Corporate Social Responsibility in Business-to-Business and Business-to-Consumer Companies: Nucor Corporation and Starbucks Corporation Case Studies

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ABSTRACT

Corporate social responsibility, or CSR, has become a hot topic in business research within the past years. Corporate social responsibility is the way companies manage their business to have an overall positive impact on society. By studying CSR initiatives in business-to-business and business-to-consumer companies, this research intends to illustrate how social responsibility impacts both business models. Two companies were chosen for case studies: Nucor Corporation as a business-to-business company and Starbucks Corporation as a business-to-consumer company. The two companies chosen for case studies in this research represent various supply chain levels in business: Nucor Corporation is a steel manufacturer, and Starbucks Inc delivers its food and coffee products to final consumers. Both companies are publicly traded corporations founded in the United States.

This research includes historical literature overview of CSR research and qualitative analysis of the two companies' CSR initiatives. It aims to help the reader to better understand the differences and similarities between CSR applications in business-to-business and business-to-consumer companies. The paper provides a detailed analysis of internal and external CSR activities in both companies and shows how the two unrelated businesses can have similar incentives to implement CSR practices.

TABLE OF CONTENTS

LIST OF TABLES

INTRODUCTION

While business-to-business and business-to-consumer models may be parts of the same supply chain, there are several differences between the two models that mainly lie in selling process and marketing strategy. Business-to-business companies do business with other companies or governmental institutions, while business-to-consumer companies provide products or services to end users; business-to-business buying cycle is usually lengthier than the business-to-consumer one. Because a decision-making process often depends on a committee of buyers and not on an individual buyer, business-to-business companies have fewer buyers that purchase larger amounts of products or services. Finally, business-to-consumer marketing often appeals to consumers' emotions while business-to-business marketing targets functional benefits of a product (Cohn, 2015). However, when it comes to marketing, business-to-business and business-to-consumer companies often use the same strategies in achieving their goals: creating value for their customers, building brand loyalty and recognition, and maintaining long-term relationships between the two parties.

Various studies show that being socially responsible benefits a business from a consumer standpoint. For example, *The 2017 Cone Communications CSR Study*[1] found that 63% of Americans are hopeful that businesses will drive environmental and social change forward even in the absence of government regulations. The study calls 2017 "the year corporate social responsibility was redefined. Companies must share not only what

[1] *The 2017 Cone Communications CSR Study presents the findings of an online survey conducted March 9 – 15, 2017 by M/A/R/C Research among a random sample of 1,030 adults, comprising 500 men and 530 women, ages 20+. The margin of error associated with a sample of this size is ± 3% at a 95% level of confidence.*

they stand for, but what they stand up for" (2017 Cone Communications CSR Study, 2017). In another study[2] Nielsen, a global measurement and data analytics company, researched if consumers were willing to pay more to support socially responsible companies. The results were quite convincing: 66% of global responders were willing to pay more for key sustainability factors, such as a product being made from organic ingredients, a company being environmentally friendly, and a company being committed to social values. (The Sustainability Imperative, 2015). It leaves the question about business-to-business companies open: How does being socially responsible benefit business-to-business companies? Do business-to-business companies have any incentives to be socially responsible?

The two companies chosen for case studies in this research represent various supply chain levels in business: Nucor is a steel manufacturer, and Starbucks delivers its food products to final consumers. The two companies were the objects of a research in Jim Collins' book *Good to Great* as leaders in their industries, where the author studied factors that influence companies' transition from "good to great" (Collins, 2001). This paper does not aim to compare the two companies with each other but rather to help the reader to better understand the differences and similarities between CSR applications in business-to-business and business-to-consumer companies. Both Nucor and Starbucks are publicly traded "large cap" companies with market capitalization value over 10 billion dollars: Nucor is the largest US-based steel maker, and Starbucks is the largest coffee chain in the country. Both companies are included in S&P 500 Index, which consists of

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[2] *The Nielsen Global Survey of Corporate Social Responsibility and Sustainability was conducted between Feb. 23 - March 13, 2015 and polled more than 30,000 consumers in 60 countries throughout Asia-Pacific, Europe, Latin America, the Middle East, Africa, and North America.*

500 leading companies in the United States having common stock listed on NYSE, NASDAQ or the Cboe BZX Exchange, and captures approximately 80% coverage of available market capitalization[3] (S&P 500 Index, 2019).

3 Market capitalization refers to the total dollar market value of a company's outstanding shares.

CHAPTER I

CORPORATE SOCIAL RESPONSIBILITY IN BUSINESS RESEARCH: LITERATURE REVIEW

Even though Corporate Social Responsibility (CSR hereinafter) has become a well-established concept in the modern business environment, there is still no exact definition or set of criteria that uniformly and precisely defines CSR for all businesses. Just like American society itself and its expectations towards businesses, CSR has been evolving and changing throughout the history. To define CSR in American business today, it is important to look back at the beginning of the 20th century when major changes in business operations occurred: industrialization, scientific management, founding of transportation and improving of communication. New inventions opened tremendous commercial opportunities for entrepreneurs of that time, which resulted in gaining too much power and negatively inflicting wage-workers. As a result, workers organized themselves into unions, which were considered “a criminal conspiracy” by the US courts till 1914 when Congress enacted the Clayton Act, and, under one of its provisions, laborers were permitted to form unions (Anderson, 1989, p. 74-75).

Researchers started questioning the purpose of business and the value it brings to society. The famous Hawthorne Studies conducted at Western Electric in late 1920s – early 1930s showed that a laborer was not just a simple-minded person working for a paycheck, as management saw it before, but a complex social person who strived for satisfaction and meaningful interaction at workplace. This unintentional finding started a conversation about responsible management and its benefits for businesses and society overall.

The Great Depression of 1930s triggered certain changes in American business: the New Deal under the President Franklin D. Roosevelt implemented numerous social programs and shifted the direction of economic development towards socially-oriented path. After the Second World War the United States economy recovered, women actively entered the workforce and industrial sector experienced rapid growth. This was the time of increased government regulation of business:

> As the 100 days of the New Deal stretched out into what – for many businessmen – must have seemed to be 100 years, the number of regulatory laws and agencies multiplied. This was the era of the famous 'alphabet soup' agencies (as Al Smith called them) – the RFC, PWA, WPA, NLRB, SEC, FHA, FDIC, TVA, CCC, and many, many more. These agencies and laws never succeeded in bringing about recovery, but they did produce changes in the business-government relationship, and in some instances, they brought about needed reforms. (McGuire, 1963, p.84)

The 1950s marked the beginning of modern era of CSR, when a concept of social responsibility began to be widely discussed in literature and became an object of business research (Carroll, 1999). Between 1950s and 1970s, the idea of social responsibility was more popular among researchers than among businesses: perhaps, businesses did not take it seriously because social responsibility was not linked to profit maximization yet. During the 1960s the United States experienced growing social awareness that mainly revolved around antiwar protests and human rights movement. In their protests, antiwar demonstrators aimed not only at the government but at corporations as well: "Invoking Eisenhower's now-famous warning about the 'military-industrial complex,' protesters charged that America's most successful capitalists bore responsibility for the carnage in

Asia" (Waterhouse, 2017, p. 14-17). Many corporations producing war supplies, such as napalm producer Dow Chemical Company, were confronted by angry activists at that time: young people were openly dissatisfied with American business and its attitude towards international affairs.

