Analysis of Green Strategy of Multinational Corporations under Diversified Institutional Environments - Taking Starbucks' Global Green Practice as an Example

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Abstract. Given the shortcomings of existing research that focuses on a single institutional dimension, this paper takes Starbucks in four typical markets, California, Sweden, Japan and China, as cases, constructs an analytical framework from the dual perspective of "formal institutions-informal institutions", and identifies three strategic paths: compliance response, brand co-creation and public collaboration. The study adopts a case study method, combined with ESG reports, official documents, green store deployment data and prediction models, to deeply analyze the logic of Starbucks' strategic adjustment. The empirical results show that in markets with mature regulations, companies strengthen brand legitimacy by exceeding environmental protection requirements. In culturally driven markets, localized vision and product innovation are used to enhance consumer recognition. Overall, the average deviation between green store deployment and model prediction in various regions is controlled within 5%, which verifies the high consistency between institutional pressure and strategic response. This study not only enriches the empirical application of institutional theory in the field of multinational green strategy but also provides an operational path reference for enterprises to achieve green transformation in a diversified institutional environment.

1 Introduction

With global warming, frequent extreme weather, and the increasing depletion of natural resources such as water resources and minerals, environmental pressure is becoming a core bottleneck restricting the sustainable development of the economy and society. Many international reports, such as the United Nations and the International Energy Agency, have pointed out that achieving carbon neutrality, circular economy, and green and low-carbon transformation has become a global consensus. The concept of green development has rapidly emerged at the government, enterprise and public levels, and has become a new focus of policy making and market competition in various countries.

Against this background, multinational corporations, as the main force of global economic activities, have production networks and supply chains all over the world, and bear

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key responsibilities for resource utilization efficiency and environmental impact. The green strategy of multinational corporations not only affects their competitiveness and reputation but also plays a vital role in promoting global environmental governance and achieving the Paris Agreement and the United Nations Sustainable Development Goals [1]. Therefore, in-depth research on how multinational companies formulate and adjust green strategies in different institutional environments has important theoretical value and practical significance.

However, different countries and regions have significant differences in environmental laws and regulations, policy incentives, social culture and consumer preferences: North American and Nordic markets generally have matured environmental legislation and strict enforcement mechanisms [2]. Some Asian markets show a complex interweaving between policy promotion and cultural cognition [3]. Emerging markets face unique challenges between rapid industrialization and environmental protection [4]. This diverse institutional environment provides innovative space for multinational companies' green strategies, but also brings many challenges such as compliance costs, cultural adaptation and conflicts of interest. How companies can balance the dual pressures of formal institutions (laws and policies) and informal institutions (culture and public opinion) in a "locally adapted" manner has become a core issue in multinational strategic research.

As a leading company in the global coffee industry, Starbucks' green practices in store location selection, architectural design, packaging materials and product innovation are highly representative. On the one hand, Starbucks actively exceeds legal requirements in markets with mature environmental regulations such as California and Sweden, and consolidates its compliance foundation by using renewable energy and green building materials; on the other hand, in culturally driven markets such as Japan and China, it stimulates consumer recognition through localized products and visual communication, forming a green path that combines "brand co-creation" and "public collaboration". The selection of the Starbucks case can not only reveal the typical model of multinational companies' green strategy but also provide reference experience for companies in other industries.

Based on the perspective of institutional theory, this study divides the institutional environment into two dimensions: formal institutional pressure and informal institutional pressure, constructs an "institutional pressure-strategic path" analysis framework, and identifies three main strategic responses of companies in different situations: compliance response strategy, brand co-creation strategy, and public collaboration strategy. The study adopts a case study method, comprehensively uses multiple data such as corporate ESG reports, official policy documents, green store deployment data, visual materials, and consumer trend surveys, and based on the green store ratio prediction model, quantitatively compares the model prediction value with the actual deployment value to verify the driving effect of institutional pressure on strategic adjustment and the company's ability to predict institutional changes. Although existing studies have paid extensive attention to the compliance response of enterprises to formal institutions, there is still insufficient research on how enterprises can achieve flexible strategic adjustments under the combined influence of formal and informal institutions. The institutional environment is more complex, and enterprises are also affected by "soft" factors such as social culture. Although these informal institutions are not mandatory, they often determine whether green strategies can be accepted and recognized. This study is based on this gap and proposes an analytical framework with institutional sensitivity and strategic flexibility as the core.

