

A Critical Examination of the Challenges Multinational Organizations faces, also the Benefits and Negative Impacts it brings to Nations, and the Strategies Adopted by MNC's

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Abstract

The aspects of globalization have caused many organizations across the world to spread their operations in several countries across the world, via entering new markets, production facilities, distribution, and franchising. This has resulted the multinational organizations has encountered numerous challenges and issues when developing and implementing their strategies in their subsidiaries around the world. The study explores a detailed examination of MNC's strategy formulation and execution, which can only be characterized by evolution and dynamism. The study has also shown the benefits, and the challenges of these multinational organizations encounter, illustrating the substantial benefits these MNC's bring to nations around the world, also a detailed look at the drawbacks of these MNC's. The research delivers a considerable understanding of strategy, its formulation and implementation within the context of multinational organizations which contributes to knowledge within the arena of International Business.

Keywords: *Globalization, Implementation, International Business, Strategy Formulation.*

Introduction

In today's complex business world, organizations are faced with many challenges and opportunities both internally and externally within the firm. Some of the most complex organizations that exist are those of multinational corporations (MNC), which have many subsidiaries located in several parts of the world. These types of corporations face all different types of issues when conducting business in diverse global markets. Developing and executing strategies for these multinational corporations can be very challenging and exciting at the same time, with the advent of globalization, dynamism, advancement of technology, distribution challenges, production facilities, culture, social norms. These are just a few of the challenges multinational organizations face in today's complex business

environment. This study would seek to identify the challenges and problems these organizations encounter in the development and execution of their strategies in a globalized business environment. Another aspect of this study would seek is to provide a comprehensive investigation of the advantages and disadvantages of multinationals.

Aim of Research

The aim of this research is to examine the challenges multinational corporations face when developing and executing strategies. Also to examine the advantages and disadvantages that MNC's bring to nations.

Objectives

1. Examine the effects of strategy development and execution on multinational corporations.

2. Examine the main issues and challenges faced by Multinational Organizations.
3. Examine multinational strategies, the development and implementation.
4. To analyse multinational corporations critically and evaluate their advantages and disadvantages in their operations.

Data Collection

A comprehensive search of secondary data collection was undertaken for the examination and investigation for this research paper, these includes empirical studies, articles, peer-reviewed journal, relevant websites, books, and e-books on the research topic area.

Methodology

There were a few methods used for this research, these include. Quantitative and qualitative, this aided the research to delve deeper into the context and meaning behind the information collected. Additionally major literature was reviewed and analysed for this study in the topic area. The main method was secondary data collection was used to analyse and synthesize information from already available information.

Multinational Organizations

Multinational corporations (MNC) are considered the global goliaths of contemporary times, these organizations are responsible for substantial portions of the world's employment, production, investment, research, international trade, distribution and innovation. Any type decisions made by these corporations affect those individuals and companies that work for these MNC's, that do business with them, buy from them, and even compete with these firms, together with the economies and societies of the geographic area in which they are located [1]. According to researcher it stated that a multinational company MNC's can be defined as an enterprise that participates in foreign direct investments (FDI) and which owns or, to a particular extent, regulates value-added

undertakings in multiple countries around the world [2].

These undertakings usually happen within subsidiaries that can take the structure of a wholly owned subsidiaries (subsidiaries where the MNC has ownership of the majority or the complete share capital), minority equity investments (corporations where the MNC holds smaller equity share) or joint ventures (companies where the MNC stocks its capital with another company). Multinational corporations exist in an array of forms, ranging from smaller firms that invest in a foreign country in large groups that manage subsidiaries in a notable number of countries. Today, the frontiers between a multinational corporation and its environment have become unconfined [3]. Foreign subsidiaries regularly collaborate with local firms and interact separately with other actors in their domestic business environment these include suppliers, distributors, clients, government agencies, and many other stakeholders. Multinational organizations are thus surrounded in numerous networks which are highly possible to evolve over time corresponding to the local environments where the MNC operate.

There is no one single definition for multinational corporations, as different researchers and authors shared similar views with minor differences. One definition offered, stated that a multinational corporation is a privately owned organization originated to align interdependencies connecting individuals in numerous countries through employment contract [4]. Furthermore, a multinational corporation are economic organizations that extend beyond international borders from their domestic origins [5]. Additionally, a multinational corporation has its managerial head office in one country of the world, while it has operations in several other countries concurrently [6].

List of Multinational Organizations

Multinational organizations exist in almost all countries in the world, above are a list of

some of the most recognize and accomplished MNC's that has global presence see (Table 1).

