MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE
Ternopil Ivan Pul'uj National Technical University

Department of management and administration

MASTER'S RESEARCH PAPER

On the topic: "An investigation of multinational corporation management, on the example of the Coca-Cola Company"

Accomplished by the student of the group IBMm-62

Name: Oduntan Ibrahim Abiodun

Credit book number ________________

Supervisor: Olga Mosiy

Ternopil 2019

ABSTRACT

Topic: "An investigation of multinational corporation management, on the example of the Coca-Cola Company".

In today's business environment, competition is order of the day. The International or global environment consists of all those factor that operate at the transactional, cross-cultural and across the border level which have an impact on the business of an organization.

This master's research paper critically evaluates the challenges Coca-Cola Company experiences while managing its operations in geographical and culturally diverse contexts. An overview of Coca-Cola Company and brief analysis of the global contemporary landscape is initially examined. A critical evaluation is conducted of the Global competitive, Political-Legal, Economic, Socio-cultural and Ethical challenges experienced by Coca-Cola Company. Ways to improve Coca-Cola's operations in the African markets were proposed.

Keywords: multinational corporation, management, international business, global competitive challenges.

АНОТАЦІЯ

Тема: «Дослідження управління багатонаціональною корпорацією, на прикладі компанії« Кока-Кола».

У сьогоднішньому бізнес-середовищі конкуренція – це порядок дня. Міжнародне або глобальне середовище складається з усіх факторів, які діють на транзакційному, міжкультурному та транскордонному рівні, які впливають на бізнес організації.

Ця магістерська дипломна робота критично оцінює виклики, які переживає компанія Coca-Cola під час управління її діяльністю в географічному та культурному різноманітті. Спочатку здійснюється огляд діяльності компанії «Кока-Кола» та короткий аналіз світових тенденцій у сфері виробництва напоїв. Проводиться критична оцінка глобальних конкурентних, політико-правових, економічних, соціокультурних та етичних викликів, з якими стикається компанія Coca-Cola. Запропоновано шляхи вдосконалення діяльності компанії Coca-Cola на африканських ринках.

Ключові слова: багатонаціональна корпорація, менеджмент, міжнародний бізнес, глобальні конкурентні проблеми.

CONTENT

INTRODUCTION

Theme actuality. During the past three to four decades, the world has experienced the growth of an economic phenomenon, the multinational corporation (MNC). MNC are involved in the international business, through one exporting, licensing, franchising, joint venture, foreign branch or wholly owned subsidiaries. While the MNC is not new, its importance, power and consequences have come to be appreciated fully only recently.

According to Megginson, et al (1988) “Multinational corporations are more than just giant business firms, for they tend to have social, and even political effects as well as economic ones in their host countries”.

For obvious reasons multinational business has its own peculiarities. It involves different countries. Hence, it is influenced by different environmental factors in these countries. Therefore international business management or multinational management is equally peculiar and challenging. Multinational managers have to formulate or device separate policies and strategies to survive in the different environment.

Though it is the responsibility of a country government, like that of Nigeria to imitate programmes and actions for her socio-economic growth and development, but governments’ resources more often than not appear inadequate to discharge those obligations effectively.

In many cases, they are nearly a form of government, richer and more powerful than some of the countries in which they are operate. For example, in a typical year, the combined sales of Exxon, General Motors and Royal Dutch Shell Group exceeded the GNP of most industrialized nations of the World”. Hence, it is not out of place for society to expect and press these MNC to assume a key role in the socio-economic development of their host countries. At least if for nothing else, they should endeavour to live up to their corporate social responsibilities. Meginson et al (1988) puts it this way. “Today’s international business firms are expected to contribute to the host nation’s economic growth and development as well as to produce a profit for the owners’. What they are saving is that Multinational corporations should not only be interested in profit maximization in their host countries, rather, they should equally assume other roles that will benefit the society as well.

These societal expectations and demands and other intricate issues in multinational business, as stated earlier, pose great challenges to the management of Multinational corporations. For example, any disruption to their operations as a result of crisis between the company and host country/community like the Ogoni-Shell dispute, will be detrimental to especially the interest of the company and to other interest groups.

Therefore, multinational managers have to strike a rather difficult balance between meeting societal expectations and demands as well as other business demands.

Multinational corporations have been praised by many people are agents of social, economic and technological development of their host countries on the other hand, however, other people feel an regards Multinational corporations as instruments of exploitation in their host countries. These two views are based on the extent to which the Multinational corporations have met the societal expectations and demand as well as business expectations and demands, in their environment.

There are many of such corporations operating in Nigeria. They are mainly American, European, or Asian corporations, and they are into high technology areas such as agriculture, construction, mining, manufacturing etc. Some of them are Coca-Cola, Mobil, and Julius Berger. Pfizer, Shell, Glaxo and KLM etc. Expectedly, there are diverse opinions regarding their impact or role in the country. Therefore, this research intends to present a clearer picture of their actual role in Nigeria here for a long time now. This fact notwithstanding, Nigeria is still technologically backward.

The main **purpose** of this research paper is to investigate system of management of multinational corporations and to give recommendations as for system of management at Coca-Cola Company.

The main **tasks** of master research paper are the following:

- To ascertain whether the multinational corporation are social responsible.
- To ascertain whether the MNC in Nigeria have any contribution to the economic advancement of the nation.
- To ascertain whether they contribute to the technological development of the countries.
- To determine the environmental factors that influences the operations of the Multinationals Corporation Coca-Cola Company.
- To give recommendations as for improvement of activity os Coca-Cola Company and industry of beverages.

Method of data collection. Basically, there are two methods and sources of data collection, they are; Primary and Secondary Sources.

- Primary data sources: These are the method of data collection from the original source e.g. questionnaire, direct observation, experiment and personal interview.
- Secondary data sources: These are method of data collection from what other researchers have already worked on e.g. textbooks, journals, magazines, seminar papers, newspapers and internet.

The method of data collection that will be used in this study is the consultation of textbooks, journals, seminar papers as well as internet.

CHAPTER 1
THE THEORETICAL FRAMEWORK AND STUDY OF MULTINATIONAL CORPORATION

1.1 Meaning and definition of Multinational Corporation

A multinational corporation (MNC) has facilities and other assets in at least one country other than its home country. A multinational company generally has offices and/or factories in different countries and a centralized head office where they coordinate global management. These companies, also known as international, stateless, or transnational corporate organizations tend to have budgets that exceed those of many small countries [26, p.23].

A **multinational corporation**, or multinational enterprise, is an international corporation that derives at least a quarter of its revenues outside its home country. Many multinational enterprises are based in developed nations. Multinational advocates say they create high-paying jobs and technologically advanced goods in countries that otherwise would not have access to such opportunities or goods. However, critics of these enterprises believe these corporations have undue political influence over governments, exploit developing nations, and create job losses in their own home countries.

The history of the multinational is linked with the history of colonialism. Many of the first multinationals were commissioned at the behest of European monarchs in order to conduct expeditions. Many of the colonies not held by Spain or Portugal were under the administration of some of the world's earliest multinationals. One of the first arose in 1660: The East India Company, founded by the British. It was headquartered in London, and took part in international trade and exploration, with trading posts in India. Other examples include the Swedish Africa Company, founded in 1649, and the Hudson's Bay Company, which was incorporated in the 17th century.

There are four categories of multinationals that exist. They include:

- A decentralized corporation with a strong presence in its home country.
- A global, centralized corporation that acquires cost advantage where cheap resources are available.
- A global company that builds on the parent corporation’s R&D.
- A transnational enterprise that uses all three categories.

There are subtle differences between the different kinds of multinational corporations. For instance, a transnational—which is one type of multinational—may have its home in at least two nations and spread out its operations in many countries for a high level of local response. Nestlé S.A. is an example of a transnational corporation that executes business and operational decisions in and outside of its headquarters.

Meanwhile, a multinational enterprise controls and manages plants in at least two countries. This type of multinational will take part in foreign investment, as the company invests directly in host country plants in order to stake an ownership claim, thereby avoiding transaction costs. Apple Inc. is a great example of a multinational enterprise, as it tries to maximize cost advantages through foreign investments in international plants.

According to the Fortune Global 500 List, the top five multinational corporations in the world as of 2019 based on consolidated revenue were Walmart ($514 billion), Sinopec Group ($415 billion), Royal Dutch Shell ($397 billion), China National Petroleum ($393.01 billion), State Grid ($387 billion).

There are a number of advantages to establishing international operations. Having a presence in a foreign country such as India allows a corporation to meet Indian demand for its product without the transaction costs associated with long-distance shipping.

Corporations tend to establish operations in markets where their capital is most efficient or wages are lowest. By producing the same quality of goods at lower costs, multinationals reduce prices and increase the purchasing power of consumers worldwide. Establishing operations in many different countries, a multinational is able to take advantage of tax variations by putting in its business officially in a nation where the tax rate is low even if its operations are conducted elsewhere. The other benefits include spurring job growth in the local economies, potential increases in the company's tax revenues, and increased variety of goods.

A trade-off of globalization the price of lower prices, as it were—is that domestic jobs are susceptible to moving overseas. This suggests that it’s important for an economy to have a mobile or flexible labor force, so that fluctuations in economic temperament aren't the cause of long-term unemployment. In this respect, education and the cultivation of new skills that correspond to emerging technologies are integral to maintaining a flexible, adaptable workforce.

Those opposed to multinationals say they are ways for corporations to develop a monopoly (for certain products), driving up prices for consumers, stifling competition, and inhibiting innovation. They are also said to have a detrimental effect on the environment because their operations may encourage land development and the depletion of local (natural) resources.

The United States, Japan, and the major economic forces of Western Europe are developed countries whose infrastructures and well-established financial markets are conducive to the operation and potential success of multinational corporations (MNCs). Many MNCs are based in the U.S. Many of these companies are among the Fortune Global 500.

MNCs rely upon infrastructure both soft and hard, to establish and sustain healthy business environments in any given location. These infrastructures are closely related, and both are impacted by politics and economics. MNCs view their existence as trade facilitating indicators, necessary for investing and doing business in that country.

Soft Infrastructure

The U.S., Western Europe, and Japan all possess highly developed soft infrastructures and financial markets that enable companies located there to raise large amounts of money at a low cost. The presence of advanced technology and sophisticated management techniques is also an enormous advantage to these companies.

Soft infrastructure encompasses human capital, specialized talent, training, and supporting institutions such as the colleges and universities that help produce educated employees. A sound, soft infrastructure also contains administrative, judicial, and law-enforcement agencies that safeguard the kind of political and social stability necessary to do business efficiently, as well as grow and convey specialized services to people.

The absence of soft infrastructure means that there are institutional voids, such as a lack of regulatory systems, specialized intermediaries, educational institutions, talent, and training. This makes it difficult for new corporations based in developing countries to access human capital or talent inexpensively, and it is equally challenging for MNCs wishing to do business in such countries.

Hard Infrastructure

Hard infrastructure is yet another reason most MNCs are based in the U.S., Western Europe, and Japan. This consists of roads, bridges, ports, buildings, and any structures falling under the heading of public works. Because hard infrastructure impacts transportation, its absence negatively affects the supply chain potential and the ability of MNCs to move materials and goods from place to place physically.

Though MNCs have long avoided entering developing countries, globalization and the new potential to initiate the creation of infrastructures finds them more frequently embracing the challenge. The promise of receiving enormous tax revenues compels governments in developing countries to entice MNCs to do business in their territories.

In addition to providing revenue, MNCs generate jobs, stimulate local economies, as well as create and share culture. They also introduce previously unavailable goods and services, advanced technologies, and management techniques. Local MNCs can then take advantage of these benefits, becoming more competitive and creating their own opportunities to do business across national borders.

Though the U.S. still boasts the largest number of MNCs compared to other countries, the percentage of the largest MNCs headquartered there has dwindled over the years. Sixty percent of the world's top 500 MNCs were headquartered in the U.S. in 1962. By 1999, that number had dropped to 36 percent.

According to the Bureau of Economic Analysis, U.S. multinational corporations accounted for $9,843 billion in revenues in 2010. Small businesses can also be multinationals if they have facilities and other assets in their home country and at least one other country and manage them in an integrated way. The company's long-term commitment to operating internationally offers many advantages, including economies of scale, reduced costs and market growth.

Converting a small manufacturer to a multinational may give the business an opportunity to achieve increased production efficiency as the quantity produced rises. Because each manufactured unit shares fixed costs that are unrelated to the quantity of goods produced, the average cost per unit goes down as the number of units manufactured increases. For example, the cost to produce 50 gadgets might be $1,500, or $30 per unit, whereas the manufacturing cost of 300 gadgets might be $2,000, or $6.66 per unit.

Becoming a multinational helps a small business expand its reach, which enables the company to exploit new growth markets, such as the Mexican economy. This opportunity is especially beneficial if the domestic demand for the company's products or services has plateaued. In the article “Dealing With the New World of Multinational Competition” on the PricewaterhouseCoopers website, Harry G. Broadman and Sunita Saligram write that multinationals seek opportunities in emerging markets in particular because the average growth rate of gross domestic product in these markets is twice that in developed countries, such as the United States.

Operating as a multinational provides a small business the option of conducting some of the company's offshore sourcing through subsidiaries, rather than independent contractors. This flexibility in selecting the origin of its supplies provides the business a better opportunity to control the quality of its products or its product's components. Relying on its own subsidiaries as a source of supply also provides a business the opportunity to better ensure promised delivery dates of critical product components.

Bypass Host Country's Protective Mechanisms

National regulators sometimes discriminate against foreign subsidiaries unless the subsidiary is established enough locally to be perceived as a domestic firm. Establishing foreign subsidiaries, therefore, may protect the small business from certain governmental investigations, audits and prosecutions. The multinational subsidiary may also be a way for a business to expand into foreign countries and bypass the protective controls of the importing country. For example, a U.S. company might circumvent Mexican external tariffs by setting up a subsidiary in Juárez.

High transportation costs can significantly raise the prices of products offered by a small business. Functioning as a multinational can reduce such costs by acquiring production supplies from a manufacturer that is close to the company's plants and the product market. As a result, a small business may benefit by investing in production plants in foreign countries and selling the manufactured products directly to consumers in those countries, rather than exporting the goods from the United States.

The production costs of a small business differ from one country to the next. For this reason, a small business might choose to operate as a multinational and establish a production facility in a foreign country to benefit from the cheap labor, land or production resources. However, these and other cost advantages of operating in a foreign country must be weighed against the cost-based advantages of operating a production facility in the U.S. For example, a U.S. worker may produce a greater number of error-free units in a particular period than a foreign worker can produce, and the U.S. plant may be more energy efficient than the foreign plant. Such U.S. cost-based advantages may narrow the gap between the cost of operating a foreign facility and a domestic one.

There are some pros and cons of Multinational Corporations (Table 1.1).

Table 1.1 – Pros and cons of Multinational Corporations [27, p. 56]

Multinational Corporations	
Pros	**Cons**
– Economies of scale – greater efficiency and lower prices.	– Scope for tax avoidance and lost tax revenue.
– More research and development, leading to improved products.	– Monopoly power leads to higher prices for consumers.
– Create jobs and wealth around the world.	– Monopsony power in setting lower wages.
– Success a reflection the meet consumer preferences.	– Often have had negative impact on environment.
	– Cultural homogenization as local firms struggle to compete.

Benefits of Multinational Corporations:

– Create wealth and jobs around the world. Inward investment by multinationals creates much needed foreign currency for developing economies. They also create jobs and help raise expectations of what is possible.

– Their size and scale of operation enables them to benefit from economies of scale enabling lower average costs and prices for consumers. This is particularly important in industries with very high fixed costs, such as car manufacture and airlines.

– Large profits can be used for research & development. For example, oil exploration is costly and risky; this could only be undertaken by a large firm with significant profit and resources. It is similar for drug manufacturers who need to take risks in developing new drugs.

– Ensure minimum standards. The success of multinationals is often because consumers like to buy goods and services where they can rely on minimum standards.

i.e. if you visit any country you know that the Starbucks coffee shop will give something you are fairly familiar with. It may not be the best coffee in the district, but it won’t be the worst. People like the security of knowing what to expect.

– Products which attain global dominance have a universal appeal. McDonalds, Coca-Cola, Apple have attained their market share due to meeting consumer preferences.

– Foreign investments. Multinationals engage in foreign direct investment. This helps create capital flows to poorer/developing economies. It also creates jobs. Although wages may be low by the standards of the developed world – they are better jobs than alternatives and gradually help to raise wages in the developing world.

– Outsourcing of production by multinationals – enables lower prices; this increases disposable incomes of households in the developed world and enables them to buy more goods and services – creating new sources of employment to offset the lost jobs from outsourcing manufacturing jobs [33, p. 69].

Criticisms of Multinational Corporations:

– Companies are often interested in profit at the expense of the consumer. Multinational companies often have monopoly power which enables them to make excess profit. For example, Shell made profits of £14bn last year.

– Tax avoidance. Many multinationals set up companies in countries with the lowest tax rate. They funnel profit through the countries with lowest corporation tax rates e.g. Bermuda, Ireland, Luxemburg. For example: in 2011, Google had £2.5bn of UK sales, but only paid £3.4 million UK tax. A tax rate of 00.1% despite having a global-wide profit margin of 33%. (tax avoiding companies) This means the multinationals are ‘free-riding on smaller companies who cannot attain the same creative tax accounts.

– Cash reserves – Apple has cash reserves of $216bn, 93% of which is overseas. This represents deadweight welfare loss. It is not being used for investment

– Their market dominance makes it difficult for local small firms to thrive. For example, it is argued that big supermarkets are squeezing the margins of local corner shops leading to less diversity.

– In developing economies, big multinationals can use their economies of scale to push local firms out of business.

– In the pursuit of profit, multinational companies often contribute to pollution and use of non-renewable resources which is putting the environment under threat.

– ‘Sweat-shop labour’ MNCs have been criticised for using ‘slave labour’ – workers who are paid a pittance by Western standards.

– Outsourcing to cheaper labour-cost economies has caused loss of jobs in the developed world. This is an issue in the US where many multinationals have outsource production around the world.

– Some criticisms of MNCs may be due to other issues. For example, the fact MNCs pollute is perhaps a failure of government regulation. Also, small firms can pollute just as much.

– MNCs may pay low wages by western standards but, this is arguably better than the alternatives of not having a job at all. Also, some multinationals have responded to concerns over standards of working conditions and have sought to improve them [64, p. 78].

1.2 The managerial functions in international business

There is evidence that shows that management fundamentals are generally applicable in different countries. However, the practice of carving out the managerial functions of planning, organizing, staffing, lending and controlling differ considerable in domestic and international enterprises. Koontz, et al (1988) gave what managerial functions in international business look like, this presented below;

Planning in the Multinationals Corporation: Planning, they say requires setting objectives and then selecting strategies, policies, programmes and procedures for achieving them. A critically important activity for the Multinationals Corporation is the assessment of opportunities and threats in the external environment. This is a complex task even for a domestic enterprise, but it becomes much more intricate when many different ever changing world markets must be scanned [26, p. 112].

External threats and opportunities must be matched with the internal strengths and weaknesses of the firm. For example, a poor educational system makes it difficult to find qualified personnel. Similarly, cultural orientation towards time will affect planning specifically; cultural attitudes that emphasize a short-time perspective will not be conducive for long range planning.

Finally, political and economic instability in the host country makes it difficult to forecast and will discourage long-term commitment of resources. This last point is unfortunately true of Nigeria. The country's second name for sometime now could as well be "instability".

Organizing the Multinationals Corporation: According to Ronen (1986) organization structures are established to achieve corporate objectives.

An enterprise may for example establish a vise presidential position at corporate headquarters with responsibility for the international divisions. An alternative is to organize according to geographical areas. Organizing could be by product lines. The truly multinational firm may integrate domestic and international business into a global structure, which gives similar importance to domestic and foreign business activities [27, p. 159].

Each structure discussed above has its own advantages and disadvantages. Hence, Koontz et al (1986) says that for the large MNC only our structure may be insufficient. Consequently, different organization designs may have to be mixed, depending on the environmental and task demands.

Staffing in the Multinationals Corporation: When the organizational structure has been established, qualified persons have to be selected to fill the position there in this is staffing.

For the Multinationals Corporation there are three sources of managerial talents.

a) Home Country

b) Host Country and

c) International Pool of Executives

More often than not a firm may use a variety of combination of the above depending on the situation.

The present trend now is that people in most countries, especially developing countries like Nigeria and better prepared to assume responsibilities of managerial positions.

Most Multinationals Corporationare reported to be tending towards employing more host country nationals than managers from their home countries because of the above reasons and for the fact that doing so, tends to improve relation with the host country. On the other hand, most people are of the view that in Nigeria and some other African countries, most sensitive executive position in these Multinationals Corporation are the exclusive reserve of the expatriate managers. Lending in the Multinationals Corporation leading Akpala (1993) says involvers motivating and communicating, it involves inducing employee to contribute to enterprise objective. Motivation and leadership demand and understanding of employees and their cultural environment for example, participative management may work well in one country but may fail and cause confusion among employees in another country with a tradition of autocratic rule [33, p. 189].

Communication on the other hand is often a problem in multinational firm with subsidiaries and affiliates in countries where different languages are spoken. Even a firm with operations in a country where the same language is spoken may still encounter communication problems. This is because of the distance between headquarters and the subsidiaries. But new technology has greatly improved the transmission of information skills; a telephone call is not quite the same as a visit and a person-to-person discussion.

