

Sustainable Development - Essential Business Strategy Vector of Coca-Cola HBC Romania

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Abstract

This paper aims to present the achievements of Coca-Cola HBC Romania regarding the implementation of sustainable development policies. In this sense, the main guidelines of the Coca-Cola HBC Romania to environmental protection, are exposed, namely, energy saving, resources saving and wastewater treatment.

Key words: *sustainable development, societal competitiveness, social responsibility*

JEL Classification: *M31*

Introduction. The Concept of Sustainable Development

The concept of sustainable development, defined in 1987 by the World Commission on Environment and Development (Brundtland Commission 1987) as a type of development that “meets the needs of present without compromising the ability of future generations to meet their own needs”¹, covers three main areas of action - natural environment, social environment and economic environment, emphasizing sustainability as a form of progress, and, also, fairness in all three sectors.

The problem considered represents a goal of competitiveness, referring to a “societal competitiveness”.

McCauley proposed four factors to measure the societal competitiveness: economic performances, government efficiency, business sector efficiency, and infrastructure.²

M. Drzeniek made an assessment of competitive performances by “institutions, infrastructure, macro-economics, health, education, higher education, market efficiency, technological capacity, business environment, research and innovation. Thus, companies and nations use distinct, but complementary set of tools for assessing competitiveness. On the other hand,

¹ United Nations, 1987, *Report of the World Commission on Environment and Development*, General Assembly Resolution 42/187, 11 December 1987. Retrieved: 2007-04-12.

² McCauley, S.R., Institutul pentru Managementul Dezvoltării din Geneva; Pușcaș, V., Marea reconfigurare, *Revista Foreign Policy România*, sept.-oct. 2011, pag .56.

nations and states are at different stages of development, which implies specific formula, so subsidiary play an important role in achieving competitiveness goals.”³. Under these circumstances we can say that the welfare state is the solution - because this type of state allows and encourages societal competitiveness and sustainable development concept in the future will be closely linked to this concept.

Currently, we can say that Member States’ social models have emerged in the European Union even if EU is not a “welfare state”. J. Pelkmans said that European social perspective refers to terms such as social security, social insurance, welfare, social protection, health, education, workplace safety, labour market legislation, consultation with employees, employment, and training. Thus, we can say that economics can not be detached from social, so the EU has an integrated vision of the two areas (economic and social), who added a third field (environment).

Division for Sustainable Development United Nations considers that three key areas of implementation of sustainable development can be highlighted, as it is shown in the figure below:

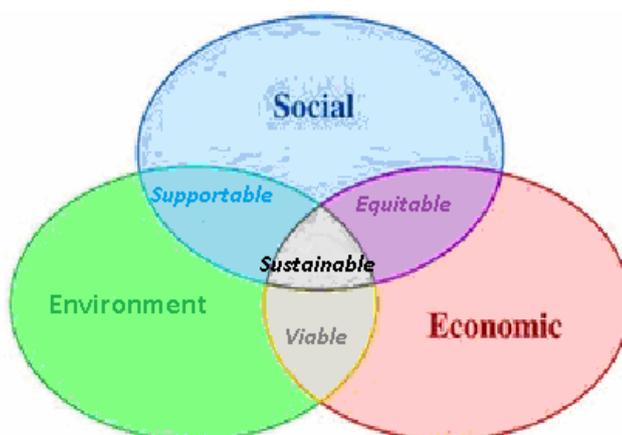


Fig.1. Scheme of sustainable development

Source: UCN. 2006. The Future of Sustainability: Re-thinking Environment and Development in the Twenty-first Century. Report of the IUCN Renowned Thinkers Meeting, 29–31 January 2006

As it can be seen (Figure 1), the sustainable development should be considered in all sectors, taking into account the involvement of all categories of social actors: companies, NGOs, local and national administrations, state institutions and, finally, each person, individually. “Hence, it is provided the responsibility of each person. Social responsibility lies, therefore, with each of the actors of modern society”.⁴

In recent years, increasingly more NGOs and companies initiated social responsibility campaigns, contributing to the formation of a culture of volunteering in Romania. Large companies have created a platform for social responsibility, encouraging volunteerism and supporting dialogue between non-governmental organizations in the country and those who wish to offer some of their time and resources to social causes. If big companies manage to maintain and develop this platform for social responsibility, we can say that today’s volunteers are responsible citizens of tomorrow, and the power of example can change Romania in this direction.

