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DIPLOMA MASTER THESIS

**Topic of thesis «Management of development of enterprise in the conditions of
transformational changes»**

(on materials of the Google's LLC, Coca-Cola Company, Pepsico's Inc.)

*from the specialty 073 "Management" of the educational program
"Management and Administration"*

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INTRODUCTION

Relevance of the topic of work. Constant changes of the environment, aggravation of competition in the markets lead to the necessity of developing a modern system of development management in the enterprise. Under modern conditions of transformational changes in the structure of the economy of many countries, the management of enterprises can not focus only on ensuring the process of their functioning. In the future, the activities of enterprises as socio-economic systems should be aimed at their further development in accordance with the demands of the external environment. That is why the development of measures to forming of an enterprise development management system that is adapted to the new market environment remains an extremely important scientific problem.

The essence of the modern concept of enterprise development is a certain departure from managerial rationalism, from the initial belief that the success of the enterprise is determined primarily by rational organization of production, cost reduction by identifying internal reserves, increasing productivity and efficiency of all resources.

Within the development management system at each enterprise the corresponding process of development management is carried out. In the conditions of constant changes of external environment under development management process it is necessary to understand systematic, planned and purposeful influence on workers, resources of the enterprise for the purpose of increase of levels of its organization and competitiveness by means of necessary and sufficient ways of influence.

During the implementation of the process of enterprise development management, two complex tasks are performed: 1) elimination of disparities that arise in deviations from the planned behavior of the enterprise in space and time; 2) the creation of disparities (contradictions) as sources of further progressive development of the enterprise.

In general, it can be argued that the management of enterprise development is a process of supporting its planned vector of development and formation, if necessary, a

new vector of development that provides sustainable economic growth and competitiveness of the enterprise in different directions of internal and external factors. Therefore, the environment itself is a deterrent to the development of any enterprise that seeks to gain its own market niche in terms of resource constraints.

Enterprise development management should be considered as a process of eliminating contradictions that arise on two levels – between the genetic predisposition of the enterprise to development and development guidelines, as well as between the existing model of enterprise development and stochastic fluctuations (deviations) of external or internal environment. All this leads to a change in management's perception of the image of future development, provoking an unexpected change in the stage or phase of the development cycle of the enterprise.

It is well known that the basis of enterprise development management is the purposeful influence of the control subsystem on the managed in order to ensure the process of its transition from one current state to a better (more perfect) compared to the previous state in accordance with the objectives. In other words, enterprise development management aims to move (transition) the system from one state to another, with new quality characteristics.

Finally, the process of managing the development of the enterprise is based on making a set of management decisions regarding the detailing of measures in the general direction of development and coordination of these processes. The choice and formation of development strategy allow the management of the enterprise to determine the directions and ways of moving towards the mission and strategic goals of its economic activity.

Leading scientists have devoted their attention to the processes of management of the development of organizational and production systems, among which are the following: R. Acoff, I. Adizes, N. V. Afanas'ev, A. A. Belyaev, I. O. Bogatyrev, K. Boulding, A. Chandler, I. N. Drozdov, I. V. Filipishyn, J. Forrester, E. N. Goncharenko, O. M. Grebeshkova, N. V. Kasianova, M. O. Kizim, I. V. Kononenko, E. M. Korotkov, A. V. Kozachenko, M. L. Linders, N. P. Maslennikova, L. G. Melnik, J. Neumann, Yu. S. Pogorelov, V. S. Ponomarenko, O. V. Raievneva, W. Rostow, A. L. Sabadireva,

L. M. Shimanovska-Dianyeh, L. M. Taranyuk, M. P. Todaro, O. M. Tridid, V. A. Verba, V. A. Vlasenko, V. A. Zabrodskiy, L. D. Zabrodska and others [1, 6, 11, 19, 26, 31, 36, 41, 42, 44, 47-50, 57, 59, 61, 65, 71, 78, 86, 87, 92, 93, 97, 98].

Some aspects of the problem of forming an effective process of development management in enterprises are covered by many scientists in a fairly general way, at the same time, the problem of creating a holistic development management system at the level of individual companies remains almost unresolved. It is the lack of scientific developing of the problem of forming an effective process of development management in enterprises of various organizational and legal forms that determines the relevance and practical significance of the chosen topic of work.

The purpose of the master's thesis is to substantiate theoretical and methodological provisions and to develop practical recommendations for the formation of effective process of management of development at the enterprises (on the example of Google's LLC, Coca-Cola Company, Pepsico's Inc.) in the conditions of transformational changes.

In accordance with the stated goal, the following tasks are formulated and solved in the work:

- to determine the essence, content and peculiarities of development of enterprises in modern conditions;

- to perform the classification characteristics of types and forms of enterprise development;

- to consider a methodical approach to formation of enterprise development management system;

- to make the managerial diagnostics and characteristics business landscape of Google's LLC;

- to assess of the effectiveness activity of Coca-Cola Company and the current state of the process of management of development on it;

- to analyze of economic and financial activity of Pepsico's Inc.;

- to rationalize of the general process of development management of Google's LLC based on the developing of a modern corporate culture policy;

to improve the process of strategic planning in the implementation of the development strategy of Coca-Cola Company on a systemic basis;

to develop and implementation of a risk management program as a tool of Pepsico's Inc. development management system.

The object of the study master's thesis is the process of management of development of Google's LLC, Coca-Cola Company, Pepsico's Inc.

The subject of the study is a set of theoretical, methodological and applied aspects of forming an effective process of management of development of Google's LLC, Coca-Cola Company, Pepsico's Inc. in the conditions of market transformations.

The scientific novelty of the work is to provide a holistic understanding of the importance of the development management process for senior management as an important component of the long-term development strategy of modern companies. The development and implementation of measures recommended in the work to improve the process of development management in the activities of the companies under study, will implement all elements of the management system of their operation and development in the future.

The theoretical value of the master's thesis is the systematization of scientific knowledge, theoretical substantiation of scientific and methodological foundations and the development of methodological recommendations for the formation of an effective process of development management in enterprises of various forms of ownership and industry subordination.

The practical significance of the conducted research is based on the implementation of a number of specific application recommendations of senior management of the surveyed corporations, related to improving the efficiency of the development management process and improving the overall work. This will promote the implementation of an effective development management system and process in Google's LLC, Coca-Cola Company, Pepsico's Inc.

The practical significance of the results obtained is the development and implementation of proposals to improve the efficiency of the development management process at the studied enterprises at the expense of:

developing of a modern corporate culture policy for rationalization of the general process of development management of Google's LLC on the basis of six key steps of its implementation and formation a corporate code of ethical conduct for company personnel (HR);

improving the process of strategic planning in the implementation of the development strategy of Coca-Cola Company on a systemic basis by carrying out its successive ten stages (steps);

developing and implementing a risk management program as a tool of Pepsico's Inc. development management system on the basis of recommended mechanism of formation of the risk management system, step-by-step algorithm for implementing risk management process, recommended structure of the risk management program, the risk map form for the company.

The results obtained during the research, as well as practical recommendations for improving the process of development management in the context of transformational change can be used in the daily work of top management and heads of functional units of the studied companies.

The volume and structure of work. The master's thesis consists of an introduction, three chapter, nine sections, conclusions, references and applications. The total volume of work is 136 pages of printed text. The work contains of 34 tables, 16 figures, references consist of 100 titles, 3 applications.

The introduction substantiates the relevance of the topic of the work, defines the purpose, objectives, subject, object and methods of research. The first chapter of the master's thesis is devoted theoretical and methodological bases of management of development at the enterprise in market conditions. The second chapter of the master's thesis is conducted research of the current state and assessment of effectiveness of the process of management of development in enterprises (on the example of Google's LLC, Coca-Cola Company, Pepsico's Inc.). The third chapter of the master's thesis contains main directions for increasing of efficiency of the process of management of development in enterprises. The conclusions formulated the main results of the study and substantiate specific proposals.

The results of the study were discussed at the XXVIII International Scientific Conference of Students and Young Scientists «Science and Higher Education» (November 13, 2019, Zaporozhye) and published in the conference proceedings (Umoh, Id. S. (2019). Implementation of effective system for management of development at the enterprise in current economic conditions. *Science and Higher Education* : Proceedings of the XXVIII International Scientific Conference of Students and Young Scientists, November 13, 2019. Zaporozhye : Classic Private University, 2019. 562 p. P.).

Next, it is advisable to go to the theoretical part of the master's thesis and consider the theoretical and methodological bases of management of development at the enterprise in the conditions of transformation of market relations.

CHAPTER 1

THEORETICAL AND METHODOLOGICAL BASES OF MANAGEMENT OF
DEVELOPMENT AT THE ENTERPRISE IN MARKET CONDITIONS

1.1 The essence, content and peculiarities of development of enterprises in modern conditions

The concept of «development» in modern science has been significantly reflected and has a deep, although not completely agreed philosophical justification. The first evolutionary and spasmodic ideas about development as changes in a part of being are found in the works of Anaximander, Empedocles and Democritus [16]. Aristotle proposed to understand development as a certain principle, according to which the essence of the phenomenon is an element necessary in the system of the whole [61, p. 28]. Subsequently, the understanding of development was concretized, in particular in German classical philosophy.

The improvement of science and the emergence of a theological worldview in the Middle Ages led to the emergence of various terms that are close to the category of development, in a certain way synonymous, characterizing a particular type of development or development with respect to certain objects, but still not identical, and therefore need to be explained [70, p. 336]. Together with the concept of «development» (and sometimes instead), the concepts of explication, genesis, evolution, emanation, diachrony are used.

Explication (deployment) is a manifestation of parts of a given that, through this manifestation, receive a certain independence and may differ from each other [93, p. 10]. The concept of explication was used to a greater extent in theology as an expression of the self-development of the Absolute, but it was also reflected in purely philosophical ideas (for example, in Leibniz). Recently, the concept of explication has expanded significantly and has mainly lost its philosophical meaning of self-development of the Absolute or being, for example, in [57, p. 97], and therefore can

only be used to specify the type of development, which is determined solely by the internal qualities of the development subject, which at a certain stage of the development subject's time its unity with the original state. That is, in fact, the concept of development is wider, since it can be caused not only by the internal qualities of the subject, but also by a certain external impulse.

The concept of emanation was introduced by Plotinus to explain the emergence of the world by spreading a certain initial energy of the Absolute, and specified that the state of being worsens with distance from the root cause. Subsequently, the concept of emanation spread throughout physics and lost its connection with development in the general scientific context, retaining it only in philosophy (Neoplatonism, Gnosticism) [50, p. 121]. Today, the concept of emanation is justified and it can be applied only to idealistic directions in philosophy, but it does not find wide application in other areas of knowledge [36, p. 43-44].

The concept of evolution is initially close in meaning to the concept of explication (lat. Evolutio – deployment) and to the concept of development. It is defined as continuous gradual quantitative changes, which, according to dialectics, turn into qualitative ones [24]. At the same time, as V. Feller points out, some authors, for example, E. Trelch, propose to separate the concepts of development and evolution by branches of knowledge. However, he does not fundamentally separate them in content and relates the concept of development to the sphere of history and philosophy, and the concept of evolution to biology and technology [19]. Thus, characterizing the deployment in various forms and certain changes, the concept of evolution in the general scientific context is used more often than the concept of explication, sometimes even equivalent to the concept of development. However, it is worth noting that it is impossible to fully equate the concept of development and evolution, since evolution characterizes only one of the possible types of development – certain gradual changes, and there are also transformational changes considered in ancient philosophy, that is, the concept of development is wider.

In the period of reforming the national economy, the concepts of economic and social development of an enterprise through transformation become relevant. The

enterprise is one of the types of open stationary systems, acts as a production unit, which produces and sells certain types of products and services [66, p. 33-34]. Its development is subject to all the laws that are inherent in this class of systems, and as a modern socio-economic system it has two trends of its existence: functioning and development (Fig. 1.1).

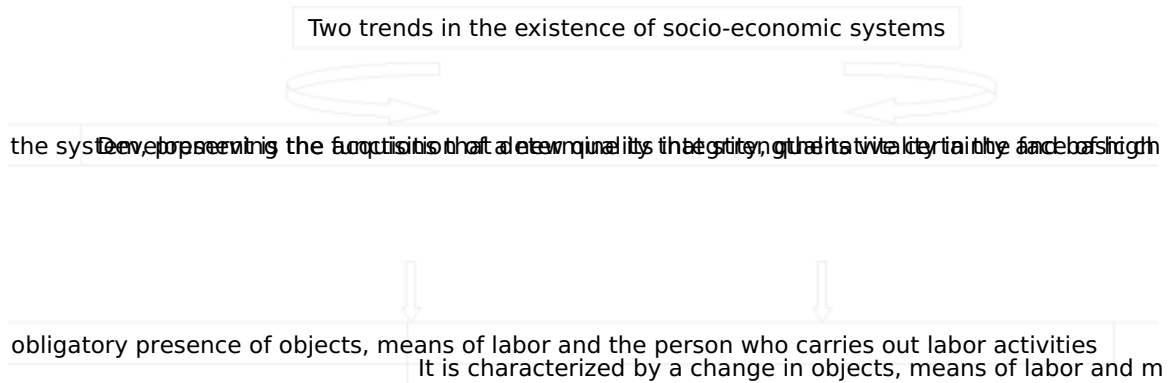


Figure 1.1. Showing the trends in the existence of modern socio-economic systems

* Source: Author compiled from data [42, p. 18]

As we see from Fig. 1.1, functioning is the maintenance of the life of the system, the preservation of the functions that determine its integrity, quality certainty and basic characteristics, and development is the acquisition of a new quality that strengthens life activity in the context of growing dynamism of the external environment. At the same time, functioning is characterized by the obligatory availability of objects, means of labor and a person engaged in labor activities, and development by a change in objects, means of labor and man. However, different authors interpret this category of «development» in their own way.

There are two forms of development:

- 1) evolutionary, associated with gradual quantitative and qualitative changes;

2) revolutionary, which is characterized by a jump-like unconscious transition from one state of matter to another [71, p. 27-28].

Development is not only progressive, but also regressive, when degradation occurs, the transition from higher to lower, less perfect. The organization's life cycle includes both progressive (creation, growth, maturity) and regressive (decline, liquidation) development. Both progress and regression have their opposites: with rapid progress, you can lose stability and caution, with regression you can get rid of unnecessary parts of the organization.

In this case, development appears most vividly as a manifestation of the dialectical law of unity and struggle of opposites. Any organization is between striving for progress and regressive stops and retreats caused by internal and external destructive obstacles, between constant work on the organization and disruptive circumstances and routine. Development occurs due to instability, variability, bifurcation. Instability contributes to the selection of the best. Progress and regression are closely interconnected and constitute a dialectical unity. There is no progress without regression, and vice versa [59, p. 48-49].

In the twentieth century, the concept of development was significantly reflected in the economy, both at the macro level – in the form of economic growth in the works of J. M. Keynes, J. Mead, W. Rostow [44, 57, 85], and at the micro level – in the context organizational ecology of M. Hannan, G. Carroll and J. Freeman [31, 77, 87] and the evolutionary economics of R. Nelson and S. Winter [18].

Today, there are already several definitions of enterprise development. So, E. M. Korotkov, considering development at the enterprise level, interprets it as «a set of changes leading to the emergence of a new quality and strengthening the vitality of the system, its ability to resist the destructive forces of the external environment» (Korotkov, 2008) [42, p. 164]. V. A. Zabrodsky and M. O. Kizim give a more expanded definition of development, concretizing it according to the economic and production system. According to their point of view, the development of economic and production systems is the process of transition of an economic and production system to a new, better state by accumulating quantitative potential, changing and complicating the

structure and composition, resulting in an increase in its ability to resist the damaging effects of the external environment and operational efficiency (Zabrodskiy & Kizim, 2000) [97, p. 32].

In the scientific world, there are several views on the essence of the term «development». Development is a philosophical category that expresses the process of movement, the change of holistic systems. The most characteristic features of this process include: the emergence of qualitatively new object or its state, orientation, irreversibility, regularity, unity of quantitative and qualitative changes, the relationship of progress and regression, contradiction, spiral shape (cyclicality), unfolding in time [72, p. 51-52]. This approach is followed by L. I. Antoshkina and O. L. Goryacha «development it is the movement forward, the formation of new features, the formation of new structural characteristics of the object, its evolution, improvement, improvement, progress, as well as growth and expansion» (Antoshkina & Goryacha, 2012) [3, p. 67]. N. P. Maslennikova considers development as a transition from one qualitative state to another (Maslennikova, 2002) [48, p. 29]. Some domestic scientists also adhere to this approach. V. M. Timofeev and G. S. Chernoiyanova consider that development is first and foremost a change, a movement (Timofeev & Chernoiyanova, 2009) [85, p. 16]. L. D. Zabrodskaya interprets that «development can be defined as the progression from simple to more complex and effective» (Zabrodskaya, 2004) [98, p. 105].

According to another approach, development is irreversible, directed, regular change of material and ideal objects. Only the simultaneous presence of all three of these properties distinguishes the processes of development among other changes: the reversibility of changes characterizes the processes of functioning (cyclic reproduction of a constant scheme of functions), the lack of regularity is characteristic of random processes of catastrophic type, and in the absence of directionality changes cannot accumulate, and therefore development of a single, interdependent line. As a result of development, a new qualitative state of the object emerges, which acts as a change in its composition or structure (ie, the emergence, transformation or disappearance of its elements and relationships). The ability to develop is one of the common properties of matter and consciousness [65, p. 187-188]. This is the opinion of O. V. Raievneva

which considers development as a regular, directed qualitative change of material and ideal objects (Raievneva, 2006) [61, p. 53]. Yu. S. Pogorelov development means the process of regular change, the transition from one state to another, more perfect; the transition from the old qualitative state to the new, from the simple to the difficult, from the lower to the higher (Pogorelov, 2010) [57, p. 117].

An analysis of the scientific publications on the substance of the term showed that there is no single approach to understanding it today. Various interpretations of the term «development» are presented in Table 1.1.

Table 1.1

Showing the scientific approaches to the interpretation of the term «development»

Authors	Term interpretation
Afanas'ev N. V., Rogozhin V. D., Rudyka V. I. [1, p. 13]	Development is a process that is based on the results of scientific and technological achievement, which contributes to the development of productive forces and the satisfaction of society's needs for high quality goods. The development process is directly related to the increase in the degree of efficiency, improvement of business processes, resulting in a quantitative or qualitative increase in the useful result compared to the previous level.
Bilodid I., Vynnyk V. [8, p. 378]	Development is the process that results in a change in the quality of something, the transition from one qualitative state to another, higher.
Gavrilishin B. D. [28, p. 487]	Development is a regular (irreversible) process of quantitative and qualitative changes within a system, its transition to a new quality, a more perfect form.
Dyakiv R. [22, p. 561]	Development is the process of moving from lower to higher (to greater achievements), resulting in a change in the quality of the object, phenomenon, activity, transition to a newer, more progressive one.
Zagorodniy A. G., Voznyuk G. L., Smovzhenko T.S. [99, p. 325]	Extensive development is the development of production by attracting additional resources (materials, technology, manpower, funds, etc.) and development is intensive – it is the development of production through the more efficient use of available resources.
Melnik L. G. [49, p. 36]	Development is an irreversible, directed, regular change of the system on the basis of realization of internally inherent mechanisms of self-organization.
Raievneva O. V. [61, p. 23]	Under development, it is advisable to understand the process of forming a new dissipative structure, expressed in a qualitative change in the composition, structure and method (models) of the system, which manifests itself in a lysis or crisis form and is aimed at achieving the changing global goals of the enterprise.
Stechenko D. M., Grigorovich A. V., Duka A. P. [74, p. 417]	Development – 1) the process characterized by both qualitative and quantitative changes from simpler to more complex; 2) the process of any kind of change of various forms of matter. There are three types of development in social and economic life: progressive, regressive and stagnant. Social development encourages material production to constantly change in all spheres of activity.
Todaro M. P. [86, p. 436]	Development can be understood as a multidimensional process involving the reorganization of the entire economic and social system.

* Source: Author compiled from data [1, 8, 22, 28, 49, 61, 74, 86, 99]

It is worth briefly describing each of the identified components of the concept of enterprise development. First of all, development implies the presence of quantitative and qualitative changes that lead to a certain improvement. Of course, improvement is a relative characteristic, and to identify or confirm the presence of development requires some specificity, but to define the concept of development, we can confine ourselves to recognizing such an improvement. Enterprise development has a process character, i.e. It is distributed in time, and development as a process is characterized by duration, despite a certain inertia of the enterprise as an object of development and the presence of a time lag between the development impulse and the corresponding changes.

It should be noted that the time distribution and duration axiomatically do not lead to the recognition of the properties of the concept of enterprise development of such components as continuity or constancy. Indeed, the socio-economic development of an enterprise can fundamentally be unstable, that is, one that is not necessarily present at every moment in time the enterprise exists. The condition of the possibility of the absence of the existence of development at each moment of the enterprise's existence suggests that development will not necessarily be continuous. Those, the continuity and constancy of development and the conditions for its recognition require more detailed studies [95, p. 75].

According to its content, the development of the enterprise, as follows from the analysis of the given points of view, is a set of processes that together lead to an increase in the potential of the enterprise. The obvious forms of manifestation of such processes are quantitative and qualitative changes, adaptation to the external environment of the enterprise and internal integration of the enterprise [89, p. 54-55]. Finally, the effective manifestation of development for the enterprise consists in the implementation of quantitative and qualitative changes, increasing the potential of the enterprise, ensuring the ability of the enterprise to counteract the negative effects of the external environment and increasing the viability of the enterprise.

Prospective functioning of the organization (enterprise) is impossible without organizational development. When discussing enterprise management and psychological aspects of the organization, the term «organization development» is

increasingly used. The development of an organization is the achievement of its harmonious state and the achievement of the harmony of goals (expectations) of members of the organization and management (leadership) [44, p. 73]. Organizational changes that take place in the organizational development process are a planned step-by-step process. Organization development is a strategic path, on the one hand, to increase the effectiveness of the organization and, on the other, to increase job satisfaction and improve the working conditions of employees.

According to the results of the analysis of the essence of the concept of «enterprise development» in the initial approximation, it is proposed to understand as a long-term set of processes of quantitative and qualitative changes in the activities of the enterprise, which lead to improvement of its condition by increasing the potential of the enterprise, adapting to the external environment and internal integration, which helps to increase the ability enterprises to counteract the negative effects of the external environment and its viability. Analyzing the above scientific sources, we can conclude that development is a process of change, a transition from one state to another, more perfect than the previous state.

Management classics M. H. Mescon, M. Albert and F. Khedowrie believe that the development of an organization is a long-term program of improving the ability to solve various problems and abilities to recovery, especially by improving the efficiency of managing the culture of the organization (Meskon, Albert & Khedowrie, 2006) [51, p. 356]. V. S. Ponomarenko, O. M. Tridid and M. O. Kizim are convinced that «the development of an organization is a process of quantitative and qualitative changes in the system, complication of structure and composition, which increases its resilience to destabilizing influence of the environment and efficiency functioning» (Ponomarenko, Tridid & Kizim, 2003) [59, p. 67-68].

The scientist O. V. Raievneva stresses that the development of an organization is a unique process of transformation of an open system in space and time, which is characterized by permanent change of the global goals of its existence by forming a new dissipative structure and translating it into a new attractor of functioning (Raievneva, 2006) [61, p. 28].

N. V. Afanas'ev, V. D. Rogozhin and V. I. Rudyka are interested in pointing out that «the development of an organization is an objective change of only qualitative characteristics of the system, conditioned as fundamental laws of nature (unity and struggle of opposites, transition of quantity into quality, development of society in a spiral and up), and regularities of functioning of specific systems (aging of equipment, accumulation of experience and knowledge by employees, depletion of natural resources) in which new properties of the system are formed» (Afanas'ev, Rogozhin & Rudyka, 2003) [1, p. 42].

To understand the essence of the process of development of an organization, let us dwell on some of its features, which determine both the essence and the place of development of the organization among other organizational techniques [31, p. 109].

The first feature is that the development of the organization is a certain tactic according to which pre-planned changes in the organization should be made. The second feature is that the planned changes are directly dependent on the severity of the problems that the organization must address, that is, on the current state of the organization and the inability to use it for future effective development. The third feature of an organization's development strategy is that the diagnosis of the current state of the organization and the process of change is carried out by a person or advisory body that is not a member of that organization or enterprise.

Main peculiarities and features of development are:

- 1) something new is being created in the development process that did not exist before;
- 2) the development process is not reversed;
- 3) each particular process of development has its own sources and its form;
- 4) development has a time orientation: from the past through the present to the future;
- 5) each moment or stage of development is conditioned by the previous state and in turn determines the following states [36, p. 127-128].

Thus, we can conclude that the concept of enterprise development is complex and multifaceted, which reflects quantitative and qualitative changes that allow creating the

prerequisites for increasing its competitiveness. Development is a process of gradual transition of a system to a qualitatively new state, which is better for it. Moreover, in the process of change, various types and forms of enterprise development take place.

In the next section of the master's thesis we will carry out the classification characteristic of the basic types and forms of enterprise development.

1.2 Classification characteristics of types and forms of enterprise development

The typology of enterprise development is proposed to be carried out according to two groups of criteria. The first group of criteria relates to the development in general - as an inter-scientific, philosophical and even general scientific concept. And therefore, such criteria are considered general scientific. Such a group of criteria is sufficiently developed. The second group of criteria relates specifically to the enterprise as an object of development.

Systematization of types of development is presented in Table 1.2.

