

Background

Multinational Corporation (MNC) is a company that cooperates among two countries or more. It means the cooperation that should be done by two countries or more. Multinational Corporation cannot be separated from foreign direct investment (FDI). Then, MNC has a head office in one country as home country and some branches in other countries as host country. Mostly home country comes from developed countries. Meanwhile, for the host country mostly is a developing country, but there is also a developed country. MNCs are very beneficial for the host country and home country. Every multinational corporation has advantages and disadvantages. The advantages derived such as an economic growth in host country. A large multinational corporation can operate in 100 countries, with hundreds of thousands of employees. One of the biggest MNCs in the world is Coca-Cola company (Cohen, 2007).

Coca-Cola company is one of the largest beverage companies in the world. Almost everyone knew and tried some of the Coca-Cola company products. Coca-Cola company came from a developed country which is Atlanta, Georgia, USA, and Coca-Cola was first introduced on May 8, 1886, by John Stith Pemberton, a pharmacist from Atlanta United State. In 1941, the company followed the popular tastes of the market. That same year, the Coke trade name gained the same advertising recognition as Coca-Cola, and in 1945, Coke officially became a registered trademark at the time (Odon, 2018). Until now, the Coca-Cola company still become the best beverage company. Therefore, many of Coca-Cola company branches are spread in more than 200 countries both in developed and developing countries. Then, one of the Coca-Cola company branches in developing countries is in India specifically in Haryana. India automatically becomes the host country of the Coca-Cola company. In India, the Coca-Cola company separated in several types of its subsidiaries. In addition, there are many reasons of Coca-Cola company to

choose India as one of their branches because India one of developing countries in the world.

Coca-Cola company entered India in 1956 then leave the country because some problem with India government. Years by years, Coca-Cola company re-entered and collaborated with India on October 24, 1993 (Moye, 2013). There are several reasons why Coca-Cola company chose India as one of their branches. Coca-Cola company chooses India because India has cheap labor and abundant resources. If Coca-Cola company opened its branch in India, it could reduce the transportation and communication costs (Joey Gold, 2016) since Coca-Cola company does not have to produce the products in its home country (USA) and send it to India, but they could produce it in India instead. Then, after the Coca-Cola company returned in 1993, two years after India start to became “open economy”. The first Coca-Cola company located in Mumbai, but then moved to New Delhi in 1996. After that moved to Gurgaon, which until now has become the head office in India. Gurgaon is an industrial city center in Haryana (Pant, 2017). Haryana is located in one of the northernmost regions in India and close to the capital city of New Delhi. It is surrounded by Uttar Pradesh in the east, Punjab in the west, Himachal Pradesh in the north, and Rajasthan in the south. Currently, Haryana is a well-developed industrial area in India. Haryana government has committed to creating a progressive business environment. Haryana government offers a variety of fiscal incentives and policies for businesses under industrial and investment policies (India Brand Equality Foundation, 2018).

Theoretical Framework

1. The concept of Economic Growth

According Michael P. Todaro *"economic growth as a steady process in which the production capacity of an economy increases over time to produce increasingly large levels of national income"* (Todaro, 1995). Economic growth

is the process of changing the economic condition of a country towards better conditions over period of time. Therefore, the existence of economic growth in a country can increase the standard living of its citizens. Then, the quality of a country can also be seen from its economic growth. Economic growth can also be interpreted as growth which experiences more quantitative success, namely the increase in income standards and the level of production output produced. The existence of automatic economic growth is also related to the success of economic development. The economic growth of a country can be measured with the indicator of Gross Domestic Product (GDP). Economic growth is the single most crucial factor in the economy success of a country in the long run. If the GDP in a country is high, then its economic growth is also fast. Otherwise, if a country's income is below the average, its economic growth is also low (Amadeo, 2018).

The economic growth has an impact on the lives of the inhabitants of a country. All of these affect the welfare of the people of each country. The existence of economic growth can gain many benefits for business i.e. the rising stock price, and open new business. It gives capital companies to invest in order to open more employees and create new jobs (Barro & Martin, 2004). When there are a lot of jobs, people can work based on their specialization so their income can increase. Therefore, people can have more money to buy additional needs and services so, higher economic growth will improve.

In this concept, income per capita and prices of essential commodities in India must be increased to help their economic growth. Thus, measuring the growth of Haryana does not use Gross Domestic Product (GDP) but using the Gross State Domestic Product (GSDP). Gross State Domestic Product is one of the most important indicators of economic growth to know the economic conditions in a certain amount of time. Gross State Domestic Product (GSDP) is defined as the total value of final goods and services produced by all units of economic activity of an area in a certain amount of time.

