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Corporate Social Accountability: Lessons from Coca-Cola's Conflict at Plachimada

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ABSTRACT

This paper explains the process by which a global corporate giant was made to account for its social responsibility by studying the conflict between Coca-Cola company and the local community in Plachimada (a small village in the south Indian state of Kerala) as a case study. The paper argues that the company suffered a long judicial battle and loss of reputation and finally lost 'its license to operate' for not discharging its responsibility to the local community (a major stakeholder). The analysis of the events in this conflict seems to suggest that the combination of new social movements and consumer activism in defence of human rights and environmental protection holds the promise of making the large global corporations more accountable for their social responsibilities. Fuelled by the speed of the internet and the resultant reach of media (including social media), these movements have become more effective and stronger during the last twenty years and the corporates therefore can ignore the responsibilities that society expects them to embrace only at their own peril.

1. Introduction

It is widely accepted that business managers should be accountable to the shareholders who have invested their money in business. However, whether business (and its managers) have a responsibility towards others affected by its operations (called the 'stakeholders') remains contested. On one end of the spectrum is Friedman (1970) who argues that the "social responsibility of business is to increase its profits" (title of the paper) supported by others e.g. Jensen (2010) who believes that social welfare is maximised when the companies pursue a single objective (maximisation of the long-term value of the firm). On the other end are those who argue that the social responsibilities of business corporates extend well beyond economic and legal to ethical and philanthropic (Carroll, 1991; Dahlsrud, 2008).

Contemporary management education (if not as a whole then as a stand-alone module in Business Ethics and/or CSR) does mention the responsibility of the management to multiple stakeholders and the contemporary management practitioners too accept the existence of and responsibility towards these stakeholders Donaldson and Preston (1995) cites many surveys of business managers where the majority (as much as 80% in a survey dating back to 1968) of

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them said that "their role is to satisfy a wider set of stakeholders, not simply the share-owners" (p. 75).

Even though it is widely accepted now that the business has a social responsibility towards multiple stakeholders, the question remains **'how can the business managers be made accountable for their social responsibility'**. This is an important but difficult question and one that is not adequately discussed in the current literature on the subject. While management's accountability to the shareholders has been studied in great detail and mandated through rules on corporate governance in most countries, Corporate Social Accountability has not received sufficient attention.

The shareholders have the power to reward or punish the management depending on whether their performance is considered satisfactory or otherwise. However, the mechanism for holding the management accountable for their social responsibility by the other stakeholders viz. the employees, consumers, the local community and the society at large is ambiguous.

Attempts are also being made to make business accountable for their environmental responsibility by developing international standards on corporate responsibility and accountability and similar attempts are underway for the protection of human rights (Morgera, 2014). More governments have "adopted statutes that extend the range of permissible concern by boards of directors to a host of non- shareowner constituencies including employees, creditors, suppliers, customers, and local communities" (Orts, 1992 cited in Donaldson et al., 1995, p. 75) and the trend has continued globally since then at a faster rate. This paper however argues, by using the case-study method, that law is necessary but not sufficient to hold the management accountable for the range of its ethical/social obligations and that the formal law may not be sufficient to take into account all possible situations.

It has also been argued that the business responsibility to the other stakeholders (in particular to the local community and the society at large) is a form of a social contract (The social contract theory of CSR). However, the question remains how to get these implicit contracts enforced.

1.1. Methodology

This paper attempts to understand the process by which some corporates were made to account for their social responsibility. For this, the conflict between the global corporate giant Coca-Cola and the local community in Plachimada (a small village in the south Indian state of Kerala) is selected as a case study. The timeline is developed on the basis of academic literature (Bijoy, 2006; Cedillo et.al. 2012; Varghese, 2021) and newspaper reports ("Abstract of Report", 2010; Kumar, 2016; Raghunandan, 2017; etc.) on the conflict. Among the academic writings, the latest available (Varghese, 2021) is cited at most places since this essay incorporates the facts reported by most of the previous studies on the conflict.

