

Global Leadership Challenge in Social Responsibility:

*Examining the Opportunities of Economic, Ethical,
Legal, and Philanthropic Responsibilities*

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Agenda

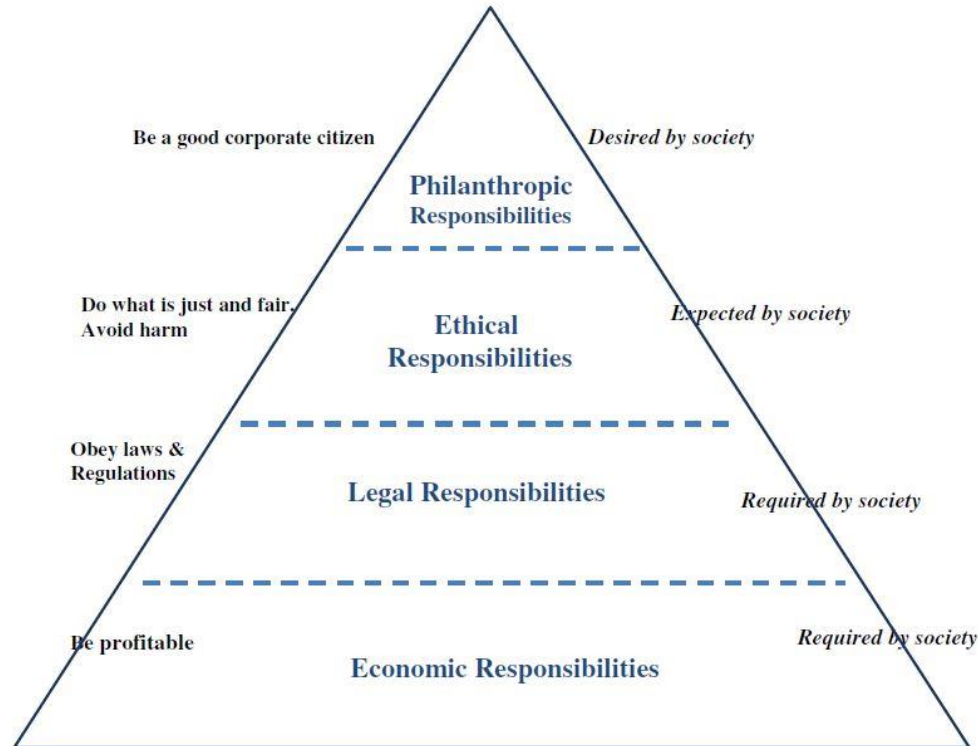
- » Overview of CSR
- » Introduction of Carroll's Four-Part Framework
- » Starbucks Case Study application
- » Questions & Wrap Up

Corporate Social Responsibility (CSR)

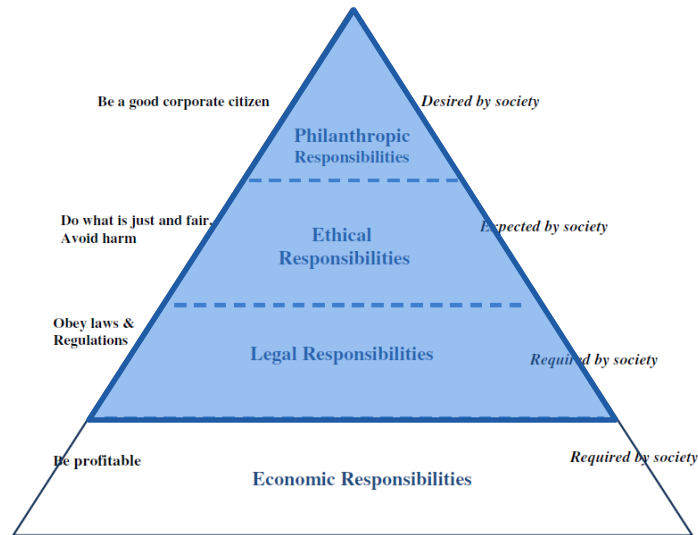
What is it & Why it Matters for Global Leaders



Carroll's Four-Part Framework for CSR



1.



