

Tutorial

Contemporary Management Issues

L1 Management Sciences

Session 6 ***The globalized enterprise***

Objectives:

The concept of globalization is polysemous. It refers to a plurality of situations and contexts. It is often associated with a particular discipline, such as "cultural globalization" or "financial globalization". We will analyze here the different issues related to the phenomena of globalization and the multiple interweavings between modes of internationalization, commercial strategies and productive strategies. We will also consider the complex links between the question of a "world culture", of global integration, and the challenges of local adaptation.

Required work:

Presentation topics:

Two groups of students will address **one of the** following **two topics in the** form of **an oral presentation:**

Topic 1: Is IKEA's internationalisation strategy successful?

Topic 2: Is McDonalds' internationalization strategy successful?

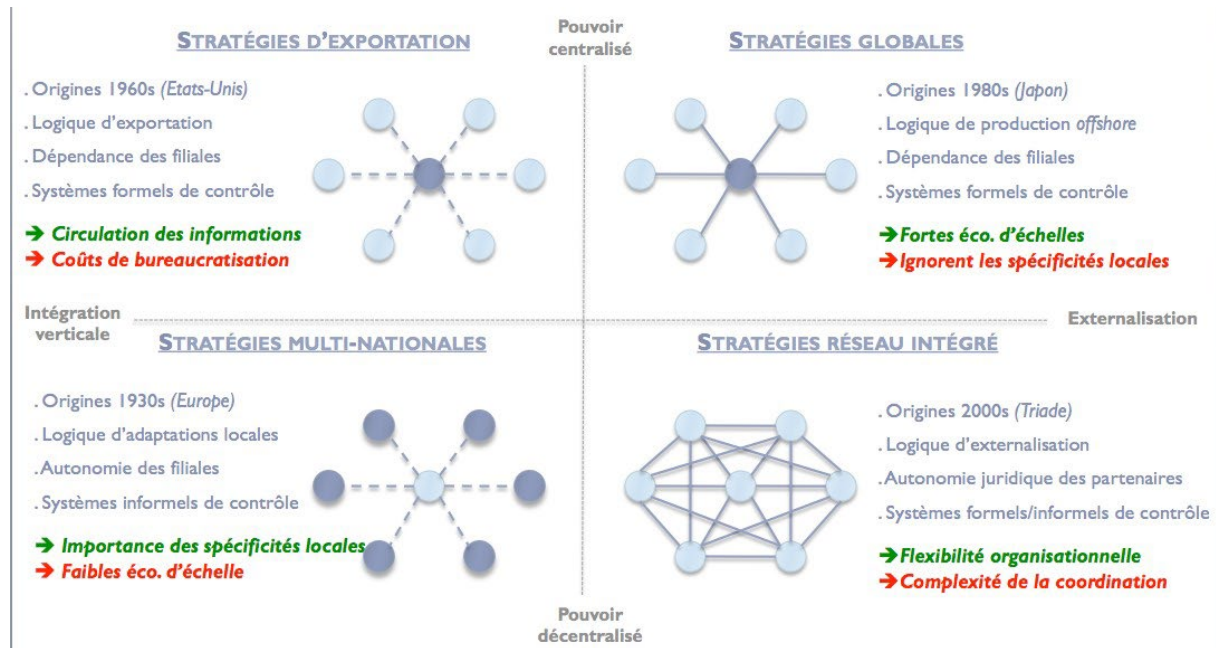
Preparatory work :

Students **who do not participate** in the oral presentations will deal **individually** with the questions at the end of the booklet.

Document 1:

Nicolas Balas, Contemporary Managerial Problems, Cours Magistral, 2014

Diversity of internationalization modes



Document 2:

Extract from ConsoGlobe, Ikea, the ethical ambiguity of a low cost champion, 02/2011,
<http://www.consoglobe.com/ikea-ambiguite-ethique-champion-low-cost-cg>



Ikea, the ambiguous face of a global model. The famous Swedish manufacturer is a globally successful company whose virtuous initiatives in terms of sustainable development have often been highlighted by ConsoGlobe.

Whether it is its efforts for Christmas trees, packaging and wood, or electricity consumption, it must be recognized that Ikea knows how to value real efforts¹. However, can the Scandinavian giant, despite these initiatives, really be considered as a "green" or "ethical" company when it is a model of multi-national economic optimization? Recent revelations cast doubt on the yellow and blue façade.

Ikea, virtuous for your wallet, but for the rest ...

