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**AN INVESTIGATION OF MULTINATIONAL CORPORATION
MANAGEMENT, ON THE EXAMPLE OF THE COCA-COLA COMPANY**

Specialty 073 – Management

ABSTRACT
for educational qualification “Master” degree

Ternopil – 2019

Master's research paper has been done at the management and administration department of the Ternopil Ivan Puluj National Technical University.

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GENERAL DESCRIPTION

The thesis of this master's research paper titled "An investigation of multinational corporation management, on the example of the Coca-Cola Company". Volume of graduation project is 113 pages.

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.

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.

In many cases, they are nearly a form of government, richer and more powerful than some of the countries in which they are operate. 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.

MAIN CONTENTS

The introduction clearly states an area of research, justification and discussion procedures, the aim, objectives and the research methods.

Theoretical section contains analysis of the inducement factors and entry strategies into multinational business, theoretical review of managerial functions in international business, and important finding in managing multinational corporations.

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. 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.

Firstly, 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.

Secondly, most of these MNC have been reported to recruit home-office personnel (expatriate managers) to fill key executive positions instead of Nigeria managers. This does not help

the unemployment situation in the country.

Thirdly, it is claimed by some people that the multinational corporations in the country have contributed to the collapse of some domestic companies.

In addition, the host communities of some of the multinationals were constantly cried out that the MNC operating in their area are not socially responsible.

Some of the reasons why Multinationals Corporation decided to go abroad especially to developing countries are:

- 1) to achieve higher percentage of earning from their operations there;
- 2) the demand is greater;
- 3) competition is less in foreign markets;
- 4) the availability of raw materials and other natural resources in the countries.

Entry strategies into multinational business:

- 1) exporting;
- 2) licensing;
- 3) franchising;
- 4) foreign branch;
- 5) joint venture;
- 6) wholly owned subsidiary.

Policy and strategy development for the management of Multinationals Corporation should include several functional areas:

- 1) marketing
- 2) finance
- 3) personnel and
- 4) managerial philosophy

The 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.

There are five strategic alternatives for Multinationals Corporation operation:

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.

In summary, the establishment of multinational corporations in a place brings about a lot of benefits such as:

1. Rapid industrialization and technological advancement.
2. Provision of investment finance.
3. Rapid development of place.
4. Increase in per capita income thereby leading to increased and better standard of living.
5. Creation of employment in the host country.
6. General improvement in enlightenment.
7. Improved managerial skill through training.

Research and analysis section refers to the introduction of Coca-Cola Company, SWOT-analysis of the industrial and economic activity of Coca-Cola, and analysis of system of management at Coca-Cola Company.

Coca-Cola Company has operated for 133 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. Coca-Cola is the best-known brand in the world. 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.

Coca-Cola has mission, vision and values as a roadmap to guides every aspect of the business in order to continue achieving sustainable and quality growth. The operating global business was organized into five geographic Strategic Business Units: Africa; Asia; Europe, Eurasia and Middle East; Latin America; and North America.

All indexes of the Company increased till 2015, but after that situation changed dramatically. Company sales for reporting year (2017) compared to previous year decreased. The total revenue for reporting year (2017) compared to previous year decreased by 16%. Net income for reporting year (2017) compared to previous year also decreased and a number of employees decreased by 40%. It happened mainly because of two reasons: 1) **aggressive competition with Pepsi**, 2) **health concerns** (many health experts have prohibited the use of these soft drinks).

The following is a SWOT analysis of Coca-Cola:

Strengths: Strong brand identity. Highest brand equity. Extended global reach. Greatest brand association and customer loyalty. Largest Brand Valuation. Dominant Market Share. Unparalleled distribution system. Acquisitions.

Weaknesses: Aggressive competition with Pepsi. Product diversification. Health concerns (many health experts have prohibited the use of these soft drinks).

Opportunities: Introduce new products and diversify its segments. Increase presence in developing nations. Bring advanced supply chain system. Packaged drinking water.

Threats: Water usage controversy. Packaging controversy. Direct and indirect competition.

Recommendation section includes the recommendations concerning system of management at Coca-Cola Company:

- 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.

Conclusion includes a summary of system of management research at Coca-Cola Company.

SUMMARY

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“An investigation of multinational corporation management, on the example of the Coca-Cola Company”

[Manuscript]: a comprehensive thesis for obtaining the qualification of master's degree
073 Management/ Oduntan Ibrahim Abiodun; TNTU. – Ternopil, 2019. – 113 p.

Master degree thesis consists: 113 pages, 5 figures, 5 tables, 3 appendices, 77 references.

The object of investigation is the system of management at Coca-Cola Company.

The aim of the work is to investigate system of management of multinational corporations and to give recommendations as for system of management at Coca-Cola Company.

Research methods cover the statistical method and comparison analysis.

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. The theoretical recommendations concerning management, economic activity improvement at Coca-Cola Company has been proposed.

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