

UNIVERSITY OF LJUBLJANA

FACULTY OF ECONOMICS

**DIPLOMA THESIS**

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**DIPLOMA THESIS**

**THE ROLE OF MULTINATIONAL ENTERPRISES IN  
GLOBALIZATION**

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## **STATEMENT**

I, Anja Dežman, student of the Faculty of Economics, state that I am the author of this diploma paper, whose mentor was doc. dr. Črt Kostevc. I do permit this paper to be published on the faculty's web pages.

In Ljubljana, 14<sup>th</sup> of August, 2008

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## Introduction

Multinational Enterprises (MNEs) play an important role in the world today. Their influence is a result of the amount of capital invested around the world; consequently, their products or services become known world-wide. Multinational enterprises shape our lives as they weave worldwide webs of production, consumption, finance and culture. While some people see only the benefits that MNEs bring, others see the negative effects such as job destruction or culture homogenisation.

One such example is Santa Clause. The modern image of an old man dressed in a red suit, with a white beard; cherished by children and a symbol of kindness and Christmas for many, has actually been shaped by Coca-Cola's advertising. Cola Company is one of world's biggest corporations, present in more than 200 countries with its world renowned Coca-Cola soft drink. The drink has a strong brand image. Consumers do not only buy its products but have also image associations of the product. In 1920s people believed Coke was a drink for warm weather only but the producers wanted to change that notion and started the slogan "Thirst Knows No Season", connecting Santa Clause with the beverage thus creating the familiar American Santa Claus we know today (Appendix 3). The 33-year period, ranging from 1931 to 1964, when the ads illustrated by Haddon Sundblom were published was long enough to implant into our subconscious the image of Santa most people have today (The Coca-Cola Company, 2008).

The fact that already in the 1930s Coca-Cola had enough influence to change an icon such as Santa Clause, shows the great power of multinational companies and proves the statement that they are capable of changing the world.

Depending on your point of view, MNEs are either heroes or villains of the globalized world economy. Also, the general public and policy makers around the world are split in their opinion about MNEs and their impact on globalization. On one hand, we have pro-global activist, on the other the anti- global ones.

The reason for such mixed feelings lie in the fact that MNEs are relatively large, have competitive power in the market place and bargaining power in the policy-making arena, particularly in developing countries. They can affect national policies and regulations more effectively than national companies. They can move activities between their plants at low cost and their standardized products jeopardize the global product variety. On the other hand, they bring technology, skills and financial resources. They take advantage of the new economic opportunities and thus contribute to the creation of national wealth. They often offer better employment conditions and better product quality than national companies (Navaretti & Venables, 2004, pp. 1-2).

I have chosen this topic for my bachelor's thesis because of the evident development of globalization in the last decades. I wanted to investigate the impact of MNEs as I see them as an important player in the process of globalization. In my thesis I will try to examine the different aspects of MNEs' role in the process of globalization, I will present different points of view, facts and prognosis made by different economists, researchers and organizations.

My work, based on Slovenian and English monographs, international organization reports, articles, discussions and working papers, has an analytical and a theoretical segment. It will consist of three main parts the first chapter being an overview of the MNEs which will define relevant terms, include a list of world's largest firms and explain what makes a company a Global High Performer. This will be followed by a text on multinational alliances. Top M&A deals worldwide will be listed and the role, importance and relevance for the future of OECD Guidelines will be discussed.

The second chapter will be an overview of the process of globalization. I will start with defining globalization and continue with its consequences presenting different views on links between globalization, unemployment and inequality. The global-local dilemma will be discussed and finally the anti-global activist and their critics of globalization will be presented.

The third chapter will explore the MNEs role in globalization. It will focus on the most important issues related to issue starting with the analyses of the international trade and continuing with the FDI. Later on, the international transfer of knowledge and technology will be discussed as well as the impacts of employment in the development and the gap between the developed and the developing countries. Finally, I will introduce some challenges for the future and forecasts made by economists, enterprises and organizations.

I will conclude with a summary of the main ideas of the thesis.

## **1 Multinational Enterprises (MNEs)**

Today, some 50,000 multinational enterprises and their 450,000 affiliates employ over 200 million people throughout the world. Their impact is felt in virtually every facet of industry, trade, services and business activities (ILO, 2008). The activities of the MNEs contribute to the efficient use of capital, technology, human and natural resources. To understand their effects, it is important to know what determines a MNE.

## **1.1 Defining MNEs**

The world sees MNEs either as a welcome bearer of foreign wealth and knowledge or as a threat to the national wealth and identity. Policy makers and governments first want foreign direct investment (henceforth FDI) but then complain when companies go global, when they have to close their domestic activities to open up foreign ones or when foreign firms compete with the national ones (Navaretti & Venables, 2004, p. 2).

