

# *Starbucks HRM Practices*

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## OUR MISSION

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With every cup,  
with every conversation,  
**with every community—**  
we nurture the limitless possibilities  
of human connection.

# Starbucks

- Goal was establishment of "third place" (Simon, 2009)
- Required involved and passionate baristas to provide exceptional service (Pangarkar, 2015)
- Pay and benefits have historically been higher than other food service chains (Moon & Quelch, 2003; Starbucks, 2022)
  - 80-90% job satisfaction; 65% turnover
  - 70% of store managers were baristas
  - 60% of district managers were store managers

# *Triple Shot Reinvention...*

## **01.** *Elevate the Brand*

Better managed stores, new concepts, renovations

## **02.** *Strength and Scale Digital*

Double mobile users in 5 years and expand digital and technological collaborations

## **03.** *Become More Global*

55,000 stores by 2030 (35,711 in 2022)

## **01.**

### ***Unlock Efficiency***

Save \$3 billion over 3 years to return to shareholders

## **02.**

### ***Reinvigorate Partner Culture***

Continued investment in partner experience

*...With Two  
Pumps*



# *Current HRM Practices*

- Global Human Rights Statement – follow ILO core labor standards (Starbucks, 2020)
  - Non-discrimination, equal pay, freedom of collective bargaining, no forced labor, no child labor (International Labor Organization, 2022)
- Right to privacy – limited collection and use of private data
- Ethics and compliance helpline for grievances

# *Current HRM Practices*

- Strong benefits (Starbucks, 2023)
  - One of top companies for hourly workers
  - Invested 20% of FY2023 profits in wage increases, training, new equipment
    - Wage increase of 50% since 2020
    - Hourly pay between \$15–24
- 23,000 partners enrolled at ASU
- Long history of support of workplace diversity (Howes, 2017; Siegel, 2018; Durbin, 2023)

# *Exemplary HRM*

Areas of focus aligning with **unlocking efficiency** and the **revitalization of the partner culture** include:

- Diverse talent acquisition
  - 50.5% racial/ethnic minorities
  - >70% women
  - 100 on Disability Equity Index (Clem, 2023)
  - Benefits to LGBTQ partners since 1988 (Durbin, 2023)
  - Commitment to hire thousands of refugees and veterans (Howes, 2017; Sanchez Herrera et al., 2021)



## *Exemplary HRM*

Areas of focus aligning with **unlocking efficiency** and the **revitalization of the partner culture** include:

- Career Development (Moon & Quelch, 2003; Starbucks, 2023)
  - 70% of store managers were baristas
  - 60% of district managers were store managers
  - 23,000 partners enrolled at ASU Online with choice of 140 majors

# *Exemplary HRM*

Areas of focus aligning with **unlocking efficiency** and the **revitalization of the partner culture** include:

- Industry leading pay and benefits
  - Lowest starting pay is \$15/hour
  - **Benefits eligible employees (>20 hours/week)**
    - Free tuition at ASU, Medical/Dental/Vision Insurance, Paid parental leave
  - **All employees**
    - Stock, 410(K) – 5% match, Discounts/Free food and drinks
  - **COVID Pay**
    - All employees given 30 days pay even if they didn't work

# *Non-exemplary HRM*

## Workload and Stress

Job Demands-Control Model (JDC) states “employees experience stress when there are high job demands and little control over their job” (Bauer et al., 2020)

- Unrealistic performance goals (Sainato, 2021)
- Understaffing and increased workload due to multiple channels (e.g. mobile, in store, drive-thru)
- Perception of inadequate compensation for amount of work required

# *Non-exemplary HRM*

## Labor Relations

Numerous labor disputes and lawsuits from its workers involving complaints of:

- Low wages (Li, 2022)
- Unfair tipping practices (Brody & Chang, 2008)
- Lack of overtime pay and breaks
- Prevention of unionization (Rogers, 2022)
  - "Red Cup Rebellion," protesting Starbucks unfair labor practices, on the biggest promotional event of the year. (Durbin, 2023)