ECONOMIC RESPONSIBILITIES

From Carroll's Pyramid of CSR

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Though the primary responsibility of organizations is often equated with its economic production for its stakeholders, those economic functions “must be exercised with a sensitive awareness of changing social values and priorities”

Carroll, A. B. (1991, p. 40)

Economics

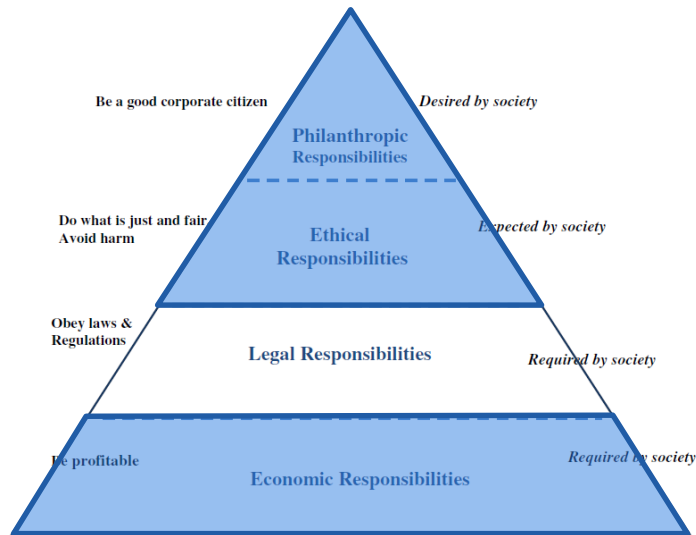
- » Economics lies at the base of Carroll's CSR Pyramid as it assumes all organizations should work to be profitable.
- » Economic profitability is the foundation on which all three of the other responsibilities rest.
- » There are counter-arguments to CSR by those who claim that economic profitability is all that matters.
- » Since society demands goods and services, the economic level of CSR is considered a societal necessity.

Starbucks

Not only does Starbucks want to Increase their economic bottom line, they want success to trickle down & improve economic conditions for the coffee farmers they buy from, their partner employees, & the communities they are located in.

- » Starbucks also strives to make economic impacts on all the communities they have stores in.
- » Empowering employees by providing a significant wage increase.
- » Invested \$100 million to support small businesses in BIPOC neighborhoods.
- » \$50 million added to their global coffee farmer fund.

2.



LEGAL RESPONSIBILITIES

From Carroll's Pyramid of CSR

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“The dilemma of global businesses became one of balancing and reconciling the conflicting pressures, demands, and expectations of home and host country stakeholders.” – Archie B. Carroll

Legal Responsibilities

- » Performing in manner consistent with expectation of government and law.
- » Complying with various federal, state, and local regulations.
- » Fullfilling all their legal obligations to societal stakeholders.
- » Providing goods and services that at least meet minimal legal requirements.

Legal Responsibilities

Racial Discrimination (National Law)

2019 US Equal Employment Opportunity Commission filed a lawsuit accusing Starbucks of racial discriminations based on historical data.

Child Labor (International Labor Regs)

In 2020 Starbucks was accused of purchasing coffee from Guatemalan suppliers found to use child labor on their farms

Stakeholders: credibility; investors; employees; consumers; society

3.



ETHICAL RESPONSIBILITIES

From Carroll's Pyramid of CSR

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Ethics is not only a component of the pyramid, but ethics permeates all the elements, binding them together into a cohesive structure. The basis of legal responsibilities is derived from ethical considerations for the treatment of other people. Economically, a capitalistic society is based on the principle that profits are the just result of the interaction between supply and demand. Philanthropy can be utilitarian or virtuous in nature, but nonetheless altruistic.

Carroll, A. B. (2016)

Ethics (5 Components)

- » **People orientation** refers to respecting the dignity and rights of others.
- » **Integrity** involves word-action alignment, trustworthiness, and the ability to define, engage, and reward morally appropriate behavior.
- » **Fairness** entails principled decision-making, the free exchange of information, and no tolerance for discriminatory practices.
- » **Responsibility** includes sustainable practices, a long-term focus on organizational success, care for the community, and the protection of the environment.
- » **Moderation** relates to leader behaviors and attributes such as being temperate and considerate.

