

Multinational Corporation

* Meaning :->

- A multinational corporation is a business organization whose activities are located in more than two countries and is the organizational form that defines foreign direct investment.
- This form consists of a country location where the firm is incorporated and of the establishment of branches or subsidiaries in foreign country.
- Multinational companies can, obviously, vary in the extent of their multinational activities in terms of the number of countries in which they operate.
- A large multinational corporation can operate in 100 countries, with hundreds of thousands of employees located outside its home country.

* Characteristics of a Multinational Corporation:

The following are the common characteristics of MNC:

1. Very high assets and turnover:

- To become a multinational corporation, the business must be large and must own a huge amount of assets, both physical and financial.
- The company's targets are high, and they are able to generate substantial profits.

2. Network of branches:

- Multinational companies maintain production and marketing operations in different countries.
- In each country, the business may oversee multiple offices that function through several branches and subsidiaries.

3. Control:

- In relation to the previous point, the management of offices in other countries is controlled by one head office located in the home country.

- Therefore the source of demand is found in the home country.

4. Continued growth :

- Multinational corporations keep growing. Even as they in other countries, they strive to grow their economic size by constantly upgrading and by conducting mergers and acquisitions.

5. Sophisticated Technology :

- When a company goes global, they need to make sure that their investment will grow substantially.
- In order to achieve substantial growth, they need to make use of capital-intensive technology, especially in their production and marketing activities.

6. Good quality products :

- Because they use capital-intensive technology, they are able to produce top-of-the-line products.