Table 1.2

Showing the systematization of the types of enterprise development

Systematization criterion	Types of development	Nature of the criterion
Nature of change	Extensive (evolutionary) and intense	General
Source or root cause of development	Exogenous and endogenous	General
Object scale and complexity	Individual and general	General
The form	Rectilinear, broken, wavy and spiral	General
Representation of the subject of development	Projective, non-projective	Special (only subject to development entity)
Development vector highlight	Vector, quasi-chaotic	Special (only subject to development entity)
Number of selected vectors	One-vector, multi-vector, frontal	Special (only subject to development entity)
Complexity of change	Single-project, single-sphere, multisphere and holistic	Special (only subject to development entity)
Quantitative characteristic changes	Progression, degression, pulsation and immutability	Special (only subject to development entity)

* Source: Author compiled from data [57, p. 129-130]

In Table 1.2 are considered criteria systematize the development and specified the corresponding types of development. In addition, the nature of each systematization criterion is noted: general (i.e., general scientific, valid in all areas of knowledge) or special (one that corresponds to the use of such a criterion in only one field of knowledge). Moreover, special criteria are highlighted specifically for the economic understanding of development.

From the very beginning of the emergence of an understanding of development even in ancient philosophy, its distribution according to the criterion of the nature of changes into extensive (evolutionary) and intensive (transformational) has become traditional. Moreover, extensive development is a manifestation and growth of an existing state of the object, and intensive development is the emergence of new forms.

In economics, the extensiveness and intensity of development has received a slightly different interpretation: extensive development usually means such development aimed at using more resources, increasing the scale of activity, sales volume, etc. [92, p. 85].

By intensive development is meant development represented by the use of another technology or method of production. That is, in the economy, extensive development is mainly quantitative, and intensive – qualitative. At the same time, however, it should be noted that the synonymy of the concepts of «development» and «growth» is axiomatically accepted, it cannot be considered completely correct, since the concept of growth is based only on quantitative changes of the object, and the concept of development includes both quantitative and possible qualitative changes .

Depending on the source or underlying cause, exogenous and endogenous development is distinguished.

Sometimes exogenous development, that is, one that is determined by external factors, developing factors, is considered false [69, p. 82]. At the same time, this point of view is ambiguous, since the very concept of development does not specify the necessary source or driving forces of what is happening. Endogenous is development, the source and root cause of which is inside the object or system that is developing. Typically, the driving force of endogenous development is the contradiction within the

object of development, the emergence and spread of which leads to its qualitative changes. For exogenous development, the basis may also be a contradiction, but this contradiction is located outside the object of development – in the external environment or between the object and the external environment [53, p. 18-19].

Depending on the complexity of the object, development can be individual and general [37, p. 301]. Individual development in science is the development of an individual being or a separate indivisible object, and, of course, the indivisibility of an object is not considered by the criterion of atomicity: the object itself can have a complex structure, but its individual parts do not form integrity at the level of the object. The concept of general development is used according to a complex system – physical, biological or social.

Development can take various forms: be rectilinear, broken, wavy, spiral, etc. [12, p. 256].

The form of development is determined by the nature of the changes, the intensity over time, the frequency of changes and their repeatability. Moreover, it is clear that we mean precisely repeatability, and not cyclicity.

The general systematization of development types is necessary to be detailed, however, it seems possible to add one more to the existing general development criteria, which, however, arises only in the case of the separation and separation of the subject and object of development. That is, when the development of the object will be caused, at least partially, not only by its internal properties, the development potential, which is inherent in the object of development, self-development, but also by a certain external unit or periodic impulse or influence [9, p. 182-183].

Development according to the idea of the development subject about the state of the development object in time and its changes can be projective and non-projective. The essence of projective development is that the changes in the developmental object are preceded by the formation of a representation of its future state in the developmental subject (in consciousness, if the developmental subject is a person or a group of people), which is subsequently projected onto the developmental object at each moment of time, allowing to level out possible deviations of the real state of the object in the process of

development from the representation of such a state. Those, under the conditions of a projective approach to development, it is assumed that the object of development will move from its current state to a certain presented and described future through a set of predetermined changes. Moreover, the authenticity of the real state and the «imaginary state» is ensured by the use of «criteria of truth» – quantitatively and qualitatively expressed signs or characteristics of the object of development [21, p. 690-691].

Unlike projective development, non-projective development is based on the ideas of Eastern and Chinese philosophy and provides for changing the object of development without creating a certain previous image of changes, relying on the best of the possible options for its changes, which is determined by the ratio of the internal qualities of the object and the expected changes in the external environment [43, p. 74].

Simplifying somewhat the essence of each of the projective and non-projective development, it should be noted that the first can still be called target, since its use involves the establishment of a clearly defined goal and an action plan to achieve it. The second is situational, because it is not provided for by predetermined actions, but is based on intuition (if we are talking about the nature or tools of influence of the development subject), it is better from the past state of the development object and the expected changes in the external environment [60, p. 104].

Concretization of the concept of development to such an object as an enterprise allows us to offer the following criteria for classifying its development as the allocation of a development vector, the number of selected vectors, the complexity of changes, and the quantitative characterization of changes.

Development itself, as already discussed, requires a certain targeted movement. Therefore, the development of the enterprise by highlighting the development vector can be vector or quasi-chaotic. It is proposed to understand the development vector as a set of continuous successive changes in the state of the development object while maintaining its unity and integrity, which are limited by certain mandatory conditions or strategic goals [65, p. 78; 85, p. 42].

Vector development presupposes the existence and concretization of the development vector in the form of goals or strategic goals. Quasi-chaotic development

is carried out without formalizing the development vector. Even with the quasi-chaotic development of an enterprise, such a vector exists, but it is either outside the subject of development or is not specified in the enterprise management system.

If development is vector, then by the number of selected development vectors it is proposed to single out one-vector, multi-vector and frontal development. One-vector and multi-vector development suggest the presence of an appropriate number of vectors. It is proposed to understand frontal as such development of the enterprise, in which several vectors are distinguished that are unidirectional or, at least, consistent, and encompass various functional subsystems of the enterprise or its behavior in different markets [44, p. 73].

According to the criterion of complexity of changes, it is proposed to distinguish single-project, single-sphere, multisphere and holistic development of the enterprise. The single-project development of the enterprise provides for the implementation of one separate project, which is aimed at solving a separate problem, which will not significantly affect the activities of the enterprise as a whole. Of course, the implementation of such a task can lead to the formation of certain changes in the activities of the enterprise, however, in general, in most cases the enterprise will not change significantly. Single-sphere and multi-sphere development of an enterprise is associated, respectively, with one or more of its activities or functional subsystems. Single-sphere development may include several multidirectional or unidirectional development projects, which, however, are within the same sphere of activity of the enterprise – production, the financial sphere, and the social sphere [34].

Multisphere development involves changes simultaneously or sequentially in several areas of the enterprise. Holistic development means the development of the enterprise as a whole, when even with the integrity of the enterprise and its unity, its next state differs significantly from the previous one. Moreover, it is most likely that such a difference will be not only quantitative, but also qualitative [18, p. 37].

The characteristic features of the enterprise are the circulation of capital and the formation of a specific result of activity – products in physical and value meters, as well as profit. Therefore, in view of the synonymy of the concept of «development» and the

concept of «growth», one of the criteria for the development of an enterprise should be called a change in the scale of activity or a quantitative description of the changes. According to the criterion of quantitative characterization of changes, the following types of growth can be distinguished, such as progression, degression, pulsation and immutability [93, p. 12-13].

These types of development characterize the change in the scale of the enterprise. According to the fact that certain characteristics of the enterprise and the indicators that characterize them can be defined as stimulants, and some as destimulants, it is clear that progression corresponds to an increase in stimulant indicators that characterize certain traits or signs of the enterprise's activity and a decrease in destimulant indicators. Degression, in contrast to progression, corresponds to a decrease in stimulant parameters and an increase in destimulant indicators. The ripple corresponds to successive periodic fluctuations in the state of the enterprise in the form of positive and negative changes.

Scientists also ambiguously approach the main forms of enterprise development. It should be emphasized that the development of the organization is characterized by a large variety of specific types and forms.

N. P. Maslennikova, A. A. Belyaev and E. M. Korotkov there are two forms of development: evolutionary and revolutionary. Evolutionary is characterized by gradual quantitative and qualitative changes, and revolutionary by the abrupt transition from one state of the system to another. Also distinguish progressive and regressive development. Progressive development – is changing the quality of the system from lower to higher or less made to better. The regressive change of the system is implies to decrease in the qualitative level, degradation of the organization, a fall in its qualitative and quantitative characteristics (Maslennikova, 2002) (Belyaev & Korotkov, 2000) [48, p. 39; 6, p. 64].

Development is either extensive, that is, a manifestation and increase of already existing, or intense, that is, the emergence of qualitatively new forms.

On the other hand, development is either exogenous, that is, a false development, conditioned only with the external environment, the outside world, or endogenous, that is, a real development, the source of which is inside the developing one. Also

distinguish individual development, the development of any individual being, from the general development [31, p. 142].

L. D. Zabrodska distinguishes between three forms of development: 1) market development is reflects the process of expanding the circle of consumers, clients; 2) organizational development is reflects the development process of the individual, groups, areas of responsibility, management systems, initiatives, etc.; 3) business development is the direction of resources to where they should ensure maximum competitiveness over the longest possible time (Zabrodska, 2004) [98, p. 71-72].

N. V. Afanas'ev, V. D. Rogozhin and V. I. Rudyka there are three main areas of development: 1) increasing the scale of consumption of economic resources – the quantitative aspect; 2) changes in the composition of elements and their combinations – the structural aspect; 3) shifts in consumer characteristics of elements, in their individual and integral utility – the qualitative aspect (Afanas'ev, Rogozhin & Rudyka, 2003) [1, p. 27-28].

I. O. Bogatyrev proposed a more comprehensive classification of species manifestations of development at the enterprise level according to the following criteria (Bogatyrev, 2003) [11, p. 29-31]:

1. The scale of changes in the socio-economic system of the enterprise:

- 1) general corporate development;
- 2) interanal corporate (local) development.

2. Depending on the object of changes in the socio-economic system of the enterprise:

1) organizational development – these are measures in the field of management aimed at implementing major changes in organizations. From the point of view of organization management theory, the concept of organizational development (OD) is still the subject of serious disagreement. The existing interpretation of the term «organizational development» implies «a certain set of measures in the field of transformations, qualifications, activities, methods and techniques that are used to help people and organizations become more effective» [18, p. 49; 41, p. 27];

2) technical and technological development – the object of organizational and economic management covers a variety of forms that should reflect the corresponding stages of the development process of production potential and ensure simple and expanded reproduction of fixed assets of the enterprise [32, p. 241];

3) social development – these are processes whose content is the transition of a social system to a qualitatively different, higher state, making it more stable, adaptive and capable of changes in a wider range of states and external conditions;

4) economic development – expanded reproduction and gradual qualitative and structural positive changes in the economy, productive forces, growth and development factors, education, science, culture, the level and quality of life of the population, human capital [47, p. 35].

3. Depending on the type of trend:

- 1) linear (translational) development;
- 2) non-linear development.

4. Depending on the nature of the changes:

- 1) directed development;
- 2) cyclical development;
- 3) spiral development [65, p. 59-60].

5. Depending on the dynamics of changes in the socio-economic system of the enterprise:

- 1) uniform development (evolutionary);
- 2) uneven development (revolutionary) [44, p. 76].

6. By the nature of the key criterion:

- 1) absolute development;
- 2) relative development.

7. Depending on the level of process uncertainty:

- 1) predicted (reliable) development;
- 2) random development [71, p. 29].

8. Depending on the basis of changes in the socio-economic system of the enterprise:

- 1) extensive (quantitative) development;
- 2) intensive (qualitative) development [85, p. 26-27].

9. Depending on the ability to manage change:

- 1) managed development;
- 2) spontaneous development.

10. Depending on the corporate strategy:

- 1) adaptive development;
- 2) reactive development;
- 3) advanced or forward (preventive) development [91, p. 32].

11. Depending on the complexity of changes in the socio-economic system of the enterprise^

- 1) elemental development;
- 2) integral development;
- 3) systemic development.

12. Depending on the purpose of the changes:

- 1) simple development;
- 2) expanded development [100, p. 34].

In terms of the theory of cyclicity, the life cycle of any system can be divided into the following stages [14, p. 137-139; 77, p. 20-21]:

«exploratory» (hidden, latent or initial) on which the system begins to form, to manifest itself in one way or another. This stage is characterized by unpredictability and ambiguity. This phase is characterized by periods such as the beginning and awakening of the system;

«patient» (growth or rapidity) – is the stage of formation and approval of the system, at which all trends are clearly and unambiguously followed, and the behavior of the system can be predicted. This stage is contradictory and involves periods such as formation, definition and approval;

«violent» (apogee or diversification) – is the stage of the highest values, the highest returns. Includes periods such as saturation, maturity, destruction [12, p. 207];

«switching» (fall, aging or deterioration) is usually associated with a decrease in system performance. Stages such as reduction, aging and degradation can be distinguished here;

«lethal» (departure, disposal, termination or closure) is the last step in the life cycle of the system. Many systems do not survive to this stage and drop out earlier. This phase includes such phases as relict, aging [24].

It should be noted that the use of the mechanism of cycles allows providing a reasonable choice of management decisions on the development of the enterprise according to the stage of its life cycle and the needs of the environment [46, p. 33]. The synchronization of business cycles provides not only the ability to adapt to changes in the environment, but also to actively manage these changes, achieving confident economic and social development.

Thus, we can conclude that in determining the types and forms of development at the enterprise, many factors must be taken into account, but at the same time, the dominant type of development cannot be distinguished, because they all complement each other and create the prerequisites for the overall development of the enterprise as social-economic system in space and time.

Equally important in the process of management is the formation of a comprehensive enterprise development management system. That is why in the next section of the master's thesis we will consider a methodical approach to formation of enterprise development management system.

1.3 Methodical approach to formation of enterprise development management system

The instability of social development and the profound transformation of the economic system of our country caused the restructuring of the entire economic mechanism of enterprises, which is manifested in the change of proportions between the elements, the formation of new and the destruction of old industrial relations, the

reassessment of traditional development benchmarks. Successful functioning of the enterprise becomes impossible without a perfectly formed system of management of enterprise development.

Before considering the content of the category «enterprise development management system», we must first define the etymology of the concept of «management of enterprise development».

By the category «management of enterprise development» it is proposed to understand the system distinguished as part of the enterprise, in which restructuring and reengineering processes, innovative and investment processes leading to quantitative and qualitative changes in all functional areas of the enterprise, as well as feedback loops, where tasks of strategic and tactical management are being solved, and mechanisms of self-organization of operational development management are being launched [38, p. 32].

Management of enterprise development is a continuous process of influencing the productivity of an employee, production or the organization as a whole, in order to achieve the best results from the point of view of the goal [71, p. 37].

The the process of management of development in a modern organization includes the following components [59, p. 184-185]:

- 1) economic development management;
- 2) management of organizational development;
- 3) managing the technical development of the organization;
- 4) management of human resources development;
- 5) management of business development of the organization;
- 6) managing strategic planning and organizational development strategy.

Like any socio-economic system, the development management system is a set of interconnected elements that is separated from the external environment and interacts with it as a whole.

Scientists rightly point out that the system for management of development at the enterprise is a part of the general management system, which by means of planning, organization, management and control of the processes of development and

implementation of innovations ensures the purposefulness and organization of the activity of the personnel for increasing its production potential, increasing its level of use and, as a result, obtaining qualitatively new business results [42, p. 87].

The enterprise development management system is intended to provide capacity building of the organization and increase the level of its use. The object is the transformation process and the processes of its provision [37, p. 301].

To this should be added the thesis that if the system for management of functioning at the enterprise is focused on the present, then the system for management of its development – for the future. These systems should provide an adequate understanding of the needs (not only of those who have already manifested themselves, but also those that are updated in the future), development opportunities, clear and realistic goals, the choice of rational ways to achieve them, the interest of the workforce in achieving the goals of development, reliable control over the progress of transformative activities and timely decision-making [54].

The system for management of development at the enterprise has its own structure, i.e. it includes certain elements: 1) the program of analysis of the state of production organization; 2) organization of production preparation; 3) organization of production processes; 4) organization of production infrastructure (Fig. 1.2).

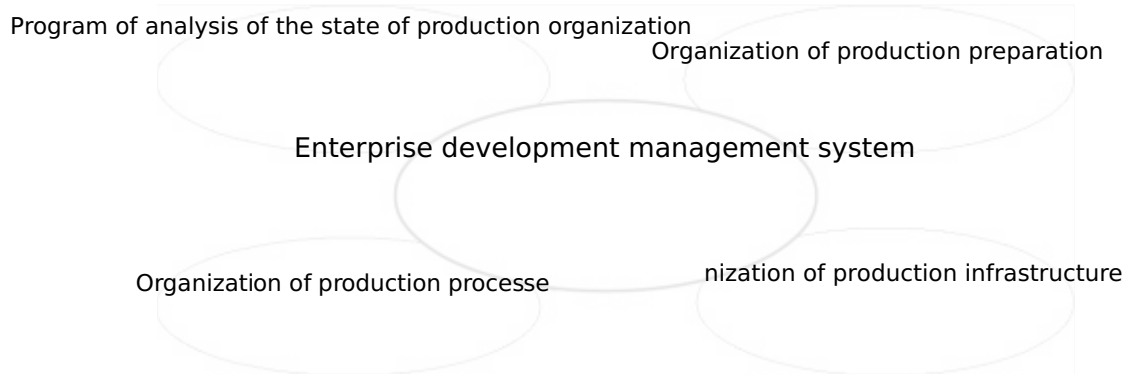


Figure 1.2. Showing the certain elements of enterprise development management system

* Source: Author compiled from data [90, p. 97-98]

According to Fig. 1.2, it is advisable to dwell on each element in more detail.

1. The program of analysis of the state of production organization. This program helps employees of the enterprise to develop a plan for improving the organization of production. The analysis program contains indicators that reflect the level and efficiency of the production organization and a list of issues that allow you to describe the enterprise as an object of the organization. The first part of the analysis program includes indicators that reflect the effectiveness (efficiency) of production organization; indicators characterizing the degree of implementation of the principles of production organization; indicators of the state of organization of production on subsystems. The second part of the program provides a list of questions through which you can find out and describe the state of production organization.

2. Organization of production preparation. Helps to characterize the system of organization of production preparation adopted at the enterprise, to note its positive sides and shortcomings, to show the degree of centralization of preparatory works. Describe the level of standardization work in the production preparation process. To carry out the analysis of the level of planning of production preparation, availability of standards, provisions that determine the planning procedure. To analyze the economic mechanism of the production preparation system, the order of material and moral stimulation of the participants in the creation of new equipment [63, p. 286].

3. Organization of production processes. Characterizes the presence of production lines, sections of group processing, visual-closed shops and sections, gives them characteristics, shows how the negative sides of production are overcome. Helps to analyze the system of technical and organizational maintenance of production, to note its advantages and disadvantages, to characterize the state of rhythm and stability of production.

4. Organization of production infrastructure. Provides an opportunity to characterize the degree of concentration and centralization of auxiliary and maintenance work. Conduct an analysis of the state of transport and warehousing, organization of equipment repair, tool production and maintenance, production information services.

Evaluate the use of advanced forms and methods of work and scientific organization of work in the production infrastructure units [30, p. 171-172].

The enterprise development management system should include priorities for long-term social and technical and economic development, preservation and development of investment and research and production potential, implementation of targeted programs and projects, including enterprise restructuring programs. Development priorities should be systematized taking into account economic, scientific, technical and social aspects [26, p. 43].

Let us proceed to the definition of the tasks of enterprise development management system, which are presented in Fig. 1.3.



Figure 1.3. Showing the main tasks of enterprise development management system

** Source: Author compiled from data [66, p. 37]*

We emphasize that the success of the enterprise development management system depends on many different factors, of which the most important is that all the changes that have been made should be for the benefit of the organization. Also, it should be noted that in the process of managing the development of the enterprise two complex problems are solved: elimination of imbalances in deviations from the planned behavior of the enterprise and creating contradictions as a source of its further development.

Let us turn to the process of formation of enterprise development management system.

In practice, the process of forming an enterprise development management system is more focused on comprehensive information support for the activity of an entity in order to reduce the uncertainty of its functioning in a changing environment. This makes it necessary to increase the flexibility of organizational charts of enterprise management and the speed of organizational change based on the effective use of economic management capabilities [92, p. 129].

The formation of enterprise development management system is defined as long-term work to improve the processes of solving problems and rebuilding the organization through more effective joint regulation of elements of the organization, applying the theory and technology of development management [70, p. 341].

The main components of the process of formation of enterprise development management system are diagnostic, process and maintenance. The first, the diagnostic component is a continuous collection of system data. It captures the attention of the whole system as a whole, its subsystems and system processes. The second is action (or intervention) – this component contains all the activities that are being developed to improve organizational functioning. Finally, the process maintenance component includes activities that support and manage the process itself.

A well-defined of enterprise development management system is deployed in accordance with a strategy or plan called the overall development strategy. This strategy may be planned well in advance, and may take some time to appear. This strategy is based on the answers to the following questions: What are the overall goals of the change program? Which parts of the organization are most receptive to the development

agenda? What are the key forces in the organization? What are the most dominant organizational issues? What organizational and administrative resources are available for the program? [58, p. 86-87].

The answers to these questions determine the plan of action: where to intervene in a given system, what to do, the sequence of interventions.

In turn, achieving the goals of enterprise development management system requires regular and holistic strategic change management. This will integrate the transformation of functional and organizational structure, business processes of activities and resources, and take into account the personal characteristics of staff [67]. As a result, regular improvement of the system of strategic and operational development management will allow the enterprise with minimal expenses to make the transition to a new level of its development.

Consider the stages to the process of formation of enterprise development management system. The process of forming an enterprise development management system includes [88, p. 153]: determining the composition of the functions that the system should implement; the choice of methods and means of implementation of management functions; determining the composition of bodies (temporary and permanent) that will implement the functions of development management and their relationships; determining the structure of management actions in the implementation of development management functions; allocation of authority and responsibility for the implementation of these management actions; determination of responsibility for managing of management actions and form of control over these activities (Fig. 1.4).

The solution to all these tasks should be based on a consciously chosen approach to managing the development of the organization. It is obvious that, depending on the approach taken, the structure and organizational mechanisms of management will be different. If, for example, management is supposed to be carried out on the basis of the participative principle, then it means that collegial bodies involved in decision-making should be created in the governance structure. Target management involves other planning, leadership, and control technologies than non-target, and hence other organizational mechanisms.

The process of forming an enterprise development management system

Step 1	Determining the composition of the functions that this system should implement
Step 2	The choice of methods and means of implementation of management functions
Step 3	Determining the composition of bodies (temporary and permanent) that will implement the functions of development management and their relationships
Step 4	Determining the structure of management actions in the implementation of development management functions
Step 5	Allocation of authority and responsibility for the implementation of these management actions
Step 6	Determination of responsibility for managing of management actions and form of control over these activities

Figure 1.4. Showing the stages of the process of forming an enterprise development management system

* Source: Author compiled from data [87, p. 56-57]

Fig. 1.5 shows the main tasks of the manager during the process of forming an enterprise development management system.

As we can see from Fig. 1.5, the starting point for building a development management system for the manager is the goals, specific results and totals that must be achieved by the deadline, closely related to the strategic vision and values of the organization. Forming the goals of modern organizations is to reduce the uncertainty caused by the rapid pace of change in the economic, social and technological environment by increasing the flexibility of production and management [53, p. 24-25].

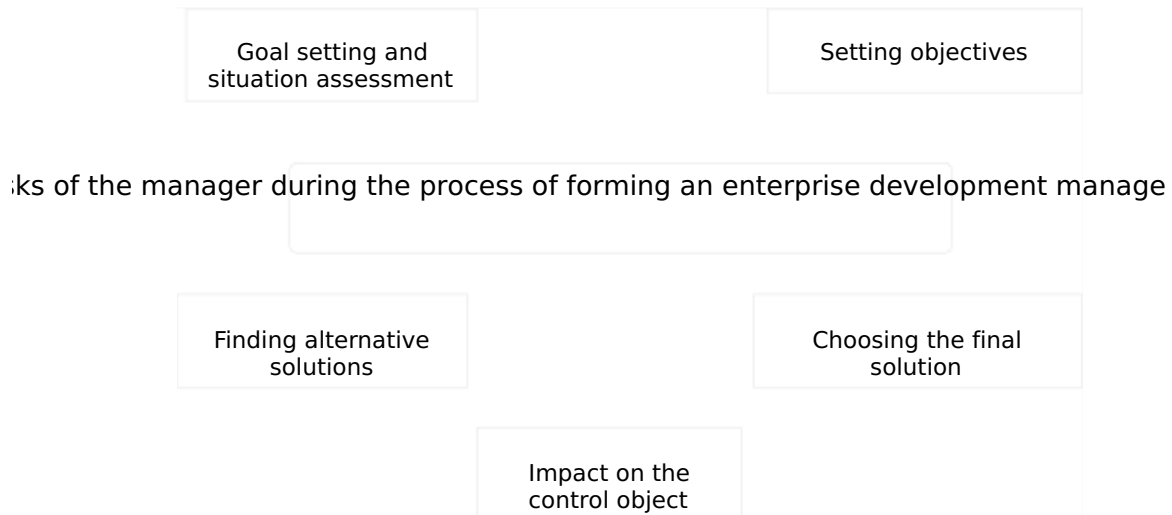


Figure 1.5. The main tasks of the manager during the process of forming an enterprise development management system

** Source: Author compiled from data [47, p. 83]*

The range of goals can be quite broad – from overcoming a crisis to reaching a leadership position. Many successful companies need to change course not in order to survive, but in order to develop their success [5, p. 78-79].

