

International Business
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Lecture – 05
Challenges and Approaches, EPRG Framework

Welcome, everyone to International Business. So, today when I am talking to you in the same time we are worried about the US – China trade war going on, which may have a very serious effect on the world economy.

So, we can understand although neither we are largely dependent on any of them, but still we have a very surplus domestic economy, but in spite of all this the worry still looms large right! And no wonder that (the US) because of this facts the Indian stock market is also not doing well right! Let me explain many more factors, but one of them being the US – China (you know) trade war issue.

So, in the last lectures we talked about (you know) the nature and importance of international business, what international business is all about? And what are the different modes of entry when a firm tries to enter into a new market? What factors does it need to consider and it should take care of? So, today we will talk about some of the challenges of the international business and followed with the stage of internationalization right! how companies are (moving) becoming more and more international.

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Challenges Faced by International business

1. International company structure
2. Foreign laws and regulations
3. International accounting
4. Cost calculation and global pricing strategy
5. Universal payment methods
6. Currency rates
7. Communication difficulties and cultural differences
8. Political risks
9. Worldwide environmental issues



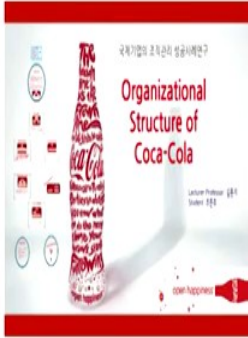
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So, let us start with the challenges faced by the international business. So, (it is the) there are (you know) 8 to 9 important points. So, if you see the first point it starts with the international company structure right! So, what is the company structure and why it is important, how it is a challenge let us see.

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1. International company structure:- If the aim is to be competitive globally, the first consideration is the structure and location of the organization. It can have a **centralized or decentralized system**.

Example: Coca-Cola offers an effective multinational business structure. The company is organized into continental groups, each overseen by a President. The central Presidents manage Presidents of smaller, country-based or regional sub-divisions. Despite its diverse global presence, the Coca-Cola brand and product is **controlled centrally and consistent** around the world



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So, what it is saying, if the aim is to be competitive globally the first consideration is the structure and location of the organization. So, what is the structure and where is the company located? It can have a centralized or a decentralized system right!

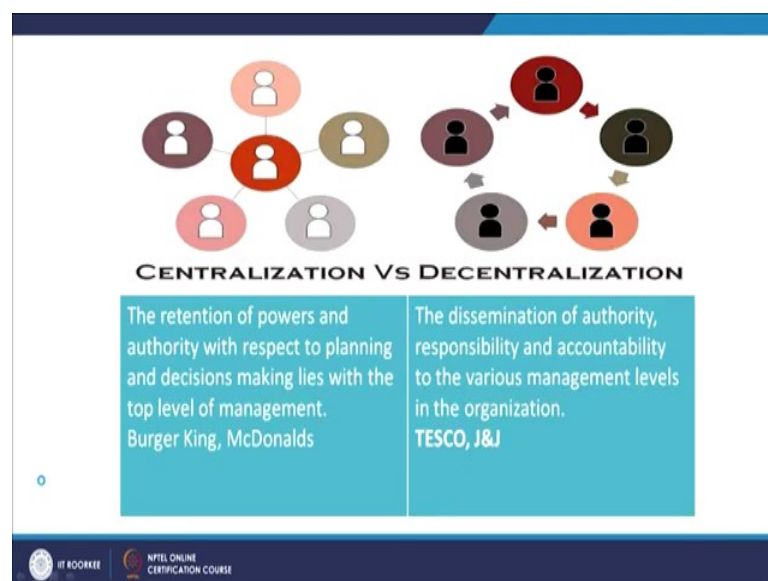
So, what do you mean by a centralized system and what do you mean by a decentralized system. So, as you can understand very simple that when you have all the power is centered at one point and maybe there are different different (you know) spokes working so, that is called as centralized.

And, a decentralized the power is given to each subsidiary or each unit of the company located at different places. For example, let us say company 'x' is centralized if the every policy is been decided at the company parent headquarters right!

They may be working in different countries maybe 50 countries – 100 countries, but the policies are dictated at the parent headquarter; but, in a decentralized case what happens the power is decentralized or given to the subsidiaries in the local units right! So, that means, wherever they are operating the power lies in that particular location.

Example: Coca-Cola offers an effective multinational business structure the company is organized into continental groups, right! each overseen by a president the central presidents manage presidents of the smaller or regional subdivisions. So, there is a central president who manages the regional ones right! Despite its diverse global presence the Coca-Cola brand and product is controlled centrally and consistent around the world. So, this is a centralized structure right!