The analysis of the events in this conflict seems to suggest that the combination of new social movements and consumer activism in defence of human rights and environmental protection holds the promise of making the large global corporations more accountable for their social responsibilities. Fuelled by the speed of the internet and the resultant reach of media (including social media), these movements have become more effective and stronger during the last twenty years and the corporates therefore can ignore the responsibilities that society expects them to embrace only at their own peril.

The next section traces the main themes and debates in the literature on CSR followed by a section on the different theories of CSR that are used as the conceptual framework. Section 4 presents the timeline of the events in the chosen case study and section 5 presents an analysis of these events bringing out the insights from this discussion. A brief conclusion is presented in the last section.

2. Literature Review

The concept of Corporate Social Accountability derives its legitimacy from a wide acceptance of the social responsibility of business or Corporate Social Responsibility (CSR). The initial conceptual work on the meaning of Corporate Social Responsibility is said to begin in the 1950s through academic and scholarly contributions (Carroll 2016). The meaning of CSR continued to evolve and has been refined since the 1960s. Dahlsrud (2008) presents an analysis of as many as 37 different definitions of CSR and the study does not claim to capture all the available definitions. In this section, I briefly encapsulate the major scholarly debates surrounding the notion of 'the social responsibility of business.

2.1. The Debate Surrounding Whether Business Has Social Responsibility

Milton Friedman's arguments have been the most debated aspect of the literature on CSR. Its most popular version in the book titled Corporate Ethics and Corporate Governance (Zimmerli, Richter & Holzinger, 2007) has been cited 25,675 times (Google Scholar accessed on May 24, 2022). Friedman (1970) argues that since a corporation is an artificial person, "business as a whole cannot be said to have responsibilities" (p. 3), even in a vague sense and asks that the "doctrine of the social responsibility of Business" should examine and clearly state precisely "what it implies and for whom" (Friedman, 1970, p. 3). His much-debated thesis that "the social responsibility of business is to increase its profits" is based on two premises – (1) the modern form of business are corporates and therefore the individuals who are responsible (for business decisions and actions) are the corporate executives and (2) "a corporate executive is an employee of the owners of the business. He has direct responsibility to his employers. That responsibility is to conduct the business in accordance with their desires, which generally will be to make as much money as possible" (Friedman, 1970, p.3).

Scholars including Jensen (2010) have taken this argument further to justify their claims in support of denying that business ought to have any responsibility other than to maximise profits (or shareholders' value or the long-term value of the firm). According to Jensen (2010, p. 32), the question that is at the heart of the global debates relating to corporate governance (and CSR) is the identification of the fundamental objective of the business organisations. He argues that it has to be the "maximisation of the long-term market value of the firm … [and that this principle] … has its roots in 200 years of research in economics and finance" (Jensen, 2010, p. 32). His main argument in support of this claim is that (1) a single objective is needed for measurement of the performance of the managers since 'multiple objectives mean no objective' and (2) this single objective has to be value maximisation of the firm since it will result in maximisation of the social welfare (assuming government will legislate laws in order to take care of the problems posed by externalities and imperfect competition) (Jensen, 2010).

On the other hand, Friedman has been attacked by those who believe that he represents a narrow and obsolete view of the role of business (modern corporates) in the society.

2.2. The Stakeholder Theory

The 'Stakeholder Theory' initially developed by Freeman in 1984 for understanding the business discipline of 'strategic planning' (now known as strategic management) has been developed and used by scholars in business ethics and CSR since then (Freeman, 2010). They argue that the management of the business has responsibilities not only to the owners (shareholders) but to multiple stakeholders viz. employees, consumers, local community, society, creditors, suppliers etc. In its present form, the theory has come to be acknowledged as “the main contender to the value maximisation theory” (Jensen, 2010, p. 32).

2.3. Value Maximisation Vs. Stakeholder Theory

Jensen (2010) however, states that the main problem with the Stakeholder Theory is that it does not provide a yardstick for measuring the performance of the individual managers. Arguing that ‘multiple objectives is no objective’, he goes on to allege that this is probably the reason why the theory is so popular because, under multiple objectives, there is little accountability (managerial opportunism). According to him, the stakeholder theory does not provide ways to resolve the conflicting claims of different stakeholders and he, therefore, insists that value maximisation be used as the overarching single objective to measure performance. He explains for example that, the decision whether an extra dollar should be spent on employees’ welfare is best answered by calculating whether it results in at least a dollar’s increase in the long-term value of the firm or not (Jensen 2010).

