Transnational Corporation Project

Patrick Maxwell

Lebanon Valley College

GLB 101: Magnitudes and Dimensions of Globalization

Dr. Dolan

25 September 2015

TRANSNATIONAL CORPORATION PROJECT: COCA-COLA

**Introduction and Background Knowledge**

 Coca-Cola, arguably one of the most well-known global products worldwide, has shaped history since its creation in 1886. John Pemberton, creator of the now famous soft drink, first sold the new product in Jacob’s Pharmacy with an initial average sale of nine bottles a day. After Pemberton’s accountant recommended the name “Coca-Cola” and the script with which the Coca-Cola icon is still written today, the company and their rights were sold to Asa Candler. By 1895, Coca-Cola was sold and consumed in every state nation-wide in the United States. In 1899, the rights to the bottling of the soft drink are sold to Benjamin Thomas and Joseph Whitehead, and bottling begins in Chattanooga, Tennessee. Moving globally in 1906, bottling is outsourced to Panama, Canada, and Cuba. Forward in time, the Coca-Cola company creates the image and legend of St. Nick, and Coke and Christmas become linked together. Toward the end of the second World War, Coca-Cola pledges to supply troops with Coke, and 64 temporary bottling plants are sent to Europe, Asia, and Northern Africa increasing their global reach. Setting unprecedented standards, Coca-Cola partners with FIFA in 1976, to form the first international sports governing body sponsorship by a corporation. Sponsorship of international sporting events continues into the twenty-first century as Coca-Cola sponsors the Olympics in Australia (Anon., 2011, A Short History…). Coca-Cola’s rich history provides a key case-study for the globalization of a corporation and the transition into a transnational corporation; therefore, this paper will serve to analyze Coca-Cola’s global image, globalization efforts, and human rights policies utilizing concepts and theories from Manfred Steger’s *The Global Studies Reader*.

**Global Image Marketed by Coca-Cola**

Coca-Cola’s desired global image is best captured in their website and online presence. The first time anyone encounters Coca-Cola’s website, the user is directed to the corporations global website featuring the title “Select Your Region” with a world map prominently displayed as the background image. Implying that the company has no boundaries or borders, and therefore is globally mobile, the main page redirects the user to their country of choice in the official language of that territory, and to save site-viewers time, the site stores cookies in order to immediately redirect them to that same country’s page each time they visit the general website.

 Exploring more of the corporation’s global website, the company highlights key facts about the organization in empirical data while concurrently referencing sustainability, human rights, transparency, and their financial reports. The information on this website is marketed toward customers and consumers of Coke products, suppliers of Coke who look to have an ethical offering of products, and shareholders interested in investing in Coke. On the home page of the corporation’s global site, a depiction of “Coca-Cola by the Numbers” asserts that the company produces more than 3500 products worldwide, has existed for over 129 years, has products available in over two hundred countries worldwide, and is currently valued at $39.15 on the New York Stock Exchange (Anon., n.d. Coca-Cola Journey Homepage…).

In specific, the stock figures, the financial reports, and the references to transparency are directly marketed at the shareholders while topics like sustainability and human rights are best suited for the consumer and retail sales representatives. Altogether, as capitalism is a leading force in the globalization movement, the importance of a corporation projecting a socially-conscious image to the rest of the world is paramount. Understanding this principle, Coca-Cola has dedicated significant funding to sustainability practices such as water replenishment, as well as to various corporate social responsibility initiatives.

**The Globalization of Coca-Cola**

 As aforementioned in the Introduction, Coca-Cola’s globalization efforts extend back to the early 1900’s when the bottling of the product first moved to Cuba, Panama, and Canada. The initial expansion to these markets was due to the growing U.S. Military presence; therefore, a significant increase in the demand for the product in these markets convinced Coca-Cola to move bottling facilities to these organizations. Hence, the company saw potential for increased market access as they could reach the consumers they knew demanded the product, as well as potentially new consumers. When in these countries, the company saw the product was cheaper to produce abroad; ergo, the presence of sourcing efficiency convinced them to remain in the market. The globalization of Coca-Cola persisted, in fact, prior to the start of the second World War, Coca-Cola had bottling facilities established in 44 countries worldwide, and during the war 64 more facilities were created (Anon., n.d. History of Bottling...).