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What is the difference let us see one of the major difference through the diagram also you can see that here this is the central point. He is controlling from everything from here and here the (you know) everybody is on its own. The retention of powers and authority with respect to planning and decisions making lies the top level of the management in the parent at the headquarters.

So, the example of this is I have brought is burger king and McDonalds for example. On the other hand, decentralization says the dissemination of authority, responsibility, and accountability to the various management levels in the organization at different locations right!. So, example Johnson and Johnson and TESCO, for example.

What you can do is you can take up find out more such examples from/through different sources and understand what decentralized companies are make a list of decentralized companies and make a list of centralized companies ok!.

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So, this is a small Coca-Cola company organizational structure right! as I was saying president, then there is manufacturing and the corporate staff, Coca-Cola international, North American division, the bottling investment group and then it is again divided into Latin American division, Eurasia and African division, European division, Pacific division, Coca-Cola North America, Coca-Cola refreshments. So, in terms of product in terms of country also they do have the structure divided.

The second important point that is a challenge today is the myriad/ (you know) the large amount of number of foreign laws and regulations. So, because of the complexity of the international business there are lots of regulations coming up right! and these regulations are nothing, but a headache to the most of the foreign firms right!.

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2. Foreign Laws and Regulations:- From tax implications to trading laws, Cyber security laws navigating legal requirements is a central function for any successful international business.

Example: Employment and labor requirements differ by country. For instance, **European countries** stipulate that a minimum of **14 weeks maternity leave** be offered to employees, while on the other hand, it is maximum upto **26 weeks for Indian ones**.

FEMA, GSP, MFN, IPR Laws etc.



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So, for example, tax implications to trading laws, Cyber security laws navigating legal requirements is a central function for any successful (you know) international business. Now, if your tax policy might not be the same in every country. So, every country have their own tax policy.

For example, you see employment and labor requirements differ from country to country. For instance, in European countries stipulate that a minimum 14 weeks maternity leave to be offered to the employees, the expecting mothers, while on the other hand in India it is up to 26 weeks right!

So, these rules and regulations differ right! I remember a very popular case of ITC very important person in ITC, he was held responsible for violation of the FERA act and that was a major controversy in those times right! but today FERA itself is completely is obsolete and is no more it does not exists anymore right!.

Some of the other things are for example, the FEMA, the GSP, MFN, IPR laws etc. which I have put in as in terms to understand the foreign laws and regulations. So, every


country has its own laws and regulations. So, if somebody is entering into this new country they have to understand the laws of that country, otherwise if you try to hold your (you know) policies that in the home country that you have and try to extend it to the other countries the host countries it might be completely out of place.

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3. **International Accounting:-** Different tax systems, rates, and compliance requirements can make the accounting function of a multinational organization significantly challenging. **Accounting strategy** is key to maximizing revenue and the location where your **business is registered can impact tax liability.**

In many EU countries, consolidated statements are prepared using IFRS(International financial reporting standards) whereas unconsolidated statements use national rules.

In Germany, the tax accounts should be the same as the commercial accounts.



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International accounting standards are also very different, the different tax systems, rates and compliance requirements makes accounting function a serious headache for example, it is very challenging right!. Accounting strategy is the key to maximize revenue we all know that and the location where your business is registered can impact tax liability.

For example, many companies they run to a places like Singapore, Hong Kong because of a better policy right! The tax policies are more friendly and even to start a new business it is very simple.


So, these are more business friendly places whereas, in some other countries India has slowly grown up in terms of ease of doing business, but still it is not up to the standard right! it is still quite low in the entire rank. So, we have yet to do a lot of things in that. So, international accounting being one of those factors which does affect how complicated the entire business becomes right!

In many EU countries European Union countries, consolidated statements are prepared using international financial reporting standards right! whereas, unconsolidated statements use the national rules. So, different treatments. In Germany, another example the tax accounts should be the same as the commercial accounts. Now, these are different from again place to place. So, this difference in accounting standards makes it very challenging for a firm when while it is doing business in the different locations.

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4. Cost Calculation and global pricing strategy:- Company must consider costs to remain competitive while still ensuring profit. Researching the price of direct, local-market competitors can give a benchmark.