National Labor Relations Board (NLRB): Starbucks has violated federal labor law in its efforts to stop employee unionization

# *Consistent with Best Practices – Human Capital Theory*

*Investment in education is necessary to acquire skills and training, which, in turn, will increase individual capital, (Blundell et al., 1999).*

## **Training and Development**

- Barista Basics Training Program (Starbucks, 2022)
- “Starbucks Experience” – 24 hour program (Fowler, 2015)
- Coffee training (Leinwand & Davidson, 2016)
- Baristas that last through training (~90 days) generally stay 3+ years (Moon & Quelch, 2003)

# *Consistent with Best Practices – Human Capital Theory*

*Investment in education is necessary to acquire skills and training, which, in turn, will increase individual capital, (Blundell et al., 1999).*

## **Benefits**

- Exceptional benefits (tuition, parental leave, insurance, stock, retirement, etc)
- Investment in partners is hallmark of successful HRM (Bauer et al., 2020)

## **Partner-Centric Scheduling**

- Starbucks allows partners to have schedules that accommodate their lives; this provides motivation and sense of support (Bauer et al., 2020)

# *Consistent with Best Practices – Inclusive Leadership Theory*

**Leaders are committed to ensuring all team members are treated equitably, have a sense of belonging and value, and have the resources they need to achieve their full potential (Ferdman et. al, 2020)**

## Diverse workforce

- Starbucks strives to hire partners who reflect their communities in terms of race, sex, gender identity/expression, disability or veteran status, etc (Tikson, 2018)
- Majority of store and district managers come from this workforce (Moon & Quelch, 2003)

## Inclusive hiring practices

- Specific efforts to hire partners with disabilities (Siegel, 2018), veterans (Howes, 2017), refugees (Gozdan & Sudolska, 2021)

## Inclusive customer experience

- Natural result of diverse and inclusive workplace

# *Inconsistent with Best Practices*

## Anti-Union Efforts

- Discrimination and termination of employees attempting to unionize in NY (Greenhouse, 2007)
- Termination of employees in PA (Schieber, 2021)
- 300+ stores unionized since 2021 (Hsu, 2023)
- Union-busting tactics *still* include holding “anti-union” listening sessions, denial of benefits and pay increases, and terminations (McNicholas et al., 2023)

# *Inconsistent with Best Practices*

## Racial bias incidents

- Partners not supported in anti-racist #RaceTogether campaign (Novak & Richmond, 2019)
- Equal Employment Opportunity Commission allegations of race bias in partner promotion (Lucas, 2021)
- Black customers asked to leave multiple stores for no apparent reason
- Racial slurs written on cups (Avila et al., 2019)

## Pride controversy

- Some stores were told to take down Pride displays that were previously allowed; unclear if direction was from individuals or corporate (Wiener-Bronner, 2023)

# **HRM Threats**

## **Labor Market**

Starbucks must continuously assess and adjust its compensation and benefits strategies to remain competitive in the talent market.

Maintaining effective HRM practices at Starbucks requires a proactive and adaptive approach. As a global coffeehouse chain, Starbucks relies heavily on its workforce to deliver exceptional customer experiences.

## **Employee Turnover**

Conduct a regular employee feedback sessions, implementing competitive compensation structures, and providing clear paths for career growth