Based on the fact, Coca-Cola company in India is one of the company that can improve economic growth income in Haryana. Gross State Domestic Product also improve because of jobs so that human resources can produce output in Coca-Cola company. With the presence of the Coca-Cola company can help economic growth in Haryana to help the government to achieve the welfare of residents in Haryana. Furthermore, it can improve the living standards of resident in Haryana.

2. The concept of Multinational Corporations (MNCs)

According to Stephen D. Cohen, Multinational Corporations (MNC) is a business entity that has fulfilled specific legal requirements and has approval documents by national government officials or local government authorities in the country where the new company was established. Then, multinational companies also move funds from one country to another for the same reason as individual investors. Multinational corporation has purpose to get a higher rate of return or yield that can be obtained in the origin country. MNCs cannot be separated from foreign investment or always related to investment, namely Foreign Direct Investment (FDI). FDI within MNC is a 'brain' or 'tool' from a process for the multinational company (Cohen, 2007).

One of the meanings of FDI as proposed by Stephen Cohen is financial activity which is generally in the form of international capital from the origin country (home country) for the recipient of capital (host country). Its aim of obtaining part or all of the ownership rights of a real business entity such as a factory or land, raw material production facilities, natural or human resources, and the entire distribution system. Beside that, the presence of FDI will undoubtedly encourage the opening of new job vacancies. Then, it can also increase people's income and improve their welfare and expertise. On the other hand, the public can also utilize modern technology brought by foreign companies (Cohen, 2007). In addition, this can also help improve the balance of payments of a country

because by establishing a new business branch in a country it will increase capital in that country. Moreover, the presence of multinational companies has a positive impact on capital receiving countries. Thus, capital receiving countries seek to attract foreign companies to invest in their countries (Khawar, 2006).

By referring to the concept of MNC, the Coca-Cola company is a multinational company that always associated with foreign direct investment. As a multinational company, the Coca-Cola company has one head office located in Atlanta USA. In addition, the Coca-Cola company has branches and subsidiaries spread in various countries, one of them in Haryana. The Coca-Cola company as an international company has international standards and has a wide sales network in various countries. Then with Coca-Cola's investment in Haryana India, it can increase production capacity and improve the people's economic welfare through the creation of new job vacancies. In addition, this Coca-Cola company investment is one way to increase economic growth. The role of investment in the form of FDI can help economic growth in Haryana so that it can increase production capacity, improve product quality, and create job vacancies and provide income that can minimize the poverty. Through this Coca-Cola company investment, economic activities can growth well, and the welfare of the people in Haryana India can be better.

3. The concept of Corporate Social Responsibility (CSR)

According to Johnson and John “*Corporate Social Responsibility (CSR) is about how companies manage the business processes to produce an overall positive impact on society*” (Hadi, 2011). In general, CSR is a tool that can ensure the company maximizes the positive impact of its operations in the community. In this case, it can be explained if a company makes a factory or branch in another country, they must have a responsibility as a form of company concern

for the surrounding environment, especially towards its citizens. With this, every corporate corporation has a CSR program (Jamali & Mirshak, 2007).

From this CSR concept, it can be implemented that a company like Coca-Cola must have a positive impact. In this impact not only on the economical side but also on the social and environmental side as a driving factor that can help improve the quality of life for Haryana India citizens. This CSR is a driver of the Coca-Cola company from external factors because the program provided by the Coca-Cola company is not directly related to the productivity of Coca-Cola company. Therefore, there are many programs that Coca-Cola company gives to India in various forms.

Research Method

Following the problems in this thesis, this research will use the qualitative method. This method is used to produce descriptive data. The sources will be divided into two which are primary sources and secondary sources. In this research, the author collects the data by using literature reviews, books, articles, journal, report, and internet browsing from official websites, library research in the form of electronic or printed sources and from several sources relevant to the research title.

Discussion

The presence of the Coca-Cola company it made some progress in Haryana. In June 2012, the Coca-Cola chief executive company announced that Coca-Cola company invested US \$5 billion in expanding capacity and improving distribution networks in the economic sector and also support long-term growth, which investment made by Coca-Cola company is a long-term investment from 2012 to 2020 (Eurasia & Africa, 2012). The investment made by the Coca-Cola company has made progress so that at the beginning of

the re-entry of the Coca-Cola company, investing in India was only around US \$2 billion. The Coca-Cola company saw the progress they experienced during their stay in India because there were drinks which were the highest sales in India, one of which was Sprite and Thumbs Up. The India government and Coca-Cola company believe that there is a progress of Coca-Cola company. Therefore, the Coca-Cola company dares to invest more than before. On the other hand, this investment also a long-term investment that Coca-Cola company does.

