Corporate Governance of Multinational Companies
- A Case of Indian Company –

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Multi-National Companies (MNCs) are defined as privately owned company which has facilities for production of goods and service, and other assets in one or more than one country apart from its home country. Due to the presence on emerging market and huge consumer base, south Asia has been an attraction for almost all MNCs. India, Pakistan, Bangladesh, Srilanka and Nepal are all developing nation and is home to around 1.7 billion people. This fact makes this sub-continent a lucrative market for MNCs.

The major target of the research is to find out the impact of shareholding pattern and family controlled system of Indian multinational companies and the corporate governance of listed indian companies. And, it also aims to find out the effects on various investors` and business partners` profit due to the shareholding patterns & family controlled management system.

The research about the multinational companies and family business can be found to some extent in the many developed countries. Specially, such type of research has been performed in countries like Japan, Korea and Germany. But, the researches on the Indian family dominated multinational companies are very few in number. Although, there are numbers of researches on the Indian corporate from the view point of social and historical aspects, it is difficult to say about the research of Indian multinational companies from the view point of managerial aspect like corporate governance and so on. It is being known that the management practice of family business is better than others. According to Prof. Austoranchan of Tennessee Prefecture University (USA), family business covers 89% of whole American corporate and contributes more than 60% of GDP as well as employment of the country. Furthermore, Global Entrepreneurship Monitor (GEM) survey report has clearly indicated that 75% in average of total business is being covered by family business in the context of other countries too. And, about 35% of large sized corporate is covered by family business. So, it is clear that the family business doesn’t mean only the SMEs, but also the large sized corporate, which affects the national and international economy. Specially, in the context of developing countries, it can be said that the almost of the businesses are family business except government owned corporations.Indian family business can’t be generalized as simply the family business. And the corporate governance of Indian family business can’t be described so easily. Because, although the Indian family businesses are controlled by same family or race, the subsidiaries are being listed in various stock exchange companies. And various national and international investors are investing in their subsidiaries. Furthermore, the Indian family business differs from Korean family business from the view point of board structure as well as investment pattern of subsidiaries. Even though, there are so many differentiations and specialties of Indian family business, it is sad to say that、no research has been performed about the corporate governance system of Indian family business and their subsidiaries.

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