**Integrative Case 1.1**

**COCA-COLA IN AFRICA**

**Mike W. Peng** (*University of Texas at Dallas*)

**Case Discussion Questions**

1. Why is Coca-Cola so interested in Africa, which is typically regarded as the base of the global economic pyramid?

*Coca-Cola needs to seek new opportunities for earnings growth due to the fact that many of its markets outside of Africa are mature, saturated, declining or experiencing increased competition. Africa’s income, infrastructure, and to some extent governments are improving. Its population generally gets too few calories and the population is young.*

1. What unique resources and capabilities does Coca-Cola have that will help it compete well in Africa?

*Its global brand is already popular on the continent. It has significant resources to deploy and has built a base involving distribution capabilities and a direct workforce of 65,000 and indirectly a million people.*

1. What are the drawbacks of making such large-scale commitments to Africa?

*In spite of improvements, poverty, government corruption and inefficiency, and infrastructure are negatives. Also, the war and strife create uncertainty.*

1. Do stakeholders in the United States and Africa who criticize Coca-Cola have a reasonable case against it?

*Student answers to this question may be influenced by the level of risk that they would accept and their health and environmental concerns. As indicated in question three above, Africa has certain risks and limitations that it would be likely to encounter in the U.S. Health is a mixed issue in which (unlike many other markets) people actually need extra calories but critics might argue that they should get them through other means. Also, there is the concern about water usage and the impact of refrigeration. Not all students will necessarily agree with the criticisms or feel that they significant enough to oppose Coca-Cola’s focus on Africa.*

**Integrative Case 1.2**

**WHOSE LAW IS BIGGER: ARBITRATING GOVERNMENT-FIRM DISPUTES IN THE EU**

**Brian C. Pinkham** (*Texas Christian University*)

**Case Discussion Questions**

1. ***ON ETHICS:*** If the EU law is bigger, the MNEs lose billions of euros. If the EU law is secondary, the governments (and ultimately the taxpayers) in the host countries must pay. From a (formal) legal standpoint, which law should come first? From an informal (ethical) standpoint, which law should come first?

*Students may find the ethical issue easier to answer than the formal legal issue. Normally the original agreement would be given priority especially since the parties involved have acted upon the agreement in good faith. Changing rules in the middle of the game would seem to violate what many would regard as fair. The governments evidently felt that they would gain more by being part of the EU but failed to seek an exception to EU law for agreements entered into prior to joining the EU.*

1. From an institution-based view, explain why the MNEs in this case filed through arbitration and not courts in the host countries.

*There is the possibility that the host country courts might side with the governments and might view the treaty (BIT) as being abandoned and unenforceable due to EU membership whereas the arbitration process would permit neutral parties to be involved in a decision.*

1. As an investor, do you want to support BITs and arbitration or rely on local court systems?

*Opinions will vary even though many may point to the greater chance of politics being involved with local courts rather than justice.*