

Analysis of Starbucks Organizational Culture on Employee Motivation, Based on Herzberg's Two-factor Theory

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Abstract: Starbucks is a global coffee chain originating from the United States and makes it one of the largest coffee chains in the world. The success of Starbucks is attributed to its excellent organizational culture and human resource management strategy. The positive and friendly employee policy of Starbucks has been regarded as an industry benchmark and a role model to learn from. This study examines the influence of Starbucks' organizational culture on employee motivation from the perspective of two-factor theory. By analyzing the company's employee-friendly policies and supportive culture, this paper shows how Starbucks can achieve high levels of employee motivation and comprehensively analyzes the impact of organizational culture on employee motivation. This paper argues that Starbucks organizational culture is the key to attracting and retaining qualified talent and motivating employees in the highly competitive coffee industry.

Keywords: Starbucks, organizational culture, employee motivation

1. Introduction

Starting as a small retail coffee shop in Seattle, Starbucks became a global leader in the coffee industry and an international phenomenon. With its rapid growth and outstanding operating performance, Starbucks provides a good example of the importance of effective company policies, employee incentives, and a strong organizational culture. Based on the two-factor theory, this study analyzes the influence of Starbucks' organizational culture on employee motivation.

Starbucks prides itself on its people-oriented values and regards its employees as the company's most important asset [1]. In the context of the prevailing human capital theory, researchers suggest that employees are the key to a company's success and emphasize the importance of constantly improving work experiences and providing promotion opportunities [2]. By fostering a culture of respect and providing a supportive work environment, Starbucks has been able to achieve high levels of employee productivity, low turnover, and increased profits [3]. Consequently, Starbucks employee-friendly policies and supportive culture significantly contributed to the company's success and rapid growth.

This paper decides to discuss the organizational culture of Starbucks, focusing on the relationship between positive human resource management policies, work culture, and employee motivation. In conclusion, Starbucks' success can be attributed to its strong organizational culture, employee-

friendly policies, and commitment to fostering a humanistic spirit. By analyzing a company's approach to employee motivation from Herzberg's two-factor theory perspective, this paper aims to provide valuable insights into the relationship between organizational culture and employee motivation, ultimately contributing to a better understanding of the factors that drive success in the highly competitive coffee industry.

2. The Two-factor Theory

According to Frederick Herzberg's two-factor hypothesis, motivational factors and workplace hygiene are the main causes of job satisfaction and unhappiness. The factors of hygiene include work environment, salary and company policies, while motivators include achievement, recognition, growth, promotion, and responsibility [4].

This theory suggests that managers should take a two-step approach to improving employee motivation. First, they must ensure that hygiene factors such as working conditions, pay, and safety at work reach acceptable levels. This approach will eliminate employee dissatisfaction. According to Herzberg's two-factor theory, the hygiene factor does not directly affect the motivation of employees, but if the hygiene factor is not satisfied, employees will have negative emotions such as dissatisfaction [5]. However, if hygiene factors improve, they will not definitely feel content, merely less unsatisfied. Managers should then provide incentives such as recognition, promotion opportunities, or additional responsibilities to increase employee satisfaction and motivation. Correspondingly, motivators directly affect employee satisfaction [4].

3. Organizational Culture

Organizational culture is one of the organizational mechanisms that keep an organization running. It is a collective understanding of an organization's laws, customs, institutions, symbols, jargon, assumptions, beliefs, and customs [6]. Moreover, the degree to which individuals identify with their organization may also be influenced by the corporate culture [7]. Organizational culture can be expressed in the way an organization conducts its business, treats its employees, customers, and the wider community. Organizational culture is also expressed in the flow of power and information through its hierarchy and employees' commitment to organizational goals.

The organizational culture of Starbucks includes both specific human resources policies and work culture at the level of consciousness. They see workers as one of their most valuable strategic assets. Schultz, the founder and CEO of Starbucks, once said, "When people ask me why Starbucks is successful, I tell them not what they want to hear, but that the people and how we manage them are the real differentiating factors." This shows the importance Starbucks attaches to its employees and the influence of its organizational culture. Next, this paper will analyze the main contents of Starbucks' organizational culture from the perspective of motivation and hygiene factors.