³ Drzeniek, M., Forumul Economic Mondial, Pușcaș, V., Marea reconfigurare, Revista *Foreign Policy România*, sept.-oct. 2011, pag . 56.

⁴ United Nations, 1987, *Report of the World Commission on Environment and Development*, General Assembly Resolution 42/187, 11 December 1987. Retrieved: 2007-04-12.

“A corporation can have only one strategy. [...] The idea to join the representatives of different groups of interested people - unions, community representatives, customers, suppliers and so on - the Board of Directors of a corporation sounds good, sounds democratic. But it is poorly designed and I doubt very much that it will have results. In today’s competitive world, every corporation plans to implement a single coach planning” to get results.⁵

Sustainable Development in the Food Industry

Caring for the environment should be a constant concern of those companies working in the food industry, being found primarily in how they operate. Environmental impact can be reduced by implementation of modern technologies.

Economic organizations can promote sustainable development in order to create added value both for them and for society. This may include:

- o providing products that meet consumer needs;
- o promoting an open working environment;
- o engaging activity in a way that ensures environmental protection and conservation, but also contributing to socio-economic development of local communities.

In this respect implementation of international standards ISO 14001 of environmental protection it may be a first step.

Sustainability in Coca-Cola Hellenic Romania

Still, from the moment of Romanian market penetration in (1991), the Coca-Cola System (made of Coca-Cola Romania and Coca-Cola HBC Romania) applied the principle of social partnership, by engaging in actions aiming at supporting and empowerment of an educated social environment and, in the same time, a healthy natural environment.

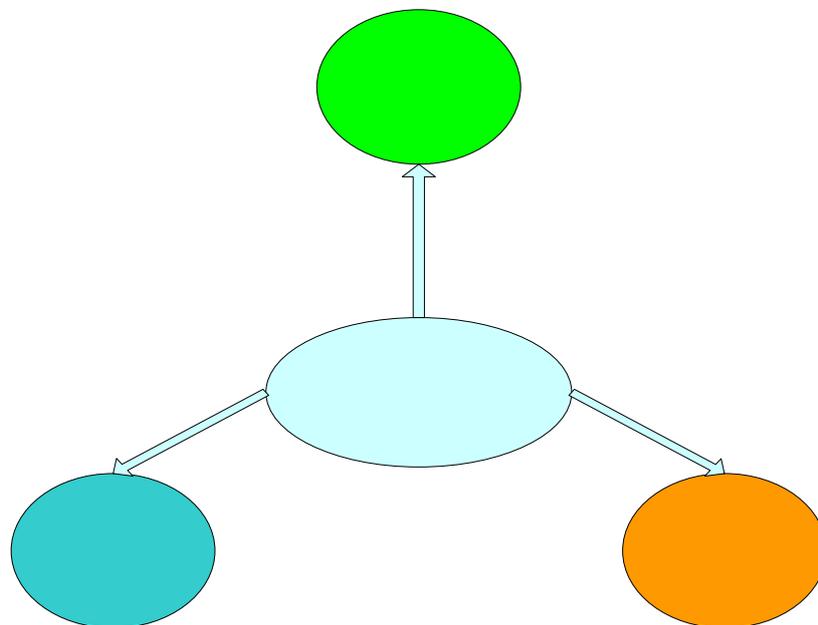


Fig.2. Domains for applying sustainable development principles in Coca-Cola HBC Romania

Source: Proposed by the authors

⁵ Greenspan, A., *Era turbulențelor: aventuri într-o lume nouă*, București, Editura Publica, 2008, pag. 434-435.