2 Literature review

Green strategy is a systematic strategy adopted by enterprises to cope with environmental protection challenges. It covers a wide range of key links such as production processes,

supply chain management, product design, and store operations. The core goal of enterprises implementing green strategies is to reduce the negative impact of their own operations on the environment, while enhancing the corporate social responsibility image to meet society's expectations for sustainable development [5].

Institutional theory provides an important perspective for understanding corporate behavior. It points out that organizational behavior is not simply driven by market and economic logic but is deeply influenced by the institutional environment. The institutional environment includes two levels: formal institutions and informal institutions. Formal institutions are represented by laws and regulations, which are mandatory and normative; informal institutions include social culture, consumer preferences, etc. Although these factors are not mandatory, they can subtly influence corporate decisions and behaviors [6].

For multinational companies, the formulation and implementation of their green strategies often require interactive adjustments under the dual effects of formal institutional pressure and informal institutional pressure. Formal institutional pressure mainly comes from mandatory policies such as environmental protection regulations and green building standards issued by the government. Companies must comply with these regulations; otherwise they will face legal sanctions and reputation loss. Informal institutional pressure is mainly reflected in "soft institutions" such as social culture and consumer environmental awareness. These factors will affect the market demand for green products and services and thus affect the market competitiveness of companies.

3 Formal institutional dimension: the regulatory-driven logic of green strategy

When facing markets with mature systems and strict regulations, such as California and Sweden, Starbucks adopted a typical "compliance response strategy" [7]. This type of strategy not only meets the minimum regulatory requirements but also strengthens the brand image and social responsibility through excessive institutional performance.

In California, environmental regulations impose strict requirements on companies, such as banning disposable plastic products and promoting the use of clean electricity [8]. Starbucks actively eliminates plastic straws and promotes paper straws and biodegradable packaging materials. Its 2024 ESG report mentions that "the 2030 greenhouse gas emission reduction target has been verified by SBTi" and specifically mentions the response to local regulations such as AB 1305 [9]. This strategy not only demonstrates its compliance but also reflects Starbucks' ability to predict institutional changes.

In Sweden, Starbucks responds to policy requirements through green store design, the use of sustainable building materials, and the reduction of plastic products. This green strategy, formed under institutional pressure, has a store design that complies with Swedish green building standards and echoes Swedish consumers' preference for eco-labeled products [10].

4 Informal institutional dimension: green co-creation of visual culture and consumer identity

Unlike the regulatory drive in California and Sweden, Starbucks' green strategy in Japan and China is more influenced by "informal institutions" such as cultural values, consumer preferences, and social identity.

In Japan, traditional culture emphasizes "harmony between man and nature", and consumers have a strong sense of environmental protection and attach importance to local cultural elements [11]. To this end, Starbucks has launched environmentally friendly packaging that combines tea culture, regional limited matcha drinks, and plans to promote

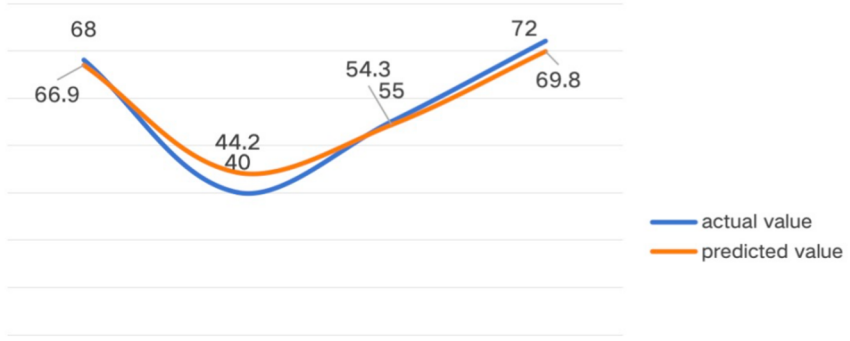
99% biodegradable straws nationwide by 2025. Relevant stores use wood and recycled materials and are marked with "98% water recycling" and "local reuse display", highlighting the combination of cultural sense and environmental protection.

In China, Starbucks' green strategy not only responds to consumers' concerns about health and environmental protection but also combines the government's policy orientation of advocating the construction of a "green supply chain" [11]. For example, it's "GOOD GOOD" series of stores that built a coffee creative park in Yunnan and promoted biodegradable straws emphasizes the labels of "integration with the community", "environmental protection" and "recycling", forming a representative of the "public collaborative green strategy" [12].

