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ABSTRACT In March 2000, Coca Cola, under its Indian subsidiary Hindustan Coca Cola Beverages Private Limited (HCCBPL), commenced operations at its bottling plant at Plachimada, in the southern state of Kerala. Over the next few years, the area surrounding the plant began to feel the plant's hazardous effects, as groundwater was contaminated and toxic waste released.

What followed was a long struggle by the people of Plachimada, interest groups, and NGOs, leading to the eventual shutdown of operations at the plant. This report is a reflective writing and will attempt to outline the events that transpired during the course of the struggle at Plachimada, which took place at two levels: the grassroots and the judiciary. It shall then further attempt to answer questions pertaining to the ethical responsibilities of the firm to the community around it and to the society at

large. INTRODUCTION Milton Friedman said "there is one and only one social responsibility of business - to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud" The above-mentioned statement, for a long time, had been the steadfast belief of the corporations across the world. The notion of firms as economic entities with sole objective of profit maximization has been prevalent for as long as one can remember. Viewed this way there are no "responsibilities" for the firm except to produce economic value for its shareholders. Therefore, it must lead us to believe that a firm certainly has no ethical responsibilities but only legal obligations.

His argument elaborated on the basic idea that being mere agents of shareholders, managers have the sole duty to increase their wealth. This

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argument has been attacked by many scholars on different counts. Firstly, it seeks to completely ignore any ethical obligations.

In other words, so long as they stay within law they need not worry about any other impact their actions may have on their stakeholders other than the shareholders. Second it is not clear that the shareholders have in fact given such a mandate to the management. They might have invested purely with a speculative motive.

In fact, some surveys carried out on shareholders in US revealed that the majority did not want pure maximization of profits by the firms to the exclusion of all other considerations. Thirdly, if it is accepted that maximizing shareholder value is the mandate, then this has to be a long-term initiative. This is achieved only by adopting sustainable proactive and developing a long-term relationship with stakeholders and the community. The case of Plachimada vs Coca Cola showcases this belief. It further goes and examines about the repercussions of not taking into account the well being of the community in which it thrives. CONTEXT Plachimada is a small hamlet in the Palakkad District of Kerala. The majority of the population consists of Adivasis (indigenous people) whose primary occupation is agriculture.

About 80% of the villagers are engaged in agricultural labour, with 20% engaged in other labour activities. In 1998, HCCBPL acquired 34.4 acres of land (mostly paddy fields) in order to set up a bottling plant at Plachimada.

On January 25, 2000, the Perumatty Panchayat (whose constituency includes Plachimada) granted permission to build the plant and operations

began in March. The Kerala State Pollution Control Board granted a permit to produce 561, 000 litres of beverage per day, with an average requirement of 3.8 litres of water for every litre of beverage. The source of water was primarily groundwater from 6 bore wells and two open ponds, and about 2 million litres of water per day was extracted. In six months of commencement of operations at the plant, the villagers complained that the water was unsuitable for drinking or cooking. In the subsequent months, several villagers complained of unusual stomach-aches. The farmers complained of wells emptying unusually fast and crop yields decreasing.

A public interest group by the name of Corpwatch India, found that there were high levels of calcium and magnesium in the water, caused by excessive extraction of water. The bottle washing taking place at the plant involved chemicals, and the resulting sludge was taken out of the plant. Initially the sludge was sold as fertilizer to unsuspecting farmers, following which it was given free, and with increasing resentment among villagers, it was merely dumped on the roadside. In the few months since commencement, more than 1000 families in the surrounding villages had been affected.

REPERCUSSIONS As per the agreement struck by the company with the Kerala State Pollution Control Board (KSPCB), up to 1.5 million litres of water was drawn commercially from 6 bore-wells situated inside the factory compound. The permit granted Coca-Cola the right to extract groundwater to meet its production demands of 3.8 litres of water for every litre of Cola.

As a result, the water table receded, and the quality of groundwater. Detailed sampling of the water collected from the region revealed high concentration of calcium, and magnesium ions. Moreover, the colloidal slurry that was generated as a by-product was initially sold to villagers as fertilizer. In 2003, the BBC, in its Face the Facts programme, declared that samples of slurry that was being deployed as fertilizer were found to contain dangerous levels of toxic metals and the known carcinogen, cadmium. "The area's farming industry has been devastated and jobs, as well as the health of the local people, have been put at risk," said John Waite, the show's presenter, as he read out the verdict of scientists from the University of Exeter, where samples collected from Plachimada were sent for analysis. The events mentioned above are of serious concern as it stands proof of how corporations would overlook community wellbeing for profit maximization. It is apparent that Coca-Cola did not think it important to hold meaningful dialogue with the community it was operating within.