Taking into account different approaches to achieving the goals generates alternatives to sequences of actions for future development. The peculiarity of each alternative is the commonality of their initial states and characteristics. Further, depending on the objective assessment of the situation, the goals adopted, the resources identified may vary. Alternatives are developed on a logical basis and consider the real options for the development of certain processes based on the consistent implementation of the following provisions: diagnosis of past trends in the development of an enterprise or industry; analysis of the existing state of the enterprise and the external environment and developing of forecasts of the enterprises development; prospects and trends of the object status of the study for the medium and long periods [21, p. 692].

The choice of direction of activity of the enterprise and those areas in which it should develop is accompanied by a general characteristic of the position of the enterprise in order to find and evaluate new opportunities.

In the process of formulating goals and choosing the direction of development, it is necessary to rely on a strategic vision – is the route of the o enterprises movement into the future with the definition of technology, target audience, markets, prospects. No analysis can accurately predict the future, so it is necessary to have uncertainty behavior scenarios. Therefore, in order to reduce the uncertainty in which to make decisions and not make a mistake in choosing the direction of long-term development and strategy, it is necessary to know the strategic position of the enterprise, to know the specifics of the industry, conditions of competition, resources and opportunities [69, p. 91].

It should also be noted that the theory and practice of forming an enterprise development management system is based on the following principles:

1. Employees have a desire to improve and grow professionally.
2. Employees need mutual understanding.
3. The activities of the enterprise significantly affect the behavior of individual employees and groups formed within the enterprise [94, p. 137-138].

Because most enterprise development activities have significant personal coloring, large enterprises rely on the services of organizational development consultants to implement and manage the enterprises development programs.

Thus, an effective process for management of development at the enterprise is a deliberate, systematic impact of the management subsystem on the managed one through the basic management functions. At the same time, the implementation of an effective system for management of development at the enterprise is of great importance. However, it is necessary to apply a systematic approach of during formation the system for management of development at the enterprise. The issues of practical implementation of the system for management of development at the specific enterprise level are required further research in this direction.

In the next chapter should conduct research of the current state and assessment of effectiveness of the process of management of development in enterprises.

CHAPTER 2

RESEARCH OF THE CURRENT STATE AND ASSESSMENT OF EFFECTIVENESS
OF THE PROCESS OF MANAGEMENT OF DEVELOPMENT IN ENTERPRISES
(ON THE EXAMPLE OF GOOGLE'S LLC, COCA-COLA COMPANY, PEPSICO'S
INC.)2.1 The managerial diagnostics and characteristics business landscape of
Google's LLC

First, let's focus on the analysis of activities Google Incide Stone Corporation, now Google LLC (formerly (1998–2017) – Google Inc.).

Google LLC is an American multinational technology company that specializes in Internet-related services and products, which include online advertising technologies, search engine, cloud computing, software, and hardware. It is considered one of the Big Four technology companies, alongside Amazon, Apple, and Facebook.

Google was founded in September 1998 by Larry Page and Sergey Brin while they were Ph.D. students at Stanford University in California. Together they own about 14 percent of its shares and control 56 percent of the stockholder voting power through supervoting stock. They incorporated Google as a California privately held company on September 4, 1998, in California. Google was then reincorporated in Delaware on October 22, 2002.

In 2015, the conglomerate Alphabet Inc. was established, with Larry Page as CEO and Sergey Brin as President, and became the parent company of Google, after restructuring the business. In 2017, upon further restructuring, the company became Google LLC. Despite such restructuring, the company retains its organizational structure, considering that its core business processes remain largely the same, including online advertising, cloud computing, digital content distribution, and consumer electronics. With a multinational reach, the

business develops its corporate structure to correspond to the complexity of its operations spanning different regional markets. In light of the rapid technological development involved in the industry and the aggressiveness of competitors, Google's corporate structure is expected to continue changing as a way of maintaining the company's global market position.

Google has a cross-functional organizational structure. In essence, this structure is of the matrix type. However, in this specific business case, the company maintains flatness as a major factor that influences functions throughout the corporate structure. The following are the main characteristics of Google's corporate structure:

1. Function-based definition. This structural characteristic refers to grouping of resources and processes based on business function. For example, Google's organizational structure involves a group for Global Marketing, and another group for Finance. An executive heads each of these groups. This function-based grouping is responsible for organization-wide strategic decisions and direction. For instance, Google's operations management approaches are developed and defined through these function-based groups at the corporate headquarters. This characteristic of the company's corporate structure influences business processes, such as top-down and bottom-up communications, as well as strategic management to solve problems encountered at various levels and areas of Google's organization.

2. Product-based definition. Google's products are developed through the support of product-based groups in the company's corporate structure. This structural feature addresses the need to develop innovative and competitive products, such as the ones enumerated in Google's marketing mix or 4Ps. For example, the

company has a group for Cloud operations, and another group for Artificial Intelligence operations. An executive heads each of these groups. Through this characteristic of the organizational structure, the business satisfies current and future market demand and consumer preferences regarding information technology and consumer electronics products, such as Search, mobile apps, and mobile devices. This ability helps fulfill Google's corporate vision and mission statements. The company's product lines are aimed at enhancing people's access to organized information, especially information through the online environment.

3. Flatness. This structural characteristic involves the minimization of vertical hierarchical lines of communication and authority, despite Google's function-based groups. For example, through its flatness, the company's organizational structure enables employees, teams, and groups to bypass middle management and communicate directly with upper management. Also, in this way, Google's corporate structure facilitates meetings and sharing of information among employees and teams belonging to different areas of the organization. This structural feature is a major contributor to innovation for novel products that help in business diversification, which is among the business strengths outlined in the SWOT analysis of Google LLC. This characteristic of the organizational structure supports Google's corporate social responsibility strategy and stakeholder management, especially in terms of increasing employee morale, motivation, and satisfaction in their work as part of the company's business and long-term success.

Thus, Google LLC's organizational structure is among the fundamental factors that contribute to the success of the information technology business. A company's organizational structure or

corporate structure refers to the anatomy and arrangement of the various components of the business, especially in terms of its resources and processes. In this business case of Google, the corporate structure is designed to support the need for innovation and creativity. Innovation is a major characteristic of Google's corporate culture. In relation, the company's organizational structure promotes product development to facilitate high performance and competitiveness in the Internet services industry. Product development is among the major approaches to grow the business, as identified in Google's generic competitive strategy and intensive growth strategies. In this way, the organizational structure contributes to business optimization to address competitors, such as Apple, Amazon.com, Facebook, IBM, Intel, Microsoft, Snap Inc. (Snapchat), and Twitter. These firms are aggressive competitors, but Google's corporate structure strengthens business competencies to counteract competitive forces.

In classic tech startup fashion, Larry Page and Sergey Brin founded Google in a friend's garage. As of October 2018, Google remains part of Alphabet Inc. (GOOG, and GOOGL). It is the world's most-used search engine and one of the greatest entrepreneurial success stories in history. Alphabet released Q4 2018 earnings on February 4, 2019. The global tech giant reported revenues of \$39.3 billion for the quarter and earnings per share of \$12.77, roughly a 31% increase over the previous year. All information is updated as of April 2019 [81; 84].

The two ticker symbols for Google represent two different classes of shares, A and C: Class A shares have voting privileges, while those with Class C shares do not. The company also issues Class B shares,

which carry 10 votes each that are only owned by insiders and are not traded on the market.

Larry Page is the co-founder of Google and the chief executive officer (CEO) of Alphabet. Most of his daily responsibilities have been transferred to Sundar Pichai, who was appointed the new CEO of Google at the end of 2015. Sergey Brin is the president of Alphabet, the parent company created in 2015 to house the corporate structure for numerous other projects. As part of a research project, the pair developed an early version of Google.

Eric Schmidt served as the chief executive officer of Google for 10 years, from 2001 to 2011. In 2017, Schmidt announced he would be stepping down from his position as executive chairman of Alphabet, a position he held since leaving the CEO role in 2011.

Sundar Pichai was appointed as CEO of Google Inc. in October 2015. Prior to joining Google, Pichai worked in Applied Materials, McKinsey & Company, and earned an MBA from Wharton. Before being appointed to the head of the company, Pichai served as senior vice president of products and prior to that was overseeing the Android operating system.

John Doerr serves as chairman of venture capital firm Kleiner Perkins (formerly Kleiner Perkins Caufield & Byers). He joined the firm way back in 1980. Before that, he worked at Intel and co-founded two companies. Over the years, Kleiner Perkins has backed a number of tech titans, including Amazon, AOL, Compaq, Electronic Arts, Google, Netscape, and Twitter.

Google Inc is one of worlds rapid growing and innovative web 2.0 companies who provides wide variety of commercial and free products to the end-users. The report analyses Google Inc. strategy

by using the concept of Core Competencies which was introduced by Hamel and Prahalad in 1994.

Core Competencies are technical or managerial process that integrates diverse technologies, processes, resources and know-how to create unique offerings to the customers and gains a unique competitive advantage to the organization. Core products are developed with core competencies and wide variety of competitive end-products can be developed by using the core products and it creates complete advantages to the corporation in short and long term basis.

Google Inc has core competencies in software engineering in content indexing and maintaining scalable hardware infrastructure. The company's culture of innovation also can be highlighted as a core competence. Google owns few core products and they are PageRank indexing technology, Google Ads and Google Mapping platform and based on the core products the company has developed wide variety of end-products.

The core competence has facilitated Google Inc to enter to wide variety of markets and the core competencies have created competitive advantage to Google Inc in short and long terms.

Google's mission is to organize the world's information and make it universally accessible and useful.

Google - the market-leading search engine and perhaps the web's No. 1 brand. The company has won dozens of awards for its innovative products and it offers array of commercial and free services.

Following are some of the major products offered by Google [81]:

1. Google Search - Web Search, Image Search, Scholar, Earth, Finance etc.

2. Google Apps – Google Apps, Gmail, Google Docs, Google Voice, Talk, Translate etc.

3. Enterprise – Earth for Enterprise, Google Search Appliance, SketchUp Pro etc.

4. Google Ads – AdSense, AdWords, Analytics etc.

5. Google Android and Google Chrome operating systems.

Google has become mostly used search engine in the industry and it shows the company's highly innovative product design and excellent software engineering capabilities. Google's core products are Google content indexing technology, Google Ad platform and Google Mapping platform.

Google builds and maintains massive index of websites and other online contents by using a highly complex and versatile indexing technology that called as PageRank. The University of Stanford holds the patent right for PageRank «technology under patent number US6285999 and Google Inc owns exclusive right to use the patent. PageRank» is one of the innovative and continuously improving core products of the company.

Google Ads platform is another important core product of the chosen company and the primary revenue stream for Google is advertising programs. Large number of businesses uses Google's AdWords program to promote their products and many third-party web sites uses Google AdSense program to generate additional income. Google Ads is one of the most advanced and user friendly online marketing programs in the industry. Over a period of time Google has built intelligent algorithms to deliver appropriate advertisements based on what user searched.

The chosen company has expertise not only in Software Engineering but also in infrastructure designing and maintenance.

The entire Google platform runs on number of grid computing data centers that has several thousands of server nodes. Google has cultivated a culture of innovation from its inception and the culture has helped the company to grow rapidly and continuous improvements to its portfolio of their products [81].

Google Inc is an innovative, rapid growing conglomerate that has diversified product portfolio. It owns number of unique selling propositions (USP) such as Google Search – the most user friendly sophisticated search engine, Google Ads – a versatile online marketing solution, Gmail – a sophisticated email solution and Google Apps – the secure enterprise grade application engine.

The company continuously improves the quality of the above core products and these core products are used to developed array of innovative end-products such as Web Search, Image Search, Translate Tools, Google Apps, Google Docs, Google Earth, Scholar etc. The company always attempt to use core products in developing new products, example Gmail uses both PageRank indexing technology and Google Adds, which provides value addition to the end product Gmail.

The company's core competencies have contributed to develop an array of competitive products and USPs which made the Goolge Inc success. The core competence has facilitated Google Inc to enter to wide variety of markets and the competitors such as Yahoo and Bing were not able to copy Google's core competencies easily. It can be observed that the core competencies and the core products have created competitive advantage to Google Inc in short and long terms.

Let's determine the main competitors of Google in the main directions of its activity.

Their business is characterized by rapid change as well as new and disruptive technologies. We face formidable competition in every aspect of our business, particularly from companies that seek to connect people with online information and provide them with relevant advertising. We face competition from:

1. General purpose search engines and information services, such as Baidu, Microsoft's Bing, Naver, Seznam, Verizon's Yahoo, and Yandex.

2. Vertical search engines and e-commerce websites, such as Amazon and eBay (e-commerce), Booking's Kayak (travel queries), Microsoft's LinkedIn (job queries), and WebMD (health queries). Some users will navigate directly to such content, websites, and apps rather than go through Google.

3. Social networks, such as Facebook, Snapchat, and Twitter. Some users increasingly rely on social networks for product or service referrals, rather than seeking information through traditional search engines.

4. Other forms of advertising, such as billboards, magazines, newspapers, radio and television. Our advertisers typically advertise in multiple media, both online and offline.

5. Other online advertising platforms and networks, including Amazon, AppNexus, Criteo, and Facebook, that compete for advertisers that use Google Ads, our primary auction-based advertising platform.

6. Providers of digital video services, such as Amazon, Facebook, Hulu, and Netflix.

We compete with companies that have longer operating histories and more established relationships with customers and users in businesses that are further afield from our advertising business. We face competition from:

1. Other digital content and application platform providers, such as Apple.

2. Companies that design, manufacture, and market consumer electronics products, including businesses that have developed proprietary platforms.

3. Providers of enterprise cloud services, including Alibaba, Amazon, and Microsoft.

4. Digital assistant providers, such as Amazon and Apple.

Next, we analyze the main indicators of economic and financial activity of Google LLC's. For this purpose, we use Form 10-K [2].

Table 2.1 shows Google's summarized income statement (aggregated financial performance) with a 5-year history.

Table 2.1

Showing Google's summarized income statement (aggregated financial performance) for 2014-2018

Indicator (in billions \$)	2014	2015	2016	2017	2018	2018 % Growth
Revenue	66.0	75.0	90.3	110.9	136.8	+23%
Expenses	-49.5	-55.6	-66.6	-84.7	-110.5	+30%
Operating Income	16.5	19.4	23.7	26.1	26.3	1%
Other	0.8	0.3	0.4	1.0	8.6	821%
Taxes	-3.6	-3.3	-4.7	-14.5	-4.2	-71%
Net income	14.1	16.3	19.5	12.7	30.7	+243%

** Source: Author compiled from data [2; 81]*

As we can see from the analysis of the data in Table 2.1, Google's has revenues of \$136.8 billion and revenue growth of 23% year over year, constant currency revenue growth of 22% year over year. Google's segment revenues of \$136.2 billion with revenue growth of 23% year over year and Other Bets revenues of \$595 million with revenue growth of 25% year over year. The company's expenses in 2018 were \$110.5 billion, up 30%. The size of the operating income in 2018 amounted to 26.3 billion dollars, an increase of 1%. Other income (expense) company's (net) was \$8.6 billion in 2018. In 2018, the company's paid taxes of \$4.2 billion, down 71% from 2017. Net income Google's was \$30.7 billion with diluted net income per share of \$43.70.

Table 2.2 shows Earnings per share (EPS) & Profit margins of Google's from 2014 to 2018.

Table 2.2

Showing Earnings per share (EPS) & Profit margins of Google's for 2014-2018

Indicator	2014	2015	2016	2017	2018	2018 % Growth
Revenue	25%	26%	26%	24%	19%	-
Expenses (in billions \$)	\$20.57	\$22.84	\$27.85	\$18.00	\$43.70	+29%

** Source: Author compiled from data [2; 81]*

The results of the analysis of the data in Table 2.2 show that operating margin Google's significantly dropped (by 19%) because expenses grew more quickly than revenues, but earnings per share doubled thanks to extraordinary items (growth was 29%).

Table 2.3 shows the distribution of Google's revenue in 2018, depending on the time it was received.

Table 2.3

Showing the distribution of Google's revenue in 2018, depending on the time it was received

Indicator	Per Year	Per Day	Per Second
Revenue	\$136.8bn	\$375m	\$4.3k
Net income	\$30.7bn	\$84m	\$1.0k

** Source: Author compiled from data [2; 81]*

From the Table 2.3 below we can see that if you average 2018 results per second, Google's earned \$4.3k of revenues per second which translated into net income of \$1k per second.

Table 2.4 shows the Google's annual revenue breakdown.

Table 2.4

Showing the Google's annual revenue breakdown for 2016-2018

Indicator (in billions \$)	2016	2017	2018	2018 % Growth
Advertising – Google properties	63.8	77.8	96.3	+24%
Advertising – Network Members' properties	15.6	17.6	20.0	+14%
Other Google revenues	10.6	15.0	19.9	+33%
Other Bets revenues	0.3	0.5	0.6	+25%
Total Revenues	90.3	110.9	136.8	+23%

** Source: Author compiled from data [2; 81]*

Analysis of Table 2.4 shows that most of the revenue (85%) comes from advertising, and it was growing in line with overall revenue growth. It means that 85 cents from every dollar that Google's earns are coming from ads.

See revenue breakdown by segment below. Overall, all segment growth is roughly similar except for advertising revenue on non-google sites that grew only by 14%, but it is in line with previous year growth for this segment and was offset by a higher increase in revenues in Other Google segment.

Table 2.5 shows how much revenue does Google's generate in different geographical regions.

The results of the analysis of the data in Table 2.5 show that if we segment Google's revenue by geographic regions based on customers addresses, this is how it will look like: US \$63.3 billion in revenue was up 21%; in EMEA countries – \$44.6 billion (an increase of 24%); in APAC countries – \$21.4 billion (the highest growth was 32%); in other countries of Americas – \$7.6 billion (growth was 24%).

Table 2.5

**Showing total revenues Google's generate in different geographical regions
for 2016-2018**

Indicator (in billions \$)	2016	2017	2018	2018 % Growth
United States	42.8	52.4	63.3	+21%

Indicator (in billions \$)	2016	2017	2018	2018 % Growth
EMEA	30.3	36.0	44.6	+24%
APAC	12.6	16.2	21.4	+32%
Other Americas	4.6	6.1	7.6	+24%
Total revenues	90.3	110.9	136.8	+23%

* Source: Author compiled from data [2]

Let's look at the breakdown of Google's expenses and their growth. Table 2.6 shows how much money and on what is Google's spending.

Table 2.6

Showing the breakdown of Google's expenses and their growth for 2014-2018

Indicator (in billions \$)	2014	2015	2016	2017	2018	2018 % Growth
Cost of revenues – TAC	-13.5	-14.3	-16.8	-21.7	-26.7	+23%
Cost of revenues – Other	-12.2	-13.8	-18.3	-23.9	-32.8	+37%
Research and development	-9.8	-12.3	-13.9	-16.6	-21.4	+29%
Sales and marketing	-8.1	-9.0	-10.5	-12.9	-16.3	+27%
General and administrative	-5.9	-6.1	-7.0	-6.9	-8.1	+18%
European Commission fines	0	0	0	-2.7	-5.1	+89%
Total Expenses	-49.5	-55.6	-66.6	-84.7	-110.5	+30%

* Source: Author compiled from data [2]

As we can see from the analysis of the data in Table 2.6, most of the items are growing above the revenue growth rate of 23%. There are two lines which are increasing by a growth rate that is in line with revenue growth or below and those are «Cost of revenue – TAC» (of 23%) and «General and administrative» (only 18%). Cost of revenues (Other) increased by 37% to \$32.8 billion. Research and development expenses increased by 29%, and sales and marketing expenses – by 27%. The European

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Commission fines have grown the most, up 89% to \$5.1 billion compared to 2017. Google's total expenses in 2018 were \$110.5 billion, up 30% from 2017.

Let's look at the 5-year history of a number of employees of Google's. Table 2.7 shows the dynamics of the number of employees Google's from 2014 to 2018.

Table 2.7

Showing the dynamics of the number of employees Google's for 2014-2018

Indicator (in billions \$)	2014	2015	2016	2017	2018	2018 % Growth
Employees (full-time)	53,600	61,814	72,053	80,110	98,771	+23%

** Source: Author compiled from data [2; 81]*

From the Table 2.7 below we can see that the number of employees (full-time) was 98,771 as of December 31, 2018. The increase in the number of employees compared to the level of 2017 was 23%. According to Wikipedia, in the 3rd quarter of 2019, Google's staff has already grown 114,096 [84].

It is growing significantly and as we can see it is growing this year in line with revenue growth. Which means so far no economy of scale happened for Google and its growth is very expensive. Again hard to see any reason why this trend should change any time soon.

Employees are among our best assets and are critical for continued success Google's. The company expects to continue investing in hiring talented employees and to provide competitive compensation programs to employees. Although we have work councils and statutory employee representation obligations in certain countries, their U.S. employees are not represented by a labor union. Competition for qualified personnel in this industry is intense, particularly for software engineers, computer scientists, and other technical staff.

Table 2.8 shows the share of Google's revenue in Alphabet Inc. total revenues structure.

Table 2.8

Showing the share of Google's revenue in Alphabet Inc. total revenues structure for 2016-2018

Indicator (in billions \$)	2016	2017	2018	2018 % Growth
Google's	90.0	110.4	136.2	+23%
Other Bets	0.3	0.5	0.6	+25%
Total Revenues	90.3	110.9	136.8	+23%

** Source: Author compiled from data [2]*

The results of the analysis of the data in Table 2.8 show that in terms of total revenues Google's is Alphabet Inc. because non-Google's revenue is minuscule, not even 0.5% of the total revenue of Alphabet Inc. (Franek, 2018) [27]. In 2018, Google's revenue was \$136.2 billion and other bets revenues – \$0.6 billion.

Table 2.9 shows the cash flow, cash equivalents and marketable securities of Google's.

Table 2.9

Showing the cash flow, cash equivalents and marketable securities of Google's for 2014-2018

Indicator (in billions \$)	2014	2015	2016	2017	2018	2018 % Growth
Cash flow, cash equivalents and marketable securities	64.4	73.1	86.3	101.9	109.1	+7%

** Source: Author compiled from data [2]*

As we can see from the analysis of the data in Table 2.9, at the end of the 2018 fiscal year, Google's had \$109.1bn in cash flow. It is an increase of 7% versus previous year. The magnitude of Google's (Alphabet's) stock repurchases in 2018 was \$8.2bn versus \$5.2bn in 2017 (Franek, 2018) [27].

Next, let's do a SWOT analysis of Google's business activity. To this end, we compile intermediate tables, which summarize the strengths (Table 2.10), weaknesses

(Table 2.11), opportunities (Table 2.12) and threats (Table 2.13) of the company's business activities.

Table 2.10

Showing the strengths of Google's business activities

Strengths	Strength characteristic
1. King of the online search	Google's is the undisputed king of the online search engine department. It processes nearly 2% of world queries.
2. Vast market share	Currently, Google's has over 28% of the market share of desktop searches worldwide.
3. Unbeatable	Till Now, No competitor has come close to challenging its position let alone reaching its market shares in search engine.
4. Biggest traffic generator	Every month, this powerful brand produces more than 1.2 billion hits. It is the biggest traffic generator and has a clear advantage over its competitors such as Bing, Yahoo, Baidu.
5. High Revenue	The huge revenue (2018) of 136.8 billion dollars that Google has garnered through multiple partnerships with different sites has ensured its growth.
6. Adaptability	Google's has successfully adapted mobile and Android technologies, giving it potential to compete directly with Apple's iPhone.

* Source: Author compiled from data [2; 81]

Table 2.11

Showing the weaknesses of Google's business activities

Weaknesses	Weaknesses characteristic
1. Privacy policies	Google's has been slammed by many experts for its excessive reliance on privacy, especially when it comes to hiding information about algorithms. The company has since taken steps to address the allegations.
2. Excessive advertisement	Google's overdependence on advertising has increased speculations regarding the company's future. The company made 86% of total revenue from its advertisement related projects. Experts suggest that a potential change in revenue would damage the company significantly.
3. Boycott of Google's and Youtube by major advertisers	Major brands boycotted against Google's and Youtube when they discovered that their ads were running alongside extremist, hate-filled content. It has negatively affected Google's image. The companies that boycotted against the search engine and video platform included Johnson & Johnson, AT&T, and Verizon in the U.S, L'Oreal, HSBC, RBS, the BBC, the Guardian newspaper, British retailer Marks & Spencer, Lloyd's of London in U.K, and Audi, Havas, Tesco, Volkswagen, Sainsbury. In addition to these brands, even the British government boycotted.

* Source: Author compiled from data [2; 81]

Table 2.12

Showing the opportunities of Google's business activities

Opportunities	Opportunities characteristic
1. Wearable market	In Nov 2019, Google's has acquired Fitbit for \$ 2.1 Billion to compete with Apple and Samsung in the lucrative and growing wearable (smartwatch and fitness band) market.
2. Android OS	The most substantial opportunity for Google's is its noticeable efforts in the Android Operating System provision. This has strengthened its prospects to directly compete with Apple iOS.
3. Google Glasses and Google Play	Google's is prepared to market its newly introduced Google Glasses and Google Play. It can boost Google's progress and development.
4. Cloud computing	With its storage and cloud solutions, cloud computing can play a vital role in Google's marketing enterprise. In January 2018, Google's introduced a new digital store, which offers cloud-based software to all organizations. In line to this, the company collaborated with MobileIron, Inc., to integrate its cloud Orbitera commerce platform with MobileIron's app distribution, security, and analytics capabilities.
5. Non-ad business model	Google's to undertake a diversification process and aim to build a non-ad business model accordingly. It needs to pursue adaptability by committing itself to more commercial transactions. It will ensure sustainable revenue.