Table 1. Multinational Corporations

Company	Industry	Headquarters
Alphabet	Information Technology	Mountain View, California
Amazon	Technology	Seattle, Washington
Apple	Information Technology	Cupertino, California
Microsoft	Technology	Redmond, Washington
Meta	Information Technology	Menlo Park, California
Saudi Aramco	Oil & Gas	Dhahran, Saudi Arabia
NVIDIA	Technology	Santa Clara, California
CVS Health	Healthcare	Providence, Rhode Island
Tencent	Technology	Shenzhen, China
Unilever	Consumer Goods	London, UK & Rotterdam, Netherlands
Pfizer	Pharmaceuticals	New York City, New York
Samsung	Consumer Electronics & Technology	Suwon, South Korea
Airbus	Aerospace	Leiden, Netherlands
Bank of America	Financial Services	Charlotte, North Carolina
JPMorgan Chase	Financial Services	New York City, New York
Volkswagen	Automotive	Wolfsburg, Germany
Toyota	Automotive	Toyota City, Japan
Shell	Oil & Gas	The Hague, Netherlands
BP	Oil & Gas	London, UK
China National Petroleum	Oil & Gas	Beijing, China
Nestle	Consumer Goods	Switzerland
Coca-Cola	Consumer Goods	Atlanta, United States

Strategy

Strategies are very important for organizations to achieve their goals and objectives; it is especially important for multinational organizations that operate in different parts of the world. Scholars in the field of strategy illustrated that strategy controls the direction and scope of a firm over the long term, and it ought to determine how the organizations resources should be configured and distributed to meet the goals and objectives of markets and stakeholders [7]. Additionally, world renown and expert in the field of strategy Harvard professor Micheal Porter he emphasizes, the requirement for strategy to define and communicate a firm's unique position, and it

should determine how the organization's resources, skills, and competencies must be amalgamated to create competitive advantage for the organization and over time have a sustainable competitive advantage [8].

Multinational Strategies

This section of the paper gives a general overview of multinational organizations, the focus of MNC's significantly focus on corporate strategies developed by the head office, that normally are communicated down to the respective subsidiaries operating in different countries of the world. Corporate strategy denotes to, the total strategy of organizations that is made up of numerous business units, operating in several

international markets. It ascertains how the corporation head office enhances and supports the value of the business units within its entirety. The corporate or strategic planning process includes, mission, vision, environmental analysis formulation of strategies, implementation of strategies. After these strategic elements are completed other types of strategies are created to deal with matters at the subsidiary level this includes global integration vs local responsiveness, transactional approaches, entry mode. These additional elements also present opportunities also challenges, which are cultural and institutional variations, coordination and control, risk management further strategies are performance, evaluation and adoption strategies. One of the most important strategies for multinational are the adoption strategies to deal the impact of present environmental pressures [9].

Multinational organizations are faced with a myriad of challenges and issues in doing business in different parts of the world, below are some of the main challenges and issues that would be presented through empirical research for the benefit of this paper.

Issues and Challenges faced by Multinational Organizations

Legal/ Laws and Regulations

With operations across numerous jurisdictions, this exposes these multinational organizations to a series of regulatory and legal risks, for instance the main ones are the need to observe laws like the data protection regulation, anti- money laundering, know your customer regulations, human resources laws for the host countries, also having knowledge of piloting sanctions and embargoes that differ across regions in which the MNC's is operating [10]. Additionally, multinational organizations face foreign laws and regulations, together with developing the organizational structure and putting it in place, acquiring a comprehensive understanding of the country's local laws and

regulations managing the targeted market is crucial for MNC's to be successful. These legislations range from tax implications through trading laws, navigating legal requirements in a central function of any successful international business eligibility to trade is a significant consideration, as a potential tariff and legal cost associated with entering new markets [11].

Human rights laws around the world had been a very big challenge for these multinational corporations. From a legal viewpoint, it should be indisputable that organizations must be subject to absolute obligations within international human rights law, the foremost challenge for these MNC's is setting up the appropriate mechanisms by which these obligations by MNC firms can be enforced and implement the correct laws under the current legislation [12].

International Accounting

According to empirical evidence, another challenge faced by multinationals are international accounting, with different tax practices, rate, and compliance requirements, this could cause the accounting function of multinational organizations having significant challenging in managing its accounting practices. Accounting strategies are key to expanding revenue and the location where the MNC subsidiaries business is registered can affect the organizations tax liability [13]. A further international accounting issues/ challenge faced by MNC's, translation exposure, this occurs when multinational organization consolidate financial statements for their foreign subsidiaries into the reporting currency. Variations in exchange rates concerning the functional currency of the subsidiary business unit, the reporting currency could influence and affect the value of revenue, assets, liabilities, and expenses reported in the consolidated financial statements of the MNC. Accounting for translation exposure includes using the most appropriate exchange rates and

employing translation procedures in accordance with accounting standards [14].

All multinationals engage in cross-border transactions which is denominated by a foreign currency, such as inventory, purchasing, selling goods and services, and even borrowing funds from the domestic and international financing agencies. The exchange rate fluctuations could affect the significance of the MNC transactions, this can result in gains or sometimes losses when transactions are settled. The accounting transactions for these MNC's and the exposure involves distinguishing these gains or losses in the financial statements, which can have major effects reporting in the profits and cash flows of the MNC's operations [15]. Generally, foreign exchange variations can have substantial implications for global accounting, impacting financial reporting, risk management, together with stakeholder decision-making for these multinational organizations. Appropriate accounting treatment and disclosure of foreign exchange exposures are important for these MNC's to deliver transparent and trustworthy financial information to their creditors, investors, and other stakeholders [16].

