

Sustainable Development as a Management Challenge

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EXECUTIVE SUMMARY

Quality management is core area of every company. Sustainable development has become another core issue for the companies encompassing ecological, economic, and social issues. Companies need to decide how sustainable development can be managed in order to achieve both organizational and global sustainability. The aim of the case study is to discuss how sustainability is being incorporated into company management practices in the Finnish coffee company. It also aims to deepen the understanding about the implementation of sustainable development management practices in companies. The ecological challenge consists in reducing the burden that economic activities place on ecosystems directly and indirectly. The successful management improves the company's ecological effectiveness. The social challenge improves the business task of improving the sum of its social impacts. Economic challenge is composed in increasing eco-efficiency and improving social efficiency. There is a need for methodological integration of environmental and social management with their concepts and instruments in conventional, economically oriented management.

MANAGEMENT CULTURE BACKGROUND

This case revolves around Gustav Paulig, Limited Liability Company, also called Paulig, and is well known as one of Finland's biggest coffee company. This company is belongs to the Paulig Group, a leader in food industry known for its high-quality

brands. Paulig is family owned and has been in operation since 1876, before Finland got its independence. The Group operates in 13 countries and its largest markets consist of the Nordic countries, Central Europe, the United Kingdom, Russia and the Baltic countries. The Paulig Group recorded net sales of 917 million Euros in 2016 with total employee strength of approximately 1903 persons. The company's headquarter is in Helsinki, Finland.

The company deals with coffee, foods and flavoring, snack food, and naturally healthy food products. Apart from supplying roasted coffee, ready coffee and chocolate drinks, and filter services, Paulig also deals in spices, Tex Mex, Thai food, Indian food, and BBQ, snacks, tortillas, and salsa dips. Its operations involve marketing and selling its products through retailers, food industry and caterers. The Group is divided into four divisions: Coffee, World Foods & Flavoring, Snack Food and Naturally Healthy Food. It must be appreciated that the Net sales of the Coffee Division alone was EUR 343.8 million in 2016. The organization revolves around employees as the pillars of its success. Rightfully, organizational culture of this company includes buzzwords like stay curious, strive for excellence and grow together. This by far has been company's fundamental idea, business driver and philosophy, which has remained unchanged for decades. The main focus in this company has been that the company nurtures sustainable methods of working and ensures long-term commitment to its profitable business and prioritizes competence development. This case study is primarily focused on the coffee division.(Paulig, 2016).

The company first focused in the wholesale business, Paulig expanded its business in food industry. In 1904 it opened the first coffee roaster in the Nordic countries. Coffee was first sold in green form and before the use it had to be roasted at home. The sales of roasted coffee exceeded the quantity of green coffee in 1929. It is worth noting that, even from its early years, Paulig has continued to be the frontrunner in innovations. It was the first company to bring out coffee in consumer packages in 1924 in the market. It initiated printing of dates in 1931 on the Paulig coffee packages to indicate the freshness of the product. This innovativeness has been leading Paulig in the coffee roasting industry's long history. With the company's internationalization, the profits began to take an upward turn in 1970s. (Paulig, n.d.).

SETTING THE STAGE

Paulig has continuously developed the management processes and implemented the international standards in order to show to the stakeholders that it complies with the legal requirements as well as the requirements which go beyond the law. In the beginning of the company history, the main focus was in the quality management

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