

UNIT 2 - THE GLOBAL ENVIRONMENT FOR BUSINESS

Lesson 1 - International Business Word Bank

If your growing company is going to expand into the international business market, you need to become familiar with some business terminology. Below you will find and define some terminology associated with international business.

International Business Word Bank Word Search

- ▶ https://resources.elearningontario.ca/d2l/lor/viewer/viewFile.d2l/10489/98131/BBB4MPU02/BBB4MPU02A01/mme/International%20Business%20Word%20Bank%20word%20search/BBB4MP_MME_U02A01_Crosswordv04a.html

Lesson 2 - Multinational Enterprises

You will gain an understanding of what a multinational enterprise is and be able to identify multinational enterprises that operate in Canada. You will also compare the characteristics of a multinational enterprise participating in global business with those of a Canadian company focused on domestic business activity.



What is a Multinational Enterprise?

Multinational enterprises (MNE) are corporations or other entities established in more than one country and linked so that they may co-ordinate their operations in various ways. Multinational enterprises include McDonalds, Microsoft, and Adidas.

While one or more of these entities may be able to exercise a significant influence over the activities of others, their degree of autonomy within the enterprise may vary widely from one multinational enterprise to another. Ownership may be private, state or mixed.



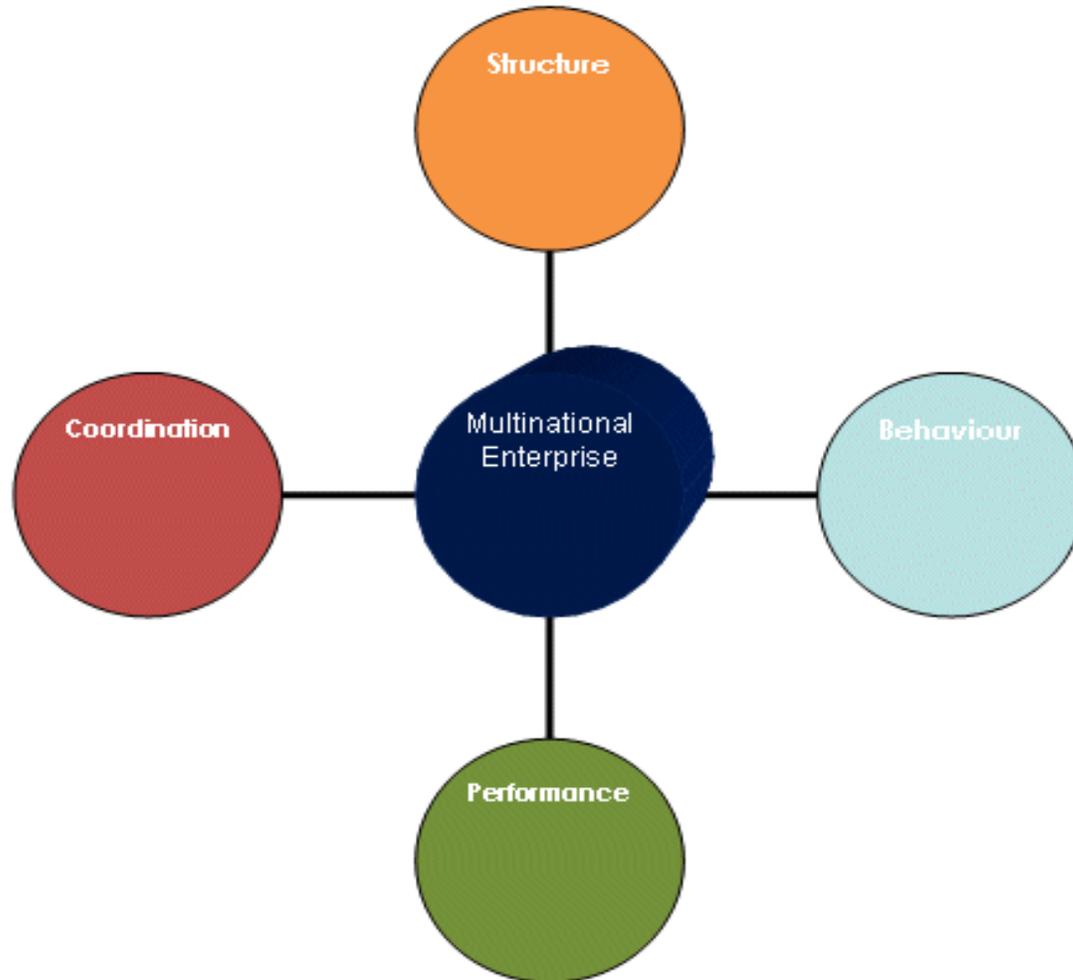
What is a Multinational Enterprise cont'd

Almost all of the world's 20 largest multinational enterprises (MNE), which may also be called transnational corporations (TNC) because the terms are often used interchangeably, operate in Canada.