Controlling in the Multinationals Corporation: Controlling the measurement and correction of performance to assure that events conform to plan-is an essential managerial function that is influenced by several environmental factors unique to international enterprises. For example, revenue cost, and profit are measured in different currencies. There are fluctuations in exchange currencies. There are fluctuations in exchange rates, accounting procedures, practices and financial reporting often differs from country to country. Some or all of these may have to satisfy the demands of tax authorities, government of parent firm, stockholders, regulating agencies and banks. Procedures must also meet the internal requirements of the firm. To develop a procedure that meets all these demands at the same time, is extremely difficult, to say the least [64, p. 192].

Finally, partly owing the complex, nature of measurement, there is a time lag in the measurement of performance which may delay detecting deviations from actions. Computer however, have done much to speed up the process in all, these few examples indicate that controlling the international corporation is considerably more difficult than monitoring domestic operation Koontz et al (1986) maintained.

Management Policies and Strategies of Multinationals Corporation

Policy and strategy development for the management of Multinationals Corporation should include several functional areas. However, Hicks and Gullett (1981) gave four functional areas that are of special importance:

1) Marketing

2) Finance

3) Personnel and

4) Managerial philosophy

It must be emphasized that most Multinationals Corporation did not start with predetermined strategic choices. But increased competitions and growing environmental pressures have been forcing these companies to examine strategic and policy issues more carefully.

1) Marketing: For a Multinationals Corporation, the entire world is the potential market. The global setting greatly expands potential opportunities and complicates the firm's product and marketing mix strategies.

Keegan (1969) provides an excellent analysis of some strategic alternatives for product and promotional (communication) planning. He identified five strategic alternatives:

Strategy I: One product, one message worldwide soft drink companies like Pepsi and Coca-Cola use this strategy.

Strategy II: Product extension, communication adaptation. Here the product is the same worldwide but communication (message) is modified to suit the environmental demands. For example bicycles and motorcycles companies use this strategy because the products serve different needs in different markets.

Strategy III: Product adaptation, communication extension. Here the product is change but the communication is the same worldwide.

Strategy IV: Dual adaptation. This occurs when both the product and the communication are changed to make the product more acceptable.

Strategy V: Invention. An opportunity might exist to invent or design an entirely new product when potential customers cannot afford firm existing products. If the cost are not too great, a new product can be invented that satisfies the identified need at a price consumers can pay [26, . 231].

For instance, both ford and general motors have developed small inexpensive and easily assembled automobiles for underdeveloped countries. Those cars were designed with emphasis on utility and durability rather than a style and comfort.

According to Robock and Summands (1977) the choice of appropriate strategy depends upon the specifics product-market-company mix. Depending upon the degree of difference of a foreign market compared to the home market, some product demand adaptation others lend themselves to adaptations and skills, others are better left unchanged. In any case, a multinational manager needs to analyze the product-market fit and the company's ability to identify and adapt when choosing the most potentially profitable and viable strategy.

2) Finance: Formulation and implementation of financial strategy and policy is perhaps the most complex task of a multinational manager says Hicks and Gullett (1981) the complexity is caused by new environmental considerations, new sources of risks and new opportunities for increased profits. Different tax laws, currencies exchange rates, inflation rates, interest rates, restrictions on movement of funds and exchange controls have to be taken into account. Furthermore, these elements are highly technical; the purpose here is merely to portray the general nature of the financial environment within which multinational corporations operate. The general nature of problems they frequently face will be highlighted.

For many Multinationals Corporation, Protection from the risks of change in foreign exchange rates-devaluation and revaluations of currencies is the most important change. Due to multinational corporation superior maneuverability relative to the transfer of funds among countries, it is possible to increase profit rather than incur losses during changes in foreign exchange rate.

The Multinationals Corporation can also benefit by borrowing funds in a country where interest rates are low and using these funds for operations in a country with high interest rates. A transfer-pricing policy can also be used to shift profits from high-tax to low tax countries. Thus, overall taxes are reduced [27, p. 234].

To develop an effective financial policy, a multinational corporation has to be regarded as a system. According to Robins and Stobaugh (1973), the system consists of units (subsystem) operating in different countries with different environments. The various units are connected through financial transactions among them within limits imposed by government regulations and financial market conditions, the transactions within the units can be manipulated through financial policies (lending policy, transfer price policy, dividend policy) to maximize profit for the entire system (Multinationals Corporation) rather than for its parts.

3) Personnel: With respect to the recruitment and development of international executives a MNC has but three policy choices.

First, it can fill key executive positions overseas with home office personnel.

Second, it can recruit personnel in countries of operations (host country) to manage foreign subsidiaries.

Finally, it can develop a pool of international executives from several countries for assignment anywhere in the world. Each of the policies has some advantages and limitations [33, p. 276].

4) Managerial Philosophy: The last important functional area that Hicks and Gullett deliberated on; was the managerial philosophy. Managerial philosophy is the orientation of executives towards doing business around the world. Perumetter (1969) identified three distinct sets of philosophies. They are ethnocentric philosophy, polycentric philosophy and geocentric philosophy. Ethnocentric philosophy is essential home oriented and environmental differences are ignored.

Polycentric philosophy, on the other hand, goes to the other extreme. The subsidiaries of Multinationals Corporation are allowed to adapt fully and completely in terms of local identify and behavour [64, p. 288].

Geocentric philosophy is based on a worldwide orientation. The global orientation of manager’s helps to establish global goals. For example, the parent company become but one company in the system and use of worldwide resources.

1.3 Important finding in managing Multinational Corporation

In general, several authorities remarked that the management functions and operations of multinational corporations in their host environments (countries) are more complex and intricate because they are affected by different, ever-changing world business environment, where such environmental factors as political, legal, economic, social, cultural and technological factors are considerable implications.

Also in the review, some writers are of the view that one of the basic roles of a Multinationals Corporation as a business unit, is profit maximization and that it has other roles to play in its environment, such as contributing to the socio-economic and technological development of its host country. In the words of Kinard (1988), “in today’s society, huge corporations play not only a vital economic role, but also important social roles. It was equally reported that the failure of Multinationals Corporation to meet the social obligations adequately often resulted in clashes between the Multinationals Corporation involved and its host community. The Ogoni-shell case was mentioned. Some authors agreed that direct foreign investment in underdeveloped economics have potential economic, technological, managerial and social benefit for such economics, Blow (1989) puts in this way “Multinationals Corporation investment brings about rapid developing especially in third world countries”.

On the other hand, there were those who felt and argued that Multinationals Corporation are instruments of exploitations in their host countries, repatriating very huge profit to home countries, causing balance of payment problems, causing the collapse of local firms not facilitating technology transfer by making highly technical positions, the exclusive reserve of expatriate managers etc.

The relevance of this literature review to this study, is that it gave the researcher a general overview and idea of what have been written and said about multinational corporations as it affects their contributions to the socio-economic and technological development of their host environments [26, 332].

This knowledge or idea formed the basis of most of the questions asked in the research questionnaire. With that, the researcher was to generate enough information that lead to the finding of this study.

The findings of this study from the empirical literature are highlighted and discussed here.

First of all, it was found out that the employees of most the multinational corporations (MNC) in Nigeria are mainly Nigerians males and females. This observation or discovery is in line with what is obtainable in other business firms that prefer to employ men to the employment of women for reasons that may or may not be justifiable. Most times those reasons hinge on sex discriminations.

It was also discovered that most the employees are within the age brackets of 18 to 40 years and most of them are educated to school level and above.

Another discovery from this study was that virtually all the multinational corporations in Nigeria have their corporate headquarters in overseas (home countries), while their head offices in Nigeria are in Lagos. This discovery confirms that Aharani (1971) said that at cited in the definition of terms of this study that Multinationals Corporation are organizations that are headquartered in one country (mostly developed countries) and have to have business operations spread over other countries.

One other finding was that just as previously reported by various authors and researchers, the Multinationals corporation operating in the country are affected by the following environmental factors, economic, social, cultural, political, legal as well as technological factor with political and economic environment taking the lead, due to the instability and unhealthy nature of these two environment in the country.

The social factor is also a critical one for instance, only recently there was a crisis in Warri in Delta State as a result of a political issue. This crisis led to the loss of N3.3bn by Shell Petroleum Development Company (SPDC) between March and May 1997 Owolabi (1997).

It was equally found out that what motivated most of the Multinationals Corporation, into having subsidiary operations in the country are good market, abundance human and internal resources in the country and government encouragements for direct foreign investments.

Moreover, this study led to the finding that although the foreign investment of multinational corporations has the capacity of boosting the Nigeria economy. The Multinationals Corporationare not responding encouraging to the call by the government for their (MNC) direct foreign investment. The reasons for this unfortunate development, it was further gather was connected to the political and economic uncertainty in the country. For no organization will be very willing to invest in a place where you can't tell what will happen in the next minute or second with a reasonable degree of accuracy. Hence it could be rightly said, that to a large extent, the government has failed in its bit to attract or the Multinationals Corporation to invest in the country. Even those that are already here are not finding things easy, says are manger in Leventis Plc.

Another interesting finding was that generally, Multinationals Corporation in the country are contributing moderately to the economic development of the country.

In addition, it was found out that the multinationals in the country are mainly interested in profit maximization and that greater part of this profit is being repatriated to their home countries overseas.

This means that very small amount if any of the profit is ploughed back into business here in the country and very little too, goes to the execution of some social obligations to their host environment and nation at large [27, p. 367].

One more interesting findings was that if the huge profit repatriation by Multinationals Corporationexceeds the incoming foreign investment, the country will experience negative economic problems such as balance of payment difficulties, drain on the nation's investment capital (decapitalization effect as described by Bieistelch (1978), in the literature review of this work).

It was also discovered that all the multinationals corporations in Nigeria contribute towards increasing government's revenue through the payment of royalty, taxes, gifts and donations to government, revenue accruing to government from share ownership in some of the corporations. For some of them, this is done through one source, while for others it is through a combination of two or more of these sources. By and by the means that applied to virtually all the MNC is taxation. Only Multinationals Corporation in the extractive sector pay royalty and government only get share revenue from those companies where she has shares.

An important finding from this study was that the operations and existence of multinational corporations in the country do bring about unfavourable competition for local holigenous firms.

This is so because these Multinationals Corporation are better equipped compete more favorable than the local firms. They have a great wealth of experience worldwide contacts, advertising skills and a wide range of essential support services which the local firms cannot boast of so, they are at a very disadvantages position to compete with the Multinationals Corporation. Hence most times, the unfavorable competition often leads to the collapse of these local firms.

This problem is a very sensitive one because, when left alone, the local firm would not be able to satisfy the Nigerian large market, yet the coming in of the Multinationals Corporation to help out of this undesirable problem the collapse of local firms.

Moreover, because of tendency of consumers to often positively favor foreign goods against locally produced goods may due to their superior quality or just ordinary sentiment or complex, the problems of the local firms are further compounded, since they lose the market sooner than later, when the tread continues without stopping [33, p. 399].

On the issue of technological development, was found out that MNC in Nigeria are contributing the technological development of the country. However, this contribution was found to be headquarter (not encouraging). This might explain why Nigeria is still technologically backward, because, it seems that the Multinationals Corporation are not in any haste to transfer thin technology to Nigeria, since doing so, will mean that Nigeria will not depend on them again and this they do not want.

Therefore, they have to prevent this much needed technology transfer in the way they know best.

Another major finding was that Multinationals Corporation in Nigeria are contributing to the social development of the nation through education, job creation, provision of basic amenities, manpower development, provision of health facilities and sports development. However, in general, these contributions were found to be inadequate.

The fact that these multinationals are responding to the social needs of host environment is a notification of the fact that the Multinationals Corporation are imbibing the warning of Dalu (1975) “Today it is absurd to regard the corporation simply as an enterprise for the sole purpose of profit making. Every corporation should be thought of as a social enterprise whose existence and decisions can be justified only in so far as they serve public or social purposes”

The study further proved that the major area of Multinationals Corporation contributions is in job creation or employment and manpower development. Hence Multinationals Corporationin Nigeria are playing a positive role towards reducing the rate of unemployment in the country.

Another interesting finding of this study was that Multinational Corporation in the country employs both skilled and unskilled holigenouslabour but the expatriate staffs are paid better than the indigenous staff and certain sensitive position are the exclusive reserve of the expatriates in most of the multinations. This is one of the ways that these Multinationals Corporation are using to prevent the Nigerians from actually acquiring the real knowledge of the technology involved in their production processes. If this trend of the corporation keeping the knowledge of their technology secrete continues then the much needed, talked about, and controversial technology transfer will consistently remain and illusion to the nation [64, p. 355].

Unless something drastic or unconventional is done about it. Such as steeling the technology and make little modification to make it look different and original, if you like. If the country can do this, in no distance time, the nation will be talking about her own technology.

Based on the findings of this study, the following recommendations are made.

The multinational operating in Nigeria should as a matter of urgency improve on the adequacy of their contributions to the economic, social and technological development of the nation, through more or increase investment provision of basic amenities and ensuring that Nigeria managers man positions that will equip them with the much needed technological know-how.

Multinational corporations in the country should either be persuaded or compelled by the government through legislations to increase the percentage of profit reinvest in the country and spent on meeting their social responsibilities to their host communities in particular and the country in general. This will also prevent the negative implication of the repatriation of huge profit to home countries of those Multinationals Corporation.

The government or ruling class should at all times endeavor to pursue economic, political policies and development policies generally that will stabilize the economic and political environment of the country.

This could be achieved if and only if the right persons are allowed into the leadership positions and the selfish and greedy tendencies of the average Nigerian are de-emphasized for the general good of the nation. With this done, in no time, the Nigerian economy will become attractive once more to foreign investors to the point that they may not even require to be invited or wood in any way. This is because Nigeria is naturally endowed and most people desire to do business here under normal situations.

Moreover, the government should do something, either through legislation, to protect local firms from the unfavourable competition with Multinationals Corporation which often leads to their collapse. Also, Nigerian consumers should at least, if only for patriotism sake, patronize the goods and services of our local business firms, for their products are as good as the foreign ones and even better sometimes.

On the issue of technology transfer, since the multinationals have shown consistently that they are not will to affect a real transfer of technology to the country. Conventionally, Nigeria government and Nigerians in general should adopt a rather drastic and unconventional approach-espionage. When the technological knowledge have been acquired through this means, it can be modified and adapted to suit the Nigerian environment, thus making it different from where it was copied and hence original, if you like, the country can do this without relying fully on the Multinationals Corporation for the illusive technology transfer, in no distance time, the nation will be taking about her own technology.

This study gave a very general overview of the role Multinationals Corporation in Nigeria. Hence it is recommended that an exhaustive and more detailed research on this topic be carried out; with emphasis on particular sectors e.g. oil construction etc.

CHAPTER 2

RESEARCH AND ANALYSIS OF COCA-COLA COMPANY

2. 1 Introduction to Coca-Cola Company

A carbonated beverage called Coca-Cola or often referred as Coke is the world's largest beverage company and the best-known brand in the world. Coca-Cola Company has operated for 124 years since 1886. The market leader in the soft drinks industry, Coca-Cola is one of the most renowned brands across the world. 94% of the world's population recognizes the brand instantly by its red and white Coca-Cola logo. More than 10,000 soft drinks from Coca-Cola are consumed every second of every day on average [7].

Coca-Cola was invented by a pharmacist in Atlanta, John Pemberton and he has become one of the global market leaders in the beverage industry (iloveindia.com). The Coca-Cola Company offers over 400 different brands in more than 200 countries worldwide (Reference for Business-Company History Index, 2010). Coca-Cola serve a wide range of beverages, including diets and light soft drinks, water, juice drinks, teas, coffees, sports drinks and energy drinks.

The operating global business was organized into five geographic Strategic Business Units: Africa; Asia; Europe, Eurasia and Middle East; Latin America; and North America.

Coca-Cola has set a standard mission and vision as a roadmap to guides every aspect of the business in order to continue achieving sustainable and quality growth.

The Coca-Cola Company Mission

To refresh the world...

To inspire moments of optimism and happiness...

To create value and make a difference.

The Coca-Cola Company Vision

People: Be a great place to work where people are inspired to be the best they can be.

Portfolio: Bring to the world a portfolio of quality beverage brands that anticipate and satisfy people's desires and needs.

Partners: Nurture a winning network of customers and suppliers, together we create mutual, enduring value.

Planet: Be a responsible citizen that makes a difference by helping build and support sustainable communities.

Profit: Maximize long-term return to shareowners while being mindful of our overall responsibilities.

Productivity: Be a highly effective, lean and fast-moving organization.

The Coca-Cola Company Values:

Leadership: The courage to shape a better future

Collaboration: Leverage collective genius

Integrity: Be real

Accountability: If it is to be, it's up to me

Passion: Committed in heart and mind

Diversity: As inclusive as our brands

Quality: What we do, we do well

The Coca-Cola Company Beliefs:

There is much in our world to celebrate, refresh, strengthen and protect. The Coca-Cola Company is a vibrant network of people, in nearly 200 countries, putting citizenship into action. Through our actions as local citizens, we strive every day to refresh the marketplace, enrich the workplace, protect the environment and strengthen our communities [12].

We are a local employer, with responsibility to enable our people to tap into their full potential; working at their innovative best and representing the diversity of the world we serve.

We are an investor in local economies and a driver of marketplace innovation, with a responsibility to act as a good steward of our natural environment.

In 2010, it was announced that Coca-Cola had become the first brand to top £1 billion in annual UK grocery sales. In 2017, Coke sales were down 11% from a year earlier due to consumer tastes shifting away from sugary drinks and health risks associated with artificial sweeteners in diet drinks.

Table 2.1 - Statistical data on revenue and sales [1, 2, 3, 4, 5, 6]

Year	**Revenue in mil. USD$**	**Net income in mil. USD$**	**Price per Share in USD$**	**Employees**
2009	30,990	6,824	18.49	92,800
2010	35,119	11,787	22.12	139,600
2011	46,542	8,584	26.84	146,200
2012	48,017	9,019	30.70	150,900
2013	46,854	8,584	33.78	130,600
2014	45,998	7,098	35.82	129,200
2015	44,294	7,351	37.29	123,200
2016	41,863	6,527	40.63	100,300
2017	35,410	1,248	42.80	61,800

2.2 SWOT-analysis of the industrial and economic activity of Coca-Cola Company

The following is a SWOT analysis of Coca Cola:

Coca-Cola Strengths – Internal Strategic Factors

1. Strong brand identity – Coca-Cola is a highly popular brand with a unique brand identity. Its soft drinks are the most-selling drinks in history.

2. Highest brand equity – Coca-Cola is undoubtedly one of the most renowned brands with the highest brand equity. It was also awarded 'highest brand equity award' in 2011 by Interbrand.

3. Extended global reach – It is sold in more than 200 countries with 9 billion servings per day of Company products. It has introduced more than 500 new products globally. Some of these are variations of Coca-Cola beverage, like Coco Cola Vanilla and Cherry Coca-Cola. Its brands are known to touch every lifestyle and demography.

4. Greatest brand association and customer loyalty – Coca-Cola is considered one of US's most emotionally-connected brands. This valuable brand is associated with 'happiness' and has strong customer loyalty. Customers can quickly identify their particular taste. Finding its substitutes is difficult for them. Moreover, Coca-Cola and Fanta have a huge fan following than other beverage names in the industry.

5. Largest Brand Valuation – Coca-Cola is listed as the 3rd Best Global Brand on Interbrand's annual ranking. Having an estimated brand value of $79.96 billion, it has retained the top position for many years.

6. Dominant Market Share – Out of Coca-Cola and Pepsi, the only two largest manufacturers of soft drinks in the beverage segment, Coca-Cola has the largest market share. Coke, Sprite, Diet Coke, Fanta, Limca, and Maaza are the highest growth drivers for Coca-Cola.

7. Unparalleled distribution system – Coca-Cola has the most efficient and most extensive distribution network in the world. The company has nearly 250 bottling partners globally.

8. Acquisitions – Coca-Cola acquired AdeS in 2016. AdeS is the largest soy-based beverage brand in Latin America. Through this acquisition, Coca-Cola expanded its ready-to-drink beverage portfolio [14].

Coca-Cola Weaknesses – Internal Strategic Factors

1. Aggressive competition with Pepsi – Pepsi is the biggest rival of Coca-Cola. Had it not been Pepsi, Coca-Cola would have been the clear market leader in the beverage.

2. Product diversification – Coca-Cola has low product diversification. Where Pepsi has launched many snacks items like Lays and Kurkure, Coca-Cola is lagging in this segment. It gives Pepsi leverage over Coca-Cola.

3. Health concerns –Carbonated drinks are one of the major sources of sugar intake. It results in two grave health issues – obesity and diabetes. Coca-Cola is the biggest manufacturer of carbonated beverages. Many health experts have prohibited the use of these soft drinks. It is a controversial issue for the company. However, Coca-Cola hasn't devised any health alternative or solution for this problem yet [16].

Coca-Cola Opportunities – External Strategic Factors

1. Introduce new products and diversify its segments – Coca-Cola has the opportunity to introduce new offerings in health and food segments just like Pepsi. It can contribute to their revenue, and they can branch out from carbonated drinks.

2. Increase presence in developing nations – Many regions with hot climate have the highest consumption for cold drinks. Thus, increasing presence in such locations can be excellent – Middle Eastern and African countries are a good example.

3. Bring advanced supply chain system – Coca Cola's business is entirely dependent upon logistics and supply chain. Transportation costs and fuel prices are always on the rise. Thus, coming up with some advanced and improved systems for distribution can be an opportunity.

4. Packaged drinking water – Coca-Cola owns several packaged drinking water brands like Kinley. There is a great potential for expansion in this segment for Coca-Cola. There is an opportunity to expand and bring more healthy drinks in the market to avoid people's criticism.

