

Coca cola organisational structure and theories



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Abstract

Organizational theories are made up of organizational categories that use one's philosophical view points. As in this study, the two organizational theories have been used to analyze a multinational company – Coca-Cola. Its models have been analyzed and encrypted to the categories that include the modernism theory and post modernism theory. In this regard, the study begins by giving an introduction to the Coca-Cola Company and proceeds to an in-depth description of the two theories and an analysis of the Coca-Cola company models of functions and the role played by the modernism theory and the post modernism theory. The study concludes with recommendations.

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Introduction

Background Information: The Coca-Cola Company

The Coca-Cola Company deals with beverages commodity by manufacturing and thereafter retails and markets non-alcoholic drinks across the globe. The pharmacist, John Stith Pemberton, was the pioneer of the drink if his flagship of the product in 1886. In 1889, Asa Candler bought the formula and the brand used in the production process (Kathleen, 2006). Apart from the definite Coca-Cola, the company offers several other products which sell by different brand names. Currently, the company offers more than 500 brands across 200 countries in the world. It is approximated that the company extends its service to about 1.6 billion people on a daily basis (Nirmala, 2003).

In the year 1874 the Coca-Cola company did acquire a stock company status and furthermore changed its name to Pemberton company. After three years, it was changed back to Pemberton Medicine Company to reflect a new founded partnership between E. H. Bloodworth, A. O. Pemberton and J. C. Mayfield (Deogun, McKay & Spurgeon, 2000). From this point, the company has expanded to every corner of the world. In the most recent cases, the company has engaged in acquisitions which have contributed immensely to the growth of the company (Kathleen, 2006). Its latest bid to acquire Huiyuan Juice Group of China failed miserably due to nationalistic tendencies in the country (Sundeeep, 2009).

With regard to organizational change, it is worth noting that no company attains success without making necessary changes, and Coca-Cola is no exception. The business environment is dynamic as attested to by the vast technological changes which regularly influence how operations are carried out (Bewes, 2007). As a result, it is important to find out how organizational changes emerge with regard to other changes based on modernism.

Organizational and Theoretical Categories

- Modernism

According to Giddens (1991), the modern world is a juggernaut which is full of energy and power, and which can be directed though such may also run out of control. In support of this view, the world keeps on changing swiftly in scope leading to profound changes (Giddens, 1991). Modernism is captured with particular reference to four institutions: capitalism, industrialism, surveillance, and control of means of violence by state. In reference to

capitalism, the world is characterized by production in a competitive environment where labor is commoditized and private ownership of property is encouraged (Bewes, 2007). With regard to industrialism, the usage of inanimate sources of power and machinery in the production process takes place. Surveillance has been used to refer to the activities of monitoring and supervision of workers in organizations in order to encourage a smooth flow of business engagements (Kathleen, 2006).

Disembodying mechanisms affect operations in modernism. First, symbolic tokens emerge as a medium of exchange enjoying a standardized value and remaining interchangeable across pluralities of contexts (Giddens, 1991). As an illustration, the money economy is vastly sophisticated. Second, the deployment of technical knowledge has increasingly risen to prominence. Institutional reflexivity is also critical as reflected by changing environmental demands. As an illustration, global climate change has influenced how organizations operate. Modernism has led to the creation of more opportunities. This holds because working space is more open (Rayasam, 2007). This has however led to adverse effects as it has increased insecurity levels. This may be viewed in reference to job creation and job insecurity in organizations (Nirmala, 2003).

- Post Modernism

Post modernity captures the period characterized by arising disparity based on the former period of modernity. It is understood that modernity has led to certain changes. Such changes span from social to economic effects. Put in specific terms, post modernity is an approach that seeks to atone for the mistakes or shortcomings attributed to modernity (Bewes, 2007). Post

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modernity is critical in helping identify institutional developments that generate a sense of fragmentation and dispersion (Nirmala, 2003). The theory perceives daily life as a conglomeration of complex reactions in response to abstract systems. This extends to a reflection on loss due to appropriation of resources. The coordination of events among different institutions indicates the need to focus a common ground in checking the adverse effects. This is especially shown in the coming together in order to ameliorate the negative effects of modernity (Deogun et al., 2000).