Ikea, by pushing the logic of global marketing of standardized products to the limit, is a perfect example of the globalized economy:

- centralized product design (especially in Sweden where its designers are);
- manufacturing outsourced to low labour cost countries;
- standardization of tastes and collections ;
- low-quality products (on average) with a shorter lifespan than their traditional counterparts;
- Just-in-time transport and long-distance logistics from one end of the world to the other (Ikea limits its stocks to a strict minimum and operates on a just-in-time basis. The daily restocking of stores is handled by 28 giant logistics platforms around the world. The central warehouse is located in Älmhult, south of Stockholm. Subcontractors act as shock absorbers.)

The advantage of this model is that it makes Ikea's furniture prices very affordable and makes it a commercial steamroller.

- What traditional carpenter or furniture maker can offer a stylish bookcase for £99 (the world's best-selling Billy Shelf)?
- What manufacturer in Europe can keep prices so low by cutting so ruthlessly into every component of that price?

Ikea, between ethical display and "lesser" model

The intrinsic contradiction between an ethical will and an economic model that is by nature "less demanding" explains the increasingly visible cleavage in Ikea's identity and image.

¹ One of the latest initiatives is the erection of wind turbines in Sweden. The wind farm, operational

The logic and the model of Ikea push the multinational to always pull down the prices of its products. And to follow the great movement of relocation and permanent "*cost cutting*" to better democratize its furniture and sell more and more.

In a 2006 French-language advertising campaign, the NGO Oxfam-Magasins du monde raised the question: *how can Ikea reconcile its desire to be a champion of social responsibility (CSR) with the fact that it is an emblematic pioneer of low cost?*

In fact, Ikea was a pioneer in subcontracting and low-cost relocation as early as 1961, when it set up shop in communist Poland to manufacture at lower prices. Today, more than 1400 subcontractors supply Ikea from nearly 70 countries.

Always further, always cheaper.

In doing so, its buyers and management controllers are constantly directing their choices towards the cheapest raw materials, subcontractors, screws and bolts, transport, **etc.** Moreover, just as Ikea has the reputation of a company that makes full use of tax exemption possibilities, hard bargaining is also part of its identity.

The contrast between its headquarters in Amhülst, with its comfortable and consensual management and sophisticated employees, and the little hand paid 100 times less on the other side of the world is striking.

In this sense, Ikea's success model is a bit the opposite of the fair trade model: it accepts not to have the cheapest products by voluntarily choosing to better remunerate producers and actors of an economic sector (wood², chocolates, coffee, furniture, ...).

Ikea is the opposite of a preference for the local economy

Moreover, when a consumer buys an Ikea piece of furniture, he or she should do so with full knowledge of the facts: the product that he or she acquires at such a low price *never* comes from his or her own regional ecosystem. Like many modern products, Ikea furniture incorporates tens of thousands of kilometres travelled by its various components (raw materials, spare parts, packaging, instructions, etc.).

² Ikea consumes the equivalent of **200 million trees** per year and this need doubles approximately every 2 years as the company grows. Efforts to purchase FSC-certified wood are just one facet of Ikea's wood policy. Johan Stenebo reveals the Siberian forest purchasing policy and the bad business Ikea is doing in Russia. The revelations also concern the purchase of wood sold on the black market in China.

Only the last links in the chain are working for the local economy that the consumer often calls for: the store itself, of course, and sometimes the marketing entrusted to national advertisers (ads, catalogues, etc.).

Yet, ironically, Ingvar Kamprad, a brilliant communicator, has managed to hammer home the image of an Ikea that is close to the values of the little people: parsimony, economy, modesty, hard work. The founder himself cultivates his own legend of simplicity and honesty, almost rustic, which can be read with relish after the recent revelations: the "*Testament of a furniture trader*" ... and one adds in Sweden: "who does not publish his accounts and relocates his profits by the billions.