Coca-Cola Threats – External Strategic Factors

1. Water usage controversy – Coca-Cola has faced many criticisms over its water management issue. Many social and environmental groups have claimed that the company has a vast consumption of water in water-scarce regions. Besides, people have alleged that Coca-Cola is polluting water and mixing pesticides in water to clear contaminants.

2. Packaging controversy – Greenpeace censured Coca-Cola in its published report in 2017 for its use of single-use plastic bottles. It has also been criticized over its recycling and renewable sources.

3. Direct and indirect competition – Although direct competition from Pepsi is clear in the market, however, there are many other companies which are indirectly competing with Coca-Cola. Starbucks, Costa Coffee, Tropicana, Lipton juices, and Nescafe, are the indirect competitors of Coca-Cola which can threaten its market position [18].

Recommendations

Based on the above SWOT analysis of Coca-Cola, we can conclude that Coca-Cola has a definitive market position in the soda industry. However, it is recommended to bring more innovative changes.

Some recommendations are explained as follows:

1. Stepping into the food market – Coca-Cola needs to introduce new products in snacks and food segments.

2. Focusing on health-related matters – It should bring some solution to address the rising health concerns from social activists.

3. Improving its water management system and dealing with the criticisms from environmental agencies.

4. Expanding into developing countries with humid temperatures – There are many products of Coca-Cola like Fuze Tea, Dasani and Hi-C which aren't distributed in many developing countries. Coca-Cola needs to increase the distribution of such products.

5. Increasing the distribution of packaged drinking water like Kinley.

6. Working on sustainability and green marketing It can improve its brand image in the market.

Table 2.1 – SWOT-analysis

SWOT analysis of Coca-Cola Company	
Strengths	**Weaknesses**
1. Strong brand identity. 2. Highest brand equity. 3. Extended global reach. 4. Greatest brand association and customer loyalty. 5. Largest Brand Valuation. 6. Dominant Market Share. 7. Unparalleled distribution system. 8. Acquisitions (Coca-Cola acquired AdeS in 2016 and through this acquisition, Coca-Cola expanded its ready-to-drink beverage portfolio).	1. Aggressive competition with Pepsi. 2. Product diversification. 3. Health concerns (many health experts have prohibited the use of these soft drinks).
Opportunities	**Threats**
1. Introduce new products and diversify its segments. 2. Increase presence in developing nations. 3. Bring advanced supply chain system. 4. Packaged drinking water.	1.Water usage controversy. 2.Packaging controversy. 3.Direct and indirect competition.

The Coca-Cola Company has applied a multinational strategy and has shown a great success. "Think local, act local" is the mantra that Coca-Cola follows and has designed a value chain that gives each country's operations the discretion to respond to its local cultural, legal, political and economic environments. Coca-Cola creates value through proactively engaging its retailers at technically every level of the value chain from raw materials down to end-products. There will be more challenges in today's marketplace due to internal and external environment changes. The world is changing and Coca-Cola must look ahead, continuously look for new ways of doing business in the coming years; understand the trends and analyze areas to be concern hence add value beyond the products in order to survive over the next ten years and beyond [22].

2.3 Analysis of the system of management at Coca-Cola Company

Structure.

Multinational Company is operating under International division structure. The international unit (parent company) control entire activities of subsidiary company. However, this division structure allows multinational companies to freely explore resources internationally based on geography, product or function.

International Division Structure.

Coca-Cola Company as a multinational company handles enormous capacity of business with well-organized structure. Coca-Cola has 5 operating geographically segmentation. There are United States, Latin America, European Community, Northeast Europe/Africa, and also Canada and Pacific, Coca-Cola Company allows their division to customizing marketing based on Geographic segmentation. For instance, they alter the sweetness of drink according to local taste [28].

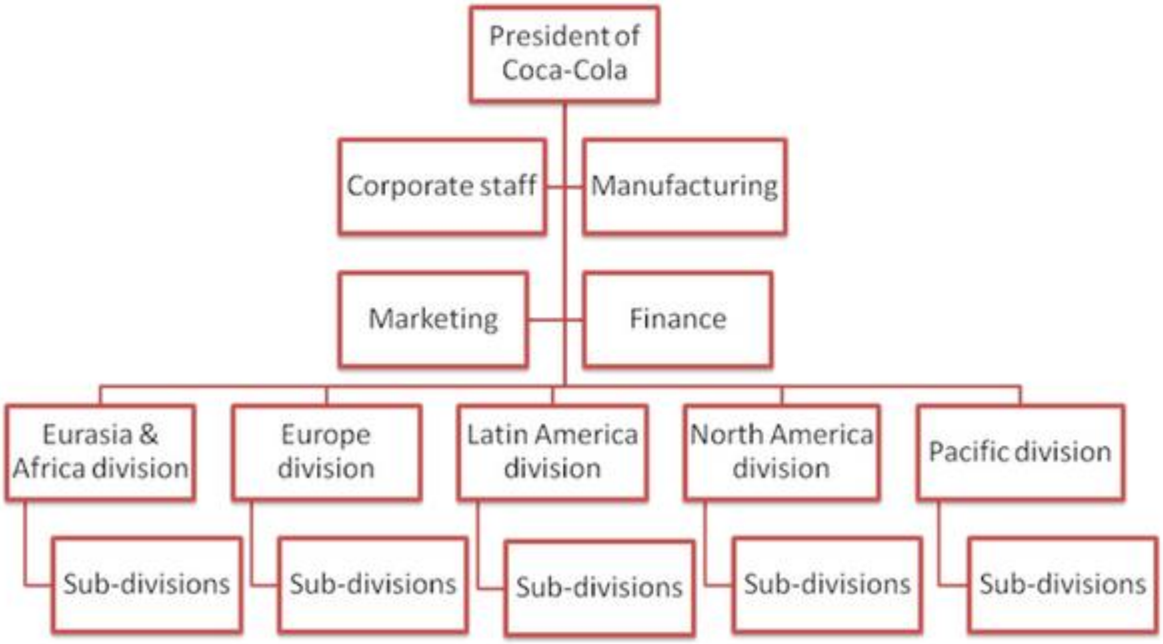

Figure 2.1 - Coca-Cola's regional structure chart

The factory is control by the BOM (Business operational manager) and under him eight Departments is working. Every Department is led by a department Manager. The Departments of account is lead by the manager account and under him assist manager works. Department of production and engineering is lead by the Prod. & Eng. Manager. Under him work Mechanical Engineers Mechanical Supervisor and Assistant Production. Quality control department lead by the manager quality control. Under him working the chief chemist who's responsibility is to give the quality product to the customer. Sale & marketing department is playing the important part in the growing market share in the country. That department led by the Sale & marketing manager that department is further divided in the sale and marketing section. The marketing department is lead by the marketing manager and the sale section by sale manager. Sale men work under the sale manager Fleet department control the transport vehicle of the company the head of the department is Fleet manager and under him work the assistant fleet manager who manages the control over the transportation of the company. The distribution of the Coca-Cola around the Gujranwala region is the responsibility of distribution department, which is lead by the distribution Manager. To be specific the working environment in the company represents the company's culture in large. The culture is the shared values among the different people so the environment of the company is widely shared by its employees that conclude to form the company's culture. In the coming lines the working environment of the Gujranwala Coca-cola factory is described [28].

Wages.

Coca-Cola is providing smart wages to its employees, which are competitive and really satisfy its employees. As along with the wages they are provided with a lot of facilities and amenities. In brief structure of wages can be described like this " blue collar workers are offered wages along with commission, sales man are offered wages plus commission pursuing certain criteria, White collar workers who are the officers and the executives draw a handsome amount of salary which is really competitive".

Staffing and training.

The Coca-Cola Company has always believed that education is a powerful force in improving the quality of life and creating opportunity for people and their families around the world.

The Coca-Cola Company is committed to helping people make their dreams come true. All over the world, we are involved in innovative programs that give hard-working, knowledge-hungry students books, supplies, places to study and scholarships. From youth in Brazil to first generation scholars, educational programs in local communities are our priority [34].

Time Management for Work.

Time management is the key to grow in this fast and furious century of growth and development, so therefore Coca-cola is doing at their best for this pivotal factor of managing time. To cover this segment of management they have divided the work in to shifts. For this purpose phenomenon of division of labor is contributing for it's functioning. In Gujranwala Coca-Cola company has divided the shifts for the work in the following manner:

Medical Facilities.

Medical facilities are of prime importance in any organization as the health of employees is in the benefit of the company as well as it's the social responsibility of the company to provide nice and healthy work environment to its employees, These facilities are such facilities which can include first aid treatments, emergency handling problems, sickness, and other diseases which are fatal for a person. The Coca-Cola Company is providing Medical facilities to all its employees. These treatments are provided to employees as per their designations. The medical facilities are also provided to supervisors as well as the officers in the company [39].

Mentoring Programs.

The Coca-Cola Company is creating a system of mentoring programs that include, one-on-one mentoring, group mentoring and mentoring self-study tools. Currently, Coca-Cola North America and The Minute Maid Company have one-on-one mentoring programs designed to foster professional growth and development.

Every year, the world produces billions of tons of waste. Recycling and reusing waste materials is absolutely crucial if we are to maintain the health and beauty of the earth. The Coca-Cola Company is working constantly toward coming up with smart, creative ways to reuse waste. Here's a glance at what we're doing.

To introduce innovative and environmentally friendly packaging, we opened a breakthrough facility in Sydney, Australia for the world's first PET bottles to be produced from recycled PET bottles. Today, one in four PET containers sold by our company in North America contains recycled content [41].

Logistics strategies.

According to the Council of Supply Chain Management Professionals a professional organization for logistics and supply chain management (SCM) professionals, logistics is defined as the process of planning, implementing and controlling the efficient, effective flow and storage of goods, services and related information from point of origin to point of consumption for the purpose of conforming to customer requirements Logistics plays a crucial role in getting the right amount of the right products to the right place at the right time and at the lowest possible cost to the customer, The activities include transportation, materials handling, inventory management and warehousing [58].

Transportation.

Transportation is the main component in logistics. Each mode of transportation is different in terms of its speed, reliability, cost, route flexibility and the products it can carry efficiently and effectively. Coca-Cola uses trucks as their primary delivery mode for their finished products in every country they operate because it has the greatest route flexibility, could deliver faster at a lower cost and can carry a wide range of products. The company has their own trucks which provide unique distribution that cannot meet by the common carries.

The type of distribution mode employed depends on the complexity of the market. For instance, the India market is complex. As such the distribution fleet include different distribution mode is required, from 10-tonne trucks to open-bay three wheelers that can navigate through narrow alleyways of Indian cities, such as tricycles and pushcarts. In Uruguay, a small, efficient ZAP trucks for delivery in urban areas because large vehicles are challenging with parking shortage and traffic congestion.

Warehousing and material handling.

Coca-Cola warehouses were built close to the retailers as a strategy to reduce transportation costs. Customers also can be served quickly from stock located in a nearby warehouse.

In the past, China warehouses usually designed were big but waste of space and low efficient. Large handling equipment such as forklifts are not popular in China because most managers think manpower as handling and it is cheaper. China lack of labour supply hence it will take a long way for the automation of material handling.

Nowadays, modern logistics center began to build in China. Warehouses were built with high racks, pallet and forklift system; distribution become much higher in efficiency.

Due to high pallet storage requirement and limited on-site space in Australia, a 32m tall high bay was designed and a crane fed automated storage and retrieval system was installed. The automate docks with an automated conveyor-driven delivery system used to perform all the loading and unloading, thereby eliminating safety issues associated with manual handling and enhanced material handling efficiency [63].

Inventory control.

Ideally, firms want to keep inventory at the lowest possible level and place orders for goods in large quantities. Placing the fewest possible orders enables the firm to minimize ordering costs. Companies make sure it has the right amount of inventory to meet customer requirements and avoid problems such as out-of-stock.

In China, lack of concept about inventory cost causes companies to keep inventory as much as possible to avoid short of supply. Coca-Cola in China try to avoid this situation by practicing just-in-time (JIT) inventory system as practiced by Great Plains Coca-Cola Bottling Company in North America; it successfully reduced the inventory costs and improved the efficiency of product distribution process.

Value Chain Strategies.

Value Chain is a series of activities whereby a company converts inputs to finished products by adding value at each stage. Coca-Cola used the concept of value chain analysis introduced by Michael Porter as a tool to analyze the sources of competitive advantage and to identify ways to create more customer value.

Inbound logistics

Inbound logistics are the beginning of Coca-Cola's value adding inputs. All beverages are made of high-quality ingredient and it adds value to the products through enhanced taste and nutritional value. The majority of inputs for Coca-Cola products are from local suppliers because there are certain food ingredients are not allow in the country. For example, with implementation of the Canada-United States Free Trade

Agreement, ingredient such as caffeine and saccharine is not allowed to ship across the Canada-United States border because of differences in ingredient regulations.

Operation.

Operations are activities that transform inputs into finished products. An appropriate level of automation is on of the strategy taken to minimize costs in the operations. Coca-Cola in home country sent their expertise to other countries so that it meets the minimum standards. For instant, in the early 1980s, Coca-Cola was unable to locate any plant in China that produced glass bottles to the standards required by the company. So Coca-Cola's headquarters in Atlanta sent a small team of glass technologists to China to improve the quality of the bottles with high technical levels.

All production plants frequently meet local regulatory requirements and undergo regular audits in the areas of quality control, environmental, health and safety practices (Coca-Cola Bottling Indonesia, 2004). To align with Food and Drug Administration (FDA) safety and quality requirement, quality control technicians checked and tested the water frequently to make sure the beverages are safe to drink. All bottles are washed, rinsed electronically, filled automatically and seal automatically to keep hygiene in every processes.

Considering the environmental protection regulations, China restricts the volume of packaging material to save resources and decrease pollutions. Therefore, most of the packaging is returnable and is made from recycled materials. At the same time reduce the costs of packaging [68].

Outbound Logistics.

Outbound logistics focus on managing the flow and distribution of finished products to consumer. The outbound logistic department performs an exceptional duty in Coca-Cola which includes effective shipping process to provide quick delivery and minimize damages, efficient finish goods warehousing processes, shipping of goods in large pallet to minimize transportation costs and quality material handling equipment to increase order picking. In China, Coca-Cola handles distribution primarily through "direct store delivery (DSD)" as a strategy to increase inventory turns and to reduce operating expenses as products are delivery directly to retail store. Besides that, it often reaches consumers through local Chinese distributors, who have greater knowledge of wholesaling in China and deep familiarity with the localities. Furthermore, Coca-Cola tends to increase the fuel efficiency of the system's fleet by using electric-powered trucks in Uruguay, powering delivery truck in Mexico and diesel-electric hybrid truck fleet in North America [73].

Marketing and sales.

Marketing is vital in helping Coca-Cola to determine the competitive scope of its value adding activities. In the long term, cultivating local sales and marketing knowledge is a key success for any international business in foreign country where they operate. 'Think local, act local', is the mantra that Coca-Cola follows. Consumer demand and characteristics is changing, thereby constantly re-evaluate is a strategy used to analyses how the distribution system will bring the brands to where consumers are able to make their purchases. In China, Coca-Cola has given the local mangers to control over the marketing and service operation who knows the company bottling system and the regional market so that products could be better tailored to the local tastes. For instant, the greatest opportunities for distribution of consumer goods may be in supermarket. However supermarkets in China are often far from consumers and not nearly important as they are in developed economies. Nevertheless, consumption in bars or restaurants are much faster than other channels. Coca-Cola attempted to support local activities as strategy to succeed and increase sales. For example, Coca-Cola Japan's new product I LOHAS was launch with an innovative campaign called CRUSH ECO that demonstrates how consumer choice can affect carbon footprint and increasing desire to help solve environmental issues [62].

Services.

Customer service is part of the value adding activities and Coca-Cola strive to improve their customer service. The integration between the local bottlers and delivery to customers is crucial to the company's overall efficiency and keeping the customers satisfied. Therefore, an e-commerce system is taken into account of all the local bottlers in the world. Direct Store Delivery (DSD), full-service vending and equipment services are key components of bottlers operations in North America. DSD allows specific sites to transmit customer information to distributors and with the specific data it helps to improve delivery productivity and reduce cost. With the integration, stores can more easily respond to their comprehensive range of customer requests

Firm infrastructure.

The legal system in each country brings a major impact to company when preparing the financial statements. Different accounting standard is used in different country. However, Coca-Cola has a single environment for making financial data readily accessible to executive management worldwide. Coca-Cola has implemented mySAP financials and mySAP Business Intelligence into their business in order to handle the financial processes of the corporation. These IT is fully implemented in the company's headquarters, and every field location is equipped with internet capabilities so that information can be given to and looked up from the centralized site.

Human Resource Management.

People are the important asset to the company. To prevent the host government from interfering, Coca-Cola fully integrated with the local economy by developing good relations with the government, carrying out extensive local research and development, and hiring local people For example, the company has partnerships with the Chinese government and domestic companies to generate a strong market presence.

There are also a number of local training initiatives catering to particular regional needs. In China, cultivating human resources means supporting the education system and therefore Coca-Cola has established a Soft Drink Training Center which cultivated both technical and business skills throughout the Chinese industry. In India, preparing for future leaders would be the key challenges within the organization.

Graduate Trainee Program is developed for young professional in order to prepare competent, dynamic and dedicated future leaders [74].

Technology Development.

Technology development is important as it supports the entire value chain. The rapidly changing technology such as automation, supply chain management and packaging technology has a tremendous impact on the way Coca-Cola does their business worldwide. Research and development (R&D) is the core commitment and strategies are being modified in efforts to allow more freedom to local operating divisions. Coca-Cola is investing in technology product and process as new sources of competitive strength. Coca-Cola developed more new products to suit the customer needs and adapted new techniques to improve the existing methods of conducting value added activities.

Future changes in logistical and value chain strategies.

Future is always unpredictable however there are some key developments that can be identified for the next few years. Changes in the macro-environment such as new government policies, economic development, new technology and demographic changes will affect the organization process system. Hence, Coca-Cola needs to constantly analyze the business environmental and respond to the changes.

Companies have to adapt the new laws or policies create by the government. For food and beverage industry, governments might pressurize firms to follow the law on food safety. In China, new law stipulates that all food has to reach the safety standards and start adopt new food license. There have been cases reported in India that Coca-Cola beverage was contaminated with lead, pesticides and benzene. To address these food safety and regulatory issues, Coca-Cola has to continue check and test the content of the drink and implement The Coca-Cola Quality system throughout the system to increase the awareness of the importance of food safety, not only in manufacturing but also throughout the entire supply chain. Besides that, on-going inflation has affected the costs of operation as well as the spending power of consumers. Consumers may buy less or switch to cheaper substitutes. In order to maintain sales and to keep the customers, the company has to allot a bigger budget for innovative advertising, promotion and marketing activities.

High percentage of revenues came from outside of the United States. Hence, foreign-currency changes may impact on the reported earnings. Translation exposures arise as many of the operations have functional currencies. To overcome this problem, Coca-Cola may adopt operational or financial hedging strategies which involve forward-exchange contracts and currency options in several countries.

Trends in beverage consumption might change as more and more consumers are adopting a healthy lifestyle. Sweetener drinks are the main source of calories and it will be harmful if consumed excessively. Nutritionist advice consumer not to consume too much soft drink such as Coca-Cola because sugar contained is high. The Coca-Cola Company has to respond to this trend by reformulating their products. For instance, it has to reduce the sugar content in its products or integrate it with fruit juice.

There are some complains claims that the bottles operation cause local water polluted and serious water shortage in India. Therefore government will restrict the amount of water used in the bottling company. The company used approximately 300 billion liters of water in their plants to produce beverages. To meet their water needs while helping to conserve water shed and improves community water access; planning use of water efficiency is needed to manage the water resources wisely.

Technology is getting advanced hence make great changes to logistics and value chain. It is an importance source of competitive advantage. The company has to keep update with new technologies and seek to initiate technical changes. Changes in technology will bring major improvement in the logistics and manufacturing operations. For example, MileMaker, a trucks routing system that generate accurate point to point routes, mileages and maps across the world. With this MileMaker, Coca-Cola can minimize operating costs while maximizing on-time delivery [65].

CHAPTER 3
RECOMMENDATIONS IN MANAGEMENT FOR COCA-COLA COMPANY THAT OPERATES IN DIFFERENT GEOGRAPHICAL AND CULTURAL CONTEXTS

3.1 Recommendations as for the corporate social responsibly at Coca-Cola company

According to the most recently available World Health Organization statistics, worldwide obesity has more than doubled since 1980. More than 40 million children under the age of 5 were overweight in 2018. Obesity is a serious, complex problem. Addressing obesity is a key to building strong, healthy and sustainable communities [64, p. 38].

The impact of obesity on the health of the consumers directly impacts the health of the business. As the world becomes more concerned about the public health consequences of obesity, some researchers and health advocates have unfairly blamed the consumption of sugar-sweetened beverages as the cause. Such public sentiment, proposed government regulation and other measures intended to discourage the consumption of the beverages is not only ineffective but could undermine finding a true solution. We are committed to being part of workable solutions to address obesity for the health of the consumers, employees, communities and ultimately business.

We agree with the widespread consensus that weight gain is primarily the result of energy imbalance – too many calories consumed and too few expended. No single food or beverage alone is responsible for people being overweight or obese. But all calories count, regardless of the source – including those in beverages.

All of Coca-Cola products can be part of an active, healthy lifestyle that includes a sensible, balanced diet and regular physical activity. Consumers who want to reduce the calories they consume can choose from our continuously expanding portfolio of low-and no-calorie beverages, and from our selection of regular-calorie beverages packaged in smaller portions.

