

# Cross-cultural Human Resource Management Research by the Case of Starbucks (China)

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**ABSTRACT.** *China's rapid economic development has attracted more and more international and transnational attention. Investment in China has provided multinational companies with broader growth space, sales space and profit space. At the same time, the pressure on human resource management within multinational companies has increased. Therefore, cross-cultural human resource management has become an unavoidable issue for multinational companies. This article mainly adopts a combination of qualitative and quantitative methods and takes Starbucks (China) as a case study to find the source of cultural conflicts and use appropriate management methods to avoid them. By understanding the specific cultural conflicts of Starbucks (China), we hope to establish in many ways The corporate cross-cultural human resource measures system can solve the problems in cross-cultural human resource management, promote the continuous reduction of corporate internal consumption, and effectively promote the improvement of corporate operating efficiency.*

**KEYWORDS:** *Cross-cultural, Human Resource Management, Starbucks*

## 1. Introduction

It has been 19 years since my country joined the World Trade Organization. With economic development, international trade exchanges and cooperation have become increasingly close. According to the data at the end of 2018, my country's cumulative investment in the United States has exceeded 70 billion US dollars. To maximize the benefits, transnational operation is an inevitable choice, because the optimal allocation of resources can be achieved in this way.

According to relevant data, the proportion of companies that have adopted multinational operations has led to business failures as high as 40%, and 70% of companies that have failed multinational operations have failed to achieve cultural integration. For multinational companies, employees from different countries have different cultural backgrounds in their daily business activities. Therefore, different positions will appear in the daily affairs of the company, especially in terms of management methods and strategies, which will give the company's future

development. The impact is that when cultural conflicts occur, if they are not effectively dealt with, the company will inevitably be in a state of instability, and more incoordination will occur, leading to the failure of transnational operations.

Starbucks (China) is one of the earliest Chinese-foreign joint ventures in my country. This article takes Starbucks (China) as the case study object. Through its cross-cultural management research, it can not only solve the current problems of Starbucks (China), but also provide references for other companies. Provide reference for cross-cultural management and help other Chinese enterprises to develop overseas.

## **2. Literature review**

In terms of the concept and connotation of cross-culture, Xu Lisheng (2000) cross-cultural reflects the breakthrough of the national and ethnic boundaries, and the resulting cultures of different ethnic groups and groups and between countries. Due to the differences between nations and countries, there are also certain differences in their cultures. Cross-cultural refers to cultures that have crossed at least two nations and countries. Cross-cultural not only can correctly recognize and recognize the different cultures of other nations or countries, but also Be able to tolerate and readily accept the cultures of nations or countries with different cultural backgrounds.

Cultural conflict is mainly the phenomenon of mutual exclusion and opposition between different forms of culture and cultural elements. Dai Wenping (2018) is due to the difference of the nationality, and the mentality and spiritual temperament of employees are quite different due to the nationality. The value orientation is also different, leading to the habit of self-referencing in daily work, combining with the understanding of their own values, and judging and interpreting other groups, resulting in cultural bias. Liu Rui (2010) believes that from a logical point of view, Western employees prefer to argue about facts, while Eastern employees belong to the logic of Go. They pay attention to building an encirclement before expanding the chassis; in addition, Westerners pay more attention to the team and are more principled. Easterners The concept of hierarchy is more serious, and targeted strategies will be selected according to specific circumstances.

The Dutch scholar Hofstad proposed five levels of cultural influence on management activities: individualism and collectivism, power distance, uncertainty avoidance, masculinity and femininity, long-term orientation and short-term orientation. Therefore, the following table compares Chinese and American cultures:

*Table. 1 Comparison of Chinese and American Culture Based on Hofstad*

Cultural Dimensions	Chinese Culture	American Culture
Power distance	Pay more attention to power.	Pay less attention to power but more attention to individual abilities.
Uncertainty avoidance Compared to the United States.	The avoidance of uncertainty is not strong enough.	There is a strong avoidance of uncertainty.
Individualism and collectivism.	collectivism are evident.	Individualism stands out.
Masculinity and femininity	Compared with the United States, showing modesty and caring for others and other femininity more.	Show more masculinity, such as dominance and competition.
Long-term orientation and short-term orientation	Long-term cultural orientation, the development of society to form thrift, tenacity and other qualities.	Short-term cultural orientation, in corporate management, pay more attention to employee performance appraisal.