* Source: Author compiled from data [2; 81]

Table 2.13

Showing the threats of Google's business activities

Threats	Threats characteristic
1. Decline in market shares	According to data gathered from emarketer, Google's US digital ad revenue is expected to see a decline in market shares. It was 38.8% (2017), 37.2% (2018). This is because of the growing competition from Facebook, Amazon, Instagram and Snapchat for ads market share.
2. Gender bias	A Google's memo published by its employer James Damore highlighting its diversity policy has sparked a strong debate regarding the issue of gender bias and free speech in the company.
3. Alteration of information	Google's has received considerable criticism over its alleged collaboration with China over a censored search engine project (Dragonfly).
4. Antitrust controversies	Google's has been involved in antitrust controversies for years by both US and EU lawmakers. The EU antitrust regulators imposed a 5 billion Euro fine which Google's has sought to challenge.
5. Censorship policy	Google's has not managed to protect itself from backlash over its censorship policy. Many whistleblowers have begun leaking formation over its political, ideological leanings.
6. Competitors	The primary threat that Google's faces is from its competitors Facebook and Amazon. The two competitors are slowly catching up with Google. Their new features and increasing popularity can take the spotlight away from Google's.

* Source: Author compiled from data [2; 81]

According to the results of external and internal environment factors, we make a matrix of SWOT-analysis of Google's economic activity (Fig. 2.1).

	Opportunities (5)	Threats (6)
Strengths (6)	FIELD «SO» 6 + 5 = 11 (points)	FIELD «ST» 6 + 6 = 12 (points)
Weakness (3)	FIELD «WO» 3 + 5 = 8 (points)	FIELD «WT» 3 + 6 = 9 (points)

Figure 2.1. Matrix of SWOT-analysis of Google's economic activity

* *Source: Author compiled*

As we can see from Fig. 2.1, according to the results of the SWOT analysis of Google's economic activity, it is in the strategic field «ST» (Strengths and Threats). In our opinion, the company management has correctly chosen the overall strategy of limited growth (stabilization), realizing the strengths (potential) of the internal environment to eliminate threats from the external environment.

The SWOT analysis of Google's shows the strengths, weaknesses, opportunities, and threats of the biggest online search engine. The popularity of Google allows it to enjoy huge profits. The search engine keeps on growing every year and keeps on improving its technology. If Google's addresses its weaknesses and threats, no other competitor can outperform or even match this company.

Thus, the global search engine has revolutionized the digital world. It has made life easier. All it takes to gather information now is a click of the mouse. Google's has continued to demonstrate evolutionary strides with its game-changing operations. It has completely transformed the global economy. Corporations, customers, consumers and just about anyone can now easily access business information anytime and anywhere. At present the company Google is developing rapidly: annual revenue increase size, increase profits, expand sales and market share.

In the next section of the master's thesis we will assessment of the effectiveness activity of Coca-Cola Company and the current state of the process of management of development on it.

2.2 Assessing of the effectiveness activity of Coca-Cola Company and the current state of the process of management of development on it

The Coca-Cola Company is an American multinational corporation, and manufacturer, retailer, and marketer of nonalcoholic beverage concentrates and syrups. The company is best known for its flagship product Coca-Cola, invented in 1886 by pharmacist John Stith Pemberton in Atlanta, Georgia.

The Coca Cola's history dates back to 1886 in the New York Harbor where a number of workers were assigned the task of developing the Statue of Liberty. Eight hundred miles away, an alternate incredible American image was going to be developed and spread across the world. It was Pemberton's clerk, Frank Robinson, who named the beverage Coca-Cola. During the first year Pemberton was only selling 9 glasses of Coca-Cola per day. Nonetheless, this changed dramatically and by the end of a century, the Coca-Cola Company had made great strides and was selling up to 10 billion gallons of syrup. Unfortunately, Pemberton passed on in 1888 before witnessing the business grow and develop as the refreshment he had initiated gained massive popularity. Candler became the company's first president, and he was a pioneer who brought true vision to the business and the brand. Packaging operations were soon started in Hawaii the following year, then spread to the Philippines, France, Belgium, Bermuda, Colombia, the Honduras, Italy, Mexico, Haiti, and Burma in later years [84].

By 1940, the renowned worldwide soda was being packaged in forty countries across the globe (Coca-Cola website) [82]. Marketing and promotions in the Coca-Cola Company have infused various item

trademarks including «The Pause That Refreshes» which was used in 1929 and the «Have a Coke and a Smile», that was the slogan the company used in 1979 advertising campaigns and «Always Coca Cola», which became the company's slogan in 1993 when its sales of soda beverages surpassed the ten billion mark across the world. The world is evolving and in order for Coca-Cola as a company to keep succeeding in the beverage industry, there is need for the managers to adopt more strategic and visionary techniques in terms of looking ahead and making projections of the likely trends in business. The company needs to prepare for tomorrow today.

The Coca-Cola Company is the world's biggest refreshment organization that operates in more than 200 nations with a market portfolio of more than 3000 drinks items that include sparkling beverages and refreshments like water, squeezes, juice drink, teas, espressos, drinks and caffeinated beverages. Headquartered in Atlanta, Georgia, it has in 2018 more than 62,600 co-partners over the six working groups in Eurasia, Africa, Europe, Latin America, North America and Pacific region. The company production process mainly focuses on manufacturing refreshment bases and syrups that make the organization's mark exceptional, and providing packaging operations. Coca-Cola has both the license and the brands to operate legally. In a bid to unify its client base, the Coca-Cola Company has invested heavily on advertising activities which incorporate both print and TV promotions, online programs retail store shows, sponsorship, challenges and bundle plans.

The company's focus on beverage production and advertising empowers it to understand and meet the different and ever changing refreshment needs of its consumers all over the world. A worldwide business works on a nearby scale in every region because of the

quality of the Coca-Cola framework, which encompasses the company itself as well as its more than 300 packaging partners across the globe. While majority of the people simply perceive the company as Coca-Cola, its framework operates through various nearby channels. The company not only produces beverages, but also drinks bases and syrups to packaging operations, to which it claims the marks and is thus responsible for purchaser mark advertising activities.

The packaging partners usually make, bundle, stock and distribute the last marked refreshments to clients and vending partners, who then sell the products to customers. All packaging partners work with clients – supermarkets, restaurants, road outlets, comfort archives, film theaters among many others – to implement the limited techniques that have been advanced in the company. This effective system has ensured that the company suppliers sell products to consumers at a rate of about 1.6 billion servings on a single day [82].

The road map of any company starts with its mission because this spells out the blue print of the company's purpose and strategic plan.

The mission defines the goals and objectives of individual contractors, establishes a range of powers and responsibilities of employees, develops an organizational culture of management.

In addition to refreshing the world, the mission of Coca Cola Company is to give inspiration to moments of happiness and optimism that make a difference by creating value.

The vision on the other hand, offers guidance and direction to the entire business process and has continued to influence the success of the Coca-Cola Company over the years because it seeks to

empower and inspire people so that they can be great in all the aspects of their lives and be the best they can be.

In connection to its portfolio, Coca Cola's vision is to give the world beverages that are of high quality with the aim of satisfying their personal needs and desires. It envisions a cooperative working partnership between its customers and the suppliers of its product ingredient. The company also endeavors to make communities sustainable and sufficient and desires to see to it that all shareholders benefit from the profit maximization through the company's sales and activities. Coca Cola is also working towards having a lean and effective organization [82].

The key foundation of the strong brand name that the company has made for itself is based on its diverse product portfolio. The company is currently producing a balanced portfolio that is offered through the range of beverage flavors that are distributed to consumers who prefer non-alcoholic drinks. The products have been packaged in affordable sizes and this has played an integral role in sales and marketing and contributed to the increase in revenues generated as the needs of the consumers are met across the divide.

Some of the popular products include Coca-Cola, Diet Coke, Fanta, Sprite, Maaza, Minute Maid, Limca, Kinley Mineral Water and Thumps Up. The packaging containers are designed to appeal to consumers with the aim of developing a mutual value. Coca Cola also currently focuses on going green by recycling the bottles and cans that are used to supply their beverages.

Consider the structure of Coca Cola. The company has always had a more centralized structure but recently, there has been a development towards decentralizing this for simpler administration in districts. One of the key areas of focus for the company is

incorporation of the concept of responsiveness. The main challenge that the company faces often concerns how to maintain the components used to coordinate the organizational structure [82].

The span of control in any organization describes how managers and the number of subordinate staff members who report to them directly relate with each other. Coca-Cola currently has employed more than 62,000 employees who are all under the control of the different levels of corporate management. For instance, there is a top managerial staff, that operate the assembly authority and execute functions administration.

The CEO (James Quincey) is also a part of the Senior Leadership Team and even though there are just six individuals that answer directly to the CEO, he or she has the ability to obtain information from different members of the leadership levels. According to organizational experts, the move to decentralize the administration of Coca Cola has brought about structural changes for the company. Generally, because the Coca-Cola Company enjoys a strong relationship with its suppliers and distributors, it has a stronger bargaining power, and given its strong brand, it is capable of maintaining its competitive edge in the market in line with the changing needs of the consumers. Both the CEO and CFO have six people who can represent them.

Next, we analyze the main indicators of economic and financial activity of Coca-Cola Company's. For this purpose, we use Form 10-K [13].

The consolidated financial statements include the consolidated operations of the Company and its majority-owned subsidiaries including Piedmont Coca-Cola Bottling Partnership («Piedmont»), the Company's only subsidiary that has a significant noncontrolling interest. Piedmont distributes and markets nonalcoholic beverages in portions of North Carolina and South Carolina. The Company provides a portion of these nonalcoholic beverage products to Piedmont at cost and receives a fee for managing the operations of Piedmont pursuant to a management agreement. Noncontrolling interest consists of the Coca Cola Company's interest in Piedmont, which was 22.7% for all periods presented.

The Company manages its business on the basis of four operating segments. Nonalcoholic Beverages represents the vast majority of the Company's consolidated revenues and income from operations. The additional three operating segments do not meet the quantitative thresholds for separate reporting, either individually or in the aggregate, and therefore have been combined into «All Other».

Appendix B (Table B 1) shows the selected financial data concerning the Coca-Cola Company's for 2014-2018.

Following the analysis of Appendix B (Table B 1), the following executive summary should be made.

Net sales the Coca-Cola Company's grew 1.7% in the fourth quarter of 2018 versus the fourth quarter of 2017. Net sales growth in 2018 was 7.9% versus 2017, reflecting full year physical case volume growth of 4.3%. This growth reflected the results of strong pricing initiatives across their territories, partially offset by a decrease in sales of manufactured products to other Coca-Cola bottlers, which approximated a 2% decrease to net sales for the quarter. The Company's results in the fourth quarter of 2018 are now comparable on a territory basis, as we have cycled all the transactions completed during our system transformation initiative [13].

Their results in the fourth quarter of 2018 include sales of the newest addition to our brand portfolio, BodyArmor. While the initial sales of BodyArmor were not material to their results in the fourth quarter of 2018, they are excited to have this fast-growing, premium sports drink brand in a large portion of their territories.

Gross margin in the fourth quarter of 2018 was flat compared to prior year (33.5% in both periods), and adjusted gross margin was 70 basis points higher in the fourth quarter of 2018 than in the fourth quarter of 2017 (34.2% versus 33.5%). This improvement, on an adjusted basis, reflects the results of pricing initiatives taken throughout the second half of the year as the Company worked to overcome significantly higher input costs.

Selling, delivery and administrative («SD&A») expenses in the fourth quarter of 2018 decreased \$6.6 million, or 1.8%, as compared to prior year. Their SD&A leverage in the quarter improved 110 basis points versus the fourth quarter of 2017 (32.4% versus

33.5%). The favorability was driven by actions taken in the second quarter of 2018 to optimize Coca-Cola Company's operating structure and diligently manage expenses. During the fourth quarter of 2018, top management took additional actions to drive efficiency and productivity. These actions required severance and outplacement expenses totaling \$3.8 million during the quarter. They believe these actions will result in annual cost savings of \$5 million to \$7 million. Management Company's continue to look for opportunities to drive scale advantages and leverage our cost structure.

Company's have completed our system transformation transactions and are nearing steady state from an information technology («IT») system perspective. Theirs results in the fourth quarter of 2018 included \$10.6 million of system transformation expenses, which was a \$6.6 million improvement versus prior year. Management anticipates spending between \$5 million to \$7 million on system transformation expenses in the first half of fiscal 2019 as they complete our IT conversion.

Income from operations was \$12.8 million in the fourth quarter of 2018, up \$12.3 million from the fourth quarter of 2017. Adjusted income from operations was \$38.7 million in the fourth quarter of 2018, up \$21.6 million versus prior year [13].

Capital spending for the fourth quarter of 2018 was \$25.1 million, bringing full year 2018 capital investments to \$138.2 million. This lower spending level reflects actions taken in 2018 to reduce capital spending in order to preserve cash during a challenging year. Top management Coca-Cola Company's anticipate capital spending in fiscal 2019 to be in the range of \$150 million to \$180 million as they continue our focus on making prudent, long-term investments to support the growth of the Company. Cash flows from operations for the fourth quarter of 2018 and full year 2018 were \$142.9 million and \$168.9 million, respectively. Improved cash generation is a key focus area for 2019 as they work to improve their profitability, reduce our financial leverage and further strengthen its balance sheet.

Table 2.14 shows the dynamics of Coca-Cola Company's gross profit from 2016 to 2018.

Table 2.14

Showing the dynamics of Coca-Cola Company's gross profit for 2016-2018

Indicators (in millions \$)	Fiscal Year		
	2018	2017	2016
Net operating revenue	31,856	35,410	41,863
Cost of goods sold (cost of production)	11,770	13,256	16,465
Gross profit	20,086	22,154	25,398

** Source: Author compiled from data [13; 82]*

As we can see from Table 2.14, Coca-Cola's net operating revenue in 2018 was \$31,856 million, down from 2016's level by more than \$10,000 million. The cost of goods sold (cost of production) in 2018 was \$11,770 million, down from 2016's \$4,700 million. All these changes had a negative impact on gross profit, which dropped from \$25,398 million in 2016 to \$20,086 million in 2018. This indicates a deterioration in the company's core financial performance over the last three years.

Table 2.15 shows the dynamics of Coca-Cola Company's operating income from 2016 to 2018.

Table 2.15

Showing the dynamics of Coca-Cola Company's operating income for 2016-2018

Indicators (in millions \$)	Fiscal Year		
	2018	2017	2016
Selling, general and administrative expenses	10,307	12,496	15,262
Other operating charges	1,079	2,157	1,510
Operating income	8,700	7,501	8,626

** Source: Author compiled from data [13; 82]*

From Table 2.15, we can see that the Company's operating income in 2018 was \$8,700 million, which is higher than the 2017 level by \$1,200 million. However, in numerical terms, this figure was almost equal to the value of 2016, slightly increasing. Such changes can be explained by a general reduction in all types of costs. For example, sales, general and administrative expenses in 2018 amounted to \$10,307 million, which is less than the 2016 figure of nearly \$5,000 million. Other operating charges decreased by more than \$1,000 million compared to 2017.

Table 2.16 shows the dynamics of Coca-Cola Company's consolidated net income over the past three years.

Table 2.16

**Showing the dynamics of Coca-Cola Company's consolidated net income
for 2016-2018**

Indicators (in millions \$)	Fiscal Year		
	2018	2017	2016
Interest income	682	677	642
Interest expense	919	841	733
Equity income, net	1,008	1,071	835
Other income (loss), net	1,121	1,66	1,234
Income from continuing operations before income taxes	8,350	6,742	8,136
Consolidated net income	6,476	1,182	6,550

** Source: Author compiled from data [13]*

Based on the analysis of the data in Table 2.16, we can draw the following conclusions. In 2018, the Company's interest incomes was \$682 million, up from \$5 million in 2017, and up \$40 million from 2016. Interest expense in 2018 was \$919 million, up from \$78 million in 2017 and up \$186 million from 2016. Equity (net) income earnings in 2018 amounted to \$1,008 million, up from \$173 million in 2016, but less than \$63 million in 2017. Other (net) income (losses) totaled \$1,121 million in 2018, down from \$55 million in 2017. Income from continuing operations before income taxes in 2018 was \$8,350 million, up \$1,608 million from 2017.

However, the Coca-Cola Company's consolidated net income in 2018 was \$6,476 million, up \$5,294 million from 2017 and \$74 million below 2016 levels. This is a negative phenomenon of the Company's activity.

The worldwide dynamics of Coca-Cola Company's employees are shown in Fig. 2.2.

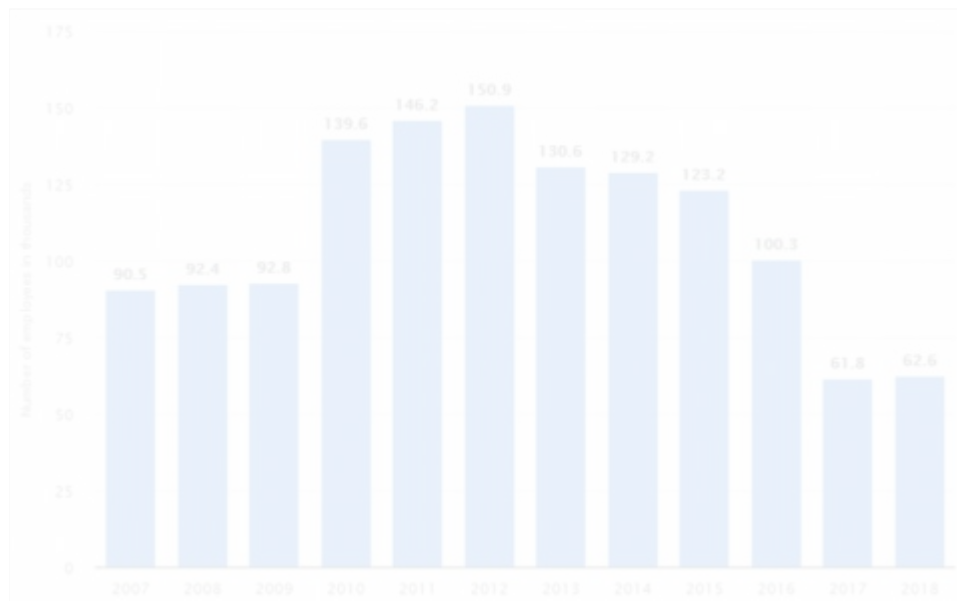


Figure 2.2. Showing the number of Coca-Cola Company's employees worldwide from 2007 to 2018 (in 1,000s)

* Source: Author compiled from data [82]

As we can see from Fig. 2.2, as of the end of 2018 and the beginning of 2019, the number of employees was 62.6 thousand. Compared to 2017, the number of employees of the company increased by 0.8 thousand. However, considering that the number of employees initially increased to 92.8 thousand people (from 2007 to 2009) and rapidly increased to 150.9 thousand people in 2012 (this is the largest number of employees of the company in the last 12 years), then a gradual reduction the number of employees in 2013-2015 by 26.7 thousand people and reducing them to the level of 100.3 thousand people in 2016 can be considered a negative trend. The smallest number of employees is observed in 2017 and 2018.

Next, let's do a SWOT analysis of Coca-Cola Company's business activity at the present stage of its development. To this end, we compile intermediate table, which summarize the strengths, weaknesses, opportunities and threats of the company's business activities (Table 2.17).

Table 2.17

SWOT analysis of Coca-Cola Company's business activity

Environment factors	Characteristics of the factor
Strengths	<ol style="list-style-type: none"> 1. Strong brand names that are highly prominent and have far-reaching impacts in terms of sales. 2. Coca-Cola Company's is regarded as a number one brand in the world. 3. It has a strong global presence in more than 200 nations. 4. The Company's has more than 500 brands. 5. It has a very strong chain of supply network and distributors who work hard to make the services available. 6. The Company's has demonstrated financial stability. 7. Coca-Cola Company's has worked with celebrity ambassadors who have endorsed their products 8. Strong Corporate Social Responsibility activities that are in line with the needs of the communities and the Company's objectives. 9. Has well advanced packaging techniques.
Weaknesses	<ol style="list-style-type: none"> 1. Cases relating to pesticides have almost tainted the company image and brand. 2. The Company's only offers beverage and has not explored any food or snacks. 3. Criticism for advertising its products to young children who are not well positioned to make the buying decisions of the products. 4. Received negative publicity for exploiting water resources for production of beverages at the expense of local citizens like in India.
Opportunities	<ol style="list-style-type: none"> 1. The Company's has the opportunity to expand into markets that are not yet tapped. 2. The Company's can conduct more marketing and advertising especially in other markets. 3. It is capable expand the product portfolio to include foods and snacks.
Threats	<ol style="list-style-type: none"> 1. There have been previous allegations that Company's manufactures products that have negative health effects if consumed in excess, due to the highly carbonated drinks. 2. Encountered challenges in dealing with different countries' government regulations. 3. The Coca-Cola Company's has had to face the global inflation rates and economic instabilities. 4. The Company's has stiff competition from the rivals like Pepsi.

* Source: Author compiled from data [13; 82]

According to the results of external and internal environment factors, we make a matrix of SWOT-analysis of Coca-Cola Company's economic activity (Fig. 2.3).

	Opportunities (3)	Threats (4)
--	-------------------	-------------

Strengths (9)	FIELD «SO» 9 + 3 = 12 (points)	FIELD «ST» 9 + 4 = 13 (points)
Weakness (4)	FIELD «WO» 4 + 3 = 7 (points)	FIELD «WT» 4 + 4 = 8 (points)

Figure 2.3. Matrix of SWOT-analysis of Coca-Cola Company's economic activity

* Source: Author compiled

As we can see from Fig 2.3, according to the results of the SWOT-analysis of Coca-Cola Company's economic and financial activity, it is in the strategic field «ST» (Strengths and Threats). This means that at present, the company management has chosen the overall strategy of limited growth or stabilization in order to respond to threats from the external environment at the expense of the strengths (potential) of the internal environment.

Finally, it is advisable to consider the current state of the process of management of development on Coca Cola Company.

Coca-Cola like other companies aims at expanding its business portfolio and adapting to the modern trends of change in the global beverage industry. This indicates that its major concerns are centered on the critical aspects such as the mission of the company, its corporate logic on such matters as development, quality, improvement and qualities concerning workers and clients, focused positioning and key objectives for accomplishing and implementing aggressive focal point and for item market advancement. These objectives are underpinned by its approaches with regard to advertising, deals, assembling, item and process advancement and human capital administration.

Most often, the key aspects of change in organizations are connected to the economic and financial status of the global market, the existing resources and assets, the business environment, organizational structure as well as frameworks. Its fruitful utilization

requires careful examination and understanding of these pertinent variables in the planning and arranging stages. The Coca-Cola Company is, like other many organizations, susceptible to change because of the competition it faces from its rivals including Pepsi. In addition, some ecological issues that have been raised have compelled the organization to alter their direction of manufacturing and transforming methods to conserving the environment.

Different companies normally take the incremental strategy approach as a part of their decision-making process. The recent years have seen the Coca Cola's management anticipate massive changes in the near future owing to the advanced technology in the business industry. Nevertheless, the company has in the recently adapted the unstructured decision-making model to cope with the changes.

The Coca-Cola Company development management system is represented by management (top management) and management facilities (development departments and departments of HR development by direction). It is a complex enough structure, covering more than 60 thousand employees of the company in many countries of the world.

Let's take a look at the components of Coca Cola's development management system, namely the process and mechanism of development management.

1. The Coca-Cola Company the process of management of development is a holistic implementation of key management functions (planning, organization, motivation and control), together with connecting elements (communications and management decisions). This process within the structural divisions of the company is implemented within the key and supporting business processes (production, sales, retail, marketing, accounting, human resources, organizational culture and others).

2. The Coca Coca Company the mechanism of management of development is a set of methods, tools, activities, functions and principles of influence of a managing entity on management objects to provide opportunities for the company to move to a new, better level of functioning and further development.

Considering the scale of economic activity and the level of production capacity of Coca-Cola Company, it can be argued that a holistic system for managing its development has been formed today. However, the process of managing the development of the company requires continuous improvement in the direction of the implementation of innovative technologies, implementation of organizational changes. In our opinion, only a team of highly skilled, creative workers will be able to put into operation a new mechanism for managing the company's development, which will be able to find vacant niche and market niches in the 2020s, using a variety of methods, approaches and tools of effective management.

Thus, the Coca-Cola Company has over the years remained a leading brand in the world because of its services, proper leadership and commitment of all the stakeholders involved in its operations. It conducts an annual review of its operations to make sure that it adjusts to the dynamic and evolving needs of the beverage consumers. The experiences of the company in terms of business are pertinent in the process of designing future plans.

At the present stage, Coca-Cola Company is experiencing a crisis, as its staff size has decreased, the company's revenues and profits have decreased, production and sales costs have decreased, and business activity has fallen. Confirmation of this statement is the use by the Company's management of the strategy of stabilization of economic activity in separate directions.

In the next section of the master's thesis we will analyze the economic and financial activities of the next company Pepsico's Inc. that is the closest competitor to Coca Cola's.

2.3 Analysis of economic and financial activity of Pepsico's Inc.

PepsiCo, Inc. (formerly Pepsi Cola Company) is an American multinational food, snack, and beverage corporation headquartered in Harrison, New York, in the hamlet of Purchase. PepsiCo has interests in the manufacturing, marketing, and distribution of grain-based snack foods, beverages, and other products. PepsiCo was formed in 1965 with the merger of the Pepsi-Cola Company and Frito-Lay, Inc.

