Corporate Social Responsibility in Water Resources
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“The Social Responsibility of Business is to increase its profits.”
-Milton Friedman

Introduction:
In a world that is becoming ever smaller due to global communication and evolving transportation, corporations are increasingly pushing territorial boundaries and expanding across the globe. It is becoming commonplace for businesses that once bore claims of being “Made in America” to now have industrial and corporate branches in the Middle East, Asia and even Africa. Less expensive labor and resources, lax regulations and an untapped market equate to a higher revenues. Many countries try to tempt large industries by offering little regulation and free markets and in return benefit from gained taxes and increased job markets. Yet, what responsibilities do these businesses have in giving back to the countries that welcomed them in? Just because a business provides jobs and complies with government regulations does it mean it has no additional social responsibilities to the people? This case study is an attempt to examine international corporate social responsibility in relation to water resources.

The Case:
There are countless cases that can be examined of international water use by larger corporations but for this case study the issue of Coca – Cola’s water use in their Indian plants will be examined. This case study was chosen not because it was any more serious or malicious than any others, but it has the most literature from alternating perspectives.

The case dates back to The Coca-Cola Company (TCCC) coming into India in the late 1990’s and immediately having trouble with local farmers because of water depletion as well as contamination of water sources and products. Claims that TCCC produced products tainted with pesticides resulted in temporary nation-wide bans in many places such as state run cafeterias and schools.
In 2006 a movement among many American college students led to several universities breaking contracts with TCCC and calling for changes in company policy. This was due in a large part to publications from KillerCoke.org about TCCC’s negative involvement in India as well as other countries. In response to the University of Michigan’s decision to not sell Cola products on campus, TCCC, with the University of Michigan, organized a third party assessment of their Indian plants so as to disprove their critics.

**Findings of the Study:**

The study revealed that TCCC’s Indian products contained absolutely no pesticides. However, studies revealed that some of the Indian plants were in locations of extreme water stress and were not adequately addressing local concerns of water shortages. The following are some highlighted concerns found in the study:

- **Coca-Cola's senior executives should ensure that the company's business managers become responsible and accountable for corporate- and facility- water, environmental, and sustainable development goals as well as government and company compliance programmes.**

- **CSR [Corporate Social Responsibility] initiatives need to be both sensitive to community needs and concerns. They also need to be able to better anticipate challenges that may arise in the future.**

- **CSR interventions designed for the benefit of the local communities must lead to the development of sustainable physical and social infrastructure. Stand-alone, periodic activities will make very little impact. For instance, the plant could focus on major long-terms programmes (in coordination with local governments) for provision of safe drinking water to rural communities.**

- **In general, TCCC should try to be net water positive with respect to its own operations from a watershed perspective, especially in water stressed areas.**

**Coca-Cola Response**

Even before the results of the assessment came out, TCCC had an environmental and social awareness program in place that identifies major water issues around the globe. In response to much public outcry, TCCC has established itself as a leader in aiding the fight against world water shortages by teaming up with organizations such as
The World Wildlife Foundation (WWF) and USAID to bring water to stressed areas around the globe. In direct response to the problems found in India, TCCC now has in place a water initiative for all its bottling plants in stressed areas to be completely water neutral by the year 2010.

Questions:
Though TCCC did not break any laws that were in place, did they violate an unwritten law of business ethics by ignoring concerns of locals.

Should international laws regulate corporations as they regulate countries?

What is the social responsibility of corporations?
Required Readings:


Recommended Readings:


Interesting links concerning Coca-Cola from two different perspectives:

www.Cokefacts.com

www.KillerCoke.org