total score possible corresponds to $26 \times 5 = 130$ (26 questions obtaining the maximum score, which is 5) and the minimum corresponds to $26 \times 1 = 26$ (26 questions obtaining the minimum score, which is 1)³⁸. For a better understanding of the scale and corresponding results, let’s assume from now on that the scale is divided into four categories: total score from 26-46: *very low PCR*; from 47-67: *low PCR*; from 68-88: *neutral PCR*; from 89-109: *high PCR* and from 110-130: *very high PCR*.

Computing descriptive statistics in SPSS, the maximum total score obtained was 130 and the minimum was 75. It is important to refer that these results vary from *neutral PCR* to *very high PCR* which, up to this point, is a good indicator – there are not employees getting a total score at the *low* or *very low* range. Another good indicator so far is the mean which equals 120,50, in the range of very high PCR.

KRQ2: Do Starbucks’ employees perceive that the company is concerned about their worries, problems and accomplishments?

To answer this question, it is necessary to analyse factor 4, which contains questions 16, 25, 26 and 29.

	N	Minimum	Maximum	Mean	Std. Deviation
Dimension4	61	7	20	16,56	3,042
Valid N (listwise)	61				

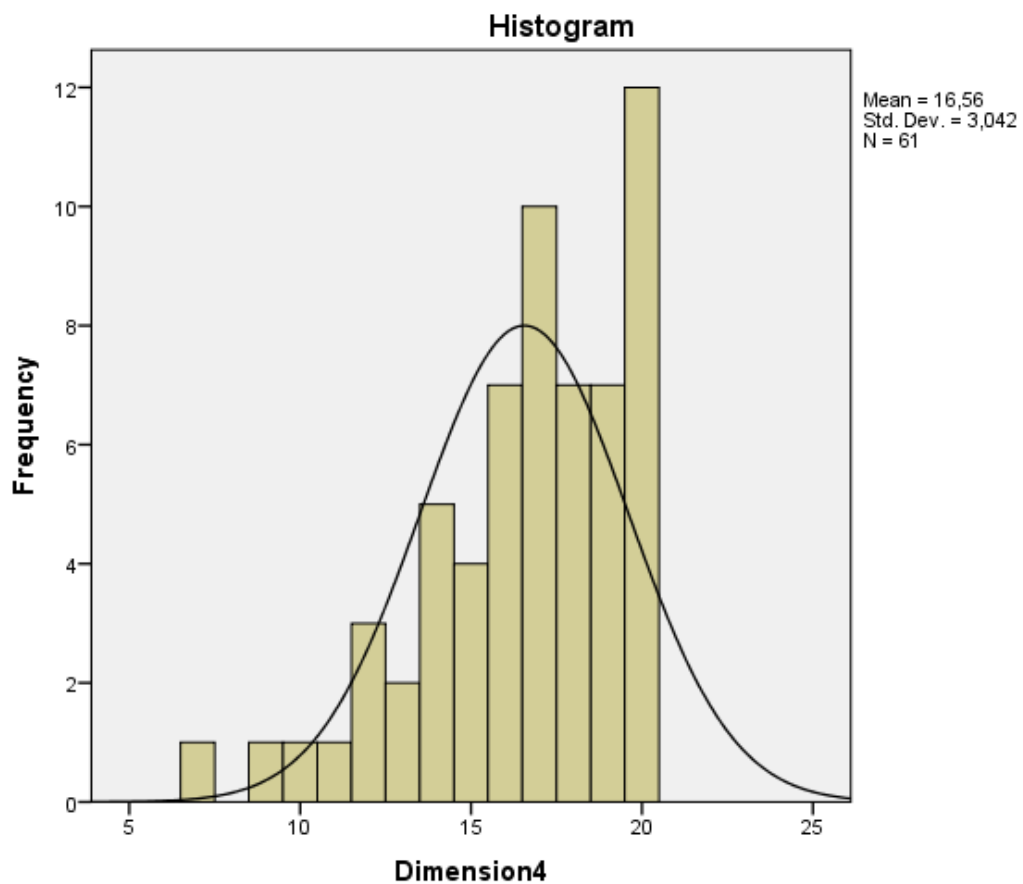
³⁸Please note that all the reserve-worded questions were reverted in SPSS Software, meaning that answering 1 in reverse-worded questions corresponds to 5, 2 corresponds to 4, 3 corresponds to 3, 4 corresponds to 2 and 5 corresponds to 1.

The maximum possible total score in this dimension is $4 \times 5 = 20$ and the minimum possible is $4 \times 1 = 4$ (following the same reasoning as before). Analysing the answers provided, the minimum score obtained in this factor equals 7 and the maximum 20.

Statistics

Dimension4		
N	Valid	61
	Missing	12
Mean		16,56
Median		17,00
Mode		20
Std. Deviation		3,042
Minimum		7
Maximum		20
Sum		1010

The mean equals 16,56, a value very close to the maximum possible (20), which indicates a good score on average on this factor. The corresponding histogram is presented below:



As indicated by the mean, and illustrated by the histogram, most of the employees' total score on factor 4 are closer to 20 than to 7.

Statistics

		16	25	26	29
N	Valid	65	65	65	63
	Missing	8	8	8	10
Mean		4,22	4,00	3,95	4,30
Median		4,00	4,00	4,00	4,00
Mode		5	4	4	4
Std. Deviation		,927	,968	1,022	,687
Minimum		1	1	1	3
Maximum		5	5	5	5
Sum		274	260	257	271

A more detailed analysis indicates that question 29 is the only that ranks a minimum of 3 “neither agree or disagree”, meaning that none of the respondents considers (*totally* or *somewhat*) that Starbucks does not take pride in accomplishments of employees at work. By analysing these results, it is possible to conclude that, in general, **Starbucks’ employees consider that the company is concerned about their worries, problems and accomplishments**, indicating a good perceived organizational support.

KRQ3: Do Starbucks’ employees feel emotionally attached to the company?

For this question, factor 1 will be analysed, being part of it questions 13, 17, 18, 20, 21, 22, 23 and 24.

Descriptives

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Dimension1	62	17	40	32,21	5,605
Valid N (listwise)	62				

The maximum total score possible on this dimension is $8 \times 5 = 40$, and the minimum possible is $8 \times 1 = 8$ (following again the same reasoning as in previous questions). Factor 1 gets from the respondents a maximum score of 40 and a minimum of 17.

Frequencies

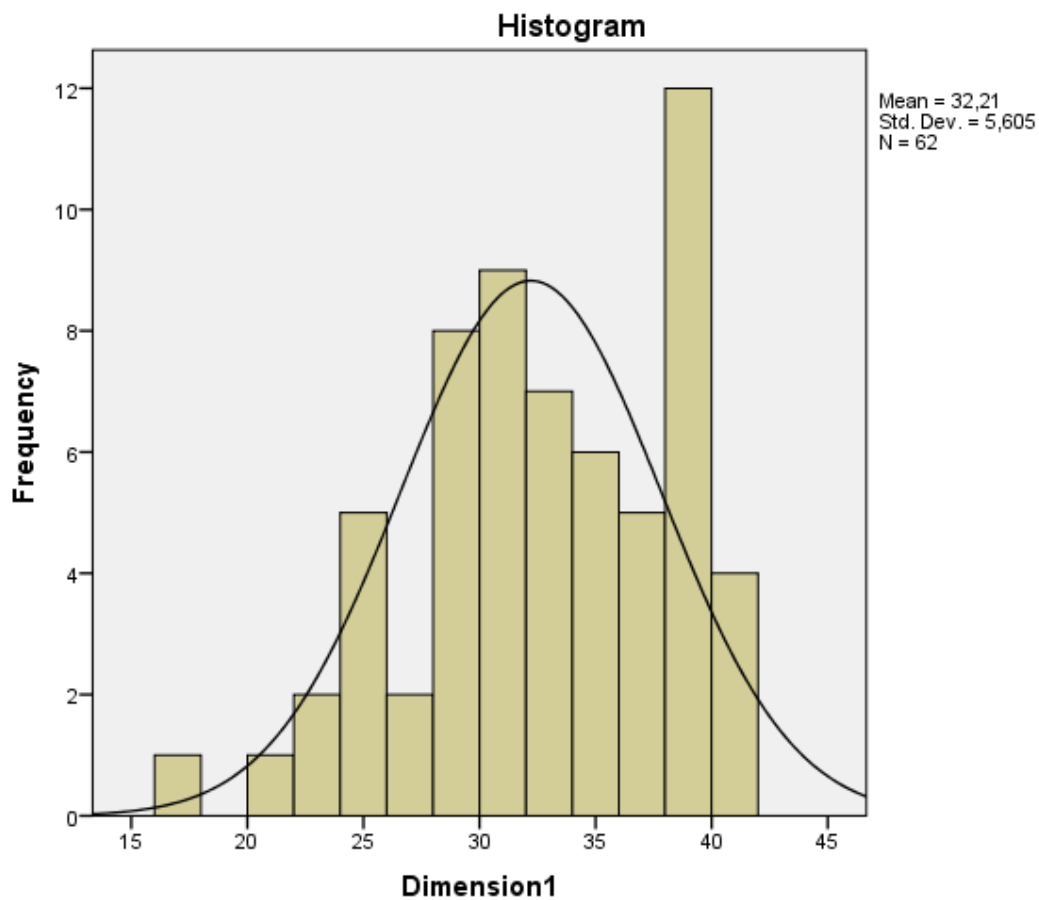
Statistics

Dimension1

N	Valid	62
	Missing	11
Mean		32,21
Median		32,00
Mode		38 ^a
Std. Deviation		5,605
Minimum		17
Maximum		40
Sum		1997

a. Multiple modes exist. The smallest value is shown

The mean equals 32,21 which is a good indicator, meaning that most employees rank a total score in this dimension closer to the maximum possible than to the minimum. The smallest mode in this factor (contains more than 1) is 38, which is very good, since is close to 40. The results are illustrated in the histogram below:



Again, the histogram elucidates that the mean is closer to 40 than to 8, however, in this dimension, values are more dispersed than in the dimension analysed before on KRQ2.