- Methodological Differences

Modernism is understood as the pursuit of success while post modernity looks at the process of modernism and its effects. Whereas constant change underscores the theory of modernism, post modernity views such progress as outdated. In a more illustrative manner, modernism theory is concerned with the adoption of new ways or approaches used in doing things at the organizational level (Bellis, 2007). However, the post-modernist view concentrates on looking at what such a move of adopting new approaches has on organizations. As a result, modernism encourages change whereas post modernity focuses on the need to adopt only the approaches which guarantee positive change.

Modernism is does try to make a coherent world view whereas the postmodernism does try to remove the differences between the high and the low. The modernism mode asserts that human beings progress by using science and reason; on the other hand post modernism mode believes that progress is actually the only way to justify the western domination on culture (Nirmala, 2003).

Modernist mindset believes in getting knowledge from experience and trust the information that recounts the past. Conversely, postmodern thinking does pose a challenge to any truth in the information that relates the past and makes it of no use at the present times. Most of the modernistic historians have a wide faith. They believe in going very deep into the issues to entirely analyze it (Sundeeep, 2009) however, this does not occur with the post modernist thinkers. They only believe in going by the shallow appearance and in playing on the surfaces, and they clearly show no concern towards the depth of issues. Modernism considers the main mechanism as authentic on the other hand postmodernist thinkers base their opinion on hyper-reality; they get extremely prejudiced by things proliferated through media (Sundeeep, 2009).

Variables Contributing to Organizational Effectiveness

Organizational effectiveness is a reflection of how well an organization is performing. Performance is used in reference to the extent to which a business goes towards realizing its goals as stated in both its mission and vision statements (Bellis, 2007). As a result, such variables as employee security, employee output, total production, individual production, employee benefits (salaries and wages), working conditions and overall work satisfaction are some factors which interests a study. In reference to modernism, variables like adoption of technology and commoditization of labor will be put into perspective. On the other hand, in reference to postmodernism, variables such as employee satisfaction and employee benefits shall take precedence (Sundeeep, 2009).

Organizational Effectiveness Capacity

what gives way for an organisation to proceed in its operations for over 125 years, and a long the way achieve to become the most globally recognised brand name is simply their capacity to adopt and look for new markets. this has been the case with the Coca-Cola company that has helped it become an icon of the American culture. the company was invented in the year 1885 and from the year of incorporation in the year 1892, a strong focus has been on growth and marketing (Coca-Cola, 2007). besides the conventional advertisements in the local publications, the company founder, Asa Candler, also distributed thousands of coupons for free glasses of the Coca-Cola drink so that many people could taste it (the Coca-Cola company. com). he also made distributions of many souvenirs that depicted the Coca-Cola trademark logo.

By the 20th century, the organisation already had established operations in the US and Canada (Blumenstyk, 2006). The company's focus on the aggressive marketing was its cornerstone and culture up to date. the Coca-Cola company was very eager to take the advantage of the new markets that emerged and expansion efforts eventually led to Cuba, Puerto Rico, Guam, and the Philippines (the Coca-Cola company. com). after sometimes the Coca-Cola company had already established itself in Europe.

When the US entered into the world war II, the Coca-Cola company was selling its beverage to the both sides (Sundee, 2009). this is to show that this company turned around what the world could view as a threat into an enormous opportunity (Rayasam, 2007).

According to the analysis of the company, there are six factors effecting organizational effectiveness: (1) leadership styles, (2) organizational culture, (3) working environment, (4) model of organizational operation, (5) flexibility, and (6) organizational commitment. At this time the main objective of the company is to use formidable assert brands, the company's financial ability, the all powerful distribution system, the world market domination and the strong dedication and commitment by its management and employees all over the world so as to achieve the long term and sustainable growth. The company is global and has to adjust to the various different laws of different c companies (Blumenstyk, 2006). the company structure is a characteristic of both the mechanistic and the organic models.

Conflict of Interests among Stakeholders

This is depicted as a sign of conflict between the pro-modernism and pro-post modernism. Every group of shareholders has a very different objective and goals , hence there cant lack conflict of various interests (bogomonly, 2004). the stake holders are mostly concerned in earning profits while community groups are concerned with the environmental issues and the labor standards. Those who supply to the company want also to change critically so that they may raise their revenues, and on the other hand the Coca-Cola Company wants to get the lowest prices so as to decrease the cost of production, the management wants to keep labor costs down, while employees want raises of their salaries and benefits (Blumenstyk, 2006)

Organizational Design

The Coca-Cola Company is highly decentralized. This is a form of embracing modernism. Hence, the organization has two main operating groups: (1)

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bottling investments and (2) the corporate. In addition, the operating groups split by different regions: Africa, Eurasia, Latin America, North America, European Union, and the Pacific. As a result each of these is split further into various geographic regions (Plasketes, 2004).

