

# The business environment of coca cola essay sample

[Business](#), [Company](#)



## INTRODUCTION

Business environment consists of the factors that affect company's operations, and includes stakeholders, suppliers, customers, competitors, industry trends, regulations, government activities, economic and social factors, and technological development. Ability to understand the key processes of business environment is severe necessity. Business environment is same as Charles Darwin's natural selection: ability to adapt to changes in an environment – a main condition in business. The number and a variety of factors to which the organisation is forced to react, is a lot. All the objects and processes in environment always changes. Change of one factor results to a change of set of others. The organisation has very limited possibilities to influence an external context of the activity. The companies should adapt continuously for changes proceeding round them, i. e. to be changed.

### 1. 1 – COMPANY BACKGROUND AND HISTORY

The company that was chosen has the most expensive brand name in the world. This is “ The Coca Cola Company”. It is the largest beverage company, largest manufacturer, distributor and the marketer of the non-alcoholic beverage concentrates in the world. The Coca Cola Company markets four of world's top five soft drinks brands, including Coca-Cola, Fanta, Sprite and Diet Coke.

According to the company, the Coca-Cola syrup has been created by the Atlanta pharmacist Dr. John Pemberton on 8th of May, 1886. In mixes with

soda water the syrup has turned to the new drink named “Coca-Cola”.

Benjamin F. Thomas and Joseph B. Whitehead, businessmen from Chattanooga secured the rights to bottle and sell Coca-Cola in the United States from the Coca Cola Company. This year the first factory producing new drink was built, and the number of Coca-Cola producing factories after 20 years exceeded 1000s. The bottling franchise started to consolidate until the 1980-s, when in the next decade The Coca Cola Company merged some of its company-owned operations with few large ownership groups that were for sale. By the year of 1992 unit case sales was 1.4 billion, and the total revenues were 5 billion dollars. The company takes 110th place in the ranking of top 2000 public companies. This annual ranking is published by Forbes magazine and based on mix of four metrics: Sales, Profit, Assets and Market value.

## 1.2 – THE COMPANY’S MISSION, VALUES, OBJECTIVES AND RESPONSIBILITIES

Mission statement:

In all that the Coca Cola Company does, the company is guided by three principles which is named by mission and have been formulated so:

- \* To refresh the world
- \* To inspire moments of optimism and happiness
- \* To create value and make a difference

In order to achieve these missions the company must create value for all the constraints they serve, including consumers, customers, bottlers and communities.

Certainly, as well as any successful business, company is aimed at persistent growth and development. But what helps them to achieve it throughout more than hundred twenty years? The answer is the Vision:

- \* People: Be a great place to work where people are inspired to be the best they can be.

- \* Portfolio: Bring the world a portfolio of quality beverage brands that anticipate and satisfy people's desires and needs.

- \* Partners: Nurture a winning network of customers and suppliers, together to create mutual, enduring value.

- \* Planet: Be a responsible citizen that makes a difference by helping build and support sustainable communities.

- \* Profit: Maximize long-term return to shareowners while being mindful of overall responsibilities.

- \* Productivity: Be a highly effective, lean and fast-moving organization.

Values:

Hundreds of thousands people are working in the Coca Cola companies all over the world. All of them are very different, but the company has the general values, which serve as a compass for actions:

- \* Leadership: The courage to shape a better future
- \* Collaboration: Leverage collective genius
- \* Integrity: Be real
- \* Accountability: If it is to be, it's up to me
- \* Passion: Committed in heart and mind
- \* Diversity: As inclusive as our brands
- \* Quality: What we do, we do well

Objectives:

There are several objectives of the Coca-Cola Company those determined and defined as follows:

- \* Expand share of worldwide nonalcoholic ready to drink beverages sales.
- \* Maximize long-term cash flows.
- \* Create economic value of added by improving economic profit.

Responsibilities:

The main sustainability of the Coca Cola Company is “ Live positively”.

Described as platform of sustainability, Live Positively is commitment to make a positive difference in the world by designing the way of working.

There are few types of goals and targets in global sustainability:

- \* Active healthy living
- \* Energy management and climate protection
- \* Community
- \* Sustainable packaging
- \* Water stewardship

### 1. 3 – STAKEHOLDERS

Stakeholder is a person, group, organization, or system who directly or indirectly affects or can be affected by an organization’s actions. There are 2 types of stakeholders: internal and external.