Cultural and Communication.

MNC's operate in countries where there are cultural differences and differences in the customs, beliefs, values, behaviours and practices of different groups and societies of people that are employed by these MNC's. These differences are exposed in their various aspects of life, which include decision-making processes, communication styles, attitudes towards work and authority, work ethics and the general behaviour of individuals. The causes for cultural differences, are complex, complicated and varied, which incorporate the influence of factors such as religion, history, norms, geography, language and social structure where these MNC's must adhere and deal with. Cultural differences play a significant part in international business this could greatly affect the effectiveness of

communication and resolution involving staff members. Cultural norms and communications also have a major influence on the management style, ethical conduct, and organizational structure of the firm. Since multinational corporations frequently employ many persons of different nationalities, ethnicities, communication and cultural differences are more prominent. As a result, MNC's also face the challenge of several differences in culture. Misunderstandings are very possible, for example an action, gesture, or a word can have conflicting meanings in different cultures. There are also very big differences in the approach different cultures express their ideas self and logic, and these differences combined could possibly create misunderstandings amongst colleagues. Additionally, challenges and issues such as conflicts, miscommunication, misunderstandings and low management effectiveness and efficiency are also posed by cultural differences in the operations of multinational corporations [17].

The flow of communication within multinational organizations are multifaceted these are formal and informal, verbal and non-verbal, vertical and horizontal, written and oral. Managing communication in a multinational firm that have communication and cultural differences is indeed a staggering task. In MNC's, it is only during effective communication that the information is disclosed to all members of the firm, trust is developed, and beneficial relations are developed and sustained. For multinational organizations communication is as broad in its domain as the field of communication itself. Communication challenges and encounters are bound to happen in MNC's especially where there are multicultural individuals. The significant communication challenges in these organizations include language barrier, cultural relativism, stereotyping, ethnocentrism, cultural shock, privacy, attitude toward conflict resolution, task completion, trust building, decision making, and non-verbal language [18].

Supply Chain

Supply chain management adhere to a set of rules and procedures defined by financial practices/ methods, contract terms and enterprise resources planning system logic. Although standards are set, while this is very useful, it does not warrant success. Social relationships between producers, suppliers, distributors and the final customers, all that have their own needs, wants, goals, objectives and strategies this has created major complexities within supply chains. This results in obstacles and insights in meeting the market needs [19].

Managing international business is a comprehensive task for multinational organizations this is due to the complexity, and nature of international business operations [20]. Apart from the theoretical implications of increasing complexity in supply chain, managerial practices highlight the need for new tools to manage this phenomenon. An article published by McKinsey recently proposes that the additional complexity of the supply chain the more significant the risks, this can cause losses of up to 45% annually to these multinational organizations. When global supply chains become complex, the constant flow of knowledge and information, has a high possibility of being interrupted, this can lead to an increase in risks and cost affecting an organizations capability to achieve and subsequently adversely influence MNC's [21].

Research has shown that an excessively complex product or a business process frequently brings about with it an imposing list of less than needed outcomes to MNC's in their supply chain. When the firm is considering how an overdesigned product, for instance, can impact the product quality. The research indicates that the case against product complexity throughout the product design is a strong one for MNC's, since it can be illustrated mathematically that overly complicated designs affect the level of product quality. Complexity in the supply chain often works against the

MNC regarding flexibility and speed, two characteristics that increasingly classify world-class organizations. The way these multinational companies compete in today's markets is extremely different than the years gone by. Factors such as speed of getting things done and communication and flexibility or dexterity in the supply chain are very important aspects to competitive success as quality and cost capabilities for these MNC's. It should be somewhat insightful that excessive complexity in the supply chain inhibits these important capabilities for multinational corporations [22].

Corporate Governance

The evolution of globalization of the world economy has empowered businesses to operate effortlessly across international borders exploring and capitalizing on diverse market opportunities for MNC's [23]. Conversely, this global expansion opportunities have introduced the complexity of adhering to contrasting corporate governance regulations, as multinational corporations must navigate and follow a distinct legal and regulatory structure across their operations internationally [24]. Another one of the main challenges faced by these multinational organizations is the multiplicity of corporate governance regulations and laws across different jurisdictions where they operate [25].

For instance, studies have illustrated, the United States and Germany conduct themselves as market-based structures and are significant global competitors, their technique of corporate governance differ considerably. The United States emphasizes shareholder dominance, focusing heavily on maximizing shareholder value. Compared to several European countries such as Germany, they embrace a stakeholder approach, accenting the interest of employees, suppliers, customers, communities and other non-shareholder entities. Organizations operating in both jurisdictions much resolve these differences and thus find a common ground [26].