2.4. Are The Two Approaches Really Different? The Business Case For CSR

It has been pointed out by many that the two approaches are not really very different. Using a large set of empirical data Wallace (2003) demonstrates that companies that have succeeded in creating and increasing value of the firm have stronger stakeholder relations than those who fail to create value. He, therefore, argues that value maximisation and stakeholder theory are complementary and not contradictory since economic success (value creation) is essential for successful stakeholder engagement.

Others who make a ‘business case for CSR through analytical arguments (without empirical evidence) argue that CSR represents an alignment of interests of the business owners with other stakeholders linking the conventional concepts of value maximisation with the advantages of stakeholders engagement.

Jensen (2010) agrees with this framing of CSR and calls it ‘enlightened value maximisation’ which he says is the same as ‘enlightened stakeholder theory’ (p.33).

3. Conceptual Framework

This paper uses Carroll’s pyramid (Figure 1) that depicts CSR in terms of the four levels of the responsibilities of business – Economic, Legal, Ethical and Philanthropic as the basis for analysing the case study used (Carroll, 1991, 1998, 2016). The relation between legal and ethical and the blurring of their boundaries helped provide the answer to the question raised in this paper.

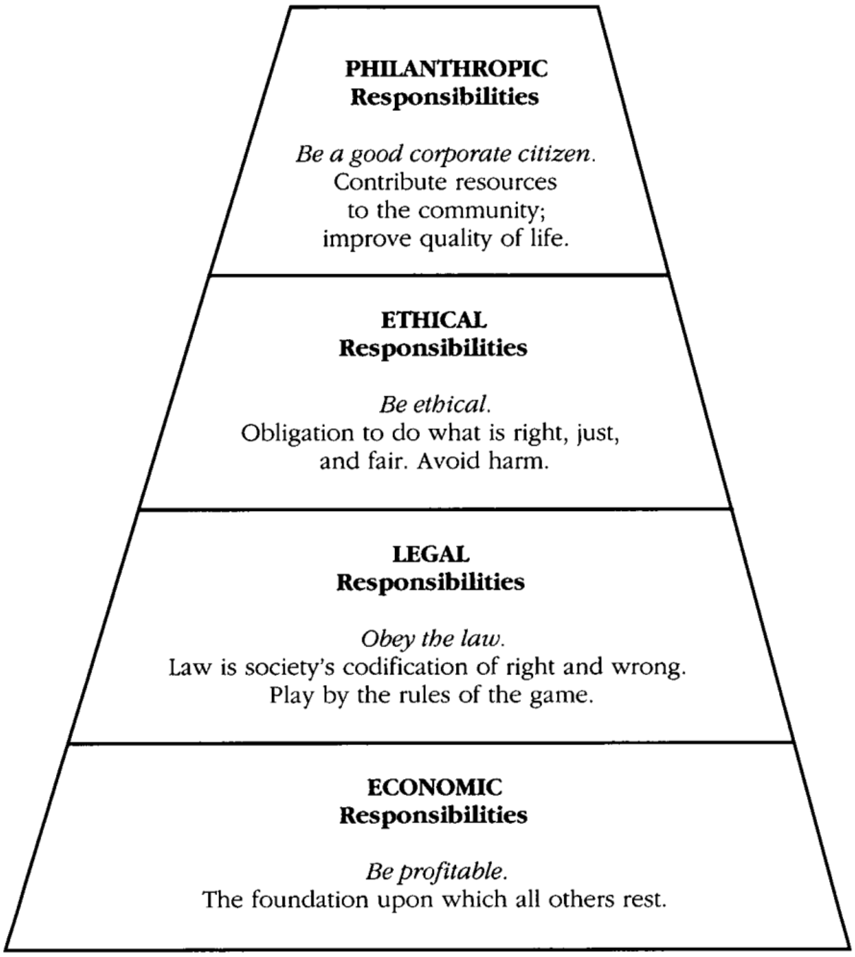

Figure 1. Pyramid of Corporate Social Responsibility
Source: Carroll (1991, p. 42)

Carroll (2016) argues that ethics permeates the pyramid i.e. it is present in all the four dimensions of the CSR and writes that:

> Though the ethical responsibility is depicted in the pyramid as a separate category of CSR, it should also be seen as a factor which cuts through and saturates the entire pyramid. Ethical considerations are present in each of the other responsibility categories as well" (p. 5).