Example: Swedish furniture giant **IKEA**, known in Europe for its low-cost value, struggled initially in China due to local competitor costs of **labor and production** being much **cheaper**. By relocating production to China the company was able to successfully cut prices to better reflect its brand and **boosts sales** among target consumers



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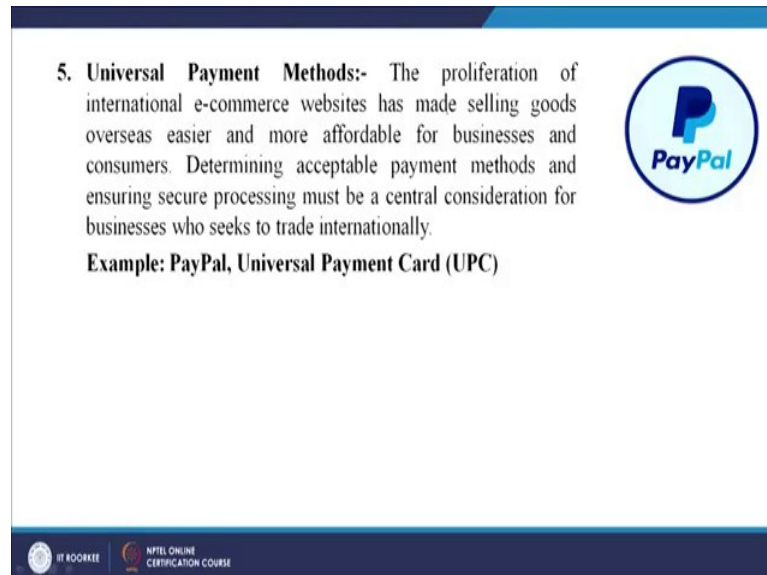
Cost calculation and global pricing strategy; now, how do you price a product on what basis would you price a product right!? Would you keep it the same in as you have in your home country or you would make it different according the (you know) paying abilities of the people in that country, their economic power and some other factors?

How would you do it? So, company must consider the cost to remain competitive while still ensuring profit. Researching the price of direct local market competitors can give you some idea. It gives you a benchmark to place yourself. You see one example Swedish furniture giant IKEA, known in Europe for its low-cost values, struggled initially in China due to the local competitor cost of labor and production.

We all know that Chinese labor is very cheap, it is like Indian labor right! and because of this the company was unable to sustain the pressure. So, they relocated the production to China and the company was then able to successfully cut prices and compete be competitive in the Chinese market right!




So, how do you calculate your cost and what kind of pricing strategies you will maintain is also a very big challenge in the international business context.

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5. Universal Payment Methods:- The proliferation of international e-commerce websites has made selling goods overseas easier and more affordable for businesses and consumers. Determining acceptable payment methods and ensuring secure processing must be a central consideration for businesses who seeks to trade internationally.

Example: PayPal, Universal Payment Card (UPC)

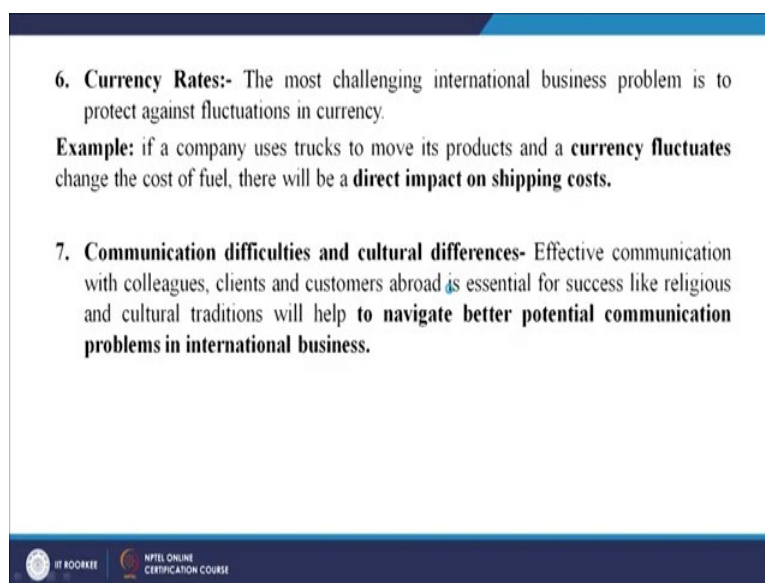


Today, the paying methods have proliferated they have increased tremendously. So, this has made simple business much simpler right!. So, the proliferation of international ecommerce websites has made selling goods overseas easier and more affordable. So, for business and consumers both right!

So, determining an acceptable payment method and ensuring secure processing must be a central consideration for businesses. So, the challenge is (if you) in many/ there are some countries where they have tried to be cashless right! So, in some in such countries and if you do not have that habit you do not have the technology to adapt to that then there might be issue for the companies who are entering into this new firms.

So, some of the examples of universal payment methods are PayPal, Universal Payment Cards which are exclusively for the merchants right! So, how would you sell; how would you sell the product; how the customer would buy; how would you make the payment that is a very big challenge.

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6. **Currency Rates:-** The most challenging international business problem is to protect against fluctuations in currency.

Example: if a company uses trucks to move its products and a **currency fluctuates** change the cost of fuel, there will be a **direct impact on shipping costs**.

