

Coca cola stakeholder report



**ASSIGN
BUSTER**

Goodstein, Nolan, and Pfeiffer states in their book that A mission defines the organisation existence and it covers four areas, firstly what is the purpose, for whom, how and why organisation exists. A mission statement provides framework to the organisation in which it will operate. A profit oriented organisation purpose is to satisfy needs of market and for non-profit oriented organisation it is to serve for community. For whom will be the customer of organisation and in non profit organisation the community at large. How covers the strategy the organisation will pursue in providing quality product or service to its potential customers. The answer of “ why” of profit oriented organisation would be maximisation of profit and achieving growth by seizing new opportunities. A non-profit organisation has no concern with profit and focus on providing service to community. Organisation culture is belief, attitude and values. It provides basis for the way organisation will perform its activities. Values are important part of organisation and it sets organisation traits, its actual and required competence and quality of work. Its gives foundation for decision making, guidance of how work will perform, what kind of people are needed and areas needed more care. Values are basis of organisation decision. (Goostein, Nolan, Pfeiffer 1993) Organisation performs value scanning and stakeholders for effective decision making. Stakeholder holds powers and can significantly influence organisation decision. Stakeholders include shareholders, employee, customer, community, lenders, suppliers and Government. Shareholders and lenders can effect decision of organisation as they have significant interest and power. Second important stakeholder is customers of organisation and holder tremendous power and interest. Thirdly, the employees that require proper salaries and benefits against their services. All three stakeholders can influence the

decision of organisation; therefore organisation should perform stakeholder analysis before making strategic decision to achieve its long term objectives. Typically organisation objectives are long term goals which it wants to achieve. Normally those are maximisation of wealth of shareholders, providing quality products and increase in market share. As from the case of Coca Cola, its objectives includes

Market leader in its industry

Worldwide growth

Provide reliable and quality product

In order to achieve those objective, it has values which is based on teamwork, precision and bringing together its employee to strive to achieve its objectives.

Objective of Three Stakeholders

Coca cola has achieved the objectives of its three important stakeholders

Customers, it has provided quality product to its customers and put forward customers trust at top priority. Coca Cola has heavily invested in its research and development area to produce high quality beverages.

Employees, it has recognised its employees as an asset and understand the fact that a motivated employee strives for the growth of the company. It has taken different measures to satisfy its employee's needs and provide them route to communicate and express their feelings.

Shareholders, they want high return on their investment. As it is apparent from the growth and development of coca cola. It is working hard to maximise the wealth of shareholder.

1.3 Strategies employed by organisation and Government as stakeholder

Its organisation is responsible to develop strategies to meet stakeholder's objective. Every stakeholder has different set of objectives associated with the organisation. The interest of shareholders is maximisation of wealth and company growth. It is apparent from the case that Coca cola has achieved significant growth over the years and expand its business world as it serving customers over 200 countries and product range is 400 non aphonic beverages.

Customers want value for money. Coca cola research and development has produced product to meet the demand of customers and marketing development has increased over the years. Coca cola adhere that customers trust is vital for the success of organisation.

Coca cola has been meeting the legal and regulatory requirement nationally and internationally. In any business Government is always a major stakeholder as it holds significant power to disrupt organisation plans. So it's necessary for organisation to prepare its strategies in compliance with law and regulations.

Employees are major stakeholders of organisation; organisation should prepare strategies for training and development of its human resource and provide opportunity to excel.

2. 1 Economic system and use of resources

The central economic problem is shortage of resource, which includes land, labour and capital. It arises due to high human demand, scarcity does not arrive itself it is human wants and desire who brought them. Some of the resources problems are solved by the introduction of new technology as a substitute, where as other resource are still limited (Dhillon 2007) Economic system is concerned with effective use of resources. Economic system depends on the availability of resources and its demands. The types of economic system are as follow.

Command system

All resources are controlled by the government itself. Government prepare plans for resource allocation for industry and people. In this system government is owner of resources and make decision for what is needed to produce and way to produce.

Free market economic system:

In this decision are made by private individuals and industrialist. All resources are owned by private individuals. In a pure free market there would be no government involvements. America is biggest example of it where all resources are owned by firms. " Capitalism is the astounding belief that the wickedest of men, will do the wickedest of things for the greatest good of everyone." (Keynes 2000)

Mixed Economic System

In mixed economic system some resources are controlled and owned by government and some resources are managed by private firm. This is very famous system and it combines the characteristics of both systems.

Transitional economies

In this system, it is changing from planned to free economy and involve market decide the price and barriers of trade are removed.