To this end, Coca-Cola Hellenic, which includes Coca-Cola HBC Romania, included, in 2007, in its business strategy, the concept of sustainable development

The main directions of action for environmental protection of the company pursue three major areas (Figure 2):

- o energy;
- o water resources;
- o waste.

With an effective way of communication - Social Responsibility Annual Report, Coca-Cola Hellenic Group presents, in detail, its performance results in the domain of environmental protection. At international level, Coca-Cola Hellenic Group is renowned for the way they report economic, social and environmental performance.

CSR Reports of the group correspond to GRI standard (Global Reporting Initiative) still since 2003.⁶

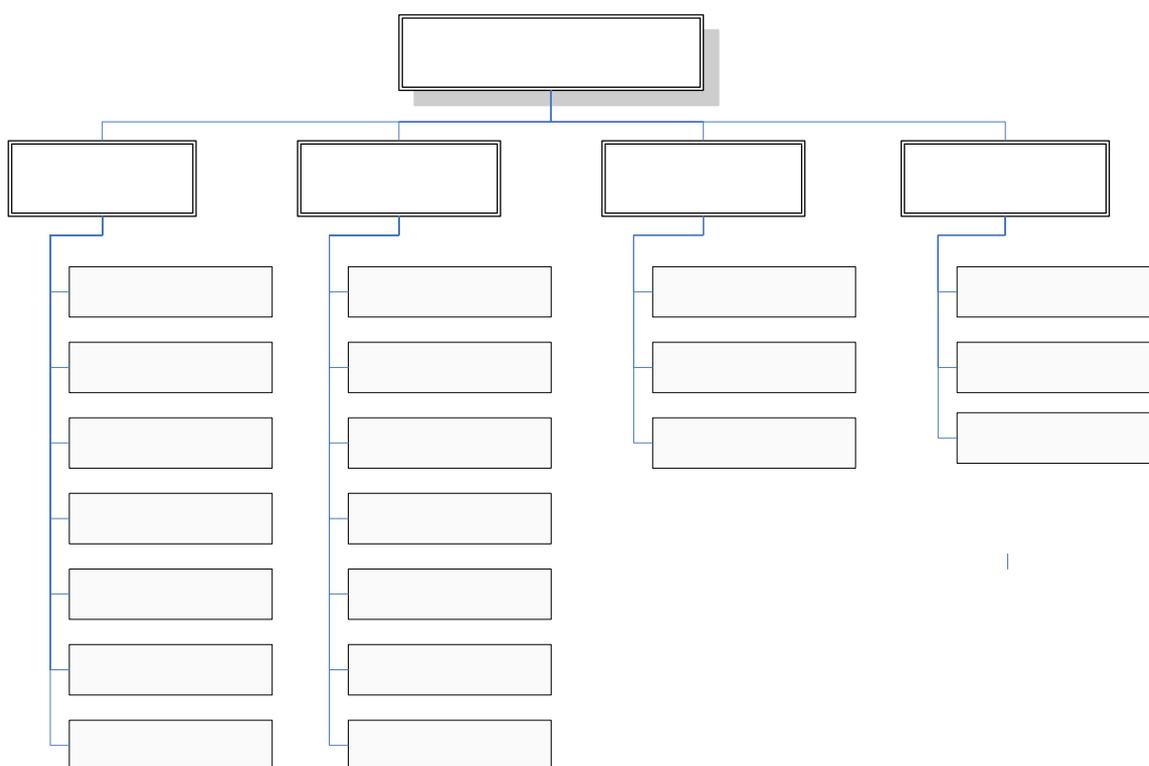


Fig. 3. Main areas of involvement in CSR activities within the Coca-Cola Group

Source: proposed by the authors

Company's social responsibility activities are directed mainly in four directions, namely: improving employees at work, protecting the health of consumers, sales here representing the conservation and protection of water resources, energy saving, recovery and recycling of packaging (Figure 3).