7. **Communication difficulties and cultural differences-** Effective communication with colleagues, clients and customers abroad **is** essential for success like religious and cultural traditions will help **to navigate better potential communication problems in international business**.

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This is one that is highly discussed the most challenging international business problem is to protect against fluctuations in currency, how do we do that? How do you hedge your funds? How do you manage the (you know) change in the fluctuation in the currency every time right!

Currency fluctuates so fast right! it is nearly (you know) it is very very tough to forecast and (you know) really have a catch on it. So, if a company uses trucks to move it's products example I have given and a currency fluctuates change the cost of fuel, this is a direct impact on the shipping cost.

Again, you see many a times because of the change in the currency because of the rupee getting weakend or gaining strength the export and the importers the exporters and the importers both feel the heat, right!. If suppose it goes down the exporters are benefitted, if it the rupee becomes stronger in terms against the US dollar the importers will gain right! So, and the exporters will lose. So, these are very important. So, this fluctuation current (you know) with this constant fluctuation of the currency is a very very important parameter.

The next is communication difficulties and cultural differences. Now, effective communication with colleagues, clients and customers abroad is essential obviously, right! If you cannot communicate how would you do business and that to in a new place. You have to understand the religious and cultural traditions, their emotions right! which

will help to navigate better potential communication problems. So, let us see with an example.

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Blunders in International Advertising		
Firm and Location	Intended Slogan	Literal Translation
Parker Pen in Latin America	"Use Parker Pen, avoid embarrassment"	"Use Parker Pen, avoid pregnancy!"
Pepsi in Germany	"Come Alive with Pepsi"	"Come out of the grave with Pepsi"
Pepsi in China	"Come Alive with Pepsi"	"Pepsi brings your ancestors back from the dead"
Fisher Body in Belgium (car exteriors)	"Body by Fisher"	"Corpse by Fisher"
Salem cigarettes in Japan	"Salem-feeling Free"	"Smoking Salem makes your mind feel free and empty"

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So, this is a case of two – three (you know) companies. Parker Pen (you know) in Latin America what it is mean intended its slogan is use Parker Pen and avoid embarrassment. This was the intended slogan.

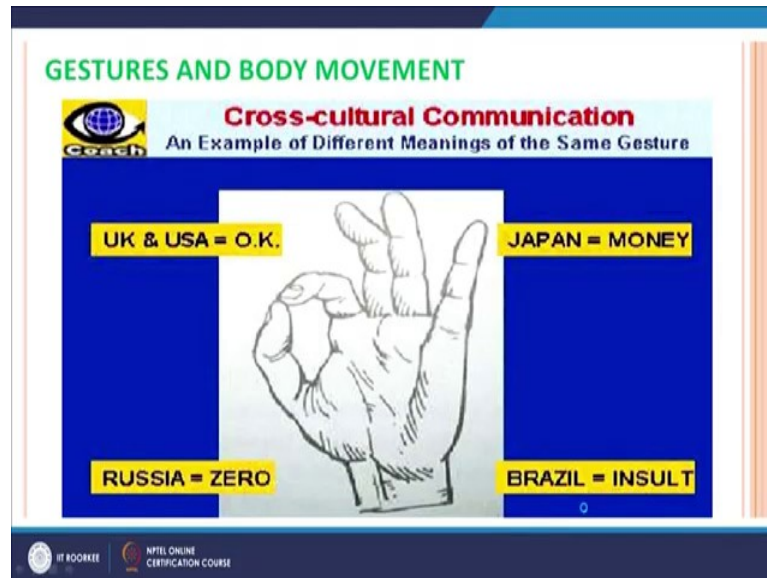
Now, what it meant in the literal language during translation? Use our Parker Pen, avoid pregnancy. Now, how hilarious this sounds right!, but the local person we will understand it is obviously, something missing something wrong, but then they will they why should somebody spend so much of time to understand you also. So, this communication gap is a big problem.

Pepsi in Germany come alive with Pepsi was a intended slogan, what does it mean? Come out of the grave with Pepsi right! in China come alive with Pepsi means Pepsi brings your ancestors back from the dead. Now, who wants it, right!? Fisher body in Belgium; body by fisher, it means now when you translate corpse by fisher a dead body corpse is a dead body by fisher.

Salem cigarettes in Japan; Salem-feeling free. Smoking Salem makes your mind feel free and empty. Now, that people might take it as an insult, right! or an offense? So, one has to be very careful and how do you communicate. So, there are umpteen number of

examples on international advertising and communication, where companies have found wanting because of a problem in communication.

