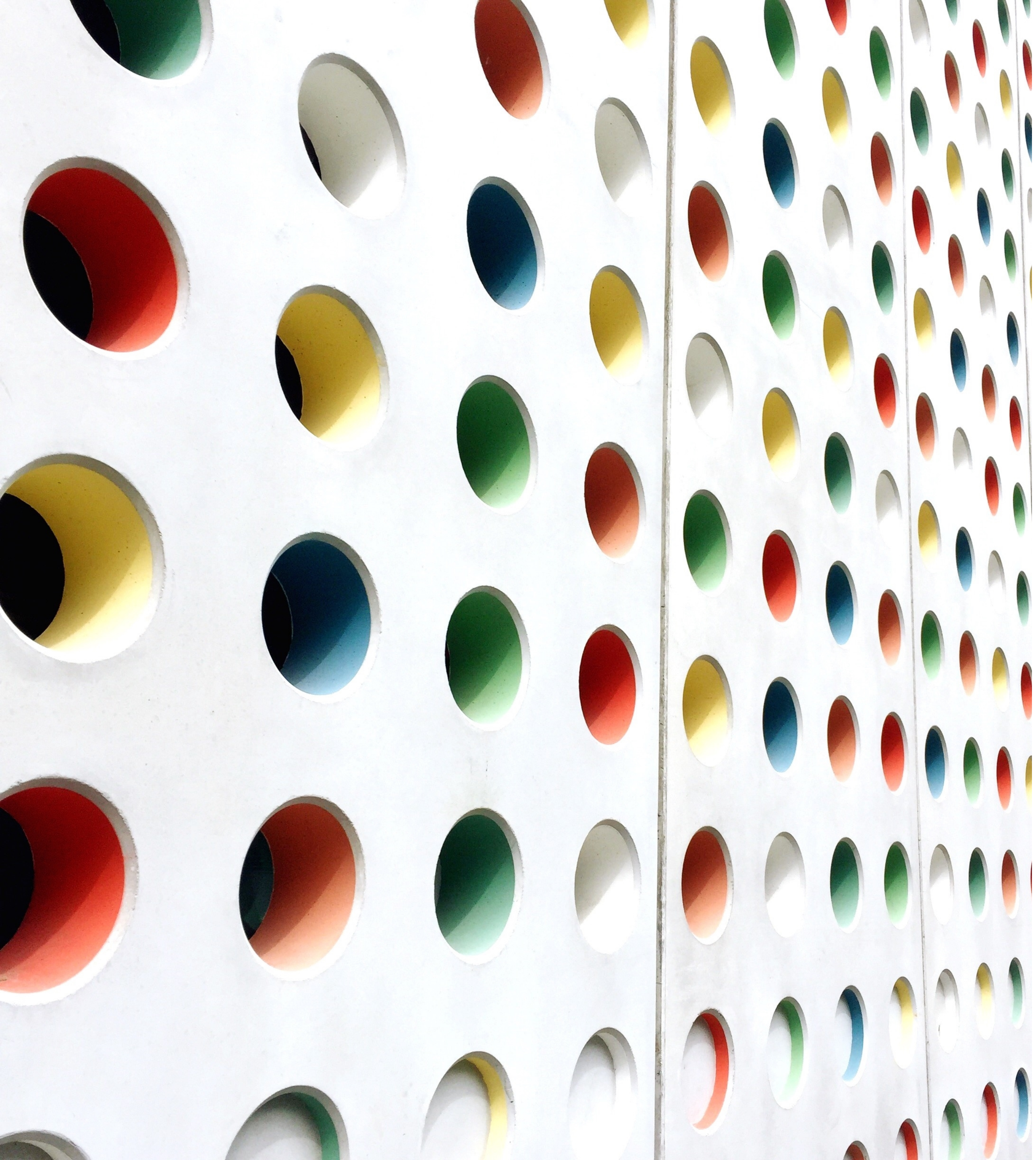


UNIT III

GLOBALIZATION OF MNCS

GLOBALIZATION

- Globalization means integration of countries through commerce, transfer of technology, and exchange of information and culture.
- In a way, it includes acting together and interacting economies through trade, investment, loan, development schemes and capital across countries.
- In a different sense, these flows include knowledge, science, technology, skills, culture, information, and entertainment, besides direct human resource, tele-work, and outsourcing.
- This interdependence has increased the complex tensions and ruptures among the nations.
- For the engineers, the issues such as multinational organizations, computer, internet functions, military development and environmental ethics have assumed greater importance for their very sustenance and progress.

