Seminar topic on mnc

A multinational corporation (MNC) or multinational enterprise (MNE)[1] is a corporation enterprise that manages production or delivers services in more than one country. It can also be referred to as an international corporation. They play an important role inglobalization. Strategies Corporations may make a foreign direct investment. Foreign direct investment is direct investment into one country by a company in production located in another country either by buying a company in the country or by expanding operations of an existing business in the country. 2] [3] A subsidiary or daughter company[4] is a company that is completely or partly owned and wholly controlled by another company that owns more than half of the subsidiary's stock. [5][6] A corporation may choose to locate in a special economic zone, which is a geographical region that has economic and other laws that are more free-market-oriented than a country's typical or national laws. [edit]Communicationbetween different cultures Multinational corporations need to deal with different cultures of their employees, partners, suppliers and customers.

Cross-cultural communication (frequently referred to as intercultural communication) is a field of study that looks at how people from differing cultural backgrounds communicate, in similar and different ways among themselves, and how they endeavour to communicate across cultures. Intercultural competence is the ability of successful communication with people of other cultures. A person who is interculturally competent captures and understands, in interaction with people from foreign cultures, their specific concepts in perception, thinking, feeling and acting.

Earlier experiences are considered, free from prejudices; there is an interest andmotivationto continuelearning. [edit]Conflict of laws Main article: Conflict of laws Conflict of laws is a set of procedural rules that determines which legal system and which jurisdiction's applies to a given dispute. The term conflict of laws itself originates from situations where the ultimate outcome of a legal dispute depended upon which law applied, and the common law courts manner of resolving the conflict between those laws. In civil law, lawyers and legal scholars refer to conflict of laws as private international law.

Private international law has no real connection with public international law, and is instead a feature of local law which varies from country to country. The three branches of conflict of laws are * Jurisdiction – whether the forum court has the power to resolve the dispute at hand * Choice of law – the law which is being applied to resolve the dispute * Foreign judgments – the ability to recognize and enforce a judgment from an external forum within the jurisdiction of the adjudicating forum [edit]Globalization

Multinational corporations are important factors in the processes of globalization. National and local governments often compete against one another to attract MNC facilities, with the expectation of increased tax revenue, employment, and economic activity. To compete, political entities may offer MNCs incentives such as tax breaks, pledges of governmental assistance or subsidized infrastructure, or lax environmental and labor regulations.

These ways of attracting foreign investment may be criticized as a race to the bottom, a push towards greater autonomy for corporations, or both.

MNCs play an important role in developing the economies of developing countries like investing in these countries provide market to the MNC but provide employment, choice of multi goods etc. On the other hand, economist Jagdish Bhagwati has argued that in countries with comparatively low labor costs and weak environmental and social protection, multinationals actually bring about a 'race to the top. While multinationals will certainly see a low tax burden or low labor costs as an element of comparative advantage, Bhagwati disputes the existence of evidence suggesting that MNCs deliberately avail themselves of lax environmental regulation or poor labor standards. As Bhagwati has pointed out, MNC profits are tied to operational efficiency, which includes a high degree of standardisation. Thus, MNCs are likely to adapt production processes in many of their operations to conform to the standards of the most rigorous jurisdiction in which they operate (this tends to be either the USA, Japan, or the EU).

As for labor costs, while MNCs clearly pay workers in developing countries far below levels in countries where labor productivity is high (and accordingly, will adopt more labor-intensive production processes), they also tend to pay a premium over local labor rates of 10 to 100 percent. [7] Finally, depending on the nature of the MNC, investment in any country reflects a desire for a medium- to long-term return, as establishing plant, training workers, etc. , can be costly.

Once established in a jurisdiction, therefore, MNCs are potentially vulnerable to arbitrary government intervention such as expropriation, sudden contract renegotiation, the arbitrary withdrawal or compulsory purchase of licenses, etc. Thus, both the negotiating power of MNCs and the 'race to the bottom' critique may be overstated, while understating the benefits (besides tax revenue) of MNCs becoming established in a jurisdiction. [edit]Transnational Corporations

A Transnational Corporation (TNC) differs from a traditional MNC in that it does not identify itself with one national home. Whilst traditional MNCs are national companies with foreign subsidiaries,[8] TNCs spread out their operations in many countries sustaining high levels of local responsiveness.[9] An example of a TNC is Nestle who employ senior executives from many countries and try to make decisions from a global perspective rather than from one centralized headquarters. [10] However, the terms TNC and MNC are often used interchangeably. edit]Criticism of multinationals Main articles: Anti-globalization and Anti-corporate activism Anti-corporate advocates criticize multinational corporations for entering countries that have lowhuman rightsor environmental standards. [11] They claim that multinationals give rise to huge merged conglomerations that reduce competition and free enterprise, raise capital in host countries but export the profits, exploit countries for their natural resources, limit workers' wages, erode traditional cultures, and challenge national sovereignty.