Company should help to develop workable solutions to obesity by partnering with governments, academia, health organizations, communities, businesses and other members of civil society. We propose how to address obesity:

- Company should use evidence-based science.
- Company should innovate (invest in the development of products, sweeteners, packaging, equipment and marketing that fosters active, healthy living).
- Company should educate consumers about products (to bring real choice to consumers everywhere and to educate them on the role of variety of beverages can play in sensible, balanced diets as well as active, healthy lifestyles).
- Company should market responsibly:

  1) to inform with transparency about the nutritional content of products;

  2) to provide front-of-pack energy labeling (information about calories, kilocalories or kilojoules) on all of packaging and make the information available on the Nutrition Connection website).
- Company should promote active healthy living (being part of workable solutions to the problems facing society related to obesity). Company should seek to do this by assisting associates and their families, as well as the communities they serve, in promoting active, healthy living.
- Company should’ve contributed to the global effort to reduce obesity by introducing new products and packaging, funding evidence-based research and engaging with health care professionals.

3.2 Recommendations as for using stevia in producing beverages at Coca-Cola Company

Today, people are more concerned than ever about health and nutrition. They understand the importance of good nutrition and proper hydration – and they also know that delicious foods and beverages are an enjoyable part of life. People have trusted and enjoyed soft drinks for more than 115 years, and they can continue to be confident about their favorite beverages [55, p. 87].

In 2011 the Pennington Biomedical Research Center's work on the International Study of Childhood Obesity, Lifestyle and the Environment, or ISCOLE. ISCOLE is a multinational study encompassing data from 12 countries in North America, Latin America, Europe, Eurasia, Africa and the Pacific. The study seeks to investigate the influence of multiple behaviors on obesity and other conditions. Researchers will ask 500 children in each participating country – as well as their parents and school officials – to complete questionnaires related to diet, lifestyle, neighborhood, home and school environment. Children's body weight, physical activity and dietary patterns will also be measured.

With many governments, academia and nonprofit organizations singling out sugar-sweetened beverages as a leading driver of obesity, we continue to note that while obesity is a serious and complex global health problem, there is widespread consensus that weight gain is primarily the result of an imbalance of energy –specifically too many calories consumed versus expended. In addition, people consume many different foods and beverages, so no one single food or beverage alone is responsible for people being overweight or obese.

But all calories count, whatever food or beverage they come from, including those from our caloric beverages. We will continue to support independent, evidence-based science regarding issues related to obesity.

Current recommendations of several leading health authorities, including the World Health Organization, that people should limit their intake of added sugar to no more than 10 percent of their total daily calorie/energy intake. To provide sweetness with fewer calories, we recommend to innovate with products made with stevia, a sweetener that comes from natural origins and has zero calories.

The leaf of the stevia plant adds a naturally sweet taste to the food and drinks we love. And has the power to bring good to the land where it's grown, the farmers who nurture it and the health of the world. Some facts about stevia:

– Given the growing global concerns about obesity and diabetes, beverage and food companies are working responsibly to reduce sugar and calories in their products, responding to both consumers and health and wellness advocates. Sweeteners from the stevia plant offer sugar-like taste and are becoming an increasingly important tool for these companies.

– Like sugar, stevia sweeteners are from plants. But unlike sugar, they enable low-calorie and zero-calorie formulations of beverages and foods.

– Stevia leaf extract is a natural-based, zero calorie, high-intensity sweetener, used by global food and beverage companies as a great-tasting zero-calorie alternative to sugar and artificial sweeteners.

– Stevia is a naturally sweet plant native to South America; today, it is grown around the world, notably in Kenya, China and the US.

– The sweet-tasting parts of the stevia leaf are up to 400 times sweeter than sugar: stevia's high-intensity sweetness means it requires far less water and land than sugar.

– Research has shown that the molecules of the stevia leaf are present and unchanged in the dried stevia leaf, through the commercial extraction and purification process, and in the final stevia leaf extract product. All major global regulatory organisations, across 65 countries, have approved the use of high-purity stevia leaf extracts in food and beverages.

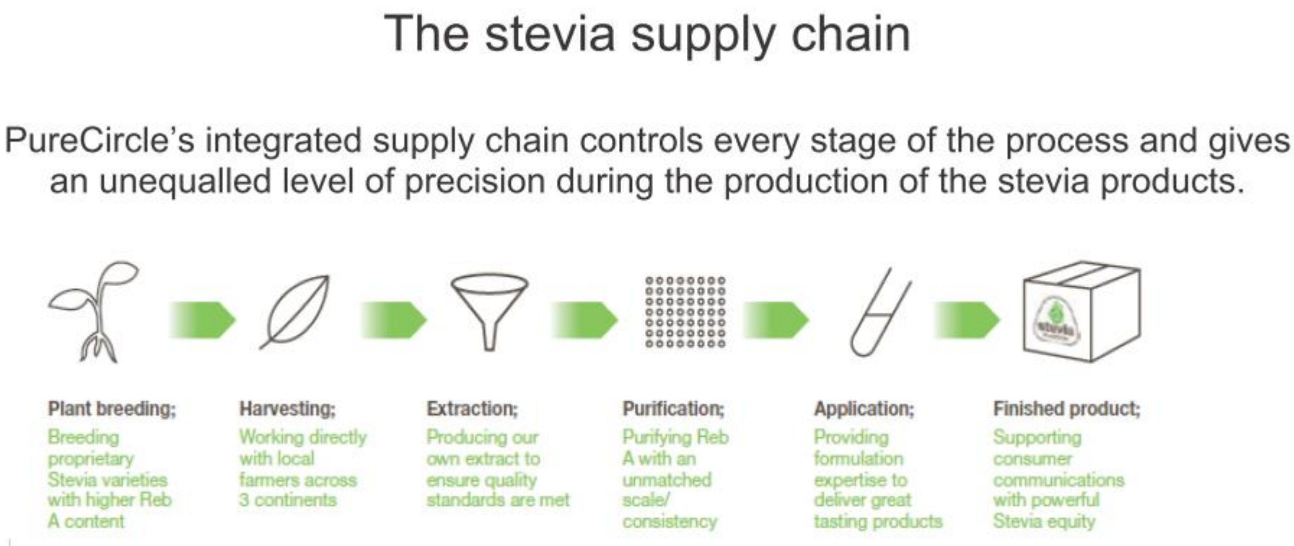

Figure 3.1 – The stevia supply chain

Use of stevia in food and beverage:

– stevia is 200-300 sweeter than sugar;

– sugar is a very effective taste modifier for the stevia off notes;

– stevia is well suited for 30-50% calorie reductions in many food and beverage products;

– stevia is very stable to low pH, heat and light.

Product application examples:

- Soft drinks, still drinks, nectars and low alcoholic beverages (reduction of 30-50% of the calories is possible with stevia. Water make up for the loss of sugar bulking, although some compensating texturising may be needed.

- Yoghurt (stevia replaces added sugar in the fruit preparations used as ingredients in flavoured yoghurts.

- Jam and fruit preparations (reduction of 30% of the calories is possible with stevia, choice of stevia product depend on fruit and berries. Water or berries make up for the loss of sugar bulking, optimised pectins may be needed to maintain texture.

- Sugar free confectionery (in strongly flavoured pastilles stevia combines with polyols, oligo saccharides and fibres).

The stevia market is forecasted to reach USD 934 million by 2024. It is expected to witness a CAGR of 8.43% during the forecast period (2019-2024):

- increasing awareness of the health benefits of low-calorie consumable products is a major catalyst to the market growth. As the number of obese and diabetic people is on the rise, stevia is the best sugar alternative due to its zero-calorie property.
- ground stevia can also be sprinkled lightly overcooked vegetables, meat, cereals, and salads. Besides adding its own sweet taste, it significantly enhances the flavor and nutritional value of food, thereby leading to its increased demand in the market.

Figure 3.2 – Stevia market: revenue in USD million, Liquid stevia, Global, 2016-2024

Liquid Stevia is projected to be the fastest growing segment as consumers are preferring liquid form of stevia to sweeten recipes. A few drops of the liquid stevia extract replaces a teaspoon of cane sugar and is useful for sweetening coffee, teas and smoothies. Liquid stevia is available in several forms such as syrups, resulting from boiling the leaves in water. The syrup is used to enhance the flavour of many foods. Commercial scale applications prefer liquid stevia as they are concentrated and very less quantity is required. Furthermore, the demand for alcohol-free liquid is growing at a greater pace in the segment.

Consumers have started to show interest in knowing the ingredients present in their foods, thus demanding “better for me” products. Most food manufacturers are responding to this new trend among consumers by developing products with lower sugar and lower calorie content, which are natural such as stevia. The United States has the highest consumption of stevia as a sweetener among all the countries in the North America region. Stevia extracts were only approved for use in the European Union in November 2011. Therefore, consumption of stevia is still very low. However, food & beverage manufacturers are rapidly developing products containing stevia. Asia-Pacific is the world's largest stevia consuming region, which has been achieved principally through rapid population growth.

3.3 Recommendations as for strategic issues that Coca-Cola Company is facing today

This chapter identifies strategic issues that the soft drink industry is facing today. If these strategic issues are not seriously evaluated, they will have negative impact on the long term profit potential of Coca-Cola. These issues form the basis for the six recommendations that we believe will strategically sharpen Coca-Cola's focus.

Problem 1: Declining volume in carbonated soft drink sector

William Pecoriello, a leading beverage industry analyst from Morgan Stanley & Co, makes his prediction on the carbonated soft drink (CSD) category where he notes, "The current set of teens may become the "lost generation" for the CSD category. ... Our latest survey of 1,550 consumers aged 13-65 supports our view that the US CSD segment is likely to remain under pressure. We maintain a forecast for a 1.5 percent annual volume decline for the CSD segment".

Let us look into the current situation in North America. In Canada, regular cola carbonates volumes declined by 2 percent in 2015, and total sector volume growth was either negative or below the population growth rate since 2011.

Definitely, CSD is a declining sector. This sector is simply too large and lacking in positive health attributes for it to be able to succeed in an increasingly health conscious marketplace (Euromonitor International, 2015).

For the first time in two decades, the number of soda cases sold in the United States declined. In 2015, case volume was down 0.7 percent to 10.2 billion cases. Category volume dropped 3.9 percent in combined channels, with Coca-Cola falling 4.2 percent, Pepsi-Cola sinking 4.7 percent and Cadbury Schweppes dipping 1.2 percent. Even flagship diet brands took a hit, with Diet Coke's volume tumbling 5 percent in the combined retail channels and Diet Pepsi's volume declining nearly the same amount at 4.7 percent.

Are there any implications of the declining volume in carbonated drinks from the market capitalization perspective for Coca-Cola? For the first time in their long, competitive history, PepsiCo overtook Coca-Cola in terms of its market capitalization in December 2016. Coca-Cola fell slightly behind at $97.9 billion to PepsiCo's $98.4 billion – a change that industry experts credited to PepsiCo's policy of diversification and investment in new health conscious brands (Food Beverage Report, 2016)

Recommendations for declining volume in the carbonated soft drink sector.

Carbonated soft drink sector is simply too large and lacking in positive health attributes to be able to succeed in an increasingly health conscious market place. If Coca-Cola focused only on the carbonated soft drink sector competitively, it would be unable to continue to be a market leader in the beverage industry.

PepsiCo now commands 50 percent of market share in noncarbonated drinks in the US, because it adapted the strategy of competing in the noncarbonated sector in the late 1990's. Coca-Cola was a distant second at 23 percent because of its continued focus on the carbonated sector. PepsiCo owns the leading brand in nearly every noncarbonated drink category in the United States: bottled water (Aquafina); sports drink (Gatorade); enhanced water (Propel); chilled juice (Tropicana); bottled tea (Lipton, a joint venture) and ready- to-drink coffee (Starbucks, a joint venture).

The key recommendation for Coca-Cola is to compete aggressively in the new age beverage sector to make its mark in the booming global and domestic market for energy drinks, bottled water and other noncarbonated drinks.

Competing outside the carbonated soft drink sector will make Coca-Cola competitive in the growth sector of the industry. Coca-Cola must change with the times to adapt to the needs of new generations of young consumers and health conscious consumers.

Competing aggressively in the noncarbonated sector will ensure victory for Coca-Cola in the Cola wars of twenty-first century. Moreover, Coca-Cola will be well positioned to face the challenge of future needs of consumers.

Problem 2: Health and wellness trend

Health and wellness continues to be a major trend across the global beverage market. This trend is driving innovation across a range of beverage categories. Most soft drink consumers are slowly shifting their consumption patterns to products that are healthier or have fewer negative side effects. In the soft drinks market, this means that soft drink consumers are moving their consumption from regular cola carbonates to low-calorie carbonates, bottled water, sports drinks, juice and RTD green and white teas. Let us take a brief look into the scientific evidence why this trend is so predominant in the global beverage market.

A study in the medical journal The Lancet in 2011 showed that a child's risk of becoming obese increases each time he adds a daily serving of sweetened soft drink to his diet. Drinking regular soft drinks shoots up blood sugar – and insulin levels in the body as well – according to the European **Journal of Cancer Prevention.** High insulin levels are associated with Syndrome X, cardiovascular disease, cognitive disorders, some types of cancer and type 2 diabetes. Further, women who drink a daily soda not only gain weight but also double their risk of diabetes. Moreover, high-fructose corn syrup in soft drinks has been implicated in the recent rise of obesity and diabetes, which has led several health food supermarket chains to phase out all drinks that contain it, including soda and some fruit drinks.

Diet soft drinks are the most obvious substitute, but a 2014 study surprisingly found that discouraging the consumption of both sweetened and diet soft drinks reduced the percentage of school children that were overweight or obese. Besides, diet soft drinks have no nutritive value. Plenty of other drinks are low in sugar and calories and have nutritional or health benefits as well (Smith and Melissa 2015).

The obesity controversy is one of the most important issues shaping the soft drink industry's future. This is an issue to which the beverage industry was slow to react. It did not do a good job in understanding consumer needs. Added to this, health concerns vary enormously between social and occupational groups. The young professionals who are behind the strong growth of low-calorie colas are not concerned about diabetes – they just want to lose or maintain their weight. On the other hand, older consumers concerned about diabetes will switch from high-calorie 100 percent juices to water or one of the modified, low-calorie juices.

Parents, concerned about their children's weight and activity levels, might abandon the traditional juice box for a sports drink. Pregnant and nursing mothers are increasingly looking to lower their potential consumption of negative chemicals by buying organics and more "natural" products. The list of potential health concerns and the products that match these concerns is long, and grows every day.

Recommendations for health and wellness trend

It is very clear that health and wellness continues to be a major trend sweeping across the global beverage market, especially in Europe and North America.

PepsiCo is moving forward with commitment to provide industry leadership in the health and wellness arena. For example, one of the key initiatives is PepsiCo's smart spot product support as a national sponsor of the YMCA activate America on the move. PepsiCo launched the Smart Spot symbol, the first of its kind designation that makes it easier for consumers to identify PepsiCo's products that can contribute to a healthy life style. The Smart Spot symbol meets established nutrition criteria based on authoritative statements from the US FDA and NAS. The smart spot symbol logo appears on more than 250 brands across PepsiCo's products including Tropicana, Acquifina, Gatorade, Quaker Oats and Diet Pepsi.

The recommendation for Coca-Cola is to move forward with commitment to provide industry leadership in the health and wellness arena. Coca-Cola should do a better job of staying in touch with shoppers and consumers and in the process of innovating and creating value. This is absolutely essential for value creation in the beverage industry. I think the most important driver behind the demand for beverage is population demographics. Two key segments of the market, the baby boomers and the young generation are shaping the future of the beverage industry. The aging boomer generation is more focused on preventing certain health conditions, and is more likely than other generations to increase its consumption of healthy foods and beverages, and avoid problematic ingredients such as sodium and sugar. On the other hand, the younger generation demands new age sport drink and energy drink. Coca-Cola's failure to understand this market need resulted in missing the opportunity to buy Gatorade brand.

Problem 3: Increased competition from PepsiCo

For more than a century, Coca-Cola and PepsiCo vied for "throat share" of the world's beverage market. The most intense battles in the so-called cola war were fought over the $66 billion CSD industry in the United States (Yoffie and Slind 2016). Even though PepsiCo is an archrival of Coca Cola few people realise that PepsiCo is one of the largest and most diverse food companies in the world, with annual revenues worth more than $35 billion and soft drinks only account for a quarter of this sum. With its key umbrella brands of Tropicana, Quaker, Frito-Lay and Gatorade sitting alongside Pepsi itself, the company is a global marketing machine, operating in 200 countries outside North America and managing 17 brands that each generate $1billion or more in annual sales. In conclusion, competition from PepsiCo will remain a threat for Coca-Cola for years to come (PepsiCo 2016 Annual Report).

Recommendations for increased competition from PepsiCo.

As the cola war continues into the twenty-first century, Coca-Cola faces very stiff competition from PepsiCo. The issue is a very serious threat to Coca-Cola because of PepsiCo's dominance in the growing noncarbonated beverage sector. Moreover, for the first time in their long, competitive history, PepsiCo overtook Coca-Cola in terms of its market capitalization in December 2016. Coca-Cola fell slightly behind at $97.9 billion to PepsiCo's $98.4 billion – a change that industry experts credited to PepsiCo's policy of diversification and investment in new health conscious brands (Food Beverage Report, 2016). The recommendation for Coca-Cola is to develop strategies to win the cola war in this century. Winning the cola war in twenty-first century is critical for

Coca-Cola to maintain its industry leadership position and to be a total beverage company.

Problem 4: Conflict with bottlers

Coca-Cola use bottlers to package and distribute products. This structure often causes conflicts of interest between Coca-Cola and bottlers. It is widely criticized that Coca-Cola often profits from increased concentrate sales at the expense of bottlers' margins. Moreover, Coca-Cola has historically had higher returns and lower capital requirements while bottlers have historically had lower returns and higher capital requirements for building and maintaining production and distribution networks. Bottlers continue to consolidate in an attempt to offset margin pressure through cost reduction. Specifically, size helps the bottlers to spread fixed costs over greater volume and make larger investments in automated production lines. Finally, Coca-Cola continues to develop new products and packaging, which increases operational complexity and, therefore, expenses for bottlers. While Coca-Cola views these new products as a way to build a portfolio of options to hedge against product successes or failures, bottlers see them as a burden since they often require additional capital expenditures. Some bottlers have even refused to carry some of the new noncarbonated niche offerings that Coca-Cola has acquired, such as Mad River teas and Planet Java Coffee, forcing the company to bury both products.

Nevertheless, the supply chain must consistently deliver value to the market in order for Coca-Cola's System to prosper. Despite any dissonance, the concept of "one face to the customer" must be maintained. But there has been much speculation about the simmering tensions between Coca-Cola and its increasingly powerful independent bottlers. Nothing would be more unsettling than a showdown between Coca-Cola and its largest bottler, Coca-Cola Enterprises Inc. (CCE) – a mega-bottler that now controls about 80 percent of the U.S. market as well as parts of Europe. CCE's strategy has been to raise sharply the price it charges grocers and other retailers. That's boosting its profit margins – but at the expense of Coca-Cola. Higher retail prices mean consumers buy less of its soda, so bottlers don't need to buy as much syrup from headquarters. More price hikes from CCE and other bottlers are expected, which could cut even further into concentrate sales. One reason for the continued hikes is the prospect of sharp increases in the cost of key commodities like resin and aluminium. The likelihood of a further bump up in price will put CCE and Coca-Cola into direct conflict.

Recommendations for conflict with bottlers.

Some industry analysts have called the relationship with bottlers "dysfunctional". Isdell, CEO for Coca-Cola and former head of bottling, emphasized the need to improve bottler relations. Improving the bottler relationship is increasingly important for Coca-Cola because some have begun distributing more non-Coke brands and pushing through aggressive retail price hikes that boost their profits but reduce the amount of syrup they buy.

The recommendation for Coca-Cola is to address this issue through senior leadership negotiations and discussion immediately because the bottlers are a critical local link to the consumers. Bottlers sell and market Coca-Cola brand products to businesses and institutions, retail chains, supermarkets, restaurants, small neighbourhood grocers, sports and entertainment venues, schools and colleges. These customers in turn sell the Coca-Cola brand products to the consumer. Working with bottlers as one Coca-Cola System will enable the company to fulfil the concept of "one face to the customer".

Problem 5: Lack of innovation

Effective innovation and new product introduction and the ability to respond with agility to changing customer and consumer demands is essential, and it must be accomplished through introduction of new products and formats that are successfully planned and executed. Coca-Cola has neglected product innovation over the last few years. In the North American market, Coca-Cola has not created a best-selling new soda since Diet Coke in 1982. In recent years, Coca-Cola has been outbid by its rival PepsiCo for fast growing noncarbonated beverages like SoBe and Gatorade. PepsiCo's better adaptation to consumer health trends recently saw it overtake Coca-Cola in market value for the first time in 112 years. Innovation represents the largest single opportunity to drive profitable growth.

Recommendations for lack of innovation

Increased competition from the key players and a more health aware consumer base reflects the current constantly changing market condition in the beverage industry. Coca-Cola, the market leader in the beverage industry has been criticized widely for not taking an active role in leading this industry change because of failure to innovate. Coca Cola has attempted some diversification into different products. For the most part, however, success has arguably cannibalized some of the company's own sales. There are more than 11 types of Coke on sale including vanilla, lemon and lime flavours. However, brand extension achieves only more choice for the same consumer. Coca-Cola's attempt to introduce the Dasani brand in the UK and Powerade in North America, has not been very successful.

