

# The coca-cola company as an american multinational beverage corporation

[Business](#), [Company](#)



The Coca-Cola Company is an American multinational beverage corporation, which manufactures and sells soft drink concentrates and syrups. One of the main factors of being a prosperous globalized business can be an outsourcing strategy – a method of reducing costs by transferring non-core internal business activities to external firms. The outsourcing method utilized by Coca-Cola has had both positive and negative impacts on different individuals and stakeholder groups because of variations implemented by Coca-Cola.

Deviations in Coca-Cola's engenderment plans through outsourcing, such as the production of its bottles, have brought lots of advantages for the business. Coca-Cola opted to license a group of independent bottlers while imposing stringent quality control. This outsourcing method was very innovative at that time. Some years later there was conflict between Coca-Cola and its outsourced, independent bottlers. Coca-Cola had bought out several bottle-making coalition partners to develop its own internal capability, and the bottling company Coca-Cola Enterprises was founded. However, this turned out to be very extravagant, so Coca-Cola decided to outsource its bottling engenderment again. The transmutation in cost and profit margin consequently designated Coca-Cola implemented a vicissitude whereby outsourcing was reintroduced.

Change in this case refers to modification of the formulation strategy Coca-Cola was utilizing. This was a disadvantage for employees working at Coca-Cola's bottling plants, as many were made redundant when the firm decided to outsource. However, it was salutary for the employees at independent

bottlers as their jobs were liable to be more secure with Coca-Cola's business.

It wasn't only bottling manufacturing that the Coca-Cola Company outsourced. It withal outsources engenderment activities, which involve extracting and refining processes for the beverage ingredients. Monsanto Chemical Company had provided saccharine and caffeine to the company. Coca-Cola reduced labour costs, as outsourced employees are not directly part of its organization. Moreover, this is propitious for its shareholders as the outsourcing strategy, a component of its long term plans, sanctions Coca-Cola to reduce costs and consequently increase profits. Additionally, Coca-Cola has engendered more jobs positions for low-income groups through outsourcing, for example, sugar cane farmers in El Salvador.

On the contrary, there were several unethical practices highlighted by the media, which affected Coca-Cola's brand image. The exploitation of child labors in El Salvador sugar cane fields, one of the company's subcontractors, resulted in lower sales transitorily. Sugar cane farming is kenneed to be a highly perilous agricultural activity and children are injured frequently. Coca-Cola's CEO, Muhtar Kent would require to consider this because his reputation and the corporate image will be damaged if news of child labour is not dealt with. If he shows an effort to deal with the issue and ascertain ethical standards of the company's outsourcing strategy are applied, it could in turn amend his and the organization's reputation. This event had a positive impact on the vicissitudes Coca-Cola made and they have perpetuated to utilize outsourcing in a more ethical manner.

To conclude, Coca-Cola is utilizing its outsourcing strategy to boost its profits by reducing overall costs of engagement but some drawbacks can be found in LEDC countries. However, though mistakes made, Coca-Cola has learnt how to become more ethical and ascertain that its outsourcing strategy denotes employees are treated fairly.