



BSmart Case Study Competition

Starbucks CSR: A strategy empowering the brand

Uploaded By: Abhishek Chatterjee

Departments : MBA General, Marketing, Business Analytics, Healthcare, Finance, International Business, Digital Marketing, Human Resource Management

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Authors: Dr Shalini Kumar & Shivani Rajwar

Problem Statement: Starbucks is found to have been actively associated with sustainability-driven initiatives and has been integrating these capabilities at various levels. Whether it is environmental concerns or internal staffing policies, due consideration is given to the sustainability level of the impact generated. It has not only been one of the leading beverage chains all over the world, but more so with a purpose. *"To inspire and nurture the human spirit — one person, one cup, and one neighbourhood at a time."* – Starbucks Mission.

This case study aims to dive deep into the CSR initiatives undertaken by Starbucks, which portray it in a light that is unique and acts as an enabler for the brand to explore the unique spaces. However, these initiatives are faced with major roadblocks in terms of the waste challenges, water shortages, and economic inequality in certain countries.

Introduction:

The global coffee chain Starbucks operates in over 80 international markets. It maintains its position as one of the most recognised global chains through its premium products and a strong commitment to Corporate Social Responsibility (CSR). The case study examines how Starbucks integrates CSR deeply into its business operations through ethical sourcing initiatives, together with environmental sustainability programs and inclusive employment practices, and ethical governance standards.

The core principle of Starbucks' sourcing approach exists through the Coffee and Farmer Equity (C.A.F.E.) Practices that verify the ethical procurement of coffee, along with high environmental and labour standards. The company aims to achieve 99.75% ethical sourcing of its coffee and 99.95% ethical sourcing of its tea by 2024. The implemented practices work to reveal supply chain processes and eliminate abusive labour practices, while simultaneously improving farmers' economic well-being. The company has joined forces with independent certification organisations, together with NGOs, to maintain its ethical sourcing standards.

The company aims to cut its carbon emissions by 50% through 2030 while boosting energy efficiency and waste reduction programs that include cup reuse systems and post-consumer recycled material usage. Starbucks established its first green store in Ludhiana, India, which provides electric vehicle charging stations with rainwater collection and composting facilities. The company has set a goal to reach 100% customer-facing packaging that is either reusable or recyclable before 2030.

Despite its value-driven initiatives, Starbucks has encountered numerous criticisms and legal challenges throughout its operations. The company has been facing multiple legal issues due to its deceptive ethical sourcing statements, U.S. union disputes, and foreign tax avoidance schemes, as well as reports of hazardous workplace practices against employees. The premium pricing model of Starbucks in India faces criticism for excluding lower-income groups, while its market expansion has faced challenges due to inflation and changing customer behaviour patterns.

This case study promotes an analytical assessment of Starbucks' CSR strategy because it needs to determine if its CSR initiatives represent authentic corporate ethics or serve as a strategic marketing and risk mitigation approach. The case examines how multinational businesses manage stakeholder expectations alongside reputational risks and socio-political complexity when expanding ethical and sustainable practices across global and local market sectors.

Context:

Corporate Social Responsibility can be defined as a practice by which companies inculcate social and environmental concerns in their business operations. For Starbucks, philanthropy and CSR have become a core component in its global strategy.

Starbucks Environmental Responsibility:

Starbucks aims its strategies at reducing its carbon footprint, promoting sustainable sourcing, waste reduction, energy efficiency, and water conservation.

Ethical Sourcing:

Coffee and Farmer Equity, a practice introduced by Starbucks, aims to promote the ethical sourcing of coffee beans. It emphasizes fair prices, transparency, the banning of child labour, and the promotion of environmentally responsible farming. 99% of Starbucks coffee is C.A.F.E. verified. In FY 2024, Starbucks achieved 99.75% ethically sourced coffee and 99.95% ethically sourced tea. In India, the Community Health and Advancement Project has so far impacted over 12,000 people, improving their sanitation, health education, and livelihoods.

Waste Reduction:

Starbucks aims to transform all customer-facing packaging into reusable and recyclable materials by 2030. Following this, in the US, it introduced a new hot cup that incorporates almost 30% post-consumer recycled fiber to reduce paper and plastic consumption. In fact, there have been some pilot programs in countries such as the US, the UK, and South Korea, where Starbucks has tested reusable cup-sharing systems, allowing customers to borrow and return cups. Starbucks has collaborated with NGOs and third-party certifiers to improve its waste metrics.

Energy Efficiency:

Starbucks aims to reduce its carbon footprint by half by 2030. The 2022 statistics show that Starbucks implemented measures to reduce carbon emissions in 3,500 locations, representing 10% of its global stores.

The company aims to operate 77% of its global company-operated locations using renewable energy sources by 2025. The first green store in India received certification in Ayali Kalan, Ludhiana, through its implementation of EV charging stations, rainwater collection systems, and biodegradable operations, as well as fertilizer distribution using coffee grounds. The company has aimed to protect and restore half of its operational water usage by 2030.