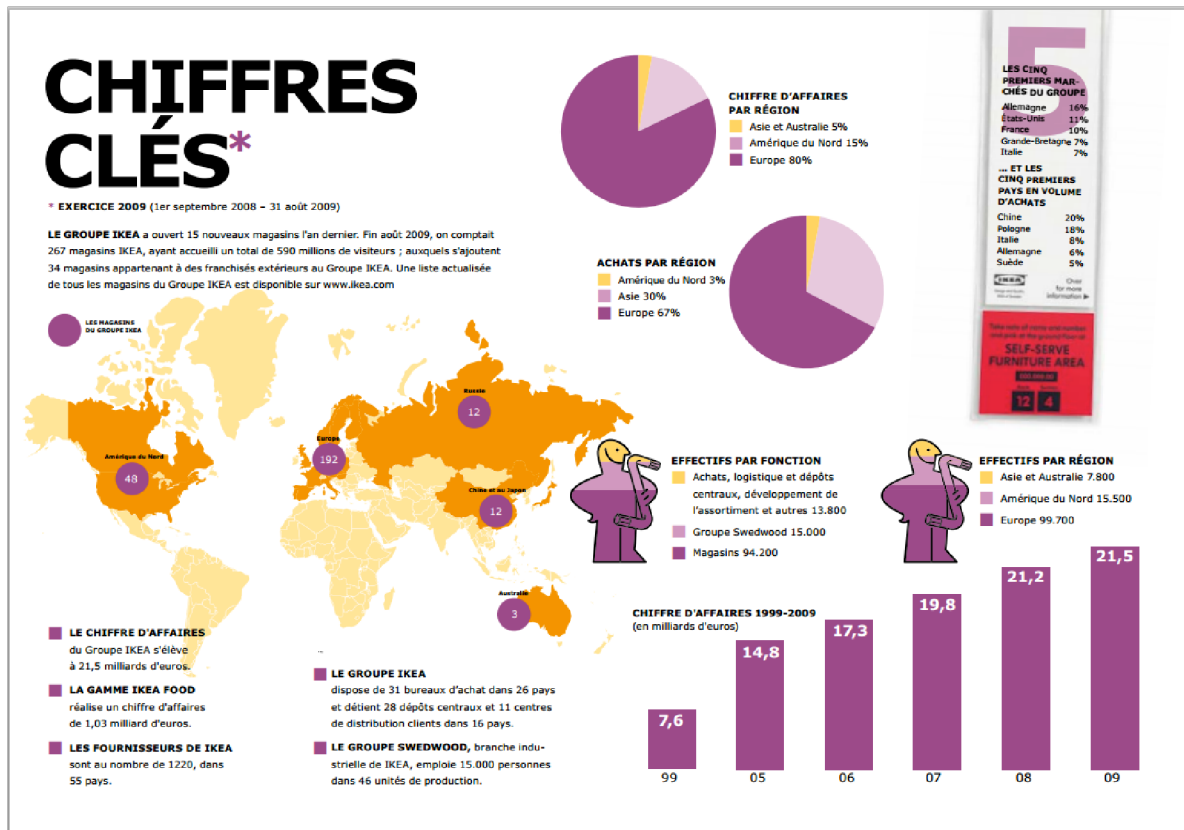
This virtuous legend is all the more in contrast with the reality of a multinational, fiercely negotiating with its suppliers, with elastic ethics in the face of the taxman and the common good, and whose opaque governance fuels suspicion.

Thus, at the end of 2009, a book against the boss of Ikea had not managed to dent his popularity among the Swedes. *The Truth About Ikea*³ painted an acidic picture of Ingvar Kamprad, who was accused of brutality, greed, misogyny, hypocrisy, opacity and nepotism. It's a shame (...)

³ The truth about Ikea, Sanningen om IKEA, by Johan Stenebo, former Ikea employee.

Document 3:

http://www.ikea.com/ms/fr_FR/about_ikea/pdf/FF09_FR.pdf



Document 4:

<http://socio13.wordpress.com/2008/04/21/%C2%AB-les-femmes-dans-les-usines-de-ikea-ensie-travaillent-entre-80-et-90-heures-par-semaine-et-ne-recoivent-pasz-un-salaire-qui-leur-permet-de-vivre-dignement-%C2%BB/>

Here is an interview with the Belgian authors of a book on the IKEA multinational. This analysis allows us to understand how there is a chain of profit that generates misery and underdevelopment and corresponds to relocations in our country. The origin of the phenomenon is not only the multinationals, but above all the North-South relations, the European colonization, then the neo-colonialism, behind the United States of the North on the South, our ways of life which impose a way out of underdevelopment based on exploitation as we did in the 19th century. (...)

Danielle Bleitrach

EL OBSERVADOR, published by Rebellion

Translated from the Spanish by Danielle Bleitrach

With their book "Ikea, un modèle démontable" the Belgians Olivier Baily, Denis Lambert and Jean-Marc Caudron have brought down one of the most respected and admired multinationals in the world. In this interview with ELOBSERVADOR/.revistaelobservador.com the authors, who have first-hand knowledge of the reality of Ikea's manufacturing in India, Vietnam and Bangladesh, put their finger in the wound of the decoration giant's foundations by asking whether it would be possible for Ikea to maintain its low-price offers in developed countries without the miserable working conditions that are made to the workers in its factories installed in southern countries.