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You see this is a simple example from the book! I have taken. Now, the same sign gesture how does it differ in different places? In the USA and UK it is ok! fine Japan, it means money; Brazil it is an insult it is like your insulting somebody by showing this gesture and Russia it is a zero right! In India I think one can take it as a zero also sometimes you may say it is splendid also. So, there could be two different as an Indian I can say that.

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8. Political Risk is related to political uncertainty and instability. Before considering expansion into a new or unknown market, a risk assessment of the economic and political landscape is critical.

Example: Facebook is banned in China partially in preference for national social networks and also due to government regulation over internet content.

IBM's exit from India(1978)



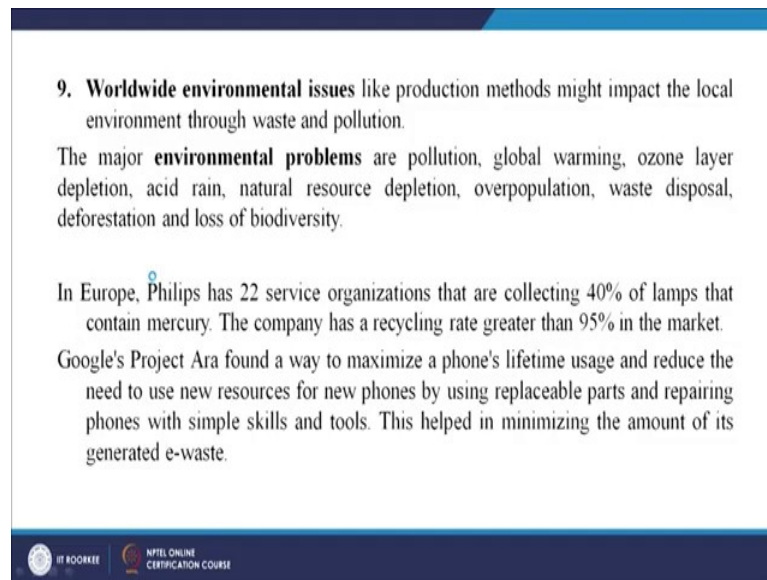
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Political risk is the next point which is related to the political uncertainty and instability right! Now, that is really a one very big factor right! like the currency fluctuation. Now, political risk every country for example, let us say some of the countries which are always into war or into (you know) kind of terrorist problems are there. In such conditions because of the high political risk, the interest rates for them also differs right!.

So, let us say before considering expansion into a newer unknown market, a risk assessment of the economic and political landscape is critical. You need to understand what is the political risk and what is the amount of uncertainty prevailing there. Now, you see interestingly Facebook is banned in China partially in preference for national social networks, the same with Google, right!. There is a competitor called Baidu who works in (you know) as a replacement to Google in China.

In India the same had happened in 1978 when IBM exited from India it was because of a control policy, how much of stake who would hold the government and again there was a problem IBM was bringing the second grade products to India and Indian government wanted them to bring the latest ones which IBM was not agreeing because they felt Indian markets are not even ready for it. So, this has some of the political risks similar risk associated right!

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9. **Worldwide environmental issues** like production methods might impact the local environment through waste and pollution.

The major **environmental problems** are pollution, global warming, ozone layer depletion, acid rain, natural resource depletion, overpopulation, waste disposal, deforestation and loss of biodiversity.

In Europe, Philips has 22 service organizations that are collecting 40% of lamps that contain mercury. The company has a recycling rate greater than 95% in the market.

Google's Project Ara found a way to maximize a phone's lifetime usage and reduce the need to use new resources for new phones by using replaceable parts and repairing phones with simple skills and tools. This helped in minimizing the amount of its generated e-waste.

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Lastly, the environmental issues like what production methods are you using and even (you know) there are for example, issues like if you are using child labor and all these are issues which are taken seriously, how much of environmental pollution are you creating. So, the major environmental problems are pollution, warming global warming, ozone layer depletion, acid rain and so many other things right! how do you dispose your waste, loss of biodiversity etc.

Now, one example you see Philips has 22 service organizations that are collecting 40 percent of the lamps that contain mercury. Now, mercury is an obviously, a very dangerous element.

So, what Philips is doing instead of dumping the waste into the soil or water or anywhere, they are collecting this 40 percent of the lamps that contain mercury and the company has a recycling rate greater than 95 percent in the market. So, this not only doing good for the environment, it is also doing good for Philips itself, right!

Another case is Google started a project 'Ara' in which they found a way to maximize a phones lifetime usage because people were after they were unable to use the phone, they were dumping the entire phone because of a small mistake in one of the parts and reduce the need to use new resources for new phones by using replaceable parts. So, if one part is not working, they said you can use another part and you can repair the phone with

simple tools and skills right! So, this helped in minimizing the amount of it's generated e-waste.

