

Corporate Social Responsibility at Shipley Do-nuts

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Abstract

Corporate Social Responsibility (CSR) has become a buzzword in the modern organizations. The reasons for focusing on it may be philanthropic, plain window dressing to avoid Government's interference or simply a public relations exercise. The author has tried to analyze how well Shipley Do-nuts, a Houston based company, has managed to fulfill its ethical and social obligations. The internal and external influence to its CSR strategy has been studied with the help of SWOT matrix. Based on the study, the author is of the opinion that the company should shift its approach from a philanthropic one to a community based one to achieve sustainable development. The author has suggested use of a community sports area for achieving the same.

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Corporate Social Responsibility at Shipley Do-nuts

Founded in 1936 in Texas, Shipley Donuts has become a popular doughnut chain in the United States with over 220 stores spread throughout the southern states. Since its inception, Shipley Donuts has been actively involved within its community which adds a whole new dimension to its mission of “making life delicious” (Shipley Do-nuts, 2008). The founder of the company, Lawrence Shipley, Sr. founded the company near the end of the Great Depression. He had witnessed the horrors that people of his community had gone through during the Depression. Thus, giving the community back that made him rich was one of his top priorities. Moreover, in a country which is fighting a battle against childhood obesity, the role of a fast-food chain like Shipley Do-nuts assumes significance especially its attitude towards ethical practices and social obligations. The following sections discuss how well Shipley Donuts has contributed towards its Corporate Social Responsibility.

CSR approach at Shipley

Shipley has adopted a philanthropic approach to CSR. In this approach, the organizations give monetary donations, aid or lend their names to the local communities for social causes. According to Wood (1991), this approach helps them to become vastly respected in their local community and protects their home market even during times of fierce competition. Shipley has been associated with many social causes from schools, churches to charity groups. For example, Shipley lent its name to annual fair dedicated to cancer survivors and veterans during last October (Lowman, 2009).

Shipley also makes significant contribution towards promoting the US culture and tradition. Shipley’s franchises have been known to donate a part of their earnings during Christmas to Angel Tree, a local organization that helps in buying gifts for poor children during the Christmas (Tribune Herald, 2009). Similarly, it gives away free doughnuts to its customers on June 5 every year in the memory of Chicago Salvation army which gave rise to the National Doughnut Day (Tribune Herald, 2009).

Being a fast food chain, Shipley has also taken its obligation of “making America healthy” very seriously. Complete nutritional information of its products is displayed prominently at all its franchises and also at its website. Any customer can view the cleanliness of the kitchen area and the bakery techniques being used through its theater viewing windows. Moreover, to show its commitment towards health, it sponsors local sports teams like Houston Dynamos (professional soccer club in MLS) and Houston Astros (professional Major League Baseball team) (Shipley Do-nuts, 2008). Such has been Shipley’s commitment to maintain quality that it has been reluctant to grow too fast (the chain has added only 220 stores in its 74 years of existence compared to thousands of stores opened by McDonalds or Pizza Hut in lesser time) which is reflected in its strict criteria for a franchise.

SWOT Analysis

A SWOT analysis is conducted on the ethical practices being employed by Shipley to evaluate their CSR strategies

Strengths

1. **Active involvement in community:** From donating a part of its earnings to local charity organizations to sponsoring local sports clubs, Shipley has been actively involved in the community development. Moreover, it invites local organizations to seek assistance through its web site. This approach shows its commitment towards community building and has helped it to carve a niche for itself in the Texas community.
2. **Ethical practices:** Shipley not only makes nutritional information about its doughnuts public, but also lets its customers know the processes being used at the kitchen through an open window system. This ethical practice has found wide acceptance among the Texas community who flock to its franchises.
3. **Sticking to traditional bakery techniques:** Despite the advent of modern automated bakery techniques, Shipley Do-nuts have stuck to the traditional bakery techniques to retain its soft and

fresh aroma and taste. This requires it to employ a greater number of workers thus helping the local community in finding a job (Shipley Do-nuts, 2008).

Weaknesses

1. Working conditions: To keep the costs of labor down, the company has resorted to the use of cheap illegal immigrants from Mexico in the past. The immigrants have often complained to the use of abusive language and racial slurs by the owners (Houston Chronicle, 2009). This has harmed its image in the national consciousness.
2. Less contribution to local skill development: A philanthropic approach to CSR doesn't contribute much to the skill development of the local people and thus doesn't lead to a sustainable development. Shipley has often been riled for not contributing to the local skill development.
3. Secrecy of its donut mix: Although it is central to its competitive advantage, the secrecy about its donut mix, which makes the donuts great, is akin to hiding important nutritional facts from its customers. This has not gone down well with some consumer rights activists.

Opportunities

1. Increasing community based approach: A community based approach to CSR is more successful in connecting with the local community. This may involve partnering with a local school for education of the children. This will help the company in contributing to the local skill development and in achieving sustainable development.
2. Healthy doughnuts: Shipley can add a few healthy doughnuts, which are low in calorie, to its product range. This may not necessarily sell much, but will credibility to its efforts towards building a "healthy America".

Threats

1. Competition: With an increasing competition in the fast food space and the cost of serving a customer increasing, the fight for natural resources will increase. This may mean that CSR activities may have to take a backseat in Shipley's policy.
2. Intervention by Government agencies: Due to its past record in employing illegal immigrants, the Government agencies may intervene in the organizational policies, for example, the Labor Department may carry out an inspection about its employees pay and basic working conditions. This may prove to be a threat to the company's image in the people's eyes.

Conclusion

The present research about the CSR activities at Shipley Do-nuts indicates that the company is taking its CSR activities seriously. The company has contributed to various causes from cancer, fighting crime and celebrating Christmas to supporting sports activities. However, it was observed that currently Shipley views CSR as a method of giving back to the community which is separate from its corporate objective of making profits. It should look towards integrating its CSR strategy into its company's objectives so that it can be viewed as essential for sustainable development of the company. For example, Dunkin' Donuts Centre has set up a centre in Providence, Island. It provides state of the art training facilities to the sports clubs in the regions. This centre has produced numerous stars and is an attraction for young sports enthusiasts in the region. This makes a stronger statement towards development of sports than just sponsoring an event or a sports club.

Adding to its list of CSR activities, Shipley can sponsor a sports area in Houston which provides playing area for the young children in the Texas region. This sports area can have a basketball court or simply open spaces for playing soccer. Regular Shipley customers and their wards can get free access to the facilities. The regular customers can be given these passes at the Shipley franchise. This will help the company in

1. Building customer network: Building on company's efforts towards connecting with its customers through Facebook, the company can keep track of its customers through this sports area
2. Boost its sales: Since free passes will be given to the regular customers, it will help in boosting the sales and achieving higher customer loyalty
3. Development of sports: It will help in development of sports in the community which will build on the company's efforts towards building a "health America".

So, this idea can prove to be a good one to follow for Shipley Do-nuts as part of its ethical and social obligations (CSR). The company can look to contribute to the skill development of the local community through this exercise. This will help the company to realize the importance of integrating its CSR activities with its corporate strategy.

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