The soft drink Pepsi was developed by Caleb Bradham, a pharmacist and businessman from Duplin County, North Carolina. He coined the name «Pepsi-Cola» in 1898 while marketing the drink from his pharmacy in New Bern, North Carolina. As his drink gained popularity, Bradham founded the Pepsi-Cola Company in 1902 and registered a patent for his recipe in 1903. The company was incorporated in Delaware in 1919 [84].

At the present stage Pepsico is focused on unleashing our company's full potential by pivoting toward sustainable accelerated growth and embracing a new mission and vision for Pepsico's success in what we call winning with purpose.

Pepsico's Inc. mission is create more smiles with every sip and every bite.

The management of the company specifies its mission depending on the focus of consideration:

1. For our consumers: By creating joyful moments through our delicious and nourishing products and unique brand experiences.
2. For our customers: By being the best possible partner, driving game-changing innovation, and delivering a level of growth unmatched in our industry.
3. For our associates and our communities: By creating meaningful opportunities to work, gain new skills and build successful careers, and a diverse and inclusive workplace.
4. For our planet: By conserving nature's precious resources and fostering a more sustainable planet for our children and grandchildren.
5. For our shareholders: By delivering sustainable top-tier TSR and embracing best-in-class corporate governance.

Pepsico's Inc. vision is beihg the global leader in convenient foods and beverages by winning with purpose.

This reflects our ambition to win sustainably in the marketplace and accelerate our top line growth, whilst keeping our commitment to do good for the planet and our communities. It builds on decades of progress we've made since PepsiCo was founded in 1965, while setting a firm foundation for a new era of growth and prosperity. To help us achieve this vision, we've defined a new set of aspirations: to become Faster, Stronger, and Better.

The refocusing of their sustainability agenda is reflected in the structure of our sustainability goals. At PepsiCo, they believe that there is an opportunity to change how the world produces, distributes, consumes and disposes of foods and beverages in order to tackle the shared challenges we face.

They aim to use our scale, reach and expertise to help build a more sustainable food system; one that can meet human needs for nutrition and enjoyment, and continue to drive economic and social development, without exceeding the natural boundaries of the planet.

PepsiCo's organizational structure has been reformed several times to address changing global market conditions. The company's current corporate structure reflects the business aims of global expansion and leadership. These aims highlight PepsiCo's mission and vision statements. PepsiCo's strategies are also manifested in how its organizational structure supports international growth. A firm's organizational structure defines the system and design of business components, and how these components interact to fulfill the firm's mission and vision. In PepsiCo's case, the organizational structure enables control over the expansive reach of the company around the world, considering significant differences among market conditions [83].

PepsiCo's organizational structure's characteristics are based on the company's approach to maximize its control of the business while continuing to grow internationally.

Consider the features of PepsiCo's Organizational Structure. PepsiCo originally had a hierarchical organizational structure in its early years. However, after a number of key mergers and acquisitions, along with global expansion, the company has changed its organizational structure accordingly. The following are the main characteristics of PepsiCo's organizational structure:

1. Market divisions. The most prominent feature of PepsiCo's organizational structure is its market divisions. These divisions are based on two variables: business and geography. In terms of business, PepsiCo's maintains one global division for Frito-Lay and another global division for Quaker Foods. In terms of geography, the company has divisions for the Americas, Europe, and other regions. The following are the market division in PepsiCo's organizational structure:

- PepsiCo Americas Beverages;
- Frito-Lay;
- Quaker Foods;
- Latin America Foods;
- PepsiCo Europe;
- PepsiCo Asia, Middle East & Africa.

2. Functional corporate groups (offices). This characteristic of PepsiCo's organizational structure refers to basic business functions. The company has global or corporate offices for these functions. PepsiCo's objective in having functional groups is to ensure corporate control and rapid implementation of policies and strategies. An Executive Vice President or Senior Vice President heads each of these groups. The following are the main functional corporate groups (offices) at PepsiCo:

- 1) Global Categories and Operations;
- 2) Global Research and Development;
- 3) Human Resources;
- 4) Finance;
- 5) Government Affairs and Legal;
- 6) Talent Management, Training and Development;
- 7) Communications.

3. Global hierarchy. PepsiCo's organizational structure also features a hierarchy that spans the global organization. A hierarchy typically supports monitoring, control and governance at the global (corporate) level. PepsiCo has maintained considerable hierarchy for top-down communications, monitoring and control. This characteristic of the organizational structure also provides a means through which PepsiCo minimizes deviations from its policies and strategies [83].

Consider the main advantages and disadvantages PepsiCo's modern organizational structure.

The primary advantage of PepsiCo's organizational structure is the ability to focus on regional market needs. This is possible through market divisions. The organizational structure also has the advantage of supporting PepsiCo's global corporate control. However, PepsiCo experiences the disadvantage of the limits of its organizational structure in terms of flexibility. For example, the company has a single global division for Frito-Lay. This characteristic reduces PepsiCo's ability to respond to market variations and changes in its Frito-Lay business. Thus, a possible improvement is to divide such single global divisions into regional market divisions, so that PepsiCo could enhance its responses to market variations around the world.

Consider the contacting theboard of directors. Ramon Laguarta is the current CEO of Pepsi from 2018.

The PepsiCo Corporate Law Department reviews all communications sent to the Board of Directors and regularly provides to the Board a summary of communications that relate to the functions of the Board or a Board Committee or that otherwise require Board attention. Those items that are unrelated to the duties and responsibilities of the Board or its Committees may not be provided to the Board by the Corporate Law Department, including without limitation:

- Business solicitations, advertisements and surveys;
- Requests for donations and sponsorships;
- Job applications or resumes;
- Product Inquiries and complaints;
- Unsolicited ideas and business proposals;

Any materials that is threatening, illegal or does not relate to the responsibilities of the Board.

Other communications that relate to the functions of the Board or a Board Committee, or that otherwise require Board attention will be relayed to the Board or to an individual director, as appropriate. Concerns relating to PepsiCo's accounting, internal accounting controls or auditing matters will be referred directly to the Audit Committee.

Shareholders and other interested parties can communicate with the PepsiCo Board of Directors, a committee of the Board, the presiding director, the independent directors as a group or any individual member of the Board using any of the methods indicated below.

The beverage, food and snack products are in highly competitive categories and markets and compete against products of international beverage, food and snack companies that, like us, operate in multiple geographies, as well as regional, local and private label manufacturers and economy brands and other competitors.

In many countries in which they products are sold, including the United States, the Coca-Cola Company is PepsiCo primary beverage competitor. Other beverage, food and snack competitors include, but are not limited to, Campbell Soup Company, Conagra Brands, Inc., Kellogg Company, Keurig Dr Pepper Inc., the Kraft Heinz Company, Link Snacks, Inc., Mondelēz International, Inc., Monster Beverage Corporation, Nestlé S.A. and Red Bull GmbH.

Many of their food and snack products hold significant leadership positions in the food and snack industry in the United States and worldwide. In 2018, PepsiCo and the Coca-Cola Company represented approximately 22% and 20%, respectively, of the USA liquid refreshment beverage category by estimated retail sales in measured channels. However, the Coca-Cola Company has significant carbonated soft drink (CSD) share advantage in many markets outside the United States [83].

Pepsi is one of the most famous and liked FMCG brands across the world. It is an arch rival of Coca Cola. Pepsi operates out of New York but has covered the globe and is most famous for its carbonated

drink – Pepsi. However, Pepsi does have a huge product portfolio and generally targets the youngsters.

Next, we analyze the main indicators of economic and financial activity of Pepsico's Inc. For this purpose, we use Form 10-K [56].

Table 2.18 shows Pepsico's Inc. consolidated net revenue and operating profit from 2016 to 2018.

Based on the analysis of the data in Table 2.18, we can see that operating profit Pepsico's Inc. of 2018 decreased 2% and operating profit margin declined 0.5 percentage points.

Table 2.18

**Showing the consolidated net revenue and operating profit of Pepsico's Inc.
for 2016-2018**

Indicators (in millions \$)	Fiscal Year			Change	
	2018	2017	2016	2018	2017
Net revenue (in millions \$)	64,661	63,525	62,799	2%	1%
Operating profit (in millions \$)	10,110	10,276	9,804	(2%)	5%
Operating profit margin (in %)	15.6%	16.2%	15.6%	(0.5)	0.6

** Source: Author compiled from data [56; 83]*

The operating profit performance was driven by certain operating cost increases and a 6-percentage-point impact of higher commodity costs, partially offset by productivity savings of more than \$1 billion and net revenue growth. Operating profit of 2017 increased 5% and operating profit margin improved 0.6 percentage points. Operating profit growth was driven by productivity savings of more than \$1 billion and effective net pricing, partially offset by certain operating cost increases, a 7-percentage-point impact of higher commodity costs and unfavorable foreign exchange.

Table 2.19 shows the dynamics of Pepsico's Inc. gross profit from 2016 to 2018.

Table 2.19

Showing the dynamics of Pepsico's Inc. gross profit for 2016-2018

Indicators (in millions \$)	Fiscal Year
-----------------------------	-------------

76

	2018	2017	2016
Net operating revenue	64,661	63,525	62,799
Cost of goods sold (cost of production)	29,381	28,785	28,209
Gross profit	35,280	34,740	34,590

** Source: Author compiled from data [56; 83]*

As we can see from Table 2.19, Pepsico's Inc. net operating revenue in 2018 was \$64,661 million, up from 2016 by more than \$1,800 million. The cost of goods sold (cost of production) in 2018 was \$29,381 million, down from 2016 on \$1,172 million. All these changes had a positive impact on gross profit, which increase from \$34,590 million in 2016 to \$35,280 million in 2018. This indicates about improvements in the company's core financial performance over the last three years.

Table 2.20 shows the dynamics of Pepsico's Inc. operating income from 2016 to 2018.

Table 2.20

Showing the dynamics of Pepsico's Inc. operating income for 2016-2018

Indicators (in millions \$)	Fiscal Year		
	2018	2017	2016
Selling, general and administrative expenses	25,170	24,231	24,960
Venezuela impairment charges	-	-	-
Operating income	10,110	10,509	9,785

** Source: Author compiled from data [56]*

From Table 2.20, we can see that the Company's operating income in 2018 was \$10,110 million, which is higher than the 2016 level by \$325 million, but less than the 2017 level of \$399 million. Such changes can be explained by a general increase in all types of costs. For example, sales, general and administrative expenses in 2018 amounted to \$25,170 million, which is bigger than the 2016 figure of nearly \$200 million. Venezuela impairment charges were absent from 2016-2018.

Table 2.21 shows the dynamics of Pepsico's Inc. consolidated net income over the past three years.

Table 2.21

Showing the dynamics of Pepsico's Inc. consolidated net income for 2016-2018

Indicators (in millions \$)	Fiscal Year		
	2018	2017	2016
Other pension retirement medical benefits income	298	-	-
Interest expense	1,525	1,151	1,342
Interest income and other	306	244	110
Income from continuing operations before income taxes	9,189	9,602	8,553
Consolidated net income	12,559	4,908	6,379

** Source: Author compiled from data [56]*

Based on the analysis of the data in Table 2.21, we can draw the following conclusions. In 2018, the Company's other pension retirement medical benefits income was \$298 million. Interest expense in 2018 was \$1,525 million, up from \$374 million in 2017 and up \$183 million from 2016. Interest income and other totaled \$306 million in 2018, increase from \$62 million in 2017. Income from continuing operations before income taxes in 2018 was \$9,189 million, down \$413 million from 2017.

However, the Pepsico's Inc. consolidated net income in 2018 was \$12,559 million, up \$7,651 million from 2017 and \$6.180 million bigger 2016 levels. This is a positive phenomenon of the Company's activity.

The worldwide dynamics of Pepsico's Inc. employees are shown in Fig. 2.4.

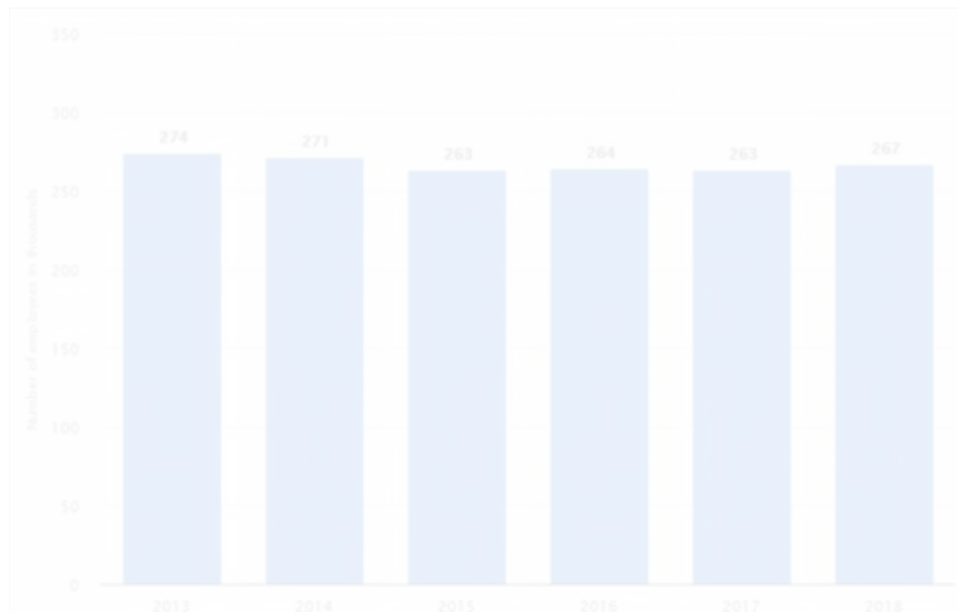


Figure 2.4. Showing the number of PepsiCo's Inc. employees worldwide from 2013 to 2018 (in 1,000s)

** Source: Author compiled from data [83]*

As we can see from Fig. 2.4, as of December 29, 2018, on PepsiCo's Inc. and their consolidated subsidiaries employed approximately 267,000 people worldwide, including approximately 114,000 people within the United States. In certain countries, our employment levels are subject to seasonal variations. According to Wikipedia, in the 2nd quarter of 2019, PepsiCo number of employees has already down to 263,000 [84].

The largest number of employees of PepsiCo's Inc. in 2013 was 274 thousand people. In 2014, the number of employees was reduced to 271 thousand. During 2015-2017, the number of full-time employees remained almost unchanged at 263 and 264 thousand, respectively. In 2018, the number of human resources increased by 4 thousand people compared to 2017. Such changes can be regarded as the presence of stability of the composition of the workforce and the commitment of employees to the company. This is a positive aspect of the company's activity in the market.

Next, let's do a SWOT analysis of Pepsico's Inc. business activity. To this end, we compile intermediate tables, which summarize the strengths (Table 2.22), weaknesses (Table 2.23), opportunities (Table 2.24) and threats (Table 2.25) of the company's business activities.

Table 2.22

Showing the strengths of Pepsico's Inc. business activities

Strengths 1	Strength characteristic 2
1. Brand equity	It is one of the most prominent and famous brands in the world in the food and beverage sector. It is also known as the brand of youth. It has a high brand recognition and reputation. It has a brand valuation of \$19.4 billion and it is ranked 29 in the Forbes most valuable brands list.
2. Product portfolio performance	In 2015 saw a decrease in the sale of soft drinks. India as a country is evolving and becoming more health conscious. This can be noted from the 2015 analysis of top selling brands (in India) that the top 5 beverages are only juices and sweet syrups. There is no soft drink in the top 5. Pepsi has two products in the top 5 beverages sold in the country (Slice and Tropicana – 6% each). So, even if Pepsi is second to Coca cola in terms of distribution of its Cola, there are other footprints which Pepsi has because of its product portfolio.
3. Strong leadership	Under the leadership of Ramon Laguarta PepsiCo has been doing really well. It has managed to stay at number two position in the complete food and beverage sector only behind Nestle in that field.
4. Customer loyalty	PepsiCo has an extremely loyal customer base. In its beverage category all its soft drinks have an iconic taste and that's why their customers do not prefer to shift brands. They have emerged as a very strong brand when it comes to juices and bottled water category. Frito-Lay has been one of the top-selling brands in the world with brands under it such as Doritos, Lay's, Funyuns, Uncle Chips, Cheetos, Tostitos and Walkers. They had managed to grab 6 slots in the top 10 global snack brands with topping the charts (all 3 spots) as well.

Table 2.22 (continued)

1	2
5. Strong distribution	Pepsi has a global presence in more than 200 countries providing them with a very good distribution network.
6. Supply chain	It has one of the best supply chain networks in the world, making the products available throughout the world. Apart from this they also have a very efficient reverse logistics associated with it.
7. Tie-Ups	They have tie-ups with sports events and music concerts which keeps them in the lime light and thereby increasing the brand recall. They have sponsorships to major sports teams' thereby standing with what the brand is known for, youth and energy.
8. Clear target audience	Pepsi, unlike Coca Cola has always had a clear target audience – the young crowd. It always targets youngsters through its ads and generally the youngsters are shown to be smarter than the old ones. The message is clear – Pepsi is the in thing.

* Source: Author compiled from data [56; 83]

Table 2.23

Showing the weaknesses of PepsiCo's Inc. business activities

Weaknesses	Weaknesses characteristic
1. Competition	It has heavy competition from Coca-Cola in their soft drinks category. They are always neck to neck with each other. This competition thereby provides a room for not so loyal customer base to switch brands quickly.
2. Products perceived as unhealthy	Most of the soft drinks of the PepsiCo is perceived as unhealthy.
3. Product dependence	They are only present in the food and beverage industry which may be harmful in the longer run. They need to diversify their business to other product segments to become a global leader.
4. Failed products	Many failed products such as «Crystal Pepsi» which hurts the brand image of the PepsiCo and thereby giving room to the competitors to grow.
5. Brand ambassadors	Wrong remarks or ill performance by the famous personalities (celebrities), in turn, might damage the brand image of PepsiCo as they are the face of the organization. Over dependence on celebrities for endorsements is a huge risk.
6. Value addition	Pepsi is known to have advertisements which are targeted towards youngsters. However, it is not known to display Value advertising which is a characteristic of Coca cola. Coca cola has time and again focused on the positive values of life, something which Pepsi can learn from them.

* Source: Author compiled from data [56; 83]

Table 2.24

Showing the opportunities of PepsiCo's Inc. business activities

Opportunities	Opportunities characteristic
1. Healthy options	It should work more on improving the health implications of their products and make the customer aware of the same. Diet Pepsi is a positive move towards that direction.
2. Diversification	Business diversification into different market segments is a huge opportunity. They have the talent, resources and financial backing to do the same. This can also be done by acquisitions.
3. Corporate social responsibility	They can do more corporate social responsibility activities to tackle the negative remarks that hurt the brand image of the organization and benefit the local people.
4. Research and development	Recently PepsiCo came out with healthier options in a soft drink. To make 7Up by using the substitute of sugar called Stevia. This can prove to be a game changer. More such research needs to be done. Focus more on the diet drinks category. They have recently released a variant of their cola sweetened with Stevia and sugar called Pepsi Next.
5. Flavors	A brand which has risen strongly in the recent years is Paperboat. Paperboat is known for its various flavors such as watermelon, raw mango etc. Bringing in such flavors even in carbonated beverage form can help Pepsi attract a larger market.

* Source: Author compiled from data [56; 83]

Table 2.25

Showing the threats of PepsiCo's Inc. business activities

Threats	Threats characteristic
1. Competitors	PepsiCo's main competitors are Coca-Cola, Kraft foods, Nestle, Dr Peppers Snapple Group and Mondelez.
2. Health factor	The unhealthy factor associated with its products can take a toll on the health conscious customers and might lose them. This can be clearly seen by the fall of soft drinks sale.
3. Economic slowdown	With the recent reforms in the country PepsiCo might see a drop in its sales due to a cash crunch in the economy. Other factors such as recession and inflation may also impact sales of the company.
4. Government norms	Different norms of different countries might prove difficult to handle and compliance with it as well.

* Source: Author compiled from data [56; 83]

According to the results of external and internal environment factors, we make a matrix of SWOT-analysis of PepsiCo's Inc. economic activity (Fig. 2.5).

	Opportunities (5)	Threats (4)
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Strengths (8)	FIELD «SO» 8 + 5 = 13 (points)	FIELD «ST» 8 + 4 = 12 (points)
Weakness (6)	FIELD «WO» 6 + 5 = 11 (points)	FIELD «WT» 6 + 4 = 10 (points)

Figure 2.5. Matrix of SWOT-analysis of Pepsico's Inc. economic activity

* Source: Author compiled

As we can see from Fig. 2.5, according to the results of the SWOT analysis of Google's economic activity, it is in the strategic field «SO» (Strengths and Opportunities). In our opinion, the company management has correctly chosen the overall strategy of diversified growth in the local market segments, which allows to realize the strengths (potential) of the internal environment at the expense of opportunities provided by the external environment. In addition, this strategy is combined: in some markets, a vertical integration strategy is used, and in others, a strategy of expansion or capture of new market niches (niche strategy).

Appendix C (Table C 1) shows the key risk factors affecting of Pepsico's Inc. business activities.

Following the analysis of Appendix C (Table C 1), the key risk factors, which in our estimation are more than 70%, were: competition, increased costs and income tax rates (65-70%); economic conditions, loss of sales and customer and price (70-75%); damage to reputation (80-85%); employees (90-95%) [56].

Thus, at the present stage, the financial and economic condition of Pepsico's Inc. can be considered stable. The volume of profits and incomes is constantly increasing, the number of staff is stable, the level of expenditure is controlled. Management uses a diversified growth strategy. The main competitor of the company's remains a constant competitor of Coca-Cola. Among the risk factors, the management of the company should pay attention to employees and protection of business reputation (brand).

In the next third section of the master's thesis work should be considered in more detail the main directions for increasing the efficiency of the process of management of development at the studied enterprises.

CHAPTER 3

MAIN DIRECTIONS FOR INCREASING THE EFFICIENCY OF THE PROCESS OF
MANAGEMENT OF DEVELOPMENT IN ENTERPRISES (ON THE EXAMPLE OF
GOOGLE'S LLC, COCA-COLA COMPANY, PEPSICO'S INC.)3.1 Rationalization of the general process of development management of
Google's LLC based on the developing of a modern corporate culture policy

As the research results in section 2.1 have shown, one of the problems of forming an effective development management system for Google's LLC is the need to improve corporate culture.

In addition, it is the state of the corporate culture at Google's LLC that causes criticism from the public, employees and potential consumers.

Therefore, we propose measures to develop and implement a new corporate culture policy in Google's LLC.

We are convinced that the modern corporate culture policy of Google's LLC should cover a significant part of the spiritual and material life of its work collective, where material values and moral and ethical principles and norms dominate, a code of ethical conduct, ingrained rituals, the manner of staff dressing, established product quality standards. We often come across manifestations of organizational culture, having just crossed the threshold of an enterprise, since it determines the adaptation of newcomers and the behavior of veterans, is reflected in a certain philosophy of the management level, primarily leadership, is implemented in a specific strategy for its development.

Corporate culture should be understood as a system of values, everyday and often unconscious positions, rules of conduct for members of an organization, their ideology, myths, beliefs, a system of knowledge, rituals, etc. Such a system of values should guide the top management of Google's LLC in making management decisions,

establishing control over the behavior and relationships of employees in the process of assessing production, economic and social situations.

A new understanding of the corporate culture of Google's LLC should be interpreted and perceived by the majority of the workforce as a philosophy, ideology of management, general assumptions, values, beliefs, expectations, reasoning and norms that should underlie the relations of most employees, both in the middle of the enterprise and outside of it. It should be formed throughout the history of the enterprise through a set of rules and techniques for adapting the enterprise to the requirements of the external environment, the formation of internal relations between groups of workers, it should concentrate the policy and ideology of society, the system of its criteria, criteria for motivation and distribution of power, social values and norms behavior.

Speaking about the development of a corporate culture policy for Google's LLC, it should be borne in mind that: an enterprise must have its own culture, without which it cannot exist; culture must have its own unique, unrepeatable and distinctive character; culture should be a symbol of the behavior of people at the enterprise, an expression of its identification with the surrounding social environment and with society as a whole; culture must be invisible, but a functional chain of ethical principles and norms; culture should act as a connecting chain between the past of the enterprise and its future; culture should combine people, stabilize the situation, indicate a way out of a difficult situation, determine the direction of the enterprise's development; culture should combine a set of traditions, values, rituals, ceremonies that provide the psychological foundation of the enterprise, which motivates, accumulates values, in the name of which there is a desire to work, to devote her entire working life to it.

The corporate culture policy of Google's LLC should be aimed at implementing the long-term development strategy of the corporation in a competitive environment.

We are convinced that when shaping the corporate culture policy of Google's LLC, the management needs to pay attention to several essentially similar components: symbols, methods of communication, rituals, values, myths, taboos. For this purpose, we propose to summarize the components of the corporate culture policy of Google's LLC in Fig. 3.1.