Corporate governance is complex and at times can be delicate for multinational organizations, as the dynamic world moves in many directions, changing rapidly, it only expands more elaborate. Several large corporations (MNC's) have influential control over business undertakings without any great amount of accountability or monitoring by their board of directors [27]. According, reports from both academics and practitioners stated the significant corporate governance issues/ challenges can range from vastly strategic topics like corporate strategy, information technology, innovation and oversight, the parent board composition and risk mitigation to deal with oversights to real-time matters like crisis management and shareholder engagement. The major issues around the world with respect to corporate governance are duties of directors, composition and the remaining members of the board, reward and remuneration package of directors, dependability of the firm's financial reporting and external auditors, the board's full responsibilities for risk management and organizational internal control, shareholders' rights and their responsibilities together with corporate social responsibility and very important business ethics [28].

Effects of Strategy Development and Implementation in Multinationals

The above shows the main factors affecting multinational organizations in their operations that has hampered these firms regarding profitability and effectiveness. With these hindrances, developing and implementing the strategies for these organizations have proven to be challenging and, in some cases, problematic. Multinationals consider a few broad strategies when looking to expanding their business operations into other nations around the world these include. Global integration vs. local responsiveness, this is where the MNC seeks to strike a balance of standardized products/ services of the global

strategies with adaptations to the local market preferences and conditions. Transnational approaches, this method deals with integrating a global coordination with domestic responsiveness for the MNC to achieve synergies, integration and flexibility. Entry modes, this strategy is the method of selecting an appropriate mode (s) of market entry to a market that the MNC sees opportunities for expansion this includes, subsidiaries/ green field investments, joint ventures, franchising, this is based on strategic goals and objectives together with the current market characteristics [29].

Formulating a consistent strategy can be a challenging task for any management team, to make strategies work by executing it throughout MNC's is even more testing to the team implementing the strategies [30]. Numerous factors can possibly affect the progression by which strategic plans go into organizational executable plans. In contrasts to strategy formulation, strategy implementation is regularly seen as somewhat of a craft that MNC's may have at their disposal, its not really seen as a science [31]. Because of the complexity of MNC's, after comprehensive strategies are developed and single strategic decision has been formulated, substantial difficulties generally arise during the subsequent execution process [32].

Current developments in globalization and world markets have cause massive effects across all sectors where MNC's operate, which have affected their businesses making the issue of sequence less relevant. In a time of low transportation, very poor communications, high trade barriers, to enter markets and large differences between countries, MNCs had to take on each country one step at a time to seek out opportunities to enter. In this modern age of rapid and quick transportation, instantaneous electronic communications, digital economy, low trade barriers, and converging different countries circumstances, multinational corporations increasingly seek synchronised

rather than sequential global expansion. Because of these factors, involving the dynamic and evolutionary method of international business these MNC's have severe challenges in developing and implementing the firm's strategies, as everything is moving at a fast pace makes it very difficult to even develop good strategies much yet for the implementation. The current era of global strategies also necessitates MNC's to look beyond the strategy of country-by-country selections based on standalone market attractiveness. Instead, they also need to consider the global strategic significance of countries what strategies are needed to be approach [32].

The accomplishment of international strategies mainly depends on their successful implementation together with a joint global commitment to certain strategies. The MNC's subsidiaries play a critical role in the achievement of the goals and objectives [33]. The strategy domain depends heavily toward the relationship between multinational head office and subsidiaries and associated of the strategic concepts, such as an equilibrium between global integration versus localization, this can prove to be very challenging and problematic for the MNC [34]. Managing subsidiaries for MNC's, not only causes major managerial challenges but also carries with it to the fore, the questions of the head office role regarding the coordination and control [35], and distribution of knowledge and information between the subsidiaries and the head office of the MNC with respect to strategy developing and execution. Having inadequate knowledge flow and misunderstanding involving the head office and its subsidiaries can lead to an absence of commitment, and integration resistance. This would hinder the strategy formulation and the execution for the organization [36].

Research carried out by Alexander, his aim to evaluate the understanding of the strategies with seven hundred and eighty-two persons who were employees from various organizations across different industries. The

findings of this study showed that only 8.7 percent of participants accurately understood their organization's strategy. Among several levels of employees, it was found that the daily staff members had less understanding of the company strategies. This is another major effect these MNC's have faced in accomplishing the objectives and goal of the organization [37]. Another study illustrated that the lack of understanding with respect to corporate strategies could lead to low employee commitment, this is a further effect that MNC's face in their operations [38]. The research evidence demonstrates that there are numerous issues and challenges that MNC's faces operating both from within and outside of its territory. Despite facing global challenges, MNCs have demonstrated resilience and fortitude in fulfilling their corporate mission. There are tremendous benefits multinationals bring to the home and host countries in which they operate.