Carroll (2016) cites Friedman to argue that he agrees with the business having economic, legal and ethical responsibility. It seems that Friedman's main opposition is to the discretionary (philanthropic) part of the CSR as he wrote that the responsibility of the business managers is "to make as much money as possible *while conforming to the basic rules of the society, both those embodied in law and those embodied in ethical custom*" (Friedman, 1970, p. 3 emphasis added).

This paper argues that the ethical aspects of CSR are the most important as well as the most difficult to measure and hold organisations accountable for. Though some organisations report on their ethical responsibility as part of their Sustainability Reporting (SR) and some aspects of ethical responsibility are covered by national and global laws, a large part of what it means to be responsible (in terms of the crucial third dimension) goes unaccounted.

It may be argued that law may be able to solve the accountability issue posed here. However, as Mc Barnet (2007) points out even though the law is playing a significant role and the legal accountability is set to increase. Legal intervention cannot make social accountability redundant. He empasises the necessity of wider ethical standards and social and market forces to make legal regulation effective.

3.1. CSR as Social Contract

The other theory which seems useful for answering the question raised in this paper is the social contract theory which treats the business responsibility to the other stakeholders (in particular to the local community and the society at large) as a form of (implicit) social contract. In simple words, it implies that the members of the society grant the 'social license to operate' to the business on the understanding that the business will fulfill its obligations and meet the society's expectations. These expectations include fair and just treatment of its members, protection of flora, fauna and bio-diversity besides the provision of goods and services produced and employment generated by the business. When and if the business fails to meet these expectations, the society may withdraw the 'social license' it has granted to the business to operate.

Using the social contract theory, Sacconi (2006, p. 262) defines CSR as extended corporate governance by replacing the term responsibilities with duties "Corporate Social Responsibility is a model of extended corporate governance".

4. Case Study: Coca Cola Vs. Villagers of Plachimada

This section gives a timeline of the major events as they unfolded during the conflict between Coca-Cola (the company) and the local community at Plachimada in the southern Indian state of Kerala. The events are analysed in the next section.

1999

The Government of Kerala invites Coca-Cola to start its bottling plant in the State and in its zeal to make the state an investment-friendly destination and achieve rapid industrialisation, approves the company's application for setting up the bottling plant at Plachimada through a fast-track system ('the green channel') without considering the environmental impact of the proposed project.

2000

January 25 - Perumatty *Grama Panchayat*[1] issues the license to operate Coca-Cola's bottling plant and extract groundwater from six borewells and two ponds on the 34 acres of land owned by the company.

March - The plant starts commercial production of soft drinks and bottled drinking water. It is expected to extract around two million litres of water per day for manufacturing soft-drinks and bottled water.

A Few Months Later - The local people experience a recession in groundwater level (water shortage) and deterioration in the quality (contamination) of water and they, therefore, submit a representation to the panchayat for cancellation of the license to operate the plant citing water shortages and health problems caused by its operations. A committee is constituted by the Panchayat to examine the issue, which substantiates the claims of the villagers after collecting evidence through field visits and consultations (Varghese, 2021, p. 159).

2002

April 22 (Earth Day) - People at Plachimada launch a campaign under the banner of Coca-Cola Virudha Janakeeya Samara Samithy (People's Struggle Committee against Coca-Cola) (Bijoy, 2006).

June 9 - The erstwhile peaceful struggle turns aggressive – toxic slush is dumped in front of the gates of the plant leading to a clash between the protesters and the police. This leads to the attention of environmental and human rights activists (outside Plachimada) who sympathise with the cause and 'Peoples Solidarity Committee' is formed by members of 32 civil society groups working in the state (Bijoy, 2006).

