



# Application and Relevance of Implementing Social Responsibility Strategies in Mega Corporations

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## Abstract

In the context of our multicultural and fast-changing society, more and more large companies have chosen to adopt a more complex business strategy, by adhering to and implementing a series of social responsibility initiatives, thus becoming a much-needed instrument for change, in addition to serving their customer base. By engaging in well-structured social responsibility projects and long-term sustainability policies, these multinational corporations have transformed into more holistic enterprises, focusing on adopting a more mature social, cultural and environmental mindset. An important example of this is Coca-Cola Company and the many targeted policies undertaken by this commercial powerhouse. By implementing these practices into their overall business strategy, Coca-Cola aims at improving society and contributing in many areas, thus striving to solidify itself in the marketplace as a more inclusive and mature player. The strategies employed and the benefits offered by the adoption of this new business paradigm are an extremely important subject of study, because they give us the opportunity to implement these policies at a larger scale and to extend them to many more emerging companies.

**Keywords:** Social responsibility, sustainability, strategies, multinational corporations, Coca-Cola.

## Introduction

In the context of globalization and easy and relatively cheap access to a multitude of products and services, some of them with a rich cultural or historical heritage, an increasing number of consumers can more easily access this extensive global market. This phenomenon invariably leads, in the context of this increased flow of consumers,

to the need to develop strategies that take this growth into account, in order to minimize the negative impact that inevitably appeared with the development of consumer markets. (Ismael, 2022). In addition, the concept of social responsibility offers other advantages, such as the need to innovate, building a competitive advantage in the market and always remaining relevant. (McWilliams & Siegel, 2001).

Thus, in this context, it is necessary to implement strategies that are governed by well-structured social responsibility and long-term sustainability policies, justified by the perishable and unique nature of some of these products and services. Therefore, the balance between accessibility and sustainability must be found, so that the presence on the market of a significant number of consumers and producers does not lead to irreversible damage to the environment and some of the products and services in question.

Another benefit of the integration of social responsibility policies is the fact that, by implementing them, companies give equal importance to consumers, employees and stakeholders, not being strictly interested only in obtaining profit by any means. (Crowther, 2004)

### Literature Review

It is necessary that social responsibility strategies are considered and respected by all participants involved in the commercial process, in order to make this process more efficient. (Solis-Radilla & co, 2019) Thus, the way in which companies produce and promote the products offered to consumers, as well as the way their beneficiaries access them, must take into account social responsibility practices, by complying with sustainability norms.

Additionally, each project uses energy and produces social, economic, and environmental (SEE) impacts, which define the degree of sustainability of the project as a whole. (Armenia, Dangelico, Nonino, & Pompei, 2019)

However, consumer satisfaction is a component that must always be kept in mind, ensuring that the customer's experience is of the highest quality, even if it is carried out in this context of sustainable practices. Therefore, the way these programs interfere with the consumer's experience and their expectations needs to be constantly quantified (Lemon & Verhoef, 2016). This spectrum can be determined by measuring the perception among consumers of sustainable policies practiced in the international trade process.

The research constantly undertaken in this field aims to formulate and shape social responsibility strategies and programs in the context of

sustainable marketing, relevant in several areas of commercial activity, such as tourism, hospitality, retail, etc., but also taking into account the satisfaction of consumer needs at a high level.

Additionally, in the current pandemic context, travel bans, restrictions, and health protocols continue to pose challenges, while also revealing limitations in volume-based trade models. Instead, environmental and sustainability values are seen to be at the basis of these new strategies. (Euromonitor, 2022) As access to goods and services will continue to become easier and faster, there is a worldwide growing awareness among consumers, businesses and governments regarding the need to prioritize not only profit, but also people and the planet.

Social responsibility in international marketing refers to the companies' commitment to respect and promote ethical and social values in the countries and cultures in which they do business. This may include addressing issues such as human rights, environmental protection, consumer health and safety, diversity and social inclusion, compliance with local laws and regulations, and contributing to the development of local communities.

Because CSR is a relatively new concept, companies may feel obliged to adopt CSR practices (by choice or because of legal pressure). In this situation, their pre-CSR identity is still deeply rooted, so they continue to communicate this identity, instead of one which integrates CSR. (Farcane, Deliu, & Bureana, 2019)

Social responsibility is important for creating a positive image of the company and improving relations with customers and employees. By following these principles, companies can gain the trust and loyalty of customers and have a positive impact on society and the environment.