Keith Davis, Joseph McGuire, William Frederick and Clarence Walton are some of the scholars who studied CSR in 1960s – 1970s: they all agreed that increased economic power required increased "business responsibility." In the article "Understanding the Social Responsibility Puzzle," Keith Davis talks about social responsibility as a philosophical concept: "The substance of social responsibility arises from concern for the ethical consequences of one's act as they might affect the interests of others. This idea exists in most religions and philosophies of the world" (Davis, 1967, p. 46). It is notable that the author names quite a few reasons for businesses to be socially responsible: complexity of modern society and social dependency throughout the world (which later develops into globalization), the climate of public opinion, new knowledge of business mission in society, restrictive control of the government, and separation of ownership and control in business. He also mentions that responsibility arises from power and the two should stay in balance, which he calls "the Iron Law of Responsibility": "Those who do not take responsibility for their power, ultimately shall lose it" (Davis, 1967, p. 174). His idea was that the more power a corporation possesses, the more responsibilities it faces in a society in which it operates. He saw management as a long-run key to effective social responsibility in business institutions.

Another prominent business researcher of the time, Joseph W. McGuire, gives the following definition to a social responsibility concept:

> The concept implies that the modern business corporation should recognize that, in this day and age, it can no longer hungrily pursue the single goal of profits to the complete neglect of its table manners. The idea of social responsibilities supposes that the corporation has not only economic and legal obligations, but also certain responsibilities to society which extend beyond these obligations. The corporation today must take an interest in politics, in the welfare of the community, in education, in the 'happiness' of its employees – in fact, in the whole social world around it. In a sense, therefore, it must act 'justly' as a proper citizen should. (McGuire, 1963, p.144)

McGuire expresses the idea that a corporation should be "a proper citizen," which resonates with a concept of good corporate citizenship that has lately become quite popular in American business.

William C. Frederick is another scholar who studied a concept of social responsibility in business in 1960s; he argues that the heightened interest to business social responsibility after the end of the Second World War was related to the collapse of "laissez faire" philosophy, the idea of a free market: "Free economy was transformed into regulated economy in all of the advanced nations that stood in the capitalist tradition…" (Frederick, 1960, p. 54). Under the laissez faire theory, private interests of businessmen would be in a harmony with the interests of a society. In his article "The Growing Concern over Business Responsibility," Frederick calls the collapse of laissez faire "a giant intellectual conundrum for social theorists," as there was a problem democratic society faced of how to channel growing business powers of corporations into socially useful functions without turning into "Orwellian nightmare of 1984". Frederick talks about the five schools of thought popular at the time: “management as trustee”, the idea that managers should voluntarily act as trustees of public interests; “Christian ethics in business”, according to which a businessman needs to orient himself towards the ideas of Christian ethical conduct; “balance of power”, according to which the answer to concentrated business power is more countervailing power; “the viewers with alarm” – Huxley, Orwell, Riesman, Whyte and Mills – philosophers who feared the drift of society towards totalitarian control of a human mind and spirit; and finally, “capitalist ethics”: the idea of diffused ownership of businesses among citizens, thus a higher degree of business responsibility. Frederick notices that none of these theories clearly define social responsibilities in business, neither they clarify the meaning and benefits of being socially responsible for a business.

In his book *Corporate Social Responsibilities* (1967, p. 9-16), a well-known CSR researcher of 1960s Clarence C. Walton names the following four reasons for executives to move into an unknown at the time territory of “corporate social responsibilities” after the Second World War:

1. The role of a business enterprise in industrialization, along with developing a legal concept of a corporation, entitling it to independent existence.

2. Separation of ownership and control in a corporation, which brings up an argument that a corporation is not a real person and thus cannot have self-interest.

3. The failure of business to “sell” free enterprise, management’s attempt to sell the virtues of the corporate society in terms of free enterprise and its value to an individual.

4. A crisis in socioeconomic philosophy of individualism, including an unresolved conflict between the Western World’s hedonistic psychology and their moral

standards of value. In the era of industrialization, society had to be viewed as a new and different whole.

The author does not doubt a company's obligations to stockholders, the law and its employees, although he notices that the debate arises over priorities of these obligations. Walton was the first to point out that social responsibility of a corporation should be voluntary, and not obligatory: "Therefore, the essential ingredients of the corporation's social responsibility are its degree of voluntarism as opposed to coercion, the indirect linkage of certain other voluntary organizations to the corporation, and the admission that costs are involved for which it may not be possible to gauge any direct measurable economic returns" (Walton, 1967, p. 18).

In the article "A Three-Dimensional Conceptual Model of Corporate Social Performance", Archie Carroll analyzes the history of modern CSR concept evolution between 1950s and 1990s and proposes his own definition of CSR, which was published in 1979: "The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time" (Carroll, 1979, p. 500). He noted that "economic viability is something business does for society as well, although we seldom look at it in this way", which brings up the argument that being profitable is aligned with being socially responsible.

One of the biggest critics of CSR in 1970s was a Nobel Prize winning American economist Milton Friedman. The title of his article in *The New York Times Magazine* speaks for itself: "The Social Responsibility of Business is to Increase Its Profits" (Friedman, 1970), an article that still causes debates among scholars in business society today. Friedman argues that a corporate executive is an agent for his employers, the owners of the business and he has a fiduciary duty to conduct business with their best interests in mind, which is making as much money as possible while obeying the laws, following public policies and conforming to the ethical customs of a society where a corporation operates. In this case a shareholder is the only stakeholder that a corporate executive should keep in mind when making important business decisions. Friedman said that social responsibilities may only be expected from individuals and not from businesses. He brings up many examples of poor socially responsible decisions that a corporate agent can possibly make using someone else's money for social interest, such as hiring an unqualified unemployed to reduce poverty, refraining from price increasing to reduce inflation, or spending money on minimizing pollution beyond the amount required by law to improve the environment. According to Friedman, "there is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud" (p.6).