2003

February - A nationwide *Yathra* (campaign) against 'neo-liberal globalisation' is launched by the celebrated activist Medha Patekar (leader of the Anti-Narmada Struggle against large dams that cause displacement of indigenous people and environmental vulnerabilities) beginning at Plachimada. In her speech against the large global corporations who abused environmental and human rights in their greed for profits, she terms it as 'economic terrorism' (Varghese, 2021, p. 161).

May 15 - The Perumatty Panchayat cancels the license for the plant to operate and directs it to stop the extraction of water w.e.f. May 17, 2003 (https://leap.unep.org/countries/in/national-case-law/perumatty-grama-panchayat-vs-state-kerala).

June 12 - The company approaches the state government which stays the above order in the company's favour. Subsequently, the Panchayat, files a writ petition in the Kerala High Court, arguing that the stay order of the Kerala government is ultra vires since it is the Panchayat's responsibility (and authority) to protect water resources.

July 25 - BBC Radio airs a report stating that the sludge supplied by the company to the farmers in Plachimada as fertilisers was highly toxic containing alarmingly high levels of chromium, nickel, cadmium, lead and zinc. The report's findings are later confirmed by the study conducted by Kerala State Pollution Control Board.

December 16 - The Kerala High Court holds that though as per the law of the land (Indian Easements Act 1882), groundwater is the property of the landowner, there should be a limit to the quantity of water that a landowner is allowed to extract following the Public Trust Doctrine[2] since unrestrained rights of extracting water to landowners may lead to its disappearance. The company files a petition in the Kerala High Court asking it to gauge the groundwater level at Plachimada and fix the amount it could extract. The High Court constitutes an expert panel to investigate the matter (Varghese 2021: 160).

2004

January 21-23 - World Water Conference is organised at Plachimada and it is attended by some notable water rights and anti-globalisation activists from all over India as well as other countries. The conference and the Plachimada declaration causes a global stir (Varghese, 2021, p. 162).

March - The Kerala government, under pressure from the growing resentment of people, orders the plant to stop water mining.

2005

April - The Kerala High Court allows the company to resume its operations based on the expert panel's report and citing the Indian Easements Act 1882 wherein section 7 G of the Act states that groundwater is the property of the landowner. The judgment results in public outrage and intensification of the protests.

May - The panchayat decides to appeal to the Supreme Court (the apex court) of India against the Kerala High Court judgment.

November - Kerala government declares Plachimada as a high-risk area in terms of water availability based on the report of the Groundwater Management Committee (GMC) which stated in its report that the groundwater availability has severely depleted due to the over-extraction in Plachimada.

2006

In the aftermath of a nationwide controversy (see footnote 10), the government of Kerala bans the manufacture and sale of Coca-Cola products in the state on the ground that it was unsafe due to their high content of pesticides reversing Coca-Cola's re-establishment of operations. The ban does not last for long as the High Court of India overturns the Kerala Court's decision (Kumar, 2016).

2008

August - The government of Kerala decides to bear the expenses of the lawsuit filed by the Panchayat in the Supreme Court against the company (Varghese, 2021)

2009

The state government constituted a committee to study the damages caused by Coca Cola which estimated the monetary value of the damage to be INR 216 crores (21.6 million GBP) (Varghese, 2021)

2011

February - The Kerala Legislative Assembly passes the Plachimada Coca-Cola Victims Relief and Compensation Claims Special Tribunal (PC_CVRCCST) Bill (Koonan, 2011 cited in Varghese, 2021, p. 161) for constituting a special tribunal empowered to receive complaints from the victims of Coca Cola's operations in Plachimada.

The Home Ministry under the (central) Government of India returns the bill to the state government citing Coca-Cola company's claims that the compensation sought is not legal.

2016

February 1 - The President of India returns the bill without giving his assent, and the special tribunal never became a reality. Meanwhile, the legal battle continues in the Supreme Court.

2017

July - The company submits before the Supreme Court that it would permanently close down the plant at Plachimada.