The company and its auxiliaries employ more than 31, 000 people all over the world which is hailed as positive postmodernism where there is a creation of livelihood. Syrups, the concentrates and beverages bases for Coca-Cola, the company's flagship brand, and over 230 many other company soft drink brands are produced and sold by the Coca-Cola Company and its other small outlets in almost 200 countries all over the world. The company's operating management structure is made up of five geographic groups in addition to the Minute Maid Company. The North America Group is also made up of the US and Canada.

The Latin America Group consists of the company's operations across Central and South America, from Mexico to the end of Argentina. The Greater Europe Group moves along from Greenland to Russia's Far East, adding to some of the most developed markets in Western Europe and the rapidly developing nations of Eastern and Central Europe. The Africa and Middle East Group consists of the Middle East and the whole continent of Africa. The Asia Pacific Group has operations starting from India across the Pacific region encompassing China, Japan, and Australia (Blumenstyk, 2006).

As from the above observations of geographic groups, everyone around the world has access to Coca-Cola. Therefore, it is a global industry. One significant fact that is necessary to pinpoint is that Coca-Cola does not just

deal with the soft drink Coke (Bogomolny, 2004). The Coca-Cola Company also owns the Minute Maid Company. This is its juice branch, which is situated out of Houston, Texas, and is also the world's number one marketer of juices and juice drinks. The Minute Maid Company's products are made up of Minute Maid Premium Orange Juice with calcium, Minute Maid Premium Lemonade Iced Tea, Minute Maid Coolers, Hi-C Blast and the Five Alive (Bogomolny, 2004).

One of the Coca-Cola Company's major strengths is its ability to do business on a global scale and at the same time maintaining a local approach. At the core of this approach is the bottler system. The Coca-Cola company has the financial capacity to put at equilibrium standardization and mutual adjustment.

Organizational Structure

The Coca-Cola company structure is a combination of both the mechanistic and the organic model working together, the most area of concern in the Coca-Cola company is on the responsiveness (Dawson and Halpert, 2009). The intertwined nature of integrated mechanisms as previously discussed are the main characteristics of an organic structure (Bogomonly, 2004). The company's aspects associated with mechanistic model structure are the centralization and the high standardization, the company's stability and flexibility. therefore it is the mechanistic organic, as for the organic model is concerned with efficiency, high low standardization, responsiveness specialization, high low intergrating mechanisms, the simple complex centralization, the high low communication and the top to down (Dawson

and Harpert, 2009). The putting together of both types of structure appears to be very ideal for the organization.

Being flexible is very crucial for a company trying to appeal to a very diverse and large number of very independent markets. Nevertheless, high standardization is very vital to continue being efficient in production. The company utilization of complex integrating mechanistic model makes it able to clear the coordination of the company globally; furthermore, centralization keeps organizational deliberations in line with the company's goals and objectives.

The information in the company is moving smoothly in almost every direction, this is because the upper management is able to have easy access to the information faster than it did before; this is viewed as the modernistic advantage, adding to the company's flexibility and high responsiveness. The modern changing towards a thorough decentralized and organic structure correspond with the instability of the company's environment. The main strategic structural dynamics that the company had to go through in the recent past has influenced it positively, the sales has very highly increased and employees were more satisfied (Bogolomolny, 2004).

The organization is trying to develop a more creative tradition by moving towards decentralization even though it seems that it is not satisfied with its beverage industry trends, however it is fighting on to remain undisputed in the production of new and most thrilling products.

Organizational Strategy

The most outstanding competences that allows the organization to get to its greatest competitive advantage are in its strong brand name which includes its large network of bottles contributors (Bellis, 2007). Other than the marketing capacity and capabilities including the broad portfolio products , the Coca-Cola company has major competences which are very difficult to duplicate. The strong brand name of the company does provide the company with a very high level of bargaining power and leverage due to its ability to embrace and ingrain modernism in their business theory. A good example is shown in the competition of the pepsi and the Coca-Cola company in the year 1999 for the tender to supply the wendys restaurant chain with beverage , pepsi offered far much higher amount than the Coca-Cola company but the wendys opted for the Coca-Cola company due to its brand name (Deogun and Gibson, 1999). Therefore the brand name recognition is a major benefit source for any business and it gives an upper hand as a great bargaining tool.