In 1981, Frank Tuzzolino and Barry R. Armandi, two fellow researchers from Long Island University, published an article on corporate social responsibility in *The Academy of Management Review* journal, where they proposed a new foundation of organizational analysis using a paradigm taken from Maslow's "Hierarchy of Needs Theory" (Maslow, 1943). They discuss the rising suspicions about a purpose and effectiveness of American corporations, the negative public image of big businesses and environmental crises concerns; and express the need of a new conceptual framework, as the previous one of profit maximization proved itself not completely effective (Tuzzolino, 1981, p. 21-28). Tuzzolino and Armandi draw parallels between Maslow's human need hierarchy and the proposed organizational need hierarchy: profits satisfy organizational need for survival, which constitutes the lowest-order need; successful attempts towards achieving long-term wealth maximization and growth along with reduced environmental uncertainty would make up for safety need in the hierarchy. Affiliative need occupies the next level in the model, which includes positive relationships with other groups, such as trade associations, lobby groups and industry publications. The level of status need signifies a company's standing relative to the others, its leadership in the market, financial ratios, stock betas, and corporate image. Finally, the fifth level of needs is self-actualization, the need to serve to a higher cause, a need for meaning and sense of purpose. The authors divide the highest level of organizational needs into internal (employee relations) and external (community and government relations) areas. To get to the highest level, an organization must satisfy all the lower-level needs, which brings up a question of how the satisfaction can be measured at every given level of needs.

CSR research in 1990s and 2000s was characterized by developing alternative concepts and themes such as stakeholder theory, triple bottom line approach and business sustainability. More studies discovered the connection between CSR and financial success in companies, showing incentives and real business reasoning other than just "doing the right thing." In 1991, Archie Carroll restated his definition of CSR, presenting the four kinds of social responsibilities – economic, legal, ethical and philanthropic – in a shape of a pyramid with economic level as a base. He noted that these levels of responsibilities had always existed, but it had only been recent years that ethical and philanthropic levels took a significant place. He summarized: "The CSR firm should strive to make a profit, obey the law, be ethical, and be a good corporate citizen" (Carroll, 1991, p. 43).

The stakeholder theory raised a question of defining groups and members of society to whom corporations are responsible. Wood, Logsdon and Lewellyn (2006) define a stakeholder as any person, group or organization who can affect or is affected by the company's actions: investors, employees, customers, suppliers, local communities, governments, non-governmental organizations (NGOs), environmental activists, and the media. According to the stakeholder theory, stakeholder groups serve as regulators of business conduct and can intervene in undesirable business behavior. Technological advances, the Internet and the popularity of social media allow customers, employees, investors and non-governmental organizations to have almost instant access to the information, which made every business activity more transparent and vulnerable to stakeholders' pressures. The stakeholder theory came as an alternative to the shareholder value maximization principle. It pointed out that profit maximization is not the only way to create value for many stakeholders including but not limited by shareholders of the company.

Sustainability lays in the center of a triple bottom line concept: "A sustainable corporation is one that creates profit for its shareholders while protecting the environment and improving the lives of those with whom it interacts" (Savitz, 2006). The idea of a sustainable business is simple and based on common sense: for a company to succeed in today's interdependent world, it needs to identify a wide range of stakeholders and find ways to work with them to achieve mutual benefits, which in the long run will create more profit for a company and more social, economic and environmental prosperity for society. The book *Triple Bottom Line* introduces a concept that connects business profitability with its sustainable practices and shows how a company can benefit from "doing the right thing": "Businesses need to measure their success not only by the traditional bottom line of financial performance, but also by their impact on the broader economy, the environment and the society in which they operate" (Savitz, 2006, p. xii).

In their day-to-day business operations, companies use not only financial resources (such as investments and revenues), but also natural (water, energy, raw materials) and social resources (human capital and government-provided infrastructure). Therefore, the authors of the book propose for businesses to measure and document all three dimensions – economic, social and environmental – on their financial statements and reports. There are many reasons why companies choose to integrate sustainable business approach, and one of the distinctive features of CSR research in the 21st century is its connection to a company's profit:

> Sustainability has developed as a unified way of addressing a wide array of business concerns about the natural environment, workers' rights, consumer protection, and corporate governance, as well as the impact of business behavior on broader social issues, such as hunger, poverty, education, health care, and human rights – and the relationship of all these to profit. (Savitz, 2006)

Today, CSR is no longer viewed as purely altruistic concept based on philosophy or religion that requires businesses to do the right thing, instead CSR is about economic, legal, social and environmental issues that are directly related to the company and its profit. Modern concept of CSR is seen not so much as corporate philanthropy, but as enlightened self-interest, a term that gained popularity in the last two decades, which suggests that companies should only be concerned about social and environmental issues directly related to their business activities and environment where they operate. After all, the main purpose of any business is not just to maximize a profit, but to fulfill its customers' needs, to create a value for people or businesses who buy their product or service, and any business can only successfully function and sustainably grow in a healthy environment. That makes caring for its environment beneficial to business and its long-term profits by gaining a competitive advantage, strengthening its brand, attracting and retaining human capital, and obtaining a social license to operate.

Finally, another reason for corporations to implement social responsibility today is the rise of socially responsible investing and ESG (environmental, social and governance) reporting: investors want to create benefits for society while generating strong returns, which can be a big challenge for investment companies. Many corporations have a strategic sustainability or social responsibility department as a part of their organization and perform sustainability reporting using the triple bottom line approach. Sustainability disclosure organizations such as CDP, Dow Jones Sustainability Index and EcoVadis rate companies based on their ESG reporting, which is now considered to be a part of a financial and investment risk. In the near future sustainability reporting can become obligatory and be included in a company's credit rating. Those businesses that voluntary and timely report to such organizations today gain significant advantage over their competitors.

In 2015, world leaders adopted the 2030 Agenda for Sustainable Development and its 17 sustainable development goals at a historic UN Summit: "Over the next fifteen years, with these new Goals that universally apply to all, countries will mobilize efforts to end all forms of poverty, fight inequalities and tackle climate change, while ensuring that no one is left behind" (The United Nations, 2017). Implementation and success in achieving these goals relies not only on local governments and non-governmental organizations, but on private sector too, as explicitly stated on the UN website because the achieving of these goals requires trillions of dollars in investments. Publicly traded companies are massive; they employ the most people around the world, use the most natural resources and generate the most pollution. In other words, only corporations can fix the problems they created.