Environmental impact is pursued by using of specific indicators, whose improvement is permanently taken into account by the parent company:

- o carbon footprint;

⁶ <http://www.coca-colahellenic.com/sustainability/csreport/>

- water consumption in production processes;
- recycling of waste (e.g. PET bottles and aluminum doses selectively collected represents one of the specific concerns of the industry of bottling / distribution).⁷

Concrete Actions to Implement Sustainable Development Strategy of the Coca-Cola Hellenic Romania

Coca-Cola HBC Romania supports the European Commission initiative to highlight the importance of meeting European Union targets on energy policy. Coca-Cola Hellenic aims to streamline energy and natural resources consumption and to reduce CO₂ emissions, being considered responsible for climate change and global warming, which are manifested in recent years, becoming increasingly more intense. In this respect, Coca-Cola Hellenic was able to reach energy and water saving by 40% compared to 2003. In Romania, determinants of this performance were investments for an intelligent warehouse, unique in the country, and a cogeneration plant for the factory located in Ploiesti.

Coca-Cola Hellenic commitment in Romania:

- *CO₂ emissions reducing in the operations of the company, at least with 40% in each location having a cogeneration plant;*
- *Increasing of energy efficiency of company operations, through high-bay warehouse with 15%, through investment regarded by High-Bay warehouse, by economies of heat, energy and fuel (reducing of storage space, savings due transport from factory to warehouse);*
- *CO₂ emissions represents only a part of the resource savings that Coca-Cola Hellenic Romania has assumed for the coming years:*
 - *Energy management installations;*
 - *Reducing packaging materials.*

In order to achieve targets for reducing energy consumption and CO₂ emissions, Coca-Cola Hellenic Group has assumed building of 15 cogeneration plants in 20 countries where it does operate. The objective is to reduce CO₂ emissions by 20% in 80 factories of Coca-Cola Hellenic Group. The first such plant was inaugurated in October 2009 at Coca-Cola HBC factory in Ploiesti.

On the other hand, the company is involved in volunteer and educational programs through partnerships with government agencies for environmental, NGOs and other partners. Thus, Coca-Cola HBC is a founding member of the Eco-Rom Packaging and of the Romanian Association for Packaging and Environment, respecting European directives in respect of the responsibility for organizing the work of recovery and recycling of packaging waste.

Coca-Cola Hellenic is quoted in the Dow Jones Sustainability Index System among the top of the most sustainable companies in the world, with an overall percentage score over 70%, with a significant advance from the average of 49% of the entire food industry.

Energy

Cogeneration Plant

Coca-Cola Hellenic has committed to build 15 cogeneration plants in countries where it does operate. The European Commission acknowledged the CHP plants Program, assumed by the

⁷ <http://www.responsabilitatesociala.ro/stiri-csr/proiectele-coca-cola-hbc-nominalizate-in-competitii-internationale-de-prestigiu.html>

Coca Cola Group, as the Official Partner of the Sustainable Energy Europe Campaign. The Plant located in Ploiesti is the first of the 15 belonging to CHP Hellenic Group. This provides efficiently energy, leading, in the same time, to CO₂ emissions reducing. Cogeneration Plant of Coca-Cola HBC Romania in Ploiesti is connected to the national electricity supply system, so that the excess of generated energy is redirected to the national network.

The goals of Coca-Cola HBC Romania, related to the use of this plant, are very ambitious - the company has proposed to cut off CO₂ emissions by 40% in the first three years after commissioning.

At Group level, the objectives related of reducing carbon dioxide emissions meet European Union targets set for 2020, respectively, decreasing by 20%, results that are expected to be obtained from the construction of 20 CHP plants until 2015.

In addition, Coca-Cola Hellenic implemented innovative measures for energy efficiency in all the 77 bottling factories and carried out on large-scale installation of photovoltaic panels on its buildings.