### **1.1.1 Defining Multinational Enterprise (MNE)**

According to Navaretti and Venables, (2004 p. 2) MNEs are firms that own a significant equity share (typically 50% or more) of another company operating in a foreign country. MNEs are modern corporations like IBM, General Motors, Nike etc.

The definition of the International Monetary Found (IMF) is quite different. It talks about the direct investment (as international investment) that reflects the objective of obtaining a lasting interest in an enterprise resident in one economy by a resident entity of another economy. This latitude of definition contributed to different interpretations of the minimum FDI around the world. At one given time it was considered 25% in Germany, 20% in Canada and UK and in the USA, France and Japan 10%. Today in most countries 10% ownership is assumed, with smaller equity holdings as portfolio management. It is a fine example of how the absence of a universally accepted definition made transnational comparisons difficult (Wallace, 2002, pp. 114-115).

Unfortunately MNEs cannot be measured by the number of people they employ and by the size of their sales. This data is not widely available and it is not standardized across countries. Therefore researchers often rely on data about the flows of Foreign Direct Investment (FDI). FDI is recorded in the balance-of payment statistics and available across time, industrial sectors and for many receiving and sending countries. Many researchers even consider the terms FDI and MNE to be interchangeable as the two refer to the same phenomena. Two aspects of the MNE activities are crucial:

- The first is the geographic dispersion of the MNEs activities - MNEs have operations in many countries.
- The other is the concentrated ownership or the internalization of these activities. A MNE can operate across borders in two ways:
  - by opening a subsidiary or
  - by subcontracting to local firms.

When analysing MNEs it is important to understand what a MNE entering a foreign market means. A foreign activity is not outsourced to a local firm but undertaken by a subsidiary of the MNE itself (Navaretti & Venables, 2004, p. 15).

As technology eliminates geographical borders world-class production and sustainable competitive advantage can no longer be achieved in isolation. Today, enterprises can move research, design and production to places where work is carried out best. One such protocol is the integrated global management and planning system defined in 2006 as the Globally Integrated Enterprise.

### **1.1.2 Defining Globally Integrated Enterprise (GIE)**

The Globally Integrated Enterprise is the 21<sup>st</sup> century's successor to the multinational enterprise. As the window of profitability is getting smaller for electronic companies the supply chain is as crucial as the quality of the product. Managers today are looking for worldwide production and distribution, effective manufacturing techniques, ways to improve visibility and speed the market response (IBM Executive brief, 2008).

According to Palmisano<sup>1</sup> (2006) "A new corporate entity based on collaborative innovation, integrated production, and outsourcing to specialists is emerging in response to globalization and new technology. Such "globally integrated enterprises" will end up reshaping geopolitics, trade, and education."

He also believes that MNEs, which are often seen as a primary agent of globalization, are taking on a new form, promising for both, business and society. Also businesses are changing in fundamental ways, structurally, operationally and culturally as a response to globalization and new technology. The new global corporation needs new approaches to education, trade and commerce.

## **1.2 World's largest firms**

As my bachelors's thesis is discussing the impact of Multinational Enterprises I consider it important to take a look at world's biggest MNEs.

On February 4<sup>th</sup>, 2008 Forbes magazine listed the world's largest companies. These rankings are based on the available data on sales (Table 1 on page 5-6 ), market value (Table 2 on page 6-7), profits (Appendix 4), and assets (Appendix 5). Forbes justifies its composite ranking by explaining that one metric alone can give a false impression about a corporate size. In total, the global 2000 companies account for 30 trillion USD in revenues and 72 million people around the world work for these companies (DeCarlo & Zajac, 2008).

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<sup>1</sup> Samuel J. Palmisano is chairman of the Board and chief executive officer of the IBM Corporation. In June 2006 he defined a new term- "The Globally Integrated Enterprise".

The list of the 100 largest world's companies is headed by MNE from three countries: the United States, United Kingdom and China. A significant factor is the increasing importance of emerging countries such as China (Oliver, 2008). While China, India and Brazil are rapidly adding companies to the list of global giants, the USA still heads it but with 61 fewer entries than the last year. "Money makes money" turns out to be true in the Global 2000, which is lead by the banking industry with 315 companies present. Banking also dominates assets (with 58 trillion USD) and profits (with 398 billion USD). To be a Global High Performer, a company, must stand out from its industry peers in growth, return to the investors and its future prospects, trade shares in the US or American depositary receipts and have a share price of at least 5 USD. One such exceptional company is the HSBC Holdings with the annual average revenue growth of 26% and 31% of annual average net income growth over the past 5 years. Other Global High Performers are McDonald's, Nestlé, Toyota Motor, Walt Disney etc (DeCarlo & Zajac, 2008).

It is important to note that the weak USD is the reason for a lower placing of US companies. On the other hand, the stronger EUR put European companies up on the list (Oliver, 2008).