This visual communication strategy makes the green strategy not only a compliant behavior, but also a medium for brand recognition and consumer communication.

5 Green store ratio prediction vs actual value: verification of institutional pressure response

This study is based on Starbucks' green store deployment rhythm over the years, the investment intensity of each market in the ESG report, and the institutional strength score (composed of policy norms and cultural identity). Based on the differences in the institutional environment, this paper constructs a simplified prediction framework to try to analyze the impact of institutional characteristics in different countries on the performance of corporate green strategies. The model used uses formal and informal institutions as core variables to estimate the possible level of green store ratios of companies in different markets. By comparing the differences between the predicted value and the actual green store ratios of various countries, the explanatory power of institutional factors on the effectiveness of strategic implementation is explored, as shown in Figure 1.



USA-CA	China	Japan	Sweden
68	40	55	72
66.9	44.2	54.3	69.8

Fig. 1. Actual vs predicted

From the above data, it can be seen that the actual value is generally close to the model prediction value, and most deviations are controlled within ±5%, which means that Starbucks' green strategic deployment is highly consistent with the adaptive model of the institutional environment. Specifically, the predicted values in California and Sweden are slightly higher than the actual values (deviations are -1.1 and -2.2 respectively), which may be related to the construction cycle, local implementation rhythm, or post-epidemic recovery speed [13]. Even so, the high coverage rate of green stores in the two places itself shows the efficiency of Starbucks' response to high-intensity environmental regulations. The Japanese

market is close to the predicted value (deviation -0.7), indicating that its green strategic deployment is precisely connected to the cultural informal institutional pressure, especially in the localization of store packaging and the use of environmentally friendly materials, which reflects the stability of the "brand co-creation strategy" [14]. The Chinese market is the only market with a "positive deviation" (+4.2), indicating that Starbucks' green store deployment is far higher than the institutional prediction value. This strategic "over-response" reflects the company's strategic emphasis on the Chinese market and its positive response to the dual pressures of policy and consumer culture. In particular, in the practice of promoting the "GOOD GOOD" green series and building the "Coffee Creative Park", the company's public collaboration intention to actively build green identity is reflected [15].

6 Conclusion

This study focuses on the core issue of "how multinational companies adjust their green strategies in a diverse institutional environment". Combining the perspective of institutional theory, this study uses Starbucks' practices in four markets, California, Sweden, Japan, and China, as examples to deeply explore the strategic adaptation path under the dual pressure of formal and informal institutions. The study found that the heterogeneity of the institutional environment requires multinational companies to demonstrate a high degree of institutional sensitivity and strategic flexibility in their global green strategic deployment.

In terms of formal institutional dimensions, Starbucks demonstrated the strategic characteristics of "compliance responsiveness" in California and Sweden by meeting or exceeding environmental regulations, and used green store design, material replacement and ESG information disclosure as the main means to consolidate its legitimacy. In terms of informal institutional dimensions, such as Japan's cultural value system and China's growing environmental awareness, companies are driven to achieve localized embedding of green concepts through strategic paths such as "brand co-creation" and "public collaboration". These green strategies are not only reflected in policy documents and slogans, but also transformed into consumer-perceivable experiences through product packaging, store visual design, advertising materials, etc.

In order to enhance the empirical nature, this study further conducted a small-scale trend data analysis. The comparison of the "predicted value and actual value" of the proportion of green store construction shows that the intensity of institutional pressure is highly positively correlated with the deployment of green strategies, while the actual deviation reflects the company's ability to anticipate and respond to institutional changes. Especially in the Chinese market, Starbucks' strategic "over-deployment" fully demonstrates that companies are not passively adapting to the system but actively building green identity at the intersection of system and culture. This not only enhances the company's social responsibility image but also gives its brand a higher cultural and institutional adaptability.

In summary, a truly effective multinational green strategy should respond to the hard constraints of formal institutions and the soft expectations of informal institutions at the same time and build a strategic structure that combines legitimacy and identity. The case of Starbucks shows that in the context of an increasingly complex global institutional environment; multinational companies can only consolidate their global market competitiveness and brand trust foundation while achieving environmental sustainability by adapting to local conditions and responding flexibly. This study not only provides a new practical sample for institutional theory but also provides a reference path for multinational companies to promote green transformation.

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