

Benefit and challenges of globalization



“ globalization is the inexorable integration of market, nation-state and technologies to a degree never witnessed before in a way that is enabling individuals, corporation and nation states to reach around the world farther, faster, deeper, cheaper than ever before, and in a way that is enabling the world into individuals, corporation and nation-state farther, faster, deeper, cheaper than ever before” (Thomas Friedman)

Example of coca-cola globalisation market:

History of coca-cola:

The coca-cola is multi-billion dollar company. The coca-cola company began building its global network in 1920. At the beginning of the world-war 2, coca cola was bottled in 44 countries and produces nearly 400 brands. Today, the coca-cola operates in more than 200 countries.

The benefit of the globalization

Competitive advantages for coca-cola company:

Company is continually trying to maximize profits, minimize losses, and gaining more market share. I. e. Competitive advantage makes coca-cola stand out from its strong competitors such as Pepsi. Coca-Cola makes use of its core competence Coca Cola's main strength in order to achieve competitive advantage and stand out. In order for Coca-Cola have higher demands than its strong competitors. Coca cola needs to do something new and unique, which makes that product better than the rest competitors.

Development in transportation, technology and network.

Recently Coca cola improve to its Inventory control system. Coca cola set up electronically monitor inventory levels at supermarkets to ensure that products are always at the suitable level.

Coca cola selling their product direct to the customer through direct distribution channel, such as vending machines. The majority of Coca cola's sale their product through intermediaries, such as hotel, supermarket and store, which allows Coca cola to sell its products to a larger numbers of customers in less pries.

Development in communication network- ability to communicate more easily and rapidly due to new technology.

Because of new Telecommunication technology such as SMS and internet has also enables Coca cola wide spread its promotion through different sources. Advertising is very costly and prominent. Coca cola introduce its product via in TV, radio and billboard. Coca cola believe the statement that the public relationship is highly important to increase a global market value.

Increased competition in home market:

Coca cola enter in new market that time it have to introduce their product to the customer and it improve quality of product as well as company do lower price for their product and Company improved customer service. As the home company have fight out foreign competition. They are compelled to raise their standards and customer satisfaction on level in order to survive in the market. And that created competition in home country because of multinational companies.

Lower production cost in less developed countries:

Coca cola manufacture their product in less developing countries because of the wages and salary is very low , raw material is cheaper and lighter regulation from resulted the production cost is lower.

Liberalization of trade , giving rise to huge increase in investment across national boundary**Free trade opening up new opportunities in emerging market.**

Free trade create an economic system in which the government does not discriminate against import or interfere with export and division of labor among countries that lead to specialization greater efficiency and higher aggregate production.

Challenges for the coca cola because of the globalization**Political and instability (political risk)**

Coca cola also faces the foreign politics and take it as a challenge. Political expertise is a must for everyone but it becomes all so essential when working at global market. If some plans were appropriate for your trade, a change in ruling government can bring strong changes in those plans.

Political disarray will bring down the financial system and that can affect your business. To avoid safeguard business from such unhelpful bangs, you need to make sound political decisions.

Cultural differences :

Coca cola faces such problems like different countries have different cultures and they react to things in a different manner. It very difficult to introduce their product in different style and way is very costly for the coca cola.

Different countries have different government policies:

Different countries have different government policies like tax system, exchange rate, international regulation and bureaucracy, investment consideration and allowances that highly affected to the coca cola's financial situation.

Hire wage :

Living standard and minimum wages is higher than developing countries is big challenges of the multinational companies.

Different currency

Every country have different currency, if coca cola want start to business in other countries they have to change currency that is very expenses for the coca cola to exchange money because developed money rate is higher than developing countries.

2) Organization structure of the Coca- Cola Hellenic:

Coca-Cola Hellenic serves approximately 560 million people in 28 countries. We are one of the largest bottlers and vendors of The Coca-Cola Company's products in the world, and the largest based in Europe.

The coca cola company has geographical organization structure and it used because it allowed independent divisions and has set up support functions.

The geographical structure is gives more flexibility to help deal with its uncertain environment. But, the disadvantage of the geographical is coordination problem with division, higher cost, and communication. The geographical structure divided in separate subunit for each of their operating group. Each region director is responsible for everyone else in their divisions and report to their board of director and board of director report to Coca Cola company's CEO.