5. Discussion

The Plachimada controversy has become one of the most studied corporate controversies in recent years. A search on Google Scholar with 'Plachimada' as the keyword returns 1010 results of which more than 70 have the name of this tiny village in the title of the study. The issue has received huge academic interest in particular from the political scientists due to its wider global implications relating to 'privatisation of rights over common natural resources'. Scholars from various other disciplines such as business management, law and anthropology as well as development studies have studied the implications of the struggle at Plachimada.

My attempt in this section is to use the events described above for establishing (1) the legal responsibility of business is necessary but not sufficient to hold the corporate accountable for their social responsibility and (2) to understand the mechanisms by which the society (in this case) made the corporate in question account for its perceived irresponsibility and (3) what does it imply for the future of corporate social accountability.

5.1. Legal vs. Ethical Dimensions of CSR

One of the obvious observation from the timeline of Coca Cola's long legal battle in India is that law is subject to multiple interpretations. Not only do different legal bodies i.e. the gram panchayat, the local courts, the high court in the state and the supreme court of the country have different viewpoints, but the same court (Kerala High Court) also reached two very different conclusions in the same conflict at different times. In its first judgement in 2003, it gave primacy to the doctrine of public trust and held that Coca-Cola, though as per law has rights over groundwater on the land owned by it, cannot extract groundwater in an unlimited quantity. However, later (in 2005), the same court allowed the company to resume operations at its plant in Plachimada.

More importantly, this case provides empirical evidence for the argument made by Carroll (1991, 1998, 2016) that the law is 'codified ethics' and that

> The distinction between legal and ethical expectations can often be tricky. Legal expectations certainly are based on ethical premises. But, ethical expectations carry these further. In essence, then, both contain a strong ethical dimension or character and the difference hinges upon the mandate society has given business through legal codification (Carroll, 2016, p. 4).

Also, both ethics and law are not static but dynamic. As ethics (or social norms) evolve over time, so does the law albeit mostly after a time lag (though sometimes laws may be enacted to change the harmful social norms). Many issues that were in the ethical domain, come into the legal, once these are clearly understood and widely accepted and similarly many 'archaic' laws are removed once the society believes that they no longer correspond to its ethical standards.

5.2. Impact of the Conflict on Coca Cola's CSR strategy and its Communication (Lessons Learnt)

Today, the home page of the company (https://www.coca-colacompany.com/**)** highlights its commitment to environmental and social responsibilities in the form of – eliminating waste, building sustainable futures and supporting and serving communities etc. and asks the visitor to explore its latest 'Business & Environment, Society and Governance Report'. The said report has multiple links – the very first titled 'Water Leadership'.

On Coca-Cola India's site (https://www.coca-colaindia.com/), the home page talks about 'Doing business the right way for a sustainable world' and 'Making every drop count'.

Cedillo (2012) writes that "It appears that the controversy in India was a learning experience for the company, and that it motivated the company to adopt a more proactive CSR policy on a global scale that focuses on water management" (p. 57). He elaborates that after initial denials relating to the pesticide controversy in India (see footnote 10), Coca-Cola gradually adopted damage control measures. The company published its first environmental performance report in 2008 covering its operations in India during 2004 to 2007. It launched various community water projects in India and partnered with the Central and State government bodies, NGOs and communities for instituting rainwater harvesting techniques to address water scarcity and also created the Coca-Cola India Foundation, Anandana. The company aimed at turning a 'net zero' user of groundwater by returning to the ecosystem the water used in its operations in India.

5.3. Implications for the Future of Corporate Social Accountability

It seems that Coca-Cola not only failed to appreciate its ethical responsibility to the local community in Plachimada, but it also did not understand fully the nature of expectations its customers (one of the most important stakeholders) had from it.

Coca-Cola made the mistake of thinking that the poor and illiterate villagers can be easily fooled by its misinformation campaigns. What else can justify the distribution of toxic waste to the farmers in the region claiming it to be fertilisers? Also, in its instrumental approach to CSR, assigning the value/profits/production/sales maximisation the highest priority, the company did not fully appreciate the cost in the form of damage to its reputation due to the protests.