Frequencies

		Statistics							
		13	17	18	20	21	22	23	24
N	Valid	65	65	65	65	65	65	65	64
	Missing	8	8	8	8	8	8	8	9
Mean		3,17	3,94	4,12	4,17	4,09	4,35	4,23	4,08
Median		3,00	4,00	4,00	4,00	4,00	5,00	4,00	4,00
Mode		4	4	5	4 ^a	4 ^a	5	4	5
Std. Deviation		1,257	,998	,944	,821	,824	,779	,745	,965
Variance		1,580	,996	,891	,674	,679	,607	,555	,930
Minimum		1	1	1	2	2	3	2	2
Maximum		5	5	5	5	5	5	5	5

a. Multiple modes exist. The smallest value is shown

“Minimum” values on the frequency analysis of each item shows that none of the respondents disagrees (*totally* or *somewhat*) that their job activities are personally meaningful to them. Although question 18, for example – “*This organization has special meaning for me.*” has at least one employee disagreeing, the mean (4,12) is very close to 5, which reveals that, overall, employees consider that Starbucks has a special meaning for them.

Concluding, it is acceptable to say that, **in general, employees are somewhat emotionally attached to the company.**

KRQ4: Is there a correlation between the scores achieved in the perceived corporate responsibility and job satisfaction and happiness at work?

The aim of this question is to analyse whether one can say that higher total scores achieved on this PCR scale leads to higher total scores on satisfaction and happiness at work.

To get a relationship between these two variables, it was conducted bivariate Pearson Correlation test. The Pearson Correlation test measures the degree of the linear relationship between two variables. The two variables to test correlation were: *TotalScoreExcQ3Q15Q19* and *Dimension2*, that represents total score on PCR scale and total score on job satisfaction, respectively.

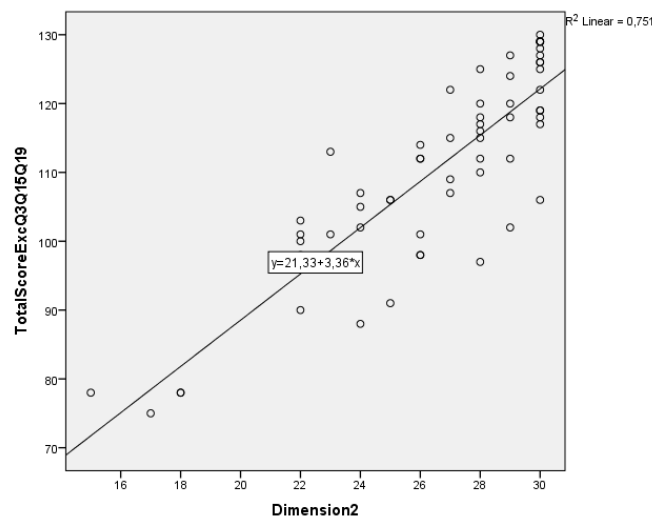
Correlations

		Dimension2	TotalScoreExcQ3Q15Q19
Dimension2	Pearson Correlation	1	,867**
	Sig. (2-tailed)		,000
	N	65	60
TotalScoreExcQ3Q15Q19	Pearson Correlation	,867**	1
	Sig. (2-tailed)	,000	
	N	60	60

** . Correlation is significant at the 0.01 level (2-tailed).

The results obtained show that the test is significant, given that $\rho=0,00$ and correlation is significant at the 0,01 level. This means that there is a significant relationship between PCR and job satisfaction.

Graph



The Pearson Correlation (denominated by r_{39}) is positive (0,867), which means that higher scores on PCR are associated with higher scores on satisfaction at work. Being r close to 1 also indicates that these two variables have a strong correlation.

9.3.3. The grand finale

The research conducted in this project intends to provide further knowledge on CSR consequences, more concretely in collaborators' motivation and happiness at work. The research confirms that, in fact, **there is** a relationship between the *Perceived Corporate Responsibility* results obtained by Starbucks' employees and their level of satisfaction at work.

³⁹ r varies between -1,0 and +1,0

10. Limitations and Future Research

Although every part of the case-study went the way it was supposed to and followed the initial design for the research conducted to get the information needed for a study analysis, the development of these two chapters had some limitations.

One of the limitations was the few information available online about the coffee market, its trends and especially the inexistence of these information in the Portuguese market. Although a lot of information about the international coffee market was founded, most of the statistics at a global scale (including all countries worldwide) were costly. Still in the case-study chapter, when in search for Portuguese competitors of Starbucks, very poor information was founded, adding more effort to achieve this finding and more time spent in such a short part of the chapter.

Starbucks has a low number of employees working in Portugal, consequently the population surveyed was scarce but, nonetheless, the number of valid questionnaires is considered significant (almost 50% of the entire population to study) and this became a limitation in the Research Analysis.

For further research, I would recommend qualitative and/or quantitative data collection's strategy that could include more individuals who are part of the study (or the maximum possibly achieved, since the universe is small – 127 individuals) and a greater focus on *happiness* and *motivation* rather than on *satisfaction*.

11. Teaching Notes

11.1. Synopsis

Starbucks is an American company that was founded in 1971, in Seattle, U.S.A. It is a company that privileges not only the need of an individual – to drink coffee, to consume caffeine – but also the emotional component attached to the whole action, from the moment the customer enters the store until he/she leaves the store. Its variety of products, the possibility of having personalized beverages with the name of the customer written on the cup, as well as the whole store environment (including the coffee and baked products smell, the music, the cozy and comfy decoration, and the kindness of the employees) are some of the relevant aspects in the whole purchasing and consumption process.

Since the very beginning of its existence, Starbucks has a commitment to the community, its customers, employees, and suppliers (especially farmers). Therefore, Starbucks has implemented a range of activities to make the world a better place to live.

The social and environmental concerns of Starbucks have achieved huge proportions, being part of the company's business model in every country in which Starbucks operates. The case-study will start by introducing the coffee market internationally and specially in Portugal, highlighting a concept that has been gaining more and more importance over the coffee industry – fairtrade. As an example, and focus of this case-study, it will be presented the company Starbucks. It will be possible to find the main characteristics of CSR at the organization, its programs in this area (in the U.S.A. and Portugal) as well as future challenges and expected achievements.

11.2. Target Group

The case-study is directed to both undergraduate and master students in every field of business and economic area, such as Marketing, Strategy, Entrepreneurship, Finance or Economics. It can be especially relevant in courses such as Ethics and Social Responsibility (undergraduate's course), Managing Social Innovation, as well as Business Ethics and Social Responsibility (masters' courses). Since it is an area in constant growth at companies, it can also be applied to programs for executives.

11.3. Learning objectives and key issues

The main objectives of the inclusion of this case-study in class are:

- Introduce the notion of CSR, its values and dimensions;
- To highlight the importance of the topic at for-profit organizations;
- Create awareness about social and environmental problems, and how companies should address the problem;
- Give students opposite theories about social responsibility in organizations and, this way, incentivize them to question themselves whether, in their opinion, one theory is better or worse than the other.

By the end of class, students should understand CSR motivations, principles and challenges, and argument with different opinions. Soft skills such as team work and collaboration, critical thinking, communication and arguing, conflict resolution and adaptability should be developed during this session.

The case-study will provide reliable information about CSR at a specific company and how it has been influencing others with activities put in practice. The case-study will provide mainly the respectable and moral side of the concept, having always Starbucks' example as basis, but further, during the question analysis, students will be challenged to face the disagreements of this concept, which are defended by some authors too⁴⁰.

11.4. Teaching Strategy

This plan was conceived assuming classes have a total of 2 hours and 50 minutes - 1h20min part of the class, having a 10-minute break in between – considering that the case-study discussion will take place only on the second part of the class, giving place and time for the professor to introduce the subjects needed.

For this class to have the greatest potential, to be dynamic and interesting for both students and professor, it is important that students read and prepare the case beforehand.

11.4.1. Beginning of the class: introduction and preparation (15/20 minutes)

To open the class, it is suggested that students form groups and briefly discuss together the main topics each member considers relevant to the discussion conducted afterwards.

⁴⁰ Some authors arguing against CSR are: Milton Friedman 1991, Keith David (1960) and Friedrich Hayek (1960)

11.4.2. Middle of the class: discussion (55/50 minutes)

After the initial step to conduct the discussion, the professor can start the debate by introducing trigger-questions. Since students do not learn at the same rate, and once it is possible that they come from different business fields (e.g. finance, marketing, strategy, etc), the professor must assure that they are all following their own direction of learning, and no one is being left behind. The professor can take the following questions as examples:

- How is it Starbucks' business model defined? (How do students consider it: a **for-profit organization**, **social enterprise** or **non-profit organizations**?) → it is important to verify that before, there were two major and distinct concepts: for-profit and non-profit organizations; now, these concepts seem to be converging (for example, non-profit organizations are looking for ways to make revenues)
- How can Corporate Social Responsibility be defined and how does Starbucks addresses issues related with that?
- What are the main activities led by Starbucks in the social responsibility field?
- Who are the main stakeholders involved in those activities?

