MULTINATIONAL CORPORATIONS:

A World of Differences

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I. Introduction

Once a firm gets into a solid and profitable market position, it tends to be on the lookout for new and different opportunities. One such opportunity be in becoming a multinational company. For some firms it may be just a possibility, but for others it may become a reality.

If this idea becomes a reality, there are very major issues to be considered. What type of business will it be, a joint venture or a wholly owned subsidiary? What is the attitude of the potential host government? How will the new affiliate be staffed? Is there other competition? What is the potential market like? What types of products will be manufactured, sold, or bought? How volatile is the currency? What resources, raw and human, are available?

Most of these issues, with the possible exceptions of currency expectations and host government attitudes, can be taken into account and planned for or around through the use of a firms strategic planning.

Planning for a multinational company (MNC) is much different than planning for a strictly domestic firm. The manager becomes a juggler in a sense. So many variables must be controlled. Some of which the manager has control over and can plan for, and others, such as political risk or currency fluctuations can be out of any one person's control.