The planning process of the coca cola company and their inputs and output of the firm: the coca cola produce only concentrate and syrup and distributors add other ingredient and carbonate water and that make a final product of coca cola. The output of the coca cola is only concentrate and the syrup.

The coca cola face many challenges resulted of globalization, different region has different demand, taste and own trends. Consumer in some market has become over conscious resulted of coca cola have to make diet and low calories drinks. Because of the global market of the coca cola many problems and opportunity arise like coca cola company face social and political differences of each region. Different countries have different government rules and regulation. The coca cola company follows the law of every different country that it operates like that. Corporate responsibility in the coca cola organization is extremely formal. The code of conduct of business rigidly enforces the code of conduct is very expensive and violated, employee will be disciplined every employee hired is trained on the code.

The coca cola company needs to be able to meet every demand of its customer in resulted of the coca cola has two operating group called bottling group and corporate. There are also group divided by different region like Europe, united state of America, Africa, Asia and that divided geographic region.

Certain division of the coca cola company, such as human resource, finance, operating department, informational department, public affair department, marketing palling and strategic department are centrally located within the corporate division of the company. Most division made by the top management. The CEO of the coca cola began to using more complex integrating mechanisms in order to the company extremely low growth rate. And CEO of the coca cola company used teams of top directors and managers to create solution of the company's most pressing problem and he manage face to face meeting were held regularly at the local levels so employee could remind informed responsibility and authority of the organization.

The company has different department in that top managers and employee and they have some responsibility and authority of each department like finance department is responsible for accurate record of the company's financial position its include ensure about the number on all financial statements are correct. The human resource department is responsible for recruitment process and handled the payroll system for company's employees. Marketing department done main role in the coca cola Hellenic. Marketing department constantly trying to find out what customer want and company try produce that item. Marketing department produce every time new product in the each of the countries it operates in. marketing

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department attract the customer, it is more powerful department in the company. The strong emphasis on marketing has allowed to coca cola to become one of the most recognized brands name in the world which give company to advantage over its strong competitive world and gives it more bringing power.

3) THE IMPACT OF BUSINESS ETHICS ON ORGANIZATIONAL PERFORMANCE

Business ethics concerns itself with the choices exercised by the people in organizations in terms of decisions and actions. Some choices are considered to be good and some are not. But there are no standard definitions. A lot of the choice depends on the perspective of what is good for the business and from whose point of view.

Ethics plays important roles in the organization. Bottorff (2004) gives both good and bad examples of what happens when organizations have positive or negative ethics. Poor quality ethics are described here as “damaging organizational performance” productivity is lowered, group dynamics suffer, communication becomes more elusive and complex and a declining organizational environment is the result.

Businesses that stand and enforce clear ethical code of conducts and ethical standards generate ethical working environment. Business ethics create good reputation that bring more profit and trust from clients and dedication from employees. If companies that operate unethically, often are not successful in a long run, and companies put on unconstructive reputation and distrust from the customers. Business ethics help in business world to

create structures that are inviting for all members of the equation and support them to consider globally about the future.

Business Ethics and employee -

Around the world, businesses are implementing and designing business ethics program to address the legal, social responsibility, environmental issues, ethical issues they face. The enterprises can improve their issues in a systematic way in their own business performance, contribute to the expansion of social capital, expand opportunity for growth in their market.

The businesses can realize specific business benefits,

Reduced Risk and costs

Strong positions among competitive

Higher profit

Protection from their own employees and agents

Enhance reputation in the market and good will

continued long term growth

International respect for enterprises and emerging markets.

The Organization that shine these areas create a climate of superiority for their shareholders, employees, communities, and contribute to the economic comfort of their countries.

The Coca-Cola company conducts a business ethics program and that program guides a integrity, business conduct and requiring honesty. All of the directors and associates are required to understand and read the business ethics codes and program to follow its principles in the workplace and larger community.

Ethics and Compliance committee are administered the business ethics code and program. The variety of ethics and compliance training courses run over the worldwide and monitor or audit by the committee. The business ethics training program improve the employee ability, business growth, and aware of organization performance in that area. Employee in business environment are more creative and willing to make a difference to benefit the company. Ethical environment at a business setting attracts better employee supports " good will " of the employees which in turn raises the value of the organization, promotes growth and development.

Ethical business performance attracts more customers. Customers would stay with that organization which support and implement ethical program because the customers know what to expect in return for what they pay. Ethical approach pays off in a long term run with acquiring loyal customers.

The ethics and compliance program supports to the suppliers, customers and consumers.