In the recent years, CSR has entered a new era – the era of active implementation and reporting. Today, it is crucial for businesses to take proactive steps in shaping up the corporate social responsibility standards before the government reacts to the environmental and social issues with stricter regulations than American economy ever seen before: the new political generation recently proposed *The Green New Deal*, a labor bill through a climate change lens named after Franklin D. Roosevelt's New Deal that was implemented in 1933 (Ellsmoor, 2018). *The Green New Deal* is a four-part program that is supposed to redesign American economy and provide a sustainable and healthy future for American society. The program is viewed by some as controversial and extreme. First part of *The Green New Deal* is called "The Economic Bill of Rights". It guarantees a job at a living wage to every American willing and able to work, the right to health care by creating a single-payer Medicare-for-All program, tuition-free education from pre-school through college, the right to affordable housing and utilities, immediate halt to all evictions and foreclosures, and the right to fair taxation in proportion to ability to pay. The second part of the program is called "Green Transition," and it describes the complete transition from fossil fuel to renewable energy by investing in green research, creating green jobs and providing grants and interest-free loans to green businesses. The third part of the program guarantees to relieve the debt by reducing homeowner and student debt burdens, to break oversized banks and to support the formation of public-owned banks that will function as non-profit organizations. The fourth and final part of the program is titled "A Functioning Democracy," and it aims to revoke "corporate personhood" by amending the Constitution, to create a Corporation for Economic Democracy that will finance cooperative development and democratic reforms, along with reducing military spending by 50% and creating nuclear disarmament initiatives (Green Party of the United States, 2019). If implemented, *The Green New Deal* could bring a major change to American for-profit businesses and market economy in general.

The Green New Deal is gaining many supporters across the United States. On June 19, 2019, the New York State Senate passed a new legislation called the Climate Leadership and Community Protection Act aimed to mitigate the effects of climate change by reducing greenhouse gases, committing to renewable energy and creating green jobs. The bill is called "the most comprehensive and aggressive climate change legislation in the nation" (The New York State Senate, 2019). What it means for businesses is that the change is coming, and companies either adapt to it or find themselves left behind. The better scenario for businesses is not only to accept the changes that are coming, but to take an active role in shaping them up and making them favorable for themselves.

One of the many ways to learn about today's relationship between businesses, environment and society is to look at the examples of CSR implementation by global corporations. By studying CSR initiatives in business-to-business and business-to-consumer companies, this research intends to illustrate how social responsibility impacts both business models. Two companies were chosen for case studies: Nucor Corporation as a business-to-business company and Starbucks Corporation as a business-to-consumer company.

CHAPTER II

NUCOR CORPORATION: CORPORATE SOCIAL RESPONSIBILITY IN BUSINESS-TO-BUSINESS SETTING

Introduction

Nucor Corporation has become an object of this research for a reason: Nucor is one of the few companies successfully manufacturing its product in the United States, complying with the government regulations, and being an environmentally and socially responsible business. Headquartered in Charlotte, North Carolina, it is an American publicly traded corporation, the most diversified steel and steel products company, the largest steel producer in the country, and the biggest North American recycler that uses scrap steel as primary raw material in producing steel and steel products (Nucor Corporation, 2019). Nucor currently operates 23 steel mills around the United States with annual production capacity of 27 million tons and owns a family of brands that has more than 300 locations globally. The company produces hot-rolled, cold-rolled and galvanized sheet steel used for varied purposes – from manufacturing home appliances to constructing highways and producing automobiles. Nucor also has a raw material segment of its production, supplying aluminum can producers, secondary aluminum smelters and other steel mills with ferrous and nonferrous scrap metal (Nucor's Customers Performance, 2018).

Nucor Corporation is a business-to-business company, "it sells its products primarily to steel-service centers, fabricators and manufacturers located throughout the United States, Canada, Mexico and, increasingly, elsewhere in the world" (Nucor's Customers Performance, 2018). Whirlpool Corp., Boeing Co, Tesla Inc., Ford Motor Co, Caterpillar Inc. and Harley Davidson Inc. are some of Nucor's customers. Nucor has a strong slogan: "It's Our Nature": the company defines its mission as "being cultural and environmental stewards in our communities where we live and work" (Nucor Corporation, 2019). The company actively uses a 'reduce, reuse, recycle' concept in its day-to-day operation. Nucor also requires its contractors, vendors and suppliers to comply with the applicable environmental laws.

History

Looking back in history, Nucor did not start as a steel-making company. The story goes back to 1905, when Ransom E. Olds, the founder of the Oldsmobile car company, left the company over a dispute with its stakeholders and created the REO Motor Company, an auto manufacturer. Unfortunately, the company was not profitable and filed for bankruptcy protection in 1938. In 1955, REO Motor Company merged with Nuclear Consultants, Inc. to create the Nuclear Corporation of America (Anderson, Finley, Sparks, 2009, p. 64).

In 1962, the company acquired a steel joists and girders producer, Vulcraft. This decision was a life-changing event for today's Nucor Corporation, because the company hired its future legendary CEO, Ken Iverson, to lead Vulcraft's manufacturing. Soon Vulcraft became the company's only profitable business, and Ken Iverson was appointed to be the new president of the company. In his book *Good to Great*, Jim Collins gives a lot of credit in Nucor's success to its legendary CEO Ken Iverson: "At the start of its transformation in 1965, Nucor did not manufacture one ounce of steel. Nor did it make a penny of profit. Thirty years later, Nucor stood as the fourth largest steel-maker in the world and by 1999 made greater annual profits than any other American company" (Collins, 2001, p. 76).

In 1966, the headquarters moved from Phoenix, Arizona, to Charlotte, North Carolina, and Ken Iverson decided to fully enter steel business. Ken Iverson came up with an idea to create mini-mills and locate them in the countryside, far from the city, where people were hardworking and used to waking up at dawn and getting the job done. Ken Iverson created Nucor's corporate culture as it is known throughout the company now. He believed that "management is obligated to manage the company in such a way that employees will have the opportunity to earn according to their productivity . . . Employees should feel confident that if they do their jobs properly, they will have a job tomorrow" (Anderson et al., 2009, p. 64). He saw one of the main company's assets in the best workers who are paid fairly, based on their whole team performance. In 1971 the Board of Directors changed the name "Nuclear Corporation of America" to simply "Nucor", and the company fully entered the steel market. The following year the corporation was listed on the New York stock exchange under the ticker NUE for the first time. In 1973, Nucor paid its first quarterly cash dividends in the amount of 5 cents to its shareholders and has been doing it ever since (Nucor Corporation, 2018). As of today, Nucor stock trades on NYSE at around 55 dollars per share of common stock (New York Stock Exchange, 2019).