Main Advantages of Multinational Organizations

Multinational corporations carry a wide array of benefits/ advantages with it to the home and host countries. Multinational corporations are essential transitional agents in the current global political economy. The interaction between MNCs and hosts counties economy has led to a great relationship whose effects are enormous. The association between these relationships for economic growth. There are several benefits derivable from the existence of these corporations in countries the MNC operates in. Some of these major benefits includes job creation. Multinational corporations reduce gaps involving capital and labour via job recreation in their affiliate subsidiaries. Multinational organizations offer greater wages and salaries to its employees in its host country. Even though, it may still be lower compared to global standard, the MNC's still progress the standard of living of its staff members in developing countries as

employment creation increases the quality of life. Additionally, foreign direct investments generate brand new employment (direct employment) and generate jobs (indirectly) through forward and backward connections with domestic firms [39].

An example of this is case study research was conducted in Namibia, illustrating MNC's created approximately twenty-six million direct jobs and an additional forty-one million six hundred thousand indirect jobs [40]. Another example is Mexico, as in this case study, exporting organizations paid wages at minimum 58% higher than non-export comparable firms. Additionally, in Indonesia, a study revealed that foreign-owned manufacturing plants paid 33% higher than for blue-collar staff and 70% higher for white-collar employees than locally owned businesses [41].

Multinational corporations are renowned for contributing to over 64% of non-governmental jobs in host countries [42]. For decades in the past, MNC's had millions of workers employed in developing nations and were practically responsible for hundreds of millions of jobs being created indirectly [43]. Historically MNC's are what builds wealthy nations. Evidence has shown this with the United Kingdom and United States in leading positions, followed by other countries for instance, Japan, and EU countries not far behind. Recently it can be observed that Arab nations like Kuwait, Saudi Arabia, Qatar. For example, the United States, it can be illustrated that there exists a consistency of interest between MNC's and the US government. The policies of the US encourage enterprise expansion into overseas territories and offer protection to these MNC's [44].

Another excellent benefit of multinational corporations is the technological transfer as of the technical ability from the MNC to the host country. Multinational corporations, in numerous countries are playing an imperative role in bringing to the subsidiary new and

advanced technologies. The formation of human capital is enhanced and improved through MNCs' participation in technology transfer especially in the current age of artificial intelligence and the digital era. All MNC's operating its subsidiaries in the country, must have agreements with the host nation concerning its operating guidelines of new technologies laws and standards. This would be beneficial for both the MNC and the host nation for better operations. In fortunate situations, MNC's frequently transfer technological knowledge which is normally approved for the host country. Generally, this is because these technological developments and advanced technologies require massive research and development fundings that the host nations can't afford. It also benefits the host country the opportunity of working with advanced technologies and the environment of the firms with projections of being innovative and to increase productivity from the MNC's research and development (R&D) investments [45].

An additional benefit of MNC's are the taxes it pays to governments. Governments around the world use these revenues to build the country's infrastructure, human capital, technology investments just to name a few. The OECD has acknowledged that, within the development of globalisation, the taxation of multinational corporations has become increasingly significant this is, given the fact that MNC's are getting larger. Research has consistently showed that multinational enterprises dominate global markets, with estimations showing that more than 40% of global trade is reported for by intra-firm flows. The top 100 multinational organizations own 16% of global assets. It has been showed that a very big part of the global corporate taxes is now accounted for by the operations of multinational corporations and paid to by governments [46].

Countries are interested in attracting investment and jobs for its people, countries also want to collect tax revenue from MNC's

operating in their country. Where corporations pay taxes differs not only on where their manufacturing plants are located, research facilities or management is situated, but also on their legal and most importantly their financial structures. A more overall reason why corporate taxation is important in debates about the fairness of taxes is that corporations as, countries and individuals widely perceived MNC's as being powerful and rich [47].

Another major benefit of MNC's operating in a host country is the factor of foreign direct investments. Foreign direct investment FDI means "cross border investment made by a resident in one economy in an enterprise in another economy, with the objective establishing a lasting interest in the investee economy FDI is also described as investment into the business of a country by a company in another country" [48]. Foreign direct investment (FDI) is progressively being recognized as an essential factor as economic development in many countries. Apart from bringing massive capital to the country, it facilitates the allocation and transfer of high-level technology, managerial and organizational practices, skills as well as admission to international markets. More countries around the world are striving to make a favourable and facilitating a climate to attract foreign direct investments as a policy precedence. Additionally reducing the limitations on the entry of FDI into countries, they are actively liberalizing their FDI managements [49].

Empirical evidence indicated that a positive aspect of MNC's is the alleviation of poverty. MNC's play a key role in poverty reduction in many nations. The multinational corporations inspire persons to creates a certain product, and these products elevates the population lively hood and improvement in their daily lives. For instance, the DaimlerChrysler project in Brazil. DaimlerBenz, in the year 1991, seek for methods to use renewable natural fibbers in its automobiles industry. The Brazilians

populations life changed considerably for the better, after the children were able to attend their schools, additionally health facilities where able to improve its services leading to people were more involved in local policymaking. Multinational organizations combined with the free-market economy has permitted several previously agriculturally based economies to come out of poverty [50]. Research has shown for those nations that have chosen to become part or integrated into the global economy, the rewards have been substantial. For example, Taiwan has totally transformed from an agrarian type of economy which was less fortunate and poorer than much of Sub-Sahara Africa now to a nation as rich and prosperous as Spain. From a thirty million population entangled in absolute poverty in the 1950s, at present has practically non absolute poverty, and real earnings are now ten times higher than it had been fifty years ago [51].