### **3. Current status of Starbucks (China) cross-cultural human resource management**

#### **3.1 Overview of Starbucks (China)**

In 1971, Starbucks Coffee Company was formally established, mainly engaged in specialty coffee, and was a leader in the industry. For American Starbucks International Coffee Co., Ltd., it occupies a very large market share in North America and has strong market influence. Among the products sold under its banner, there are more than 30 top coffee beans in the world, as well as many handmade coffees and hot and cold beverages. For Starbucks (China), it belongs to the first batch of Sino-foreign joint ventures established in China. After years of development, the company's domestic and foreign employees are very large, and they play an important role in promoting the company's development. According to the information collected on the Internet, you can see the current number of employees, as shown in the following Table. 2:

*Table. 2 Number of people in each department*

Department	Chinese employees	Foreign employee	total people
Management Department	746	208	954
Operation Department	6042	63	6105
marketing department	1832	102	1934
Other functional departments	2589	50	2639
Total	11209	232	11441

As can be seen from the above table, in the company, the proportions of Chinese and foreign employees are 98% and 2% respectively. Although foreign employees also account for a small proportion, in actual management, there must be cross-cultural management issues.

### ***3.2 Overview of Starbucks (China) cross-cultural human resource management***

(1) Human resource planning: Starbucks sells products as an exclusive agent, and the headquarters adopts a strategic control model and a combined production and sales business model to develop the brand and ensure output. Every year, the establishment of models is used to make accurate calculations and expert experience estimates to forecast personnel needs.

(2) Recruitment and allocation: The company mainly adopts campus recruitment, social recruitment and internal employee recommendation, etc. Campus recruitment mainly carries out management training programs, which can be promoted to the position of deputy store manager in about a year, and ordinary employee positions are mainly combined with social recruitment Recommended by internal staff to meet basic staff needs.

(3) Training and development: New employees will receive no less than 96 hours of training in the first month after entering the company. The training projects mainly involve corporate culture and various work skills and service skills. In addition, there are special training programs for the management to conduct in-depth training for leadership and service levels.

(4) Performance management: Regularly carry out performance evaluation and provide feedback, set challenging goals and other ways to improve the subjective initiative of partners, use performance management tools to assist management, encourage and motivate partners and teams to complete the expected performance indicators, and finally make The Tongmendant team establishes and maintains a positive and good relationship to achieve organizational goals.

(5) Salary and benefits management: Starbucks (China) provides various preferential items such as health and disability insurance for full-time or part-time employees who meet relevant standards. In addition, it also assists employees in solving family problems. Compared with other companies, Starbucks has part-time employees. The input cost is high, but the current overall average welfare cost of Starbucks is still relatively low compared to its competitors.

(6) Labor relations management: Starbucks provides employees with a clear and transparent promotion route, from coffee bar clerk to shift supervisor, store deputy manager to manager, and finally to high-level operational positions. The company's vacant positions are first opened to internal employees. For new positions, 20% are obtained through internal recruitment. The human resources department conducts performance evaluations from written tests to interviews every six months, re-evaluating employees and evaluating the conditions for promotion.

### ***3.3 Starbucks (China) cross-cultural management of human resources status analysis***

(1) Questionnaire design In order to design the Starbucks (China) cross-cultural human resource management optimization plan, this paper uses the questionnaire

analysis method to conduct research and refers to the questionnaire design of relevant human resource management literature, and designs the "Starbucks (China) Staff Cultural Difference Questionnaire". Due to objective reasons, a coastal branch of Starbucks (China) was used as a representative. The number of questionnaires was 108, and there were 100 valid questionnaires. Among them, 88 were Chinese employees and the other 12 were foreign employees.

(2) Analysis of the reliability and validity of the questionnaire. The reliability and validity of the questionnaire are analyzed through SPSS22.0, the valid questionnaire is coded, the Cronbach coefficient is used for the reliability analysis of the questionnaire, and then KMO (Kaiser-Meyer-Olkin) and Bartlett's test (Bartlett's test) were used for validity analysis to ensure the consistency, stability and reliability of the questionnaire results.