4) recommendation and regulations of corporate governance for the Coca Cola Company:

" CORPORATE GOVERNANCE is the system by which business corporations are controlled and directed. The corporate governance specifies the sharing

of responsibilities and right to different department in the organization, such as, the manager, boards, stakeholders and other shareholders, and spells out the rules and regulation for making decisions on corporate affairs. it also provides the structure through which the company objectives are set, and how attaining those objectives and monitoring performance.”

4. 1) Recommendation of the corporate governance in the coca cola company are as follow:

4. 1. 1)The Cadbury committee was set up to advise financial aspect: -

The responsibilities of the director for reviewing and reporting on performance to shareholders -

The board of director main responsibility is to appointed to act on behalf of the shareholders to run day to day affairs of the business.

The directors will hold an annual general meeting at which the directors provide to shareholders company performance report and its future plans and the company strategic and also submit themselves for re-election to the board.

The board of the director is makes sure the company’s prosperity by collectively directing the company’s affairs.

Appointment of audit committee:

Audit committee is responsible for company’s financial statement and reporting and controlling the financial processes on behalf of the board and reports of its activities to the board of directors. Audit committee has

authority to take the appropriate to set all corporate activities for quality financial sound and reporting, ethical behavior and business risk practices.

The principal responsibility of the auditors:

The auditors are in the accounting field and their main responsibility to verify a company's records ensure that all the information are matches up to what was provide. The auditor responsible to check bookkeeper records, tax and creditors record in order to find out if any error in the record than they have to fix them.

As carried out work among member of the countries and identify some common elements, which underline good corporate.

The coca cola company has more branches in different countries. The board of director of the company set public issue and corporate responsibility committee which I estimate political, social and environmental trends, issues and concern which affect to activities of the company's business and the company's performance; and make recommendations to the Board and management related how the business can adjust with these trends. And make good corporate governance.

4. 1. 2) The Greenbury Committee was set up examine directors remuneration and compensation

Disclosure of director's remuneration and compensation:

The Committee shall have the authorities and power vested in it by stock option, incentive, limited stock, and other remuneration and compensation plans of the Company. The Committee have the power to approve, modify or

amend all non-equity plans and equity plan, and the committee shall recommend adoption of equity plans to the Board.

The Committee shall approve and review compensation of corporate officers and all senior executive at suitable time periods. The Committee shall take report of the Chief Executive Officer's recommendation and estimate performance of each individual, the Company's overall performance and comparable remuneration and compensation paid to similarly-situated executives in comparable companies.

Appointment of the non executive directors: -

Non executive play an important role in corporate governance these directors has non managerial responsibility they are full board member and therefore how asses to and can't influence the higher level of corporate decision making the functions include:

Bringing additional experience and knowledge to the board.

Warning executive directors about the higher-risk areas ethical problem or inappropriate behavior.

Providing confidence to other parties as non executive directors can providing independent and high level supervision

Example: non executive directors are not allowed to half share option in the coca cola company so their remuneration is independent of company's performance.

Determine executive remuneration (as mentioned area)

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Appointing and liaising with auditors.

Providing confidential advises to both the board and individual directors.

Regulation for the Coca Cola

the oecd principal of corporate governance :

The right of the shareholder:

The corporate governance framework should protect and facilitated the exercise of the shareholders rights by region capital by shareholders, companies committee them self to earning and investment retain on their capital. The board of the coca cola company must there for the accountable to shareholders for the use their money

The role of the shareholders:

The corporate governance framework should recognize their right of the shareholders as established by law. And encourage active co-operation and stakeholder in creating wealth, jobs and sustainability ability of financial sound enterprise.

Disclosure and transference:

The corporate governance should ensure that timely and accurate disclosure is made on all material matter regarding the corporation including the financial situation, performance, ownership and governance of the coca cola company.

The responsibility of the board:

The corporate governance framework should ensure the strategic guidance of the coca cola company the effective monitoring of the management by the board and the board accountability to the coca cola company and the shareholders.

Company act 2006

Company can make greater use of electronic communication for communicating with shareholder.

Directors can file service address on public record rather than their private home addresses.

The requirement for an operations and financial review (OFR) has not been reinstated rather company is encourage the produce a high quality business review.

Nominee shareholder can elect to receive information in hard copy form or electronically if they wise to do so.

There will be simpler model articles of association for private company, to reflect the way in which company operate.

Shareholder will receive more timely information.