Upon taking a closer look at Nucor's CSR initiatives, they were classified using a framework based on environmental, social and governance (ESG) reporting standards, and additionally divided into internal and external activities in *Table 1*.

Table 1. Corporate Social Responsibility in Nucor Corporation

CSR in Nucor Corporation	Internal	External
Environmental	• Recycling • Renewable energy • Technological innovations	• Participating in local environmental programs • Annual Earth Day in local communities • Investing in recycling
Social	• Safety and health • 92.8% employee retention rate • Pay-for-performance • Stock investment opportunities for employees • Investing in employees' education	• Disaster recovery in local communities • Low-income neighborhoods outreach • Supporting American veterans • Charitable contributions to local social causes
Governance	• Optimized sales and delivery process • Providing product-specific documentation to customers	• Average Performer

Environmental Aspect

Due to the nature of steel production industry, Nucor uses a lot of natural resources and energy to produce its products and thus has a significant impact on the environment. For over 50 years, Nucor has been constantly searching for new ways of doing business that would have less footprint on the environment. In 2000, the company faced an environmental law suit "alleging that it failed to control the amount of pollution released from its steel factories in seven states" (United States Environmental Protection Agency, 2000). Nucor agreed to spend 98 million dollars in settlements, which is considered to be the largest and most comprehensive environmental settlement in a steel industry. Environmental pollution has always been a big drawback of any manufacturing industry, but Nucor's leadership emphasizes the importance of creating manufacturing jobs in the country to maintain a prosperous middle class and grow the economy using innovation: "You cannot expect to reap the real benefits of innovation if you leave the making and the building to other countries" (DiMicco, 2015, p. 116). Today, Nucor continuously invests in modernizing its existing mills and promoting innovation in steel making technology while acquiring new facilities ever since its first electric arc furnace (EAF) mini mill went online in 1969. "EAFs use post-consumer scrap steel material as the major feedstock, unlike blast furnace operations that use mined iron ore as the major feedstock" (2018 Recycled Content, 2019). Generally, there are two ways to produce steel: one is to take iron ore, coal and limestone and run it through a blast furnace, and another one is to take scrap iron and steel and run it through electric arc furnace. The electric arc furnace method leaves smaller environmental footprint since it requires less energy, produces less emission, and it is cheaper to make a final product because it requires less capital and fewer workers (Worstall, 2017). Due to investing in technological innovations, Nucor's direct greenhouse gas emissions are consistently lower than the global average (0.88 ton CO_2/ton of steel vs. 1.9 ton CO_2/ton of steel), and the company found a way to recycle 100% of water multiple times in its production process.

According to Thomas J. Gibson, president and CEO of the American Iron and Steel Institute, each year more steel is recycled than paper, plastic, aluminum and glass combined. "More than 66 million scrap are processed in North America for recycling both nationally and internationally. When it multiplies on millions of tons of steel recycled by the steel industry each year, this process saves enough energy to electrically power one-fifth of all homes in America" (30-Year-Old American Steel Industry, 2018). Nucor is the biggest North American recycler, as steel is a material that can be recycled almost endlessly, and the company takes advantage of it by lowering the cost and environmental footprint of its production. The total recycled content in Nucor's manufacturing for 2017 was 72.6%. Mark Davis, a melt shop manager from Nucor Memphis (Memphis, TN) who has been with the company for 23 years, gave a valuable insight on how Nucor uses innovations to minimize impact of steel production on the environment:

> Nucor has been on the forefront of innovation when minimizing our impact on the environment, including baghouse technology and usage, water conservation, steel making technology (DRI production that generates less GH gasses than Pig iron production), and scrap recycling itself. EAF (Electric Arc Furnace) based steel making is far less energy and environmentally intensive than blast furnace steel

making. Nucor has been a leader in reducing mercury switches used in cars, lessening it in the environment, by removing it from the scrap stream. We recycle about 25,000,000 – 30,000,000 tons of scrap each year: cars, barges, trains, buildings, bridges, etc. Not too awfully long ago, much of that would end up in a landfill. Now none of it does. We have a recycling group that purchases shreddable materials from all around the country, buys shiploads of recyclable material from all around the world, and even recycles materials that cannot be used in our finished products (nonferrous items such as copper and aluminum). We purchase from our recycling group internally, as well as third party companies, and recycle steel that is used in our mills, for example rolls from our rolling mills. (M. Davis, personal communication, November 14, 2018)

Internally, Nucor has been successful in reducing greenhouse gas emissions, energy intensity, water pollution and increasing recycled content in its production. Today, Nucor actively purchases and invests in renewable energy for many of its facilities including Nucor Steel Seattle, a steel mill in suburban Seattle, Washington, that operates using 100% of renewable energy, and the first energy-independent solar-powered plant in Lathrop, California. Nucor uses ISO 14001 Environmental Management System (EMS) to ensure compliance with all governmental regulations. Compliance alone is very costly for a steel company in the United States. According to Nucor’s website, the company budgeted over 50 million dollars for capital expenditures associated with environmental regulations compliance in 2017. Nucor does not stop at compliance. The company is involved in various environmental initiatives including Hertford’s timber and wetlands program, where Nucor protects and restores sensitive habitats around its facilities, annual tree give-away in Montgomery County, Indiana, building a state-of-the-art Sims Sunset Park Materials Recovery facility to service the needs of New York City (Nucor Corporation, 2018). Every spring Nucor facilities host Earth Day in local communities by participating in Adopt-a-Highway program, waterway clean-ups and used tire collection to name a few. Unlike the companies that outsource their production to foreign countries, sometimes located on a different continent, Nucor takes the responsibility for the environment where its facilities operate:

> And while this commitment is good for our business, it is even better for the communities where we live and work. That is why each division in the Nucor family has adopted our corporate environmental policy and, in many cases, expanded this commitment to location- and division-specific policies to address the needs of the places we call home. (Nucor Corporation Sustainability Report, 2017, p.37)

Social Aspect

Employee relations is an important part of internal CSR in a company: safety and health, empowerment, diversity and inclusion, fair wages – all this can be used to differentiate a company and attain a competitive edge on the market. Nucor successfully implements many strategies “not only to attract the right people, but to keep them” (p.26). Safety performance is the main priority in any manufacturing environment. Nucor names safety as one of its core cultural values and a cornerstone of its operational success. In 2017 thirty-one Nucor divisions were recognized for safety performance and 23 certified with the Occupational Safety and Health Administration’s Voluntary Protection Program, which recognizes companies that voluntarily meet safety standards beyond what is required by law (p.16). Healthcare is another concern for Nucor. In 2005, the company started the NuYou health and wellness program to address and minimize certain healthcare risks of its employees and help them make healthier choices. As a result, the percentage of employees at risk has been steadily declining since.

