Ministry Expectations

Assess ways in which multinational enterprises have both positive and negative effects on the countries in which they operate, including the impact on the norms and practices of local and indigenous cultures (e.g., effects of the information and communication technology industry in India; effects of food, drug, and resource-extraction companies in Africa)

Background Knowledge
- Multinational enterprise – a business that is registered or operates in more than one country (e.g., Coca Cola)
- Indigenous cultures – cultures that originate or occur naturally in a particular place (e.g., non-industrialized, natural lifestyle in Africa)

Exam Questions
1. Define a multinational enterprise.
   a. A business that operates in one country
   b. A business with many shareholders
   c. A business that operates in more than one country
2. In what ways can multinational enterprises impact Africa's cultural norms and practices? Give specific examples.
3. Pick one of the following companies that operate in China: McDonald's, Starbucks, Apple. Outline how they impact China by choosing to operate there.
4. A company can have many impacts on a country's local and indigenous cultures. True or false?

Summary

Starbucks' business operations in China has impacted the country in many ways, both positive and negative. One major positive impact that Starbucks has is how they apply their socially responsible practices to their operations in China. Starbucks partnered up with Give2Asia to help better the education standards in less urban areas of China. Education is very important to those in China, so with Starbucks helping to raise funds to increase the education levels in China has positively impacted one of China's cultural norms. Starbucks has also positively affected China by expanding their business to China and investing their economy. The well-established coffee corporation has opened up a coffee farm and processing facilities in the province of Yunnan, a fairly underdeveloped area of China. Expanding operations to economically underdeveloped areas helps supply many people with jobs, allowing them the ability to escape from the poverty cycle (approximately 7 million out of 46 million people live below the poverty line). A negative impact that Starbucks has on China's culture is the emphasize on coffee beverages over tea beverages. Starbucks seems to heavily focus on being a coffee-based company even in their international markets. Rather than embracing the Chinese's culture of drinking tea, Starbucks tries to push the Western lifestyle of being coffee-drinkers into this market. With Starbucks'

attempts of gaining more consumers who will drink coffee, China is at risk of losing their cultural practices (25% increase of amount of coffee-drinkers in a year).