The Impact of Environmental and Organizational Pressure that Affect Starbucks from a Financial Perspective.

Introduction:

This paper will examine the organizational and environmental pressures that could affect Starbucks Coffee financially. Organizational pressures can be internal/organizational or external/environmental. The external forces that might financially impact Starbucks begin in their business environment and are; changes in the marketplace or changes in consumer preferences, changes in government laws and regulations (state, local, federal, international), access to, and quality of, labor markets, and other economic changes. [[1]](#footnote-1) Internal forces are; employee problems, and processes and procedures for conducting business.

Forces Chart: *External and Internal shown below*

|  |  |
| --- | --- |
| **Forces for External Change** | **Resistance to Change** |
| Marketplace changes | Uncertainty |
| Government laws and regulations | Concern for personal loss |
| Technology | Group resistance |
| Labor markets | Dependence |
| Economic changes | Trust in administration |
|  | Awareness of weakness in the proposed change |

|  |  |
| --- | --- |
| **Forces for Internal Change** | **Resistance to Change** |
| Administrative Processes |  |
| Human/people problems |  |

Ranking for Forces of Change:

Activities that are regular and routine are usually more open to change and therefore they rank lower. Many organizations do not have static activities, but instead change based on a variety of responses to the various forces. Adequately ranking change in this fashion is pure hypothecation and not based on any hard evidence. Familiarity with the organization and flow of activities helps predict, to the degree that one can, the response that any given change with have upon that organization. Leaders are challenged to anticipate and direct change such that there is employee buy-in of said changes.

External Forces Described:

*Marketplace*

Competition from within, and outside of, the organization for goods and services like Starbucks.

*Government regulations and laws*

Employment laws, safety laws and regulations impact hiring, promotion, and pay scales, as well as, building code, zoning ordinances, etc.. Because Starbucks is a global organization they need to adhere to those government regulations and laws on an international scale too.

*Technology*

The rate and speed at which data is accumulated and exchanged all impact how Starbucks and others do business and manage change.

*Labor markets*

How well each employee performs their job influences the bottom line for Starbucks and whether or not there is a loyal customer following.

*Economic changes*

Recessions, depressions, inflation, economic up or downturns of the local, state, national, and international economy affect employee morale and performance.

Internal Forces Described:

*Administrative processes*

These processes include communication, problem solving and decision making, leadership skills, and motivational strategies.

*People problems*

Performance issues and absenteeism, turnover, morale, and job satisfaction all factor into this scenario.

How Internal/External Factors Affect the Bottomline at Starbucks:

Change is inevitable and more and more common in today’s employment landscape. It is normal to resist change because it forces people to do the things they do in new or improved ways. Change equates to uncertainty, but change can increase an organizations profitability and efficiency if it is implemented with a degree of trust and awareness transmitted via good and credible leadership down through the ranks targeted at the overall outcomes to be attained and the interdependence of those tasks and departments/jobs.

Impact on employees and personnel:

Many employees view change as a personal loss because they are not aware of how that change can improve efficiency and quality, streamline processes, mitigate waste and duplication, improve employee morale, present them with ways to make better, more informed decisions, and create avenues for better communication and feedback. It is critical that leadership lead and show their employees why this change is good and necessary.

Utilization of Strategies for Change Management:

Kurt Lewin [[2]](#footnote-2) formulated the idea of “force-field analysis”. This analysis assumes that there are no static forces within an organization, but that all forces are a dynamic balance that works upon the other in opposing planes. Leadership should be adept at assessing the potential for change based on these forces and the resistance to such forces while working to decrease tension, conflict, and uncertainty by increasing the driving forces of same.

Imbalances change the dynamics of current conditions (equilibrium) into new directions or the desired condition. (See Figure 1 below) Many processes must be enacted over time to create change. There are generally three steps to change: unfreezing, moving, and refreezing.

*Unfreezing*

This may come to fruition via opening the avenues of communication and showing employees the various points where they can improve if they change their behavior, values, and attitudes.

*Moving*

When the organization unfreezes it moves. This is where the employees embrace change and develop new attitudes, behavior, and values because of that change.

*Refreezing*

This is where the new changes have taken seed and become habit. The organization is now in equilibrium.

Figure 1.

*Lewin’s Force-Field Theory of Change Diagram*.

1. Lunenburg, Fred C. 2010. *Forces for and Resistance to Organizational Change.* National Forum of Educational Administration and Supervision Journal. Vol.27, Num.4. Sam Houston State University. 2010. [↑](#footnote-ref-1)
2. Lewin, Kurt. 1951. *Field Theory in social sciences.* New York, NY: Harper & Row. [↑](#footnote-ref-2)