

Title: Case Analysis

Name:

Course:

Date:

Introduction

PepsiCo has always emphasized on diversity as being integral to the achievement of its goals. Various CEOs over the years have all recognized the importance of diversity, albeit from different perspectives.

Initially, diversity was promoted with the aim of boosting sales among the minority sections of the community. The company was a first among many in appointing minorities to senior positions within the company. Advertisements were also designed to appeal to these communities by including minority celebrities in order to drive the company's goal of penetrating minority markets. The 1970s and 1980s saw the company support numerous causes for diversity e.g. the Martin Luther King, Jr. Institute. The firm also entered into partnerships with Minority groups in its market activity e.g. as suppliers.

From 1986 to 1996, the focus of the company changed to people development, with the senior executives mentoring employees of diverse ethnic backgrounds with the aim of developing them. This was done with the hope that such personal development would be replicated through the company. The need for diversity was highlighted by the formation of boards that would address its development in the company.

The diversity agenda was given priority by Reinemund who, at first promoted it as a means of extending the company's outreach across social divides. The goals of this agenda would later evolve to promote diversity as a central part of PepsiCo's culture. His agenda culminated into Indra Nooyi, a woman of Asian descent, being appointed CEO in 2006.

The new CEO was faced with the unenviable task of taking on the challenges continuing the enforcement of a diversity agenda, only this time, on a global scale. The diverse nature of the global environment presented new challenges to the company's strategies for achieving diversity.

Indra Nooyi stated her commitment to achieving diversity in PepsiCo as an part of company culture. She has expanded the scope of the PepsiCo diversity strategy to address the diverse nature of generations, regions and even talents.

Analysis

Indra Nooyi's leadership has several strengths. Her minority background presents the company with massive opportunity in its quest to appeal to minority groups. It also provides the company with an advantage in the drive to capture people of ethnic background the world over . Indra Nooyi has also cited her appointment to CEO as evidence of her competence. The company's employee constitution is also strength in its appeal to the diverse global market. This is because previous leadership have attained diversity with considerable success. E.g. Steve Reinemund's leadership.

The company's main weakness is a due to the fact that the global market is radically different from the American market. As such, policies that the company has successfully implemented in its American market may not yield similar success around the world. The company's quest to expand also presents it with numerous opportunities. The world offers greater variety of people in terms of ability, culture, and education. As such, potential market segments are numerous. The variety of potential employees is also greatly widened by the diverse global population. Therefore, the company now has the ability to tap into a talent and customer pool that is wider in variety than ever before.

The leadership of Indra Nooyi also faced a number of threats. The nature of some environments makes the achievement of the diversity goal virtually impossible. This is because some professional skills are almost non-existent in some of the countries it expanded into. As a result, the firm will have to use labor from areas other than the area of operation. This will force the firm to go back on its goal of setting up a workforce that is representative of the community in which it operates. PepsiCo's global strategy also faces the threat of social and cultural beliefs that may hinder the accomplishment of some of its goals. These include those on the involvement of some sections of the society in economic activities. For instance, the company's diversity goals will be threatened by cultures that limit the involvement of women in economic activity in countries such as Saudi Arabia.

Increased awareness on health also threatens the company's goal of increasing sales of its flagship products which stand to be viewed as unhealthy. Such products which have driven sales through its history are facing the threat of health concerns among an increasingly health conscious customer base.

The diversity agenda under Steve Reinemund offered valuable lessons on achieving diversity. For all the challenges encountered, he never walked away from his goal. This has been adopted by the leadership of Indra Nooyi, she has reiterated her intention of seeing through the diversity agenda. The company has continued to enforce diversity in the various countries in which it operates. Strategies used before have been used with excellent results. For, instance, the achievement of parity in terms of gender among new employees has been tied to executive bonuses, hers included.

The goal of matching diversity at the company to match that of the environment has been emphasized in all of its global ventures. Societies' have been studied and the company's

recruitment process adopted to ensure that all identified groups are represented fairly. In most of its global ventures, PepsiCo has achieved diversity successfully. The company has also continued to appreciate the diverse characteristics of individuals. The expression of unique abilities has been encouraged by the company in order to make the most out of the diversity offered by the world. The company has also aimed to appeal to the best available talent in order to capture the wide variety of abilities. Strategies aimed at retaining employees have been continued from the Reinemund era. Such programs have continued to exhibit successes in areas of recruiting and retaining employees across social divides.

Indra Nooyi has also invested in healthy product in order to capture the health conscious global environment. This has been accomplished with the launch of products such as diet Pepsi

Conclusion

The company has made greater use of interpersonal skills in overcoming the new challenges. Communication has been taken to greater levels, with the company addressing its target customers through social media. Feedback from the same has also been used to gauge market response. The use of efficient communication channels has also been used to great success in identifying and addressing diversity issues within the company throughout the world. Relationships between employees and their seniors have also been improved by use of employee resource groups as was done during the Reinemund era. As before, employees are also encouraged to join groups that promote diversity, e.g. the Canada women's network in Canada.

As illustrated, PepsiCo has made use of both new and existing strategies from past leadership to enable it overcome the emerging challenges.

References

Jefferson P. Marquis (2007) *Managing Diversity in Corporate America: An Exploratory Analysis* (1st edition) Rand Publishing

Masahiko Aoki (2010) *Corporations in Evolving Diversity*
Oxford University Press

Phillip Weber (2010) *Corporate Culture and Cultural Diversity*
Grin Verlag