2. 2 Social welfare and industrial initiatives

Social welfare policies include health, education, social works, education, pension scheme and housing schemes. Theaker (2004), states in his book that there are different types of rules developed by societies. These rules provides framework for an organisation in preparing its strategies. The objective behind rules and policies are that organisation should be proactive. It implies that organisation should be not focused on self interest and work for the benefit of its employees, community at large etc.

Moore (2002), states in his book that the government is responsible for unemployment, employee housing and wage levels. Government hold power and should prepare policy to protect the community. Social welfare involves equal distribution of wealth. If wealth is distributed equally then there will be no poverty.

Social welfare has strong history in UK; the government has prepared different laws and policies to protect citizens of UK which includes the poor law 1834, the welfare state in Britain 1948, housing policy, education policy etc.

<https://assignbuster.com/coca-cola-stakeholder-report/>

Industrial policy

Industrial policy concerned with growth and development. Its objectives are

Sustainable growth of industry

Raise in employment rate

Efficient and effective use of Human resource development

Country growth and development in making it world player

UK five productivity drivers are (Budget 2005)

Increasing competition

Enterprise promotion by minimising barriers to entry

Research and development

Skills and competence

Investment decision

These policies and measures can significant impacts on industry and organisation to achieve growth and development. Government strives to promote and protect its industry and community by making effective laws and policies.

2. 3 Macroeconomics policy and influence of global economy

Macroeconomics policy measures and control output, spending and income.

Country national income provide basis for measuring the output, spending and income which helps to draw monetary and fiscal policy.

<https://assignbuster.com/coca-cola-stakeholder-report/>

Fiscal policy

It has detrimental impact on consumer buying decision. Fiscal policy is used as tool to control government spending, demand level, output and taxation. A rise in income tax and NI will affect the income after tax and more they work and more they will pay tax and vice versa. A change in tax will affect pattern of demand of customer. Increase in duty will reduce the buying as in case of Cigarettes. Government subsidies are used to improve the production capacity and growth of industry to increase employment rate and government revenue.

Monetary Policy of UK

A monetary policy involves that the government changes the base rate to change the growth rate and aggregate demands. Monetary policy used as a measure to control inflation, interest rate and supply of money. In UK the monetary policy is managed by Bank of England that is responsible for controlling inflation, price stability and to provide growth and employment.

Influence of global economy

Globalisation and international trade has changed the direction of industry. Earlier organisation has to compete nationally, now it has to compete with international player and that has overall structure of industry. The ultimate benefit goes to the end users in terms of low prices due to competition. Globalisation has increased the level of uncertainty among domestic producer. Product development, marketing and prices are changing rapidly due to international trade. Government has put significant attention in drawing fiscal and monetary policy to cope with such uncertainties which

could lead them to either inflation or recession. The economic decision about what to produce and how to produce and to whom to produce becomes a matter of judgement and need flexibility in it.

3. 1 Market structure

Market structures are as follow

Perfect market

Imperfect market

Perfect market

Wessels express in his books about the conditions that lead to a perfect competition market which are

Extensive numbers of companies are operating in the market

Many substitutes are available to customers

Buyers knows the prices of every supplier to make rational decision

Easy exits are available to companies

In perfect market structure buyers can insert pressure on companies.

Globalisation and international trade has changed the structure of industry all over the world. There are so many buyers and produces are available and high competition in the market.

Imperfect market

In imperfect market, there is few number of producer and hold significant power to insert pressure on consumer. In this structure, consumer has

<https://assignbuster.com/coca-cola-stakeholder-report/>

limited number of choices to buy product. Organisation can change the price and make high margin profit out of it. In imperfect market it has different types,

Monopoly

Mankiw (2006) states, A monopolist can impose the price of product.

Customers have no other choice except the buying from the single producer.

Consumer prefers to have perfect competition where there is large number of suppliers. It can change prices any time as it is a sole producer of product.

Oligopoly

Mankiw (2006), It is simplest form, in which there are few sellers in the market and producing, offering the same products which are very much identical in nature and durability.

Monopolist competition

Mankiw (2006), It is almost similar to the oligopoly, there are few seller in the market and producing the same product but in this products are not identical in nature. In this structure all firms are having monopoly in its particular products and competing with each other over same customer base.

Duopoly

It is simplest form of oligopoly, in this both producer coordinate with each other and decide the price and output and make changes accordingly.

3. 2 market forces and organisation response

Organisation is a separate entity and it is subject to influence of external environment. The market forces includes customer demand, change in taste

of customer, each party holds some power to influence organisation decision. It can

Supply and demand

Economist focused on Supply and demand. These are main forces in the economy that make market works. Supply and demand determines the price and quantity to be produced. High demand lead to a rise in price, as company has to increase its capacity to meet the demand of market. The demand of commodity is influenced by customer taste, customer perception, income, price of related product, expectations of customers and quantity demanded.