Internal:

- \* Owners
- \* Shareholders
- \* Managers
- \* Employees

External:

\* Suppliers

\* Community

\* Customers

\* Society

\* Government

Shareholders are the owners of the company. The main thing for shareholders is their rights and responsibilities. Shareholders have the rights to:

\* Vote on matter (election of the directors)

\* Propose shareholder resolutions

\* Share in distributions of the company's income

\* Purchase new shares issued by the company

Managers in organizations have responsibility to make decisions to manage company. Functions of the managers are planning, organizing, leading, coordinating, controlling, staffing and motivating.

Employees are hired to provide services to a company on a regular basis in exchange for compensation. They don't provide these services as part of their own businesses.

Customers buy goods and services produced by the company. Customers are not just the individual people; they can also be other businesses. Firms must understand and meet the needs of their customers, otherwise they will fail to make a profit, or indeed, survive.

Suppliers are any person or organization that provides particular service or commodity. Businesses should have effective relationships with suppliers in order to get quality resources at reasonable prices. Suppliers depend on the companies they supply.

Community often provides many of the firm's staff and customers. The businesses supply goods and services vital to the local area.

Government economic policies affect firm's costs. Legislation regulates what business can do in areas such as the environment and occupational safety and health. Businesses with success are good for government as they create wealth and employment.

## 1. 4 - THE COMPANY'S STAKEHOLDERS

### SUPPLIERS

To refresh the world, as the main mission of the Coca-Cola Company, suppliers help to company providing necessary products and services. The products are produced by local people, using local resources and, in many cases, local suppliers. In fact, through the multiplier effect and local nature of global business, the company supports local economics. With each job that the company creates, many additional jobs are created through



suppliers and other business partners. The suppliers are assessed according to adherence to “ Supplier Guiding Principles”, which emphasize the importance of responsible workplace policies and practices that comply, at a minimum, with applicable environmental laws and with local labor laws and regulations. Suppliers are also complied with “ Code of Business Conduct for Suppliers”, that describes standards in the areas of conflicts of interests, business and financial records, bribery and information protection. Suppliers for the Coca-Cola system are expected to operate their businesses according to the highest standard of business conduct, labor rights, quality and service.

## EMPLOYEES

Nowadays, the Coca-Cola company beverages are enjoyed more than 1.5 billion times a day around the world. It means the company directly depends on employees. The Coca-Cola Company strives to be the best place to workplace for the employees, so they are given great opportunities to collaborate, to develop their skills. Below there are few examples of improving workplace in Coca-Cola Company:

- \* Issued Workplace Rights Policy in 2007, reflecting fundamental respect for the rights of associates and commitment to provide a rights-based working environment
- \* Conducted 106 Workplace Rights Policy assessments and 74 training sessions worldwide in 2007.

## CUSTOMERS

Customers are a significant part of a chain, without dependence from that, whether it is the greatest in the world a network of fast food restaurants, or it is a little shop in Mongolia – all of them directly realize production to the consumer. And Coca-Cola grants the buyers constantly profitable drinks which help to grow to their business. The last part of the chain: “ Suppliers – Company – Bottlers – Deliveries – Customers” are consumers. Consumer is a king, because he has got various choices around him.

## 2. 1 – TYPES OF ECONOMIC SYSTEM

Economic system is the system of production, distribution and consumption of goods and services of economy. The economic system is composed of people and institutions, including their relationships to productive resources. There are mainly 3 types of economic system:

- \* Market economy /America, India/
- \* Planned economy /China, North Korea/
- \* Mixed economy /Japan, Germany/

### Market economy

In the market economy assumptions of the market play a main role in deciding the right path for a country's economic development. The national and the state governments play minor roles. The main points in this economy are consumers and their buying decisions.

In the real world, however, there is no such thing as a truly unfettered market economy, and so the term is used to describe economies which are largely dictated by market forces. As a result, whether or not a given economy is actually a market economy can be open to some debate.

There is no central planning in the market economy, and it is one of the major features of this economic system. Supplying and demanding are the mainly dominated marketing decisions. The role of the government in a market economy is to simply make sure that the market is stable enough to carry out its economic activities properly.

#### Planned economy

In the planned economy /command economy/ all major decisions related to the production, distribution, commodity and service prices are made by the government. Also the government formulates all decisions about the use of resources and the distribution of output.