"The Nucor Way" is the motto of employee relations in the company which consists of 10 main principles: integrity, personal responsibility, teamwork, open communication, work ethic, pride, innovative/intelligent risks, treating people the right way, optimism and can-do attitude. The company is proud of its 92.8% employee retention rate and its practice of not laying off teammates for lack of work. Nucor has not laid off a single worker even in the toughest times in the US economy (Nucor Corporation, 2017). Talent retention and development are beneficial for the company since steel manufacturing requires an extensive training of new hires and continuous improvement of their skills. Nucor does a good job in empowering its workers and giving them a sense of a company ownership. Since 1975, the company has a tradition of listing the names of all its employees on the cover of its annual report. In addition, every employee that has been with the company for over 6 months has an opportunity to purchase Nucor shares through Employee Monthly Stock Investment Program, in which the company matches 10% of that monthly investment. Nucor is famous for its pay-for-performance principle which states that employees' compensation is tied directly to the amount of quality steel produced each day. For management and administration, compensation is tied to the way the overall performance of the company. Finally, in 1974 Ken Iverson established the Nucor Foundation to invest in post-secondary education of Nucor's employees and their families with the goal of building a strong future for the company and the society where it operates. Since its creation, the foundation has paid over 90 million dollars in scholarships to over 20,000 students nationwide (Our History, 2019). A recent 22.5-million-dollar settlement in a racial discrimination law suit against Nucor Steel Berkeley demonstrates that the area that needs improvement for Nucor Corporation is diversity and inclusion (Nucor to Settle Racial Bias Suit, 2018). The company still does not mention any diversity and inclusion efforts in its bi-annual Sustainability Report.

Community outreach and charitable contributions are some forms in which Nucor gives back to the local communities and exercises its mission to be a community steward. Nucor donated over 6 million dollars in direct charitable contributions in 2017. The company is known to support local social causes by participating in disaster recovery from tornadoes of 2011 and flooding of 2016 in Louisiana, starting the High School Adoption program that supports the youth of low-income households in Memphis, Tennessee, holding the Nucor Charity Golf Classic event to support Children’s Hospital of Alabama, annually participating in the American Cancer Society’s Relay for Life, and supporting American veterans through partnering with Honor Flight and Warrior Salute organizations.

Customer relations are a part of internal CSR in a company, as being ethical, transparent and easy to do business with are some key factors for building strong loyal relationships between a company and its customers and gaining significant advantage over competition. In its mission statement, Nucor explicitly names its main goal: “to take care of our customers.” Since the company is very diversified and decentralized, it can create obstacles for its customers who purchase various products from multiple Nucor’s divisions. The corporation came up with a solution to this problem and presented a single unified front to the market: 1Nucor, a team that consists of representatives from each product group who work on large projects to optimize sales and delivery process (Nucor Corporation Sustainability Report, p. 75). The majority of Nucor's customers come from automotive and construction industries, which are, in turn, subject to environmental government regulations and strive to gain a competitive edge by being environmentally and socially responsible. When it comes to measuring environmental impact of a product, it is important to account for the entire life cycle of materials, from manufacturing automobile parts to the vehicle fuel efficiency to product recycling. The same is true for the construction industry: "green" construction starts with using sustainable materials in the frame of the building. Nucor publishes its Corporate Sustainability report bi-annually and provides its customers with a variety of product-specific documentation about recycled content and the origin of scrap shipments, along with environmental footprint information to help projects satisfy LEED[1] credit requirements. As a result, the company gets various awards, certifications and special recognition from its customers: Environmental Recognition from Honda, John Deere Excellence Program Award, Volkswagen Group Award, Caterpillar Supplier Quality Excellence Process certification, 2020 Women on Boards Award, and many more (Measuring Our Commitment, 2019).

Nucor is highly recognized by its customers. It has a quantitative score of 50 on a scale of 1-100 and ESG rating of an "average performer" compared to 24 peer companies, being behind such companies as Japanese Nippon Steel and Latin American

[1] *According to www.everbluetraining.com, LEED refers to Leadership in Energy and Environmental Design: one of the most popular green building certification programs used worldwide.*

Gerdau, according to Sustainalytics'[2] ESG Risk Ratings used by Yahoo Finance (Yahoo! Finance, 2019). Nucor's overall rating on CSR Hub is 54 out of 100, which is also the industry average (Nucor Corporation CSR/ESG Ranking, 2019). One of the downsides of Nucor's decentralized and localized operations throughout the country and internationally is the lack of brand consistency, as Nucor grew into a whole family of brands, such as Nucor Steel, Vulcraft, Nucor Fastener, Nucor Cold Finish Group, Nucor Building Group, Steel Technologies LLC, including direct subsidiaries DJJ, Harris Steel Group, Skyline Steel and joint venture Nucor-Yamato. The company actively engages in community outreach and environmental stewardship locally but creates brand confusion among its stakeholders. Nucor's biggest strength in CSR is its internal environmental performance, and one of its weaknesses is lacking participation in solving global issues such as climate change and diversity and inclusion. Nucor concentrates its CSR efforts in the communities where it operates, and thus gets less global public credit for everything it does.

[2] *Sustainalytics is a global leading independent ESG rating, research and analytics firm, founded in 1992 and headquartered in Amsterdam, Netherlands.*

CHAPTER III

STARBUCKS CORPORATION: CORPORATE SOCIAL RESPONSIBILITY IN A BUSINESS-TO-CONSUMER COMPANY

Introduction

Starbucks Corporation was an obvious choice for researching CSR in business-to-consumer companies, as Starbucks strongly positions itself as a socially and environmentally responsible business both in the United States and globally. Starbucks is a publicly traded coffee company, "a premiere roaster, marketer and retailer of specialty coffee" operating in 78 markets in the world (Starbucks Corporation, 2019). Starbucks is the world's leading coffee chain with over 25,000 stores, known for its high-quality coffee and tea products, handcrafted coffee beverages, and various food products and services. Starbucks products can be found not only in company-operated cafes, but also in various grocery stores and other licensed accounts; the company sells goods and services under a family of brands: Teavana, Seattle's Best Coffee, Ethos, Princi, Evolutionary Fresh and La Boulange.