Haryana has emerged as one of the country's fast-growing economies with tremendous growth over the past few years. In Haryana, there are around 25 million populations there. With this, Haryana is one of the states in India that has the highest GSDP and is indirectly followed by high per capita income compared to the others. Besides that, as we know, Haryana is an industrial area where many foreign companies enter there, including Coca-Cola company.

1. The Gross State Domestic Product (GSDP) in Haryana

Table 4.1 Gross State Domestic Product

Year	Gross State Domestic Product (GSDP) (in Rs Crores)
1970-71	869
1980-81	2,973
1990-91	13,608

Source: (Rani, 2016)

Table 4.2 Gross State Domestic Product

Year	Gross State Domestic Product (GSDP) (in Rs Crores)
2012	297,538.52
2013	320,911.91
2014	347,506.61

Source: (Department of Economic Statistical Analysis, 2017)

Based on the data above, it can be seen at the beginning of Gross State Domestic Product (GSDP) in Haryana prior to reforming around the 1970s Haryana had GSDP worth Rs 869 Crore, in the following ten years around 1980 a number of Rs 2,973 Crore and in 1990 to 1991 a number of Rs 13,608 Crore. Then there was a difference in the value of the GSDP in Haryana after the reform. At that time, the foreign companies entered India one of them is Coca-Cola company. The existence of the Coca-Cola company in Haryana's Gross State Domestic Product it can be increased. In Haryana, the Coca-Cola company produces more compared other areas. This is also caused by factories that are still related to the Coca-Cola company which located in the same area. Besides, there are also several other companies, as we know that Haryana is an industrial area. As a result, with this, a significant increase also occurs from year to year. On the other hand, with a large number of products produced by the Coca-Cola company, consumers are also increasing. This increase in gross domestic product in 2012 amounted to Rs 297,538.52 Crore, then increase in 2013 worth Rs 320,911.91 Crore while, in 2014 also increase to Rs 347,506.61 Crore. The difference in the value of GSDP in Haryana, this also give affects GDP throughout India.

Table 4.3 Gross Domestic Product India

Year	GDP in India (%) Before Reforms	Year	GDP in India (%) After Reforms
1989	5.94%	2012	5.46%
1990	5.53%	2013	6.39%
1991	1.01%	2014	7.41%

Source: (International Monetary Fund, 2018)

As we know, India is one of the countries with the most population and has a fairly high the economic growth. India is one of the countries with the largest economy in the world (Ilmu Pengetahuan Umum, 2018). From this table, we can see the differences that occurred before reforms where the Coca-Cola company has not re-entered. In this table, there are conditions or results of overall GDP in India in the last three years before reforms. In 1989 India's GDP was 5.94% and then dropped to 5.53% in 1990 which was not too high but experienced a decline. In the last year when the 1991 reforms experienced a quite high decline to 1.01% where India experienced economic conditions that were quite bad so that the government changed the economic system in India into an open economy and entered some foreign investments in India. Then after the reforms in India, GDP has increased can be seen in 2012 5.46% then in 2013 6.39% and 2014 7.41%, there was a significant increase in each year.

2. The Income Per-Capita

Table 4.4 The Income Per-Capita of Haryana and India

Year	Per-Capita Income of Haryana (Rupee)	Per-Capita Income of all India (Rupee)
2012	106,085 (US \$1,910.75)	63,462 (US \$1,143.04)
2013	111,780 (US \$1,878.02)	65,538 (US \$1,101.10)
2014	119,791 (US \$1,996.84)	68,572 (US \$1,143.05)

Source: (Department of Economic Statistical Analysis, 2017)

Income in Haryana and India is different because Haryana is one of the regions with the highest income compared to other regions. It can be seen based on the table on income in Haryana and India both increase every year when viewed from the amount of Indian rupee currency. Moreover, seen from 2012-2014 both experienced an increase. Even so, income in Haryana is almost double the average income of all regions in India. In 2012 the per capita income of Haryana was valued at 106,085 rupees, equivalent to US \$1,910.75 while in the same year the average income of all India was 63,462 rupees, equivalent to US \$1,143.04. Then in 2013 revenues in Haryana were 111,780 rupees, equivalent to US \$1,878.02 while in India totaled 65,538 rupees, equivalent to US \$1,101.10. In 2014 the average per capita income in Haryana was worth 119,791 rupees, equivalent to US \$1,996.84 while in all of India it was worth 68,572 rupees or US \$1,143.05.

