

## **The Effectiveness of Organizational Design and Culture; Case Study Starbuck Medan Gopeng, Malaysia**

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**Abstract :** *The organization performance and overall effectiveness is based on its organizational design. A few studies show that appropriate organizational design play an important role for business success in the international business organization. There are few categorizes such as elements by identifying any problems, the integration of customer and organization and also matching the external and internal environment. The organizational design will improve performance of a business by helping improving their service, reducing costs, increase the efficiency and create a competitive advantage for organization be sustain in the global market.*

**Keywords:** *Organizational design,international business,performance,competitive advantage,global market*

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### **I. INTRODUCTION**

Facility layout and design is an important component of a business's overall operations, both in terms of maximizing the effectiveness of the production process and meeting the needs of employees. The basic objective of layout is to ensure a smooth flow of work, material, and information through a system. The basic meaning of facility is the space in which a business's activities take place. The layout and design of that space impact greatly how the work is done-the flow of work, materials, and information through the system. The key to good facility layout and design is the integration of the needs of people (personnel and customers), materials (raw, finishes, and in process), and machinery in such a way that they create a single, well-functioning system. This paper will discuss the idea of how the layout and design are performed in Starbuck. The case chosen for the study is Starbuck at Medan Gopeng, Perak.

#### **I. Overview Of Starbuck**

The Starbuck Named after a character in the classic story of Moby Dick, Starbucks Coffee has emerged as the world's leader in retail, roasting, and branding of specialty coffees for millions of customers worldwide since its 1971 founding in Seattle's Pike Place Market in the state of Washington. Still headquartered in Seattle, Starbucks Coffee Company has expanded to stores in all 50 states and in 43 countries outside of the United States. In 2014, there were 21,366 Starbucks stores around the world, up from 19,767 the previous year - an increase of 1,599 stores.

"You get more than the finest coffee when you visit a Starbucks - you get great people, first-rate music and a comfortable and upbeat meeting place," says Howard Schultz, Starbucks chairman, president, and chief executive officer. "We establish the value of buying a product at Starbucks by our uncompromising quality and by building a personal relationship with each of our customers. Starbucks is rekindling America's love affair with coffee, bringing romance and fresh flavor back to the brew."

Starbucks in Malaysia is operated by Berjaya Starbucks Coffee Company Sdn Bhd.,a licensee of Starbucks Coffee International. From the first store opening in Kuala Lumpur on 17 December 1998, it have expanded to Sabah and Sarawak and surpassed the 190 stores milestone in March 2015. Now into the 16<sup>th</sup> year of operation, Starbucks has grown not only to become the favorite coffee place for Malaysians but also a productive member of communities across the country.

In its efforts to adapt as the world rapidly evolves, Starbucks Malaysia introduced the new drive-thru concept stores with consistency in mind. This new platform gives customers the option to enjoy their favourite coffee on the go, or at the store should they prefer to stretch their legs and relax. In Malaysia, Starbucks drive-thru concept stores are located in Johor Bahru, Shah Alam, Cyberjaya, Petronas Kajang along the highway as well as Penang, the northern region of peninsular Malaysia.

In 2011, Starbucks Malaysia introduced Starbucks Card in Malaysia where customers are now able to enjoy their cup of coffee with just a swipe at anytime and anywhere. The Starbucks Card Mobile Application was introduced in 2014, making it the fastest and most convenient way to pay at Starbucks which provides greater convenience to their customers.

Customers love coming back to Starbucks because they know they will receive friendly, attentive service and quality coffee recommendations. The baristas are of the most knowledgeable in the coffee industry

by providing ongoing learning opportunities through their Coffee Master certification program and the hosting of their Coffee Ambassador Cup. These programs help strengthen their coffee expertise and their partners are certified to give talks, seminars and presentations at Starbuck stores and other locations upon request. Other initiatives that help promote coffee education include coffee seminars and regular launches of new whole bean coffees and beverages.

In Malaysia, they go to great lengths to provide daily inspiration for all their customers one day, one moment, and one cup at a time. Starbuck organize exciting events such as Halloween and Holiday parties as well as hold regular new product launches to further strengthen the Starbucks Experience. Starbuck partners know their regular customers by name, send them birthday greetings, and remember their favorite beverage. For customers who prefer their beverage with a personal touch, Starbuck also provide wireless Internet access at all their store nationwide to make visits to Starbucks a truly relaxing and enjoyable experience.

During major festive seasons such as the Chinese New Year and Hari Raya Aidilfitri, Starbuck celebrate with their customers by offering promotions, merchandises and Starbucks Card that appeal to the local market. We incorporate elements of these festivals in the way they greet their customers and decorate their stores to lift up the festive spirit.

Starbuck constantly seek to surprise and delight their customers with innovative handcrafted beverages and menu items. From exclusive mooncakes made with Starbucks coffee offered every Mid-Autumn Festival since 2003 to original handcrafted beverages such as the Strawberry Cheesecake Frappuccino, they continue to offer innovative core and promotional products to engage their customers in new and exciting ways.