4. Starbucks' Organizational Culture and Its Impact on Employee Motivation

4.1. Hygiene Factors

In the workplace, Starbucks emphasizes three aspects of its employees. The first is global human rights, and their commitment to basic human rights is a central component of the way they do business and engage with partners [8]. Second is equal employment opportunities, and their non-discrimination policies help many employees have a stable work environment [9]. The third is health security, where their support for health care reform allows them to continue to provide affordable coverage to our partners [10]. From the perspective of the two-factor theory, the three aspects mentioned above are typical hygiene factors. Employee motivation and well-being could be impacted if these requirements

are not met. Therefore, a company might initially improve its organizational culture using the previously mentioned approaches if it desires to increase employee happiness and cultivate employee loyalty.

In addition, pay and treatment are also common external factors. Starbucks has always regarded its employees as its most valuable assets, which has resulted in more generous compensation and benefits for employees [11]. Starbucks even requires an annual salary survey to compare with the industry [12]. In order to strengthen and promote the construction of corporate culture, the company has implemented a series of incentive compensation plans. For full-time and part-time employees, the company offers health and dental insurance, as well as employee assistance programs and disability insurance. In their health plan, the plan year deductibles reach \$750- \$2,250, almost reaching the 20-30% deductible. The out-of-pocket limit can be up to \$3,000 a year for a family. This medical insurance can improve the sense of security and happiness of employees, and lay a good foundation for enterprise loyalty, talent retention and absorption.

Starbucks employees not only enjoy generous salaries and benefits, but can also buy stock options in the company at lower prices under the regulations. In 1991, Starbucks instituted a stock investment program in which all employees who had worked for more than six months, including part-time employees, could receive a rights issue to become shareholders and partners [13]. In this way, all employees have the opportunity to become owners of the company. This initiative enables the business to embody a culture of mutual understanding and encouraging respect, which enables employees to perform at their best during working hours and to be enthusiastic about their guests.

However, not all incentives an organization provides to employees are directly related to monetary rewards. Generous salaries and benefits only avoid employee dissatisfaction. It is the shareholding that gives employees a sense of ownership, which in turn enhances the sense of belonging and loyalty, which play the role of motivators. As Starbucks Asia Pacific says, "What really matters is not the many features of specific ownership, but that the employees that Starbucks owns are indispensable to the company. The concept of putting people first is the soul of an enterprise and should be adhered to." At Starbucks, employees are not called employees, but partners [11]. Even Starbucks corporate headquarters has been named the Starbucks Support Center, indicating that its function is to provide information and support to employees, not to command them [2]. In general, Starbucks provides guarantees for employees' material conditions and external working environment, so that employees can work more contentedly and avoid negative emotions.

4.2. Motivation Factors

4.2.1. People-oriented value

"People-oriented" is vividly reflected at Starbucks. As mentioned earlier, all employees, regardless of position, are referred to as "partners," but not only because they hold company stock options, such a "sense of partnership" can improve employees' self-drive [14]. Besides that, Starbucks adopts a servant leadership culture [7]. The leaders of the company always care about the employees. The working atmosphere is warm and friendly to everyone because this is Starbucks culture and shared values. In this way, employees tend to treat their customers and communities in the same way.

Starbucks supports tangible incentives through an environment that encourages empowerment, communication, and collaboration. The company's respect and trust for its employees are reflected in all aspects. To encourage employees to come up with their own ideas, the company takes each employee's ideas seriously. Starbucks regularly conducts public opinion surveys companywide, and has a telephone survey system and employee comment cards where employees can voice their opinions on issues and managers can respond to their opinions within two weeks [11]. Starbucks has also set up an open forum internally to discuss employee concerns about their jobs, inform employees

about recent events, explain financial operations and allow employees to raise issues with their superiors. This is because they believe that in order to achieve long-term survival and success in the marketplace, business managers must establish a business practice based on correct, authentic business practices with employees and consumers [14].

In addition, Starbucks employees can enjoy a lot of independence and autonomy when working within the company [7]. They have the freedom to make independent decisions, which helps them succeed in the organization. For example, supervisors acknowledge and value their requirements and comments. Every employee plays an important role in the operation of the company, and they have the right to do so, improve the company's policies, and participate in the direction of Starbucks. Leaders always treat employees as partners rather than subordinates [8]. In this way, employee satisfaction will increase and Starbucks will gain employee loyalty in the long run.