It is important to refer that all the students must be encourage to participate in the discussion and give their opinion. There are no right or wrong answers, and the professor must respect that, which does not mean that the professor cannot give her/his point of view – by the way, it must happen.

After these trigger-questions, students and professor must jump to the **main questions** of the case-study. The suggestion for these questions are the following:

1. *In your opinion, what is Starbucks' role in society? Do you consider it as a typical for-profit organization?*
2. *Please describe Starbucks' business model, indicating whether do you consider that the company adopts a vertical or horizontal integration, and the main advantages and disadvantages of it. Do you consider this business model as sustainable over time (in the long-run)? Justify.*
3. *Discuss whether, in your opinion, the activities developed by Starbucks in the social responsibility area should be equally weighted in the company's strategy across every country in which Starbucks operates, i.e., do you think that*

activities in countries less developed should have more importance and Starbucks should care more about the community in these countries? Justify.

4. *Think of your country of origin: do you consider that Starbucks' social footprint creates community awareness? Share your opinion with your colleagues.*
5. *Starbucks' strategy in the CSR area is based on four pillars: source ethically and sustainably, lead in green retail, create opportunities, and encourage service and citizenship. How well has the company been implementing this strategy in the four areas?*
6. *What recommendations would you make to Starbucks to strengthen the company's strategy and CSR activities?*
7. *Please read carefully and comment the following statements having in mind what was discussed previously:*

“CSR can help business reach the goals of social justice and economic prosperity by creating welfare for a broad range of social groups, beyond the corporations and their shareholders.”, Howard R. Bowen (1953)

“There is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud.”, Milton Friedman (1970)

8. *Please analyse the main strengths and weaknesses, opportunities and threats of Starbucks.*

11.4.3. End of class: summary (10 minutes)

At the end of the class, it is recommended that the professor provides the main topics of the case-study as well as bullet-points for the case-study questions. Any questions or doubts should be clarified during this time.

11.5. Complementary readings

Students are suggested to read the following articles and book:

Articles:

- *“The Pyramid of Corporate Social Responsibility”, by Archie B. Carroll (1991)*
- *“The Social Responsibility of Business is to Increase its Profits”, by Milton Friedman (1970)*

Book:

- “Social Responsibilities of a Businessman”, by Howard R. Bowen (1953)

For a more interactive and interesting class, a video is suggested:

<https://www.youtube.com/watch?v=DaG10sqw9fk>

(Suggestion to watch at home: <https://www.youtube.com/watch?v=Z5KZhm19EO0>;
<https://www.youtube.com/watch?v=N8dXNzCIVxg>)

11.6. How to conduct case-study questions

Question 1: *In your opinion, what is Starbucks’ role in the society? Do you consider it as a typical for-profit organization?*

For the first question, students must describe what is a for-profit organization, a non-profit organization and a social enterprise, and based on information provided in the case-study, argument and justify their point of view. In the analysis of the three models, one of the topics that will be discussed is the role of a company in the society: some students may argue that it is the satisfaction of a need, others may argue that is to have a social impact on society, and some may defend both theories. Students should realize that, although Starbucks’ main goal is to generate revenues and be profitable, its role in society is more than satisfying a need of a customer. The company is compromised in satisfying communities and make a difference in the world, regardless of the product or service that Starbucks provides. The following table summarizes the three neoclassic models, including each one’s role in society.

	For-profit organization	Non-profit organization	Social enterprise
Mission	Economic “mission”	Social “mission”	Social “mission”
Source of financial sustainability	Revenues	Grants Donations	Revenues
Role in society	Wealth generation	Social value creation	Social value creation & wealth generation

Question 2: *Please describe Starbucks' business model, indicating whether do you consider that the company adopts a vertical or horizontal integration, and the main advantages and disadvantages of it. Do you consider this business model as sustainable over time (in the long-run)? Justify.*

In this question, students should describe in detail Starbucks' business model and indicate that it clearly adopts a vertical integration, mentioning its main advantages and disadvantages.

Howard Schultz refers Starbucks' business model as "vertical integration to the extreme" because the company buys and roasts all its coffee beans and sells through the entire company's stores. The adoption of this model was mainly due to the limited production of high quality Arabica coffee beans (given the long-time of production and high prices that were practiced).

This type of model allows the total control over the value chain, controlling the full customer experience, and it also maintains the level of quality much better than if it was dependent of external associates. The company also gets the power of controlling the reputation of coffee production.

Starbucks has been doing backward integration very well by doing various agreements with suppliers (farmers) and having its own coffee beans farms. With respect to forward integration, the success comes from the owned stores that sell food, beverages, coffee beans and accessories.

Adding to these topics, it is important to refer that Starbucks total number of stores is 25.085⁴¹, being the weight between the franchises and owned stores approximately 50-50 (in 2015, Starbucks had 53% of owned stores and 47% franchises⁴². Starbucks brands itself primarily as a beverage provider that offers a more typical coffee house dining experience. The stores are used as working and social spaces, and are known by having a comforting ambience (the modern and cosy furniture, the relaxed and pleasant music, etc.)

For a more detailed answer, students can (together with the professor) elaborate a value chain of the company (**SEE APPENDIX 26**).

⁴¹By October 2nd, 2016, in Starbucks 4th-Quarter Report 2016

⁴²As of September 27th, 2015, in Starbucks Annual Report 2015

Question 3: *Discuss whether, in your opinion, the activities developed by Starbucks in the social responsibility area should be equally weighted in the company's strategy across every country in which Starbucks operates, i.e., do you think that activities in countries less developed should have more importance and Starbucks should care more about the community in these countries? Justify.*

This is an opinion question: there is no right or wrong answer. Students can argue, for instance, whether social activities developed by Starbucks in countries in development should/should not have more weight in CSR activities promoted by Starbucks.

Here are some topics for this debate:

- Is it a question of “having more that can be done” in developing countries than in developed countries?
- Is it a matter of size of the country? (for example, should the amount spent in social initiatives be a percentage of sales, revenue or profit? Or should be a fixed percentage for every country?)
- Do students believe that Starbucks should guide its social expenditures based on specific variables (such as poverty and/or unemployment rates, average living wage) in the countries in which Starbucks operates?

Question 4: *Think of your country of origin: do you consider that Starbucks' social footprint creates community awareness? Share your opinion with your colleagues (in special of different nationality)*

This is an opinion question. Students must describe how are Starbucks' social initiatives seen by the society in their country (or city) of origin.

- Is the society aware of the many actions and accomplishments in the country?
- Should the company “promote” its social activities to create more awareness? Or this would be interpreted as a strategy to impress and, consequently, as a marketing tool?
- What recommendations could be possibly given to Starbucks to increase awareness and involvement of the community in these activities?

Question 5: *Starbucks' strategy in the CSR area is based on four pillars: source ethically and sustainably, lead in green retail, create opportunities, and encourage service and citizenship. How well has the company been implementing this strategy in the four areas?*

In this question, students should mention the objectives, achievements and failures described in the case-study, in particular from the topic “Future” - “What the future holds: a global perspective” until “What the future holds: 2017 - New Year, New Life for Starbucks in Portugal”.

Globally speaking, Starbucks has been doing a great job. Despite all its non-achieved goals in 2015, much of these “failures” are in the good direction, being from year to year closer to the objective. Students must be conscious that, although Starbucks is a huge company, it engages in various events and actions that aim to have a positive impact not only in the communities but in the entire planet.

Question 6: *What recommendations would you make to Starbucks to strengthen the company’s CSR strategy and activities?*

As the two previous questions, this one is also an opinion question. Students must be encouraged to make their contribution and give their opinion. Some possible recommendations are:

- To incentivize more the contribution of Starbucks’ customers and potential ones in social activities (for example, post on Facebook coming events where everybody can participate and give its contribution throughout volunteer work);
- Since Starbucks promotes equality, inclusion and belonging, it is important that this is applicable to customers too. For people with disabilities, it is crucial that the store’s environment fits this principle of the company. For example, by lowering counter height to make ordering easy for people with wheelchairs, having at least one handicap accessible entrance, and educate partners to deal with these people (for example, by giving the kindness of bringing the order to the table).

Question 7: *Please read carefully and comment the following statements having in mind what was discussed previously:*

“CSR can help business reach the goals of social justice and economic prosperity by creating welfare for a broad range of social groups, beyond the corporations and their shareholders.”, Howard R. Bowen (1953)

“There is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules

of the game, which is to say, engages in open and free competition without deception or fraud.”, Milton Friedman (1970)

In this question, students are free to argue and to defend more one author than the other without being judged. They can use excerpts from recommended articles or book, and should develop a critical reasoning to argue in favour or against the authors cited.

