

# Global business



**ASSIGN  
BUSTER**

Our company is interested in expanding its business overseas. Globalization is a modern term used to describe the changes in societies and the world economy that result from dramatically increased international trade and cultural exchange. Globalization leads to a more efficient share of resources, with all countries involved in the trade benefiting. Because of globalization, prices of goods are lower; there is more employment around the world, life expectancy rates are doubling in the developing world and democracy has spread rapidly across the borders.

Upper management has requested that I pick a well-known company that has undergone this feat and analyze its successes, the obstacles they faced and how they overcame these obstacles. As McDonalds has a large overseas presence, I chose to examine how they persevered. My results are as follows: Today, the company operates more than 20, 000 restaurants in 100 countries on six continents. McDonald's first began to expand internationally in 1967 with the opening of restaurants in Canada (Country no. 2) and Puerto Rico (Country no. 3).

In late 2002, a CNN article read that McDonald's, which has been struggling with lower sales due in part to worries about tainted beef in Asia and Europe, hinted that it planned to curb spending and growth in 2003 (money. cnn. com, 2002). " These actions are the right things to do for McDonald's shareholders, the brand and our business," CEO Jack Greenberg said. " We remain focused on growing our existing restaurants' sales and we're committed to making the changes necessary to succeed in the challenging worldwide economic and competitive environments in which we operate.

However, this year, the world's largest restaurant chain reported higher second-quarter margins and strong sales, particularly in Europe, as the World Cup soccer tournament lifted demand in host country Germany. (Reuters, 2006) A yearly analysis of the industry giant would show that overseas experiences have its highs and lows on a yearly basis depending on many different variables from healthy cattle to economic adjustments, worldwide events and marketing endeavors. Never before have global concerns about American foreign policy so threatened to change consumer behavior.

According to John Quelch, the Lincoln Filene Professor of Business Administration at Harvard Business School, " We are witnessing the emergence of a consumer lifestyle with broad international appeal that is grounded in a rejection of American capitalism, American foreign policy, and Brand America... A swelling anti-American tide could wash away the international popularity of U. S. brands" (Working Knowledge, 2003). There are also those instances in which the internal political backlash has great affects on visiting businesses.

If a country's climate becomes unstable American corporations run the risk of the fallout, as in the case of the McDonalds that was caught in a terrorist explosion in Istanbul, and two others were diffused in Rome (CNN, 2004). American brands then become the casualties of war. McDonalds seems to be staging a platform nationwide helping countries to overcome technological obstacles, rather than letting those obstacles set them back. They are doing this by investing in the development of Wi-fi hotspots (providing wireless Internet access) in their restaurants.

Overseas, McDonalds of Japan and investment firm Softbank are discussing installing up to 4, 000 hot spots in the restaurant's Japanese outlets.

Australia-based Telstra said it in negotiations with McDonalds to complement Telstra's existing \$3 million wireless network, which already covers Qantas airport lounges and Rydges Hotels (Internetnews. com 2003). One major cultural difference witnessed by the fast-food chain was that during holidays or festivals, while the native restaurants boomed ion business, McDonalds was barren.

Differences between most countries and US politics, economics, social development and ideology became obstacles to international enterprises operations. Corporate culture could not be understood or accepted here, especially in the restaurant field, where culture plays a crucial role.

McDonalds overcame this obstacle by adhering to the motto: when in Rome, do as the Romans do. To the menu was added local dishes, and in China 2004, McDonald's Vegetable and Seafood Soup and Corn Soup were introduced, and the company worked to modify the restaurants' design.

During that years Spring Festival, the McDonald's on Beijing's Wangfujing Street attracted many people with a traditional Chinese look, decorating their interiors with paper-cuts of the Chinese character Fu (Happiness), magpies and twin fishes, all auspicious symbols (China Daily, 2004). In some countries, McDonalds recognized a need, and adapted. Unfortunately, in some areas, they did fail to investigate the needs fully, and negative consequences followed.

In May 2005, paid out \$10 million to 24 groups in India as part of a settlement of lawsuits charging that it had misled Hindu and vegetarian consumers by "wrongly describing" its French fries, containing beef additive for flavoring, as vegetarian (Express, 2005). Whether the issue was not realized, or ignored, is not known to those outside of the company. In conclusion, we can see that McDonalds has learned from the mistakes and will take steps to make sure that incidents like that in India and China are never repeated.

Further, we see the positive global impact McDonalds is having by bringing technological needs into its restaurants. Based on the McDonalds example, I think our company should pursue overseas initiatives. Though not all stumbling blocks can be avoided, with proper research and strategic alliances, we should be able to prosper and increase our market value. As with any good proposal, problems are expected to come along the way. What counts is that those problems are overcome in an efficient and non-offensive manner.