# HRM Threats

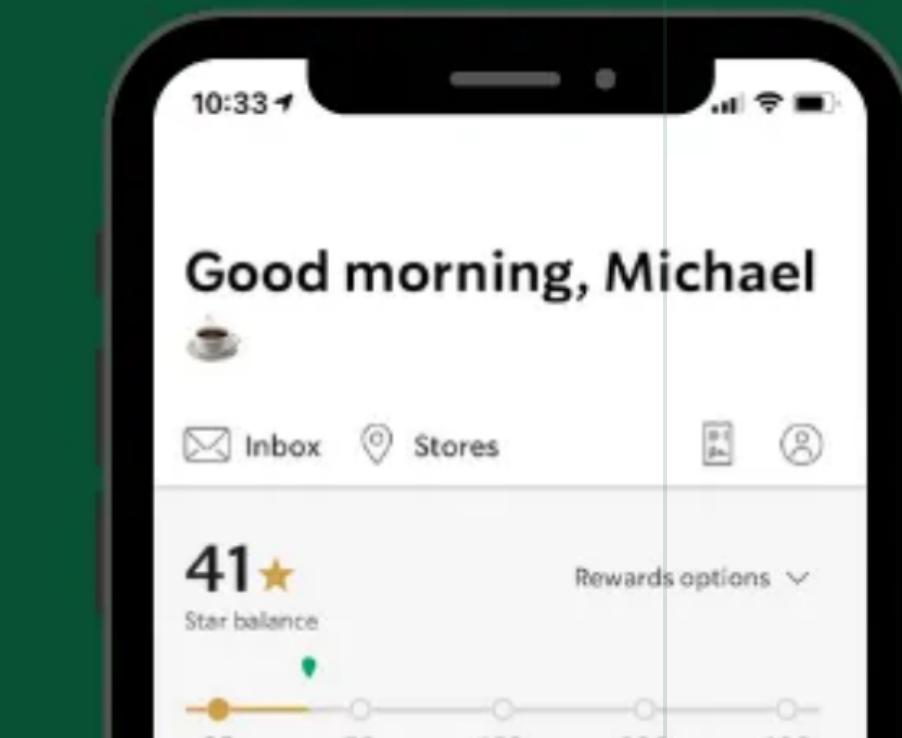
## Economic Factors

Maintain a flexible approach to HRM during economic uncertainties, ensuring that adjustments made align with the organization's long-term goals and values. In order to avoid inflation and the fall of profitability



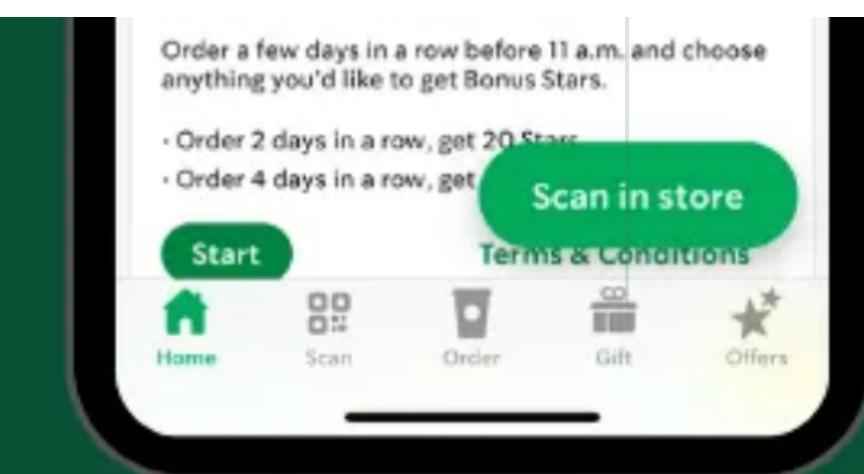
## Employee Turnover

Conduct a regular employee feedback sessions, implementing competitive compensation structures, and providing clear paths for career growth



## Technological Disruptions

Starbucks needs to proactively identify and anticipate these changes, implementing training and upskilling programs to ensure employees remain equipped with the necessary competencies



# **HRM Threats**

## **Legal/Regulatory**

Starbucks needs a robust legal and compliance team to monitor changes in labor laws globally, ensuring that HRM practices align with the evolving legal landscape.

## **Environmental and Social Responsibility**

Initiatives related to diversity and inclusion, employee volunteer programs, and sustainability training can contribute to a positive workplace culture and reinforce Starbucks' brand image.

## **Changing Demographics**

Starbucks must cater to the diverse needs and expectations of different generations in the workforce.

## **Cultural and Diversity**

Starbucks must adopt and continually support culturally sensitive HR practices, including tailored training programs, diversity and inclusion initiatives.



*Thank You.*

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