

SUSTAINABLE DEVELOPMENT – AN IMPERATIVE OF INDUSTRIAL COMPANIES. CASE STUDY: COCA-COLA HBC ROMANIA

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Abstract

The paper begins with a summary of the concept, emphasizing that sustainable development is a strongly supported policy around the world. The case study examines specific aspects of sustainable development in Coca-Cola HBC Romania. Finally it presents the main obstacles and opportunities identified for adoption by Romanian companies in their business of sustainable competitiveness strategies.

Keywords: *sustainable development, competitiveness, sustainability, organizational culture*

JEL Classification: *M40, M41*

1. INTRODUCTION

In the current context of increased degradation of the environment and increasing rarity of natural resources, there have been put forward theories, measurement methods, and strategies meant to increase eco-efficiency of economic activities and quantify the impact on the environment and human welfare. In nowadays European space, the principle of integrating the environment into EU policies is the basis of the actions of the Community about the natural environment. The main objective is sustainable development, namely to ensure that the current growth does not endanger future generations.

"Economy basically meant taking possession of things useful to man who wanted to live in prosperity. Ecology requires a harmonious coexistence between man and nature, economic growth under proper management must become a priority and responsibility."^[1]

It was found that in order to achieve sustainable development, it must be combined with economic and demographic development to ensure environmental protection and resource saving.

2.CASE STUDY: COCA-COLA HBC ROMANIA SRL

Coca-Cola HBC is a member of Coca-Cola Hellenic Group, one of the largest bottlers of Coca-Cola products in the world and in Europe. Coca-Cola Hellenic operations cover 28 countries, serving a large number of people. In Romania, Coca-Cola group consists of Coca-Cola HBC Romania and Coca-Cola Romania, a subsidiary of The Coca-Cola Company.

The mission of Coca-Cola HBC Romania SRL is represented by: revival of consumers, partnership with customers and enriching the lives of local communities.

In Coca-Cola HBC Romania SRL, one may find six core values and behaviours that are "the DNA" of the organization and define how it operates. The values of the organization are:

- Authenticity: act with integrity;
- Excellence: amaze with passion and speed;
- Care for employees: believe in people, invest in them and help them grow;
- We perform together: the company believes in teamwork;
- We win with customers: customers are at the centre of all the actions of the organization;
- Social responsibility.

The company has included the concept of sustainable development in its business strategy since 2007.

The main directions of the company's action to protect the environment pursue three major areas:

- Excellence in protection of water resources;
- Climate protection and reducing energy consumption;
- Packaging and recycling.

The company shares its progress report in the Annual Report of Corporate Social Responsibility (CSR). CSR reports conform to GRI (Global Reporting Initiative) since 2003.

Social responsibility activities of the company are focused in five areas:

- Improvement of employees at their workplace;
- Protecting the health of consumers;
- Conservation and protection of water resources;
- Energy saving;
- Recovery and recycling of packaging.

In addition to reducing the environmental impact of the company, it works with various partners to address broader issues of sustainable development. The company collaborates with government agencies, NGOs and other entities in order to educate the population on environmental conservation.

Social responsibility

Since entering the market in Romania, in 1991, Coca-Cola applied the principle of social partnership, by engaging in actions aimed at supporting and empowering an educated social environment and, at the same time, a healthy natural environment. The first aspect is to promote recycling and support local water resource protection.

The RE concept is the basis of the integration of social responsibility initiatives at the level of Coca-Cola HBC. The concept considers that RE is the beginning of actions that will change the world for the better. Therefore, the company REcycles, REbuilds, REacts. In conclusion, RE is the prefix underlying the REform of the world in sustainable premises.

Excellence in protection of water resources

Coca-Cola HBC Romania SRL seeks to limit its effects on watershed and promote actions to better manage water resources in places where it operates. The direct effects of water on the activities of the company are related to water use in bottling plants. Indirect effects come from the water used during the manufacture of products, since water is a necessary ingredient.

Coca-Cola HBC Romania SRL gets the water necessary to production from a depth of approximately 200 meters. This water is purified to the inlet and outlet. All waste water impurities are removed before they reach the sewage system in this sense it is used an aquarium with exotic fish, placed in the compartment with treated water.

In line with ISO 14001: 2004, the company is committed to:

- Diminish the impact of its activities by decreasing water consumption;
- Assess future water availability;
- Involve communities in various projects to raise awareness and protection of water resources;
- Provide water reserves to communities, if there are various disasters.

Climate protection and reduction of energy consumption

Coca-Cola seeks to limit the impact it has on climate change through activities in a sustainable way.