As a result, employees at Starbucks have a sense of identity. All the workers and managers in Starbucks are treating themselves as a member of this family, so they have the common sense to work on the same point to earn more for them. This shows that Starbucks' incentives work, and being good at listening to employees and giving them more autonomy leads to more flexible and responsive decisions. It also enhances the atmosphere of trust, respect, and communication within the team and the sense of belonging among employees.

4.2.2. Training, promotion, and opportunities for learning

Starbucks is one of the few retail companies that invests heavily in employee training and offers comprehensive training for all categories of employees, including part-time employees. Starbucks provides employees with many core training and service skills to serve their career development. Starbucks requires all new hires to take four core courses, including experience, communication and service skills, and bar technology. The four training programmes are specific to staff responsibilities [6]. Through this program, employees can learn about the culture and history of the organization, while also learning the importance of interpersonal communication. After that, when employees face customers, they can repeatedly reinforce the concept of mutual respect [12]. Through systematic training, employees can improve their skills and knowledge, better complete work tasks, and thus have a sense of accomplishment. In addition, training also helps employees understand the company's culture and values, and strengthen their sense of identity with the company. Training makes employees feel the company's attention and investment in them, so as to improve their work enthusiasm and loyalty.

It focuses on training in leadership skills, customer service, and career development, in addition to its extensive skills training program. Starbucks has been running Level 6 apprenticeships since 2012 to help employees grow in IT, digital skills, finance, accounting, business, human resources, and more [11]. This has helped Starbucks retain employees, reversing a trend of high employee turnover in the retail industry. For those who are accepted, the career development is clear, and candidates begin to acquire new skills and qualify as baristas and customer service staff, then have the option to move on to managerial positions and higher-level apprenticeships [12]. As a result, many Starbucks employees have been promoted from the program to supervisory positions, assistant managers, and store managers. Promotion opportunity is an important embodiment of an employee's career development, which allows employees to see their own growth space in the company [15]. When employees have promotion opportunities, they will work harder to get a higher position and better treatment. Promotion can not only improve employees' social status, but also bring more responsibilities and challenges, so as to meet employees' growth needs and sense of achievement.

Starbucks is not just an organization that focuses on growth. Starbucks is also committed to supporting and helping employees improve their self-worth and increase their experience and knowledge [7]. In the process of work, training, and promotion, employees are affected by the

environment and system, and will develop an attitude of independent learning and the willingness to work. The company continues to provide employees with opportunities to learn and even plan for the future. The Starbucks College Achievement Program provides these employees with an excellent opportunity to attend college and complete a bachelor's degree [12]. This is a Starbucks initiative that aims to provide career opportunities for young people and create paths for future leaders. These actions show that, as a company, Starbucks also helps its employees grow and learn. Learning opportunities can help employees broaden their horizons and improve their quality, thus enhancing their confidence and adaptability at work [16]. Adequate learning opportunities can also enable employees to constantly encounter new challenges in their work, stimulate their innovative spirit and thirst for knowledge, and thus improve their sense of fulfillment and satisfaction at work.

In short, Starbucks has established a complete organizational culture of training, promotion, and learning to motivate employees to better work behavior and performance.

5. Conclusion

According to the two-factor theory, Starbucks first guarantees the working conditions of its employees through generous salaries and benefits to satisfy the hygiene factors. At the same time, Starbucks has established the core value of being people-oriented, provided employees with full humanistic care and independence, and animated them with a variety of training, promotion, and learning channels. As a result, it has achieved successful employee motivation, cultivated employees' sense of belonging and loyalty, and constantly improved their work engagement. The limitation of this paper is that it only focuses on the overall level of Starbucks and does not pay attention to the policy differences in different regions. The future research direction is to explore how Starbucks can implement a unified organizational culture on a global scale, while fully considering the special needs of different countries and regions; It is also expected that future study can analyze how Starbucks keeps its core values while constantly adapting to market changes, so as to stay ahead in the fierce competition.

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