Globalization's Potential Impacts on Business Firms

- Expands target markets where companies sell products and services.
  - consumer goods
  - industrial goods, and
  - financial services

Selling Globaly

- McDonalds operates in 118 Countries.
  - 66% of 2008 sales were from international operations.
    - 42% of 2008 sales were from Europe.
- Starbucks in 2008, had 5,115 international retail coffee stores (1,979 company owned and 3,134 licensed stores) operating in 34 countries.
  - These represented 31% of their stores.
  - International operations accounted for about 20% of Starbucks 2008 earnings (compared to 16% in 2005).
    Major markets included Japan, U.K. and Canada

Providing Financial Services Globaly

- Citigroup operates in over 100 countries in banking, insurance, and investment services.
- In 2005, 46% of its revenues from operations resulted from activities outside of the United States.
  - Mexico is a major foreign market for Citigroup.
  - Cuba expropriated Citigroup branches in Sept 1960 (all US banks were nationalized).

Globalization's Potential Impacts on Business Firms

- Expands the possible countries where companies produce and/or source the factors of production for their enterprises:
  - capital (where firms raise money),
  - technology,
  - labor

Producing Offshore

- Nike: 99% of all its brand apparel is produced outside the United States, in 35 different countries. The 2008 footwear breakdown is as follows:

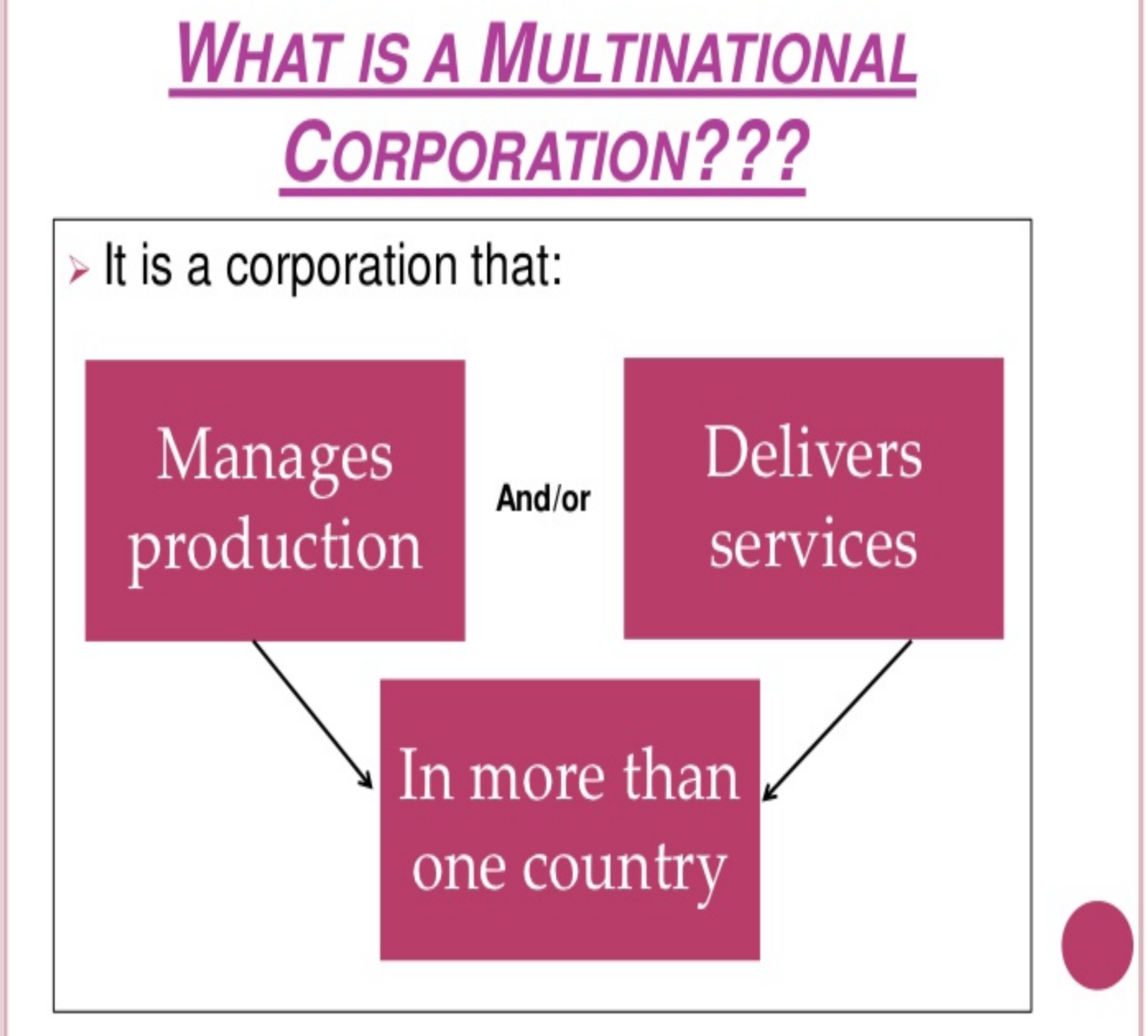
Country	Percent
China	36%
Vietnam	33
Indonesia	21
Thailand	9