(3) As for the reliability analysis of the questionnaire, the Cronbach's alpha is a statistic, which refers to the average of the half-reliability coefficients obtained by all possible item division methods of the scale. The questionnaires were distributed mainly by means of online questionnaires. A total of 108 questionnaires were distributed, of which 100 were valid questionnaires, and the effective questionnaire rate was 92.6%. The Cronbach's alpha reliability analysis results of the formal questionnaire are as follows:

*Table. 3 Reliability test results of the data obtained in the questionnaire survey*

Cronbach's alpha	Number of items
0.845	21

(4) As for the validity of the questionnaire, the above table shows that from the reliability test results, the overall Cronbach's alpha of the questionnaire is 0.845, and the Cronbach's coefficient is greater than 0.7, indicating that the results of the questionnaire pass the Cronbach coefficient test.

The most common way to analyze the validity of the questionnaire is to use the Bartlett's sphere and KMO test to analyze the validity of the questionnaire data. The KMO (Kaiser-Meyer-Olkin) test statistic is an index used to compare the simple correlation coefficient and partial correlation coefficient between variables. Bartlett's spherical test is used to test the correlation between the variables in the correlation coefficient matrix, whether it is an identity matrix, that is, whether each variable is independent

*Table. 4 KMO test results of the questionnaire*

Statistical indicators	Value
Kaiser-Meyer-Olkin Measure sampling adequacy	0.81

The above table shows that the KMO value of the test result of this questionnaire is greater than 0.8, indicating that the data factor analysis effect is very good.

*Table. 5 Bartlett's spherical test result of the questionnaire survey*

Project	Statistics
Approximately chi-square	551.48
df	210
Significance	0

The above table shows that the significance of the Bartlett's sphere test of the test results of this questionnaire is 0.00 ( $p < 0.05$ ), which means that the obvious significance passed the test, so the results of this questionnaire passed the validity analysis of the Bartley sphere and KMO test. In summary, the results of this questionnaire passed the analysis of Cronbach's coefficient in terms of reliability analysis; in terms of validity analysis, it passed the validity analysis of Bartley sphere and KMO test. Therefore, the reliability and validity of the questionnaire results are analyzed to ensure the consistency and accuracy of the results.

(3) Starbucks (China) cross-cultural management status of the interviewees' basic information, the age group is concentrated in the age group under 30 and 30-40 years old, accounting for more than 72%; in terms of position, 68.5% are ordinary employees, business executives Accounted for 18.5%; in terms of education, 67.6% of employees have a bachelor degree. The data analysis for related cultural comparison projects is as follows:

*Table. 6 Comparative analysis of cultural projects*

Project	Pleasure	General	Displeasure
Cross-cultural communication(%)	28	62	10
Cross-cultural training(%)	61	28	11
Cross-cultural leadership(%)	22	59	19

Data source: The data collected from the questionnaire.

The above table shows that most employees are aware of the impact and importance of cross-cultural management, but still report skepticism about cultural integration.

Therefore, Starbucks (China) has some management problems. First of all, there are significant differences in age and educational background, which will lead to diversified problem characteristics. When managers actually carry out management activities, they should combine actual conditions and apply targeted management strategies. Secondly, although most employees agree with cross-cultural training, only 22% of employees agree with cross-cultural leadership. This aspect should attract management's attention. Finally, there are major problems in process management and decision-making. One of the reasons is that the differences in wage systems between China and the West have resulted in different treatments for employees in China and the West, which impacts the motivation of employees.

(4) Quantitative analysis of cultural differences in the research theory of cultural differences. Based on the questionnaire collection of this research, combined with

the actual situation of Starbucks (China), it mainly compares Chinese employees and American employees. The management is mainly American. In addition, The proportion of Chinese employees is high. Therefore, based on the cultural dimension theory, analyzing the cultural differences between China and the United States will have certain research value. Questionnaire B contains questions on seven dimensions of culture, and each dimension is designed with three questions, and finally the average score is calculated. For example, for the power distance, the lower the score, the smaller the distance, and vice versa. The results obtained are shown in the following table:

*Table. 7 Analysis of survey results*

Project	Chinese employees	Foreign employee
Power distance	3.78	3.15
Uncertainty avoidance Compared to the United States.	3.21	2.67
Individualism and collectivism.	3.73	2.69
Short-term-long-term orientation	3.63	2.44
Environmental control-harmony	3.66	2.39
Rule-relationship orientation	3.76	2.58
Low context-high context	3.74	2.47

As can be seen from the above table, most employees agree with cross-cultural training and choose to be satisfied, but cross-cultural communication and leadership generally have a higher proportion.