PepsiCo, on the other hand, has successfully moved into snacks, energy drinks and bottled water. When PepsiCo realized that its own cola was failing to compete with Coca-Cola, it implemented a strategy that was flexible to the demands of the market. With sports drink Gatorade, Aquafina water and Tropicana fruit juices in its portfolio, PepsiCo has most bases covered. Further, it takes advantage of its move into snacks with its Frito-Lay product by arguing it can offer better margin and profit potential to large supermarkets, thereby demanding more shelf-space.

Looking toward the future, a key recommendation to Coca-Cola is continuing product innovation and expansion of its product line. The soft drinks industry is a mature industry and saturated with competitors. Also, the industry is no longer expanding, and market share is actually decreasing as more consumers are looking to healthier options. By continually introducing new products, Coca-Cola will be able to increase its profits and allow the company to continue to grow. Also, having a diverse product line will make the corporation very stable, which is appealing to investors and creditors. Coca-Cola should recognize that innovation leads to value creation. Innovative ideas can be in merchandising, supply chain innovations or new products, packages or services.

Problem 6: Food Safety and Statutory Regulation Issues

Food safety is going to be a key issue with evolving new products in the soft drink industry. Class action lawsuits were filed in Massachusetts and Florida last April 2006, alleging unsafe levels of benzene, a chemical linked to cancer, in certain drinks from beverage manufacturers including Coca-Cola, PepsiCo and Cadbury Schweppes. Another lawsuit was filed in May 2006 against the company, this time alleging that Coca-Cola products made in Mexico contained lead. The lawsuit claims that elevated levels of lead have been detected in the paint used to decorate the outside of glass Coca-Cola bottles, as well as in the beverage itself. Recent negative publicity due to high levels of pesticide residue in the carbonated beverage sold in India is another cause for concern. There is a wide negative campaign against using Aspartame as an artificial sweetener in diet drinks because of its health effects. All these food safety concerns could further depress demand for carbonated drinks.

The emphasis in the US is more on bio-terrorism and food security. However, the provisions in the 2005 traceability legislation in the US, which stemmed from the Bioterrorism Act of 2002, and those in the EU Directive 178, Articles 18 and 19, are very similar. The U.S. Food and Drug Administration (FDA) is proposing the registration and tracking of almost all domestic and imported food articles, but some are concerned that the complexity of the rules will overwhelm both the food industry and the FDA.

Recommendations for food safety and statutory regulation issues.

Despite Coca-Cola’s reputation as a socially responsible corporate citizen, the company has faced its share of controversy worldwide surrounding its products safety records. The company faced several food safety issues such as a contamination scare in Belgium and France, a pesticide scare in India.

Contaminated Dasani in Great Britain and Benzene in carbonated beverage are some of the other major food safety issues faced by Coca-Cola recently. Amid this growing concern, regulators are cracking down on sanitation and a variety of other food safety requirements.

Coca Cola is implementing the Coca Cola Quality system (TCCQS) throughout the system to address the food safety and regulatory issues. TCCQS has been developed by a global, cross-functional team and endorsed by senior management and the bottling partners. It is a framework around which Coca-Cola's system coordinates and guides its activities, drives continuous improvement and relentlessly strives for quality.

The recommendation for Coca-Cola is to take food safety and regulatory issue seriously because Coca-Cola is the world's most trusted brand. People around the world invite Coca-Cola's beverages into their lives more than 1.3 billion times a day. Moreover, in an age of instantaneous communication, Internet availability and satellite media coverage, the amount of information and the speed at which customers can be informed of a perceived or actual problem have increased exponentially. The prevailing media trend is to accentuate the negative rather than the positive aspects of situations. Tests conducted in Europe after the contamination scare in Belgium and France found that the products did not contribute to illnesses and that the symptoms were psychosomatic. Addressing the food safety and regulatory issues will increase the brand value of Coca-Cola and allow Coca-Cola to continue to be the stewards of food safety in the beverage industry.

This chapter has provided us some insight on the key issues faced by the soft drink industry and Coca-Cola specifically.

CHAPTER 4
SPECIAL PART

4.1 Current trends in the field of Coca-Cola

In mid-February, the Coca-Cola released its full-year results for 2017. The soft drinks group posted a 3% lift in sales from the year in organic terms, although sales on a reported basis were down by 15%. Here, just-drinks considers Coca-Cola's performance over the last five years.

The financial performance of The Coca-Cola Co over the past five years has to be viewed through a misty lens of restructuring costs and currency fluctuations. Refranchising of its bottling operations, in particular in the US and China, have meant that recent years of reporting by the group have come with qualifications.

Wipe the haze away, however, and the picture is one of modest, if not spectacular, growth in most regions. There has been a gradual shift in emphasis in global product mix in response to worldwide consumer trends, with ready-to-drink tea and coffee, packaged water and sports drinks all getting regular good end-of-year report cards. The company has been working hard to bring into focus its 21st Century identity as an all-round supplier of RTD non-alcoholic beverages, and not just a CSD player.

The report card's teacher's comments section routinely contains news of overall market share gain in major regions, as Coca-Cola seeks to ride out short-term negative economic trends in some territories to focus on what then-CEO Muhtar Kent called in 2014 the "long-term fundamentals" of a global rising middle class, greater urbanisation and increasing personal consumption expenditure.

The five-year period under review has been underpinned by a drive to improve productivity to release funds for media spend through a streamlined operating model, focusing on core global brands backed up by local bottling partners. The China and US restructuring through 2016 and 2017 was aimed at producing a higher-margin, brand-led but less capital-intensive operation, moving from a model where 18% of its volumes are come company-owned bottlers to around 3%.

By 2014, the number of brands in Coca-Cola's portfolio whose annual sales exceeded US$1bn reached 20 when Gold Peak and Fuze teas - as well as the I Lohas mineral water brand in Japan - all passed the milestone.

Table 4.1 - The Coca-Cola Co's Full-Year Sales 2013-2017

	2013	**2014**	**2015**	**2016**	**2017**
Sales	46854	45998	44294	41863	35410

Source: Company results

In 2013, Coca-Cola posted a reported revenue decline of 2% to $46.9bn. In organic terms, however, the top-line rose 3%, when the impact of structural changes and currency fluctuations were stripped out.

Global volume trends were positive in both 2013 and 2014, with growth 2% each year. Coca-Cola's sales dipped in 2014, however, by 2% to just shy of $46bn.

Reported sales dropped a further 4% to $44.3bn in 2015, but increased on an organic basis by 4%. Full-year global volumes were up 2%, led by North America, the group's flagship market.

In 2016, sales on a reported basis dipped 5% to $41.9bn, due to unfavourable impacts from foreign currency and structural changes of 12% and 9%, respectively. Organic revenue grew 3% for the year. Coca-Cola said its focus during the year had been on driving a solid performance in developed markets to offset macroeconomic pressure in emerging ones in Latin America, with North America again driving most growth. Global volumes were up 1% for the year.

2018 year saw sales tumble by 15% to $35.4bn, driven by "structural headwinds" of 17% following the China and US refranchising programmes. Despite this, organic revenues were up 3%, even though volumes were even across the year, with improved margins.

Worldwide CSD volumes were up 1% in 2013 in a declining global market, led by Coca-Cola, with growth also coming from Fanta and Sprite.

The growing role of still drinks in the Coca-Cola portfolio saw sparkling beverage growth slightly behind group volumes as a whole at +2% in 2014, although the company did claim increased global market share in both volumes and value. Coke, Sprite and Fanta were again the drive brands.

The Coca-Cola Co's global sparkling beverage growth in 2015 was 1%, with a 3% increase for Sprite and 6% for Coca-Cola Zero. These performances were offset, however, by a 6% decrease for Diet Coke/Coke Light.

CSD volumes were flat for Coca-Cola as a whole in 2016, and volumes dropped 1% in 2017. Coca-Cola Zero Sugar became a significant part of the company's sparkling beverage armoury in response to consumer trends and regulatory pressures over sugar content in some countries. The brand was launched in 2016 in France, Belgium, the Netherlands and Ireland, after its initial launch in the UK, and was rolled out to Australia and South Africa last year.

Volumes for the still drinks stable have consistently grown at a faster rate than sparkling beverages for The Coca-Cola Co, as a result of extra focus by the company in the face of shifting consumer trends. Worldwide volumes for still offerings grew 5% in 2013, with a strong performance across juices and juice drinks, RTD teas, packaged water, sports drinks and energy drinks.

Still beverages outpaced growth for Coca-Cola overall again in 2014, with volumes up 4%, and an increase in global value and volume share.

A year later and global still volumes rose 5% with the best performance - +8% - coming from packaged water. Positive global sales trends also drove growth in the group's RTD tea of 4%, RTD coffee of 3% and sports drinks of 2%.

Then, 2016 brought double-digit volume growth in North America and high single-digit growth in Western Europe for still drinks with volumes up 3% globally.

Growth trends for the group's still segment were slower in 2017, with volumes of juice, dairy and plant-based beverages coming in flat. Water and sports drinks volumes rose 1% and tea and coffee put in the best performance, up 2%.

Table 4.2 - The Coca-Cola Co's Full-Year Sales by Region 2013-2017

	Europe, Middle East & Africa	**Latin America**	**North America**	**Asia-Pacific**	**Bottling Investments**	**Total**
2013	8097	4939	21590	5869	7676	6854
2014	8266	4657	21479	5746	7039	5998
2015	7587	4074	21802	5252	6731	4294
2016	7278	3819	10210	5294	19885	1863
2017	7374	4029	10637	5176	10605	5410

Source: Company results

In 2013, The Coca-Cola Co's volumes in Europe - which were still being reported separately from the Middle East and Africa at the time – were down 1%, although sales from the region increased 4%. Germany put in one of the best performances, with volume growth of 2%, while there was growth of 1% in north-west Europe and the Nordic countries. Weak consumer confidence held back sales in southern Europe. The company made market share gains in core CSDs and sports drinks and the consolidation of the Innocent smoothie business improved the price/mix.

Coca-Cola's sales in Eurasia & Africa, meanwhile, were ahead 2% in the year, with volumes up 7%. All business units in the region delivered volume growth in 2013, despite social unrest and challenging macro environments in some markets. The group gained volume share in the region in CSDs, juice and juice drinks, as well as in sports drinks. The 'Share a Coke' campaign helped Coca-Cola lead brand growth.

European volumes fell 2% for the company in 2014, with CSDs down 3%. Still beverages, however, were up 1%, with positive trends for juice drinks and sports drinks. Comparable sales were 2% up on the previous year.

Eurasia & Africa volumes rose 4% in 2014, with still beverages leading the charge with growth of 8%. The sparkling portfolio was up 3%, with value share gain in the soft drinks market as a whole. Like-for-like sales were up 8%. Coca-Cola recorded single-digit growth in its business units in Southern Africa, Middle East & North Africa, and Central, East & West Africa. CSD growth was led by Coke and the group made market share gains in juice and juice drinks, sports drinks and packaged water.

Still beverages were again the main engine of growth in Europe in 2015, up 7% across the year, with strong performances from packaged water, RTD tea and Innocent juices and smoothies. The CSD stable was up just 1%, although there was strong growth for Fanta towards the end of the year. Total volumes for all drinks across the year were up 2%.

Over in Eurasia & Africa, total volumes rose 3% in 2015, with still beverages up 6% driven by sports drinks, packaged water and RTD tea. Sparkling was up 2% with growth from Coke and Sprite offset by a decline for Fanta. Sub-regional growth was best in the Southern Africa, Central, East & West Africa and Turkey, Caucasus & Central Asia business units, with a decline in Middle East & North Africa.

Calendar-2016 was the first year of full reporting for EMEA as a whole for Coca-Cola and saw organic sales up 3% on volumes that were ahead by 1%. CSD volumes were flat, while still drinks were up 3%. There was volume growth in the West Africa and Middle East & North Africa reporting regions, offset by decline in Central & Eastern Europe, primarily driven by falling sales in Russia. Sparkling drinks' flat performance was bolstered by mid-single-digit volumes growth in Fanta sales in Central & Eastern Europe after the launch of a Fanta spiral bottle.

Last year saw Coca-Cola's organic sales in EMEA rise 5%, ahead of a 1% lift in volumes. The best volume growth performances were seen in the Central & Eastern Europe and Turkey business units, offset by declines in Africa and the Middle East, where sales were affected by economic challenges and strategic pack downsizing initiatives. The company gained value share in CSDs, juice, dairy and plant-based beverages.

The region has brought some of The Coca-Cola Co's best annual improvements in sales, with value growth outpacing volumes driven by improved price/mix trends. The group's volumes increased by 1% in Latin America in 2013 with net sales ahead by 2%, helped by a 10% improvement in price/mix. The year brought the ninth consecutive annual gain of total soft drinks market share for Coca-Cola in the region, but CSD volumes were down 3%, with economic challenges in Mexico and Brazil the main causes. The year also saw the introduction of the mid-calorie Coca-Cola Lite into Argentina and Chile.

Calendar-2014 brought a 6% rise in still volumes, although a flat market for sparkling variants left total volumes up by just 1%. Growth came mainly from packaged water, value-added dairy drinks and sports drinks. Coca-Cola's comparable sales were up in the year by 9%, however, as the company improved its price/mix by 8%, with "positive pricing" and a more margin-friendly product mix in Brazil - the country that led regional growth - and the in the south of the region. But, increased marketing investments and a cap on profit margins imposed in Venezuela in early-2014 meant that reported sales were actually down 6%.

Regional volumes a year later inched up 1%, with still beverages up 4% and CSD sales flat. Growth was fuelled by a good performance in Mexico, offset by a decline in Brazil. Sprite put in a good performance, but there was an end-of-year slide for Fanta. Juice, sports drinks and packaged water were all in growth in 2015, as a 9% improvement in price/mix hauled organic sales in the region up by 11%.

In 2016, Latin American volumes dipped by 1%, although Coca-Cola enjoyed a 12% increase in organic sales, with a price/mix improvement of 13%. Reported sales fell 6%, however, on a negative currency impact of 18%. There was a "solid" performance from

Mexico and "several inflationary markets across Latin America", though macroeconomic challenges in the Brazil and Latin Center reporting regions brought high single-digit declines in each. Across the overall region, still drinks were up 2% and CSDS fell by a similar amount.

The main development for Coca-Cola in Latin America last year was the deprioritising of low-margin water in Mexico. There was also a "revenue growth management" initiative to raise value sales and transactions ahead of volume in the south of the LatAm region. As a result, volumes for Latin America as a whole were down 2%, but organic sales increased 6%. Volumes grew in Brazil and South Latin but declined in Mexico and Latin Center. The company gained market share by value in the region.

The group's heartland, North America accounted for just under half of group sales overall in 2013, when regional volumes and revenue were both flat against the previous year. CSD sales were down, but still beverages improved, with a strong performance from Powerade, which delivered high-single-digit growth in the final quarter.

Coca-Cola's operating profits for the year were hit by $21m as the result of an enforced switch in orange juice supply to higher-cost juice from Florida, after the detection of an unregistered fungicide in imports from Brazil. Profits were also hit by costs relating to the end of a US licensing agreement on RTD tea with Nestlé at the end of 2012.

The group increased its price/mix significantly in North America 2014, due to what it called a "rational approach to pricing" coupled with increased media spend. This brought increased market share in a declining market, although volumes were flat. CSDs were down 1% and still drinks grew by a similar amount. Brand Coke grew slightly in the US and the company gained volume and value share in juices and RTD tea.

In 2017 The Coca-Cola Co posted its strongest annual performance in North America for three years, with still drinks the highlight with an increase of 5%, led by juice, RTD tea and water. CSD sales were up 1%, with growth higher in the last quarter at +3%.

In 2016, organic sales for the region increased 4%, outgrowing the market, and volumes rose 1%. Growth in Sprite, Fanta and energy drinks was offset by a decline in Diet

Coke. Still beverages were up 3%, driven by growth in water including double-digit growth in Smartwater. Dairy drinks, meanwhile, grew by double digits in the region.

Last year's volumes were flat in North America, organic sales increased by 3%. In the last quarter, there was mid-single-digit growth for Minute Maid, while RTD tea and coffee grew 8%.

The Coca-Cola Co's volumes in Asia Pacific at the start of our five-year coverage were up 3% year-on-year, but sales dropped 7% with a poorer price/mix of 4%. Cooling economies in India and China slowed growth, but there was an improved performance in the second half. In the final quarter of the year, regional volumes increased 8%, with China up 5% and Japan ahead by 3%.

Asia Pacific was one of the stronger regions for Coca-Cola in 2014, with both overall and CSD volumes up 5%, and still beverages ahead by 4%. Comparable sales were ahead by 3%. There was high-single-digit growth in India in the last quarter of the year, offset in part by a 3% fall in China - mainly due to industry softness in the juice and juice drinks categories – and a 1% decline in Japan.

The 2015 brought 4% growth in not only CSDs, but also in still beverages and total volumes in Asia Pacific. Coca-Cola's organic sales, meanwhile, came in flat. There were strong performances for brand Coke, Fanta and Sprite in the last quarter of 2015, when there was also double-digit growth in packaged water and RTD tea. Sales trends were strong in India in the last three months of the year, when growth hit double-digits.

Asia Pacific volumes rose 2% for Coca-Cola in 2016, with organic sales up 1%. CSDs were flat across the region, with still drinks up 5%. There was overall mid-single-digit growth for the ASEAN business unit and a low-single-digit increase for Japan. This was offset by low-single-digit decline in Greater China & Korea. Coca-Cola's Japanese volumes were boosted by sales of a holiday pack for Coke and a "bottle-can" packaging innovation for its Georgia the Premium coffee.

Finally, regional organic sales and volumes were both up 1% in 2017. Volumes were helped by last quarter high-single-digit growth in ASEAN, partially mitigated by declines in Greater China & Korea and Japan. The year also saw the "deprioritizing" of low-margin water in China and Japan, as the group upped its focus on higher-margin categories.

4.2 Activities of multinational corporations in the development of Nigeria

In Nigeria, development started from the coastal areas as a result of the fact that the foreigners mainly whites, first settled on these areas some natural factors accounted mostly for the sitting of these corporation there. The big sea, for instance Lawal (1982) remarked that "the concentration of the Multinationals Corporation in the coastal region of Nigeria is as a result of natural factors that makes easy important and or exportation of raw materials and evacuation of produce of the extractive industries in Nigeria". This no doubt, accounts for why such areas like Lagos and Port-Harcourt are very beautiful cities today.

Most of these Multinationals Corporation in Nigeria are engaged in

1. Construction
2. Mining
3. Technology Transfer
4. Investment Financing
5. Aviation
6. Communication
7. Employment Creation
8. Agriculture
9. Sport Development
10. Healthcare among others.

Multinationals Corporation in this area Diemez, MCC, RCC, Julius Berger etc. The network of roads, flyovers and drainage system in Abuja, Lagos metropolis are for instance, the handwork of Julius Berger. This is how Oladipo (1985) put it, when he was referring to the role Julius Berger in Lagos. "What would have become of Lagos in view of its smallness and Crowdiness but for Julius Berger"? In the same Light Oladeji (1985) adds "the history of Lagos will be incomplete without Julius Berger." In like manner, most of the express roads, bridges and important building in the country were constructed by all the above named MCC.

The mining sector is dominated by foreign oil company such as ELF, Gulf, Chevron, Mobil, Agip, Texaco, Total, and Shell among others. Their operations resulted in the beefing up of public revenue to the extent that revenue from oil now, according to Olumhense, (1994) accounts for about 90 percent of the country's annual foreign exchange earnings. Thereby pushing agriculture to the background. The first multinational oil company to embark on mining in Nigeria is shell petroleum development company of Nigeria. The first crude oil was exported in 1958. This therefore launched Nigeria into the community of crude oil producer and exporters. The nation's economy got a needed boost from them. Hence Ukpevo, et al (1993), puts it thus, the discovery of oil in 1956, marked the beginning of economic buoyancy for Nigeria".

The essential factor for socio-economic development, which is lacking in Nigeria and other developing countries, is technical know-how or technology. Be that as it may, the advent of these Multinationals Corporation in the country has brought about a positive development in this regard, comparatively that is, at least when one considers the state of the country's technology before the advent of the Multinationals Corporation.

Today, one can see some factories that apply improved production processes in their operations.

The provision of finance, which is often, the supply of capital goods, is very important in tracing the roles of Multinationals Corporation. Accordingly, the Multinationals Corporation in Nigeria helped in no small measure to beef up the magnitude of the public fund, Hence, as against the previous national development plans. Nwankwo (1981) says "it was only in the third national development plan that public investment was estimated to be greater than the target private investment. This was due to increase government revenue from petroleum (oil).

From the above, it is believed that from the advent and activities of multinational oil companies such as shell petroleum in Nigeria Oil Industry, the revenue accruing to the government skyrocketed and brought about increased public expenditure. Hence, the Multinationals Corporation help provide finance for development, Nwankwo (1980) says “up to 1974, when the indigenization decree took effect, foreign investment in Nigeria as estimated, contributed not less than 60-80 percent of total investment.

The Nigeria Airways was molded by a technical partner – KLM of the Netherlands. The contributed immensely to the full take off of the indigenous airline.

In telecommunication, ITT among others has helped greatly in the development of network of communication systems in the country. There in the country today, telephone, telex, fax, teleprinters systems internet etc.

Some people are of the view that these Multinationals Corporation do serve a source of employment to some Nigerians. They say both skilled workers are employed. This to some extent improves the standard of living of these people and their families.

Companies such as Pfizer, Ciba-Gelgy etc. are involved in the provision of drugs and chemicals for improved productivity in agriculture in the country. Others Multinationals Corporation have introduced the practice of mechanized agriculture into country. This equally leads to increased agricultural productivity.