Main Disadvantages of Multinational Organizations

Some studies have labelled these types of organizations to be corporations of parasitic and imperialist in nature. It can be argued these MNC's are economic agents of modern-day imperialism in developing countries. Thus, it is claimed by some that multinational corporations are essential "evils" for the development especially in the third world countries. The activities of these corporations can be said to be motivated by self-interest, as well as profit maximisation. In fact, some multinational organizations have a budget that are greater than some small sized nations GDPs. In order to amass their massive profits, some say that they use economic, socio-political and technological means to exploit natural and human resources of developing nations. Ultimately, these MNC's produce very nominal costs, and take advantage of their base countries' minimal resources. Additionally, the oligopolistic nature of multinational corporations leads to the exploitation of the

country's labour force, that developing countries generally have in abundance of this type of labour. Additionally, the establishment of these MNC's creates big threats for the existing industries, and it kills off the infant businesses in the host country. Numerous times, these MNC's ensure suffocate domestic competition through, with its large budgets for marketing, public relations, expertise and the use of expatriate management as against citizens [52].

Another negative effect from MNC's is tax evasion, the subject of tax evasion by multinational corporations continues to cause acrimonious examination, despite many guidelines produced by the Organisation for Economic Cooperation and Development (OECD). Multinational corporations' complaint that they pay their fair taxes very responsibly. For instance, the U.S. Chamber of Commerce in Bangkok alleged that MNCs paid 70% of Thailand's corporate taxes, indicating extensive tax evasion by the locals. But even this apparent simple claim was overshadowed by the sophisticated workings of the domestic tax codes. This debate on MNC's tax evasion will most likely remain as a veiled technical subject, leaving the public opinion unchanged in its negative assessment [53].

Environment pollution, this is another negative aspect of multinational organisations. Regarding, the environment, global massive business is the creator of pollution and has the resource available to clean up its pollutions. MNCs' record on pollution around the world, stakes in comparison with those of numerous local industries and state-owned enterprises. Critics claim that MNCs have in the past due to their sheer magnitude/scope and scale has caused substantial environmental damage and harm in developing nations. MNCs have functioned for a very long time and in numerous countries, there unquestionably have been many cases where these condemnations are accurate [54]. For instance, all over the world, mining business have caused unembellished

environmental pollution and degradation, this includes the discharge of toxic matters and substances into the river systems, and large volume waste disposal, also the inadequate disposal of dangerous and hazardous wastes materials, and the long-term impacts of poorly planned mining closures. Multinational oil and gas companies have long been the target of demonstration/protest and criticism for extensive pollution and violations of human rights especially in the developing nations, for example, Nigeria, Indonesia, and, increasingly, the Caspian region [55].

Multinational Organization Strategies

It is without question multinational organizations brings with it complexities, dynamism, issues, challenges and a myriad benefits to nations. The evidence provided in this paper has shown that, developing and implementing strategies for multinational organizations can be very complex as there are numerous factors to take into consideration. Global business involves a specialised set of strategies and strategic resolutions these are tied into many frameworks. These international strategy issues includes, (1) expanding geographic spread of the firm (often implied to as 'internationalization'), (2) structuring cross-national economic integration (occasionally referred to as 'global strategy' or 'globalization', however often time is done at a regional, not global, level), (3) adapting to local the environmental conditions (frequently referred to as 'responsiveness'), and (4) pursuing markets, resources, and strategic assets through strategic options such as international strategic alliances or multinational mergers and acquisitions. Whereas moving through the international strategy matters as they become relevant. While MNC's strategy maybe develop particular firm-specific resources more extensively, this limits the essential ability of the multinational organization to benefit from its geographic spread. Differentiating actions from location to

location though tying these various processes composed through corporate level developments can provide substantial cost benefits and can also create new capabilities that are based on amalgamations of skills and resources from numerous locations. Both superior and efficiency product offerings often are improved by integrating operations around the world [56]. Developing and executing strategies to meet these goals and objectives of the MNC's can have its challenges.

MNC's implementing a global strategy, the organization approaches and considers the world as a single market, the principal scope is the development of standardized goods and services, with optimism that it answers the needs of the global consumers. With this strategy the firm tries to accomplish economies of scale in production and marketing by focusing its production capacities in its most well-organized subsidiaries and after, by developing several global marketing campaigns to sell the products or services. Since global firms must synchronize, they world-wide marketing and production strategies, it centres the power and decision making and responsibilities in the central location. An example of this is in the 1980's, car manufacturer Ford wanted to develop a car for all the tastes, from United States to Hong-Kong. Ford started to manufacture the Ford Escort model, that was not very successful. This is the reason why, after a few years, Ford produced two versions of this model, the Mondeo for Europe and Tempo in USA, that differed one from the other in a comparison of 25%. These new versions, since the company were more fixated on the characteristics of both continents, have brought a great success to the organization [57].