On the other hand, the increase in income per capita that occurs and is greater is found in Haryana due to the service sector which surged along with the considerable industrialization in Haryana. Thus, with the presence of one

foreign company, the Coca-Cola company can encourage or help increase regional per capita income significantly. Then, this Coca-Cola company in Haryana also helps the government in Haryana in increasing their average per capita income. Therefore, the Coca-Cola company currently has around this company having around 20 branch offices and factories in Haryana. Besides, there are also around 60 factories around India which accommodate around 25,000 direct workers, and there are more than 150,000 people indirectly. Then, there are also retail workers or sellers who include jobs from selling Coca-Cola or beverages that are still related to Coca-Cola company. Therefore, with the existence of the Coca-Cola company, it can increase revenues around Haryana and even to areas in India. Therefore Coca-Cola company opens jobs which can help increase the income of those who initially did not work to work and earn income. On the other hand, it also helps residents around the Coca-Cola company to create new jobs or small shops around the company. This is also helps improve the surrounding economy which automatically makes per capita income increase.

Besides that economic growth in India is also helped by CSR. The Indian government issued a controversial law that requires large companies to spend at least 2 percent of their profits each year on corporate social responsibility (CSR). Therefore, the Coca-Cola company must pay for CSR activities every year at 2% of the profits they earn. Any 'Income' or 'Surplus' that may arise from a CSR activity will not be part of the business profits. The Company's CSR activities will not cover any benefits specifically for Company employees or their family members (The Coca-Cola company, 2019). If a company cannot create its CSR program, the company may also provide the amount needed for government programs such as funds or continue the government-owned programs that are needed by the local people (Banerjee, 2013). The Coca-Cola company as one of the companies that must be responsible for the surrounding community, the Company has

made several positive impacts on social, economic and environmental progress.

1. Economy

The economy program is "Parivartan" which means a change in Hindi. This program has been in existence since 2007, the first training class was held on December 18, 2007, in the city of Agra. Because the Coca-Cola company wanted to reach as many retailers as possible, the company decided to make the class move. They provide buses designed specifically designed to reach people in rural and semi-urban areas (Dhuri, 2012). This program is conducted to train retailers in improving their business management skills and the use of technologies such as the use of credit cards, computers and so on. So that with this program, eco-sellers can do business well and get more profits and can improve their economy. This program is free of charge. Then, in this program four things are the most important and needed by retailers, namely: the knowledge of how to manage customers, how to increase stock, how to make their shop better and better, how to manage finances in the best way (The Coca-cola Company, 2019).

Parivartan program provides education to empower retailers in attractive ways in easy ways so that they can be implemented. Even in 2012, the program had around 100,000 retailers they had trained (Dhuri, 2012). On the other hand, the Parivartan program also has a particular focus on female retailers with the intention of empowering women throughout the world including in Haryana and around India. The Parivartan training program has been carried out in various cities with 'special women' groups. There are hundreds of female retailers trained to coincide on International Women's Day (March 8, 2014) throughout India. The program has provided training to around 15,000 female retailers (The Coca-cola Company, 2019). The existence of a CSR program in the economic

sector like this, the Coca-Cola company has a goal to increase economic growth in India. Besides, it also helps the government to reduce poverty in India. Therefore, this program can increase economic opportunities for women so that they can generate increased income, increase skills in business because the business they live in can more attract buyers, increase status in society and increase community potential.

2. Environment

In the field of environment, water is one of the natural resources which is one of the essential resources for all humans. There are some water difficulties due to pollution in India caused by Coca-Cola company or other companies. This event was caused by factors of production or non-production or not directly, but there was also environmental pollution from several subsidiaries owned by the Coca-Cola company. This is due to pollution or waste from the Coca-Cola company in Haryana and around the environment where Coca-Cola company established its factories. Therefore, the Coca-Cola company has a commitment to water management which will be responsible wherever the company operates. In some parts of India that have water shortages, especially in water pollution or water depletion that can harm the community. This water management Coca-Cola company runs together with the government of India, NGOs are one of them TERI (The Energy Resource Institute), as well as other communities (Handoko, 2016). One of the Coca-Cola company programs is refilling the water they use in the production process or not and returning it to the surrounding community.