Discussion:**Equity and Inclusion – Ethical Business Practices:****Inclusive Hiring:**

Starbucks has made its position clear in fostering a diverse and inclusive workforce. Starbucks employment extends to veterans, refugees, and people with disabilities, giving them an opportunity to live with dignity. In the fiscal year of 2024, women made up 71.9% of US retail partners and 55.2% of corporate partners. Since 2013, more than 40,000 veterans and military spouses have been hired. As per data of 2024, over 30 women-run “all-women” stores are operational in cities like Bangalore, Mumbai, and Delhi. Tata Starbucks achieved 100% pay equity by 2019. There is pay equity across gender and race. The “To Be Welcoming” program of Starbucks aims at diversity training. Starbucks College Achievement Plan joins it with education programs.

Anti-Corrupt Policies:

Starbucks prioritises legal compliance as well as ethical conduct. Starbucks has a zero-tolerance policy towards bribes. It assigns a global Chief Ethics and Compliance Officer, who has to directly report to the board's audit committee, leads ethical governance, oversees internal investigations, and also risk mitigation. In India, Tata Starbucks follows the same anti-bribery policy, complying with India's Prevention of Corruption Act. Partners in India also have the same global ethics and compliance helpline. Even some partner concerns were reported via Reddit on enforcement.

Challenges and Criticisms:

Despite its sustainability-driven initiatives, the company has faced allegations and criticisms regarding the authenticity of its efforts.

In 2022 and 2023, Baristas across the US voted against Starbucks, claiming its inconsistent management, scheduling, and pay. In January 2025, its workers' union accused the company of requiring baristas to work in areas of LA affected by wildfire. In March 2025, the Center for International Corporate Tax

Accountability and Research indicated that Starbucks used a Swiss subsidiary to avoid taxes on \$ 1.3 billion. In 2024, the National Consumers League filed a lawsuit in Washington, D.C., claiming that Starbucks' 100% ethically sourced commitment is deceptive. In countries like India, Starbucks is often criticised for premium pricing, and considering this, Starbucks is often seen as a luxury or aspirational brand. Due to recent economic headwinds in India, including high inflation and stagnant wages, Tata Starbucks has experienced slow store expansion, opening just 16 new outlets in late 2024, despite its target of 30.

Starbucks implemented a strategic approach to match its business operations with worldwide ethical and environmental standards through its CSR initiatives. The company demonstrated its commitment to responsible sourcing and environmental impact reduction and social inclusion through its C.A.F.E. practices and sustainable store design, and inclusive hiring initiatives. The Indian operations of Starbucks demonstrate their CSR localisation approach through their establishment of all-women stores and their implementation of health and education programs, and their adoption of green certification standards.

The company has received substantial criticism from various stakeholders. Starbucks faced criticism for its deceptive sourcing practices and tax evasion schemes, and labour disputes that emerged from unionisation efforts and workplace treatment issues, which suggest a possible mismatch between its socially responsible values and internal operations. The conflicting priorities between social responsibilities and shareholder demands, and operational requirements create difficulties for the company.

Third-party certification and ESG reporting rely on clear enforcement and transparency if they are to lend credibility. The implementation of CSR interventions is problematic in India because of the continued emergence of waste challenges, water shortages, and economic inequality. Starbucks, for example, has a tenuous balance between being mission-driven and its profit-making venture. CSR must be continually enforced, contextually relevant, and rooted in internal governance and employee relations if it is to leave being simply a marketing tool.

Conclusion:

The CSR strategy of Starbucks combines advanced ethical sourcing practices with environmental stewardship and inclusive business methods. The brand achieved global leadership in conscious capitalism through its successful integration of sustainability and social responsibility into its core operations. The Indian market benefits from localised CSR initiatives, which include all-women stores and green outlets that demonstrate the potential to adapt global CSR frameworks to regional requirements.

The company faces ongoing difficulties due to labour disputes, regulatory criticism, and doubts about authenticity, which underscore the need for transparent internal accountability and genuine stakeholder engagement. CSR exists as an ongoing development instead of a single achievement. The true assessment of Starbucks depends on its ability to consistently implement its ambitious targets in a measurable and context-sensitive manner.

The case of Starbucks demonstrates how multinational corporations can handle their profit-making activities while maintaining sustainability and social impact in diverse markets such as India.

(Contributed by Global Risk Management Institute)

Attachments:

- https://s3.ap-south-1.amazonaws.com/stcontent.bslearning.in/global/case_study/527/StarbucksGuidingNotesdocxGoogleDocs.pdf
- https://s3.ap-south-1.amazonaws.com/stcontent.bslearning.in/global/case_study/527/StarbucksCasesStudydocxGoogleDocs.pdf

Questions:

Question 1: What are the challenges faced by Starbucks in implementing ethical sourcing?(10 Marks)

Question 2: What do you know about the hiring policies of Starbucks?(10 Marks)

Question 3: What do you know about Starbucks' sourcing approach?(10 Marks)

Question 4: What are some of the anti-corrupt policies Starbucks is following?(10 Marks)