As multinational organizations enter international markets, the firm soon learns that all the potential customers in that market do not have identical needs, desires and requirements. International expansion is regularly based, at least primarily on licenses or exports that

supply goods indistinguishable to those sold domestically to customers in foreign markets. In many instances, organizations find that foreign customers essentially prefer to a certain degree different products, and that adapting and adjusting their outputs to local tastes and preferences and liking provides substantial competitive advantage in local markets for the MNC. This is predominantly appropriate for products or services with high cultural content, such as personal-care products and food items the locals can identify with for products that are sensitive to the levels of economic growth, for instance automobiles or farm equipment, or services that contain high levels of personal interface or are regulated activities, such as accounting/finance or other professional services [58]. Studies illustrate that consumers certainly do not like averages. Even in products with technological characteristics such as automobiles, customers world-wide may not want to buy a 'world car' they may want a vehicle that matches the individuals' needs and fashions of their country. There is the possibility that at least some models will not be appealing and may not sell in large numbers in multiple markets, however the mix of models and demand for all would vary from market to market [59].

With the dynamism of global markets, MNC's are now required to implement and accept an adaption strategy for its products in host country markets. Researchers have recognized that firms must adapt to the environment to succeed, by making alterations to its products and services to meet the needs to the domestic consumer [60]. One scholar illustrated that "environmental conditions determine which systems survive and thrive those best adapted are most likely to prosper". Every firm exists in a specific technological, physical, social and cultural environment to which it must adapt to, the magnitude of organizations-environmental linkages is of strategic importance to multinational organizations [61]. MNC's recognising the

importance complexities, and interdependence between the firm and their environment. Studies has shown that no corporation can operate in isolation from the larger business environment, if this happens it can put the MNC at risk of missing the essential intel of the organization by concentrating on a single characteristic by the exclusion of the others. In the case of the multinational organizations, this is a greater challenge because MNC's must adapt at the same time to the different environments where they operate [62].

Globalization strategies positively influence multinational organization operations by developing market access, boosting productivity, improving financial performance, advancing innovation, and supporting sustainability. The significance of strategic market entry, and adaptability to domestic conditions in improving competitiveness and market share for MNC's are of critical importance [63]. Another one of multinationals main strategy for international expansion is that of franchising, Franchising is a notion whereby independent entities go on a joint cooperation together, as a part of which the franchisor transfers onto the franchisees, in exchange for certain contractual appropriate fees, the formula for a particular business arrangement activity and how the commercial agreement should be operated. The partnerships between those entities are grounded on contracts that would lead to the construction and formation of franchise network, establishing of entities that are autonomous legally, in regarding the ownership also financially, and at the same time standardised from the viewpoint of those purchasing offered products or services [64].

Franchise is an effective expansion strategy for corporations looking to increase its footprint internationally, this strategy "franchising" is one of the furthestmost strategic business development strategies for international business growth outside of the MNC home country, especially in the case of multinational organizations [65]. Studies has

shown that there are many advantages associated with this expansion strategy for both the franchisor and the franchisee. These include for the franchisor- growth of additional markets for its goods and services, gaining additional income, the opportunities of marketing and development at the remote location, increasing the control of markets, intense scaling of business without major direct investments, The extras income from royalty payments. In addition, there are numerous benefits also for the franchisee which involves, conservation by franchisees of their legal and economic independence, the utilization of the brand that has won the loyalty of customers world-wide and its good reputation, Saving time and resources for learning, formation of business, marketing, teaching, advertising, and vendor selection. In addition, it increases the competitive advantages, franchise business is deemed to be more reliable in contrast with new business start-ups and less unprotected to the risk of bankruptcy [66].

Discussion

Globalizations have brought about tremendous opportunities for multinational organizations for the expansion of their business across the world; it has also brought about many challenges. The complexities of multinationals that operate in many different parts of the world has brought with it complications, of developing and implementing strategies for many multinational organizations. Some of the main hindrances these MNC's faces are cultural differences, political instability risks, global legal and regulatory compliances, economic factors, supply chain complexity, resistance to change, lack of communication and language barriers, balancing standardization and localization, performance measurement and evaluation. These factors can play a major role in the success of the multinational achieving its goals and objectives.

In a progressively globalized economy, multinational corporations MNCs face a multifaceted set of challenges that necessitates sophisticated strategic management methods to navigate and mitigate all these established challenges. Multinational organizations operate across borders and diverse geographical, cultural, and regulatory business environments, making the development and execution of effective strategies critical for the MNC sustained success. Strategic management within multinational organizations encompasses factors like formulating, implementing, and evaluating cross-border strategies to attain a competitive advantage together with its organizational objectives. These multitude of encounters MNC's are faced with needs to be facilitated through high level strategic management.