Were you under any kind of pressure during the investigation?

No. From the beginning we had a contact with Ikea in Belgium and also internationally. We worked in total transparency with them and they never tried to comment on our work. They were the first to read the studies we did in India, Vietnam and Bangladesh and they were the first to read the book. Since the publication of this book in Belgium, they have only sent a short text to the newspapers to say that they do not wish to comment.

IKEA is a company that has responded quickly and severely to criticism of labour exploitation and environmental destruction, how real do you think the changes made by this company are?

What we think is that when IKEA sees that its profit is at risk and may be affected, it reacts quickly. But we have a much more fundamental project, which is about how it makes profit. We are not criticizing a small part of IKEA, but the whole model, starting with its foundation, which is low prices. It's much easier, more visible, and much cheaper to put the blame on manufacturing than to pay them a decent wage. With "IKEA, a dismantlable model" we simply analyzed whether with the prices IKEA pays its suppliers it is possible to pay workers in the South so that they can live decently. What is contested with the Iway, the code of conduct that IKEA imposes on its suppliers, without being able to give guarantees that this minimalist code -other companies go much further in their promises- is respected. This is why we have

focused our investigation on the working conditions in the factories that are caused by IKEA in India, Bangladesh and Vietnam. And the results show that if the Iway is not even demanding enough it is not possible for suppliers to respect it, taking into account their own business practices with IKEA. This is what the managers of some of the trading factories say.

Do you think IKEA would be able to make changes if there were periodic reporting and investigation?

No. IKEA reacts when it is criticised. Because of this the work of challenging companies for consumers is so important. If we could create points of solidarity between consumers and workers we would be strong to start a social change and fight against poverty (...)

If we go to the Asian factories in Bangladesh, Vietnam and India, what is life like for the workers in these large production centres?

The fact that most questions the IKEA model is that the women in these factories that supply IKEA work between 80 and 90 hours a week and do not receive a salary that allows them to live with dignity. The living conditions are very difficult for them. For example, they cannot eat meat more than two or three times a month. They are paid the legal minimum: in India 37 euros per month, in Bangladesh 11 euros, in Vietnam 43 euros and there are no unions or they lose their jobs.

Is it possible then for IKEA to maintain its low price offer in developed countries without maintaining working conditions like those of its factory workers?

Wages do not represent much of the final price of a product. They represent much less than the profit margin. We believe - but this issue requires IKEA to provide more precise information and IKEA has rejected our proposal to do a study on the subject for them - that they could improve the wages of their suppliers' workers without changing the final price of their products.

Why is the IKEA Iway Code of Conduct insufficient?

Because they don't pay enough (to the suppliers) to meet that code. We are not saying that it would be enough just to pay more, but that it would be a necessary condition for that compliance. (...)

Document 5:

Anthony Merle, "Swedish culture, corporate culture, popular culture," *Geography and Cultures* [Online], 2011, online February 12, 2013, accessed October 16, 2013.

<http://gc.revues.org/948>

On Here and Elsewhere in Trade

The IKEA Group's communication places great emphasis on the image of Sweden, and the association between the brand, its products and its origin clearly seems to permeate popular culture. IKEA appears as an Elsewhere: the colours of the brand, the names of the furniture and the food products sold all contribute to this distancing. IKEA sells Elsewhere: Swedish in Europe, European or Western in China.

Although the group is willing to adapt to different types of markets, these adaptations are clearly marginal. In China, IKEA (Yi jia) has overhauled its showrooms, which are exhibition spaces dedicated to the possible design of the domestic space in which the brand's furniture and decoration are truly displayed. Thus, because Beijingers rarely have a large dining table in their kitchen, only small tables for two or four people are displayed in the store's showroom (L. Malmejfall, 2010). Nevertheless, the furniture sold in China is strictly the same as in Europe, and it also has names taken from Scandinavian languages.

When buying from IKEA, the consumer, more or less consciously and partially, is buying from elsewhere. It is therefore the notion of distance, which is eminently geographical, that is questioned. Indeed, through its communication and its choices (names of furniture, restaurant menus, etc.), the group seeks to maintain a cognitive distance between a Here (the place where the store is located) and a clearly defined Elsewhere (the place of origin of the brand). It doesn't matter that the furniture in question was made in Asia with Russian wood or that the IKEA group is a complex transnational financial set-up, the European consumer has the feeling of buying Swedish (especially in terms of design, layout of the domestic space, images associated with the furniture...), the Chinese consumer has the feeling of buying European.