In 2011, the introduction of Starbucks VIA Ready Brew was a revolutionary breakthrough for Starbucks, which introduced a transformational instant coffee that replicates the body and flavor of Starbucks coffee in an instant form. It took the Starbucks team 20 years to create a coffee that delivers Starbucks coffee quality in an instant.

Starbucks main vision for projects as such is to be a catalyst for positive change by bringing together all its partners and customers to help address local issues through community service and at the same time educating and inspiring society to take action in preserving the environment.

Starbucks Malaysia celebrates the Global Month of Service every April and organizes community service projects in which takes place simultaneously around the world; where partners and customers dedicate their time and energy to create positive change in their local neighborhoods. Last April, Starbucks Malaysia executed 38 community service projects and achieving 27,437 community service hours.

Starbucks® is committed to offering the world's finest coffee while enriching Malaysian's lives one cup at a time.

## **II. STRUCTURE ENVIRONMENT IN STARBUCK GOPENG**

A review of the literature reveals that several definitions have been put forward to characterise the servicescape. Servicescape has been defined as all of the objective physical factors that can be controlled by the firm to enhance (or constrain) employee and customer actions by (Bitner, 1992). (Kotler, 1973) defined servicescape as design of buying environments to produce specific emotional effects in the buyer that enhance his [or her] purchase probability". (Kers, 2000) define it as consciously designed places, calculated to produce commercially significant actions. There are variables used in the atmospherics such as environmental that concerning on human behaviors. Atmospherics has been defined as the effort to design buying environments to produce specific emotional effects in the buyer that enhance his purchase probability (Kotler, 1973).

The main sensory channels for atmosphere are sight, sound, scent and touch. In a review of the atmospherics literature, (Turley & Miliman, 2000) designated a "general interior" atmospherics category which includes music, sound, lighting, scent, colour, temperature (often referred to as "ambient" environmental cues), and visual design elements. It is generally accepted that the term 'atmospherics' was coined by (Kotler, 1973) who first documented the influence of the in-store environment on the perceptual processes of customers, leading to purchase or non-purchase decisions. Based on the early research in environmental psychology, (Kotler, 1973) took a narrower perspective by focusing on consumer behavior and the effects that the physical environment has on it. He asserted that customers perceive store atmosphere through a combination of visual (color, lighting, proximity and number of visual elements); aural (music type, sound level); tactile (cleanliness); and olfactory (scent); cues present within the service environment.

The influence of atmospherics in marketing contexts is based on the premise that the design of an environment through a variety of means — including lighting, layout, sound, colour, and temperature — could stimulate perceptual and emotional responses in consumers and affect their behaviours (Kotler, 1973). Sustained with the matter, (Bitner, 1992) pointed out that the ability of the physical environment to influence behaviours and to create an image is particularly apparent for service businesses such as hotels, restaurants, professional offices, banks, retail stores, and hospitals. The service generally is produced and consumed simultaneously, the consumer is "in the factory," who often experience the total service within the firm's

physical facility. Refer to (Bitner, 1992), the physical environment is rich in such cues and may be very influential in communicating the firm's image and purpose to its customers.

A very limited number of empirical studies in consumer research confirm that ambient factors may influence customer responses. For example, in studies of restaurants and supermarkets, it has been illustrated that music tempo can affect the pace of shopping, length of stay, and amount of money spent (Turley & Miliman, 2000). The familiarity of music played in a department store setting was found to affect the shopper's perceptions of how long they spent shopping; when the music was unfamiliar to subjects, they believed they had spent more time shopping in their research stated that although food quality is basic, the ambience and service performance greatly influence a customer's evaluation of a particular establishment. Diners use the following types of clues to judge a restaurant experience: functional—the technical quality of the food and service; mechanic—the ambience and other design and technical elements; and humanism—the performance, behaviour, and appearance of the employees sharing the same principle.

### **III. THE LAYOUT OF STARBUCK GOPENG**

The area of discussion would highlight the preference in layout for Starbuck Medan Gopeng that gives significant impact on customer attraction. It will show how the layout of the case coffeehouses affects the interaction of customers, the activity and movement through the space and longevity of stay. This information will benefit both owners and other small retailers. The preference comprises of the entrance zone, interior space, interior design, lighting effect and the furniture itself.

Starbuck coffee comes directly from the earth so it naturally takes an interest in treating it well. Starbuck strive to reduce the impact their stores have on the environment and this commitment influences almost every aspect of how they approach design and construction, including landscape, building methods, materials, lighting and more.

Starbuck believe a coffeehouse should be a welcoming, inviting and familiar place for people to connect, so they design their stores to reflect the unique character of the neighborhoods they serve. They are also interested in the way design can connect them all to sustainable building practices and provoke thoughtful questions and engagement with the built environment. In addition to reducing energy and water consumption, Starbuck incorporate reused and recycled materials wherever possible and often use locally inspired design details and materials in their stores.