The Coca-Cola company business level strategy is very unique, since the company is known to apply creativity in marketing that does promote its brand name in a big way and thus protecting its other branches from its competitors. this is to say that the company is usually dedicated to extensive market research and development of more local offices, thus creating new ways to continue serving the customers in the whole world(Friedman, 1992).

Organizational Technology

At the present, the output processes are the largest source of lack of stability for the company, as previously stated, the Coca-Cola Company does

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not produce the end product, but rather it is the distributors and the bottlers that mix the ingredients and come up with the end products, that is carbonated water and syrups and the concentrates. The Coca-Cola brand name is on the end products, this is without consideration of the bottling company, the company furthermore pushes for the maintenance of very high quality outputs without which the whole Coca-Cola company would ruin its reputation as a whole, the syrup is the secret of a few and has never been disclosed in any way (Friedman, 1992).

The main structural characteristic of the company which applies the mass production is a mechanistic structure where efficient production is mandatory end (Fisher, 2007). The Coca-Cola company structure is very unique and exclusive this is indicated by the fact that it has a lot of characteristics of an organic structure. This is brought about by its ability to concentrate on the marketing and the local acceptance. This structural divergence means that the company's production may not be very efficient as required; nonetheless, the benefits of the company structure overshadow the consequences (Fisher, 2007).

Organization Transformations

The company since its establishment in the year 1888 to take advantage of an established and fashionable Coca-Cola name, when this company is analyzed in the four life cycle stages which are birth, growth, decline and death it is found out that after more than 120 years the company is always on the growth stage, this is attributed by the company valuing creation formation skill that continues to grow (Adrienne, 2007). The company has gone through a lot of international problems over the many years it has been

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in existence , it has however continued to struggle to meet the employees demands while on the other hand trying to keep labor cost low.

For instance in the year 2005, the workers downed their tools and protested the managements attempts to introduce a policy where the employee were compelled to pay for their medical bill at a greater portion than the company, this was however seen as a negative approach to modernism (McKay and Terhune, 2004). It is estimated that the company cannot afford any work stoppage due to its customers demand and it could end up losing a lot of revenue another major is the internal problem that the company's manager s or the board in that case have a lot of powers and influence that is the reason as to why the company was unable to attract its top choices for CEO in the year 2004, and the board has gone further to pulling ads that were displayed with eh reasons that they do not match up with the company image (Mac Arthur, 2004).

Lack of certainty in the environment has brought about numerous problems for the company, varying from lack of certainty of some of its major suppliers and distributors to the political and societal pressures. This is as a result of modernism. The Coca-Cola company has undergone various problems since its creation and as it progresses through each stage in the greiners model of the organizational growth (Fisher, 2007).

Managing Conflict, Power and Politics

Having conflicts in some ways can be healthy for a company to improve the way decision making progresses, and to develop innovative ways that problems can be looked at. conflicts can also be a very important source of

trouble for a company especially when they lead to reduction of production and inhibit decision making process from being initiated or mate.(Friedman, 1992)for instance when the company sort for the CEO in the year 204, it t op choices declined due to the prospects realized that the board had excessive power (Ghemawat, 2007)

These forms of conflicts can in a big way affect the company's ability to change and acclimatize quickly which is very vital for the company's increasingly uncertain environment. This example also depicts that it can inhibit the company from getting significant human resources. The marketing department is said to have the greatest power in the whole company's subunits (Ghemawat, 2007). The profits the are got from the power allocated to the marketing department function highly supposes it s any negative consequence. In addition by enabling the access to resources by this department could even conduct greater market research (McKay, 2007).

Prognosis

The Coca-Cola Company faces so many problems, such as in the US the consumers are becoming more health conscious due to lack of appropriate modernism by the company on peoples health, which has adversely affected the sales of Coca-Cola Company. moreover, due to the company's global presence it must also be able to deal with various global political challenges . it has been criticized by the post modernist for causing great deal of pollution, spoiling towns water supply, it has also been extremely criticized fro its suspected anti-union actions as well as the increasing competition

from well established global companies and local organizations as well (Annual report, 2006)

The company is also battling out with challenges posed by the raw material suppliers. The prices for most of its raw material vary based on the global market conditions. consequently, when these prices rise, the production cost increases, this is because a number of raw materials are only found from a number of limited suppliers (Annual report, 2006). the Coca-Cola company is more decentralized structure which is separated by regions, given that many of the company's problems are geographically based, the decentralized structure is very ideal. As the case, each region has its own unique consumers preferences and different problems to struggle with (Makay, 2007).

