

# MULTINATIONAL CORPORATIONS

# Introduction

- A multinational corporation/company is an organisation doing business in more than one country. A corporation (MNC) engages in various activities like exporting, importing, manufacturing in different countries. MNCs have worldwide involvement and a global perspective in its management and decision-making.
- MNCs produce the products in one or a few countries and sell them in most of the countries.

# Definition

- AS ILO Report Observes, “the essential nature of the multinational enterprises lies in the fact that its managerial headquarters are located in one country (referred for convenience as the ‘home country’) while the enterprise carries out operations in a number of countries as well (‘host countries’).

# Distinction among IC, MNC, GC and TNC

# Multinational Corporation

- Multinational Corporation responds to the specific needs of the different country markets regarding product, price and promotion. Thus MNC operates in more than one country, but operates like a domestic company of the country concerned.

# International Corporation

- International Company (IC) conducts the operations (exporting, producing etc.) in one or more foreign countries, but with domestic orientation. This company believes that the practices adopted in domestic business, the people and products of domestic business are superior to those of other countries. This company extends the domestic product, domestic price, promotion and other business practices to the foreign markets.

# Global Corporation

- Global Corporation produces in home country or in a single country and focuses on marketing these products globally or produces the products globally and focuses on marketing these products domestically.

# Transnational Corporation

- Transnational Corporation produces, markets, invests and operate across the world.