So, these are some of the challenges today international business firms are facing and if they do not follow it properly they would be criticized and they may be banned in some countries even, because of their wrong policies.

So, one has to be very very careful because once you enter into a market, it is not that simple. And, once you have entered and then suppose you face through such kind of difficulties and suppose you are asked to change, reline your business or (you know) even leave from that place it is a very costly affair ok!.

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What are the approaches? What approaches do you follow in international business? So, this is called a EPRG framework or EPRG model right! What does 'E' stand for? Ethnocentric; what is it? Home country orientation. 'P' stands for polycentric or polycentrism – host country orientation right!.

The third is regiocentrism; what is it? A regional orientation and finally, geocentrism – a world orientation. So, geocentric, regiocentric, polycentric and ethnocentric these 4 approaches are called as the EPRG framework which is a (you know) it comes as a question and people also (you know) try to figure out what it exactly means. Let us see what they are.

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Approaches in International Business

1. **ETHNOCENTRIC ORIENTATION:** The ethnocentric orientation of a firm considers that the products, marketing strategies and techniques applicable in the home market are equally ^{very - to} in the overseas market as well.

Example- Patanjali Ayurveda & food product ~~are~~ only focus on the domestic level after that they sale in global market

The diagram illustrates the concept of ethnocentric orientation using Patanjali as an example. On the left is the Patanjali logo, which includes the brand name 'PATANJALI' in red, a green and yellow swoosh, and the tagline 'Prakriti ka Aashirwad' in green. To the right, a purple oval labeled 'PARENT COMPANY (Headquarter)' is connected by a red line to a red oval labeled 'SUBSIDIARY (Host country)'. A blue speech bubble points from the parent company to the subsidiary, containing the text: 'Expatriates from the Parent Country holds the managerial positions in the subsidiary'. Below the ovals, the word 'Controls' is written in red, indicating that the parent company maintains control over the subsidiary.

Ethnocentric orientation of a firm considers that the products marketing strategies and techniques applicable in the home market are equally they would be same or equal in the overseas market as well are equally right! you can say are equally working or workable right! in the overseas markets as well. So, ethnocentric orientation is more of a home market orientation as it says here home country orientation.

So, example Patanjali Ayurveda and food product only focus on the domestic level after that they sell in the global market. So, Patanjali ayurveda is very famously we know from Baba Ramdev and all so, they focus on the domestic market right! and whatever they do it here they try to extend to the other markets as well without much of a change.

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The next is polycentric approach or orientation. Under this approach the companies customize the marketing mix to meet the taste, performance and needs of the customers of each international market.

So, as per the host market the products are changed right! The diamond industry for export the diamond industry while they export in the global setting global level and setting their branch offices, what they do is they change the product according to the requirement of the host country right!.

Similarly, you must have seen in like the McDonalds and all, the company tried to localize it is products according to the Indian market right! So, what the Indian people wanted and what they prefer and what they avoided like the beef and all, so, they made it according to the local market host market right! So, many a times the polycentric approach is a very essential approach because the there might be huge difference in the taste and preferences between the home and the host market.

The next is the regiocentric orientation: in this approach a company finds economic, cultural or political similarities among regions in order to satisfy the similar needs of potential consumers. So, for example, countries like Pakistan, India and Bangladesh are very similar. They possess a strong regional identity. So, the approach would be to target a particular kind of a region right!

So, you can see the parent company, then there is an host country and this is how employees are selected from within the region that closely resembles the host country. So, the company is trying to target a particular region right! in which they find there is a lot of potential.

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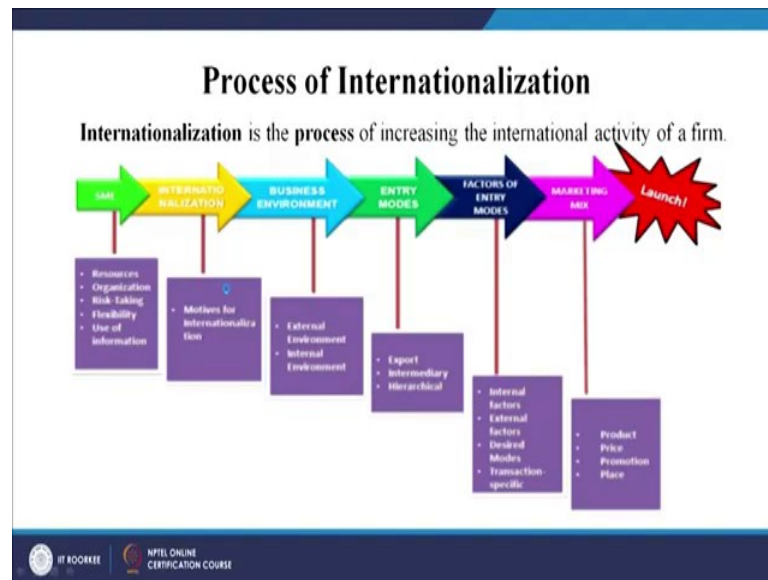


The last is the geocentric approach – under this approach the company analyses the taste preference and needs of the customers in all the foreign markets and adopts a standardized marketing mix. So, this is very difficult.