To guide their efforts, Starbuck use the U.S. Green Building Council's LEED certification program as a benchmark for success. (LEED is short for Leadership in Energy and Environmental Design) They started the LEED certification globally for all new, company-owned stores beginning in late 2010 and are gaining momentum as they continue the program. Currently Starbuck have LEED certified stores in 20 countries around the world.

Starbucks design studios are located around the globe so that their designers can fully understand the communities they serve. The mission of each designer is to create a spectacular Starbucks café experience that is steeped in the local culture and designed to reflect the unique characteristics of each neighborhood. Together, they are fully committed to their goal of creating sustainably designed locally relevant stores that inspire and nurture the human spirit one person, one cup, and one neighborhood at a time.

### **IV. DISCUSSION ON FINDING**

The layout design of Starbuck Medan Gopeng maximizes workflow efficiency. It also supports a warm and friend ambience to match the company's organizational culture. This layout strategy does not maximize space utilization for tables and seats because Starbucks' focus is on premium customer experience, which involves higher prices for more leg space in the cafés. In this decision area of operations management, Starbucks prioritizes customer experience over space utilization.

This store at Starbuck Medan Gopeng offers a stylish café presence. It's definitely a place to be seen, with large windows giving a great view to and from the street. For large groups and the evening crowd, the basement offers an eclectic, lounge-like atmosphere with soft, inviting seating. The design relates to the character and sophistication of this particular neighborhood. It includes found objects, reclaimed regional materials and elements saved from the previous tenant. Several environmental initiatives imbedded throughout the design including reclaimed regional materials and energy efficient lighting. Efficient and well-planned store entrances can generate positive consumer attraction and this can be linked to increased levels of browsing and consumers spend in the store. Entrances and exit points directly affect loyalty most significantly.

Layout of entrance zone plays an important role to present Starbucks first impression. Starbucks design their entrance layout in a desirable manner and placing their main promotion menus at the end caps.

Interior space refers to the spaciousness and proximity of space. The core requirements are enough to move around the store, ease of access from outside the store and clear navigation and displays.

Starbucks café compressed furniture and passable area to fully utilize the scarce space with product display to increase the rate of possibilities of purchase their product as they are situated at every angle.

The interior architecture, ceiling height, colors, finish materials, furniture type, access to natural lighting, type of artificial lighting, location of electrical outlets, views to the outside, view of spaces inside, availability of outside seating, ability to move furniture, availability of speakers for music or announcements, and any other notable characteristics are interior design.

Starbucks prefer to place artwork around the café wall to bring the pleasant feeling to their patron, as their main concern is to attach people 'feel at home'.

A study said there was a connection found between levels of light and noise level and how they affected the duration of stay at the café. As the level of light increased so did the level of noise, both decreasing the amount of time customers reminded in the establishment.

Starbucks stores are usually built with an open front or with large glass windows to allow plenty of natural light in during the day. This will not be present in all refectories or breakout areas, but it is still possible to get that Starbucks style by using energy saving bright LED lighting and large striking light shades. These are used in many stores to differentiate between different seating areas and create a welcoming environment.

Some Starbucks's customers prefer bright light to enable them to read varieties of magazine which is available at Starbucks or during working on their computers and chatting with friends.

Starbucks design their stores to be a "welcoming, inviting and familiar place for people to connect". The retail stores use dark woods and patterned fabrics to provide a homely, relaxing environment. These warm and natural tones create a memorable experience for customers that they will enjoy again and again.

Starbucks coffee cafe usually feature a variety of different eating and drinking areas in every one of their stores, to suit the different needs and time allowances of their consumers.

Some customers may wish to use the comfortable seating areas for a drink and chat - these typically consist of dark leather sofas and wooden coffee tables. Those grabbing a drink in a hurry may use the perimeter benching with wooden high backed stools. This benching usually runs inside the windows of the Starbucks store, facing out onto the street or mall. Other customers who wish to spend longer in the store and have a bit to eat could use the more traditional seating areas with tables and sturdy wooden chairs.

## **V. RECOMMENDATION**

That was highly recommend Starbucks café should insert other value added in their coffeehouse in order to attract not only potential customers but also to retain loyal customers. Firstly, provide mobile laptop desk for one person and bar height laptop desk for two people. V-shaped channel holds books and plugin modules for power parts & cup holders and hocks for hanging backpack or bag. Then, provide separate receptacles for recycling of compost, paper, plastic, aluminum & glass. Raise awareness of Starbucks commitment to the environment and tell customers where recycle goods go when they dispose of them. Lastly, provide an area for kids to play and interact. It also must provide seating for parents to sit and watch. Kid area need to be located in a safe part of the café and not close to any exit. By these recommendations, perhaps Starbucks Gopeng will be success in improving their service quality.

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