If there is any one thing that has the capability of uniting the nation as one, it is sports (especially football or soccer). Some Multinationals Corporation being aware of this simple truth, have made their impact felt in this field. Their aim is to develop sports in the country. Notable among them are Pepsi, Coca-Cola, Cadburg, First Bank and Nestle.

Drug companies such as Glaxco, Sterling Health Beachem etc. have been acclaimed to have develop and provide the Nigerian people drugs for the prevention and treatment of most diseases and sicknesses thereby contributing to improved healthcare in the country.

Given all the above contributions, some people feel that Multinationals Corporation are positive forces in the social economic and technological development of Nigeria. While others feel that the other side of the coin (their shortcomings) is more glaring. We shall now look at their negative or shortcomings.

Against the acclaimed positive contributions of Multinationals Corporation to the development of the Nigeria economy, are their alleged negative contributions.

They are accused of causing balance of payment difficulties through huge repatriation of funds. This difficulties arise when such repatriation of funds exceed incoming foreign investment funds. To confirm his Santo (1990) says that “the amount of capital leaving the developing nations is greater than that entering”. In this way, it is argued that Multinationals Corporation act as a drain on host country investment as “decapitalization effect”.

Moreover, the Multinationals Corporation are said to inflate the value of imparts (materials, equipment and machinery) and undervalue their exports, thereby using the differences to offset the amount they pay as taxes and royalties.

It is further argued that the techniques of some of these Multinationals Corporation distort the distribution of value added in favour of foreign factors (equipment, machinery and skills) and against local factors (labour, social responsibility and raw materials) of Nigeria. Besides, the choice of technology of some are regarded as too capital-intensive for the relatively labour-abundant Nigeria, thereby limiting the number of people (Nigerians) employed in such companies.

Barnet and Muller (1974) maintained that “the characteristics of global corporations with the most devastating consequences for the poor countries are that it destroys jobs”. For example UAC Nigerian PLC, a multinational, established huge plantations across the country (palm in cross-river, cocoa in Ondo and Rubber in Edo States) in doing this the dispossessed and deprived most farmers in these areas of their means of subsistence and income. They introduced mechanized farming and only employed very few people as machine operators and the rest were left jobless.

Moreover, it is argued that, since much of the research of these corporations is conducted in their headquarters, it makes the idea of technology transfer to Nigeria partly useless, because the local environment is not considered. For example, it was reported that the research to establish the controversial Ajaokuta steel complex was carried out in faraway Russia, the furnace was designed to use Russian coal thereby neglecting the huge coal deposit in Nigeria (Enugu) it is pointless to begin to explain the implication of this, for it is very obvious.

Nwankwo (1981) maintains that Multinationals Corporation does not supply technology a commodity that can be purchased in the open market. Rather, they supply as their own investment, packaged up in materials, equipment and skill. Factories have been built, construction works have been undertaken and such other capital goods as aeroplane and electronic equipment impart. These are taken as technology supplied by multinational corporation, but they are supplied and not transferred.

The activities of some of these Multinationals Corporation are a major source of pollution in the nation. One does not have to go far to detect pollution. Pollution affects the land use, the water we drink and the air we breathe noted Everard, et al (1979).

In many cities like Lagos, Kano, Port-Harcourt among others, the air is filled with harmful fumes from factories and cars. Some of these factories belong to Multinationals Corporation, while the cars and fuel and product of multinationals. Many rivers and streams are claimed to be filled with waste from Multinationals Corporation, to the points of killing fishes, or making the water hazardous to drink. The land it is said has not been spared, it has been misused in various ways such as the wasteful removal of natural resources, the creation of unsightly junk piles and use of harmful chemicals to destroy insects and rodents.

A very good example of pollution by Multinationals Corporation is that reported to be carried out by the multinational oil companies. As leton, the president of the movement for the survival of Ogoni people (MOSOP) puts it, "we are in troubled waters". We have woken up to find out lands devasted by agents of death called oil companies. Our atmosphere has been totally polluted our land degraded, our waters contaminated, our trees poisoned, so much so that our flora and fauna have virtually disappeared.

Laton (1993) other oil rich communities where these oil companies operated are reported to suffer similar fate as the Ogoni. These communities it is claimed suffer from social neglect and unfairness. "Neglect and unfairness by the oil companies who smile to the bank daily".Says Agbese (1993).

In the words of Ekpu (1993) "According to the people (Ogonis), (the geese that lay the golden eggs if you like), there is not electricity, no pipe-borne waster, no good roads in their lands. Only poverty, neglect and pollution.

What the Ogonis and other oil rich communities are passing though, simply points to one fact, says critics of the multinational oil companies-they (multinational oil companies) are not socially responsible. In virtually all the multination in the country, critics say, there is discrimination regarding the payment of staff. In no situation are Nigerians and expatriate managers on the same level paid the same amount. These companies, it is said, capitalize on the abundant labour force in the country. They pay the indigenous staff very low salaries, while using them to the fullest, knowing that they can easily be replaced if they (local staff) complain and decided to leave. In some cases, it is argued, junior expatriate staff tends to earn more than a Nigeria senior staff in the same company. This is not a healthy development.

In terms recruitment in most cases, foreign managers are preferred to local managers. This observers say is not proper for one. They do not agree with the excuses of the Multinationals Corporation that Nigerians have not gotten the needed skill and knowledge to handle such positions.

Furthermore, the Multinationals Corporation are almost, always accused of only interested in maximizing their profit in their operations in Nigeria and as such they hardly care about their social responsibility to the host communities in particular and the nation as a whole. These huge profits, they are reported, to repatriate to their home countries with little or no reinvestment in the country.

Base on their wealth of experience, power and other resources the Multinationals Corporation stand at a rather advantaged position when compared with their Nigeria counterparts. As on critic put it, foreign investors damage host country’s economy by suppressing local firms by using their worldwide contracts, advertising skills and range of essential support services to drive out local competition and inhibit the emergence of local enterprise.

The ramification of these companies into all sectors of the economy and the orientation of local consumers, who often positively favour foreign goods because they are considered more superior, have made competition difficult for local firms hence some have gone out of existence as a result.

CHAPTER 5

RATIONALE FOR RECOMMENDATIONS

5.1 Statement for recommendations at Coca-Cola Company

We did recommendations how Company may act responsibly in the market:

- Company should use evidence-based science.
- Company should innovate (invest in the development of products, sweeteners, packaging, equipment and marketing that fosters active, healthy living).
- Company should educate consumers about products (to bring real choice to consumers everywhere and to educate them on the role of variety of beverages can play in sensible, balanced diets as well as active, healthy lifestyles).
- Company should market responsibly:

  1) to inform with transparency about the nutritional content of products;

  2) to provide front-of-pack energy labeling (information about calories, kilocalories or kilojoules) on all of packaging and make the information available on the Nutrition Connection website).
- Company should promote active healthy living (being part of workable solutions to the problems facing society related to obesity). Company should seek to do this by assisting associates and their families, as well as the communities they serve, in promoting active, healthy living.
- Company should've contributed to the global effort to reduce obesity by introducing new products, new raw material (stevia) and packaging, funding evidence-based research and engaging with health care professionals.

Today soft drink industry is facing strategic issues that may have negative impact on the long term profit potential of Coca-Cola. These issues form the basis for the six recommendations that we believe will strategically sharpen Coca-Cola's focus:

- Decline volume in the carbonated soft drink sector.
- Move forward with commitment to provide industry leadership in the health and wellness arena.
- Develop strategies to win the cola war with PepsiCo in twenty-first century is critical for Coca-Cola to maintain its industry leadership position and to be a total beverage company.
- Improving the relationship with bottlers is increasingly important for Coca-Cola.
- Product innovation and expansion of its product line by continually introducing new products, Coca-Cola will be able to increase its profits and allow the company to continue to grow. Also, having a diverse product line will make the corporation very stable, which is appealing to investors and creditors. Coca-Cola should recognize that innovation leads to value creation. Innovative ideas can be in merchandising, supply chain innovations or new products, packages or services.
- To take food safety and regulatory issue seriously because Coca-Cola is the world’s most trusted brand.

5.2 Recommendations as for using stevia in producing beverages at Coca-Cola Company

Today, people are more concerned than ever about health and nutrition. They understand the importance of good nutrition and proper hydration – and they also know that delicious foods and beverages are an enjoyable part of life. People have trusted and enjoyed soft drinks for more than 115 years, and they can continue to be confident about their favorite beverages [55, p. 87].

Current recommendations of several leading health authorities, including the World Health Organization, that people should limit their intake of added sugar to no more than 10 percent of their total daily calorie/energy intake. To provide sweetness with fewer calories, we recommend to innovate with products made with stevia, a sweetener that comes from natural origins and has zero calories.

The leaf of the stevia plant adds a naturally sweet taste to the food and drinks we love. And has the power to bring good to the land where it's grown, the farmers who nurture it and the health of the world. Some facts about stevia:

– Given the growing global concerns about obesity and diabetes, beverage and food companies are working responsibly to reduce sugar and calories in their products, responding to both consumers and health and wellness advocates. Sweeteners from the stevia plant offer sugar-like taste and are becoming an increasingly important tool for these companies.

– Like sugar, stevia sweeteners are from plants. But unlike sugar, they enable low-calorie and zero-calorie formulations of beverages and foods.

– Stevia leaf extract is a natural-based, zero calorie, high-intensity sweetener, used by global food and beverage companies as a great-tasting zero-calorie alternative to sugar and artificial sweeteners.

– Stevia is a naturally sweet plant native to South America; today, it is grown around the world, notably in Kenya, China and the US.

– The sweet-tasting parts of the stevia leaf are up to 400 times sweeter than sugar: stevia's high-intensity sweetness means it requires far less water and land than sugar.

– Research has shown that the molecules of the stevia leaf are present and unchanged in the dried stevia leaf, through the commercial extraction and purification process, and in the final stevia leaf extract product. All major global regulatory organisations, across 65 countries, have approved the use of high-purity stevia leaf extracts in food and beverages.

Use of stevia in food and beverage:

– stevia is 200-300 sweeter than sugar;

– sugar is a very effective taste modifier for the stevia off notes;

– stevia is well suited for 30-50% calorie reductions in many food and beverage products;

– stevia is very stable to low pH, heat and light.

Product application examples:

- Soft drinks, still drinks, nectars and low alcoholic beverages (reduction of 30-50% of the calories is possible with stevia. Water make up for the loss of sugar bulking, although some compensating texturising may be needed.

- Yoghurt (stevia replaces added sugar in the fruit preparations used as ingredients in flavoured yoghurts.

- Jam and fruit preparations (reduction of 30% of the calories is possible with stevia, choice of stevia product depend on fruit and berries. Water or berries make up for the loss of sugar bulking, optimised pectins may be needed to maintain texture.

- Sugar free confectionery (in strongly flavoured pastilles stevia combines with polyols, oligo saccharides and fibres).

Liquid Stevia is projected to be the fastest growing segment as consumers are preferring liquid form of stevia to sweeten recipes. A few drops of the liquid stevia extract replaces a teaspoon of cane sugar and is useful for sweetening coffee, teas and smoothies. Liquid stevia is available in several forms such as syrups, resulting from boiling the leaves in water. The syrup is used to enhance the flavour of many foods. Commercial scale applications prefer liquid stevia as they are concentrated and very less quantity is required. Furthermore, the demand for alcohol-free liquid is growing at a greater pace in the segment.

Consumers have started to show interest in knowing the ingredients present in their foods, thus demanding “better for me” products. Most food manufacturers are responding to this new trend among consumers by developing products with lower sugar and lower calorie content, which are natural such as stevia. The United States has the highest consumption of stevia as a sweetener among all the countries in the North America region. Stevia extracts were only approved for use in the European Union in November 2011. Therefore, consumption of stevia is still very low. However, food & beverage manufacturers are rapidly developing products containing stevia. Asia-Pacific is the world's largest stevia consuming region, which has been achieved principally through rapid population growth.

CHAPTER 6
OCCUPATIONAL HEALTH AND SAFETY IN EMERGENCIES

6.1 Safety and health for Coca-Cola Company

Managers of Coca-Cola Company believe that a safe and healthy workplace is a fundamental right of every person and also a business imperative. Workplace Rights Policy requires that Company take responsibility for maintaining a productive workplace in every part of the Company by doing everything to minimize the risk of accidents, injury and exposure to health hazards for all associates and contractors. In addition, Company are working with bottling partners to help ensure health and safety risks are minimized for the employees and contract workers.

Lost-Time Incident Rate* 2011 to 2017

	2011	2012	2013	2014	2015	2016	2017**
Number of Employees	146,200	150,900	130,600	129,200	123,200	89,556	50,047

The data above reflect the total collected data for employees. Employees include all hourly, salary and temporary employees who are on the payroll of TCCC and TCCC-owned or -controlled operations, as well as contractors and temporary employees who are not on a facility's payroll, but for whom facility management provides day-to-day supervision of their work and provides the details, means, methods and processes by which the work objective is accomplished.

*Our lost-time incident rate is represents the number of Lost Time Incidents (LTI) per 100 employees. Total LTI is multiplied by 200,000 (100 full time equivalent working 40 hours per week for 50 weeks) then divided by the number of hours worked for reporting period

** 2017 results reflect the impact of the company's refranchising activities in North American & China

Figure 6.1 - Coca-Cola lost-time incident rate

The Coca-Cola Operating Requirements (KORE) define the policies, standards and requirements for managing safety, the environment and quality throughout operations. In addition to requiring compliance with applicable legal requirements, KORE also requires that manufacturing and distribution facilities implement BS OHSAS 18001 and ISO 45001 (internationally recognized frameworks of occupational health and safety management systems and requirements to improve employee safety, reduce workplace risks and create better, safer working conditions, all over the world).

To achieve a safe work environment for associates, KORE defines a rigorous set of operational controls to manage known risks. The controls generally align with top global requirements and consensus standards.

As a result of 2015 efforts to continue implementing and improving governance systems, all audits were moved to unannounced. Moving forward, unannounced audits have become routine with few exceptions (for example, where local support may be required to facilitate entry in to the Country). Additionally, all Safety and Environment audits previously performed by external auditors, were internalized.

Safety Training

Occupational Safety and Health is also a key theme of the Company engagement with supply chain and focuses on Enabling Services/Building Capabilities, Technical Governance, and Policy. Company supply chain governance audits cover 22 Coca-Cola Company safe and healthy workplace conditions and behavior facets, and we have substantially engaged in training and capability building across Company supply chain. We provide substantial safety training to associates using the training requirements defined in KORE as a global baseline, as well as applicable legal requirements. Training covers new-hire induction and periodic refresher training for all associates and other workers conducting work on behalf.

The Quality, Safety & Environment (QSE) capability team has implemented programs designed to improve operational performance, such as The QSE Professional Excellence Program is an intensive training and development program focused on field development; and QSE College provides online quality, safety and environmental training for business units of the Company as well as bottling partners globally.

Operating safely remains a top priority for the Coca-Cola system. A prominent component of Coca-Cola Company safety program is improving route-to-market safety. Route-to-market, or RTM, is defined as the movement of products and people between

Coca-Cola Company bottling plants and customers. RTM is characterized by a complex chain of events that varies greatly throughout the world and often involves third-party partners. Because everything from cars and trucks to canoes and motorcycles is used to distribute Coca-Cola Company products, solutions must be developed and implemented at a local level.

RTM encompasses the downstream storage and distribution of Coca-Cola Company product, as well as any movement of employees along public roadways. Proactive safety processes that emphasize situational awareness and attention to detail are critical. Bottling partners continue to place great importance on the route risk assessments and comprehensive defensive driver training. This ensures Coca-Cola Company drivers are aware of the identifiable risks they may encounter and understand how to avoid collisions or incidents.

The Coca-Cola Company and bottling partners also continue to engage in community outreach. The Company is an active Board Member of the Network of Employers for Traffic Safety (NETS), a conglomerate of organizations that have similar fleet operations where we learn best practices and benchmark to effect change in global markets to improve infrastructure or operational behaviors. This work ultimately impacts the safety of Coca-Cola Company employees as well as road safety in the communities we operate in.

The Coca-Cola Company is committed to providing the health and safety standards as stipulated by the US safety rules and guidelines for companies. In addition, the company is a party to the international health and safety standards that guide the operations of business across the globe. The company has a comprehensive safety management system that strives towards protecting all the company employees and does everything possible to prevent the life loss (Coca-Cola Company 2012). The company in an effort to promote the safety of the employees and the public at large has aligned its safety strategy with the international safety management systems. The quality team at the company incorporates the issues of quality products, sustainability in terms of environmental protection, the health and safety of the employees as well as the prevention of life loss into a single framework. The company is committed to providing quality products that are above the expectation of the US customers and those around the globe.

The company has been on the spotlight, however, in the US, Africa and other European countries in regards to their products, health safety especially in the obesity issues among the young children is the issue of great concern. The company's products have been known by the scientists as major contributors of obesity especially among the young children who consume them in excess.

In the developing countries, the company has played a vital role in promoting and enhancing international commerce and trade. The company has created numerous employment opportunities, especially in Africa. The company though a pillar of major economies in Africa has resulted in destructive damages in the health and safety of the people in those countries. The company's partner in Africa, that is SABMiller's bottling plant, has been criticized for not providing health and safety standards for the farmers who supply it with sugarcane.

The farmers who supply sugarcane are often complaining about the health and safety in the sugar cane farms. Many farms who supply the company with sugarcanes for use by the Coca-Cola Company complain of the injuries, burns, and the inhalation of hazardous chemicals in the farms. The company also does not indicate the nutritional content on most of its products, and this could pose risks of diseases such as obesity among the children who may take it in excess.

In 2003, a Non-Governmental Organization in India which is a major center for science and environment asserted that it had found some cancer causing compounds in one of the company's drinks. The company has also been criticized for the overuse of water in countries such as Zambia, thus depleting the water needed by the farmers in that country to carry out farming. The water used to make the Coca-Cola sodas is also feared that being a major health and safety concern as it may contain pesticides as well as other harmful chemicals. The human safety is further undermined by the fact that the Coca-Cola drinks contain some harmful acids that lead to tooth decay.

The company has been involved in numerous unethical practices such as the use of monopolistic power to dominate markets especially in the developing countries. This has seen the company make outrageous profits at the expense of the consumers. The company has also been accused of bribing lobby groups such as the dentist associations in the US.

Policies and guidelines together with sanctions should be put in place by the various governments and stakeholders around the world. Consultations with Non-Governmental Organization's representatives of the various businesses and the various employee representatives should be comprehensive in order to lay proper health and safety policies as well as the various sanctions that will accompany their violations especially in developing countries.

All companies with subsidiaries around the world should be involved in sustainability reporting. This is where they will not only provide financial reports to their stakeholders but will be required by law to provide an integrated report on their contribution to the environment as far as the interest of the stakeholders is concerned.

The Coca-Cola Company has been criticized for many years for the lack of health and safety standards and the lack of adherence to the US safety rules especially in the developing countries. Today, the company is working towards improving its public image as far as health and safety is concerned. Many people, however, feel that the company is not doing enough and that it is merely trying to hide its tainted image. The company has received numerous critics especially by the Word Health Organization on the nutrition aspects of the products it introduced to the developing countries which are said to have no nutritional value.

It is the responsibility of all countries to harmonize their rules on safety and health issues as the benefit of the multinationals may out-way the risk measures in terms of safety to the country's citizens. Companies should be controlled and punished if they pose threat to the society.

6.2 Protection against specific risks in safety and health

Hygiene (Commerce and Offices) Convention, 1964 (No.120)

This instrument has the objective of preserving the health and welfare of workers employed in trading establishments, and establishments, institutions and administrative services in which workers are mainly engaged in office work and other related services through elementary hygiene measures responding to the requirements of welfare at the workplace.

Safety and Health in Construction Convention, 1988 (No. 167)

The convention provides for detailed technical preventive and protective measures having due regard for the specific requirements of this sector. These measures relate to safety of workplaces, machines and equipment used, work at heights and work executed in compressed air.

Safety and Health in Mines Convention, 1995 (No. 176)

This instrument regulates the various aspects of safety and health characteristic for work in mines, including inspection, special working devices, and special protective equipment of workers. It also prescribes requirements relating to mine rescue.

Safety and Health in Agriculture Convention, 2001 (No. 184)

The convention has the objective of preventing accidents and injury to health arising out of, linked with, or occurring in the course of agricultural and forestry work. To this end, the Convention includes measures relating to machinery safety and ergonomics, handling and transport of materials, sound management of chemicals, animal handling, protection against biological risks, and welfare and accommodation facilities.

Radiation Protection Convention, 1960 (No. 115)

The objective of the Convention is to set out basic requirements with a view to protect workers against the risks associated with exposure to ionizing radiations. Protective measures to be taken include the limitation of workers' exposure to ionizing radiations to the lowest practicable level following the technical knowledge available at the time, avoiding any unnecessary exposure, as well as the monitoring of the workplace and of the workers' health. The Convention further refers to requirements with regard to emergency situations that may arise.

Occupational Cancer Convention, 1974 (No.139)

This instrument aims at the establishment of a mechanism for the creation of a policy to prevent the risks of occupational cancer caused by exposure, generally over a prolonged period, to chemical and physical agents of various types present in the workplace. For this purpose, states are obliged to determine periodically carcinogenic substances and agents to which occupational exposure shall be prohibited or regulated, to make every effort to replace these substances and agents by non- or less carcinogenic ones, to prescribe protective and supervisory measures as well as to prescribe the necessary medical examinations of workers exposed.

Working Environment (Air Pollution, Noise and Vibration) Convention, 1977 (No. 148)

The convention provides that, as far as possible, the working environment shall be kept free from any hazards due to air pollution, noise or vibration. To achieve this, technical measures shall be applied to enterprises or processes, and where this is not possible, supplementary measures regarding the organization of work shall be taken instead.