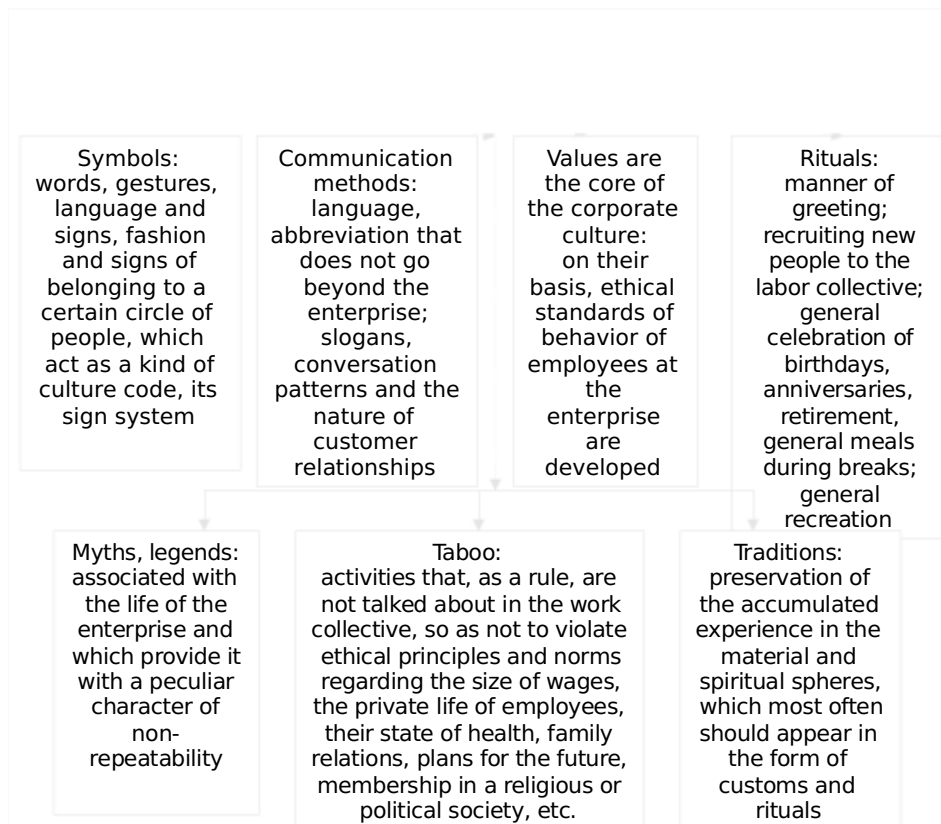


Figure 3.1. Showing the recommended Google's LLC corporate culture policy

* Source: Author compiled

Symbols are words and gestures, language and signs, fashion and signs of belonging to a certain circle of people who act as bearers of peculiar codes of culture, its sign system. The symbols also include titles, honorary titles and labor distinctions, and even some job titles.

The methods of communication include: language, abbreviations that do not go beyond the enterprise; slogans, features of the conversation and the nature of the relationship with customers, since in the process of communicating with external representatives of Google's LLC, you can see that their conversation consists of certain, specially selected words that are easy to remember and understandable only to members

of this team, which clearly reflect the specifics of one or another actions and which are little used outside the enterprise.

The core of the new corporate culture of Google's LLC should be values, on the basis of which ethical standards and forms of behavior of the company's personnel are developed. It is the values that are shared and declared by the founders and the most authoritative members of society that most often become the key link on which the cohesion of personnel depends, a community of views and actions is formed, and, therefore, the achievement of the company's goals is ensured. In our opinion, it would be important if each new member of the workforce, in order to quickly get into the rhythm of the work of a given enterprise, must first become familiar with the values that other members adhere to.

Rituals are collective actions that do not have any technological value, but to a certain extent should be an integral part of the functioning of Google's LLC. The rituals should include: the manner of greeting; acceptance of new people into the team (congratulations, flowers, etc.); general celebration of birthdays, anniversaries, holidays, retirements, etc.; common meals during breaks; general recreation, fishing trips, to the forest, to the beach, on excursions, etc. In addition to the above actions, rituals include holding meetings and conferences in the divisions of the enterprise, the manner of business correspondence, the development of plans for social and economic development, summing up the results of work, etc.

In our opinion, traditions should be the main mechanism of social and cultural inheritance of Google's LLC, because thanks to traditions, the already accumulated experience in the material and spiritual spheres of the enterprise, which most often should take the form of customs and rituals, is preserved. The deeper the traditions, the more significant they should be not only in the eyes of their employees, but also those who maintain partnerships with the company or use its goods and services.

The next component of the corporate culture of Google's LLC should be myths and legends that are associated with its life and provide it with a peculiar character of non-repetition. The myths should clearly define what can be done and said, and where there is a limit, crossing which, a person risks remaining outside the gates of his

organization. Myths connect the past with the present, and at times determine the direction of the company's activities for the future.

Another important, in our opinion, component is taboo. This is an activity that, as a rule, is not spoken about in the work collective, so as not to violate ethical principles and norms. Taboos in Google's LLC may include employee salaries, privacy, health, family relationships, future plans, membership in a religious or political community, etc.

In our opinion, when shaping the modern corporate culture policy of Google's LLC, the president, vice president and their deputies should have a certain formed structure, which will be formed depending on the level of its consideration:

the first level is superficial, or symbolic, which would cover such visible external factors as technology, architecture, use of space and time, behavior, language, slogans, etc.;

the second level is the main one, which would involve the study of values and beliefs. Their perception should be of a conscious nature, depend on the wishes of workers and be perceived by members of the work collective of the enterprise;

the third level is deep, which would include the basic foresight perceived by the personnel of the enterprise and directing their behavior towards the future, their attitude to nature, understanding the reality of time and space, their attitude to another person, work.

It should be emphasized that when shaping the corporate culture policy, it would be advisable for the senior management and staff of Google's LLC to consider it through the following characteristics:

awareness of the personality and its place in the enterprise;

the state of the communication system and the language of communication: the use of oral, written, non-verbal communication, telephone law, jargon, abbreviations;

appearance, clothing and behavior of workers: uniforms and workwear, business style, cosmetics, hairstyles, etc.;

habits and traditions, beliefs of staff;

awareness of time, attitude to it and its use – a measure of the accuracy and relativity of time among employees;

the relationship between workers by gender and age, status and power, intelligence, experience and knowledge, the degree of formalization of relationships;

the values and norms that employees value in the enterprise and how these values are maintained;

belief in something and attitude to something, belief in success, in one's own strength;

the process of development of each member of the workforce and its training and development;

work ethics and motivation: attitude to work and responsibility, division of labor, quality of work, job evaluation and remuneration, promotion.

We believe that the development of a corporate culture policy for Google's LLC should be presented as a sequential process and include the following stages (Fig. 3.2).



Figure 3.2. Showing the key steps in the Google's LLC culture policy development process

** Source: Author compiled*

The main factors that it would be desirable to take into account when forming the corporate culture policy of Google's LLC may be the following: history of the enterprise, form of ownership; the size of the organization; technology; goals and objectives.

When introducing a corporate culture, a policy should be adopted that would use an integrated approach to its implementation, create confidence in the stable development of Google's LLC. The main factor for the success of such a policy should be people, their organizational culture, which would be a system of formal and informal rules and norms of activity, customs and traditions, individual and group interests, the characteristics of the ethical behavior of employees at the enterprise, an appropriate style of behavior, indicators of job satisfaction, the level of mutual cooperation, the level of identification of employees with the enterprise and the goals of its development.

Thus, the formation of the corporate culture policy of Google's LLC is an attempt to constructively influence the socio-psychological atmosphere, the behavior of employees, and therefore the management of the corporation should consider it as a powerful strategic tool that allows all subsections, business processes and employees to be oriented towards fulfilling a common economic goal. activities of the enterprise. This will make it possible to clearly coordinate the goals of the society and the long-term strategy of its development over time.

At the same time, the modern corporate culture policy of Google's LLC should include three basic provisions: mission, basic goals and a corporate code of ethical conduct for personnel (HR).

When defining a mission as a guideline for production and economic activities, the management of the enterprise should take individual values as a basis, since the mission determines the role that the company wants to play in society, the status of Google's LLC, directions and guidelines at different organizational levels of

management. The mission statement reflects the content of economic activity, the company's attitude to the external environment, its general corporate culture.

Therefore, we invite the senior management of Google's LLC to take advantage of the mission that we have defined, namely:

- service to society and consumers;
- improving the image by forming a new corporate culture;
- improvement of the socio-economic conditions for the activities of the members of the labor collective.

The next clause of the new corporate culture policy of Google's LLC should be basic goals, which provide for the development of strategy and the establishment of key goals in the functional subsystems of the enterprise. The goals determine the key activities and the selection of performers who will realize these goals. The goals are the basis for designing both the organizational structure of management and the work of individual employees of the company.

The main goals of the development of Google's LLC that we have identified may be the following:

- development of mutually beneficial cooperation for the enterprise and consumers;
- making a profit by serving consumers and society;
- progress in everything is the basis of corporate culture;
- the enterprise – a common team, high morale;
- improving the quality of work performed is the goal of the new corporate image of the enterprise;
- the employee is the most important value of the enterprise.

An important part of the process of developing a corporate culture policy for Google's LLC should be the choice of means and methods to achieve goals, reaching agreement with the methods that are used, including improving the organizational structure of enterprise management, incentive systems and reporting lines. At the same time, one should not forget about the importance of choosing criteria for measuring and monitoring the results achieved by personnel.

The third basic provision of the formation of the corporate culture policy of Google's LLC should be a corporate code of ethical conduct for personnel. This document should be focused on creating partnerships between employees in the work collective during the performance of their functional duties.

The corporate code of ethical conduct for Google's LLC personnel should be designed for different situations (for example, the behavior of employees, both in the office and in production units, and in the external environment).

According to the author, when developing a corporate code of ethical conduct for Google's LLC personnel, it will be necessary to involve all employees in the discussion of its main provisions. It should be borne in mind that at the enterprise the standards may not always be accepted by the personnel identically and an attempt to implement them in a directive manner is likely to fail. In developing such a code, it should be borne in mind that its provisions must be enforceable.

In order for employees to begin to adhere to the introduced rules, we recommend that the president and vice president of Google's LLC popularize them among the staff. It will be necessary to publish key excerpts from the code in the internal media, on the developed website, hang them on the stand, and make a film. Employees who are hired will definitely need to, first of all, familiarize themselves with the code in order to obtain the consent of the candidate for the position on the observance of all norms of the corporate code of ethical conduct for personnel (HR).

We are of the opinion that it is advisable to develop a corporate code of ethical conduct for Google's LLC personnel in the following sequence:

- 1) input provisions (what the code is for and what relations it regulates);
- 2) basic rules (rules of ethical activity of an enterprise in the market);
- 3) attitude towards customers (rules of ethical behavior and duties of the employee in relation to the customers of the enterprise);
- 4) the attitude of the employee to the company (the rules of ethical behavior and the employee's obligations towards the company);
- 5) the relationship between employees (rules for resolving conflicts within the team, etc.);

6) the attitude of the company to personnel (rules of conduct and duties of the director of the company in relation to employees);

7) final provisions (the procedure for familiarizing employees with the code).

Thus, the development of the corporate culture of Google's LLC is only the first step towards its implementation, and therefore the president, vice president and their immediate deputies need to realize that the process of developing, mastering and actually implementing a new corporate culture policy is laborious and long, but necessary with the point of view of the formation and strengthening of the corporate image of the corporation.

In the next section of the master's thesis it is advisable to consider the main directions of improving the process of strategic planning in the implementation of the development strategy of Coca-Cola Company on a systemic basis.

3.2 Improving the process of strategic planning in the implementation of the development strategy of Coca-Cola Company on a systemic basis

Within the framework of section 2.2 of the master's thesis the main shortcomings of the modern process of development management of Coca-Cola Company were revealed. Feeling significant competitive pressure from its main competitor in global markets – Pepsico's Inc., Coca-Cola Company has received negative results (over the past five years, significantly reduced production, staffing is almost 2 times less than its main competitor, etc.). Under such conditions, the corporation's management is forced to implement a strategy of limited growth (stabilization).

In our view, in order to move from a strategy of limited growth to a strategy of further development, the president, vice president and board of Coca-Cola Company must review the components of the strategic planning process.

In today's business environment, there is a need to develop realistic and reliable plans for the future development of Coca-Cola Company, taking into account the current situation, to determine prospects based on development alternatives. Coca-Cola

Company's management needs to focus primarily on market and financial and economic prospects, such as sales and revenue, profits, return on investment and efficiency, as the company becomes increasingly dependent on consumer demand in determining the prospects for its further development. Therefore, the introduction of an effective strategic planning process in the activities of the Coca-Cola Company will make it possible to predict the future state and prepare for future changes and competition in the markets.

The strategic planning process can be applied to the Coca-Cola Company under one condition – the presence of a team that is ready to support this process and executors who are ready to implement it. The development of a strategic plan can be entrusted to the financial departments of the parent company, individual branches and representative offices, with the approval of senior management, but it is possible that the management of Coca-Cola Company will offer its draft strategic plan. Additionally, it may take time to re-analyze the strategic plan or collect visas for those authorized to make management decisions as to its appropriateness. In addition, it may take time to obtain some specific information or advice on specific parts of the plan – especially recommended strategies.

According to the author, an effective strategic planning process at Coca-Cola Company should consist of ten stages (steps). It will be streamlined and will involve a large number of management staff (Fig. 3.3).

As we can see from Fig. 3.3, these ten steps should lead Coca-Cola Company's senior management to concrete action, results and evaluation. It is worth noting that actions, results and evaluative judgments should appear at every step of the strategic planning process. In other words, implementation and evaluation should not wait for the end of strategic planning, but should always be an integral part of it.

Step 1. Initiate and coordinate the strategic planning process at Coca-Cola Company. The purpose of the first step is to reach an agreement between the functional managers within the company on the general order of the strategic planning process, to gain the support and understanding of the top management of Coca-Cola Company. It is clear that someone must initiate such a process. One of the primary tasks of the initiator

is to determine who these leaders are, on whom management decisions in a particular situation will depend. The second task is to determine which individuals or groups should be involved in the strategic planning process.

Figure 3.3. Showing the recommended process of strategic planning in the activities of Coca-Cola Company

** Source: Author compiled*

These two tasks require a preliminary stakeholder analysis, which is discussed in more detail in step 3. An initial agreement should be made with at least some of these leaders or groups (step 1). In fact, as a rule, a number of agreements should be concluded between the various parties as the process takes effect. Coca-Cola Company's strategic planning will have the best chance of success if the president and vice presidents oversee the strategic planning process. The initial agreement between the governing body and the group of relevant experts who will be responsible for the development and implementation of strategic planning should include the following points:

- the purpose of the project;
- steps that will make up the strategic planning process;
- form and schedule of reports;
- the role, functions and composition of persons authorized to oversee the strategic planning process;
- role, functions and composition of the working group on strategic planning;
- information on the resources needed to carry out the strategic planning process;
- taking into account the factors that place certain restrictions on the implementation of the strategic planning process.

Step 2. Define the formal authority and responsibilities of the team of specialists who will deal with strategic planning issues at Coca-Cola Company. Formal and informal responsibilities of the company's specialists should consist of various functions that are entrusted to them and which are little known to them.

The main mistakes of strategic planning specialists in Coca-Cola Company can be the following:

- first, not knowing what they should do when implementing strategic planning, they mostly do not;
- second, they tend to think that they are more limited in their actions than they really are;
- third, they tend to assume that if they are not openly pointed to specific types of work, they are not allowed to do so.

Step 3. Define the mission and values of the Coca-Cola Company.

The mission of the Coca-Cola Company should be the basis for its existence, and if it is clearly stated, it can prevent various conflicts and help guide discussions in the right direction. The purpose of the company should outline the areas in which the company will look for partners or competitors, as well as determine the future direction of its activities.

Before formulating a mission, Coca-Cola Company's management, responsible and responsible professionals must take at least a few steps to analyze stakeholders. A stakeholder is any person, group or organization that may claim or be affected by a company, its resources or performance. Coca-Cola Company's stakeholders may include customers, independent donors, company employees, its board, non-profit organizations providing related services or participating in joint projects, banks with mortgages or promissory notes, and suppliers. Stakeholder analysis is a way for Coca-Cola Company's senior management and responsible professionals to diagnose the environment.

The first few steps in a stakeholder analysis require the strategic planning working group to identify who the Coca-Cola Company's stakeholders are, what criteria they will use to evaluate its work, and how well it works against those criteria from a stakeholder perspective. If you have time, you should take other steps – for example, try to understand how certain stakeholders affect the work of the company; find out what it needs from each category of stakeholders (cash, staff, political support); and generally identify the importance of stakeholders.

After conducting a stakeholder analysis, the strategic planning team can move on to formulating the Coca-Cola Company's mission. But the formulation of the mission should arise from long discussions about the essence of the company, its constant purpose, connection with key stakeholders, its philosophy and core values and ethical standards. Thus, we can say that Coca-Cola Company was established to saturate the market with high quality products, expand its range, develop trade and economic cooperation with legal entities and individuals, use advanced technological equipment and better management experience, foreign economic activity, attracting additional

material and financial resources, as well as making a profit and satisfying the economic and social interests of shareholders, employees and consumers of the company.

Step 4. Analysis of the external and internal environment of Coca-Cola Company. The strategic planning working group should examine the external environment of the Coca-Cola Company to identify opportunities and threats (step 4-A), and the internal environment to identify its strengths and weaknesses (step 4-B). For the most part, external factors are beyond the control of Coca-Cola Company's senior management, while internal factors depend on it. Opportunities and threats should mainly relate to the future, while the advantages and disadvantages – it is the current moment. Opportunities and threats can be identified by exploring a variety of political, economic, social, technological, educational and natural phenomena and identifying trends.

The Coca-Cola Company's strategic planning working group and senior management should focus on the negative or threatening aspects of these phenomena and the opportunities they provide. In addition to trends and developments, the strategic planning working group should also analyze the most important external stakeholders – especially those on whom (directly or indirectly) the flow of resources to the company depends. Such categories include consumers, customers, suppliers, contributors, local officials and relevant legislatures. The working group should pay attention to competitors, competitive forces and factors that could potentially provide an advantage over competitors; as well as the partners, their strengths and the benefits that can potentially be gained from working with partners. The Coca-Cola Company's strategic planning and senior management working group should develop a variety of scenarios to assess different options for the company's future development.

Coca-Cola Company board members are better able to identify and assess external threats and opportunities (especially current ones) than ordinary employees, due to the fact that the company's top management is responsible for its relationship with the external environment and vice versa. Unfortunately, neither the management nor ordinary employees of the company, as a rule, do not have a systematic and serious analysis of the impact of environmental factors. As a result, the Coca-Cola Company is battling the elements without clear current and strategic goals.

In our opinion, the technology of this process is quite simple and will allow Coca-Cola Company at low cost to effectively monitor developments in the external environment, assess the potential of the internal environment and the direction of the company's mission.

By considering opportunities and threats, conducting stakeholder analysis, Coca-Cola Company's senior management can identify «key success factors» – what the company needs to do, or the criteria it must meet in order to interact effectively with the external environment.

To identify internal strengths and weaknesses, the Coca-Cola Company's strategic planning working group and senior management should analyze its own resources (input), current strategy (process) and work (outcome).

Step 5. Identify the strategic challenges facing the Coca-Cola Company. The first four steps of the strategic planning process lead to the fifth – the definition of strategic issues. Strategic issues are the underlying issues and serious challenges that affect Coca-Cola Company's authority and responsibilities, its mission and values, products, customers, consumers, payers, costs, financing, organizational structure and management system.

Strategic planning should aim to achieve the greatest coherence between the Coca-Cola Company and its external environment. Strategic issues need to be resolved quickly and effectively if the company wants to function and develop successfully. If the Coca-Cola Company will ignores a strategic issue in the market, it may fail because of some threat.

In determining the strategic problem in the work of the Coca-Cola Company, senior management must adhere to three conditions:

first, the problem should be briefly described, preferably in one paragraph. The problem should be set out in the form of a question to which the Coca-Cola Company strategic planning working group will be able to provide a constructive answer. If it can do nothing to solve a particular problem, it is best not to treat such a problem as strategic, because the company's resources are already limited enough to spend them on problems that the company is unable to solve;

secondly, it is advisable to list the factors due to which a particular problem is of strategic importance. In particular, given Coca-Cola Company's formal commitments, its mission, its values, its internal strengths and weaknesses, and its external opportunities and threats, they pose a specific strategic challenge for the company. The list of these factors will be needed in the next step – the formation of strategies. Any effective development strategy must include the use of advantages and opportunities and the overcoming of disadvantages and threats.

Therefore, identifying strategic problems in the work of the Coca-Cola Company is of great importance, because it can greatly help to find ways to solve them.

Finally, thirdly, the strategic planning working group needs to determine what the consequences will be if each of the identified strategic issues is not addressed. This will then help Coca-Cola Company's senior management decide how strategic or important a problem is. If the failure to solve a specific problem does not have any consequences, then this problem is not strategic. After formulating strategic issues, the working group and senior management of the Coca-Cola Company will know what challenges they face and how strategic they are.

There are three types of strategic problems: 1) problems that do not require the top management of Coca-Cola Company and the project team immediate action, but which must be constantly monitored; 2) problems that are just emerging on the horizon and are likely to require some action in the near future. Most of these problems can be resolved within the normal cycle of strategic planning of the enterprise; 3) problems that require immediate response, therefore, cannot be addressed routinely.

Step 6. Develop strategies and plans to address Coca-Cola Company's strategic challenges.

Strategy is a set of goals, regulations, programs, actions, management decisions and methods of resource allocation, which determines what the company is, why it does it. The strategy is developed to address the issues identified in the previous step. At this step, it is worth drafting Coca-Cola Company development strategies and, possibly, drafting strategic plans to form the desired complexes. They can be reviewed and approved at the end of this step, if the strategic planning process is relatively simple. In

this case, it is necessary to use the so-called five-stage process of strategy development, which begins with the identification of practical options for measures leading to the solution of strategic problems. The strategic planning working group should then list the obstacles that stand in the way of implementing the identified activities. This is one way to ensure that the company consciously and consistently overcomes the difficulties associated with the implementation of development strategies, rather than doing so in a hurry and at random.

Once the Coca-Cola Company's strategic planning working group has identified options for action, as well as obstacles to be overcome, it should develop proposals for implementing these measures. This process can occur either immediately or only after the obstacles have been removed.

After submitting the main proposals, there are the last two tasks that need to be done in Coca-Cola Company to develop effective development strategies, namely:

identify actions to be taken over the next two to three years to implement the main proposals;

draw up a detailed plan for the next six months or a year to make these actions possible.

It should be noted that an effective Coca-Cola Company development strategy must meet several criteria:

- 1) it must be technically feasible and politically acceptable to the main stakeholders;
- 2) it must comply with the company's philosophy and its core values;
- 3) the strategy must be correct in ethical, moral and legal aspects and support the company's desire for the common good, as well as appropriate to address the strategic problem to which it relates.

So, as we see, effective development strategies in Coca-Cola Company must meet a fairly strict set of requirements.

Step 7. Review and approve Coca-Cola Company strategies and plans.

Once a strategic planning working group has developed strategies, it may need to formally approve them first and only then move on to implementation. The same applies

to the formal strategic plan. In order to ensure that the Coca-Cola Company's senior management adopts a strategy or plan without hindrance, it is advisable to continue to pay attention to the goals and interests of all major internal and external stakeholders. Sometimes it is advisable to find or create incentives that can be offered in exchange for someone's support. Therefore, it is important that the company's development plan is supported and upheld by managers who know how to negotiate with relevant stakeholders and can ensure its approval.

Step 8. Defining an effective strategic vision – developing a development strategy of the Coca-Cola Company. In this step of developing a company development strategy, it is advisable to describe what it should look like. This description mainly consists of the mission of the Coca-Cola Company, its overall and functional strategies, quality criteria, some important principles of management decision-making and ethical standards that must be followed by all employees. Such a detailed description of the mission, under conditions that can be read by all employees, will ensure that the company's staff knows how to achieve its goals and how to do so, without the constant supervision of senior management.

Step 9. Coca-Cola Company development strategy implementation process. It is clear that creating a strategic plan alone is not enough. In order for the changes envisaged by the adopted strategies to take effect and bring real benefits to Coca-Cola Company and its stakeholders, they should be implemented in the enterprise as a whole.

Strategically considering ways to implement new management decisions and develop an effective action plan are important tasks on the way to implementing development strategies. For a Coca-Cola Company to successfully implement a strategic plan, it is important to have sufficient involvement of the official organizers of the strategic planning process, its advocates and other staff, as well as the appropriate amount of time, money, attention, administrative work and other resources. The Coca-Cola Company's board of directors must carefully budget for the development and implementation of the development strategy to ensure its successful implementation.

Successfully implemented development strategies lead to the formation of a new set of principles, norms, rules and procedures for making management decisions, which converge on the expectations of all participants in the strategic planning process.

It is necessary to implement development strategies in order to maintain achievements in the conditions when new important needs appear every time. Unfortunately, the implemented development strategies can also outlive their usefulness, and then they need to be changed – so there is the last step in the strategic planning process at Coca-Cola Company.

Step 10. Re-evaluate the strategies and strategic planning process at Coca-Cola Company. When a strategic plan has been in place for some time, it is important for the company's senior management to review development strategies and the strategic planning process itself in order to prepare for its new phase of strategic planning. Successful development strategies should be analyzed and it should be determined whether they should be maintained in the future, whether it is better to replace them with other development strategies or simply stop their implementation for one reason or another.

We are convinced that at the present stage the management of Coca-Cola Company needs to move to the practical implementation of the strategy of diversified growth in international markets. This will contribute to the formation of long-term competitive advantages of the company, the implementation of strategic programs for the development of its economic activities in key areas, focusing on meeting the needs of certain categories of consumers. At the same time, in the future we recommend the company's top management to apply comprehensive development strategies, which will be a set of different strategies within a single process of strategic planning.

Thus, based on the above, we can conclude that to improve the functioning of the Coca-Cola Company and ensure the conditions for its future development, it is necessary to introduce such an important economic mechanism as strategic planning, which will form a general development strategy to ensure the company's existence in the difficult and unstable market conditions, ways to establish its interaction with the external environment, the ability to establish effective motivation of staff.

In the last section of the master's thesis it is advisable to consider the main directions of developing and implementing a risk management program as a tool of Pepsico's Inc. development management system.