Globally, social responsibility involves collaboration between governments, non-governmental organizations, the private sector and civil society organizations, in order to create a better and more sustainable future for all.

## Research Methodology

In carrying out marketing research, an important objective is to clarify the methodology used in the research process.

For this research paper, we have undertaken secondary sources research, in order to clarify the most important social responsibility practices used by multinational corporations in our current socio-economic context. Our choice was strengthened by the fact that exploratory research is particularly useful in identifying the different strategies implemented by the major companies. Thus, we were able to determine a general direction regarding the decision-making process of major multinationals, in the areas of implementing sustainability and social responsibility policies.

Offering some context in these matters, the social responsibility of corporations refers to their commitment to fulfill business objectives in an ethical and sustainable way, taking into account their impact on society and the environment. (Barrena Martínez, López Fernández, & Romero Fernández, 2016) These companies have a greater responsibility than local companies, as their activities can have a greater impact on the communities and environment of the countries in which they operate.

Multinational corporations should respect human rights, encourage diversity, engage in social and community development projects and adopt sustainable practices in their business. They should ensure fair pay and safe and healthy working conditions for employees, respect trade union rights and fight corruption and fraud.

Multinational corporations should also respect the environment, adopt responsible resource management practices and reduce their impact on the climate and the environment. They should adopt policies and programs that promote sustainability, such as reducing greenhouse gas emissions, using renewable resources, and recycling.

Also called environmental policies, these strategies are what companies consider in order to minimize any environmental damage from their operations. (Freze, et al., 2023) Here are some examples we

have found in our exploratory research regarding common practices in CSR:

- Efficient Energy usage: Another worldwide concern is energy consumption. To help conserve energy, companies remind employees to turn off lights that aren't needed. Reducing energy consumption helps the company to save money and reduce pollution caused by non-renewable energy sources.

- Water management: Water stewardship is using water responsibly in a way that is most beneficial to both people and the environment. Ranked fifth globally, the water crisis is a catastrophe waiting to happen. This is why those who use it the most must find ways to promote efficient water use and sustainability. Installing an efficient flushing system or fixing any leaking taps or pipes can help a business reduce water consumption. Reducing water consumption will also save the energy needed to process it.

- Minimizing waste and practicing recycling: big companies create a lot of waste, and recycling is key to helping the environment. Promoting recycling will save resources and send less waste to landfills, which will help reduce air and water pollution. Encouraging awareness of environmental issues is important for the success of green policies. Committed implementation of these policies gives companies opportunities to prove how environmentally conscious they are.

In order to support fundamental human rights by increasing the energy and morale of their employees, companies offer paid holidays, the possibility of unpaid holidays, allowances for mothers. A common and well-known practice in present day corporate culture is to give employees a day off annually, to participate in environmental volunteer projects, relating to global warming or climate change. Multinational corporations also donate portions of their earnings to various charities.

A tree planting event is one of the ecological events that more and more companies organize. On the other hand, they often implement changes in the programming language of their systems in order to more efficiently cycle through new and old procedures. Other ways of contributing in this field are minimizing paper waste, using energy-saving light bulbs and organizing trash in recycling bins.

CSR programs attract and retain consumers and investors who play an important role in the company's long-term success. (Scherer & Voegtlin, 2020) This helps increase positive brand recognition, increase consumer loyalty and attract high-quality employees.

### Results of the Research

The Dow Jones Sustainability Index 2019 – an international reference indicator for the sustainability of companies – designated Coca Cola HBC as the most sustainable company in the beverage industry in Europe. This is the sixth time in the last 7 years that the company has taken the first place in this ranking and the ninth time in a row that it has been counted among the top three most sustainable companies in the global and European beverage industry. (Coca-Cola H. , COCA-COLA HBC, CEA MAI SUSTENABILA COMPANIE DE BAUTURI DIN EUROPA, 2020) In addition, over the last years, sustainable practices have brought Coca-Cola HBC Romania a series of recognitions, one of the most relevant being the title of Most Sustainable Company in Romania (according to the Romania CSR/CST Index study, carried out by the independent agency The Azores), obtained six years in a row (2016 – 2021). (Coca-Cola H. , 2022)

Over time, the company has demonstrated a high degree of corporate social responsibility that it enforced through three main pillars: sustainability, community involvement and promoting a healthy lifestyle. (Coca-Cola, Business & ESG Report, 2021) The company strives to limit its impact on the environment by reducing greenhouse gas emissions and by responsibly managing water and other resources. Coca-Cola is actively involved in local communities, providing financial support and resources for educational, health and social development projects. In terms of healthy lifestyles, the company is committed to providing healthier beverage options to their consumer base and promoting physical activity through various programs and initiatives.