True to the Friedman's notion of a firm having no ethical responsibility but only legal obligation, Coca-Cola perhaps thought of what was within its legal rights and did not bother to take into consideration that the community might retaliate. The events that followed show us why it is essential for a firm to positively interact with its community. The Anti-Coke Struggle On April 22, 2002, the 'Coca Cola Virudha Janakeeya Samara Samithy' (Anti-Coca Cola Peoples' Struggle Committee - henceforth Samithy) began its protest against the plant, with over 1500 people, mostly adivasis, demanding the immediate shutdown of the plant owing to the severe hazard it was causing to their daily

lives. The Committee was responsible for a series of protests, anti-coke rallies and other disruptions to the operations of the Coca-Cola Plant.

Several street corner meetings and intense campaigns followed. On June 9, 2002, a rally and public meeting was organised by People's Union for Civil Liberties and National Alliance for Peoples Movements in solidarity with the Samithy. Meanwhile, beginning in April 2003, the struggle against the cola giant took a decisive legal turn. The Battle at the Judiciary On April 7, the Perumatty Panchayat decided not to renew the license of HCCBPL. The secretary of the Panchayat cancelled the license, stating the following reasons: excessive exploitation of the groundwater by the company, environmental problems due to presence of hazardous and toxic substances in wastes emitted by the company, and a scarcity in drinking water.

This was challenged by the company at the Kerala High Court, which directed the company to approach the Local Self-Government Department (LSD) who stayed the cancellation issued by the Panchayat, stating that it had exceeded its powers. BBC Radio 4 programme 'Face the Facts' reported the presence of carcinogens in the waste deposited by the plant. This waste had been dumped in the adjoining areas on the pretext of providing fertilizer to the farmers. On August 5, 2003, the Centre for Science and Environment, based in Delhi, came out with a report that showed that 12 soft drinks had significant amount of pesticides in them. On August 7, 2003, KSPCB confirmed the BBC report, and ordered Coke to stop supplying waste to the adjoining areas and to immediately recover all waste and store it in safe containment within the premises of the plant.

On March 8, 2004 the Kerala Government ordered the cessation of the plants operations till June 15, 2004. A number of newspapers such as The Guardian, The Times and the Financial Times of the UK, The New York Times of the USA, Le Monde of France and Asahi Shimbun of Japan covered the events and happens of Plachimada. On the whole, Coca-Cola seemed to come out in a poor light over the episode. Not only the plant but the company too suffered a major hit. The Plachimada plant has not reopened till date. STAKEHOLDERS THEORY Business these days are shifting from merely being agency for shareholders.

They are being replaced by a stakeholder model which has many other groups, including the community that the company is located in and the broader society which may be affected by the way that the firm's business functions. Any business, even the most prosperous ones, cannot exist in a vacuum. They require the investors to give them money, customers to buy their goods/services, employees to serve the customers, suppliers to sell them the goods that they will sell, and a community within which they can thrive. The business cannot be successful in the absence of any of these groups.

Of course, these groups might interact in a hostile way. However, the interests of all involved would be better represented if everyone's preferences could be satisfied. This approach to business is known as the Stakeholders Model. It can be easily argued that to a large extent the Stakeholder Theory is a better representation of the network of relationships that exist in any business' interactions. After all it most certainly involves

more responsibilities than the Shareholder theory. Therefore, it encompasses more groups than just the Shareholders. Any business that follows the Stakeholder Theory is responsible for taking into account the needs and wishes of a great many people. CONCLUSION The struggle at Plachimada continues to this day as villagers seek to recover the loss of livelihood and counter the extreme damage to the water resources in the area.

The struggle represents the efforts of villagers and activists to wage a battle against a multi-national company both at the level of the grassroots and the judiciary. It is also a testament to the ability of local self-governance bodies to effectively determine the nature of development in their respective areas, and their right to prevent undue extraction of their resources. Every firm exists within a community and it is expected to play a positive role in improving the quality of life of its community. It certainly has an obligation to see that this community is at least not worse off with the firm as a part of it. As seen in case of Coca-Cola, the consequences of acting carelessly towards a community and by extension to the society is bound to be harsh and detrimental. The firm has an obligation not to damage its environment, air, water, grazing lands etc on which the community depends for its existence or quality of life. Polluting water sources or their infringement on the rights of others to have access to these resources and hence is clearly unethical.

This is especially since the executives of the firm may not live in that area and hence may not be affected by them. The interaction of the firm with the community starts right at the time land is to be acquired. It is essential to establish communication at the different stages of the process and find

common grounds that will be satisfactory to everyone. Therefore, even though a corporation draws its capital resources from its shareholder, it also draws resources from other stake holders including its employees, the government, the community and society. It is hence essential to find the optimum balance among all these stakeholders.