History

Starbucks Corporation has a very interesting history that started back in 1971 when three Seattleites, Gerald Baldwin, Gordon Bowker, and Zev Siegl, founded a retail business to fulfill a local citizens' need in good quality, dark roasted Arabica coffee beans. At the time, dark roasted Arabica beans were very popular in Europe but hard to get in the United States, where the most popular coffee beans consumed were much cheaper and inferior in taste Robusta. As Howard Schultz writes in his book *From the Ground Up*, "the company was named after a character in Herman Melville's novel *Moby-Dick*, Ahab's first mate, Starbuck" (Schultz, 2019). For over 10 years Starbucks was a small unambitious coffee retailer with only five stores in Seattle, till its legendary future CEO and Chairman Howard Schultz joined the company in 1982. Schultz did for Starbucks what Iverson did for Nucor: applied his vision, passion and ambitions to turn the company from good to great. Inspired by coffee bars in Milan, Italy, Howard Schultz wanted Starbucks not only to roast and sell gourmet coffee beans, but to give its customers the whole coffee experience by serving handcrafted coffee beverages in its stores. Upon trying this new concept in one of Seattle Starbucks stores, the owners of the company turned Schultz's idea down, as their vision of the company was different. They wanted Starbucks to be a retailer that sells coffee beans and equipment only. He left the company in 1986 to start his own business, a chain of Italian-inspired coffee bars called Il Giornale. In his first memo to Il Giornale employees Howard wrote: "We are genuinely interested in educating our customers and will not compromise our ethics or integrity in the name of profit…" (Schultz, Gordon, 2011), which shows that social responsibility was a part of his business vision even before he became CEO of Starbucks. By 1987 Zev Siegl was not a part of Starbucks business, and both Gerald Baldwin and Gordon Bowker were involved in other business projects (Peet's Coffee and Red Hook Brewery respectively). This produced an opportunity for Howard Schultz to gain control over the company. With the help of local investors, he purchased Starbucks in 1987 for 3.8 million dollars and became CEO:

> Over the next ten years, with a team of smart and experienced managers, we built Starbucks from a local business with 6 stores and less than 100 employees into a national one with more than 1,300 stores and 25,000 employees. (Schultz, 1997)

Starbucks completed its initial public offering (IPO) and went online on NASDAQ in 1992 under the ticker SBUX. Currently Starbucks trades on NASDAQ at around 90 dollars per share of common stock (NASDAQ, 2019). Today, what Howard Schultz once called "a rather risqué mermaid logo" (Schultz, 2019) is known and recognizable to millions of consumers world-wide, and it stands not only for high-quality coffee and customer service, but also for ethical and socially responsible business. For the purpose of this research, Starbucks' CSR initiatives are analyzed using the same framework as in a previous chapter and presented in *Table 2*.

Table 2. Corporate Social Responsibility in Starbucks Corporation

CSR in Starbucks Corporation	Internal	External
Environmental	• Renewable energy • LEED certified stores	• Ethically sourced supply • Fair trade • Investing in sustainable coffee farming
Social	• Healthcare benefits for part-time employees • Stock investment opportunities for employees • Investing in employees' education • Diversity and inclusion	• Partnering with local NGOs • Donating unsold food • Supporting local youth, veterans and refugees • Community service • LGBTQ community support
Governance	• Open dialogue with the public	• Outperformer

Environmental Aspect

When it comes to internal environmental performance, Starbucks Corporation has both many achievements and many areas that need to be improved. Due to the nature of its business, Starbucks produces a lot of waste that cannot yet be recycled such as disposable cups lined with plastic, single-use packaging, coffee pods, and straws. Billions of cups end up in landfills and in the ocean every year and have become a big concern for environmental groups. Starbucks is aware of this problem and has been looking for a solution for a long time, being criticized for setting ambitious environmental goals and not achieving them year after year. In 2010, the company set a goal to serve 25% of its beverages made in stores in reusable cups by 2015. The next year they changed that number to 5%, achieving only 1.6% by 2015 (Starbucks Corporation, 2015). Starbucks offers its customers a 10-cent discount on a cup of beverage when they bring their own tumblers. To solve its disposable cup dilemma, Starbucks needs to come up not only with a new design and material of a cup itself but work with its consumers, local governments and recyclable businesses to make sure the cup does not end up in a landfill instead of being properly recycled. As a part of its waste management strategy, Starbucks announced in 2017 that it was committing 10 million dollars to the NextGen Cup Challenge: “The consortium will award accelerator grants to entrepreneurs working on ideas that could lead to the development of more sustainable cup solutions” (Starbucks Corporation, 2017, p. 10).

While recycling is not the strongest part of Starbucks’ CSR, the company is considered to be the leader in ‘green’ retail. According to the Environmental Protection Agency, Starbucks is the largest retail purchaser of renewable energy in the United States

(United States Environmental Protection Agency, 2019). In 2015, Starbucks reached its goal to use 100% of renewable energy in its café retail stores through purchasing the equivalent amount of renewable energy certificates (RECs)[1]. Along with green energy, Starbucks invests in designing, building and renovating its stores to LEED standards. Today the company is the largest builder of green stores in its sector, with 1,600 LEED certified stores in 20 countries (Greener Stores, 2019). The company plans to expand this number to 10,000 stores globally by 2025 but faces many challenges on the way to reaching this goal since many of its stores are located in various shopping malls and grocery stores that may not be up to standards.

According to Shalene Jha and her colleagues who researched coffee agriculture in Mexico, this industry can be very harmful for biodiversity and ecosystem of the affected areas, depending on the two commercial coffee species and farm practices. Lower-quality robusta, grown at lower elevation in direct sunlight, exhausts soil and often leads to cutting down forests for new fields. Its advantage is in higher yields and pest resistance. Shade-grown arabica is environmentally friendly and sustainable in the long run but comes at higher costs (Jha et al., 2014). One of the main priorities in Starbucks' external social and environmental responsibility is its commitment to buying 100% ethically sourced coffee grown by its suppliers around the world. Since 2015 when Starbucks reached a milestone of 99% verified ethically sourced coffee in its supply chain, it has been working on that last one percent to attain its ambitious goal (Starbucks Corporation, 2017). Starbucks introduced to the industry its coffee-buying program called C. A. F. E.

[1] *According to the United States Environmental Protection Agency, a renewable energy certificate or REC is a market-based instrument that represents the property rights to the environmental, social and other non-power attributes of renewable electricity generation.*

(Coffee and Farmer Equity) which is meant to help coffee farmers and their communities to be prosperous and sustainable in many coffee-producing countries worldwide. Starbucks invests in coffee communities by donating healthy coffee trees, constantly educating and training coffee farmers and using an open-source agronomy approach, providing loans to farmers via the Starbucks Global Farmer Fund to assure the company will have sustainably grown coffee supply in the future. Additionally, Starbucks purchases Fairtrade and Organic Certified coffee that empowers small business owners to have a better quality of life in those coffee communities where poverty and hunger persist.