In addition, Coca-Cola has a rigorous system for monitoring and reporting its impact on the environment and society, as well as its performance in achieving sustainability goals. This system includes, among other things, environmental and social audits of the entire

supply chain and the publication of an annual sustainability report containing information on the progress made and future plans of the company in terms of social responsibility. The company has a holistic approach to social responsibility and is committed to doing business responsibly and sustainably.

However, such companies are also the largest contributors to the world's carbon footprint and plastic waste. In their 2019 sustainability report, the carbon footprint of its operations has been reduced by 24% compared to 2010. (Coca-Cola H. , 2022) Additionally, the company has already faced a huge backlash regarding the harmful health effects of this beverage, due to the fact that it contains a large amount of sugar, which can lead to obesity and other health problems.

Also, the company has been sued over time for various reasons, including (Roehr, 2017):

- Competition issues: Coca-Cola has been sued by regulatory authorities in various countries for engaging in anti-competitive practices, such as market grabbing or price manipulation;
- Intellectual property rights: The Company has been sued for infringement of intellectual property rights, such as unauthorized use of trademarks or other intellectual property;
- Public health issues: Coca-Cola has been sued for promoting unhealthy products or failing to inform consumers about the health risks associated with consuming these products;
- Environmental issues: The company has been sued for environmental pollution or other practices that have a negative impact on the environment.

It is important to mention that Coca-Cola has taken steps in addressing these issues and improving business practices, as well as in ensuring compliance with regulatory and intellectual property rights. The company remains committed to doing business in a responsible and sustainable manner and to addressing public health, environmental and other social concerns.

### Discussion

Coca-Cola has been involved in social responsibility projects since the 1940s, when it

began providing financial support to educational and community programs. Here are some of Coca-Cola's early social responsibility initiatives (Gieryn, 1987):

- In 1941, Coca-Cola launched a program called the "Six-Pack of Friendship", in order to support the war effort of American soldiers. The program allowed shoppers to purchase a six-pack of Coca-Cola bottles and send them to soldiers deployed in theaters of war around the world;

- In 1947, Coca-Cola launched the "A Coke for Everyone" program, in order to promote diversity and inclusion. The company ran newspaper ads that featured various groups of people enjoying a bottle of Coca-Cola, regardless of race or color;

- In the 1950s, Coca-Cola began to get involved in community development programs, such as building schools and community centers in rural and remote areas around the world;

- In the 1960s, Coca-Cola launched the "Quality Circles" program, which allowed employees to get involved in improving production processes and working conditions at Coca-Cola factories around the world.

- In 1969, the company began to analyze the environmental impact of its products.

- In 1991, the company started using recyclable materials, making bottles using plants as raw material, and eventually switched to completely recyclable materials.

These are just a few examples of social responsibility initiatives undertaken by Coca-Cola in its first decades of existence, which highlighted the company's commitment to supporting communities and promoting ethical and social values.

Currently, the company is taking larger steps, covering more areas, in order to align with the global trend. (Coca-Cola, 2020) Among the main actions we can highlight:

- Waste reduction: Based on Coca-Cola's 2019 CSR report, the company hopes to make all packaging materials recyclable by 2025. As of 2019, approximately 88% of their packaging is already recyclable. They also promised to reduce raw

materials' usage in order to minimize the ecological footprint of their products. For example, Dorna water, produced by Coca Cola Romania, has 100% recycled plastic packaging.

- Water supply: Drinking water resources are increasingly limited. One of Coca-Cola's problems at the moment is the enormous use of fresh water, as they operate in the beverage industry. They searched for ways to fix the problem and replenished about 60% of the water they used.