Some arguments that might go in favour of Howard R. Bowen (and against Milton Friedman) are:

- The statement said by Milton Friedman has more than 40 years, and during this time, companies have changed and business' strategies regarding social responsibility might have changed too;
- If companies are responsible to “use its resources and (...) increase its profits”, this responsibility clearly involves the main source of profits – customers. Without them, no company can make profits. It is a company's duty to treat well customers, communities and the environment in which every single individual is inserted;
- Starbucks is the example that one company can be very profitable and at the same time care about all the stakeholders, with no exception. If companies can do better, why they do not?

However, there might be some students that defend Milton Friedman (and go against Howard Bowen):

- Each company should be self-responsible to decide whether it should, or should not, engage in activities social-related;
- Each customer/individual should decide how much money wants to contribute with, and whom for is directed to – it should not be a company to “take the credits” of such action;
- Doing good is not always rewarded – companies should not waste time on CSR activities. Most of the successful companies do not engage on CSR.

Question 8: *Please analyse the main strengths and weaknesses, opportunities and threats of Starbucks.*

Students should develop, together with the professor, a SWOT analysis (**APPENDIX 27**).

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12.2. Other sources

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13. Appendices

13.1. Literature Review

13.1.1. Appendix 1 - Job/task characteristics related to happiness

Hackman and Oldham (1975)	Morgeson and Humphrey (2006)	Warr (2007)
Task significance	Work scheduling autonomy	Opportunity for personal control
Skill variety	Decision-making autonomy	Opportunity for skill use
Task identity	Work methods autonomy	Externally generated goals
Feedback from the job	Task variety	Variety
Autonomy	Task significance	Environmental clarity
	Task identity	Contact with others
	Feedback from job	Availability of money
	Job complexity	Physical security
	Information processing	Valued social position
	Problem solving	Supportive supervision
	Skill variety	Career outlook
	Specialization	Equity
	Social support	
	Initiated interdependence	
	Received interdependence	
	Interaction outside organization	
	Feedback from others	
	Ergonomics	
	Physical demands (-)	
	Work conditions	
	Equipment use	

Figure 5. Job/task characteristics related to happiness, source: "Happiness at Work", Fisher, C. D. (2010)

13.2. Case-Study

13.2.1. Appendix 2 - Coffee production by continent

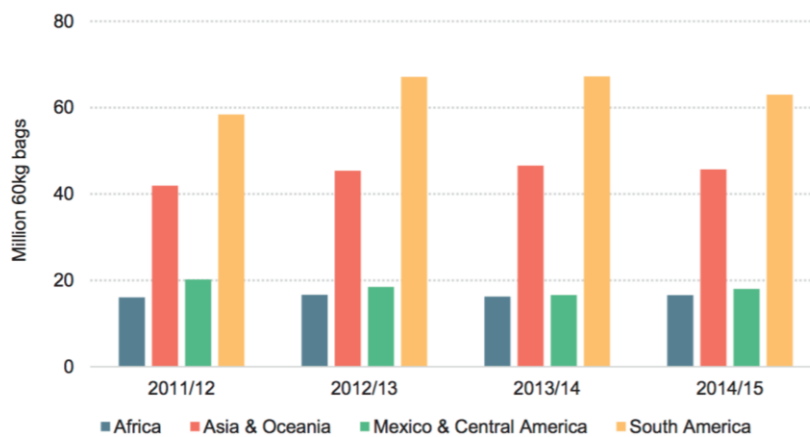


Figure 6. Coffee production by continent, source: ico.org

13.2.2. Appendix 3 - Top Coffee Producing Countries

Rank	Country	Coffee Production (kilograms)
1	Brazil	2,594,100,000
2	Vietnam	1,650,000,000
3	Colombia	810,000,000
4	Indonesia	739,020,000
5	Ethiopia	384,000,000
6	India	349,980,000
7	Honduras	345,000,000
8	Uganda	285,300,000
9	Mexico	234,000,000
10	Guatemala	204,000,000

Table 2. Top Coffee Producing Countries, source: worldatlas.com

13.2.3. Appendix 4 - Distribution of industries per continent

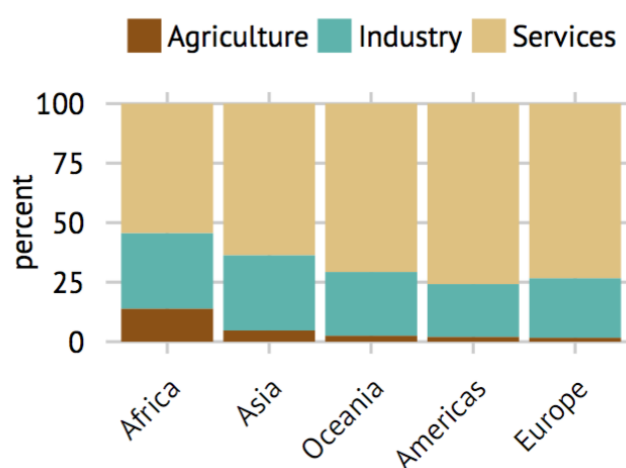


Figure 7. Distribution of industries per continent, source: FAO Statistical Pocketbook

13.2.4. Appendix 5 - Coffee production and consumption

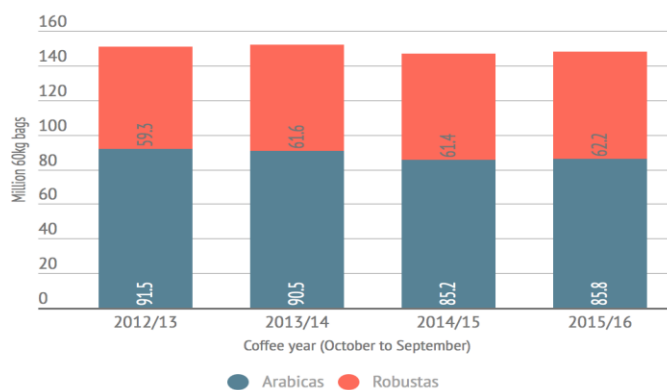


Figure 8. Coffee Production, source: ico.org

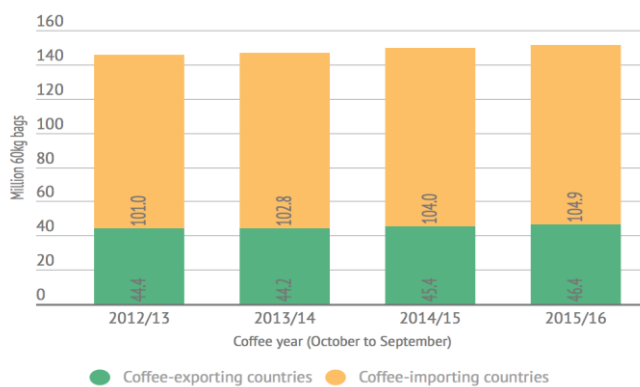


Figure 9. Coffee Consumption, source: ico.org

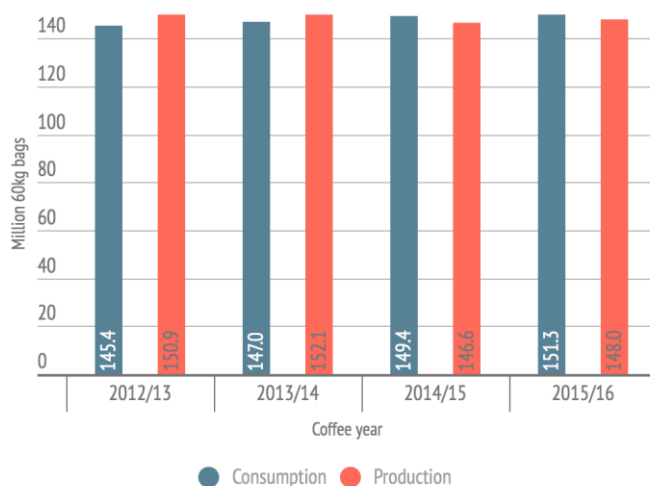


Figure 10. Coffee production and consumption comparison, source: ico.org

13.2.5. Appendix 6 - Evolution of share of population living on less than \$1.25 a day

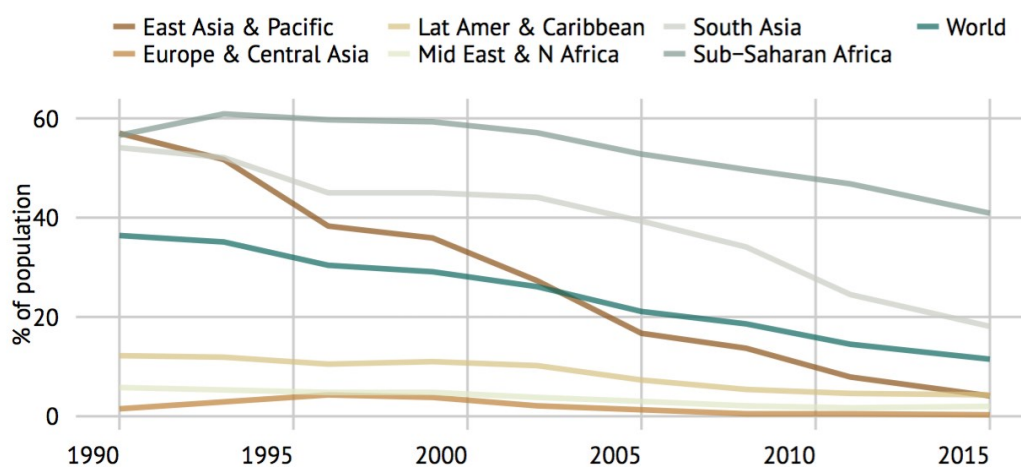


Figure 11. Share of population living on less than \$1.25 a day, source: FAO Statistical Pocketbook