Diversity and otherness - even if they are constructed and/or illusory - are therefore partly responsible for an intensification of exchanges on a small scale, and thus for the processes of

globalisation and metropolisation (the metropolis being this "mother city" defined by its capacity to manage the intensification of exchanges). Crozet notes on this subject:

"Countries find it in their interest to trade because they are different. This is the very essence of the principle of comparative advantage, outlined by Robert Torrens as early as 1815, and explicitly formulated by David Ricardo" (Crozet, 2009).

The same author adds further by :

"If it is a question of understanding why the Italians import Perrier and the French San Pellegrino, the principle of comparative advantages is of no help to us" (Ibidem).

Taking into account this cognitive distancing, between a Here and an Elsewhere, can then help to resolve this dilemma: the attraction for Elsewhere ("to buy is to acquire a place" one could write, paraphrasing the writings of J. Brunhes on food) pushes the consumer to choices that may appear at first sight economically or materially irrational. Through this attraction to Elsewhere, the consumer participates in the intensification of small-scale exchanges, and thus in the processes of globalization and metropolization.

Also, rather than a strictly standardizing globalization, it is a standardization of diversity that can be observed: every Elsewhere is accessible in every metropolis, as shown more particularly by the food sector (in every metropolis, it is possible to eat Italian, Chinese, French, American, Turkish...). Lévy writes moreover:

"The world is one scale, but its existence is manifested at all scales: it is present in every place that it seems to contain" (Lévy, 2008).

It is on this degree of diversity that the area of influence and the more or less metropolitan character of a city would depend - in part -.

Also, it should be noted that this uniformity is only apparent, since Italian food is not eaten in the same way in all countries of the world, in the same way that the same piece of IKEA furniture will not have the same function or the same use in China as in France. As Ripert writes:

"We can be surprised by practices that totally or partially divert the purpose for which an object was invented, just as the appropriation of an object, knowledge or technique most often involves adapting it or its use to the context in which it is inserted, not to mention recycling it in possible second lives. Thus, the use of the same object will not necessarily produce the same effect, will not necessarily lead to the same imagination" (Ripert, 2008).

Conclusion

When Vilarça (2008) writes: *"Distance is one of the main problems that societies have to solve in order to increase and expand transactions."*

It is obviously the physical, material, Euclidean distance to which he refers. Indeed, as this cultural approach to the IKEA case attempts to demonstrate, distance - in this case cognitive distance - is also one of the main factors that make it possible to explain, at least in part, processes as geographical as globalization or metropolization.

Is this thinking still valid in the era of sustainable development? Metropolitan sustainable development policies claim to be large-scale. As Pigeon (2010) graphically proposes, based on Middleton's studies (2003), the "sustainable city" should favour large-scale exchanges (recycling, local agriculture, renewable energy, etc.) and thus "the resilience of local settlement systems" (Pigeon, 2010). Finally, the consumer would be enjoined to buy local, the Here would then prevail over the Elsewhere. Is it possible to deduce that this reversal - obviously partial - would signal the end of globalization, metropolization and urbanization? A priori, no, since these policies are part of the search for ever greater attractiveness and global competitiveness.

Document 6:

TOLI, The McDonald's Group and its Locations, November 4, 2008 www.web-libre.org/dossiers/groupe-mc.donalds

For several decades now, a nutritional phenomenon has been experiencing both an economic and cultural boom. It is the fast food industry, better known as fast food. Several groups have embarked on this food adventure, but the one that currently dominates the market is McDonald's. This paper discusses the history of the McDonald's company and the history of

the company's growth and development. This paper will attempt to relate the extent and methods used by this giant to achieve such a feat.

Currently, the "McDo" are present in most major cities in the world. The policy adopted for this expansion is the Franchise. Commercial agreement that allows McDonald's to receive financial royalties from the franchised restaurants that use or sell its products and display its signs. Almost every capital city in the world has restaurants. One city may even contain several. Unfortunately, this expansion does not please everyone and the group has experienced several series of lawsuits and scandals. These attacks come from all fronts: from the simple individual to the big names such as Greenpeace, without forgetting the environmentalists. Most of these events took place in the 2000s. This was the dark period for the group, which then recorded its biggest deficits. On the positive side, this period forced the company to review its infrastructure and create new ways of operating as well as new advertising campaigns. The image of McDonald's, which has become one of the symbols of American domination of the world, does not seem to have suffered from all these media splashes.