Social Aspect

In 2008 Starbucks adopted a very powerful mission statement that reflects its social responsibility values: “To inspire and nurture the human spirit – one person, one cup and one neighborhood at a time” (Our Mission, 2019). The company calls itself a leader in hiring great talent and is proud of its historical 60-65% turnover rate: “Our turnover rate is less than half the industry average, which not only saves money but strengthens our bond with customers” (Schultz, 1997). In its *2017 Social Impact Report* the corporation states that it achieved 100% pay equity for partners of all genders and races performing similar work across the United States. Starbucks Corporation refers to its employees as “partners” not only to ensure the sense of belonging but because the company gives its workers an opportunity to become owners of Starbucks equity through its Bean Stock program after a full year of service. Starbucks was one of the first few retail companies that started offering its part-time employees healthcare and other benefits which also helped to tackle a high turnover problem. In his book F*rom the*

Ground Up, Howard Schultz calls providing benefits to part-time employees and offering stock options the two best decisions the company ever made (Schultz, 2019). One more decision that made a big impact on its employees was implementing the Starbucks College Achievement Plan that helps employees to pay for college tuition and offers 100% tuition coverage of Arizona State University's online courses for both full-time and part-time partners pursuing their first-time bachelor's degree. According to Starbucks' 2017 *Social Impact Report*, "more than 1,000 partners have diplomas in hand and more than 9,000 are working toward their degree" (Starbucks Corporation, 2017, p. 12).

As a part of its community outreach, the company partners with numerous non-governmental organizations and social activism groups to directly help those in need. Through partnering with Feeding America, Starbucks is working to donate unsold food to the communities it serves, its employees have an opportunity to participate in various community service projects across the globe, the Starbucks Foundation directly supports local youth, veterans and refugees by providing employment opportunities and developing leadership skills.

Diversity and inclusion are the two values that Starbucks promotes both internally and externally. According to the current CEO Kevin Johnson, Starbucks aspires to be a place of inclusion, diversity, equity and accessibility, and the company recognizes that embracing diversity fosters innovation, economic growth and new ideas (Diversity & Inclusion at Starbucks, 2019). In addition to federally protected categories of race, national origin, age, sex, religion and disability, Starbucks is committed to nondiscrimination policies regarding sexual orientation and gender identity. Starbucks actively supports LGBTQ community and marriage equality and was one of the major companies vocally supporting the historic same-sex marriage law. It added coverage of transgender reassignment surgery to the company's health benefits and was recognized by HRC (Human Rights Campaign) as one of the "Best Places to Work for LGBT Equality" in 2015 (Starbucks Applauds Supreme Court's Ruling on Marriage Equality, 2015). Starbucks has a diverse board of directors, one-third comprising of women, and constantly works on increasing the representation of women and minorities among its top leadership and suppliers. However, being a business-to-consumer company and a very visible brand, Starbucks is notoriously criticized both in press and social media for its actions and campaigns. Within the last two years Starbucks made the news headlines twice: first there was an incident in 2018 involving two African-American men being arrested in Philadelphia, Pennsylvania Starbucks store, that led to Starbucks closing more than 8,000 stores in the United States for a one-day anti-bias training (Abrams, 2018); and 2019 Starbucks Tempe, Arizona incident when six police officers were asked to leave the store for making a customer feel unsafe (Garcia, S. E., 2019). Both cases immediately sparked a viral reaction among social media users. Starbucks handled both situations with an open dialogue and even included the Philadelphia case in its annual sustainability report, committing to work on its issues with customer service and employee training.

Setting ambitious and sometimes unachievable goals is one of the drawbacks of Starbucks' CSR initiatives, as it can lead to the opposite effect and give the company a bad reputation. Since Starbucks is a business-to-consumer company, it is important for a business to earn its customers' loyalty and trust. Despite many consumers feeling skeptical about Starbucks CSR activities, various sustainability rating agencies give the company high ratings: Sustainalytics rated Starbucks as an “outperformer” scoring it 68 on a scale 1-100 compared to 46 industry peers (Yahoo! Finance, 2019), and CSR Hub also highly rated the company, giving it a score of 88 out of 100 (Starbucks Corporation CSR/ESG Rating, 2019).

CONCLUSION

Within the last hundred years corporate social responsibility has evolved from a purely theoretical concept into a powerful marketing tool for gaining a competitive edge in business. Many researchers have studied corporate social responsibility and its benefits or drawbacks in businesses. Today, the concept has entered an era of active implementation and reporting: various sustainability rating agencies publish CSR rankings for companies across different industries based on their Environmental, Social and Governance (ESG) performance reports. Social activists, non-governmental organizations, and the government are concerned with human-caused environmental issues, such as greenhouse gas emissions and climate change. Technological advances have changed the way people communicate and get information. In today's highly competitive environment, businesses utilize corporate social responsibility to gain a competitive advantage on the market, to avoid costly lawsuits, to assure long-term sustainable growth and profitability, and to be good corporate citizens in communities where they operate.

This research aimed to study individual cases of CSR implementation in business-to-business and business-to-consumer companies. Based on qualitative analysis of CSR in Nucor Corporation and Starbucks Corporation, it can be concluded that both companies recognize the importance of CSR implementation and reporting, being the leaders in their industries across the United States. The results indicate that there are several common issues both companies address: environmental pollution, employees' empowerment and educational investments, community outreach and local social causes support. While Nucor Corporation concentrates its CSR efforts on internal operations, customer satisfaction, employee retention and local causes, Starbucks Corporation thinks globally and sets ambitious but sometimes unattainable goals, and as a result gets overall higher sustainability scores. Being a business-to-business manufacturer, Nucor gets less public visibility than Starbucks and is more concerned with such issues as safety, lessening the environmental footprint, recycling, and environmental stewardship. Starbucks Corporation sets a high bar for its industry peers, focusing its CSR on ethical sourcing, green retail and community outreach, actively engaging in a dialogue with the public and supporting controversial social causes. Each company aligns social responsibility with its economic interests, creating a holistic strategy to retain its market leader position. Corporate social responsibility has become important for both business-to-business and business-to-consumer models, even though the stakeholders and benefits differ for both business models. CSR applications are company-specific and differ from industry to industry. This research clearly illustrates CSR applications in two individual cases of business-to-business and business-to-consumer companies, but it also raises the question of the benefits of sustainability ranking for companies operating in different industries. Further research is needed to determine the relationships between sustainability agencies' rating of various companies and their profitability.

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