- Reducing the carbon footprint: The carbon footprint is the amount of carbon dioxide released into the atmosphere by companies' operations. In 2013, Coca-Cola began reducing greenhouse gas emissions. The company's initiative has a significant positive impact on the environment, wildlife, economic losses and human health.

- Minimized packaging: One of the biggest criticisms that Coca-Cola has faced is the extensive use of plastic bottle packaging. They solved part of this problem by using refillable bottles and water dispensers.

Although Coca-Cola is a large company, they also focus on making a positive impact in the local communities they operate in, working with local partners and supporting the active involvement of their employees. They use local partnerships and provide work-related learning and mentoring with their education centers. The company also promotes an empowering culture of wellness and encourages people to live positively. They diligently pursue world-class health and safety standards and an accident-free workplace.

Most of the company's products depend on the environment. That is why they are very active when it comes to environmental protection. Because of this, they have a number of partnerships to protect and improve the environment through recycling, water efficiency, carbon reduction and litter cleanup.

Coca-Cola also emphasized that all of their employees must take time to volunteer in their community because it is the right thing to do. They also pledged to contribute a percentage of their profits to charities and community causes. This CSR program undertaken by Coca-Cola will help employees improve their skills and gain more

experiences while building a better future for the generations to come.

Nowadays, CSR programs are relevant due to the dominance of social media networks. Companies like Coca-Cola advertise to promote the company and attract more consumers.

One of the strategic social investments that the company has come up with is represented by the five different stages of the value chain. These identify critical success for sustainability and increase product sales over the life of the program.

- The producers. (TechnoServe, 2023) The company initiated the Nurture Project in Kenya and Uganda. This initiative aimed to bring 50,000 mango and passion fruit farmers into the value chain.

- Distributors. With the Kwanza Micro Center model in Tanzania, Coca-Cola built 170 small-scale independent distributors that helped the company distribute its products in congested urban areas.

- Retailers. Together with its bottling partner Coca-Cola FEMSA Philippines, Coca-Cola Philippines initiated the STAR program, which provided the opportunity for 1,000 women in small-scale retailing to grow their business. The company implemented this project and sales increased by developing long-term business relationships with retailers.

- Recyclers. The 500 recycling cooperatives in Brazil helped Coca-Cola in their recycling initiatives and thus managed to reduce costs and increase the supply of recycled bottles.

- The artisans. Coca-Cola also helped 100 artisan cooperatives by using and promoting their designs and drawings. This helped the company generate a supply of unique Coca-Cola themed products for promotional uses.

## Conclusions

Coca-Cola is a globally known company and it is clear that it needs to implement management routines simultaneously all over the world. Therefore, employee use and environmental damage are unimaginable.

Coca-Cola's CSR program has helped them increase their revenue and brand image, keeping their stakeholders happy with the company's output.

Companies like Coca-Cola, that focus not only on profits, but also on how to improve society and the environment, attract the attention of consumers, investors, employees, NGOs and the government, putting these issues in the spotlight.

In conclusion, summarizing all the decisions and actions presented in this case study, large companies should practice:

- Promoting diversity and inclusion within the organization, including in terms of hiring and promoting staff and developing clear non-discrimination policies;

- Respect for human rights, including workers' rights, in all aspects of the company's operations, as well as throughout the supply chain;

- Reducing the impact on the environment by adopting sustainable and innovative resource management practices, as well as by developing ecological products;

- Investing in local communities by supporting education, health, culture and economic development;

- Combating poverty by promoting sustainable economic growth and by supporting social and economic development in disadvantaged areas;

- Increasing overall transparency in financial and operational reporting, including by publishing a sustainability report and involving stakeholders in the decision-making process;

- Promoting ethical business practices and combating corruption in all aspects of business;

- Supporting local economic development by collaborating with local suppliers and partners, as well as by promoting a competitive and transparent business environment;

- Promoting physical activities and healthy lifestyles by developing programs and products that encourage this;

- Contributing to the development of technology and innovation for the benefit of society as a whole, including by investing in research and development of sustainable and innovative technologies.

Implementing CSR programs for environmental safety and other charitable programs that help society is one step forward into mitigating these damages. However, there is always room for more improvement in employee relations and environmental issues. This is why Coca-Cola should continuously strive to find initiatives that help improve society.

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