Therefore, it is the reason as to why in the decentralized structure, problems can be solved easily and more quickly and effectively. Most of the company's functions remain with the mother company or the headquarters such as the marketing and development of new beverages or strategies, this in a way allows the company to develop one global message, but also enable that message produced to be tailored at the local level (McKay, 2007).

Discussions and Recommendations

The Coca-Cola company has developed a very high-level of uncertainty when it comes to the matter of raw material, this is because a few of its ingredients, the company has only one or two viable and reliable suppliers. This could be highly problematic because of various reasons. The company has little bargaining power if there is little viable supplier. Another major problem is cited to be the raise if the supplier is unable due to natural

reasons to deliver the quantity of the supply required or goes financially bankrupt the company could suffer greatly (Mclellan, 2006).

The Coca-Cola company is able to develop a secure relationship with its suppliers this could be by using methods such as the strategic alliances the largely optima; the tactic to be used is to utilize the backward vertical intergration and purchase some suppliers. The end result of such a method would enable the company to keep it as profits that the suppliers used to make thus save on cost and have a viable source of supplies.

Other than the real purchase of the company, another costly concept of the vertical integration is high level of bureaucracy cost (Mclellan, 2006). The company should buy some of the companies that supplies it with raw materials such as the Ajinomoto co inc, nutrinova, which is a nutritional specialties and food ingredients GmbH and also the Nutra sweet company this is just as a future prospect is uncertain (Annual report, 2006).

The safest way of controlling the suppliers for a company is mainly through ownership, this is to say the Coca-Cola Company should own one of the companies making it main business more profitable, for the company is able to purchase through high credit rating and therefore, it can raise money for the acquisition at a better price.

The company decision making organs and process is not coherent to the structure, mission vision and values of the company, this is because it is highly centralized and when compared to all the things that take s place in the company, it is highly at fault. The company has its mission and values as advanced creativity and employee involvement in the decision making this is <https://assignbuster.com/coca-cola-organisational-structure-and-theories/>

because the company has a highly organic structure, nevertheless, it would enforce decision making and enforcement of the organic structure by mostly implementing a strategy for organizational learning. this can begin by shifting managers more often to other departments on periodic basis , this will make the managers think outside the box when making decisions (McLellan, 2006). This will also bring in learning into the company, therefore instilling the organic culture into everyone's mind frame. As a result, the company will have the capacity to solve problems more swiftly and end up a powerful community as a result.

The other ways that the company could match up the decision making with its functionality structure is through affirming the employees to take hand in the decision making process, it should implement an open door policy whereby employees can interact very well with their managers thus helping in the solving of problems (McLellan, 2006). This is what can make the management more aware of the small problems that become big and solve them before they magnify. This is to say that by the company making changes on its decision making process it is possible to become more accustomed to its vision, mission and values, as a result , it will be a motivation in all that are involved by making the decisions in a time conscious manner (Morris, 2007). This will also make the shareholders feel that the Coca-Cola company has a promising future because of adding more middle level employees in the decision making process, it is enabling leadership and inspiring collaboration and high innovativeness (Morris, 2007).

The company has also in the recent time criticized for the duties of the bottling partners in the Colombia, where it is said that an employee was

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killed for joining a certain workers union, even though the company does not directly get involved with the plant, it faced lot of boycotts and lawsuits, regardless whether the company was aware or not its name is attached to the product (Phillips, 2004).

Therefore, to reverse the situation the company ought to purchase the bottling partner in Colombia; by the use of its resources it can develop the plant. therefore, the managers would have to work with the unions leaders to develop an agreement that is reasonable for both sides, this is possible because when the company takes over the bottling plant it could have an upper hand in the decision making and controlling of the managers activities, this could further raise accountability and dedicated resolving of problems thus making the company garner a lot of positive publicity for the company's operations and provision benefits for having a stable distribution channel in the region (Phillips, 2004).

However the company does not own most of the bottling plants, therefore adopting the Colombian bottler could provide the company with an opportunity to develop new relationship with the citizens of that country. However, this could cost the company some money even though the benefits overshadows the cost. Lastly the company has made itself adopt the changes of environment and the demand for the modern world (McKay and Terhune, 2004). However, abrupt changes do take time to adopt and implement so as to produce adequate result, some of these changes in the company may include, culture change and the changes that takes place by the unstructured decisions making model which eventually create a greater results for the company.