13.2.6. Appendix 7 - Sustainability Certifications

CERTIFICATE	DESCRIPTION
BIRD FRIENDLY	The only true “shade-grown” certification, developed by ecologists at the Smithsonian Migratory Bird Center. Criteria include a canopy at least 12 meters high with the dominant tree species being native, a minimum of 40% shade cover even after pruning, at least two strata or layers of vegetation, made up of at least 10 woody species dispersed throughout the production area. Additionally, the coffee must also be certified organic. Bird-Friendly certification has the most robust shade/habitat standards of any coffee certification.
RAINFOREST ALLIANCE	The Rainforest Alliance is an NGO with programs in several areas that promote standards for sustainability. Their sustainable agriculture program certifies many crops, including coffee. Not exclusively an environmental certification, it covers several ecological issues as well as community relations and fair treatment of workers. Certification is awarded based on a score for meeting a minimum number of an array of criteria. There are no required criteria for shade management, but they are included in optional criteria; these shade criteria are not as strict as Bird-Friendly standards. Therefore, it is important to note that Rainforest Alliance-certified coffee may not be shade grown. There is no organic requirement.
ORGANIC	Coffee sold as certified in the U.S. must be produced under U.S. standards established by the USDA’s National Organic Program. Verification is carried out by accredited certifying agencies. Requirements for this seal include no use of prohibited substances on the land for at least three years. This includes most synthetic pesticides, herbicides, and fertilizers. Other certification requirements include a buffer between the coffee and any other crop not grown organically, a

	<p>plan that demonstrates methods that prevent soil erosion, and other sustainable agricultural criteria.</p>
<p><i>FAIRTRADE</i></p>	<p>Fair Trade is primarily concerned with alleviating poverty through greater equity in international trade; many products besides coffee can be Fair Trade certified. Fair Trade is governed in most of the world by the Fairtrade Labelling Organizations International (FLO). In the U.S., it is governed by Fair Trade USA, which resigned from the international system in early 2012. Under FLO, Fair Trade certification is only available to democratically-organized cooperatives of small producers, not individually-owned farms, estates, or farms that use hired labor. Fair Trade cooperatives receive a minimum price of \$1.31 per pound, \$1.51 if the coffee is also certified organic. How this price premium is distributed (to the farmers or to community projects, etc.) is up to the cooperative.</p>
<p><i>UTZ CERTIFIED</i></p>	<p>UTZ Certified certifies several agricultural products including coffee. Their emphasis is on transparency and traceability in the supply chain and efficient farm management. The latter includes good agricultural practices such as soil erosion prevention, minimizing water use and pollution, responsible use of chemicals, and habitat protection. Certification requires compliance with mandatory control points; the number required increases over a four-year period. The standards in the Code that deal with the environment are quite general and lack specificity for meaningful protection of habitats and biodiversity. There is no requirement for using shade trees.</p>

Table 3. Sustainability Certifications, source: coffeehabitat.com

13.2.7. Appendix 8 - Shade-Grown Coffee

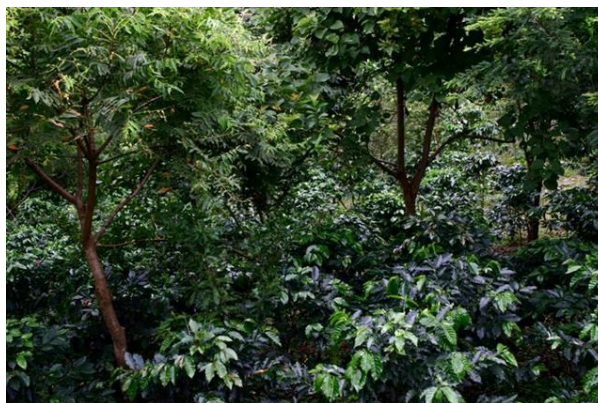


Figure 12. Shade-Grown Coffee, source: coffeehabitat.com

13.2.8. Appendix 9 - Sun-Grown Coffee



Figure 13. Sun-Grown Coffee, source: coaticoffee.org

13.2.9. Appendix 10 - Fair Trade Protest



Figure 14. Fair Trade Protest, sources: scoop.co.nz and amplegrounds.com

13.2.10. Appendix 11 - Starbucks' logo evolution



Figure 15. Starbucks' logo evolution, source: logodesignlove.com

13.2.11. Appendix 12 - Conservation International



Figure 16. Conservation International petition, source: conservation.org

13.2.12. Appendix 13 - C.A.F.E. Practices

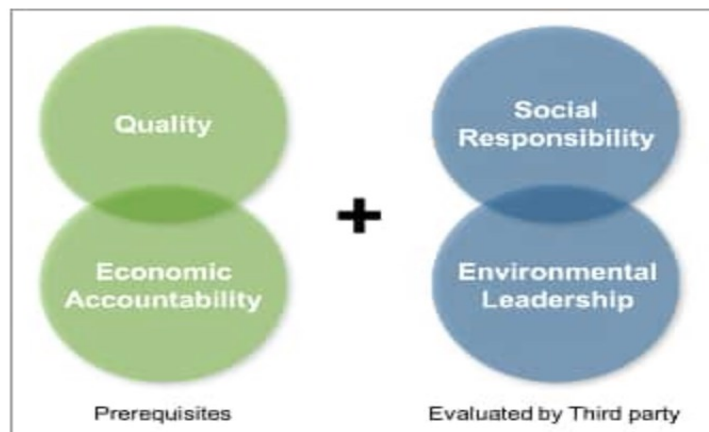


Figure 17. C.A.F.E. Practices, source: Starbucks.com

13.2.13. Appendix 14 - Starbucks Coffee Sustainability: Goal versus Achievement

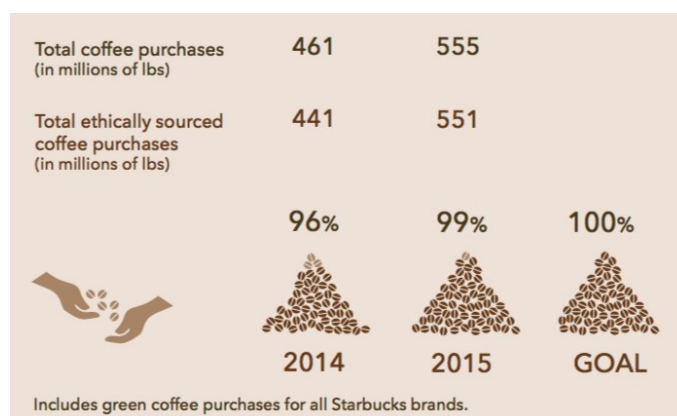


Figure 18. Starbucks Coffee Sustainability, source: Starbucks Global Responsibility Report 2015

13.2.14. Appendix 15 - Programs at Starbucks

PROGRAMS	DESCRIPTION
<p>STARBUCKS FOUNDATION (SF)⁴³</p>	<p>It was the first step Starbucks had to start their work and commitment to the environment and the community; sf was created in 1997 and its priority areas are fostering job opportunities for young people, water, sanitation, and hygiene, coffee, tea and cocoa communities support, as well as foster local community development. Part of the last one – local community development – is the participation of the partners (employees) in volunteer work in the society. There are many projects available where customers and baristas can make a difference in their community and spend their time and effort working for something different and relevant for the community. It can be a <i>healthy kid's day</i> for example, in which children's health and well-being is the main theme, or it can be a <i>spring clean-up at Esopus library</i>, helping cleaning and maintain gardens beautiful places to be or by simply planting trees (see exhibit 17.1). The “opportunity for youth” are fostered by Starbucks together with another associations (for example the Schultz Family Foundation and YouthBuild USA) with the main objective of reducing the scared number of more than 290 million young people who are neither employed or attending to school.</p>
<p>STARBUCKS COMMUNITY STORES</p>	<p>This project was founded in 2011 and it has a powerful meaning in supporting innovative education and job opportunities. Each Community Store has a partnership and works together with a non-profit organization that contributes to a specific need of the communities' individuals, donating \$0.05 to \$0.15 from each transaction. As an example, the Starbucks' store at 23rd&Jackson collaborates with the YWCA East Cherry Street Branch to support their programs that seek to advance the quality of life for women of all ages, races and faiths, as well as helping their families.</p>
<p>VETERANS AND MILITARY SUPPORT</p>	<p>“Every day, veterans show us what great citizenship looks like”. Starbucks is proud to hire veterans and military spouses, as they naturally fit Starbucks' values and team-focused work. The veterans' partners can also benefit from an online Bachelor degree through full tuition reimbursement at Arizona State University Online and now the service has given the access to a family member of their choice receive the exact same benefits as the partners, with access to more than 50 different programs. Starbucks also has Starbucks Military Family Stores, operated primarily by veterans and military spouses. Each store works with a non-profit organization in the community to deliver services for veterans and their families. A physical evidence that goes in line with the recognition of the</p>