The proof is in the recent inauguration of a new restaurant in Fez, Morocco, the creation of healthy menus, advertising campaigns and the installation of free [WIFI](#) wireless networks in its restaurants. This company does not skimp on the means to increase its sales, which are already in the tens of thousands of billions of dollars. Even today, governments are putting the brakes on this group's projects, accusing it of tarnishing the historical aspect of their cities.

To counter this, McDonald's integrates its restaurants into the historical heritage of the city by giving them a characteristic appearance that is symbolic of its past. The power of the group lies in the fact that it creates jobs and therefore economic development for the country that hosts it. Working at McDonald's means the possibility of advancement and there are many jobs available. There is, however, a downside to this pretty picture. This black spot is the precariousness of the jobs, which contrasts with the grandeur of the company. McDonald's is becoming the main figure of low-paid jobs. To rebuild its image with its consumers, the group is multiplying its humanitarian and charitable actions. The Ronald McDonald's Foundation is the best example of this. It allows sick children to be accompanied by their families until their recovery, thanks to the Parents' Houses. It is difficult not to recognize that this multinational has an influence that is not limited to the world of food.

Around "MCDo" a multitude of new concepts have been formed and whether we like it or not, it is now part of the daily life of millions of people around the world, mainly teenagers and children who have made it a way of life. A whole vocabulary has also been created and it is as full as the menus and sandwiches offered by restaurants. One of these words, "Junk Food",

has become the slogan of many campaigns against this type of catering, which continue to multiply. Indeed, the harmful consequences are too numerous such as obesity or heart problems. Moreover, they mainly concern the 10 to 25 age group. A new flourishing market has also emerged, that of slimming diets. Given recent events and in particular the financial crisis that is affecting the whole world, it is normal to wonder whether this will have any impact on the impartial domination of McDonald's. However, one must also ask what the world would be like without groups like McDonald's.

Document 7:

E. DELON AND C. LEGRAND, "Mc Donald's: the French campaign", Les Echos,
11/06/2002

Facing difficulties on a global scale, the company is counting heavily on France to develop. A paradoxical country for the American giant, where social problems are numerous, but where inventiveness remains strong... and a source of inspiration for other countries.

Insufferable Frenchmen. Unionized, vindictive, crusading against "junk food"... but one of the last hopes of McDonald's. The king of the burger and fries, in difficulty in many countries, is counting heavily on its development in Europe, and particularly in France, to stem the crisis. Will José Bové's homeland help the icon of globalization to recover? *Turnover in France has grown by 10% this year (compared to 2% in the United States, editor's note),*" says Philippe Labbé, general manager of McDonald's France. *This is the best growth rate in Europe, and it's a market that still offers significant potential.* Restaurant openings will therefore continue in 2002, with 70 new outlets planned, as many as in previous years. The plan seems a little optimistic to some observers today: not only because the McDonald's product has finally wearied a certain number of European consumers, who are returning to the good old sandwich (a sector that is in great shape), but also because the brand's management model has some flaws. Last October, for the first time in the history of fast food, a strike forced a McDonald's restaurant on Boulevard Saint-Denis in Paris to close for a fortnight. The movement, which demanded the reinstatement of five dismissed employees, quickly drifted towards denouncing the working conditions in the sector: compulsory part-time work, infernal pace (thirty seconds per customer), low wages, anti-union practices, etc. *At McDonald's, social dialogue is a mere*

façade," says Prosper Kechala, secretary of the works council and delegate for the Unsa union. Since the company split into two branches in 1995 - service on one side, operations on the other - the first branch, which has 90% managers and 10% employees, benefits from an advantageous social policy - 13th month, stock options, etc. - while the other branch, which is more concerned with the environment, has no such policy. The group, which has never been a leader in the field, has never been a leader in the field. The group, which has never denied that the working conditions of the team members are difficult, nevertheless regularly puts forward arguments intended to assert its social concerns: the company created 2,500 direct jobs in 2000, often remains one of the only businesses in operation and one of the only employers of local labour in the difficult suburbs.

An impressive turnover

We are a powerful integrator of young people into the world of work," says Hubert Mongon, the new HR Director who has come from Valeo. *We offer real opportunities for internal promotion. At head office, 40% of the workforce are former team members.* But this American dream of "success possible for all" does not always come true: according to the unions, once you reach the "manager" stage (team leader), it becomes difficult to move up. This explains why the company has an impressive turnover rate: 80% of team members and 20% of managers leave McDonald's every year. This rate, which is similar to that of other restaurant chains, is not in itself a source of concern for McDonald's; in fact, it is one of the recipes of the model. If an employee feels that he or she is "just passing through" a company, the likelihood of protest action is greatly reduced. *"But some employees are choosing to stay and fight the system from the inside", says Rémi Picaud, from the CGT fast food collective.* Traditionally, McDonald's team members were recruited from among students, who were well suited to part-time work. *But today, students prefer to work in other chains, where working conditions are better defined," explains Bernard Boutboul, director of the Gira Sic Conseil firm. For example, in a chain such as Brioche Dorée or Flunch, where the number of hours worked announced is the number that the employees actually work.*