So, this is generally very difficult because you cannot have a standardized approach, but there are some products which do have a standardized largely standardized, I will not say it is completely standardized.

For example, Coca-Cola they adopted this strategy by selling it's popular soft drink with the same content packaging, branding and even to some extent their (you know) advertisement themes world-wide. So, what is happening here the company is trying to standardize and once if you can standardize the product then what happens is you can have a large control over the price because of the huge economics of scale that prevail over there right!.

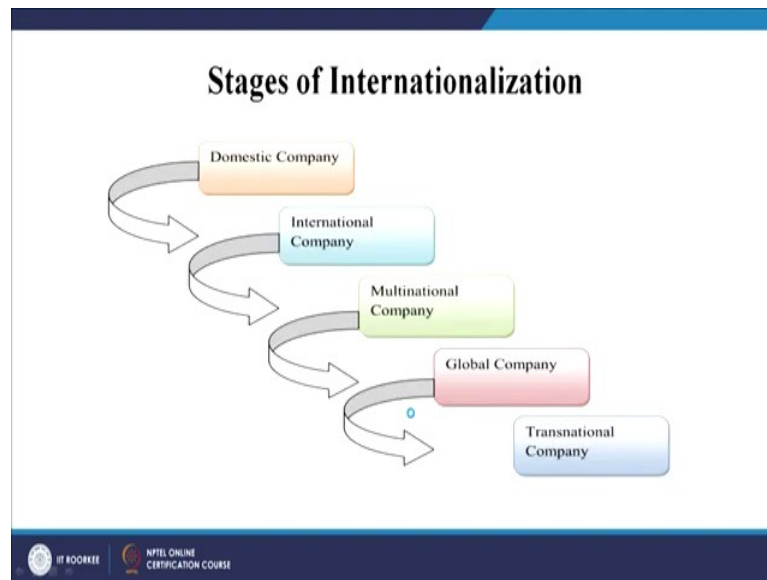
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So, these are the four approaches in international business. How do you internationalize your company? How do you become international, so, what is the process? So, now, we will come to that. So, internationalization is a process of increasing the international activity of a firm. So, once you have understood the approach the EPRG framework then the next is how do you become international so, right!.

So, it says if you can follow this arrow it shows you the different the path right! So, SME, internationalization, the business environment, entry modes, factors of entry modes, marketing mix and then finally, launch. And, in every point you can see there are some sub points attached to that right! For example, while internationalization what are the motives right! in business environment, what are the internal-external environment factors; entry modes, what are the different entry modes. So, how do you internationalize yourself, you are the firm right!

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There are different stages. So, the first stage is called the domestic company right! which is like very similar to the home country in the EPRG framework. Then, the international, the multinational company, the global and the transnational – so, there are five different stages to internationalize your company.

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Stages of Internationalization(cont....)

Stage 1.

- **Domestic company** limits its operations, mission and vision to the national political boundaries.
- This companies focuses its view in the domestic market opportunities, domestic suppliers, domestic financial companies, domestic customers, etc.
- A domestic company is also known as a **local company**.
- All **Indian Company** are treated as **Domestic Company** but all **Domestic Company** are not **Indian Company**.

At the bottom of the slide, there are logos for 'IIT ROORKEE' and 'NPTEL ONLINE CERTIFICATION COURSE'.

Let us see the first one. So, the domestic company limits its operation, mission and vision to the national political boundaries right! This company focuses its view on the domestic market opportunities, domestic suppliers. So, it is entirely domestic.

So, but that is only possible when the country has a huge potential right! For example, although I am not saying India can/should do it or something, but India has a large domestic market. So, when companies are focusing on the domestic market right! and limiting to that is the stage that we are talking about.

So, the domestic company limits its operations to the national political boundaries that is within the range of India. This company focuses its view on the domestic opportunities, suppliers and financial companies etcetera. A domestic company is also known as a local company. It is called a local company right!

An Indian company all Indian companies are treated as domestic company, but all domestic company may not be Indian ones. Some of them may be from somewhere else, but they have settled in India for a long time and today they are looked upon like a domestic company.

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Stages of Internationalization(cont....)

Stage 2.