⁴³<https://www.starbucks.com/responsibility/community/starbucks-foundation>

	<p>veteran’s work is the <i>patriotic aprons</i> that showcases the American flag along with a partner’s name and their military affiliation.</p>
<p><i>INCLUSION AND DIVERSITY AT STARBUCKS</i></p>	<p>The heart of Starbucks is people – everything in their business is about people – whether customers, partners, the whole community - Starbucks gives great value to all. Therefore, it is important for them to create an inclusive environment, it creates empowerment, understanding, brings new ideas and consequently innovation to the company. Although inclusion includes more than gender and minorities, Starbucks USA gives some numbers with respect to these two variables: by now, approximately 65% of their partners are women and 40% are minorities; of the 50+ Top Leaders at the company (“senior vice presidents” by title), 26% are women and 18% are minorities; and of their “vice presidents”, 48% are women and 15% minorities.</p>
<p><i>STARBUCKS COLLEGE ACHIEVEMENT PLAN</i></p>	<p>Starbucks, with collaboration with Arizona State University (ASU), is offering all part- and full-time (benefits eligible) U.S. partners the opportunity to earn a bachelor’s degree full tuition coverage for every year of college. The partners receive support from a dedicated team of coaches and advisors, 24/7 tutoring on a variety of subjects and a choice of more than 60 undergraduate degrees through ASU’s research driven and top-ranked program, delivered online⁴⁴.</p>
<p><i>FARMING COMMUNITIES</i></p>	<p>Starbucks works with nongovernmental organizations that have experience and knowledge in working with farming communities, aiming to develop them social- and economically and, at the same time, carrying about the environmental problems we face in the current days. Having as a primary concern the delivery of an excellent quality coffee beans, <i>Arabica</i>, Starbucks has founded Farmer Support Centres in coffee-growing locals, providing them the resources and expertise needed that consequently will help them lowering their costs of production, improve coffee quality and increase the production of premium coffees. Adding to this, Starbucks also invests in farmer loans, helping them manage risk and strengthen their businesses.</p>
<p><i>HOMETOWN</i></p>	<p>of course, Seattle has a very special place in the heart of Starbucks. It was the city of the first store, and since then that they show a strong commitment of supporting their “first community”. “<i>From Here for Here</i>”, although it might seem not obvious, is a word of gratitude for the Seattle community. Seattle was where everything started and, somehow, Starbucks feels that owes something to the community. As an example, for more than 20 years that the company has been supporting young musicians from Seattle with their signature benefit concert at the Paramount Theatre. In addition, for more than 40 years that Starbucks has been doing partnerships with concurring organizations in Seattle (University of Washington, Seattle Seahawks, Seattle Theatre Groups, and more)⁴⁵.</p>

⁴⁴<https://www.starbucks.com/careers/college-plan>

⁴⁵<https://www.starbucks.com/seattle/partnerships>

**STARBUCKS
(RED)**

(RED) is an organization that supports people in Africa who carry the AIDS virus and want to help them fight it. The eight-year partnership with (RED) resulted in more than \$14 million and counting. All donations generated through Starbucks RED campaigns have gone to the Global Fund to help the financing of HIV/AIDS prevention, education and treatment programs.

Voluntary Program Example

A partner-created project brought to you by Steve Bohn Jr

We will be giving the outdoor natural playscape of the library a spring cleaning. This includes gardening, raking, weeding, clipping and mulching of the library grounds and duck pond. This year we will be assembling and installing raised beds for the new Children's Community Garden. In the past we have also planted trees. This event is open to the public, and refreshments will be served. Please wear gardening shoes and gloves, and while gardening tools will be available, if you can bring a tool with you (even just a hand shovel), that would be helpful.

Date:
Thursday, April 21, 2016
Time:
4:00 pm - 6:00 pm
Location:
Town of Esopus Library 128 Canal Street
Port Ewen, NY 12466

Figure 19. Starbucks' Voluntary program, source: community.starbucks.com

Veterans Apron



Figure 20. Veteran's Apron, source: news.starbucks.com

Farmers Support Map



Figure 21. Farmer Support map, source: Starbucks.com

13.2.15. Appendix 16 – Starbucks’ programs in Portugal

PROGRAM	DESCRIPTION
<p>INTERNAL SUPPORT TO PARTNERS</p>	<p>The project is “Ajudar Cá Dentro”, in English “helping inside (the organization)”, and it is being in action since 2011. The project’s main objective is to give any kind of support to partners – food donations (from partners to partners), or special meetings to help a person in cause, the solidary moneybox, in which every time a partner is in need for something he/she cannot buy, colleagues can help giving a contribution to a new furniture or object for the new house, for example;</p>
<p>VOLUNTEER WORK, MONEY AND IN-KIND DONATIONS</p>	<p>Banco Alimentar is a Portuguese association that has the main objective of providing basic food to people in need that do not have access to it given the economic difficulties, and Starbucks assures their collaboration every year, being responsible for a specific store in the supermarket of Dolce Vita, a shopping centre in Lisbon. As part of their values, they care about communities in different parts of the world, including Africa. To collect funds to African NGOs, Starbucks participates every year in the families’ party of Colégio São João de Brito, in Lisbon, and all the money from the Starbucks’ corner (that includes food and drinks) goes to Jesuit missions to help in areas such as education, habitation, health care and potable water. In this project, only volunteer partners participate. Part of this volunteer work with NGOs is also helping a NGO founded by young entrepreneurs, Just a Change, that has as primary objective helping rebuilding houses of careless people. The company provides food, beverages and even volunteers when they have training actions or events to raise money. The same type of goods is also</p>

provided to Quinta da Fonte da Prata that, in collaboration with Santa Rafaela Maria Foundation, organizes holiday camps for kids in the age of 12-17 years old. Food and beverages are offered when in the camps, donations are collected among partners and customers in special campaigns, and Starbucks also allow them to go and visit their stores. Also, whenever Starbucks needs a place for a meeting or presentation, it chooses a NGO as a place for that, as a donation form (for example Casa do Gaiato and Casa da Alegria, social charity houses that shelter people in need). Recently, Starbucks is also part of the volunteers dedicated to help refugees (providing them products that fulfil basic needs);

**EDUCATIONAL
AND
PROFESSIONAL
SUPPORT TO
DISADVANTAGED
AND/OR HARD
LIFE-STORIES
PEOPLE**

Vale de Acór, an institution that supports people with addiction backgrounds (alcohol and/or drugs), psychological problems and ex-prisoners, *Cooptécnica* and *Escola Braancamp Freire* (both public schools) and *Pais21*, an association created by Down Syndrome kids’ parents dedicated to share stories, news and specificities, are some of the institutions supported. Starbucks is proud to share that they have incorporated a Down Syndrome employee who has been working for Starbucks since 2014 (at the *Rossio* store, in Lisbon) and a person from *Vale de Acór* institution too;

**PAAS
PRESENTATIONS
IN STORE**

PAAS is an association that looks for integration and development of people with Asperger Syndrome. For example, on the October 27th, 2016, PAAS and Starbucks were together at Starbucks store in *Belém*, Lisbon, to share the book “O cão que comia a chuva” – “The dog who used to eat the rain” – that tells us a story of Zé, a 11-year old boy who suffered from bullying, and they also presented the project “Bullying in Autism.