The data analysis for related cultural comparison projects is as follows:

*Table. 8 Comparative analysis of cultural projects*

Cultural Comparison Project	Yes	No	Not sure
Does the issue of cross-cultural conflict affect your work?	77%	18%	5%
Does cross-cultural conflict affect company management?	73%	21%	6%
Are you aware of the existence of cross-cultural management issues	92%	6%	2%
Can strengthening the management of cross-cultural conflicts promote company development?	86%	8%	6%
Is cultural integration easy	8%	91%	1%

Therefore, the above table shows that Chinese employees are more orderly, and Western employees are more free. Because China and the United States have different ideas in terms of historical origin, inheritance, and philosophy, and thus different values, the giant rabbit has different cultural values in its work and adopts different countermeasures for the same problem.

## **4. Conclusions**

### ***4.1 Decision-making level***

Starbucks (China), as a typical Sino-foreign joint venture company, has a large number of Chinese and foreign employees, and many foreign employees hold important positions, which play an important role in internal decision-making. However, due to cultural factors and other influences, foreign employees often show strong competitiveness and direct feedback in terms of personal suggestions. Compared with Chinese employees, they are more reserved. Therefore, conflicts are increasingly prominent in cross-cultural management.

### ***4.2 management process level***

At the management process level, Chinese and foreign employees have obvious differences in work habits and other aspects. The main manifestation of Chinese and foreign cultural conflicts in management processes and systems is: foreign employees believe that the freedom in management is the most important, and they actively participate in related systems and processes. It is under development, but once the company's processes and systems are determined and written documents are formed, the work will be carried out in strict accordance with the regulations; compared with Chinese employees, in the process of formulating management systems and processes, they seldom express their opinions directly, and wait until the formal written documents, It will produce many opinions and cannot strictly implement the company's management system.

### ***4.3 Human resources management***

At present, human resources play an increasingly obvious role in the daily operations of modern enterprises, especially for Starbucks. According to the relevant survey results, Starbucks faces serious cultural differences between China and foreign countries in the process of human resource management. The specific performance is as follows:

First, performance management. The perspective of foreign employees is individualism. They expect to implement performance incentive management in technology and other aspects, that is, income will increase with the improvement of personal ability. However, Chinese employees pay more attention to collectivism and pay more attention to fairness in salary management. Therefore, the implementation of performance management is not smooth and there are many contradictions.

Second, pay management. In Starbucks (China), most foreign employees and Chinese employees work together. Except for operating positions, the work they do



is basically the same, but the salary of employees is significantly different due to differences in nationality.

The problems existing in Starbucks (China) cross-cultural management will be effectively solved in the future. This article proposes suggestions from three aspects of enterprise system construction, human resource management and localization.

Starbucks (China) cross-cultural management of the existing problems, the future will effectively solve the current problems

Suggestions on three aspects: degree construction, human resource management and localization.

## **5. Specific suggestions**

### ***5.1 Suggestions for corporate system construction***

Starbucks' corporate mission is: to inspire and nurture the humanistic spirit, everyone, every cup, and every community. In addition to bringing customers

In addition to the new experience, we should add the element of gratitude to the corporate culture. Profit is what we are pursuing. However, we should give back to the society, participate in social welfare undertakings, and contribute our own strength to social services while making profits. This will not only form a virtuous circle, continue to increase the power of the corporate brand image, but also provide customers with better services.

### ***5.2 Human Resource Management Recommendations***

Starbucks (China) should innovate in welfare and salary management. Many foreign companies use a hierarchical salary system to apply to their employee management systems, and use various forms of rewards to motivate employees. Stratification means reward and punishment based on each employee's ability. The level of individual employees is different, and the profitability of the company is different, so different salary levels are set up to inspire employees' passion for struggle.

### ***5.3 Localization suggestions***

Starbucks (China) serves mainly domestic customers, and most of its employees are Chinese. In order to maintain a good development in China, localization measures are particularly important. You should understand the Chinese market. As a foreign-funded company, Starbucks must follow the domestic market rules to open the Chinese market and develop products based on the needs of local consumers. Due to the differences between Chinese and Western cultures and conflicts in management concepts, it should be based on customer requirements. The

combination of Chinese and Western will produce better results. At present, Starbucks (China) has fewer local managers, which affects the development of local employees to a certain extent. In order to effectively resolve cultural conflicts, it can increase the number of local managers, thereby increasing the weight of local managers in the decision-making level and issuing more local employees Voice makes the company's decision-making more balanced and reasonable.

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