Whereas McDonald's tells its team members that they should think of themselves as buddies and regularly asks them to work overtime to help out the rest of the team." In addition, a growing number of companies are offering long-term internships. More interesting and above

all more promising than a job at McDonald's, these internships contribute to emptying the student pool. The result: the company employs fewer and fewer students, and more and more young people in difficulty, who are more demanding and difficult to manage. *They sometimes turn out to be less structured and more difficult to understand, including for the unions,"* says Philippe Labbé. *It is certain that, faced with them, we must be more attentive and strengthen the management training of our teams.*

Franchisees are the other pillar of the McDonald's system. They own 86% of the restaurants in France. For a minimum investment of 150,000 to 230,000 euros, they receive the decoration, hamburgers and uniforms from the parent company, which in return receives about 5% of their sales. Legally, each franchised restaurant is an independent company. The company agreements in force in the restaurants owned by McDo France do not therefore apply to them. *"Developing the franchise system is a strategy to avoid the cost of direct management of human resources,"* explains Damien Cartron, a sociologist at the Centre for Employment Studies. However, the franchisee is not supposed to reign as a despot over his or her team members: *"Our HR teams carry out social audits at least once a year,"* explains Hubert Mongon. *Franchisees or not, all are subject to controls similar to those carried out by a labour inspector.* The fact remains that these franchisees admit that, for them, the only way to make a profit is to play on the wage bill, the only area where the company gives them room for manoeuvre.

The limits of the franchise

All their other operating expenses must be paid to suppliers duly referenced by McDonald's France, from cleaning products to the services of architects and designers. *"Reducing staff costs is therefore a lever, because it is the heaviest expense, 20% to 25% of the operating account,"* explains Bernard Collorafi, former McDonald's franchisee. *"The franchise system makes the exploitation of the staff the only possibility of profit. McDonald's transfers its entrepreneurial risk to the franchisees, who in turn transfer it to the team members,"* emphasizes Damien Cartron. It is this whole system that is in danger of reaching its limits: to maintain its commercial momentum, McDonald's leitmotif is to constantly open new restaurants, even if it means maintaining a certain amount of competition between franchisees. Although they made a good living when the brand started up in France (some even became millionaires, at a time when eating at McDonald's was a way of asserting one's modernity), there

are now too many of them. *The profitability per square metre of these restaurants has fallen,*" says Bernard Boutboul, *"down 3.5% last year. The territory is saturated. I can't see where they will be able to open 70 new restaurants in 2002.* And the fact that team members are increasingly difficult to recruit, and more and more vindictive, should not help matters. Quick, the big competitor, is facing similar problems: in 2001 it had to close 10% of its outlets in France.

Document 8:

Mathilde Carpentier, Fast food: at McDo France, you eat three quarters French, Inflexion, the added value is yours, Terre-net Média, 02/09/2012, <http://www.terre-net.fr/actualite-agricole/economie-social/article/fast-food-chez-mcdo-france-vous-mangez-aux-trois-quarts-francais-202-80600.html>

In 2011, 70% of the food on McDonald's menus in France could be labelled "made in France". In fact, in terms of value, the chain buys 742 million euros worth of finished food products each year, including 569 million euros from French companies.

"Last year, 53% of the beef, 35% of the chicken, 25% of the salad, 80% of the potatoes and 100% of the wheat were produced and processed in France. Most of the rest of the supplies are sourced from other European Union countries," explains Sébastien Bordas, purchasing director for McDonald's France.

McDonald's France represents a significant outlet for French agriculture. In 2011, the chain bought, via its suppliers, 27,500 t of beef from around 42,400 farms, 36,000 t of wheat, 80% of which is hard wheat, from 468 farms, 148,000 t of potatoes from 340 farms, 5,200 t of chicken produced on 306 farms and 4,245 t of lettuce grown on around 80 farms. The group has a policy of contractualisation in its main sectors.

Different test patterns

For potatoes, McCain has been concluding annual agreements with producers for nearly thirty years. "Today, *contracting covers 100% of volumes, with a guaranteed price, and multi-year contracts (three years rolling) are also in place,*" the manager explains. He adds that "*McKey, McDonald's France's historical supplier of minced steaks, has been testing different contractualization schemes for the past seven years in conjunction with groups of breeders and partner slaughterhouses*". In 2011, the volume of meat purchased under contract represented 5% of McKey's total French supplies, or 15,000 animals.

