PEPSICO'S SUSTAINABLE STRATEGIES

Sandeep Sehrawat

Official Address: Assistant Professor, Satyawati College [Evening], D.U
Ashok Vihar, Phase-III, Delhi, India

ABSTRACT

The concept of sustainable development is a well-acknowledged business principle. Amid the intensifying consciousness of the potential impressions of organisations on the environment, companies of all types and sizes have begun instigating environmental sustainability initiatives into their structural frameworks.

Key words: Non-institutional investors, investment patterns, Investment objectives, Investment determinants

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1. INTRODUCTION

Firms seeking sustainability have introduced programs that are bent on mitigating the adverse effects of their business processes on the environment. PepsiCo is one of the enterprise that have sustainable management practices that enable its executives to effectively drive a sustainable culture.

2. STRATEGIES IN PEPSICO

Undoubtedly, PepsiCo cultivates sustainability right from its employee culture. PepsiCo is using its human resource department as a tool to integrate the concept of sustainability into the firm's culture (PEPSICO, 2015). The establishment inspires sustainability from the procedures of hiring employees, training them, and providing employee welfare packages. PepsiCo hires only qualified candidates, who are then trained on sustainable business practices (PEPSICO, 2015). This creates a sense of belonging, which is further cemented by the presence of an employee welfare package. As a result, PepsiCo's employees are always motivated to work harder; mirrored in the high quality of the company's products. In addition to a sustainable employee culture, PepsiCo also engages in ecological manufacturing practices like (but not limited to): diverting its waste from landfills, reducing its greenhouse gas (GHG) emissions and organic packaging. Additionally, PepsiCo's executives efficaciously drive a sustainable culture by the reduction of water usage per unit of beverage production, climate protection, empowering women, and sustainable farming initiatives (SFIs) (PEPSICO, 2015). In this regard, PepsiCo can be referred to as a "sustainable company" because it engages in organisational practices that are characteristic of an ecologically conscious company.

Above and beyond the sustainable management initiatives that PepsiCo has in play, there are other feasible strategies it can successfully employ. It is important to take note of the fact that PepsiCo is majorly engaged in a sustainable “resource management” type of strategy because its good manufacturing practices (GMPs) are aimed at saving natural resources like water, food (SFIs) and energy. Nonetheless, PepsiCo can also engage in sustainable stakeholder management as a strategy. Using this management approach, PepsiCo can review the feasible option of adding value to the company’s shareholders, investors, suppliers, and general business management. This entails generating value-added supply chains, risk assessment, and many other avenues of spawning organisational stakeholder sustainability (Smith, 2014).

In addition to this strategy, a company can also use a sustainable governance management strategy. This includes activities like reporting on the true financial position of a company, auditing and risk management. Moreover, this can also involve the integration of “megatrends” into an organisation’s culture of strategic management planning (Rosenberg, 2015). What’s more, a company can also use core capabilities as a sustainable management strategy. To this effect, an organisation can guarantee sustainability by engaging valuable business models that are driven by concepts of organisational sustainability. Normally, there are four sustainable company management strategies a company can employ: core capabilities, governance, stakeholder and resource management strategies. Relevant to PepsiCo’s scenario, the executives of the enterprise can employ any (or a combination) of these sustainable management strategies to effectively drive a sustainable organisational culture.

The likelihood of success with these sustainable management strategies is entirely dependent on the operative execution of the preferred strategies. There is a high chance of success if the management strategy is integrated into business planning and decision making, including product research and development, new manufacturing methods, and acquisition of new human resource. Additionally, there are high chances of success if the environmental risks associated with a company’s product life cycle are identified, assessed, and appropriately managed (Smith, 2014). This is to diminish the chances of the sustainable management strategies to fail. Also, the strategic management plans have high chances of success if they comply with all pertinent regulatory and legal requirements (Rosenberg, 2015). With this achieved, there will be no legal hurdles in executing the effective management approaches.

What’s more, the success of any of these management strategies is dependent on assurance programs that audit and assess the usefulness of the strategic management approaches with regard to good manufacturing practices and program goals. Additionally, there is likelihood for success of the management strategies if an annual report summarizing a company’s environmental activities is prepared and made public. If there is an improvement after the integration of relevant management approaches, then it will be mirrored in an organisation’s annual environmental sustainability accounts (Smith, 2014).

3. MEASURES OF SUSTAINABLE STRATEGIES

So how can the success of these sustainable management strategies be measured? It is the opinion of Rosenberg (2015) that the primary goal of a company seeking sustainability is to maximize value creation while minimizing resource consumption. In this regard, the first way of measuring the effectiveness of a sustainability management strategy is to measure the ratio of resource consumption to value creation. If the strategy is successful, then more value will be created with the utilization of minimal resources. On the other hand, if the strategy is unsuccessful, more resources will be used to create minimal value in the form of decreased revenue, customer satisfaction, economic value added, business competence, and many more other indicators of business value (Rosenberg, 2015). The second way of measuring the effectiveness of a management strategy is to determine whether it considers environmental,

economic, and societal aspects of business. A successful sustainability management strategy cannot be one that strictly evaluates either the environmental, economic, or societal aspects of performance. A successful strategy should evaluate all the three aspects of organisational performance because they are all responsible for the success of an enterprise.

Third, an efficient management strategy can be measured by its consideration of each stage in the product life cycle. A successful management plan is one that ensures the entire product life cycle is covered. An otherwise successful strategy can stall if it reaches a point that was overlooked in the product life cycle (Rosenberg, 2015). Therefore, a successful strategic management strategy encompasses the entire product life cycle of an organisation. Also, a successful sustainable can be measured by its consideration of the potential factors that can improve future organisational performance. A successful management strategy considers the potential areas of business improvement, which can be exploited so as to create more business value in the future (Smith, 2015).

4. CONCLUSIONS

Bearing in mind that the 21st century business landscape changes rapidly, there is a likelihood that these management strategies will change in the future. Business values, concepts, principles, knowledge and skills are born each and every day. Therefore, there are very high chances that these management strategies will be more intricate because of the rapid progression of technology, knowledge, research, and the ways in which people do business. In the future, business executives will need a broader knowledge and skills base to appropriately equip them with the competence to look at societal problems from a completely different perspective. Hence, these strategies will become more complex to cater to the needs of a rapidly developing business and economic landscape of the 22nd century.

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