

1.6 Multinational Companies SL/HL



The single learning outcome



- ✓ The impact of multinational companies (MNCs) on the host countries (AO3)

Define MNCs

- MNC is an organisation that operates in two or more countries, with its head office usually based in their home country, it has operations and premises (such as offices, factories, assembly plants, and retail outlets) in other countries



Note: a business that only exports products to overseas markets does not qualify it to be a MNC as it operates from the domestic (home) country.

It is important for you to understand the difference between a home country and a host country. A home country is where the company has started; its country of origin and registration. A host country is another country, which permits the company to operate in its territory.

Positive Impact of MNC on the host country

Employment opportunities

Support to local business

Better infrastructure

New skills and technology

Tax revenues

Choices and quality to customers

Increased competition/ efficiency gain

Negative Impact of MNC on the host country

Job losses/
impact on
local business

Exploitative
business
practices

Repatriation of
profit

Competitive
pressure

Loss of
cultural
identity