Direct emissions of greenhouse gases come from energy activities of bottling plants, as is the case SC Coca-Cola HBC Romania SRL (workstation Ploiesti). In this regard, the company has built combined heat and power plant (CHP) [2], in partnership with the company ContourGlobal, specialized in energy development. The CHP, fuelled by natural gas, supplies electricity, heating and cooling for the plant. This plant has a capacity of 5 MWh and recovers much of the heat released during the process to reuse it, thus diminishing the pollution as compared to an ordinary power plant.

It is worth mentioning that CHP reduces carbon emissions by approximately 20% and it is connected to the national electricity supply so that excess power is redirected over the network. Indirect emissions come from raw materials, ingredients and packaging.

The company saves energy and fuel by reducing weight of packages and encouraging employees to practice eco-driving. Also, the entire fleet of refrigerators that work with R134a (a type of environment friendly coolant) is a source of reducing power consumption supported by Coca-Cola [3].

Packaging and recycling [4]

Coca-Cola produces packaging for products made to reach consumers. But with this, the company bears the responsibility to collect and recycle them.

The company redesigned its product packaging, and currently, aluminium or glass containers are made of 60% recycled material. The technology used reduces the amount of raw materials and waste. The weight of PET packaging was reduced by 15% and weight pallet packed film was reduced by half.

Romania is one of the countries where Coca-Cola has introduced Ultra-Glass bottle containing one third less material than bottles normally used.

Since 2003, the company is a founding shareholder of Eco-Rom Packaging, affiliated with the Green Dot organization that supports the collection, recycling and recovery of waste packaging. Together, the companies perform various programs that teach consumers to give greater importance to recycling.

Accomplishments in the three strands are reported to the targets that the EU has set for 2020 [5]:

- Reduction of greenhouse gas emissions by 20%;
- Covering 20% of energy needs using renewable energy sources;
- Reducing total energy consumption by 20%.

3. STRATEGIC DIRECTIONS FOR ACTION TO INCREASE COMPETITIVENESS IN THE CONTEXT OF SUSTAINABLE DEVELOPMENT

In Romanian companies, certain malfunctions appear and their elimination requires, above all, an effort to change mindsets through research - innovation - implementation - production. Poor performance or failures of firms are due largely to their inability to adapt to the market and its rules of functioning.

Competitiveness is determined by the quality and productivity as a result of synergistic action of management, technology, and human and material resources involved, which are factors on which to act through innovation and improvement. Competitiveness is closely linked to the level at which it is generated and sustained. Thus, competitiveness is generated at the microeconomic level, and a country becomes competitive when it manages to build that climate where each company producing added value should become effective and be able to develop the economic environment not only at a domestic, but especially at an international level.

In terms of overall national competitiveness that had a recent comparative downward trend, both in global and European level, taking into account the main factors of competitiveness, we consider that it would be appropriate to proceed in the following priority areas:

- Substantial improvement of national infrastructure, which would generate substantial investment, but with many benefits.
- Development of health and education which would increase public satisfaction and investment in education would generate the conditions for sustainable development.
- Increase the efficiency of the labour and material goods through improving the relationship employees - employers, reducing brain drain by adequate motivation, professional management practices primarily in the public sphere, reducing the level of taxation, developing a culture of quality and increasing the degree of customer orientation.
- Developing a viable business environment by reducing the level of corruption, reducing bureaucracy, stable and simplified tax regulations to facilitate access to finance for firms/ feasible projects, encourage the development of clusters.

The relationship between industrial competitiveness and environmental protection involved a process of integration of environmental objectives in industrial policy. This has implemented an environmental management system and environmental audit, and new goals and strategies were formulated.

In the industrial sector, we consider it appropriate to take action in the following areas:

- Assessing the state and degree of recovery of industrial parks and creating measures to use them at full capacity.
- Increasing the recovery of the Structural Funds made available to Romania by the European Union for the period 2014 - 2020, compared with 2007 - 2013.
- Stimulate the use of ICT and online services.
- Reduction of hydrocarbons import by rehabilitation of the extractive industry, complying with environmental rules.
- Stimulate the modernization and growth of manufacturing industries with increasing dynamics of international trade balance.

All these strategic directions may lead to an increase in competitiveness of the economy, but need to be applied by professionals who, equally important, must be on the needed positions.

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[3] <http://thereconcept.ro/ro/energie/>

[4] <http://thereconcept.ro/ro/ambalaje/>

[5] Ibid Sima, V., Gheorghe, Il., op. cit., p. 52