- Note: 52% of Nike 2008 revenues from outside U.S.

MNC

Also called Transnational Companies are the companies that have a main branch in a country called the Home country and its other branches in different companies called the Host countries, as International Labor Organization (ILO).

https://www.duupdates.in/multinational-companies-india-mnc-india/amp/



SWOT Analysis of MNCs:

Strengths

- Low Cost
- Well Developed Infrastructure

Weakness

- Location is often very distant
- Lack of Transportation facilities
- Relative Inflexibility

Opportunities

- Leverage Government
- Attract new industries

Threats

- Govt. restrictions
- Quotas

Benefits for MNC’s

- Government provides them with tax benefits
- Get cheaper labour as compared to home country
- Cost of raw material is low
- Leverages in the rules and regulations
- Setting up cost is low as compared to home country
- Special grants and benefits offered by the state government for land, etc.

MNCs IN INDIA:

Microsoft | WIPRO | TATA CONSULTANCY SERVICES | Satyam What Business Demands | IBM | CSC

accenture | patni | ORACLE | Infosys | Google | CONVERGYS

verizon | NOKIA Connecting People | Mentor Graphics | HSBC | Deloitte. | Cognizant Technology Solutions

POLARIS live your dream | NCR | KANBAY | Honeywell | DELL | CAPMARK

MOTOROLA | KEANE we get IT done. | INTELLIGROUP | FRANKLIN TEMPLETON INVESTMENTS | CYPRESS | cādence

McGraw Hill | invensys | Infotech Creating Business Impact | Countrywide | CORDYS | ca