3.3 Developing and implementing a risk management program as a tool of Pepsico's Inc. development management system

In section 2.3 of the master's thesis, a number of risk factors have been identified that could adversely affect the activities of Pepsico's Inc. in the future. To prevent this from happening, it is proposed to develop and implement a risk management program as an effective tool for its development management system.

In order to ensure the stability of Pepsico's Inc., its ability to withstand adverse situations, it is necessary to establish a risk management system. We will assume that for Pepsico's Inc. the formation of a risk management system is a multi-stage process that aims to reduce or compensate for losses and damage to an enterprise in risky situations.

To this end, we first formulate the risk protection criteria of Pepsico's Inc., which may be represented by indicators: financial sustainability; volume of activity; profitability; availability and structure of own working capital; description of risk exposure management.

According to the author, prior to developing the risk management program, the senior management of Pepsico's Inc. is obliged to form a risk management system. The formation of this system within the company must be carried out in a clearly defined sequence.

We propose to use the scheme of the mechanism of formation and integration of risk management in the existing management system of Pepsico's Inc. (Fig. 3.4).

As we can see from Fig. 3.4, the mechanism for forming a risk management system of Pepsico's Inc. will consist of three blocks (economic, organizational and information), each of which has a purpose. If this mechanism is formed, the top management of the company will be able to determine the main directions of improving the risk management system (in the field of qualitative and quantitative analysis of

economic risk and the choice of methods of reducing its degree). Then, risk management will be integrated into the company's management system and the economic status and prospects of its management system will be evaluated.



Figure 3.4. Showing the recommended mechanism of formation of the Pepsico's Inc. risk management system

** Source: Author compiled*

In order to increase the risk protection of Pepsico's Inc., it is necessary to improve and formalize the risk management process. We propose to implement it with the following steps: risk analysis; choice of methods of influence on risk; decision-making. We offer a step-by-step algorithm for implementing the risk management process (Fig. 3.5).

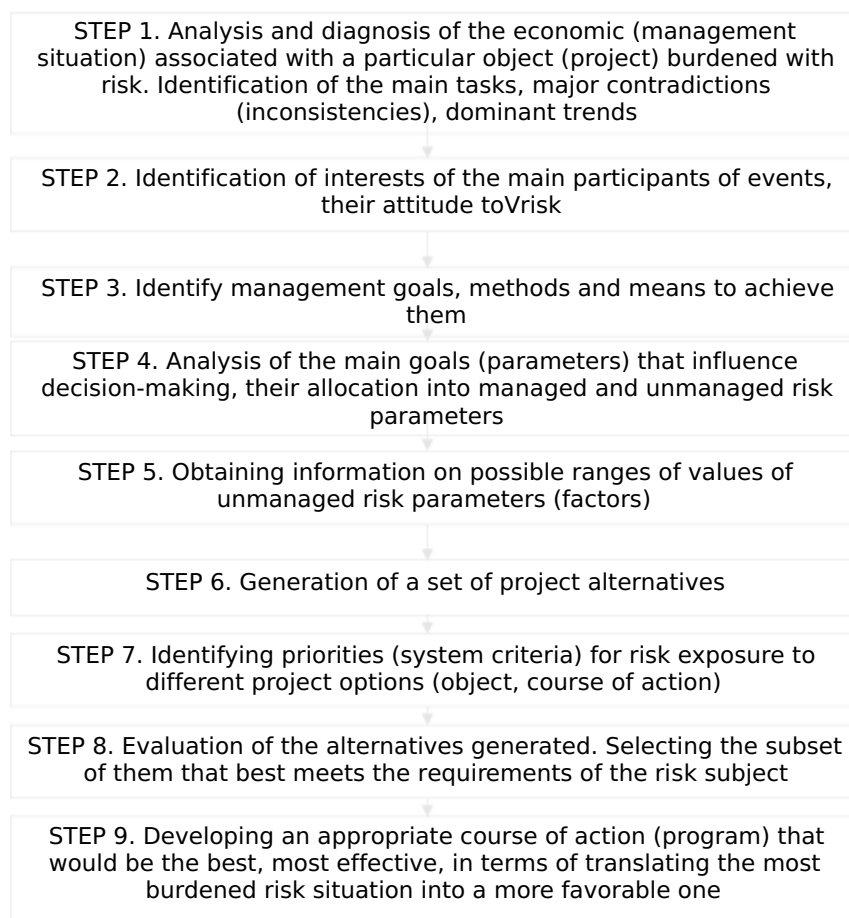


Figure 3.5. Showing the recommended step-by-step algorithm for implementing risk management process of Pepsico's Inc.

** Source: Author compiled*

As we can see, the risk management process of Pepsico's Inc. should be focused on purposeful search and organization of work to reduce the risk, obtain and increase the return in uncertain economic situation in order to ensure an acceptable ratio between the level of profit and the risk incurred.

In our opinion, the risk management system of Pepsico's Inc. will be effective if senior management can use the following risk management methods:

1. Avoiding Risk – means simply evading risk-taking measures.
2. Holding (absorbing) risk – means that the risk remains with the subject of risk.
3. Risk transfer – means that the risk subject (for example, the investor) transfers responsibility for the risk to someone else (eg, the insurance company).
4. Reduction (prevention) of risk is a reduction of the degree of risk, that is, the reduction of probability of risk and object of loss.

To reduce the degree of risk in the activity of Pepsico's Inc., it is advisable to use the following methods (methods):

- 1) external methods of optimization (risk mitigation), which include: risk sharing and external risk insurance.
- 2) internal methods of optimization (risk reduction), which include: limits; diversification; creation of reserves (reserves); obtaining additional information.

For the qualitative risk analysis in the activity of Pepsico's Inc. it is advisable to use the proposed form of Table 3.1.

Table 3.1

Showing the recommended form of identification and evaluation of risk management system effectiveness of Pepsico's Inc.

Main risks	Intensity of risk exposure (10 points – very intense risk)	Effectiveness of risk management system (10 points – most effective management)	Deviation (risk intensity minus the effectiveness of the risk management system)	Measures to minimize detected deviations
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Risk № 1				
Risk № 2				
Risk № 3				

** Source: Author compiled*

Thus, it is worth paying attention to the peculiarity and sequence of filling the Table 3.1. To do this, risk management specialists of Pepsico's Inc. need to:

1) identify three or more major risks arising from the activity of the enterprise;
2) evaluate each of the proposed risks depending on its intensity of action on the enterprise. We suggest using a ten-point scale, with 10 points receiving the most intense risk;

3) evaluate the effectiveness of the risk management system using a ten-point scale;

4) to determine the deviation between the intensity of the selected risks and the effectiveness of the existing risk management system (the difference between the points in the second and third columns (see Table 3.1). Thus, in the fourth column of Table 3.1 it is possible to obtain: positive value – indicates unsatisfactory managing this type of risk; zero – indicates a high level of risk management system efficiency, negative – excessive risk management, which leads to the risk of unused opportunities.

Therefore, using this table, in addition to qualitative risk analysis and selection of the most significant of them, the top management of Pepsico's Inc. will be able to obtain information on the level of effectiveness of the existing risk management system and measures for elimination of existing deficiencies in the risk management process.

We are convinced that due to the significant impact of risks on the financial status of Pepsico's Inc., the following issues are urgent: the development and priority implementation of measures aimed at neutralizing the most dangerous risk manifestations in the chains of economic phenomena that lead to a crisis state, measures aimed at the crisis restoration of solvency and restoration of a sufficient level of financial stability of an entity to ensure its effective functioning.

However, without well-developed risk management procedures, an effective risk management system cannot be formed. This may be facilitated by the company's proposed a risk management program.

It should be emphasized that the risk management program for Pepsico's Inc. is the most specific action program that will contain a description of the risks identified and the methods of their impact. The contents of the proposed enterprise risk management program are presented in Table 3.2.

Table 3.2

Showing the recommended structure of Pepsico's Inc. risk management program

Sections	Volume (p.)
Summary for senior management	1
Description of business (directions of activity of the company's)	1-3
Risk context: mission, strategic and tactical goals of the company's, losses and more	1-2
Company risks	3-5
Risk assessment: consequences and likelihood	3-5
Risk map	1
Methods of influence on risks	3-5
Economic efficiency	1
Applications (organizational structure of risk management, financial ratios, etc.)	1-5

** Source: Author compiled*

For the development of risk management program of Pepsico's Inc. it is recommended to follow the proposed general scheme:

1. The general context of the company's activities is determined.
2. Risk factors and risk formulation are identified.
3. There are several stages of risk assessment (determining the probability of occurrence of risky events, their consequences, quality of risk management).
4. Risks are ranked and selected those for which the management of the company's will use active methods of risk management.
5. Methods of influence on risks are developed and efficiency of their application is determined.

Several steps must be taken in order to complete the risk management program of PepsiCo's Inc.

Let us dwell in detail on the identification of factors and risk assessment in the activity of PepsiCo's Inc. To do this, it is necessary to establish in each unit of the company the losses and the factors that led to their occurrence. The results of the loss analysis for the management of PepsiCo's Inc. should be entered in the proposed Table 3.3.

Table 3.3

**Showing the possible losses of PepsiCo's Inc. from the business areas
(conditional example)**

Description of losses	Risk factor	Source (macro, microenvironment, internal environment)	The amount of damage
Production			
1. Costs for processing defective products	Technology disruption	Internal environment	\$5 billion
2. ...			
Finances			
9. Expenses for the payment of additional interest on the use of the loan	Exceeding the planned inflation rate	Macro environment	\$10 billion
10. ...			
Sales			
25. Costs associated with the sale of Part A at reduced prices	Changing consumer preferences	Microenvironment	\$7 billion
26. ...			
Overall (items 1-25)			\$80 billion

** Source: Author compiled*

The next step should be to identify risk factors and formulate risks of PepsiCo's Inc.

It should be borne in mind that risk factors (accidental events that affect the purpose of the enterprise) are located in the external environment (macro and micro environment) and the internal environment of the company. For PepsiCo's Inc. they are located on three levels. At the first level, there are risk factors that society has virtually no control over. They belong to different components of the macro environment:

political, economic, natural, demographic, cultural and scientific and technical risk factors.

At the second level are the risk factors, the occurrence of which is due to the activities of competitors, consumers, suppliers and other interested parties associated with Pepsico's Inc. These may be influenced by senior management in one way or another.

At the third level are the risk factors located within of Pepsico's Inc. – production, personnel, financial, marketing, etc. They are the largest to the extent controlled by the management of the enterprise.

There are many methods, each of which helps to obtain information about the characteristics of particular risks inherent in certain activities. Therefore, it is advisable to use a set of methods to identify risks.

The following methods can be used to identify risk factors and formulate risks: SWOT analysis, workshops and interviews; method of «brainstorming»; questionnaire; graphically depicting value creation processes, including the definition and depiction of business processes and value chains, as well as external and internal factors affecting them; comparison with other companies (benchmarking).

To identify the risk factors and formulate the content of the risks themselves, it is advisable to use a special matrix of risk analysis in the activity of Pepsico's Inc. (Table 3.4).

Table 3.4

Showing the recommended matrix of risk analysis in the activity of Pepsico's Inc.

Sources of risk	Macro environment						Micro-environment			Internal environment				
	political	economic	natural	cultural	demographic	scientific and technological	competition	consumers	suppliers	management	marketing	production	staff	finances
Divisions														
Management														
Production														
Finances		financial risk												
Marketing														

[illegible]

* *Source: Author compiled*

At the same time, we suggest that the risk manager of Pepsico's Inc. adhere to the following logic:

1. Expertise should identify the risk factors that affect the achievement of the enterprise goals in different functional areas of their business: strategic, industrial, financial, marketing, etc. Practically for Pepsico's Inc. this can be done in the following way: the expert consistently moves the rows of the Table 3.4, systematically exploring how likely events in the macro, micro, and internal environment can influence the achievement of the company's goals in the strategic and functional spheres (production, finance, marketing, personnel, etc.). Among the risk factors may be, for example, the adoption of a new regulation (political risk factor), inflation exceeding the planned value (economic), unexpected changes in weather conditions, which leads to atypical climatic events (natural), etc.

2. The risks must be clearly defined. For example, the risk of credit appreciation as a result of a possible increase in the annual inflation rate above 10% per annum (finances) or the risk of a decline in sales as a result of the emergence of a new competitor (sales).

Given the limited space of the table and the high number of risks (it is advisable to focus on 80-120 risks, as experts, as a rule, must identify 10-15 risks for each area of activity of the enterprise): in cells you can simply write the reduction of the name of the risk – FR № 1 (the first financial risk), RS № 1 (the first risk sales).

All identified risks should eventually be entered in a special table for each division of PepsiCo's Inc. (Table 3.5).

It should be noted that at the stage of risk description it is necessary to fill not only the entire form, but only its individual lines (from 1 to 4). Other lines should be

filled in at the next stages of the process of development the risk management program. A similar table will also be developed for the enterprise as a whole.

3. In the third stage, it is advisable to conduct a risk assessment. As soon as the risk factors have been expertly identified, the possible consequences of these events for Pepsico's Inc. should be evaluated; the likelihood that they will occur and the quality of managing these types of risks.

Table 3.5

Showing the recommended form of summary table of identified risks for the financial department of Pepsico's Inc. (conditional example)

Risk code	Formulation of risk	The amount of possible damage	Risk factor	Risk assessment (in points):			
				event probability	consequences of the event	quality of risk management	integrated assessment (5+6+7)
1	2	3	4	5	6	7	8
FR № 1	The risk of a credit rise in the purchase of equipment as a result of a possible increase in the annual inflation rate above 10%	\$5 billion	The inflation rate, which exceeds 10%	6	4	8	18

* Source: Author compiled

The enterprise risk manager must also decide on which scale to evaluate the impact of the event, its likelihood, and the quality of management. In our opinion, the most appropriate for Pepsico's Inc. is the use of a three-stage nine-point scale.

For consequences: low-grade (1-3); moderate (4-6); serious (7-9 points).

For event probability: low probability (1-3); mean probability (4-6); high probability (7-9).

For quality of management: poor quality (7-9); average quality (4-6); high quality (7-9).

The results of the risk assessment should then be entered in lines 5-8 in Table 3.5.

In terms of probability, the frequency with which an enterprise faces a particular risk factor can be used as a criterion for Pepsico's Inc. If, for example, floods have never been affected by his business during the entire period of the company's activity, and scientists do not predict them in the future, then the probability of such an event is very low, and its estimate will be in the range of 1-3 points.

Regarding the quality of management, if Pepsico's Inc. has complex effective methods of influence on one or another type of risk, it can be considered that the quality of risk management is high (1-3 points).

If the specialists of Pepsico's Inc. are aware of the risk and apply separate methods of managing it – the quality of risk management is rated as average (4-6 points). If management is still unaware of and unaffected by risk – we are dealing with poor quality of risk management (7-9 points). In the case of the quality of risk management, we use an inverted scale, praising poor quality and vice versa. This is done for the comparability of all three scales, the application of which should ultimately lead to the identification of the risks most threatening to the enterprise.

4. The fourth stage is the ranking of risks, their selection and risk mapping. To rank the risks, they should be entered in a special table, which has the following form (Table 3.6).

Table 3.6

Showing the recommended table format for risk assessment and ranking in the activity of Pepsico's Inc. (conditional example)

Risk code	The name of the risk	Integrated assessment	Coefficient significance of factors	Final assessment (3*4)
1	2	3	4	5
Finances				
FR № 1	The risk of a credit rise in the purchase of equipment as a result of a possible increase in the annual inflation rate above 10%	18	0.5	9.0

** Source: Author compiled*

To carry out the final risk assessment in the activity of Pepsico's Inc., its integrated assessment must be multiplied by the coefficient significance of factors, which is calculated according to the methodology given below.

Experts (from the senior management of Pepsico's Inc.) should summarize all losses from the fields of activity for the previous three years. They will then determine, respectively, the magnitude of the losses caused by the action of macroeconomic, microeconomic, and internal organizational factors. The ratio of each loss group to the total amount of losses will be the value of the respective coefficients.

The following table shows the risks with the highest values of the final assessment. As a rule, 20-25% of the risks with the highest values of the final assessment are selected in the first place, based on the «Pareto principle».

The next step is to draw up a risk map for Pepsico's Inc., on which should be entered the ordinal numbers of the selected types of risks (Fig. 3.6).

High			7, 15
Average	1, 20	3	5, 12, 16
Low			
The seriousness of the consequences			
The probability of an event	Low	Average	High

Figure 3.6. Showing the recommended risk map form for Pepsico's Inc. (conditional example)

** Source: Author compiled*

5. During the last, fifth stage of development of the risk management program, the risk manager of Pepsico's Inc. will consider the real possibilities of using different methods of risk management (methods of influence on risk) for their main different types, and will evaluate the effectiveness of the risk management system.

The choice of risk management methods (risk exposure methods) is determined by the overall risk strategy of the company's, which in turn depends on the total amount of potential losses on the one hand and its financial capacity on the other. Selected risk management methods should be entered in a special Table 3.7.

Table 3.7

**Showing the recommended of risk management methods in the activity of
Pepsico's Inc. (conditional example)**

Risk (Possible Damage)	Methods of influence	Direction of influence	Funds for the implementation of this method of risk management (Economic efficiency ratio)
№ 3. Increase in share of defective products due to possible failure of plans to upgrade equipment (\$25 billion)	Preventing damage	Make a preliminary agreement with the bank on obtaining a loan for modernization (if necessary)	\$3 billion (increased loan guarantee interest)
...			
...			
Total (\$500 billion)			\$77 billion
Economic efficiency ratio			6.5

** Source: Author compiled*

To calculate the effectiveness of risk management methods to be used in Pepsico's Inc., it is necessary to calculate the integral and partial coefficients of effectiveness of the risk management system.

To calculate partial coefficients of effectiveness of the risk management system, the magnitude of possible losses is divided by the amount of funds needed to apply a particular risk management method.

In our example, the partial coefficient of effectiveness of the risk management system for risk № 3 is 6.5 (\$500 billion / \$77 billion). This means that each dollar, which

will be spent on the formation of risk management system in Pepsico's Inc. through the use of the risk management program, will prevent 6.5 dollars possible losses.

The integral coefficient of effectiveness of the risk management system for Pepsico's Inc. can be calculated by dividing the sums of all potential losses by the amount of money spent for the application of all methods of risk management.

Thus, the implementation of the proposed methodology for developing a risk management program and its practical implementation will increase the risk protection of Pepsico's Inc. from adverse risk factors and, as a consequence, the effectiveness of the development management system as a whole.

CONCLUSIONS

Generalization of theoretical, methodological foundations and development of practical recommendations for the formation of effective process of management of development at the enterprises (on the example of Google's LLC, Coca-Cola Company, Pepsico's Inc.) in the conditions of transformational changes allows to draw the following conclusions:

1. The essence, content and peculiarities of development of enterprises in modern conditions are determined. In the master's thesis it was established that each enterprise is an open socio-economic system that has two trends in its existence – functioning and development. If the functioning is maintaining the viability of the system, preserving the functions that determine its integrity, qualitative certainty and basic characteristics, then the development is the acquisition of a new quality that strengthens vitality in the face of high rates of environmental change. Hence, the development of systems is a process of transition of the economic and production system to a new, better state by accumulating quantitative potential, changing and complicating the structure and composition, which increases its ability to resist the damaging effects of the external environment factors.

2. The characteristic features of systems development are generalized:
1) development of the organization is a certain tactic according to which pre-planned

changes in the organization should be made; 2) planned changes are directly dependent on the severity of the problems that the organization must address, that is, on the current state of the organization and the inability to use it for future effective development; 3) diagnosis of the current state of the organization and the process of change is carried out by a person or advisory body that is not a member of that organization or enterprise.

3. It was found out that the main peculiarities and features of development are: 1) something new is being created in the development process that did not exist before; 2) the development process is not reversed; 3) each particular process of development has its own sources and its form; 4) development has a time orientation: from the past through the present to the future; 5) each moment or stage of development is conditioned by the previous state and in turn determines the following states.

4. Classification characteristics of types and forms of enterprise development are performed. The work was systematized the types of enterprise development according to certain criteria, namely: 1) nature of change (extensive (evolutionary) and intense); 2) source or root cause of development (exogenous and endogenous); 3) object scale and complexity (individual and general); 4) the form (rectilinear, broken, wavy and spiral); 5) representation of the subject of development (projective, non-projective); 6) development vector highlight (vector, quasi-chaotic); 7) number of selected vectors (one-vector, multi-vector, frontal); 8) complexity of change (single-project, single-sphere, multisphere and holistic); 9) quantitative characteristic changes (progression, degression, pulsation and immutability).

5. It turned out that in view of the synonymy of the concept of «development» and the concept of «growth», one of the criteria for the development of an enterprise should be called a change in the scale of activity or a quantitative description of the changes. According to the criterion of quantitative characterization of changes, the following types of growth can be distinguished, such as progression, degression, pulsation and immutability.

6. Two forms of enterprise development were considered: evolutionary and revolutionary. Evolutionary development is characterized by gradual quantitative and qualitative changes, and revolutionary development is characterized by a sharp

transition from one state of the system to another. There is also progressive and regressive development. Progressive development is a change in the quality of a system from lower to higher or less perfect. Regressive development is a change in the system, which involves a decrease in the quality level, the degradation of the organization, the decline of its qualitative and quantitative characteristics. In addition, development can be either extensive, ie the manifestation and increase of existing characteristics of the system, or intensive, ie the emergence of qualitatively new forms.

7. The generalization of three main directions of development was carried out: 1) increasing the scale of consumption of economic resources (the quantitative aspect); 2) changes in the composition of elements and their combinations (the structural aspect); 3) shifts in consumer characteristics of elements, in their individual and integral utility (the qualitative aspect). The stages of the system life cycle from the point of view of the theory of cyclicity are considered. There are «exploratory» (hidden, latent or initial), «patient» (growth or rapidity), «violent» (apogee or diversification), «switching» (fall, aging or deterioration); «lethal» (departure, disposal, termination or closure) stages of enterprise development.

8. Methodical approach to formation of enterprise development management system is considered. It was found that management of enterprise development is a continuous process of influencing the productivity of an employee, production or the organization as a whole, in order to achieve the best results from the point of view of the goal. The the process of management of development in a modern organization includes the following components: economic development management; management of organizational development; managing the technical development of the organization; management of human resources development; management of business development of the organization; managing strategic planning and organizational development strategy.

9. It is noted that the system for management of development at the enterprise is a part of the general management system, which by means of planning, organization, management and control of the processes of development and implementation of innovations ensures the purposefulness and organization of the activity of the personnel for increasing its production potential, increasing its level of use and, as a result,

obtaining qualitatively new business results. During the study it was found that the system for management of development at the enterprise has its own structure, i.e. it includes certain elements: 1) the program of analysis of the state of production organization; 2) organization of production preparation; 3) organization of production processes; 4) organization of production infrastructure.

10. We came to the conclusion that the main tasks of enterprise development management system are: 1) organization diagnostics; 2) developing vision, goals, strategies; 3) modification of life attitudes, values and behaviors of employees; 4) modernization of the human resources management system; 5) development of the enterprise communication network; 6) optimization of management structure; 7) developing a system of employee motivation and incentives; 8) formation of team spirit and development of corporate culture.

11. It was found that the main components of the process of formation of enterprise development management system are diagnostic, process and maintenance. The first, the diagnostic component is a continuous collection of system data. It captures the attention of the whole system as a whole, its subsystems and system processes. The second is action (or intervention) – this component contains all the activities that are being developed to improve organizational functioning. Finally, the process maintenance component includes activities that support and manage the process itself.

12. The stages of the process of forming an enterprise development management system are generalized, namely: Step 1. Determining the composition of the functions that this system should implement. Step 2. The choice of methods and means of implementation of management functions. Step 3. Determining the composition of bodies (temporary and permanent) that will implement the functions of development management and their relationships. Step 4. Determining the structure of management actions in the implementation of development management functions. Step 5. Allocation of authority and responsibility for the implementation of these management actions. Step 6. Determination of responsibility for managing of management actions and form of control over these activities.

13. The main tasks of the manager during the process of forming an enterprise development management system include: 1) goal setting and situation assessment; 2) setting objectives; 3) finding alternative solutions; 4) choosing the final solution; 5) impact on the control object.

It was found that the main principles of forming a management system for enterprise development are: employees have a desire to improve and grow professionally; employees need mutual understanding; the activities of the enterprise significantly affect the behavior of individual employees and groups formed within the enterprise.

14. The managerial diagnostics and characteristics business landscape of Google's LLC is made. It is established that Google LLC is an American multinational technology company that specializes in Internet-related services and products, which include online advertising technologies, search engine, cloud computing, software, and hardware. Google was founded in September 1998 by Larry Page and Sergey Brin. In 2017, upon further restructuring, the company became Google LLC.

Google has a cross-functional organizational structure. In essence, this structure is of the matrix type. Google's organizational structure involves a group for Global Marketing, and another group for Finance. An executive heads each of these groups. This function-based grouping is responsible for organization-wide strategic decisions and direction. The company has a group for Cloud operations, and another group for Artificial Intelligence operations. An executive heads each of these groups. Product development is among the major approaches to grow the business, as identified in Google's generic competitive strategy and intensive growth strategies.

15. It was characterized the mission of company. Google's mission is to organize the world's information and make it universally accessible and useful. Google – the market-leading search engine and perhaps the web's No. 1 brand. Google Inc is an innovative, rapid growing conglomerate that has diversified product portfolio. It owns number of unique selling propositions

(USP) such as Google Search – the most user friendly sophisticated search engine, Google Ads – a versatile online marketing solution, Gmail – a sophisticated email solution and Google Apps – the secure enterprise grade application engine.