The refilling program is one program that is also related to sustainable development which program that become the government goals. The water filling project is designed to meet water needs in areas that are priority areas and to improve local water conditions where the Coca-Cola company

is located. Efforts to replenish groundwater in India are focused on rainwater storage, construction of dams and other natural water bodies, while also supporting agricultural improvements (The Coca Cola Company, 2016). There are many areas polluted by waste originating from factories and agricultural areas become dry due to factories that require good waters. On the other hand, the Coca-Cola Foundation in India also helps to determine the locations of these dams for water storage and provides financial assistance to build them. Until 2014 they also helped the community build more than 100 dams throughout North India which benefited more than 500,000 villagers (Wells, 2016).

3. Social

In the social field, as we know many points, which can be helped by the Coca-Cola company in the social field, one of them is concerning education. Education is a form of social and economic growth. India is a country that still developing where the poverty rate is still much automatic education is also not too good. There are still many children who do not go to school due to limitations in many ways such as finance, inadequate facilities and others (The Coca-cola Company, 2012). One of the programs is the "Support My School" campaign or (SMS) which was started by the Coca-Cola company precisely by Coca-Cola India Private Limited (CC IPL), NDTV and UN-Habitat. Besides, this campaign also developed with cooperation involving NGOs, community members, and the private sector.

The SMS campaign program is one form of the education program that focuses on revitalization. This program was held because many schools were still incomplete, which could be said to have not been used optimally. In fact, inadequate sanitation and basic facilities in schools can have a considerable impact or can be said to have a fatal impact on children in the world. These problems gives negative impact it can eventually lead to children dropping out of school. One of

the problems that inhibit or discontinues schooling is because of the lack of a healthy and active environment, especially among girls in India. In the end, this CSR program emerged through My School Support with the help of the Government in India and the Coca-Cola company (The Coca-cola Company, 2019). My Support School came with a clear goal of revitalizing schools by providing adequate sanitation and basic facilities such as toilets and other facilities, especially for girls. This is because the number of school dropouts is female with the same causes where their schools are not equipped with separate toilets.

One of the ways in this campaign is to raise funds, which will help in improving schools in need. On the other hand, the SMS campaign program is also able to seek support and assistance from several other individuals and corporations. Through this campaign, which involved much collaboration with other parties, around 500 schools have been successfully revitalized until 2014. Then also, the total number of students who benefited positively from the program was around 240,000 children (Plan India, 2019). This SMS program is one of the biggest campaigns in India that has a positive social impact, especially in the field of education around India and affects many people.

In conclusion, Coca-Cola company in Haryana has a quite helpful role especially in economic growth. India economy is not too advanced. However, Coca-Cola company helps the government in Haryana and India to improve their economy through job vacancy, small businesses around Coca-Cola company. Futhermore, Coca-Cola company also helping and providing the community around Haryana and India in the form of the Corporate Social Responsibility program. It helps the government in India reduce the problems that occur in India, especially in the economic fields. Therefore, there are many benefits from the Coca-Cola company through this economic growth, and it is proven fact that foreign companies can improve economic growth in host country. As

a proof, Coca-Cola company cooperates with the government in several ways such as taxes, and investment. The Coca-Cola company invested as much as US \$5 billion in 2012.

In addition, Coca-Cola company also provide jobs to the community with opportunities to grow and develop. The Coca-Cola company has contribute by hiring local people. Economic growth can be measured by the Gross State Domestic Product (GSDP), where there is significant economic growth from year to year, especially from 2012 to 2014. It is also related to the increase in Gross Domestic Product (GDP) in India. Beside that, per capita income in Haryana also increase, even it can increase two times higher than the income of all India. The Coca-Cola company employs around 25,000 direct workers and there are more than 150,000 indirect people. The presence of the Coca-Cola company creates new businesses directly also indirectly effects through a multiplier effect.

The economic growth that occurred in Haryana caused by the Coca-Cola company was not only in increasing Gross State Domestic Product or Gross Domestic Product and per capita income. However, there is also assistance from companies which is a matter of corporate social responsibility (CSR). The Coca-Cola company has a program in the economic field. In this field, the company provides training for retailers of beverage from Coca-Cola company with the aim that retailers can improve the business so their economy can improve automatically. This program is called "Parivartan" the Coca-Cola company in this program reaches out to remote villages in India. Besides, there are also programs in the environmental field. In the program, the Coca-Cola company makes a water dam which is replenished. This program works with Coca-Cola foundation, which in 2014 built more than 100 dams throughout India and benefited more than 500,000 residents. Meanwhile, there is also a CSR social program called Support My School (SMS). This program helps government in the field of education that focuses on

revitalization. Several schools do not have sufficient facilities. As a result, many children are not attending school especially for girls, because there is no particular toilet for women.