Planners decide what should be produced and direct lower-level enterprises to produce those goods in accordance with national and social objectives. It means a planned economy aims to use all available resources for developing production instead of allotting the resources for advertising or marketing.

#### Mixed economy

The mixed economy has the elements of both the market and the planned economy in one cohesive system. It means to form this type of economy certain features from both economic systems are taken. In a mixed economy

there is flexibility in some areas and government control in others. The mixture of two different economic philosophies can imply a variety of consequences for a country, some of which are seen as beneficial, while others are neutral or detrimental. Most of the developed countries of the world have a mixed economy.

## 2. 2 - Political, economic and social factors

There are the factors that impact the organization: political, economic and social factors

Political - how and to what degree a government intervenes in the economy. Specifically, political factors include areas such as tax policy, labor law, environmental law, trade restrictions, tariffs, and political stability.

Economic - how businesses operate and make decisions. Economic factors include economic growth, interest rates, exchange rates and the inflation rate.

Social - how companies operate in the demand for their products. Social factors include the cultural aspects and include health consciousness, population growth rate, age distribution, career attitudes and emphasis on safety.

Political factors for Coca-Cola:

The government plays a role within the operation of manufacturing products in terms of regulations. All businesses must follow the rules, that the

parliament creates or changes. The Coca-Cola Company could cause potential fines, if they don't follow the new rules. In the example of taxation below it is described how the government affects the company. Some of the profit made by the Coca Cola Company is given to the government. But if the government raises the tax, the company has to raise their price too, so they don't lose any money.

Economic factors for Coca-Cola:

Economic factors highly affect the Coca Cola's resolutions. If the economic condition of the country is not strong the price of the products must be not high. Otherwise it will impact negative in the Coca Cola Company's productions. Also the inflation, recession and few other factors will affect the company.

For example, in 2001 bottling and distributing franchise of the Coca Cola Company was opened in Mongolia. In the present time MCS Coca Cola Company employs over 300 people. Comparing this to the whole population, it is not small number. In addition, in Mongolia the prices of the products are less comparing to the high-developed countries. The main reasons are the population of the country, the inflation and the economic conditions.

Social factors for Coca-Cola:

The Coca Cola Company has more than 2800 products in over 200 countries. The main products of the company are Coca-Cola, Fanta and Sprite. The company produces new types of drinks after making researches in local

areas. All social factors influenced on becoming the number one non-alcoholic beverage company. For example, many people in the world are choosing healthier lifestyles. This affected the Coca Cola Company to produce sugar free drinks, like Diet Coke, Coke Zero and bottled waters.

## 2. 3 - SOCIAL AND INDUSTRIAL POLICIES

### Social welfare

For the Coca Cola Company the economic, environmental and social implications are more important than ever. The strength and sustainability of the most recognized brands are directly related to the social license to operate, which the company must earn daily by keeping their promises to the customers, consumers, associates, investors, communities and partners. Live positively™ is the company's commitment to making difference in the world. Live positively focuses on seven core areas key to the business sustainability:

- \* Beverage benefits /drinks for every lifestyle, life stage and occasion/
- \* Active health living /active healthy life, physical activity programs/
- \* Energy management and climate protection
- \* Community /develop economies, improve lives, create opportunity/
- \* Sustainable packaging /reduce, recover, reuse packages/
- \* Water stewardship /safely return to nature water same as used/

\* Workplace /health and safe place to work, human rights principles/

### Industrial policies

The industrial policy is government policy or law. Governments have different regulations for domestic and international trades. Domestic traders need to follow own governments, while international trades need to follow regulations of both countries /import, export/. The purpose of government regulations and laws is to prevent any unfair business and smuggling.

The Coca Cola Company is focused on initiatives that protect the environment, conserve resources and enhance the economic development of the communities where we operate. Because public policy issues have the potential to impact the business, people and communities, the Company, like other commercial enterprises, uses its resources on occasion to advance matters of public policy that are consistent with the sustainability of the business and the Company's values. Company's political contributions are based upon the following criteria:

- \* Legal compliance
- \* Board and Management Oversight
- \* Public policy support
- \* Public Transparency

To conclude this chapter, we can say that the Coca Cola Company operates in environment, where the mixed economy is dominated