The strategic management methods employed by multinational corporations are crucial for directing the complexities of functioning in a globalized business environment. Cultural intelligence, adaptive strategies together with robust risk management contexts must be essential components for effective strategic management in multinational organizations. As MNC's continue to formulate and execute their strategies further investigation is required into the environment for intelligence collection and to mitigate any type of risks the MNC could potentially encounter. The evidence indicates that MNC's need to look at regional variations and alternatives in strategic priorities underlining the importance of modifying global strategies to the domestic market conditions in the host country. This host nation adaptability not only improves a competitive advantage for the MNC but also ensures the configuration and the alignment of corporate goals with local operational actualities. In addition, the implementation of a comprehensive risk management structures could aid these multinational organizations mitigate potential interruptions and enhance their resilience [67].

Multinationals need to put strategies in place to enjoy these benefits both on the creation and execution stages.

Multinational corporations confront a myriad of different competition, circumstances and differing environmental and resource conditions in many countries which they operate. MNC's own a multitude of resource and encounter numerous environmental conditions in each country of operation. Evidently it can be seen that competitive advantage is often not enjoyed by the MNC world-wide, but in country-specific and, in some instance, region-specific. It is the undertaking of strategic management in multinational organizations to build up region-specific advantages by creating and executing regional strategies for the multinational corporation to achieve its goals and objectives [68].

The majority of the international business is based on the significance of the head office/subsidiary constructs for strategy, assuming that a mutual framework is in practice is a home nation head office and a host country subsidiary. Multinational organizations operate as global networks of head office and local affiliates, and it is this system that characterises an MNC with the parent company at the centre connecting numerous subsidiaries based in host nations. These are the factors that shape the formulation of strategies, and it also plays a strategic role in the execution of these strategies [69].

The development of and execution of MNC strategies are surely some of the most complex in business and management the world over, studies have shown that in the past the head office of the MNC had the ultimate decision where the strategies was formulated and executed in the subsidiary of the MNC. The early information on international business assumed that the head office in the home country has the leading decision-making power within these multination organisations and, subsequently, that strategic decisions was

always top down in nature [70]. Empirical evidence suggests that a dominance by economics-derived methods and the influence of the head office of the MNC, relative to that of its associates on group strategy that seeks to provide managerial insights outside of the head office [71]. This type of influence from the head office of the multinational to create mostly standardized strategies that in most instances has failed.

However, with the evolution of business and dynamism in the global environment this has changed in recent decades, the evidence from several research studies indicated that there is an increasing awareness of the involvements of the MNC subsidiaries as local actors in the domestic business [72]. This is a considerable development since it corresponds to a big shift in prominence towards considering the influence of practices on local strategies. This changes the concentration, possibly, has major capabilities to deepen the focus on the workings of the multinational organization subsidiaries, which in turn, could significantly increase the understandings of the localised views and options within the overall MNC, with this structure and culture is substantially important [73].

As seen from this research, globalization is probably one of the most complex issue multinationals has faced of the decades, this has forced these organizations to develop strategies, supporting strategies, and even back up strategies to meet the need to the ever-changing environment. This research paper has presented the evidence of the influence that how MNC's faces tremendous issues and challenges to develop their strategies and even additional issues when executing these strategies. From the research it can be argued that localization strategies (adaptive strategy) seem to be more successful for multinationals operating it different parts of the world has proven to be a success, although standardization strategies have worked out very well for some multinationals, this strategy must be

comprehensively evaluated before being implemented. As standardization strategies may work for certain products or services in parts of the global market.

Results

The advent of globalization has essentially reshaped the operations and strategic requirements of multinational corporations around the world. While these entities bring considerable benefits to the global economy, and the countries they set up in these MNC's also encounter substantial challenges in strategy formulation and execution. The complexity and dynamism of the international business environment demand continuous evolution of strategic thinking, organizational design and execution models. Ultimately, multinational organizations that can adapt, innovate and align their strategies with global and local contexts and frameworks are more likely to achieve sustainable competitive advantage, while contributing meaningfully to host and home countries similarly. The results indicate that MNC's are necessities for the global economy with a myriad advantages and several challenges, the MNC must work together with all stakeholders to create a sustainable and symbiotic relationship.

Conclusion

In conclusion, this paper has demonstrated a comprehensive illustration of multinational organizations and its operations for its strategy formulation and execution. The findings from this research study have illustrated that the complexity of MNC's are getting even more multifaceted and complicated especially in recent times with global tariffs and international wars taking place. The research also demonstrated the many benefits multinational organizations brings to a nation, and with it many drawbacks for the host country. MNC's will have continuous challenges in its operations in the face of the ever-changing

global environment especially in the development and execution of its strategies.

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Conflict of Interest

None of the authors have any conflicts of interest to disclose.

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