

Transnational Company example - Tesco

- Stores in Japan, China and India
- Over 48,000 stores overseas
- Planning controls less restrictive outside UK
- Wages in India and China are 50p per hour
- Make £3000 per minute
- 60% of international products come from Asia
- Online shopping advances
- Merger with Samsung TNC

TNC: McDonalds and Globalisation

- It now operates in 120 countries across the world with 30,000 plus stores
- 1200 restaurants in UK alone serving 2 million customers a day
- Its profits go to the USA, where it is based
- Many of the McDonalds stores are run as franchises – where someone (often a previous McDonalds employee) pays maybe 250,000 pounds and promises to run it for at least 20 years
- Profits circulate locally and there is a multiplier effect
- They are quite a radical TNC and try to source products locally to be sustainable (as this is what the customers want these days)
- Anywhere in the world the packaging and tables are quite similar – customer culture share commonalities!
- The brand and experience is the same and this makes people feel secure – and it spreads western culture
- There are some local variations – GLOCALISATION -Such as beer available in Germany.
- Prices vary to reflect wages and costs of supplies. In the UK an average meal is 4 pounds but in USA it is 3 pounds and in Sri Lanka 1 pound.

Social Impacts

- Sharing of Western Culture across the world bringing with it new diets not previously seen in these countries.
- The introduction of another culture can result in the loss of some traditions. In this example, the introduction of fast food may lead to loss of traditional foods.
- One possible effect of McDonald's expansion could be an increase in the obesity rate of these countries,
- Another social impact is the lifestyles of the workers. In 2000 accusations were made against McDonald's that sweatshop labour was being used in factories creating happy meal toys in Shenzhen, China. Although McDonald's denied that they knew anything about this, the accusation damaged their reputation.
- McDonald's has also tried to create a positive image the idea of corporate responsibility such as the Ronald McDonald house charities that offer help and support to families with sick children through independent charities supported by McDonald's. Through the money donated they have made 400 rooms for families every night of the year.
- McDonald's also offer some employees the chance to acquire qualifications while working there.

Economic Impacts

McDonald's employs more than 1.7 million people, and train their employees. In the U.K they offer employees the chance to gain qualifications from apprenticeships up to foundation degrees.

In 2011 McDonald's gross profit was 10.69 billion dollars – which had gone up from 9.6 billion in 2010.

In 2007 McDonald's spent 460 million pounds through its UK supply chain

This money went to 17,000 farmers working with 6000 food supply companies

Environmental impacts

- One environmental impact that sticks in peoples' brains is the allegation that McDonald's fuels that deforestation of the Amazon. In 2006 Greenpeace published a report called "Eating Up the Amazon" this traced soya beans grown in illegally deforested areas to McDonald's used as chicken feed and then served up as Chicken McNuggets. Again McDonald's denied these claims.
- McDonald's tries to reduce the environmental impacts in the U.K with the following policies:
 - a) Bins provided outside each store and litter patrols at least twice a day outside each restaurant to pick up any litter. However this litter is not recycled it is often sent to landfill.
 - b) 75% of company owned McDonald's restaurant recycle all their cardboard. This figure is planned to increase to 100% in the following year
 - c) Used cooking oil is collected and reused as bio-diesel to power the McDonald's Delivery fleet.