

**Send your answers to the teacher via his e-mail :**  
[abdelkader.nouibat@univ-msila.dz](mailto:abdelkader.nouibat@univ-msila.dz)

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**Homework (3): Read the text and answer the questions that follow:**

A multinational corporation (MNC) is usually a large corporation incorporated in one country which produces or sells goods or services in various countries. The two main characteristics of MNCs are their large size and the fact that their worldwide activities are centrally controlled by the parent companies. MNCs activities are:

- Importing and exporting goods and services
- Making significant investments in a foreign country
- Buying and selling licenses in foreign markets
- Engaging in contract manufacturing—permitting a local manufacturer in a foreign country to produce their products
- Opening manufacturing facilities or assembly operations in foreign countries

MNCs may gain from their global presence in a variety of ways. First of all, MNCs can benefit from the [economy of scale](#) by spreading R&D expenditures and advertising costs over their global sales, pooling global purchasing power over suppliers, and utilizing their technological and managerial know-how globally with minimal additional costs. Furthermore, MNCs can use their global presence to take advantage of underpriced labor services available in certain developing countries, and gain access to special R&D capabilities residing in advanced foreign countries.

**I. Reade the text and answer the following questions: (5 points)**

1. What are the two main characteristics of MNCs?
2. Mention two activities of MNCs.
3. Explain how can MNCs benefit for the economy of Scale?
4. What can MNCs do to make use of their global presence?

**II. Find the words in the text with the right following dictionary meanings and write them in the available space. (5 points)**

- (1) Bring (goods or services) into a country from abroad for sale: \_\_\_\_\_.
- (2) Send (goods or services) to another country for sale: \_\_\_\_\_.
- (3) The action or process of investing money for profit: \_\_\_\_\_.
- (4) The making of articles on a large scale using machinery; industrial production: \_\_\_\_\_.
- (5) A proportionate saving in costs gained by an increased level of production: \_\_\_\_\_.
- (6) Research and Development capabilities: \_\_\_\_\_.
- (7) The activity or profession of producing advertisements for commercial products or services: \_\_\_\_\_.

(8) The financial ability to buy products and services: \_\_\_\_\_.

(9) Cheap labor: \_\_\_\_\_.

(10) Practical knowledge or skill; expertise used to manage resources: \_\_\_\_\_.

**III. Translate the last paragraph into Arabic. (5 points)**