Asbestos Convention, 1986 (No. 162)

Aims at preventing the harmful effects of exposure to asbestos on the health of workers by indicating reasonable and practicable methods and techniques of reducing occupational exposure to asbestos to a minimum. With a view to achieving this objective, the convention enumerates various detailed measures, which are based essentially on the prevention and control of health hazards due to occupational exposure to asbestos, and the protection of workers against these hazards.

Chemicals Convention, 1990 (No. 170)

The Convention provides for the adoption and implementation of a coherent policy on safety in the use of chemicals at work, which includes the production, the handling, the storage, and the transport of chemicals as well as the disposal and treatment of waste chemicals, the release of chemicals resulting from work activities, and the maintenance, repair and cleaning of equipment and containers of chemicals. In addition, it allocates specific responsibilities to suppliers and exporting states.

CHAPTER 7
ENVIRONMENTAL ISSUES

7.1 Environmental impact of products in Coca-Cola Company

Coca-Cola is one of the most recognisable brands in the world. The company claims to adhere to the "highest ethical standards" and to be "an outstanding corporate citizen in every community we serve". Yet Coca-Cola's activities around the world tell a different story.

Coca-Cola has been accused of dehydrating communities in its pursuit of water resources to feed its own plants, drying up farmers' wells and destroying local agriculture. The company has also violated workers' rights in countries such as Colombia, Turkey, Guatemala and Russia. Only through its multi-million dollar marketing campaigns can Coca-Cola sustain the clean image it craves.

The company admits that without water it would have no business at all. Coca-Cola's operations rely on access to vast supplies of water, as it takes almost three litres of water to make one litre of Coca-Cola. In order to satisfy this need, Coca-Cola is increasingly taking over control of aquifers in communities around the world. These vast subterranean chambers hold water resources collected over many hundreds of years. As such they the represent the heritage of entire communities.

Coca-Cola's operations have particularly been blamed for exacerbating water shortages in regions that suffer from a lack of water resources and rainfall. Nowhere has this been better documented than in India, where there are now community campaigns against the company in several states. Research carried out by War on Want in the Indian states of Rajasthan and Uttar Pradesh affirms the findings from Kerala and Maharastra that Coca-Cola's activities are having a serious negative impact on farmers and local communities.

Coca-Cola established a bottling plant in the village of Kaladera in Rajasthan at the end of 1999. Rajasthan is well known as a desert state, and Kaladera is a small, impoverished village characterised by semi-arid conditions. Farmers rely on access to groundwater for the cultivation of their crops. but since Coca-Cola's arrival, they have been confronted with a serious decline in water levels. Locals are increasingly unable to irrigate their lands and sustain their crops, putting whole families at risk of losing their livelihoods.

Local villagers testify that Coca-Cola's arrival exacerbated an already precarious situation. Official documents from the government's water ministry show that water levels remained stable from 1995 until 2000, when the Coca-Cola plant became operational. Water levels then dropped by almost 10 metres over the following five years. Locals fear Kaladera could become a 'dark zone', the term used to describe areas that are abandoned due to depleted water resources.

Other communities in India that live and work around Coca-Cola's bottling plants are experiencing severe water shortages as well as environmental damage. Local villagers near the holy city of Varanasi in Uttar Pradesh complain that the company's over-exploitation of water resources has taken a heavy toll on their harvests and led to the drying up of wells. As in Rajasthan and Kerala, villagers have held protests against the local Coca-Cola plant for its appropriation of valuable water resources.

In the now infamous case of Plachimada in the southern state of Kerala, Coca-Cola's plant was forced to close down in March 2004 after the village council refused to renew the company's licence, on the grounds that it had over-used and contaminated local water resources. Four months earlier, the Kerala High Court had ruled that Coca-Cola's heavy extraction from the common groundwater resource was illegal, and ordered it to seek alternative sources for its production.

In 2003 the independent Centre for Science and Environment tested Coca-Cola beverages and found levels of pesticides around 30 times higher than European Union standards. Levels of DDT, which is banned in agriculture in India, were nine times higher than the EU limit. In February 2004 Indian MPs who investigated CSE's studies upheld these findings and the Parliament went on to ban Coca-Cola from its cafeterias.

Besides these issues, War on Want's Alternative Report on Coca-Cola also details how Coca-Cola is having a devastating impact of water resources elsewhere. In El Salvador, the company has been accused of exhausting water resources over a 25-year period. In Chiapas, Coca-Cola is positioning itself to take control of the water resources. The Mexican government under Vicente Fox - himself a former President of Coca-Cola Mexico - has given the company concessions to exploit community water resources.

Coca-Cola's own workers have also suffered and the company is being increasingly associated with anti-union activities. The most notable case is in Colombia, where paramilitaries have killed eight Coca-Cola workers since 1990. The main Coca-Cola trade union Sinaltrainal is seeking to hold Coca-Cola liable for using paramilitaries to engage in anti-union violence.

Coca-Cola is being sued on behalf of transport workers and their families for its part in the alleged intimidation and torture of trade unionists and their families by special branch police in Turkey. In Nicaragua, workers of the main Coca-Cola union SUTEC have been denied the right to organise and the General Secretary of SUTEC, Daniel Reyes, believes the objective of this ongoing and escalating campaign is to crush the union.

Guatemalan workers have been struggling against Coca-Cola since the 1970s. In the years between 1976 and 1985, three general secretaries of the main union were assassinated and members of their families, friends and legal advisers were threatened, arrested, kidnapped, shot, tortured and forced into exile. The violations of workers' rights continue. And Coca-Cola workers and their family members, with ties to unions, have reportedly been subjected to death threats. Elsewhere in countries such as Peru, Russia and Chile, Coca-Cola workers have been protesting against the company's anti-union policies. Coca-Cola claims to exist "to benefit and refresh everyone it touches" and to try to sustain this positive image, the company spends $2 billion a year on advertising alone. Yet there are signs that the image is beginning to crumble. The relay carrying the Olympic flame was repeatedly disrupted by protests at Coca-Cola's role as the principal sponsor, with the Turin council actually declaring the city a no-go zone for the company (a decision subsequently overruled by the mayor).

University campuses throughout the USA and Europe have voted to cancel contracts with Coca-Cola in protest at its operations, and in solidarity with the community resistance which has escalated in many countries across the world. It is up to us to keep up the pressure on Coca-Cola and also send a strong message to our elected leaders to rein in irresponsible business practices.

The company's top issues include water usage, energy efficiency and minimal packaging. When it comes to Coca-Cola and environmental responsibility**,** the company has been studying its impact on the community for decades.

As a company with worldwide reach, The Coca-Cola Company is serious about its approach to environmental responsibility. In 1969 the company launched its first study that examined the environmental impact of its products, and since then, Coca-Cola has continuously investigated the most cost-effective and efficient ways to reduce its environmental impact and replenish the communities where it does business.

The company currently measures and minimizes its environmental impact in several areas.

Water usage in the manufacturing process. Because water is the main ingredient in its beverages and because water is critical to the manufacturing process, Coca-Cola has several water stewardship programs. Water conservation starts in the bottling plants, with simple steps: Each individual plant is responsible for working with local governments to improve the quality of the water source, and also for measuring the plants' own internal efficiencies.

Coca-Cola strives to treat and return 100 percent of its manufacturing water volume back to the environment, even in areas where Coca-Cola has to build and maintain its own wastewater treatment facilities. The majority of bottlers – 88 percent – met internal wastewater guidelines in 2008.

It takes about 1 1/3 liters of water to produce a 1-liter beverage (including the water used in the beverage itself), and Coca-Cola is trying to lower that amount by 10 percent by 2012.

Minimal packaging. Coca-Cola's cans and plastic bottles are fully recyclable, and many already contain recycled materials. Plastic bottles and caps today are smaller than their original counterparts, and the new Ultra Glass bottles are lighter, stronger and less expensive than Coca-Cola's traditional contour bottles. Coca-Cola also invested in recycling plants, including one in Spartanburg, S.C., which is the largest bottle-to-bottle recycling plant in the world.

Refrigeration and energy efficiency. Refrigeration represents the largest component to Coca-Cola's climate footprint, but the company is working toward (and has already achieved strides in) a sustainable refrigeration program, including a 40-percent improvement in energy efficiency as a result of a customized energy-management system.

The company is also phasing out hydrofluorocarbons in all its new equipment by 2015. On a broader scale, the company co-founded the Refrigerants, Naturally! Initiative, which addresses global climate changed within the food and beverage industry.

In Coca-Cola plants, basic repairs such as fixing leaks and insulating pipes added up to a 10 percent improvement in energy efficiency since 2004, notable especially since companywide growth might lead to increased energy demands in the future.

Goal: By 2020, improve water efficiency in manufacturing operations by 25 percent compared with a 2010 baseline.

Progress: In 2017, our water efficiency improved for the 15th consecutive year, with a 2.55% improvement over 2016, a 15% improvement over 2010. This also amounts to a 29.3% improvement since 2004 when we started reporting efficiency progress as a global system.

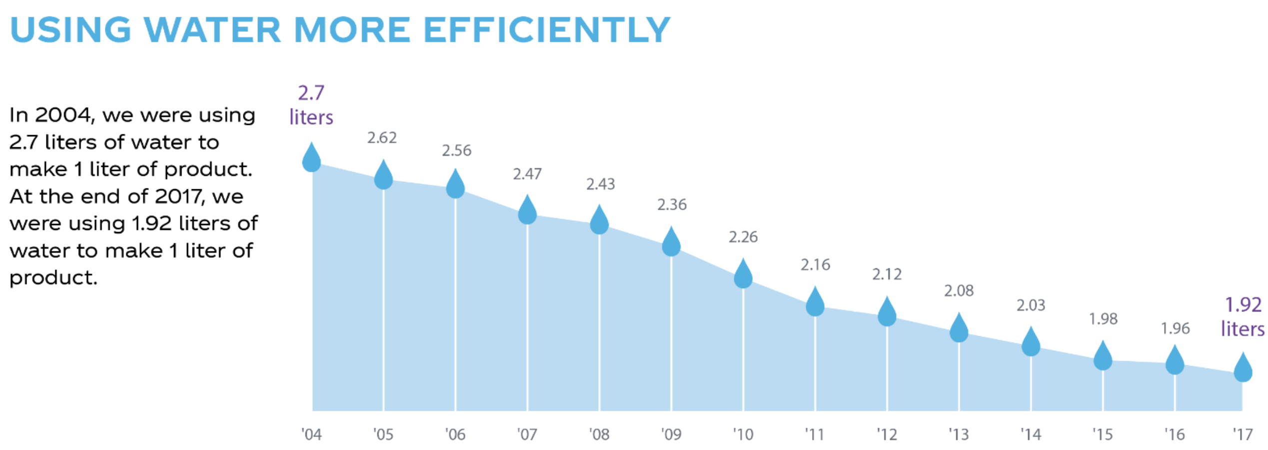

Figure 7.1 – Coca-Cola Company water efficiency in manufacturing operations

Our system wide water efficiency has improved for 15 consecutive years. When we started this journey in 2004, we were using 2.7 liters of water to make 1 liter of product. That means that 1 liter of water is in the product and another 1.7 liters is used in the manufacturing process, mostly for keeping equipment clean. Today, we're using 1.92 liters of water to make 1 liter of product and we're working to reduce it to 1.7 liters of water per liter of product (a 25 percent improvement) by 2020. But what does that mean?

In 2017, we used about 289 billion liters of water to produce approximately 151 billion liters of product (e.g., Coca-Cola, Diet Coke and Coke Zero) that translated into some 166 billion liters of finished product sales to consumers. Sales volume is greater than production volume mainly because sales include the full volume of fountain drinks sold to consumers. We used approximately 138 billion liters of water in our manufacturing process to make that 151 billion liters of product in our operations. So, that's the definition of water efficiency – how much water it takes to make our product.

Our 2020 goal is aggressive. The good news is that we're on track to meet our goal, and in many parts of the world, we're ahead of schedule. Some of our bottling plants are already using 1.7 liters of water, or less, to make a liter of product. Some are operating at as low as 1.4 liters of water per liter of product. Our progress on water efficiency places us among the leading companies in the beverage industry according to a benchmarking report by the Beverage Industry Environmental Roundtable.

The key driver in improving our water efficiency is reducing or removing water use in our manufacturing processes. Over the years we've made significant investments in new technologies and operating procedures that replace or reduce water use in our manufacturing operations. In order to expand on such improvements, we need to understand where water is used and where we have opportunities for improvement.

Water foot printing an approach to assess the total volume of water used to produce a product – is helping us extend our view of how we use water across our manufacturing processes and supply chain. Our studies have shown that around 80 percent of the total water footprint of our products comes from our agricultural ingredient supply chain. As a founding partner of the Water Footprint Network, we have worked with WWF, The Nature Conservancy and others to assess the water embedded in our products, packaging and ingredients so we can better understand the implications for our business, and work to reduce impacts.

In collaboration with The Nature Conservancy, we issued a report, Stewardship, exploring the utility and practical application of the water footprint methodology for understanding our water use throughout the value chain, and for identifying the impacts of that use and associated response actions.

Water footprint studies were conducted related to the following Coca-Cola products and ingredients:

- Coca-Cola in a 0.5 liter PET bottle produced in the Netherlands;
- Beet sugar supplied to Coca-Cola Europe's bottling plants;
- Orange juice produced for the North American market.

The largest portion of the product water footprints assessed as part of these studies came from the field, not the factory, which demonstrated significant opportunity to engage more directly with our agricultural ingredient suppliers in advancing sustainable water use. Guided in part by these assessments, to date, we have focused studies on the “blue,” green” and “grey” water footprints of sugar beets, orange juice and Coca-Cola® to help us pinpoint potential sustainability impacts in specific growing regions.

Addressing the quantity of water used to grow our product ingredients is not enough; we also need to address the impact of that use as well. Understanding impact is important, because large water footprints can be sustainable in water-rich areas, while very small water footprints might compromise sustainability in places where water is scarce. Gaining a clear understanding of impacts makes good environmental sense and provides better guidance for prioritizing areas of concern. Coca-Cola Europe has proposed a methodology for water footprint sustainability assessments that considers impacts as well as water quantity.

In July 2013, Coca-Cola Company set a goal to more sustainably source our key agricultural ingredients. At the same time, we publicly announced our Sustainable Agriculture Guiding Principles (SAGP), which were developed over the course of several years in collaboration with our NGO partners, bottling partners and suppliers. Because the agricultural supply chain is complex and every ingredient is different, the SAGP outline our expectations across the entire supply chain, in alignment with our 2020 goal.

7.2. Coca-Cola sustainability plan

The Coca Cola Company is a multinational leader in the beverage industry, best known for its flagship product, Coca-Cola. With such global recognition, their sustainability efforts are significantly prominent, with different geographical regions having different initiatives to help the world generally, especially less fortunate communities.

In the United States, their latest Sustainability commitment called “Me, We, World” has the goal of creating social value and making a positive difference for the consumers and communities they serve. This commitment is aimed at ‘Enhancing personal well-being’ (Me) by offering low or no-calorie beverage options in every market, providing transparent nutrition information on their packages, among other initiatives. It is also aimed at ‘Building strong communities’ (We), by enabling the economic empowerment of 5 million women entrepreneurs by 2020, complying with Human and Workplace standards, as well as giving back 1% of their annual operating income. Finally, this commitment to Sustainability also involves ‘Protecting the environment’ (World). They aim to do this by replenishing 100% of water used in their finished products, sustainably source key agricultural ingredients, reducing the carbon footprint of their drinks by 25%, as well as many other goals.

In the United Kingdom, their Sustainability initiative titled “Live Positively” recognized the various components of Coca Cola products that needed to be more sustainable and developed different sustainability targets for them. “Sustainability has to be part of everything we do, in the areas of water, emissions, waste and recycling” For example, regarding Packaging, “Our goal is to advance a packaging framework in which our packaging is no longer seen as waste, but as a valuable resource for future use”. In regards to water consumption, “Our goal is to safely return to nature and communities an amount of water equivalent to what we use in all of our beverages and their production.” Regarding the overall production of their product, “Our goal is to grow the business, not the carbon in our manufacturing operations. We improve the energy efficiency and reduce the emission of greenhouse gases in cold drink equipment” – Coca-Cola UK, Live Positively Sustainability.

In addition to its sustainability projects to overall help the environment and the well-being of their consumers, Coca-Cola also undertakes projects regarding their suppliers. The main way they try to implement some sort of control among their suppliers is with their Supplier Guiding Principles as well as Workplace Rights Principles. They both prohibit the use of all forms of forced labor, including prison labor, indentured labor, bonded labor, military labor, slave labor and human trafficking. The Supplier Guiding Principles communicate to their suppliers, Coca-Cola's expectations of them. It emphasizes the importance of Workplace and Human rights, as well as environmental and local labor laws that these suppliers have to abide by. To ensure that their suppliers comply with the rules of the Supplier Guiding Principles, Coca-Cola employs third parties to assess them, and if the supplier fails to uphold any part of the Supplier Guiding Principles, they are expected to take corrective actions.

Furthermore, in the summer of 2012, Coca Cola released Sustainable Agriculture Guiding Principles for their suppliers that supply agricultural ingredients. These principles established human and workplace rights, environmental stewardship and farm management criteria- which asked suppliers to protect the right of communities to maintain access to land and natural resources.

Coca-Cola recognizes the fact that they have the ability to make a huge impact and improve the livelihoods of many people, and through the Sustainable Agriculture Guiding Principles, they aim to educate farmers on sustainability, and generally help to try to improve the livelihood of people "We know we can influence and improve livelihoods for hundreds of thousands – if not millions of farmers by more active engagement, we expect our guiding principles to ultimately have the greatest impact at the farm level, where some of the greatest strides toward sustainability can be made." – Director of Sustainability at Coca Cola, Ben Jordan.

Coca-Cola is also part of Bonsucro (A Better Sugarcane Initiative), and has worked with peer companies, WWF, and other NGOs to implement a metric standard for sustainable sugarcane production for its sugarcane producers. When a sugar mill Brazil, became the first to achieve Bonsucro certification, Coca-Cola became the first buyer of the mill's certified sugar. This action, encouraged their other suppliers to aim to improve

their sugarcane production and make the process more sustainable
In my opinion, Coca-Cola does an excellent job with its sustainability efforts. Their sustainability efforts span from economic to environmental to social sustainability. They try to be environmentally sustainable by trying to replenish 100% of the water they use in their products, as well as reducing the carbon footprint of their product by 25%. They are also socially responsible in the sense that they try to promote the wellbeing of their consumers and, as well as protecting the human and working rights of every employee in their supply chain, even down to the farmers. However, I do think they can improve in the actual content of their drinks as well as its effect on their consumers. It’s not enough to be more transparent regarding nutrition information and providing a lower calorie option, they also have to re-evaluate the ingredients in their bottles, because it’s no secret that critics have bombarded consumers with the dangers of what Coke does to the human body. If they are really concerned with the wellbeing of their consumers (as indicated in the Me, We, World sustainability commitment), they need to address these issues, and make their drinks less damaging to consumers.

CONCLUSIONS

Multinational Corporation (MNC) is one of type of potential firm in the world nowadays. A corporation can be categorized as MNC if there are 20% to 50% or more of its net profit from directs investment in one or more in foreign countries. MNC are managed from one home country. With well- manage structure and due business firm good performance, it able to expand its products and services to foreign country. The growth of multinational corporations is measured by Foreign Direct Investment (FDI). When business firm make an investment in a second nation, the investment is counted as part of the outward direct investment from the source country. FDI is an investment in foreign firms where the foreign investor owns at least ten percent of the ordinary shares.

A carbonated beverage called Coca-Cola or often referred as Coke is the world's largest beverage company and the best-known brand in the world. Coca-Cola Company has operated for 124 years since 1886. Coca-Cola was invented by a pharmacist in Atlanta, John Pemberton and he has become one of the global market leaders in the beverage industry (iloveindia.com). The Coca-Cola Company offers over 400 different brands in more than 200 countries worldwide. Coca-Cola serve a wide range of beverages, including diets and light soft drinks, water, juice drinks, teas, coffees, sports drinks and energy drinks. The operating global business was organized into five geographic Strategic Business Units: Africa; Asia; Europe, Eurasia and Middle East; Latin America; and North America. Coca-Cola has set a standard mission and vision as a roadmap to guides every aspect of the business in order to continue achieving sustainable and quality growth.

We did recommendations how Company may act responsibly in the market:

- Company should use evidence-based science.
- Company should innovate (invest in the development of products, sweeteners, packaging, equipment and marketing that fosters active, healthy living).

- Company should educate consumers about products (to bring real choice to consumers everywhere and to educate them on the role of variety of beverages can play in sensible, balanced diets as well as active, healthy lifestyles).
- Company should market responsibly:

  1) to inform with transparency about the nutritional content of products;

  2) to provide front-of-pack energy labeling (information about calories, kilocalories or kilojoules) on all of packaging and make the information available on the Nutrition Connection website).
- Company should promote active healthy living (being part of workable solutions to the problems facing society related to obesity). Company should seek to do this by assisting associates and their families, as well as the communities they serve, in promoting active, healthy living.
- Company should've contributed to the global effort to reduce obesity by introducing new products, new raw material (stevia) and packaging, funding evidence-based research and engaging with health care professionals.