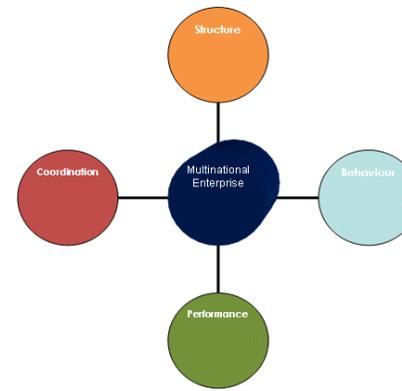
- ▶ **GAME: “What is a Multimedia Enterprise?”**
- ▶ https://resources.elearningontario.ca/d2l/lor/viewer/viewFile.d2l/10489/98131/BBB4MPU02/BBB4MPU02A02/mme/interactive%20game/BBB4MP_MME_U02A02-v03.html

How to Identify a *Multinational Enterprise*

- ▶ There are 4 main criteria to identifying a *Multinational Enterprise*

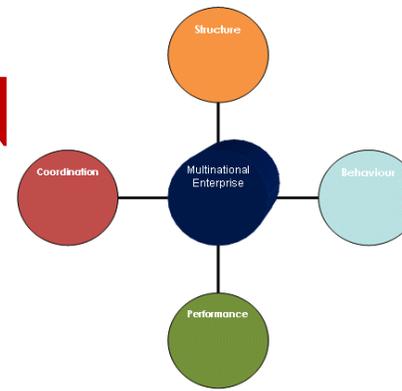


Identifying a MNE: STRUCTURE



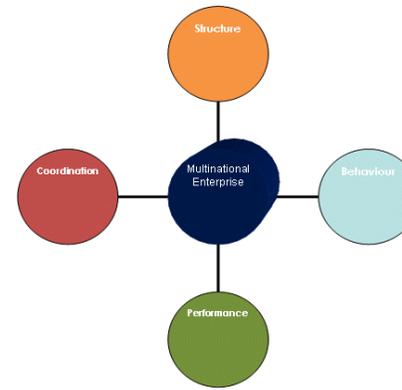
Structure refers to the number of countries in which the MNE operates. It also refers to the nature of corporate ownership (e.g., the Japanese manufacturer Suzuki is owned by General Motors). For the majority of MNEs, the ownership of the corporation is maintained in the parent country, even though they might list shares of stock and have ownership in different countries (e.g., Kereitsus such as Mitsubishi in Japan and Chaebols in South Korea such as Samsung, Lucky Star and Daewoo).

Identifying a MNE: COORDINATION



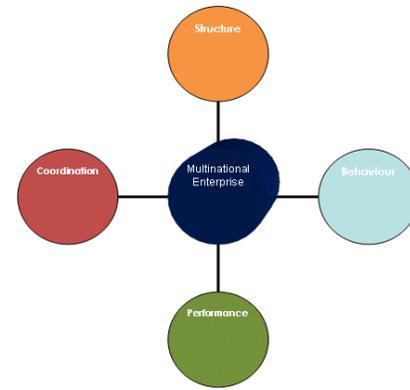
Coordination is how the business looks at its worldwide operations (e.g., multi-domestic or global). Multi-domestic occurs when each country is regarded as a different market. For example, McDonalds has international variations for its menu. Global is where the business considers the world as one market and standardizes its products. For example, many electronic and computer companies are global operations.

Identifying a MNE: PERFORMANCE



Performance is the percentage of total revenues, profits, assets and employees coming from abroad. The greater the reliance of the corporation on foreign materials, production, personnel and product plants, the more global the corporation is. If they derive 33% or more from outside the home country, the MNE is considered a global corporation (e.g., Nestle of Switzerland does almost 98% of its business abroad).

Identifying a MNE: BEHAVIOUR



Behaviour is the attitude of top management toward the role of international operations within the total corporate strategy. In most of the European corporations, the majority of CEOs are from foreign countries. The U.S. is an exception.

Assignments 1 & 2

Assignment 1

Multinational enterprises or corporations can be classified as multi-domestic or global. Use websites, such as [Reference.com](https://www.reference.com), to research these business classifications and fill in the corresponding [chart](#):

Handout - Enterprise Characteristics

Assignment 2 - Multinational Enterprises vs Domestic Companies

There are many Canadian companies that are not global, but rather focus on domestic business activity. Let's compare these companies to multinational enterprises by completing the following [assignment](#):

Handout - Multinational Enterprises vs Domestic Companies