The question some may ask is that 'should the local community have a veto power in stalling the viable (socially useful) commercial projects'? Giving too much power to extra judicial processes (media campaigns, citizen's protests, social movements) is surely not desirable. A debate on the issues involved in a conflict is needed and law suitably modified in due course to incorporate the ethical consensus that is evolving on the issue. However, the verdict by the consumer (who is supreme in a market economy) may not necessarily follow the 'merits of the case' and therefore the corporates need to take into account their sensitivities in their own interest[3].

A big mistake the company made was not appreciating the expectations of its very important stakeholders – its customers. The standard text-books and academic literature on Stakeholder Theory explain the responsibility to this constituency in terms of 'provision of safe products of high quality and at reasonable prices'. Therefore, the three important expectations (concerns) of the customers are assumed to be – quality, safety and price of the products. What however, the global consumer response to the conflict such as the boycott by university and college students in Ireland, Italy, Norway, UK and USA (Varghese, 2021, p.162) and the drop in Coca Cola's global sales post 2003, shows is that the modern consumers are aware and enlightened. These enlightened modern consumers demand (besides quality, safety and low price) that the company behaves ethically and does not cause harm to the local community and the environment.

6. Conclusion

The paper started with the question 'how can the business managers be made accountable for their social responsibility'. It argued that it is the ethical part of the CSR pyramid which is the most important as well as the most difficult to be made accountable for. With the help of the timeline in the case study of Coca-Cola's conflict with the local community in Plachimada, it became clear that the 'legal' itself is a very slippery notion. The case study presented here exemplifies that law is necessary but not sufficient to account for the expectations society has from the business. It also clearly shows that when these expectations are not met, the stakeholders (in this case the panchayat representing the local community) may literally withdraw 'the license to operate'. Other stakeholders such as the consumers may withdraw this license by boycotting (or reducing their consumption of) the company's products as was done by the university students in this case.

The case highlights that a company's belief that following the law is sufficient may cause huge damage to its avowed objective of 'value maximisation' if it is not sensitive to the expectation that society has regarding its ethical responsibility. This is more true today since not only the consumers are more aware (thanks to the many NGOs working on environmental and human rights issues) but also because, with the new Information Communication Technologies such as the internet, information (about ethical misconduct) travels far and fast. Corporates therefore can not afford to ignore their ethical responsibilities.

There are many lessons to be learned from the discussion of the conflict in Plachimada. The most important being for the future managers of business corporates and their educators. Courses on management education particularly those on leadership and business ethics need to emphasise the necessity for future business leaders to be sensitive to the expectations and norms of the local community as well as their consumers and other stakeholders. Consumers today seem to be very concerned about the ethical aspects of the product and its production processes including sources of inputs, treatment of labour and local community, harm to bio-diversity and natural environment as well as other concerns such as gender issues, animal rights etc. The labelling of products in these respects (conflict free diamonds, ethical coffee, non testing on animals etc.) done even where it is not mandated, shows that corporates are aware of this.

Corporates usually seek legal opinion on various matters where the technicalities are not always clear to the non-expert. Given the increasing awareness among the stakeholders and the rising power of the social movements, corporates may perhaps consider seeking opinion on impacts of its decisions concerning 'norms, standards and ethics' from those who may know better e.g. the sociologists and anthropologists or community leaders, media experts etc. so as to be able to take the right decisions.

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[1] Panchayat or Gram Panchayat refers to the local governing body of the village. According to the Kerala Panchayati Raj Act, 1994, the Panchayats are the custodians of the water resources of the villages.

[2] The Public Trust Doctrine rests on the principle that certain common-pool resources like air, waters and forests are so essential for the survival of life on the earth that it would be unjustified to make them the subject of private ownership.

[3] In 2003, at the peak of the Plachimada controversy, Coca-Cola faced another challenge to its reputation in India. The report of the New Delhi-based environmental NGO Center for Science and Environment (CSE) found that the samples of the soft drinks tested in its Labs contained pesticide content far exceeding the permissible limits. Within two weeks after the release of the CSE report that was much publicised by the newspapers and electronic media Coca-Cola's sales in India dropped by 40% (a decline of 15% in annual sales in 2003 – in place of annual growth rates of 25-30% previously) (Pirson & Malhotra, pp. 9-10 cited in Cedillo et al., 2012, p. 55).