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| Benefits for the MEDC country | Benefits for the LEDC country | Benefits for the company of locating in an MEDC | Benefits for the company locating in an LEDC |
| * We get all of the benefits of having things, without the downfall of having to make them. * This means we can focus on getting better paying jobs. * Labour is cheaper, meaning the goods become cheaper as well. | * Lots of jobs created by the TNCs. * The multiplier effect – when one person decides to set up a factory, more people have wages to buy more things. Then, we need shops and people are employed and it continues on to get cinemas, and doctors. * Inward Investment – the economy is improved, whilst gaining tax money rather than losing it. | * The company does not have to worry about shipping from the LEDC to the MEDC where it is sold, and whilst it may seem small, scale means that it will cost lots. * They may get subsidies from the MEDC government for using their country for manufacturing. | * Cheaper Labour, as there aren’t the same number of wage/human right laws in LEDCs. Also – even if there are the same laws, in lots of small countries, the company holds lots of sway. * This way, the company doesn’t have to worry about middle management and upper management for the factor(y/ies). * More Profit due to cheaper labour. |
| Negative impacts for the MEDC country | Negative impacts for the LEDC country | Why has globalisation occurred? | |
| * Climate Change is made worse – since the companies hold so much power over the LEDCs, they can’t regulate in the same way an MEDC could. * We can’t charge tax on goods produced in another country (in the same way we can for native goods). * Previously, lots of manufacturing was here in the UK for example, but now since it is out-sourced, there is lots of unemployment in industrial areas, like some parts of Wales. | * The TNCs don’t care about the environment, so the environment gets destroyed. * Lots of oil spills, or gas flaring, or deforestation. * Factories need energy, and can create large debts for the LEDC host country. * Competition with local industries can stifle local creativity as the big TNCs can compete on price, and number. * Increased urbanisation: many TNCs are in large cities, which can cause overcrowding. | * In order so that we can bring in things from every country. * So that we can specialise country-wise, getting the cheapest labour for unskilled jobs, and the best of the best analysts and marketers from (predominantly) the west. | * The MEDCs do not want to have to work to make their clothes, so we outsource the work to the east who actually create all of the clothes. |

**Trans National Corporations**

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| **Transnational Corporation Case Study: Nike (pg 128-129 of your text book)** | | |
| **Background information** (when was Nike established? Where is Nike based? Where does Nike operate?)  Nike was established in 1972 as Blue Ribbon Sports by Bill Bowerman.  The Nike HQ is at 1 Bowerman Drive, in Beaverton in the US.  Nike operates all over the world, from the factories in Asia, to the HQ in the US to shops everywhere demand exists (Europe/NA).  **General facts** (How many people does Nike employ in Beaverton? How many contracts does Nike have globally?)  In 2013, Nike had 765 factories, and employed about 5500 people in Beaverton | **Why does Nike typically employ people in countries in SE Asia?**  Cheaper by over 10x compared to W Europe. So much more profit which, lest we forget is always the end goal.  **Specific detail of Nike’s operations in China?** (Why is Nike operating in China? How many people does it employ in China? What impact has the One Child Policy had? What problems are Nike facing in China?  They operate in China due to the abundant and cheap labour. However, the One Child Policy has messed this up as this has meant less population. Because of this, Nike are changing lots of the contracts to other areas in SE Asia. | **What problems is Nike facing?**  They have obviously been accused of low wages, long hours, insufficient training, poor & unsafe working conditions and abuse. There have been lots of demonstrations.  **What are the solutions for Nike?**  To ward away bad publicity, they created a code of conduct for their factories. They also raised wages and bettered working conditions. The CoC also included worker’s rights protections and environmental legislation for Fire Safety, Air Quality, Min wage and overtime. |