

CSR practices analysis by Starbucks

Ereshchenko Anna

Management 156



History

- Seattle, Washington in 1971
- 23,768 locations worldwide (as of November 2016)
- Products: hot and cold drinks, pastries, snacks, seasonal drinks, drinkware (mugs and tumblers)
- Employees: 254,000¹ (as of May 2017)

¹ <https://www.forbes.com/companies/starbucks/>



Internal stakeholders



employees (baristas,
partners)



External stakeholders



- Customers
- Suppliers
- Governments
- Environment

Working definitions. Methodology

- CSR, CIT
- Ethical sourcing
- Corporation tax
- Shareholders
- Methodology - official documents of European Commission Press Release, news reviews, analysis of government's and Starbucks claims.

Starbucks CSR policy



Community



Ethical Sourcing



Creating
opportunities



Environment

CSR practices based on CIT Community

Community Service

Starbucks Foundation

Public Policy and Government
Affairs

Wellness

*“Tax Policy – Sound tax policy will continue to play a key role in the competitiveness of U.S.-based companies. Starbucks **closely monitors tax policy developments** and has advocated for a tax structure that maintains incentives for increased productivity”.¹*

¹ Corporate Social Responsibility / Fiscal 2006 Annual Report

CSR practices based on CIT

Cause: using tax havens to reduce corporate tax bills in the UK (2008)



Labyrinth schemes

Paid royalty to Alki, inflated price for coffee beans in Switzerland

Outcome:

Low tax burden

Starbucks paid £8.3m in tax since 1998 despite profits of £3bln (*should have £10 mln a year!*)

Claims and perceptions



Compliance with regulations and policies
Shifting profits out of UK
Disadvantaged UK businesses
Worsened liability of UK government



Spending cuts would have been covered
Customers are being lied to
Government cuts on women in the UK



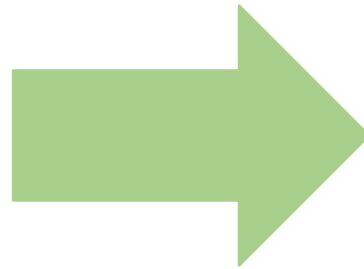
Strive to keeping tax costs to a minimum
Maximize the value that they deliver for their shareholders
Labyrinth of UK's tax system



Demonstrations and protests in the UK, 2012

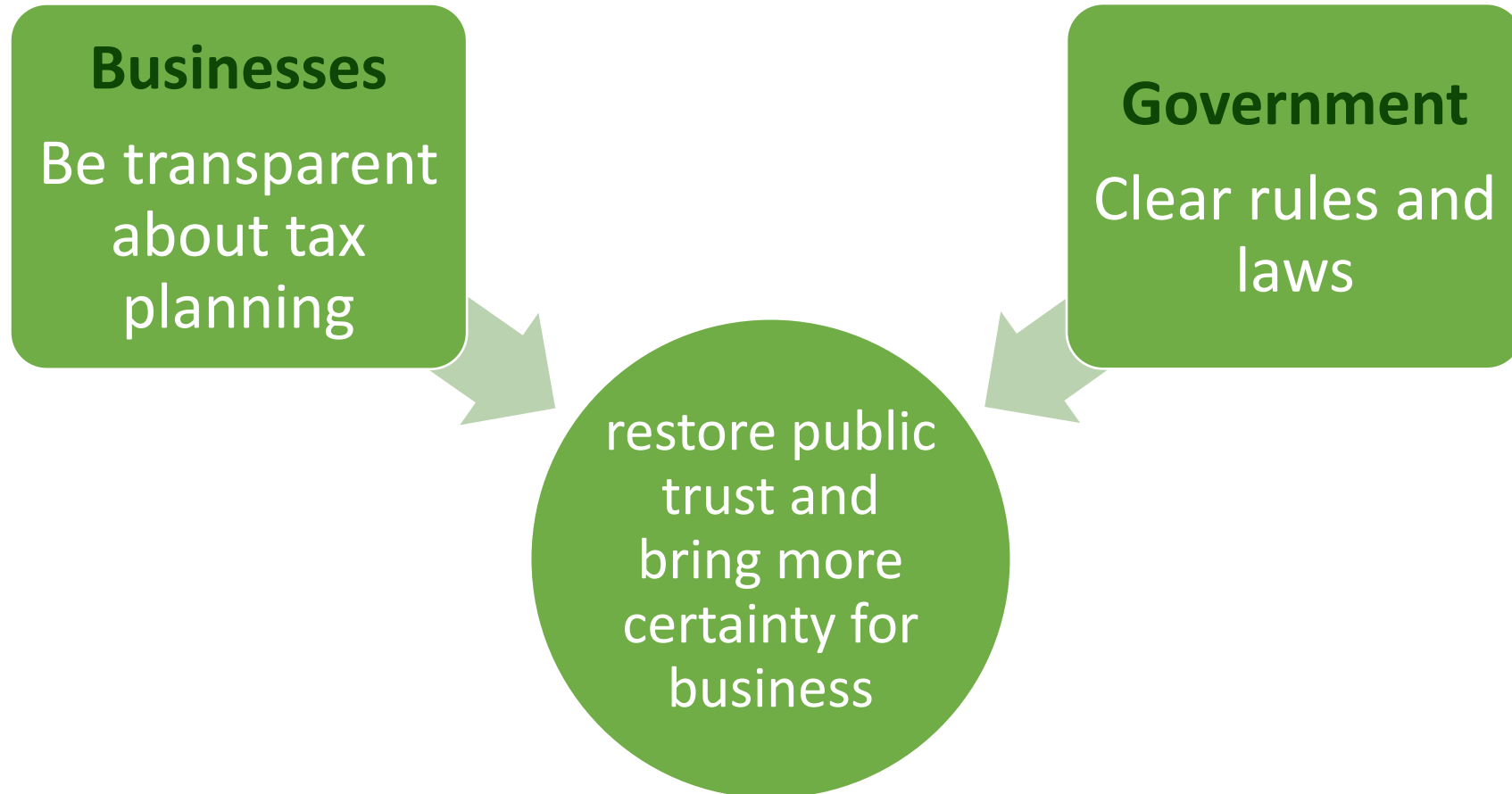
Actions taken

- Starbucks office move from the Netherlands to the UK (move would mean “we pay more tax in the UK”)



- Starbucks is due to pay to the UK **£20m in voluntary corporation tax** in 2 years
- Alki shutdown

Recommendations



Sources

- European Commission Press Release http://europa.eu/rapid/press-release_IP-15-5880_en.htm (10.09.2017)
- Starbucks CSR // Starbucks <https://www.starbucks.com/responsibility> (12.09.2017)
- Corporate Social Responsibility / Fiscal 2016 Annual Report
- Starbucks pays UK corporation tax of £8.1m // The Guardian <https://www.theguardian.com/business/2015/dec/15/starbucks-pays-uk-corporation-tax-8-million-pounds> (11.09.2017)
- Backlash as Starbucks UK Tax Avoidance Revealed //CNBC <https://www.cnbc.com/id/49431602> (13.09.2017)
- Avoiding tax may be legal, but can it ever be ethical? // The Guardian <https://www.theguardian.com/sustainable-business/avoiding-tax-legal-but-ever-ethical> (10.09.2017)
- Starbucks' European unit pays \$15m UK tax // Financial Times <https://www.ft.com/content/5222fd14-3d3b-11e6-9f2c-36b487ebd80a> (12.09.2017)