 Coca-Cola’s history is rooted in Foreign Direct Investment; however, the corporation has moved toward the strategy of merging with or acquiring foreign companies. Since it’s initial expansion overseas to Cuba, Panama, and Canada, the company has utilized Foreign Direct Investment by creating hundreds of facilities both domestically and abroad. As of January, 2012, the transnational corporation had over 900 bottling facilities worldwide. Most well known to United States Citizens, the Coca-Cola company acquired 16% of Monster Energy Drink’s equity stake in which Coca-Cola transferred ownership of all energy beverages to Monster, and Monster transferred ownership of all non-energy drinks to Coca-Cola (Journey Staff, 2012). Referencing the Economic Securities Council’s report, Coca-Cola would be one of the key proposed players in global governance as the corporation is transnational and powerful. The continuation of foreign direct investment and acquisitions and mergers strengthens their potential to serve as a part of global governance in the globalizing world system (Smith et al., 2007).

**Labor and Human Rights**

 Coca-Cola faced charges in 2001, for the alleged murder of union members organized by two of Coca-Cola’s bottlers in Colombia, and since then Coca-Cola has moved to drastically reform their human rights policy. The case filed with the Miami District Court, Sinaltrainal v. Coca-Cola, alleged that two of Coca-Cola’s bottling partners – Bebidas y Alimentos and Panamco – assisted the Colombian paramilitary with the murder and torture of Sinaltrainal union workers. The case against Coca-Cola was dropped in 2003, and the entirety of the case was dismissed in 2006 (Harvard School of Public Health, 2014).

 Since these allegations, Coca-Cola has revised and amended their corporate Human Rights policy multiple times. Beginning in 2005, Coca-Cola supported a mandate for a framework for the support of Human Rights within the context of a business. Throughout time, they joined various organizations including the Business Leaders Initiative on Human Rights, the Global Business Initiative on Human Rights, the International Organization of Employers, the Global Business Coalition Against Human Trafficking, and the UN Global Compact Child Labor Platform. Their current version of their human rights policy is three pages and is available in 17 different languages (Anon., n.d. Human Rights Policy…).

**Conclusion**

 In the globalizing world of today, branding has become a crucial concept to the successfulness of a transnational corporation competing in the global economy. The signature red can or glass bottle and early script of the Coca-Cola logo is one of the most recognizable brands across the globe. In essence, Coca-Cola has created an iconic, cultural identity that has remained evident since its globalization efforts in the early 1900’s. Although the product’s taste and continued marketing proves to be successful in the global market, the original branding and creativity associated with Coca-Cola has proven to influence the cultures of most countries. This soft-power advantage to the United States ranges from the creation of the actual product to the creation of the modern Santa Claus. A tangible manifestation of the influence Coca-Cola has on the world, the company utilized a mystical legend to promote the United States’ value of consumerism on a global scale.

 Beyond the cultural impact Coca-Cola has on the world, the corporation’s expansion economically boosted the countries in which they opened bottling facilities by creating jobs within the factory and the distribution cycle of the product. Essentially, the new facility plays a key role in the economic development of the country by giving jobs to the unemployed, thus increasing their income and their spending, which in turn leads to increased economic activity. In an impressive show of growth, Coca-Cola’s small beginnings at nine bottles a day have since expanded into over 900 bottling facilities worldwide along with the multitudes of Coca-Cola products available in almost every country.

**Bibliography**

Anonymous. (N.D.) *Coca-Cola journey homepage.* Retrieved from http:// http://www.coca-colacompany.com

Anonymous. (N.D.) *History of bottling: the Coca-Cola company.* Retrieved from http://www.coca-colacompany.com/our-company/history-of-bottling

Anonymous. (N.D.) *Human rights policy – the Coca-Cola company.* Retrieved from http://www.coca-colacompany.com/our-company/human-rights-policy

Anonymous. (2011). *A short history of the Coca-Cola Company.* Retrieved from http://assets.coca-colacompany.com/a7/5f/95ccf35a41d8adaf82131f36633c/Coca-Cola\_125\_years\_booklet.pdf

Harvard School of Public Health. (2014). *Lawsuit (re Colombia).* Retrieved from http://business-humanrights.org/en/coca-cola-lawsuit-re-colombia

Journey Staff. (2012). *Offices & bottling plants: the Coca-Cola company.* Retrieved from http://www.coca-colacompany.com/stories/offices-bottling-plants

Smith, J. et al. (2007). “Globalization and the emergence of world social forums,” in *The Global Studies Reader* (Steger: Oxford University Press, 2015), pages 56-69.