Cogeneration plant located in Ploiesti, has a capacity of 5 MWh, using natural gas and recover much of the heat released during the production process, to reuse it. Therefore, it is much less polluting than a typical power plant.

Saving energy at Coca-Cola HBC Romania

- *The water and energy consumption per unit in production has been reduced, recording an energy consumption with 40% lower than in 2003;*
- *PET weight was reduced with 15% compared to 2003 and the weight of glass package was reduced, too, 50% compared to 2005;*
- *The weight of secondary packages was reduced by 45% compared with 2003;*
- *The total investment in new technologies in Ploiesti is about 45 million Euro;*
- *Coca-Cola HBC Romania was among the top five countries in Coca-Cola Hellenic Group, in terms of energy and water consumption efficiency.*

Wastewater

A water treatment plant was constructed simultaneously with construction of the plant and it was constantly upgraded. It should be noted that all impurities of used water are removed before the wastewater reaches the sewage network. The best indicator of water purity is the existence of an aquarium with exotic fish, placed in the compartment with purified water.

Resources Saving

High-Bay Warehouse

In October 2009, at the plant in Ploiesti of Coca-Cola HBC Romania a fully automated warehouse of last-generation was opened, High-Bay, being the third one in the Coca-Cola system worldwide. In this warehouse cutting-edge technologies are used in order to improve storage and logistics processes. Thus, on an area of less than 1000 square meters, it can be stored up to 35,000 pallets of products, i.e., less than 4 pallets per square meter.

The intelligent high-bay storage system involves taking directly products from the production lines via conveyor tapes, and their transportation to the storage area, manipulated by automatic cranes.

The High-Bay warehouse in Ploiesti is composed of six production lines, 11 automatic stacking cranes and shelves of 32 meters high and it can store almost 35,000 pallets. The system is able to handle 490 pallets per hour, being the second largest in the group and the first in Romania.

High-Bay increases efficiency and it, also, allows expansion of production capacity as the company grows.

<ul style="list-style-type: none"> o High-Bay helps to resources saving, by: <ul style="list-style-type: none"> o combustion; o warmth; o energy, <p>due: reducing of storage and maneuver space, horizontally, and transport space between the factory and warehouse</p> <ul style="list-style-type: none"> o High-Bay in figures: <ul style="list-style-type: none"> o High Bay represents an investment of 30 million Euro; o reduction of energy from the opening: 20% per liter handled in the warehouse.

Conclusions

Very few companies manage to establish a direct relationship between the results of implementing sustainable development policies and their economic indicators. “Coca-Cola Hellenic, of which Coca-Cola HBC Romania is part, has adhered since 2005, to the United Nations Global Compact, which represents the largest corporate social responsibility based initiatives. CSR benefits are measured by reputation increasing, a better risk management, an establishment of sustainable relationships with constituents, and a strengthening of the employer brand etc.” said Laura Sgârcitu, Public Relations and Community Programs Specialist at Coca-Cola HBC Romania.⁸

Coca-Cola HBC Romania achievements are related to the objectives that the European Union has set for 2020:

- o reducing by 20% the emissions of greenhouse gases;
- o covering of 20% of energy needs with renewable energy and
- o reducing by 20% the total energy consumption.

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⁸ Interview by Rebecca Pop, Forum for International Communications, retrieved from <http://www.praward.ro/resurse-pr/articole/responsabilitatea-sociala-un-pilon-important-al-strategiei-de-afaceri-un-interviu-cu-laura-sgarciu-specialist-relatii-publice-si-programe-comunitare-la-coca-cola-hbc-romania.html>

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Dezvoltarea durabilă – vector esențial al strategiei de afaceri a Coca-Cola HBC România

Rezumat

Acest articol își propune să prezinte realizările Coca-Cola HBC România legate de implementarea politicilor de dezvoltare durabilă. În acest sens, sunt expuse direcțiile principale de acțiune ale companiei în vederea protecției mediului înconjurător, respectiv, economisirea energiei, economisirea resurselor și epurarea apelor uzate.