16. The main competitors of Google in the main directions of its activity are determined: 1) general purpose search engines and information services, such as Baidu, Microsoft's Bing, Naver, Seznam, Verizon's Yahoo, and Yandex; 2) vertical search engines and e-commerce websites, such as Amazon and eBay (e-commerce), Booking's Kayak (travel queries), Microsoft's LinkedIn (job queries), and WebMD (health queries); 3) social networks, such as Facebook, Snapchat, and Twitter; 4) other forms of advertising, such as billboards, magazines, newspapers, radio and television; 5) other online advertising platforms and networks, including Amazon, AppNexus, Criteo, and Facebook; 6) providers of digital video services, such as Amazon, Facebook, Hulu, and Netflix.

17. The economic and financial characteristics of Google's showed that this company has revenues of \$136.8 billion and revenue growth of 23% year over year, constant currency revenue growth of 22% year over year. The company's expenses in 2018 were \$110.5 billion, up 30%. The size of the operating income in 2018 amounted to 26.3 billion dollars, an increase of 1%. Net income Google's was \$30.7 billion with diluted net income per share of \$43.70. Operating margin Google's significantly dropped (by 19%) because expenses grew more quickly than revenues. It was found that the Google's earned \$4.3k of revenues per second which translated into net income of \$1k per second. Google's revenue by geographic regions based on customers addresses, this is how it look like: US \$63.3 billion in revenue was up 21%; in EMEA countries – \$44.6 billion (an increase of 24%); in APAC countries – \$21.4 billion (the highest growth was 32%); in other countries of Americas – \$7.6 billion (growth was 24%). There are two lines which are increasing by a growth rate that is in line with revenue growth or below and those are «Cost of revenue – TAC» (of 23%) and «General and administrative» (only 18%).

However, the number of employees (full-time) was 98,771 as of December 31, 2018. The increase in the number of employees compared to the level of 2017 was 23%.

In the 3rd quarter of 2019, Google's staff has already grown 114,096. In 2018, Google's revenue was \$136.2 billion and other bets revenues – \$0.6 billion. The end of the 2018 fiscal year, Google's had \$109.1bn in cash flow. It is an increase of 7% versus previous year. The magnitude of Google's (Alphabet's) stock repurchases in 2018 was \$8.2bn versus \$5.2bn in 2017.

18. According to the results of the SWOT analysis of Google's economic activity, it is in the strategic field «ST» (Strengths and Threats). In our opinion, the company management has correctly chosen the overall strategy of limited growth (stabilization). The popularity of Google allows it to enjoy huge profits. If Google's addresses its weaknesses and threats, no other competitor can outperform this company.

19. Assessing of the effectiveness activity of Coca-Cola Company and the current state of the process of management of development on it conducted. It is established that The Coca-Cola Company is an American multinational corporation which was founded in 1886 by pharmacist John Stith Pemberton in Atlanta, Georgia. Today the Coca-Cola Company is the world's biggest refreshment organization that operates in more than 200 nations with a market portfolio of more than 3000 drinks items that include sparkling beverages and refreshments like water, squeezes, juice drink, teas, espressos, drinks and caffeinated beverages.

20. It was characterized the mission of company. In addition to refreshing the world, the mission of Coca Cola Company is to give inspiration to moments of happiness and optimism that make a difference by creating value. The vision offers guidance and direction to the entire business process and has continued to influence the success of the Coca-Cola Company over the years because it seeks to empower and inspire people so that they can be great in all the aspects of their lives and be the best they can be. In connection to its portfolio, company vision is to give the world beverages that are of high quality with the aim of satisfying their personal needs and desires. Some of the popular products include Coca-Cola, Diet Coke,

Fanta, Sprite, Maaza, Minute Maid, Limca, Kinley Mineral Water and Thumps Up.

The company has always had a more centralized structure but recently, there has been a development towards decentralizing this for simpler administration in districts. One of the key areas of focus for the company is incorporation of the concept of responsiveness. Coca-Cola currently has employed more than 62,000 employees who are all under the control of the different levels of corporate management. For instance, there is a top managerial staff, that operate the assembly authority and execute functions administration. Because the Coca-Cola Company enjoys a strong relationship with its suppliers and distributors, it has a stronger bargaining power, and given its strong brand, it is capable of maintaining its competitive edge in the market in line with the changing needs of the consumers.

21. The economic and financial characteristics of Coca-Cola Company's showed that the net sales the Coca-Cola Company's grew 1.7% in the fourth quarter of 2018 versus the fourth quarter of 2017. Net sales growth in 2018 was 7.9% versus 2017, reflecting full year physical case volume growth of 4.3%. Gross margin in the fourth quarter of 2018 was flat compared to prior year (33.5% in both periods), and adjusted gross margin was 70 basis points higher in the fourth quarter of 2018 than in the fourth quarter of 2017 (34.2% versus 33.5%). Selling, delivery and administrative («SD&A») expenses in the fourth quarter of 2018 decreased \$6.6 million, or 1.8%, as compared to prior year. Income from operations was \$12.8 million in the fourth quarter of 2018, up \$12.3 million from the fourth quarter of 2017. Capital spending for the fourth quarter of 2018 was \$25.1 million, bringing full year 2018 capital investments to \$138.2 million. Cash flows from operations for the fourth quarter of 2018 and full year 2018 were \$142.9 million and \$168.9 million, respectively.

However, Coca-Cola's net operating revenue in 2018 was \$31,856 million, down from 2016's level by more than \$10,000 million. The cost of goods sold (cost of production) in 2018 was \$11,770 million, down from 2016's \$4,700 million. All these

changes had a negative impact on gross profit, which dropped from \$25,398 million in 2016 to \$20,086 million in 2018. The Company's operating income in 2018 was \$8,700 million, which is higher than the 2017 level by \$1,200 million. The sales, general and administrative expenses in 2018 amounted to \$10,307 million, which is less than the 2016 figure of nearly \$5,000 million. The company consolidated net income in 2018 was \$6,476 million, up \$5,294 million from 2017 and \$74 million below 2016 levels. This is a negative phenomenon of the Company's activity.

The end of 2018 and the beginning of 2019, the number of employees of Coca-Cola Company's was 62.6 thousand. Compared to 2017, the number of employees of the company increased by 0.8 thousand. Considering that the number of employees initially increased to 92.8 thousand people (from 2007 to 2009) and rapidly increased to 150.9 thousand people in 2012. The smallest number of employees is observed in 2017 and 2018. This is a negative trend.

22. According to the results of the SWOT-analysis of Coca-Cola Company's economic and financial activity, it is in the strategic field «ST» (Strengths and Threats). This means that at present, the company management has chosen the overall strategy of limited growth or stabilization. Coca-Cola like other companies aims at expanding its business portfolio and adapting to the modern trends of change in the global beverage industry. The Coca-Cola Company is, like other many organizations, susceptible to change because of the competition it faces from its rivals including Pepsi. In addition, some ecological issues that have been raised have compelled the organization to alter their direction of manufacturing and transforming methods to conserving the environment. The recent years have seen the company management anticipate massive changes in the near future owing to the advanced technology in the business industry.

The Coca-Cola Company development management system is represented by management (top management) and management facilities (development departments and departments of HR development by direction). Considering the scale of economic activity and the level of production capacity of Coca-Cola Company, it can be argued that a holistic system for managing its development has been formed today. However, the process of managing the development of the company requires continuous

improvement in the direction of the implementation of innovative technologies, implementation of organizational changes.

23. Analysis of economic and financial activity of Pepsico's Inc. is done. It is established that PepsiCo, Inc. is an American multinational food, snack, and beverage corporation headquartered in Harrison, New York. PepsiCo was formed in 1965 with the merger of the Pepsi-Cola Company and Frito-Lay, Inc.

24. It was characterized the mission of company. At the present stage Pepsico is focused on unleashing our company's full potential by pivoting toward sustainable accelerated growth and embracing a new mission and vision for Pepsico's success in what we call winning with purpose. Pepsico's Inc. mission is create more smiles with every sip and every bite. Pepsico's Inc. vision is beihg the global leader in convenient foods and beverages by winning with purpose.

PepsiCo's organizational structure has been reformed several times to address changing global market conditions. The company's current corporate structure reflects the business aims of global expansion and leadership. The most prominent feature of PepsiCo's organizational structure is its market divisions. These divisions are based on two variables: business and geography. The following are the market division in PepsiCo's organizational structure: PepsiCo Americas Beverages; Frito-Lay; Quaker Foods; Latin America Foods; PepsiCo Europe; PepsiCo Asia, Middle East & Africa. Today PepsiCo experiences the disadvantage of the limits of its organizational structure in terms of flexibility.

25. The economic and financial characteristics of Pepsico's Inc. showed that the operating profit company's of 2018 decreased 2% and operating profit margin declined 0.5 percentage points. Pepsico's Inc. net operating revenue in 2018 was \$64,661 million, up from 2016 by more than \$1,800 million. The cost of goods sold (cost of production) in 2018 was \$29,381 million, down from 2016 on \$1,172 million. Operating income in 2018 was \$10,110 million, which is higher than the 2016 level by \$325 million, but less than the 2017 level of \$399 million. Interest expense in 2018 was \$1,525 million, up from \$374 million in 2017 and up \$183 million from 2016. Interest

income and other totaled \$306 million in 2018, increase from \$62 million in 2017. Pepsico's Inc. consolidated net income in 2018 was \$12,559 million, up \$7,651 million from 2017 and \$6.180 million bigger 2016 levels. This is a positive phenomenon of the Company's activity.

However, on Pepsico's Inc. and their consolidated subsidiaries employed approximately 267,000 people worldwide, including approximately 114,000 people within the United States. In the 2rd quarter of 2019, PepsiCo number of employees has already down to 263,000. In 2018, the number of human resources increased by 4 thousand people compared to 2017. Such changes can be regarded as the presence of stability of the composition of the workforce and the commitment of employees to the company. This is a positive aspect of the company's activity in the market.

26. According to the results of the SWOT analysis of Google's economic activity, it is in the strategic field «SO» (Strengths and Opportunities). In our opinion, the company management has correctly chosen the overall strategy of diversified growth in the local market segments. This strategy is combined: in some markets, a vertical integration strategy is used, and in others, a strategy of expansion or capture of new market niches (niche strategy). It was found that the key risk factors for the Pepsico's Inc. were: competition, increased costs and income tax rates (65-70%); economic conditions, loss of sales and customer and price (70-75%); damage to reputation (80-85%); employees (90-95%).

To further the formation of the effective process of development management of Google's LLC, Coca-Cola Company, Pepsico's Inc. in master's thesis proposes the following recommendations:

1. Rationalization of the general process of development management of Google's LLC based on the developing of a modern corporate culture policy is suggested. The paper is proposed the development management system of the Google's LLC on the basis of a modern corporate culture policy. It has been established that the modern corporate culture policy of Google's LLC should cover a significant part of the spiritual and material life of its work collective, where material values and moral and ethical principles and norms dominate, a code of ethical conduct, ingrained rituals, the manner

of staff dressing, and product quality standards have been established. This contributed to the definition of the components of a new corporate culture in the context of reforming public relations.

2. When shaping the corporate culture policy of Google's LLC, the management needs to pay attention to several essentially similar components. For this purpose, we offer components of the corporate culture policy: symbols, methods of communication, rituals, values, myths, legends, taboos, traditions.

3. We believe that the development of a corporate culture policy for Google's LLC should be presented as a sequential process and include the following steps:

- external adaptation, survival of the enterprise and, at the same time, the creation of employees' confidence in the future and faith in it;

- defining the mission of the enterprise and its main tasks, choosing a development strategy;

- setting goals, achieving consistency of goals and objectives;

- selection of means and methods for achieving goals, reaching agreement with the methods that are used, including for improving the organizational structure of management, incentive systems and subordination;

- selection of criteria for measuring and monitoring the results achieved by personnel (staff);

- creating partnerships that are based on ethical standards and principles that form the corporate culture of the enterprise.

4. We invite the senior management of Google's LLC to take advantage of the mission that we have defined, namely: serving society and consumers; improving the image by forming a new corporate culture; improvement of the socio-economic conditions for the activities of the members of the labor collective.

5. We are convinced that the president and vice president of Google's LLC will need to fix the following points in our recommended corporate code of ethical conduct for personnel (HR):

- corporate standards: it is good if the society can be recognized by the traditionally correct answer of the secretary;

rules of conduct in non-standard situations: this is to reduce the risk that the employee will get confused in communicating with the client;

the order of internal interaction: the exchange of information should increase the speed of processes, which will have a favorable effect on the financial performance of the company.

6. It is important to emphasize that the corporate code of ethical conduct for Google's LLC personnel must fulfill three main functions: image, management and development of corporate culture. In addition, when developing a corporate code of ethical conduct for Google's LLC staff, it will be necessary to involve all employees in the discussion of its main provisions. We are of the opinion that it is advisable to develop a corporate code of ethical conduct for personnel for this enterprise in the following sequence:

input provisions (what the code is for and what relations it regulates);

basic rules (rules of ethical activity of an enterprise in the market);

attitude towards customers (rules of ethical behavior and duties of the employee in relation to the customers of the enterprise);

the attitude of the employee to the company (the rules of ethical behavior and the employee's obligations towards the company);

the relationship between employees (rules for resolving conflicts within the team, etc.);

the attitude of the company to personnel (rules of conduct and duties of the director of the company in relation to employees);

final provisions (the procedure for familiarizing employees with the code).

7. Improving the process of strategic planning in the implementation of the development strategy of Coca-Cola Company on a systemic basis is recommended. It was noted that the Coca-Cola Company is becoming increasingly dependent on consumer demand in determining the prospects for its further development. Therefore, the introduction of an effective strategic planning process in the company's activities will allow to predict the future state and prepare for future changes and competition in the markets.

8. The strategic planning process can be used in the work of the Coca-Cola Company under one condition – the presence of a team that is ready to support this process and executors who are ready to implement it. The development of a strategic plan can be entrusted to the company's finance department, subject to approval by senior management. The strategic planning process recommended by the author at Coca-Cola Company should consist of ten stages (steps):

Step 1. Initiate and coordinate the strategic planning process at Coca-Cola Company. The purpose of the first step is to reach an agreement between the functional managers within the company on the general order of the strategic planning process, to gain the support and understanding of the top management of Coca-Cola Company.

Step 2. Define the formal authority and responsibilities of the team of specialists who will deal with strategic planning issues at Coca-Cola Company. Formal and informal responsibilities of the company's specialists should consist of various functions that are entrusted to them and which are little known to them.

Step 3. Define the mission and values of the Coca-Cola Company. Before formulating a mission, Coca-Cola Company's management, responsible and responsible professionals must take at least a few steps to analyze stakeholders. The formulation of the mission should arise from long discussions about the essence of the company, its constant purpose, connection with key stakeholders, its philosophy and core values and ethical standards.

Step 4. Analysis of the external and internal environment of Coca-Cola Company. The strategic planning working group should examine the external environment of the Coca-Cola Company to identify opportunities and threats (step 4-A), and the internal environment to identify its strengths and weaknesses (step 4-B). To identify internal strengths and weaknesses, the Coca-Cola Company's strategic planning working group and senior management should analyze its own resources (input), current strategy (process) and work (outcome).

Step 5. Identify the strategic challenges facing the Coca-Cola Company. In determining the strategic problem in the work of the Coca-Cola Company, senior management must adhere to three conditions:

first, the problem should be briefly described, preferably in one paragraph;
secondly, it is advisable to list the factors due to which a particular problem is of strategic importance;
thirdly, the strategic planning working group needs to determine what the consequences will be if each of the identified strategic issues is not addressed.

Step 6. Develop strategies and plans to address Coca-Cola Company's strategic challenges. At this step, it is worth drafting Coca-Cola Company development strategies and, possibly, drafting strategic plans to form the desired complexes. Once the Coca-Cola Company's strategic planning working group has identified options for action, as well as obstacles to be overcome, it should develop proposals for implementing these measures.

Step 7. Review and approve Coca-Cola Company strategies and plans. In order to ensure that the Coca-Cola Company's senior management adopts a strategy or plan without hindrance, it is advisable to continue to pay attention to the goals and interests of all major internal and external stakeholders.

Step 8. Defining an effective strategic vision – developing a development strategy of the Coca-Cola Company. In this step of developing a company development strategy, it is advisable to describe what it should look like. This description mainly consists of the mission of the Coca-Cola Company, its overall and functional strategies, quality criteria, some important principles of management decision-making and ethical standards that must be followed by all employees.

Step 9. Coca-Cola Company development strategy implementation process. The Coca-Cola Company's board of directors must carefully budget for the development and implementation of the development strategy to ensure its successful implementation.

Step 10. Re-evaluate the strategies and strategic planning process at Coca-Cola Company. When a strategic plan has been in place for some time, it is important for the company's senior management to review development strategies and the strategic planning process itself in order to prepare for its new phase of strategic planning.

In the future, the senior management of Coca-Cola Company to apply comprehensive development strategies, which will be a set of different strategies within a single process of strategic planning is recommended.

9. Developing and implementing of a risk management program as a tool of Pepsico's Inc. development management system is suggested. The author suggested for the top management of Pepsico's Inc. has developed a risk management system. In order to form this system, it is proposed to implement:

- 1) criteria of risk protection (financial stability; volume of activity; profitability; availability and structure of own working capital; characteristics of risk appetite of the management system);
- 2) the scheme of the mechanism of formation and integration of risk management in the existing management system of the corporation;
- 3) formalized process of risk management by step-by-step algorithm and main stages (risk analysis; choice of methods of influencing risk; decision-making);
- 4) the form of identification and evaluation of the effectiveness of the risk management system (the table provides for the implementation of quantitative calculations of the impact of risk factors).

10. A methodology for developing a risk management program has been implemented in Pepsico's Inc. Within the limits of the offered technique it is recommended:

- 1) the structure of the risk management program and the stages of its implementation (the general context of the company's activities is determined; risk factors and risk formulation are identified; there are several stages of risk assessment (determining the probability of occurrence of risky events, their consequences, quality of risk management); risks are ranked and selected those for which the management of the company's will use active methods of risk management; methods of influence on risks are developed and efficiency of their application is determined);
- 2) a matrix of risk analysis in the company's activities (with the distribution of factors on macro environment, micro-environment and internal environment);

3) forms of summary tables of identified risks on the basis of their generalization, assessment and ranking of risks;

4) forms of risk map (with characteristics: the seriousness of the consequences and the probability of an event). This will allow the company's management to determine the depth and scale of the risk factor;

5) risk management methods (risk impact methods) and calculation of their effectiveness by the integral coefficient. In the master's thesis it was found that the partial coefficient of effectiveness of the risk management system for risk № 3 is 6.5 (\$500 billion / \$77 billion).

The author is convinced that the implementation of the recommended proposals for the development and implementation of an effective risk management system in Pepsico's Inc. will contribute to the growth of its competitive potential and the formation of an effective mechanism for neutralizing risk situations in the near future.

We hope that the recommendations proposed in the master's thesis on improving the process of development management in the studied enterprises will contribute to the implementation of long-term strategies for their economic growth in a market transformation.

Схожість

Джерела з Бібліотеки

48

1	Oneh Charles Azubuike-MBA-61m-1	ID файлу: 1000811814	Навчальний заклад: Poltava university of eco	5 Джерело	2.53%
2	Diplom_Rafcana_antiplar	ID файлу: 1004112503	Навчальний заклад: Poltava university of economics and trade		2.59%
3	Ivchyk Viktoria Viktorivna	ID файлу: 1004265832	Навчальний заклад: Poltava university of economics a	12 Джерело	0.03%
4	Kryvenok_Dmutro_Oleksandrovuch-GRS51m-1	ID файлу: 1000593752	Навчальний заклад: Poltava unive	30 Джерело	0.02%

Цитати

Цитати

36

- 1 «Science and Higher Education» (November 13, 2019, Zaporozhye)
- 2 Subsequently, the concept of emanation spread throughout physics and lost its connection with development in the general scientific context, retaining it only in philosophy (Neoplatonism, Gnosticism) [50, p.
- 3 Its development is subject to all the laws that are inherent in this class of systems, and as a modern socio-economic system it has two trends of its existence: functioning and development (Fig. 1.1).
- 4 «a set of changes leading to the emergence of a new quality and strengthening the vitality of the system, its ability to resist the destructive forces of the external environment» (Korotkov, 2008)
- 5 According to their point of view, the development of economic and production systems is the process of transition of an economic and production system to a new, better state by accumulating quantitative potential, changing and complicating the 14 structure and composition, resulting in an increase in its ability to resist the damaging effects of the external environment and operational efficiency (Zabrodskiy & Kizim, 2000) [97, p.
- 6 «development it is the movement forward, the formation of new features, the formation of new structural characteristics of the object, its evolution, improvement, improvement, progress, as well as growth and expansion» (Antoshkina & Goryacha, 2012)
- 7 P. Maslennikova considers development as a transition from one qualitative state to another (Maslennikova, 2002) [48, p.
- 8 S. Chernoiivanova consider that development is first and foremost a change, a movement (Timofeev & Chernoiivanova, 2009) [85, p.
- 9 «development can be defined as the progression from simple to more complex and effective» (Zabrodskaya, 2004)
- 10 V. Raievneva 15 which considers development as a regular, directed qualitative change of material and ideal objects (Raievneva, 2006) [61, p.
- 11 S. Pogorelov development means the process of regular change, the transition from one state to another, more perfect; the transition from the old qualitative state to the new, from the simple to the difficult, from the lower to the higher (Pogorelov, 2010) [57, p.
- 12 Khedowrie believe that the development of an organization is a long-term program of improving the ability to solve various problems and abilities to recovery, especially by improving the efficiency of managing the culture of the organization (Meskon, Albert & Khedowrie, 2006) [51, p.
- 13 «the development of an organization is a process of quantitative and qualitative changes in the system, complication of structure and composition, which increases its resilience to destabilizing influence of the environment and efficiency functioning» (Ponomarenko, Tridid & Kizim, 2003)
- 14 V. Raievneva stresses that the development of an organization is a unique process of transformation of an open system in space and time, which is characterized by permanent change of the global goals of its existence by forming a new dissipative structure and translating it into a new attractor of functioning (Raievneva, 2006) [61, p.
- 15 «the development of an organization is an objective change of only qualitative characteristics of the system, conditioned as fundamental laws of nature (unity and struggle of opposites, transition of quantity into quality, development of society in a spiral and up), and regularities of functioning of specific systems (aging of equipment, accumulation of experience and knowledge by employees, depletion of natural resources) in which new properties of the system are formed» (Afnas'ev, Rogozhin & Rudyka, 2003)
- 16 The regressive change of the system is implies to decrease in the qualitative level, degradation of the organization, a fall in its qualitative and quantitative characteristics (Maslennikova, 2002) (Belyaev & Korotkov, 2000) [48, p.

- 17 I. Rudyka there are three main areas of development: 1) increasing the scale of consumption of economic resources – the quantitative aspect; 2) changes in the composition of elements and their combinations – the structural aspect; 3) shifts in consumer characteristics of elements, in their individual and integral utility – the qualitative aspect (Afanas'ev, Rogozhin & Rudyka, 2003) [1, p.
- 18 O. Bogatyrev proposed a more comprehensive classification of species manifestations of development at the enterprise level according to the following criteria (Bogatyrev, 2003) [11, p.
- 19 The system for management of development at the enterprise has its own structure, i.e. it includes certain elements: 1) the program of analysis of the state of production organization; 2) organization of production preparation; 3) organization of production processes; 4) organization of production infrastructure (Fig. 1.2).
- 20 Cost of revenues (Other) increased by 37% to \$32.8 billion.
- 21 The magnitude of Google's (Alphabet's) stock repurchases in 2018 was \$8.2bn versus \$5.2bn in 2017 (Franek, 2018) [27].
- 22 High Revenue The huge revenue (2018) of 136.8 billion dollars that Google has garnered through multiple partnerships with different sites has ensured its growth.
- 23 Alteration of information Google's has received considerable criticism over its alleged collaboration with China over a censored search engine project (Dragonfly).
- 24 2.1, according to the results of the SWOT analysis of Google's economic activity, it is in the strategic field «ST» (Strengths and Threats).
- 25 By 1940, the renowned worldwide soda was being packaged in forty countries across the globe (Coca-Cola website) [82].
- 26 Matrix of SWOT-analysis of Coca-Cola Company's economic activity * Source: Author compiled As we can see from Fig 2.3, according to the results of the SWOT-analysis of Coca-Cola Company's economic and financial activity, it is in the strategic field «ST» (Strengths and Threats).
- 27 Pepsi has two products in the top 5 beverages sold in the country (Slice and Tropicana – 6% each).
- 28 2.5, according to the results of the SWOT analysis of Google's economic activity, it is in the strategic field «SO» (Strengths and Opportunities).
- 29 We believe that the development of a corporate culture policy for Google's LLC should be presented as a sequential process and include the following stages (Fig. 3.2).
- 30 It will be streamlined and will involve a large number of management staff (Fig. 3.3).
- 31 We propose to use the scheme of the mechanism of formation and integration of risk management in the existing management system of Pepsico's Inc. (Fig. 3.4).
- 32 We offer a step-by-step algorithm for implementing the risk management process (Fig. 3.5).
- 33 The magnitude of Google's (Alphabet's) stock repurchases in 2018 was \$8.2bn versus \$5.2bn in 2017.
- 34 According to the results of the SWOT analysis of Google's economic activity, it is in the strategic field «ST» (Strengths and Threats).
- 35 According to the results of the SWOT-analysis of Coca-Cola Company's economic and financial activity, it is in the strategic field «ST» (Strengths and Threats).
- 36 According to the results of the SWOT analysis of Google's economic activity, it is in the strategic field «SO» (Strengths and Opportunities).