

Ethical issues in global business business essay



**ASSIGN
BUSTER**

According to (UK Essays, 2010) “Coca-Cola, also known as Coke, has the most valuable brand name in the world and, as one of the most visible companies worldwide, has a tremendous opportunity to excel in all dimensions of business performance” (Ferrell, Fraedrich, & Ferrell, 2008). However, given this case study, Coke has a lot at hand as the biggest brand name in the world. Ethical issues in the various aspects of the company, and with multiple leadership changes in the last decade, Coke has some a lot of work to do. The company has been involved in racial discrimination, misrepresenting market tests, manipulating earnings and disrupting long-term contractual arrangements with distributors. The new president of the company, Neville Isdell, is currently working to improve their reputation caused by some of the ethical problems. However, this study intends to look at the impact ethics has had on both the reputation and profit of the organization.

These days the business world has gone global, which has intensified the ethics debate. Building a truly great global business requires business leaders to adopt a global standard of ethical practices. Business ethics is a branch of real ethics that deals with the relationship of what is good and right in business. Global business, on the other hand, consists of transactions that are devised and carried out across national borders to satisfy the objectives of individuals, companies, and organizations. These transactions take on various forms, which are often interrelated. A good example is Coca-Cola. This is a carbonated soft drink sold in stores, restaurants, and vending machines and very tasty and popular in almost every country.

HISTORICAL BACKGROUND

Coca-Cola is the world's largest beverage company that operates the largest distribution system in the world. This allows them to serve more than 1 billion of its products to customers each day. The marketing strategy of the company is to promote four out of the five top selling soft drinks to earn sales such as Coke, Diet Coke, Fanta and Sprite. This process builds strong customer relationships, which gives the opportunity for these businesses to be identified and satisfied. With that in place, customers will be more willing to help Coca-Cola produce and grow.

According to (UK Essays, 2010), "Pepsi and Coca-Cola, between them, hold the dominant share of the world market" (soft drink market 2008). Even though Coca-Cola produces and sells big across the United States, in order for them to expand and grow, they had to build their global soft drink market by selling to customers internationally. For example, both companies continued to target international markets focusing on traditional soft drinks, new-age drinks and expanding into the snack-food businesses. According to the late Roberto Goizueta, "Coca-Cola used to be an American company with a large international business. Now we are a large international company with a sizable American business" (Ferrell, 2008).

Increasing market share is one of the most vital aims for a business such as Coca-Cola and Pepsi. However, Coca Cola's strategy, from the early and late 1800s, of achieving goals such as the international mergers, big market shares, snack food production and overall performance allowed them to strive then and continue to succeed today. Today, most of coke sales are spread throughout the world in the 2004 Annual Report. This means that <https://assignbuster.com/ethical-issues-in-global-business-business-essay/>

Coca Cola makes 70% of its profits from other countries. Coca-Cola must remain vigilant to keep their brand untarnished and their ethical issues to a minimum; their brand is their main key to success.

BUSINESS ETHICS OF COCA-COLA COMPANY

Coca Cola Company has been solving a lot of ethical issues in the past decades. This has led to the slowing down of its business activities and loss of profits due to reduction in market facilities. These issues have affected the company drastically by creating loss of reputation and poor economic performance.

The company has been accused of causing pollution in the environment. Villages in India accused the company of using up local ground water that would lead to water problems in future. The company was ordered to close the facility by the pollution control board of Kerara, India (Pride, Hughes & Kapoor, 2010).

Another ethical issue was found in Belgium where school children became ill after drinking Coca Cola products in 1999. The company considered this as a minor issue which led to withdraw of the company's products from Belgium. The company sold the banned cans to Africa and no harm was reported. The media learned about this act of selling banned cans to Africa and reported it to the public. They considered this act as racial discrimination and they withdrew their shares from the company; thereby losing 50% of its value of shares (Kidd, 2007).

SUMMARY, CONCLUSION, RECOMMENDATION

Coca Cola Company has been experiencing ethical crises due to lack of leadership skills, poor economic performance, lack of corporation by employees and competitive malpractices. The company has been trying to solve these issues by engaging in community development and forming public relations exercise. The company has assured customers of better and quality products and services.

The company cannot become the next Enron because it is managing its crises by trying to regain customer trust and improving on the product and services. The company is still ranked as the best branded company in the world despite the ethical issues that surround it. Its brand image is enough to assist the company through the crisis.

The company should try and regain its reputation by providing quality goods and services. It should assure its stakeholders on presenting true and fair financial status of the company. They should not engage in competitive malpractices that would lower their level of fame. The company should set strict rules and procedures that will guide the actions of executives and employees in order to prevent ethical crisis in future.

TOPIC TWO