For more than ten years, wheat supplies for McDonald's France have been based on contracts signed with producers on the basis of the average price for the season until 2007 and since then on a price indexed to the Euronext market.

In February 2012, East Balt France, supplier of speciality buns to McDonald's France, Grands Moulins de Paris-NutriXo and two cooperatives, Valfrance and Beauce Gâtinais Céréales (Bgc), signed an agreement that guarantees East Balt's purchase of 8,500 t of wheat per year, at a firm and guaranteed price, over the next three years. "*This volume represents a quarter of the group's wheat requirements, or the production of 700 million buns, and involves 495 producers. This agreement is a first in the French wheat sector*", says Sébastien Bordas with satisfaction.

Document 9:

J.P.Langellier, *Le Monde*, 26 November 1999.

So McDonald's will make products specific to each culture while keeping the products specific to McDonald's. For example, in India, they don't serve beef in their hamburgers, the cow being sacred. McDonald's also takes advantage of religious traditions: during Ramadan, a "ftour" menu is presented, to tie in with the history and customs of the countries. This allows McDonald's in each country to be better appreciated.

In Israel, McDonald's offers kosher menus. For Jews, eating kosher is part of the ritual of their religion, as it is for Muslims, for halal products.

In China, the bread is replaced by rice cakes, to be adapted to the Chinese culture. Its menu changes are present throughout the countries where McDonald's is established. It serves to keep their culture while implementing an American fast food.

What makes McDonald's so successful around the world is ultimately its origin. With its expectations of success and its spirit of freedom, McDonald's is mainly a symbol of the United States. Of course, eating at McDonald's is still a luxury for the majority of these populations and people generally only go there on very special occasions: family meals, birthdays or even wedding parties. This is the case in Hong Kong, where McDonald's becomes a wedding planner.

The adaptation to eating habits that several countries have implemented in their McDonald's, does not take away from the American footprint of the company.

The McDonald's company has been able to establish itself in several countries, but there are still countries without McDonald's. We are going to ask ourselves which countries have been able to resist to a McDonald's implantation and the reasons why some countries don't have a McDonald's restaurant

The archetypal global brand, present in 116 countries, Mac Donald's is no longer unaware of national habits and adapts its offer accordingly. Alongside its cult product - the Big Mac - it offers Niçoise salad in France, feta cheese in Greece and fried chicken in Singapore. "*We have become a multi-local company,*" says CEO Jack Greenberg. Coca-Cola executives are also adapting their marketing: a television ad promoting the "*global drink*" to Russian consumers recycles an old folk tale featuring the tsar, Ivan and the magic grey wolf. Analysing the "*glocalization*" of beauty in India, ethnologist Jackie Assayag tells how the cosmetics giants are gaining a strong foothold in the market by exploiting an ancestral prejudice, the desire of Indian women to have fair skin. Faced with the "*global*", the "*local*" retains a capacity for initiative. It does not receive the world's spectacle passively. It adapts, reconstructs and reinterprets the "*planetary signs*". From one country to another, the television series "Dallas" has not been perceived in the same way, its main character, JR, arousing different feelings according to the audience. Each audience retranslates the cultural message according to its national context. Some products are freely reappropriated. Jean Louis Amselle cites the case of Kenya, where the Luo ethnic group consumes Coca-Cola at weddings, thus giving it the value of a ritual good. This is true of any cultural object. The Japanese have made baseball their

national sport. Arjun Appadurai, a professor at the University of Chicago, describes how the various social classes in India have taken turns to take up cricket, a patrician sport that became popular. In a few years, France has enthusiastically adopted the American-Celtic festival of Halloween, a mercantile innovation par excellence, for the sake of collective revelry.

QUESTIONS

For each question, you must first respond with a sentence, using the appropriate concepts, and second, cite the relevant text passages - use quotation marks and state the number of the document cited. *use quotation marks and state the number of the document cited.*

1. In which models of internationalization do each of the 2 organizations fit? Justify:

IKEA

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McDonald's

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2. Which two functions at IKEA and McDonalds have been internationalised and which can be assessed from the documents?

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3. For each organization, (1) characterize the business strategies at work and (2) determine why these strategies involve different internationalization models:

IKEA

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McDonald's

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4. How do the two firms prioritize their relationships with their various stakeholders?

IKEA

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McDonald's

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