Today soft drink industry is facing strategic issues that may have negative impact on the long term profit potential of Coca-Cola. These issues form the basis for the six recommendations that we believe will strategically sharpen Coca-Cola's focus:

- Decline volume in the carbonated soft drink sector.
- Move forward with commitment to provide industry leadership in the health and wellness arena.
- Develop strategies to win the cola war with PepsiCo in twenty-first century is critical for Coca-Cola to maintain its industry leadership position and to be a total beverage company.
- Improving the relationship with bottlers is increasingly important for Coca-Cola.
- Product innovation and expansion of its product line by continually introducing new products, Coca-Cola will be able to increase its profits and allow the

company to continue to grow. Also, having a diverse product line will make the corporation very stable, which is appealing to investors and creditors. Coca-Cola should recognize that innovation leads to value creation. Innovative ideas can be in merchandising, supply chain innovations or new products, packages or services.

- To take food safety and regulatory issue seriously because Coca-Cola is the world's most trusted brand.

BIBLIOGRAPHY

1. "2015 Annual Report". Archived (PDF) from the original on April 25, 2016. Retrieved November 11, 2018.

2. "(RED) Partners". (RED). The ONE Campaign. 2012. Archived from the original on May 24, 2012. Retrieved October 14, 2012.

3. "12 Years Running: Panini's FIFA World Cup™ Digital Sticker Album is More Popular Than Ever". Coca Cola Company. Archived from the original on October 5, 2018. Retrieved October 5, 2018.

4. "2016 Annual Report". Archived (PDF) from the original on February 9, 2018. Retrieved November 11, 2018.

5. "2017 Annual Report". Archived (PDF) from the original on May 16, 2019. Retrieved November 11, 2018.

6. "2018 Annual Report (Form 10-K)". The Coca-Cola Company. February 23, 2019. Archived from the original on April 15, 2019. Retrieved April 15, 2019.

7. "7 strategies Coca-Cola used to become one of the world's most recognizable brands". Business Insider. Archived from the original on September 7, 2018. Retrieved September 6, 2018.

8. "Beverages giant Coca-Cola acquires 16.7pc stake in Monster for $2.15bn". Pittsburgh News.Net. August 15, 2014. Archived from the original on August 19, 2014. Retrieved August 15, 2014.

9. "Coca-Cola (KO) DRIP". Dripadvice.com. Archived from the original on October 28, 2012. Retrieved November 1, 2012.

10. "Coca-Cola ends 13-year partnership with American Idol as ratings slide and the talent show's advertising spending 'drops $387M in two years'". Daily Mail UK. Archived from the original on January 18, 2017. Retrieved September 17, 2016.

11. "Coca-Cola Refreshments Discontinues BreakMate Syrup". VendingMarketWatch. Archived from the original on August 14, 2014. Retrieved September 21, 2014.

12. "Coca-Cola Visitors". Coca Cola Visitors (in Dutch). Archived from the original on December 15, 2017. Retrieved December 14, 2017.

13. "Coca-Cola acquires beloved Maine soda Moxie - The Boston Globe". BostonGlobe.com. Archived from the original on April 24, 2019. Retrieved February 17, 2019.

14. "Coca-Cola History: History of Coca-Cola Company : About Us - Coca-Cola Ireland". www.coca-cola.ie.

15. "Coca-Cola India Enters Dairy Market With VIO Flavored Milk". The Coca-Cola Company. Archived from the original on April 7, 2017. Retrieved June 22, 2016.

16. "Coca-Cola lanza en Venezuela bebida sin caloría". Elestimulo.com. July 1, 2016. Archived from the original on June 23, 2018. Retrieved July 30, 2018.

17. "Coca-Cola Leaders". Coca-colacompany.com. Archived from the original on July 30, 2018. Retrieved July 30, 2018.

18. "Coca-Cola Opens New Bottling Plant in Bangladesh". coca-colacompany.com. Archived from the original on May 23, 2018. Retrieved July 30, 2018.

19. "Coca-Cola seeping into coffee breaks". Eugene Register-Guard. November 19, 1988. Archived from the original on April 3, 2016. Retrieved March 16, 2016.

20. "Coca-Cola shareholders OK 2-for-1 stock split". USA Today. Archived from the original on October 9, 2012. Retrieved November 1, 2012.

21. "Coca-Cola Store". World of Coca-Cola. World of Coca-Cola. Archived from the original on February 2, 2017. Retrieved January 26, 2017.

22. "Coca-Cola to buy Costa coffee for £3.9bn or $4.9bn". BBC News. August 31, 2018. Archived from the original on August 31, 2018. Retrieved August 31, 2018.

23. "Coca-Cola to cut 1,200 jobs as sales slump". CNN. Archived from the original on July 11, 2017. Retrieved July 13, 2017.

24. "Coca-Cola Visitors Centre Turkey". mefik.co.il. Archived from the original on June 27, 2015. Retrieved July 6, 2015.

25. "Coke and Pepsi battle it out". AME Info. April 8, 2004. Archived from the original on April 8, 2006. Retrieved May 11, 2006.

26. "GlobalInc. An Atlas of The Multinational Corporation" Medard Gabel & Henry Bruner, New York: The New Press, 2004. Archived from the original on 2004-12-22.

27. "Here, there and everywhere: Why some businesses choose multiple corporate citizenships". The Economist. Retrieved 2018-11-25.

28. "Interview about the attractions park for Coca-Cola Turkey". café.themarker.com. Archived from the original on June 26, 2015. Retrieved July 6, 2015.

29. "Investors Info: Dividends". coca-colacompany.com. Archived from the original on April 22, 2019. Retrieved February 27, 2019.

30. "KO: Dividend Date & History for Coca-Cola Co". Dividend.com. Archived from the original on June 6, 2019. Retrieved June 6, 2019.

31. "Organic Juice Startup Suja Adds Unlikely Partners: Coca-Cola, Goldman Sachs". Forbes. Archived from the original on March 8, 2016. Retrieved March 8, 2016.

32. "Orlando Eye is renamed the Coca-Cola Orlando Eye". July 28, 2016. Archived from the original on July 29, 2016. Retrieved July 28, 2016.

33. "Role of Multinational Corporations". T. Romana College. Archived from the original on 27 November 2017. Retrieved 3 January 2019.

34. "Sugar shortage hits Coke in Venezuela". BBC. May 24, 2016. Archived from the original on May 27, 2016. Retrieved July 30, 2018.

35. "TEA/AECOM 2015 Global Attractions Attendance Report" (PDF). Themed Entertainment Association. 2015. Archived (PDF) from the original on July 3, 2016. Retrieved May 25, 2016.

36. "The Coca-Cola Company at a Glance". The Vault. Archived from the original on August 16, 2016. Retrieved August 10, 2016.

37. "The Coco-Cola Company". Archived from the original on February 28, 2019.

38. "Topo Chico Acquired by Coca-Cola". Food & Wine. Archived from the original on August 11, 2019. Retrieved August 11, 2019.

39. "ZICO™ Beverages Joins The Coca-Cola Family". The Coca-Cola Company. Archived from the original on March 8, 2016. Retrieved March 8, 2016.

40. ATHAVALEY, ANJALI (August 15, 2014). "Coca-Cola pays $2.2 billion for major stake in Monster Beverage". Reuters. Archived from the original on August 15, 2014. Retrieved August 15, 2014.

41. Bouchkley, Ben (September 4, 2014), "Coke Launches adult soft drink Finley in Belgium to stem adult soft drinks age decline", Beverage Daily, archived from the original on July 30, 2017, retrieved June 28, 2017

42. Caslin, Yvette (January 19, 2017). "Creative artists, social media masters inspire new World of Coca-Cola gallery". Rolling Out. Archived from the original on January 29, 2017. Retrieved January 26, 2017.

43. Dineen, Caitlin. "Orlando Eye officially flies Coca-Cola banner". Orlando Sentinel. Archived from the original on July 29, 2016. Retrieved July 28, 2016.

44. Dudovskiy, J. (2015). "Coca-Cola Marketing Communications: A Critical Analysis". Research Methodology. Archived from the original on February 21, 2015. Retrieved March 1, 2015.

45. Esterl, Mike (December 1, 2011). "A Frosty Reception for Coca-Cola's White Christmas Cans". The Wall Street Journal. Archived from the original on February 7, 2012. Retrieved February 6, 2012.

46. Esterl, Mike. "Coca-Cola Buys Minority Stake in Suja Life". The Wall Street Journal. Archived from the original on March 8, 2016. Retrieved March 8, 2016.

47. Estes, Adam. "A Brief History of Racist Soft Drinks". The Wire. Archived from the original on August 22, 2016. Retrieved August 10, 2016.

48. Eun, Cheol S.; Resnick, Bruce G. (2014). International Financial Management,6th Edition. Beijing Chengxin Weiye Printing Inc.

49. Geller, Martinne. "Coke buys remaining stake in Honest Tea". Reuters. Archived from the original on July 30, 2018. Retrieved July 30, 2018.

50. Gelles, David (August 14, 2014). "Coke to Buy Stake in Monster Beverage for $2.15 Billion". The New York Times. Archived from the original on April 20, 2018. Retrieved August 15, 2014.

51. Grenville, Stephen (3 November 2017). "The first global supply chain". Lowy Institute. Retrieved 28 May 2018.

52. Harris, Rosemary. "From humble beginnings". Brent Wheeler Group Limited. Archived from the original on September 19, 2016. Retrieved August 10, 2016.

53. Hennigan, Michael (22 January 2018). "First Modern Economy: Myths on tulips & most valuable firm in history". Finfacts.ie (Irish Finance and Business Portal). Retrieved 22 May 2018.

54. Holstein, William J. et al., "The Stateless Corporation", Business Week (May 14, 1991), p. 98. Roy D. Voorhees, Emerson L. Seim, and John I. Coppett, "Global Logistics and Stateless Corporations", Transportation Practitioners Journal 59, 2 (Winter 1993): 144-51.

55. Inge, Sophie (May 5, 2014), Coca-Cola launches new soft drink in France, thelocal.fr, archived from the original on August 20, 2017, retrieved June 28, 2017

56. Jarvis, Paul (December 21, 2016). "Coca-Cola Buys AB InBev Out of Africa Unit for $3.2 Billion". Bloomberg News. Bloomberg. Archived from the original on February 1, 2017. Retrieved February 1, 2017.

57. Jourdan, Adam (February 27, 2017). "PepsiCo re-enters 'Magic Kingdom' with Shanghai Disney deal". Reuters. Archived from the original on January 31, 2017. Retrieved January 31, 2017.

58. Koenig-Archibugi, Mathias. "Transnational Corporations and Public Accountability" (PDF). Gary 2004: 106. Retrieved 2 February 2016. Krugman, Paul (20 March 1998). "In Praise of Cheap Labor: Bad Jobs at Bad Wages Are Better than No Jobs at All". Slate. Retrieved 2 February 2016.

59. Kossovsky, Nir (2012). Reputation, Stock Price, and You. Apress. p. 108. ISBN 9781430248910. Retrieved August 10, 2016.

60. Micklethwait, John, and Adrian Wooldridge. 2003. The company: A short history of a revolutionary idea. New York: Modern Library.

61. Mikkelson, Barbara (April 29, 2011). "The Reich Stuff?". Snopes. Retrieved May 8, 2014.

62. Neate, Rupert (February 22, 2013), Coca-Cola takes full control of Innocent, London (I believe): '’The Guardian'’, archived from the original on July 29, 2017, retrieved June 28, 2017

63. Owusu, Tony (February 21, 2019). "Coca-Cola Raises Dividend for 57th Consecutive Year". TheStreet. Archived from the original on February 28, 2019.

64. Phillip, Blumberg (1990). "The Corporate Entity in an Era of Multinational Corporations". OpenCommons@UConn.

65. Pitelis, Christos; Roger Sugden (2000). The nature of the transnational firm. Routledge. p. H72.

66. Roy D. Voorhees, Emerson L. Seim, and John I. Coppett, "Global Logistics and Stateless Corporations," Transportation Practitioners Journal 59, 2 (Winter 1992): 144-51.

67. Schaefer, Steve. "SunTrust Sells Coca-Cola Stake After 93 Years, Collects A Tidy Two Million Percent Return". Forbes. Archived from the original on October 30, 2019. Retrieved October 30, 2019.

68. Sellers, Patricia; Woods, Wilton (October 13, 1997). "WHERE COKE GOES FROM HERE". Fortune. Archived from the original on August 21, 2011. Retrieved October 10, 2011.

69. Stringer, G. (2015). Case Study: Coca Cola Integrated Marketing Communications.

70. Taylor, Bryan (6 Nov 2013). "The Rise and Fall of the Largest Corporation in History". BusinessInsider.com. Retrieved 8 August 2017.

71. Tucker, Sundeep (March 17, 2009). "Coca-Cola's $2.4bn China deal at risk". Financial Times. Hong Kong. Archived from the original on September 24, 2015. Retrieved March 17, 2009.

72. Tucker, Sundeep (March 18, 2009). "China blocks Coca-Cola bid for Huiyuan". Financial Times. Hong Kong. Archived from the original on May 22, 2009. Retrieved March 18, 2009.

73. Tuttle, Brad. "How Coke Convinced Us to Pay More … for Less Soda". MONEY.com. Archived from the original on October 23, 2015. Retrieved October 5, 2015.

74. Westervelt, Amy (August 22, 2012). "Monsanto, DuPont Spending Millions to Oppose California's GMO Labeling Law". Forbes. Archived from the original on September 11, 2016. Retrieved August 10, 2016.

75. Who's Funding Prop 37, Labeling for Genetically Engineered Foods? | Propositions | Elections 2012 Archived November 26, 2012, at the Wayback Machine. KCET. Retrieved December 23, 2013.

76. Wiederman, Adam J. (August 14, 2012). "One Share of Stock Now Worth $9.8 Million – Is It Really Possible?". DailyFinance.com. Archived from the original on November 15, 2012. Retrieved November 1, 2012.

77. Zacks Investment Research (December 7, 2015). "Coca-Cola (KO) to Sell 9 US Plants to Independent Bottlers". Zacks Investment Research. Archived from the original on September 26, 2015. Retrieved September 25, 2015.

APPENDICES

Appendix A

CONSOLIDATED

incomestatements

For the years ended December 31, 2017, 2016 and 2015
Amounts expressed in millions of U.S. dollars ($) and in millions of Mexican pesos (Ps.) except per share amounts

	Note	2017 (*)	2017	2016	2015
Net sales		$ 10,355	PS. 203,374	Ps. 177,082	Ps. 151,914
Other operating revenues		21	406	636	446
Total revenues		10,376	203,780	177,718	152,360
Cost of goods sold		5,708	112,094	98,056	80,330
Gross profit		4,668	91,686	79,662	72,030
Administrative expenses		457	8,983	7,423	6,405
Selling expenses		2,848	55,927	48,039	41,879
Other income	18	223	4,371	1,281	620
Other expenses	18	1,682	33,032	5,093	2,368
Interest expense	17	449	8,809	7,471	6,337
Interest income		45	887	715	414
Foreign exchange gain (loss), net		41	810	(1,792)	(1,459)
Gain (loss) on monetary position for subsidiaries in hyperinflationary economies		81	1,591	2,417	(33)
Market value gain on financial instruments	19	13	246	51	142
(Loss) Income before income taxes and share of the profit of associates and joint ventures accounted for using the equity method		(365)	(7,160)	14,308	14,725
Income taxes	23	232	4,554	3,928	4,551
Share of the profit of associates and joint ventures accounted for using the equity method, net of taxes	9	3	60	147	155
Net (loss) income		$ (594)	PS. (11,654)	Ps. 10,527	Ps. 10,329
Attributable to:					
Equity holders of the parent		$ (652)	PS. (12,802)	Ps. 10,070	Ps. 10,235
Non-controlling interest		58	1,148	457	94
Net (loss) income		$ (594)	PS. (11,654)	Ps. 10,527	Ps. 10,329
Equity holders of the parent (U.S. dollars and Mexican pesos):					
Earnings per share					
Basic net controlling interest (loss) income	22	$ (0.31)	PS. (6.12)	Ps. 4.86	Ps. 4.94
Diluted net controlling interest (loss) income	22	(0.31)	(6.12)	4.85	4.94

Appendix B

CONSOLIDATED

cashflows

	2017 (*)	2017	2016	2015
Cash flows from operating activities:				
Income before income taxes	$ (362)	PS. (7,100)	Ps. 14,455	Ps. 14,880
Adjustments for:				
Non-cash operating expenses	235	4,611	2,329	1,435
Depreciation	521	10,216	7,579	6,310
Amortization	73	1,441	1,087	834
(Loss) on disposal of long-lived assets	(7)	(128)	(22)	(217)
Write-off of long-lived assets	9	174	40	332
Share of the (profit) loss of associates and joint ventures accounted for using the equity method, net of taxes	(3)	(60)	(147)	(155)
Interest income	(45)	(887)	(715)	(414)
Interest expense	237	4,649	4,388	3,718
Foreign exchange loss, net	(41)	(810)	1,792	1,459
Non-cash movements in post-employment and other non-current employee benefits obligations	25	500	580	68
Impairment Venezuela	94	1,843	–	–
Deconsolidation of Venezuela	1,342	26,333	–	–
Consolidation of Philippines	(153)	(2,996)	–	–
Monetary position loss, net	(81)	(1,591)	(2,417)	33
Market value loss on financial instruments	207	4,073	2,817	3,096
(Increase) decrease:				
Accounts receivable and other current assets	(180)	(3,530)	(2,727)	(1,010)
Other current financial assets	(97)	(1,903)	(3,552)	(2,849)
Inventories	(25)	(482)	(2,142)	(1,784)
Increase (decrease):				
Suppliers and other accounts payable	189	3,718	11,199	3,329
Other liabilities	48	934	931	249
Employee benefits paid	(20)	(384)	(258)	(193)
Income taxes paid	(274)	(5,385)	(2,771)	(5,919)
Net cash flows from operating activities	1,692	33,236	32,446	23,202
Investing activities:				
Acquisition and mergers, net of cash acquired (see Note 4)	206	4,038	(13,198)	–
Deconsolidation of Venezuela (see Note 3.3)	(9)	(170)	–	–
Interest received	45	887	715	414
Acquisitions of long-lived assets	(564)	(11,069)	(10,308)	(10,545)
Proceeds from the sale of long-lived assets	16	322	324	233
Acquisition of intangible assets	(191)	(3,753)	(2,385)	(956)
Other non-current assets	(13)	(258)	–	(72)
Dividends received from investments in associates and joint ventures (Note 9)	2	33	5	13
Investment in shares	(47)	(920)	(2,068)	(32)
Net cash flows used in investing activities	(555)	(10,890)	(26,915)	(10,945)
Financing activities:				
Proceeds from borrowings	636	12,488	8,040	1,907
Repayment of borrowings	(668)	(13,109)	(4,948)	(9,076)
Interest paid	(234)	(4,589)	(4,122)	(3,568)
Dividends paid	(356)	(6,992)	(7,013)	(6,416)
Other financing activities	(135)	(2,655)	(2,517)	8,586
Proceeds from issuing shares (see Note 4)	208	4,082	–	–
Increase in non-controlling interest	—	—	826	–
Net cash flows (used in) financing activities	(549)	(10,775)	(9,734)	(8,567)
Net increase (decrease) in cash and cash equivalents	588	11,571	(4,203)	3,690
Ending balance of cash and cash equivalents	$ 956	PS. 18,767	Ps. 10,476	Ps. 15,989

Appendix C

Year ended December 31,	2010	2011	2012	2013	2014	2015	2016	2017	**2018**
LOST-TIME INCIDENT RATE	4.1	2.2	2.3	1.9	1.9	1.6	1.29	0.57	**0.38**
NUMBER OF EMPLOYEES									
Global Workforce	139,600	146,200	150,900	130,600	129,200	123,200	100,300	61,800	**62,600**
North America	3,800	3,900	3,500	3,900	7,000	10,000	10,700	11,000	**12,100**
Bottling Investments	66,900	69,600	71,000	69,200	64,700	57,200	46,600	7,700	**–**
Latin America	2,100	2,200	2,300	2,400	2,500	2,400	2,500	2,500	**2,400**
Bottling Investments	10,300	10,400	12,000	2,200	2,200	2,000	2,000	1,900	**–**
Europe, Middle East & Africa	4,600	4,800	4,800	5,200	5,100	4,900	4,400	4,100	**4,300**
Bottling Investments	11,200	12,900	12,800	12,000	10,400	10,700	–	15,300	**15,400**
Asia Pacific	2,800	2,700	2,800	3,000	2,800	2,600	2,600	2,600	**2,600**
Bottling Investments	37,900	39,700	41,700	32,700	34,500	33,400	31,500	16,700	**25,800**
WORKFORCE – WOMEN									
Entry Level							50.1%	50.2%	**50.3%**
Professionals							51.9%	51.1%	**51.4%**
Mid-level Leadership							43.0%	44.5%	**45.1%**
Senior Leadership							31.7%	32.2%	**32.1%**
Total Global Female							46.8%	47.2%	**47.7%**
Corporate							44.8%	44.3%	**44.2%**
North America							46.0%	46.2%	**46.7%**
Europe, Middle East & Africa							56.9%	53.9%	**55.6%**
Latin America							50.2%	51.3%	**52.3%**
Asia Pacific							52.8%	51.2%	**51.3%**
WORKPLACE RIGHTS CASES REPORTED BY CATEGORY									
Ask a Workplace Rights Question						20	11	8	**2**
Child Labor						1	–	–	**–**
Discrimination						88	55	42	**59**
Forced Labor						3	–	–	**–**
Freedom of Association						3	4	1	**1**
Retaliation						47	37	23	**17**
Safe and Healthy Workplace						55	33	22	**31**
Work Hours and Wages						64	42	34	**36**
Workplace Security						20	10	13	**15**
Total Cases						300	192	143	**161**

● The Coca-Cola Company ● Coca-Cola System