Ethics at Starbucks

By being intentional, transparent, and accountable, Starbucks is committed to making lasting progress in being a people, planet and profit positive company.

Kevin Johnson, President and CEO

People, Planet, Coffee

- » **Investing** in humanity and the well-being of all Stakeholders.
- » **Giving back** more than is taken from the planet.
- » **Sourcing** coffee responsibly, for the betterment of people and planet to ensure a sustainable future.

Starbucks (2021)

4.



PHILANTHROPIC RESPONSIBILITIES

From Carroll's Pyramid of CSR

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Communities desire firms to contribute their money, facilities, and employee time to humanitarian programs or purposes, but they do not regard the firms as unethical if they do not provide the desired level.

Carroll, A. B. (1991)

Philanthropy

- » Philanthropic-focused organizations care for society using their knowledge, skills, and abilities for the benefit of the community.
- » Helping society positions organizations to be seen as embracing and prioritizing corporate citizenship.
- » Examples of philanthropic activities: raising and donating funds, providing education/supplies and involvement in social change movements.
- » Underdevelopment countries may value other levels within Carroll's model more than philanthropic.

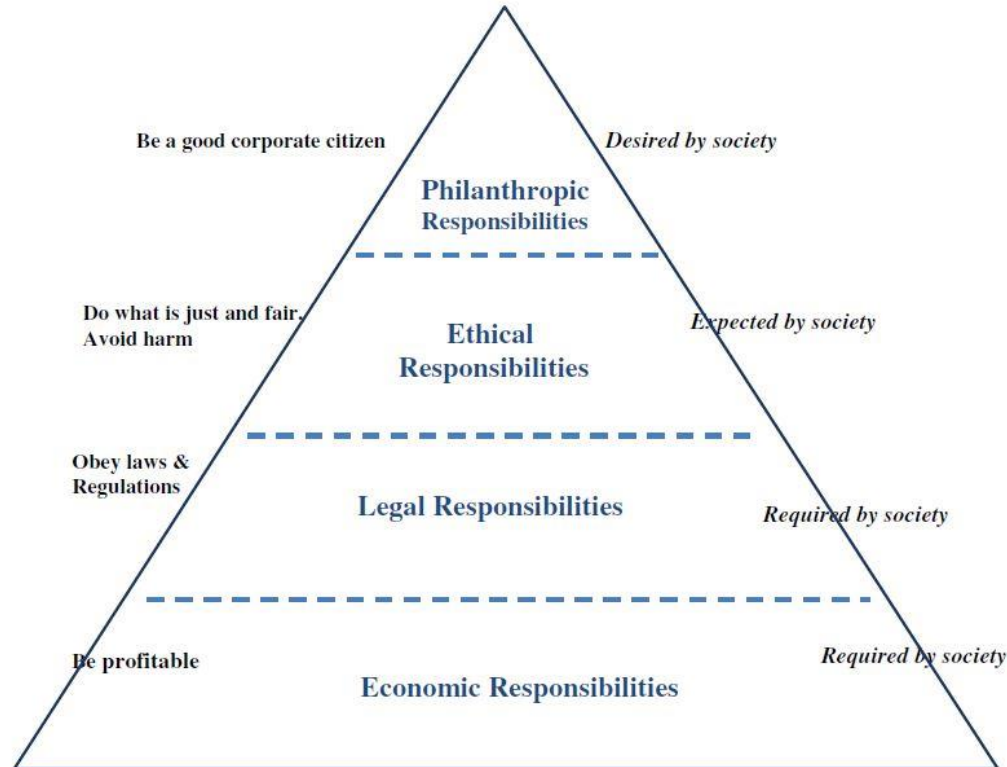
Starbucks

Through its CSR efforts, it has committed to the environment, its employees, consumers, shareholders and having discussions around ethical behavior.

- » Jumpstart Literacy Program-donate supplies
- » Awareness to food security
- » Empowering Women in coffee and tea for economic security
- » Donated coffee to 4 million front line workers during pandemic & involved in global relief efforts.

Carroll's Four-Part Framework for CSR

Wrap Up!



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Questions?