13.2.16. Appendix 17 – Dunkin Donuts Store



Figure 22. Dunkin Donuts inside store, source: lvdonuts.com

13.2.17. Appendix 18 - Costa Coffee



Figure 23. Costa Coffee inside store, source: belfasttelegraph.co.uk

13.2.18. Appendix 19 - McCafé



Figure 24. McCafé inside store, source: mcdonalds.pt

13.2.19. Appendix 20 - Maslow's Hierarchy of Needs

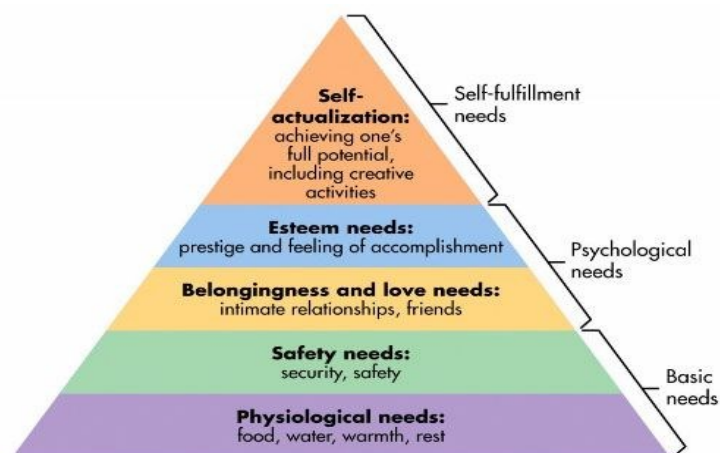


Figure 25. Maslow's Hierarchy of Needs, source: simplypsychology.org

13.2.20. Appendix 21 - Starbucks Responsible goals for 2015

AREA	GOALS
<p style="text-align: center;">ETHICAL SOURCING</p>	<p><i>Ensure 100% of ethically sourced coffee:</i> the goal was to achieve 100% by 2015, but the truth is that they did not achieved 100%, but 99%. However, Starbucks has not given upon the 100% and it is in this sense that Starbucks has been working;</p> <p><i>Invest in farmers and their communities by increasing farmer loans to 20% in 2015:</i> the goal was \$20M and Starbucks proudly announced in 2015 that they had accomplished \$21.3M. An example of a farmer load is the tree renovation, since trees do not produce forever and they need to be replaced to ensure a healthy harvest;</p>
<p style="text-align: center;">ENVIRONMENT</p>	<p><i>Build all new, company operated stores to achieve LEED® certification:</i> Starbucks has achieved the LEED® (Leadership Energy and Environment Design) certification in more than 700 stores in 19 countries – more than any other retailer. The main objective of these stores is to reduce the negative impact they have on the planet, resorting to recycled materials where it is possible and finding ways to decrease the consumption of water and energy;</p> <p><i>Implement front-of-store recycling in our company-operated stores by 2015:</i> usually Starbucks leases stores in existing buildings, which means that, to recycle or rebuild something, many authorizations from landlords or municipalities are needed, at sometimes it might be hard to get them. Therefore, Starbucks has developed a very flexible recycling program that includes installations, processes and equipment that that work with all the constraints that the company faces when leases stores. By 2015, 59% of the U.S. and Canada stores had implemented the front-of-store recycling;</p> <p><i>Serve 5% of beverages made in store in personal tumblers by 2015:</i> despite of the efforts, and even with the White Cup Contest⁴⁶, Starbucks could not achieve its goal for 2015 – the 5%-goal was translated in a decrease from 2014 to 2015 (from 1.7% of the total beverages sold⁴⁷ to 1.6%). Starbucks continuously promotes this behavior but they are conscious that this change is ultimately up to the customers;</p> <p><i>Reduce energy consumption by 25% in the company-operated stores by 2015:</i> despite it is still something that Starbucks cares, in 2008 the company could not foresee that food would become such a big element in their business. Together</p>

⁴⁶The White Cup Contest was an initiative taken by Starbucks that challenged the customers decorate a Starbucks cup with customized art, take a photo and post in the social media with #WhiteCupContest; the winning designed would be printed on a limited-edition Starbucks reusable plastic cup; <https://news.starbucks.com/news/starbucks-invites-you-to-decorate-its-iconic-white-cup>

⁴⁷In U.S., Canada, U.K., France, Germany and Netherlands company-operated stores.

COMMUNITY	<p>with food, it comes expenditures in energy for refrigerating and warming. By 2015, Starbucks only got 4.3% of decrease in comparison to the baseline, 2008;</p> <p><i>Purchase renewable energy equivalent to the 100% of the electricity used in their company-operated stores:</i> Starbucks had achieved its goal, purchasing 1.392 billion kilowatt hours;</p> <p><i>Reduce water consumption by 25% in the company-operated stores by 2015:</i> they have achieved their goal with a 26.5% reduction in water since 2008;</p> <p><i>Mobilize the partners (employees) and customers to contribute with 1 million hours of community service per year in 2015:</i> Partners and customers have contributed to 332.885 hours of community service in 2015, less than in 2014 (524.974 hours).</p>
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13.2.21. Appendix 22 - Comparison of tea and coffee consumption (2012)

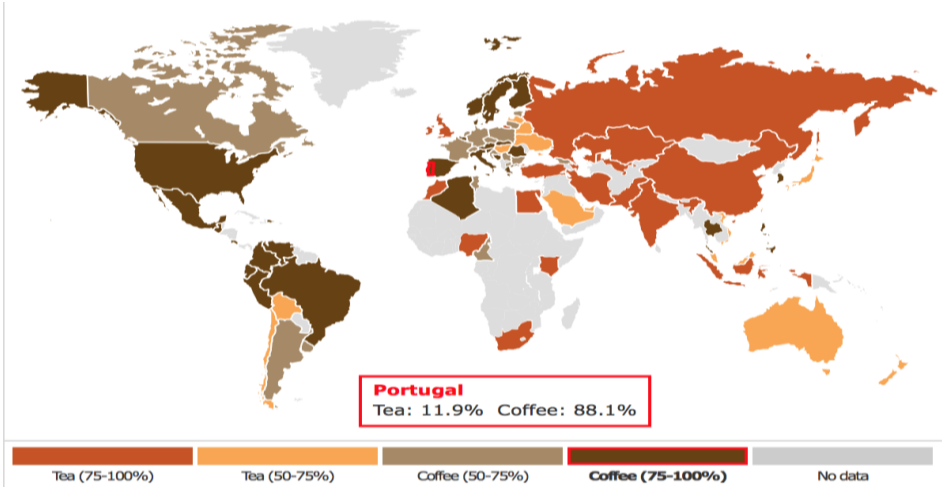


Figure 26. Tea and coffee consumption around the world, source: euromonitor.com

13.3. Market Research

13.3.1. Appendix 23 - Number of employees of each store (by gender)

STORE LOCATION	FEMININE	MASCULINE	TOTAL
ALEGRO	6	4	10
BELÉM	9	9	18
ALMADA	6	4	10
ROSSIO	9	14	23
DVT	6	4	10
CHIADO	12	4	16
CASCAIS	7	4	11
ECI LISBOA	9	7	16
ECI GAIA	7	6	13
TOTAL	71	56	127

13.3.2. Appendix 24 - Interview to Marketing manager at Starbucks

Question 1 - What is the social responsibility policy of Starbucks?

Starbucks Coffee Portugal is a company that worries about the community in which is inserted and wants to be active in making other people's life better - partners, customers and community. It is mandatory for us to share the love, joy and happiness with others that need these positive emotions and we know that in doing so we are inspiring every person involved. This is our mission, "to inspire and nurture the human spirit – one person, one cup and one neighbourhood at a time" especially in the way we live the social responsibility.

We consider that it is our duty to create a better team for our company. We also know that, if we want to give more, we need to start by giving more to our shareholders – "The balance between profit and benevolence".

Question 2 - What kind of initiatives does Starbucks do?

1 – Internal support to partners (since 2011);

2 – Volunteer work;

3 – Monetary donations;

4 – Food & beverages donations;

5 – Support training and employment of people with disabilities, needy or people with hard-life stories;

6 – Presentations in store;

7 – NGOs spaces' rental to use for Starbucks' presentations, forums, as a donation to the NGO.

1 – Projects:

a) "Ajudar cá dentro" – "Help inside": helping who is by your side;

b) Piggy bank to partners;

c) Punctual support to diverse areas of necessities from partners to partners;

2 – Volunteer work:

a) Banco Alimentar;

b) Families' Party (donations to NGOs operating in Africa)

c) Just a Change (NGO dedicated to rebuild houses to needy people)

- d) *Casa da Alegria*
- e) *Casa do Gaiato*

3 – *Monetary donations:*

- a) *Quinta da Fonte da Prata*
- b) *Casa da Alegria*

4 - *Food & beverages donations:*

- a) *Families' Party*
- b) *Quinta da Fonte da Prata*
- c) *Just a Change*
- d) *Social Welfare Organizations/NGOs*
- e) *APSA (Portuguese Association Asperger Syndrome)*
- f) *Casa da Alegria*

5 – *Support training and employment of people with disabilities, needy or people with hard-life stories:*

- a) *Vale do Acór;*
- b) *Pais 21;*
- c) *Cooptécnica, Braancamp Freire School*

6 – *Presentations in store*

- a) *APSA*

7 – *NGOs spaces' rental to use for Starbucks' presentations, forums, as a donation to the NGO*

- a) *Casa do Gaiato;*
- b) *Casa da Alegria*

Starbucks has some projects that already exist since a long time ago and with which we have a commitment assumed. Unfortunately, there are a lot of necessities and we are constantly contacted in order to help. However, we cannot meet all the requests, but we are constantly trying to do a little bit more each time. The project "Ajudar cá dentro"

aims to help partners with more necessities, providing them a food basket. The project “Piggy bank” wants also to help partners in a specific tough moment of their lives (for example, when they need furniture for the new house, kitchenware, etc.). Every year we collaborate with “Banco Alimentar”, we donate funds for social institutions and we provide our store in Belém (where the office is) for APSA presentations. We also provide food and beverages for some institutions for them to raise funds.

Question 3 - In which way do these actions differ from other Starbucks in other countries?

The social responsibility policy is the same (youths, environmental responsibility and local community). As such, we know that there is a common direction. However, we can only talk about the way we live this CSR in Portugal. We follow the “do to others what you would like others do to you” and, thus, we want our action to be directed to very specific needs and people, to which our help is crucial and makes the difference. We believe that what we do is not much, but if we all do something, we are on the path to a better world.

Question 4 - How are these initiatives managed in terms of operations?

There is a responsible for this area, that is also responsible for the Marketing operations, meaning, me. Every project is centred in the Support Centre (in Belém), as well as all the requests of new entities. The store manager of each store also incorporates the social responsibility area in his/her tasks. For 2017, we want to have a CSR responsible other than the store manager, reinforcing this area. Every person in the support centre seeks to be the first giving the example and incentivize the volunteer work and engagement in social activities.

Question 5 - Do these activities have the participation of the employees?

Yes. Fortunately, we have a lot of them that like to participate as volunteers. However, the work is “volunteer” and, this way, only participates who wants to.

Question 6 - Is the impact of the initiatives measured?

We do not measure the impact in “numbers”. However, it is notorious the satisfaction of our collaborators in participate. We want to have them motivated. Our concerns are not

only at an external level, but also at an internal level – we want our teams to be happy and motivated. We believe that the “good moods” pass to our customers and, at the end, to the company’s results. We do not do it for the results, but because we detect the truly necessity in helping someone and we want to help, and the truth is that when we think about “the other”, the person who needs our help... That creates motivation, team work. The fact that we have such motivated people leads to indicators of customer satisfaction very positive, employee rotation lower and, at the end, better results.