Elasticity

The behaviour of demand and price has direct relationship with supply. A rise in demand will directly impact on relative decrease in supply and which lead the demand at par. Similarly a rise in demand will lead to relative rise in price.

Customer perception and actions

It has strong influence on buying and selling of product. A buyer is itself a seller. A buyer wants a product at low price and sells it at a high price and again the buyer or end user wants to buy product at low price. The buying behaviour strongly influenced the product price and product. In a perfect competition market its makes more competitive and lead to price war and heavy marketing activity.

Monitory and fiscal policy

Change in monetary and fiscal policies significantly impact organisation operations and its policies and which also lead to rise in product price.

Response

Supply for product

A rise in demand put pressure on organisation to provide the required supply. Where organisation doesn't have spare capacity of production it will require a high investment in manufacturing.

Economy of scale

A certain rise in demand provides opportunity to achieve economy of scale by producing more products to meet the market demand and enjoy the benefit of economy of scale.

Working capital

A certain rise or fall in demand put pressure on organisation working capital. Organisation holding, transportation and storage costs are significantly influence by the rise or fall in demand.

3. 3 Competitive Strategies

Porter 1998 states that organisation prepares its strategy to distinct itself from its competitors to gain competitive advantage such strategies able an organisation to provide different set of values to its customers. According porter generic competitive strategies, Organisation can gain competitive advantage and it can outperform its competitor as being

A low cost producer

It involves producing goods at low cost, achieving economy of scale and cost cutting by lowering marketing, product development cost and responding to the market requirement.

A differentiator

Differentiation can be achieved by producing innovative product, increasing promotion and making brand image.

A focus

It involves dealing at lower level by identifying a niche market and producing product according to the requirement of specific market.

Every company focus on achieving competitive advantage to outperform its competitor which often lead organisation to price war, heaving investment in promotions and pursuing wrong practices to capture market and gain growth.

Role of Competition commission and regulatory bodies

The role of competition commission is determined by stature, it is concerned with investigating and reporting on wrong practices. The main objective is to overcome incorrect practices of companies in gaining market share and making profits and forcing fair trading policies and anticompetitive practices.

(Seven 2001)

4. 1 Importance of International trade

International trade and globalisation has brought significant advantages. This includes

Balance of Payments

International trade has allowed countries to improve their balance of payments.

Lower production cost

Production cost in developing countries is lower due to low labour cost, raw material as compare to UK, USA or European countries and international trade has allowed them to get advantage of lower production cost.

Comparative advantage

Some countries are specialised in producing product. Due to International trade and globalisation, countries are buying product from those countries that are specialised in producing product at lower cost. Such as India is providing outsourcing services to UK, USA, Australia, Canada etc.

Non financial benefit

International trade has brought non financial benefit to the countries such as it has lead countries to make strong political relations, understanding each other culture and work together. Indonesia, India, Pakistan, China has strong relationship with UK.

Increase competition

It has lead to increase competition in the market. Countries are getting benefits from high competition as it leads to low price product to capture market.

4. 2 Impact of Two European Union Policies on UK business

European Union has implemented different policies but the main two are

World Trade Organisation (WTO)

The main impact of European Union policies includes the introduction of free trade, world trade organisation, which has significantly affected the UK economy. Free trade has lead to increase competition in the European Union markets.

Flow of migrant

The major economic impacts of European policies are flow of migrant. It has lead to low skill labour to fill the gap in labour market. However significant flow of migration in UK has increased unemployment.

(D2) Single owner Business

International trade and global economy has brought significant competition in the market. There are many suppliers available to provide a long range of products and product substitutes are easily available. Those customers who prefer to buy less expensive product can easily get the products of their choice. The globalisation and international trade may have impacted the market at macro level but the small market is still safe to some extent. However at macro level, globalisation has strongly affected the GDP, which has put pressure on government monetary and fiscal policies to respond to those forces.

4. 3 Economic Implication of Entry into EMU

The economics of Europe has affected the market of its member and has brought significant changes in it. These includes

Singly currency

Euro is major currency in major parts of Europe which is used daily by 60% of Europe citizens. A single currency has minimised the exchange cost and eliminate exchange risk.

Price Stability

It has improved the price stability by keeping the interest rate and inflation rate at a low level.

European Single Market Act

The introduction of WTO, the goods will be traded freely between the euro zone has minimise the import duties and payments are being dealt in singly euro currency has minimise the cost of trading between different countries.

(D3) Convergence into Europe

EMU has introduced fine convergence criteria for members

Inflation rate should not exceed 1.5%.

Interest rate should not rise more than 2%

Budget deficit should not exceed 3% of Gross Domestic product market price

National debt should not exceed 60% of gross domestic product market price.

Exchange rate should remain at normal ERM Bands for two years.