- **International company** is an enterprise which exists in one country but sells products in more than one country.
- It holds the marketing mix constantly and extends the operations to new countries.
- **International** companies have no foreign direct investments (FDI) and make their product or service only in their home country.
- In other words, they're exporters and importers.
- For example- **Indian firms exporting textiles, jute, spices, nuts, rice all around the world.**

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In the stage 2, the international company is an enterprise which exists in one country, but sells products in more than one country. So, this exists in one country suppose it exists in India, but it is selling products in more than one country.

It holds the market mix constant and extends the operation right! So, what it is doing the marketing mix is kept constant. So, the product, the price, the place and promotion they

are more or less tried to keep as constant as possible, but extend the operations to the newer markets right! other countries.

International companies have less or hardly any FDI and make their product or service only in the home country; that means, it is produced here and sold outside ok! In other words, they are exporters and importers; mostly, they are exporters of the items right! Indian firms exporting textiles, jute, spices, nuts, rice all round the world right!

So, this is an example where the product is more or less like a commodity, it is more or less very similar and standardized it is made in the Indian market and it is sold in the other markets as it is in the in the same way as it looks in the Indian market right!.

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Stages of Internationalization(cont....)

Stage 3.

- A **Multinational Corporation** is an enterprise operating in several countries but managed from one country.
- **Multinational companies** have investment in other countries but do not have coordinated product offerings in each country. More focused on adapting their products and service to each individual local market.
- The firm becomes the fully fledged multinational companies with the assembly of production facilities in several countries & regions of the world.
- For Example – Nike, Mc Donald's, Sony etc





The third is a multinational cooperation which is an enterprise operating in several countries, but managed from one country. So, right! it has investment in other countries, but do not have coordinated product offerings in each country. More focused on adapting their products and service to each individual local market, right!

So, it is like the host country (you know) there have different/ they are into different host countries, but they are managed or coordinated or centralized from one country from the parent right! The firm becomes fully fledged multinational companies with an assembly of production facilities in several countries in regions of the world. Example – Nike,

McDonalds, Sony etc., they are true examples of for multinational co-operations right!
So, they are operating in several countries, but managed from one home country.

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Stages of Internationalization(cont....)

Stage 4.

- **Global company** either produces in home country and focuses on marketing these products globally or produces the products globally and focuses on marketing these products domestically.
- A global firm pursues a unified strategy to coordinate various international operations.
- **For ex-** Hilton and Hyatt Hotels, Adobe, Cisco, 3M, Monsanto, and American Express.



The collage consists of four images: the top-left shows a Cisco building with its logo; the top-right shows a Mars building with the Mars logo and a green alien figure; the bottom-left shows a McDonald's restaurant with its logo; the bottom-right shows a FedEx Express delivery truck.

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The global company is the final last one (where) which produces in home country and focuses on marketing these products globally or produces the products globally and focus on marketing these products domestically. So, what they are doing? In the global company either produces in home and focuses on marketing these products globally or produces the products globally and focuses on marketing them in the domestic.

So, let us say global firm pursues a unified strategy to coordinate various international operations. Hilton and Hyatt hotels, Adobe, Cisco, 3M, Monsanto and American express are some of the examples of a global company. So, these company have a two-way movement right! they produce in home and may be focus outside or they collected from outside and focused to the domestic market right!.

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Stages of Internationalization(cont....)

Stage 5.

- A **Transnational companies** essentially shed their home nation identity and act as stateless organizations.
- In other words they do not identify itself with one national home like an MNC.
- **Transnational companies** are much more complex organizations and invested in foreign operations, R&D and marketing powers to each individual foreign market.
- It is an integrated global enterprise that links global markets at profit.
- For Ex- HUL, Starbucks, Walmart, Nestle, Coca cola, etc



The slide features a photograph of a Walmart store interior, showing the blue and yellow Walmart logo on a wall above a display of products.

At the bottom of the slide, there are two logos: 'JIT ROOKEE' on the left and 'NPTEL ONLINE CERTIFICATION COURSE' on the right.

So, these are some of the international stages and the last one is the transnational company. So, there are five stages. So, the 5th and the last one is the transnational. It is essentially shed their home national identity and act as stateless. So, in other words they do not identify itself with one national home like an MNC. So, they are free right!

Transnational companies are much more complex organizations and invest in the foreign operations, R & D and marketing powers to each individual foreign market right! It is an integrated global enterprise that links global markets at profit. So, Coca-Cola, HUL, Starbucks, Colgate are examples of transnational companies. So, right! They do not identify itself with one national home like an MNC. This is the major difference right!

So, will wind up here and in the next class we will continue (from) after stages we will go we will move forward from there right!.

So, thank you very much.