

## THE IMPLEMENTATION OF CORPORATE SOCIAL RESPONSIBILITY OF STARBUCKS COMPANY

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### ABSTRACT

*In recent years, company not only focus in the financial performances but also the non-financial orientation that at the end also beneficial for the company. Corporate Social Responsibility (CSR) is an example of a non-financial orientation which allows company to gain several benefits. Starbucks is known for the variety of its CSR program and makes Starbucks as the player for CSR in the corporate world. For that reason, writer would like to study about the implementation of CRS program of Starbucks, particularly in Surabaya. All data in this research is a secondary data and this a literature study.*

*Key words: Corporate Social Responsibility, Implementation, Starbucks*

### 1. INTRODUCTION

In recent years, the world of business has began to shift its focus. What usually focus on maximizing profit, now also adding a non-financial orientation, the balance of three aspects; people, planet and profit. Corporate Social Responsibility (CSR) is an example of a non-financial orientation which allows company to gain several benefits. First of all, by engaging this activity company can gain a good reputation in the eyes of stakeholder. Secondly, this might be a good way to attract future employee and thirdly, company may able to set a higher price for its product due to the activity of CSR. Beside those benefits, engaging CSR also allows company to gain a competitive advantage. By doing a specific CSR program that related to the company itself, company will perform a unique activity that differ from others and cannot be copied, it means company has an advantage.

Related to CSR program, there is one fact that is interesting to be analysed. The example is Starbucks company. During its 2008 annual report, the financial performance was not good; operating income fell 52%, operating margin fell from 11.2% to 4.9%, net earnings fell 53% and stock price was trading below \$10, only half from previous year. Having this problem, Starbucks came up with a controversial decision among business player, not focus on financial issues in its agenda but focus on people, environment and community; and its worked. Company

has gain several acknowledgments among stakeholder due to its ethical activities that widely spread; best company to work at, most admired company, most ethical company, and most innovative company (Callejon, 2012).

Starbucks performed variety of CSR activities; ranging from environmental program, ethical standard for sourcing to community service project. All of these makes Starbucks is known as CSR player in corporate world. Due to this reason, writer would like to study about the implementation of Corporate Social Responsibility of Starbucks, particularly in Surabaya from the point of view of the writer itself.

As the second largest city in Indonesia, Surabaya also has to deal with the side effect of being the metropolitan city, problem regarding environment. For the example are the disposal of domestic and industry waste, the use of natural resources and shall not forget the air and water pollution. All of these make Surabaya is appropriate for the need of CSR activity. Having said that, being a developing country also makes the people in Indonesia (Surabaya) reaction and comprehension toward environmental issues is also different compare to western (developed) countries.

### 2. THEORETICAL BACKGROUND