Question 7 - Can you know if they feel more motivated for having a role in these initiatives?

Yes, as I said before.

Question 8 - Do you apply organizational climate surveys?

We do it in other way. We look for listen to our partners in every level: we have frequent chats, the Support Centre listen to everything that partners want say, each person talks to the person in the level below and tries to understand what went right and wrong, we celebrate, we share stories and worries.

Question 9 - Which internal marketing initiatives do you promote to boost job satisfaction?

We have a recognition and celebration program, the Green Apron behaviour (behaviours that represent our mission), partner of the trimester and partner of the year (for his/her behaviour during the period, for the commitment with others, internally and externally), two annual forums where Starbucks’ culture rules and CSR is a must, celebrations for anniversary of the stores, of the company, partners’ birthday, accomplishments, for a special moment in their lives, etc.) and a lot of recognition awards. The internal program “Celebrate with joy” aims to recognize who deserves, for one reason or another.

Question 10 - How is the motivation done inside the organization?

It is very important for us that every partner feels involved and motivated. Motivation is something that we build every day, is a continuous work. What we try to do is to make our partners feel special and unique. We valorise positive actions but when it is necessary a negative feedback, we do it in a constructive way. We believe that we know how to listen

them and fulfil their needs. It is extremely motivating to foster the internal growth. As an example, one of our District Manager (DM), responsible for 5 stores, grew up with us. He/she started as a part-time barista and now is a DM. We like to give the opportunity to people; we believe them and help them getting further. I can give some examples of concrete situations:

Partner A: we found out that one of our partners was stealing from the store. The normal procedure was to fire her and open disciplinary proceedings. However, she was a partner who was working with us since a long time and we understood that she was having a lot of financial problems and if we fired her, she would be in a very tough situation. We opted for talking to her and we understood that she was regretted. We agreed that she had to apologize every collaborator and that she had to pay what she stole (but not everything at once). We decided to give her a second chance and today is still a partner at the company.

Partner B: He give us a lot of reasons for us to dismiss him. However, we opted for listen to him, understand him and nowadays he is our former. It is him who welcomes new partners and shows them what it means to belong to the Starbucks' family.

Partner C: One of our partners had a serious health problem. During that time, she could not work and had a lot of financial problems, especially because of the treatments. Her manager was alert and shared the situation with other managers. The company made a loan for her and every store contributed financially to help her.

Partner D: one of our partners rented a house but did not have the money to decently furnish it. Basically, he needed everything, from tables to dishwasher or even blankets. Once again, his manager was alert and the situation was rapidly communicated and soon a lot of people was willing to help him.

Question 11 - In your opinion, do you believe that there was a benefit in measuring the impact that your social responsibility initiatives have on employees' motivation?

It is common to say that who helps others, helps oneself. In fact, our big goal of these initiatives is helping who needs the most. We do not pretend projection nor we have any other intentions besides actually help. We measure the motivation of our collaborators, but not specifically in this area (CSR), we do it as a whole.

Question 12 - And how do you believe would be possible to do it so?

We believe that makes more sense to measure motivation as a whole. It would be something hard to measure, unless throughout a questionnaire with objective and direct questions. We think that is more about giving: giving more to our partners, our shareholders and our community. The sentence “the balance between profit and benevolence” is right on the point, we cannot give more without giving more of us. Therefore, we evaluate their state of happiness by company’s results (shareholders and customers) and by what we do for our partners and community.

Question 13 - I noticed that during the interview you refer to employees as “partners”. Why do you do it so?

Partner means that each one of us is fundamental in Starbucks’ success. Each person working at Starbucks is unique, with a lot of personal value and should always represent what we are in every situation. Understand and live the importance that each person has, starts as soon as this person becomes a partner in this company. We know that the heart of the success of this company are our partners. It is them who deals every day with our customer, they are the “face” of Starbucks and each interaction with a customer is unique and that is what makes Starbucks’ experience an incredible one. Each partner is the owner of the moment in which he/she will make a customer happy, and that is what we want our partners to know.

13.3.3. Appendix 25 - Scale Questionnaire

Dear participant,

I am a Master student from Católica Lisbon School of Business and Economics and currently working on my dissertation project. The field of this study is Corporate Social Responsibility at organizations.

The questionnaire will not take more than 15 minutes of your time. It is anonymous and it will only be used for academic purposes.

Thank you for your participation!

What is your task/work duty at Starbucks?

A:

Since when have you been working here?

A:

Perceived Corporate Responsibility Scale:

Social

1. Contributing to the well-being of employees is a high priority at my organization.
2. Contributing to the well-being of customers is a high priority at my organization.
3. Contributing to the well-being of suppliers is a high priority at my organization.
4. Contributing to the well-being of the community is a high priority at my organization.
5. Employees are often part of Starbucks' social initiatives (suggestions, participation, others.)

Environmental

6. Environmental issues are indispensable to the strategy of Starbucks.
7. Addressing environmental issues is an essential part of the daily operations of Starbucks.
8. Starbucks takes great care that our work does not hurt the environment.
9. Starbucks is capable to achieve its goals while staying focused on its impact on the environment.

Job Satisfaction

10. Overall, I am satisfied with my job.
11. In general, I like my job.
12. In general, I like working at Starbucks.

Organizational Commitment

13. I would be very happy to spend the rest of my career in this organization.
14. I like to talk with people about my organization outside it.
15. I think other organization could make me as satisfied and happy as Starbucks. (R)
16. I feel “part of the family” at Starbucks.
17. I feel “emotionally attached” to this organization.
18. This organization has special meaning for me.
19. I do not feel a sense of belonging at Starbucks. (R)

Meaningfulness

20. The work I do is very important to me.
21. I feel that Starbucks’ values fit perfectly into mine.
22. My job activities are personally meaningful to me.
23. Starbucks’ social and environmental initiatives are important to me.

Perceived Organizational Support

24. My organization values contributions from employees that aimed a better performance of the company.
25. My organization cares about well-being of employees.
26. My organization takes into consideration goals and values of employees.
27. My organization is willing to help employees if they need a special favor, even personal ones.
28. My organization shows little concern for employees. (R)
29. My organization takes pride in accomplishments of employees at work.

Note: (R) = reverse-worded. For all items, 1 = strongly disagree, 2 = somewhat disagree, 3 = neither agree or disagree, 4 = somewhat agree, 5 = strongly agree.

13.4. Teaching Notes

13.4.1. Appendix 26 - Value Chain



Figure 27. The Value Chain structure, by Michael Porter (1985)

PRIMARY ACTIVITIES

Inbound logistics: strategic relationships with suppliers, selecting the finest quality of coffee, from the farms to Starbucks' customers;

Operations: as already mentioned, Starbucks operates in 75 countries, having an equilibrate number of owned and franchise stores (about 50-50). However, revenues from the licensed stores accounted for 10% of net revenues in fiscal year of 2015. The company has more than 25.000 stores operating.

Outbound logistics: there is very little presence of intermediaries in product selling. Most of the products are sold in their own stores or licensed ones. (For example, in Portugal, there are Starbucks products sold in supermarkets and gas stations, but it is not common to find in many stores.)

Marketing and Sales: Starbucks usually does not engage in aggressive marketing, but instead invests in their products' quality and recognition in the market. The popularity of Starbucks worldwide is used as an "invisible" marketing tool of the company.

Service: Starbucks provides a high level of customer service at its stores, considering its partners as the heart of Starbucks' experience.

SUPPORT ACTIVITIES

Firm Infrastructure: Starbucks present its customers with well designed, aesthetically pleasing stores. To support company's operations, the company counts with efficient departments such as financial, accounting or legal.

Human Resource Management: As mentioned, Starbucks' workforce is considered key in company's growth and success. They are well trained and constantly motivated to do their best. Starbucks has about 238.000 partners worldwide⁴⁸.

Technology Development: despite all the technological equipment at the stores to reduce costs and to ensure quality and food and beverages' taste among the stores, Starbucks has unlimited and free Wi-Fi available in every store, it has launched the website *mystarbucksidea.force.com* for customers to share experiences and give some ideas and suggestions, and has also implemented the *Starbucks app for iPhone* which makes easier to pay drinks and food and to pick them up without waiting in line⁴⁹.

Procurement: deals with the way Starbucks procures the raw materials to offer customers the final products. The company obtains them from a diverse group of suppliers and has fixed contracts with some of them.

Key Aspects of Starbucks:

Value Proposition	Custom service; Customer satisfaction; Premium-quality products.
Customer Relationship	Personalized treatment; Quick Service; Kindness from the partners; Quality of the service.
Key Activities	Coffee and tea beverages; Pastry; Seasonal products; Merchandising and complementary products.

⁴⁸As of September 27th, 2015, in Starbucks Annual Report 2015

⁴⁹For more information, please visit: <https://www.starbucks.com/coffeehouse/mobile-apps>

Key Resources	Equipment and accessories; Trustworthy and quality assured from suppliers; Technology; Financing; Human Resources.
Cost Structure	Raw materials; Machinery; Supplies; Furniture; Transportation of supplies.
Stakeholders	Employees (partners); Suppliers; Customers; Environment; Investors; Governments.

13.4.2. Appendix 27 – SWOT Analysis