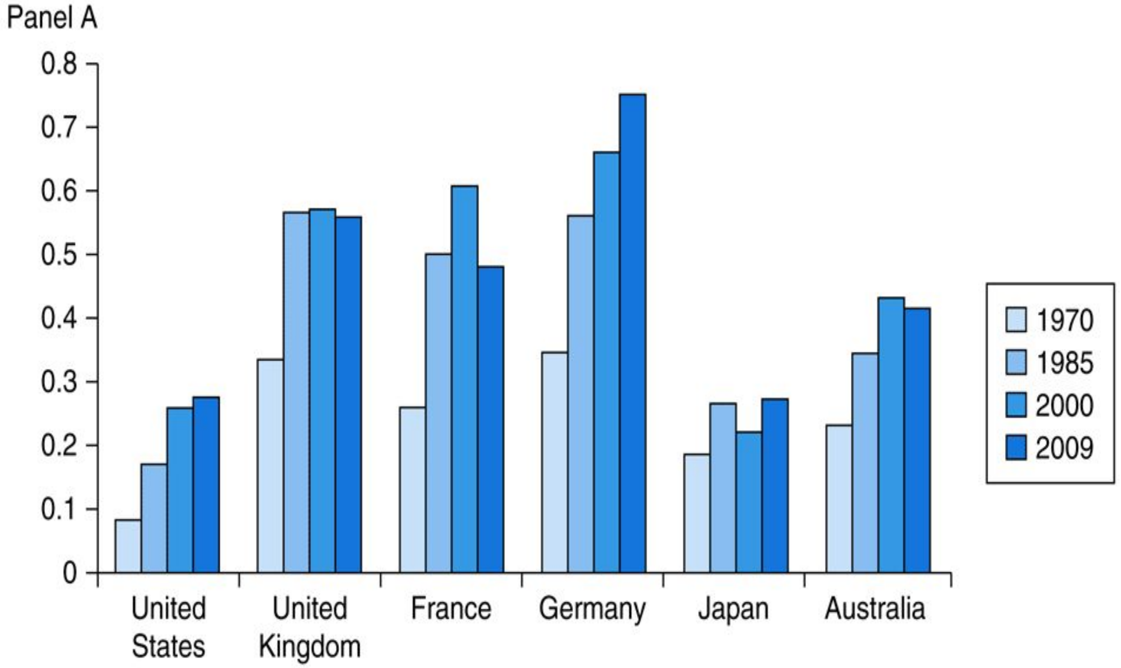
INTERGRAPH | HTMT | Bank of America | ANALOG DEVICES | amazon.com | ADP

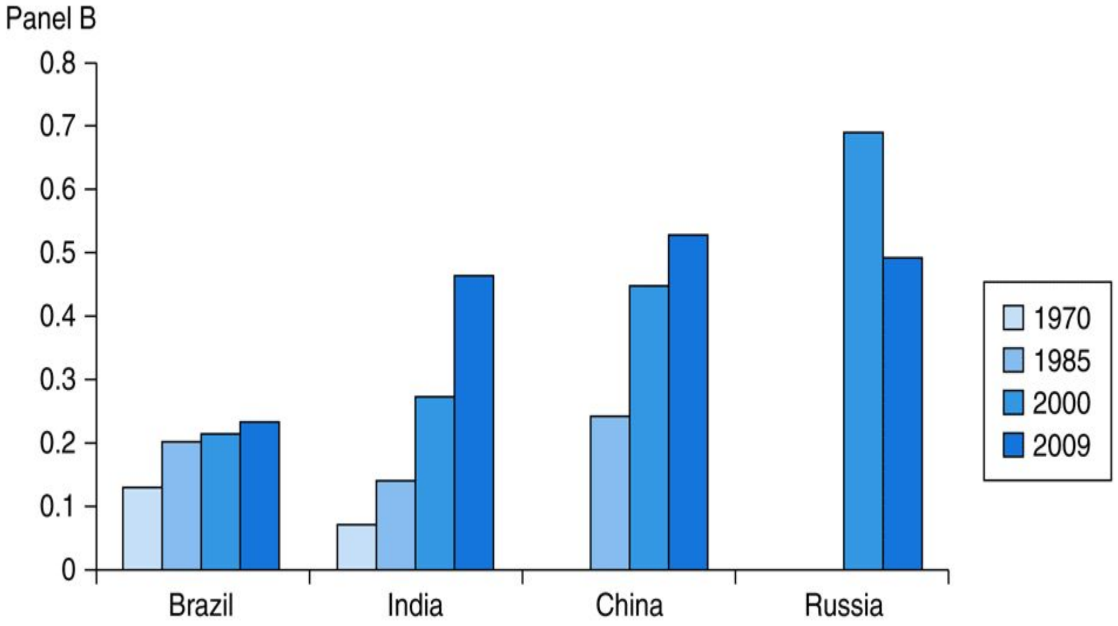
VisualSoft | 24/7 Customer Your Customer. Our Passion. | Sierra Atlantic | QUALCOMM | progressive software

International Trade

- **International trade** is the exchange of capital, goods & services across **international** borders or territories because there is a need or want of goods or services. In most countries, such **trade** represents a significant share of gross domestic product (GDP).

Globalization and the Growth of International Trade and Capital Flows





Thank you for your time and attention

QUESTIONS OR COMMENTS?