*Table 1: Top 20 World's largest companies in terms of Sales*

Rank	Company	Country	Industry	Sales (\$bil)	Profits (\$bil)	Assets (\$bil)	Market Value (\$bil)
1	Wal-Mart Stores	United States	Retailing	<b>378.80</b>	12.73	163.38	198.60
2	ExxonMobil	United States	Oil & Gas Operations	<b>358.60</b>	40.61	242.08	465.51
3	Royal Dutch Shell	Netherlands	Oil & Gas Operations	<b>355.78</b>	31.33	266.22	221.09
4	BP	United Kingdom	Oil & Gas Operations	<b>281.03</b>	20.60	236.08	204.94
5	Chevron	United States	Oil & Gas Operations	<b>203.97</b>	18.69	148.79	179.97
6	Toyota Motor	Japan	Consumer Durables	<b>203.80</b>	13.99	276.38	175.08
7	Total	France	Oil & Gas Operations	<b>199.74</b>	19.24	165.75	181.80
8	ING Group	Netherlands	Insurance	<b>197.93</b>	12.65	1,932.15	75.78
9	General Motors	United States	Consumer Durables	<b>181.12</b>	-38.7	148.88	13.18
10	General Electric	United States	Conglomerates	<b>172.74</b>	22.21	795.34	330.93

11	Ford Motor	United States	Consumer Durables	<b>172.46</b>	-2.72	279.26	14.41
12	ConocoPhillips	United States	Oil & Gas Operations	<b>171.50</b>	11.89	177.76	129.15
13	Citigroup	United States	Banking	<b>159.23</b>	3.62	2,187.63	123.44
14	AXA Group	France	Insurance	<b>151.70</b>	7.75	1,064.67	70.33
15	Volkswagen Group	Germany	Consumer Durables	<b>149.00</b>	5.64	210.88	90.23
16	HSBC Holdings	United Kingdom	Banking	<b>146.50</b>	19.13	2,348.98	180.81
17	Daimler	Germany	Consumer Durables	<b>145.11</b>	5.82	199.77	85.16
18	Dexia	Belgium	Banking	<b>140.78</b>	3.47	889.98	28.04
19	Allianz	Germany	Insurance	<b>139.12</b>	10.90	1,547.48	80.30
20	Sinopec-China Petroleum	China	Oil & Gas Operations	<b>133.79</b>	6.90	77.44	186.38

Source: S. DeCarlo, B. Zajac, The World's Biggest Companies, 2008.

Table 2: Top 20 World's largest firms in terms of market value

Rank	Company	Country	Industry	Sales (\$bil)	Profits (\$bil)	Assets (\$bil)	Market Value (\$bil)
1	PetroChina	China	Oil & Gas Operations	88.24	18.21	111.70	<b>546.14</b>
2	ExxonMobil	United States	Oil & Gas Operations	358.60	40.61	242.08	<b>465.51</b>
3	General Electric	United States	Conglomerates	172.74	22.21	795.34	<b>330.93</b>
4	China Mobile	Hong Kong/China	Telecommunications Services	37.06	8.29	62.44	<b>308.59</b>
5	Gazprom	Russia	Oil & Gas Operations	81.76	23.30	201.72	<b>306.79</b>
6	ICBC	China	Banking	37.48	6.31	961.65	<b>289.57</b>
7	Microsoft	United States	Software & Services	57.90	16.96	67.34	<b>253.15</b>
8	Petrobras-Petróleo Brasil	Brazil	Oil & Gas Operations	87.52	11.04	129.98	<b>236.67</b>

9	Royal Dutch Shell	Netherlands	Oil & Gas Operations	355.78	31.33	266.22	<b>221.09</b>
10	Berkshire Hathaway	United States	Diversified Financials	118.25	13.21	273.16	<b>216.65</b>
11	AT&T	United States	Telecommunications Services	118.93	11.95	275.64	<b>210.22</b>
12	BP	United Kingdom	Oil & Gas Operations	281.03	20.60	236.08	<b>204.94</b>
13	Procter & Gamble	United States	Household & Personal Products	79.74	11.13	144.40	<b>203.67</b>
14	Wal-Mart Stores	United States	Retailing	378.80	12.73	163.38	<b>198.60</b>
15	BHP Billiton	Australia/ United Kingdom	Materials	39.50	13.42	53.36	<b>190.62</b>
16	Nestlé	Switzerland	Food Drink & Tobacco	94.76	9.38	99.06	<b>188.11</b>
17	Sinopec-China Petroleum	China	Oil & Gas Operations	133.79	6.90	77.44	<b>186.38</b>
18	Total	France	Oil & Gas Operations	199.74	19.24	165.75	<b>181.80</b>
19	HSBC Holdings	United Kingdom	Banking	146.50	19.13	2,348.98	<b>180.81</b>
20	Chevron	United States	Oil & Gas Operations	203.97	18.69	148.79	<b>179.97</b>

Source: S. DeCarlo, B. Zajac, The World's Biggest Companies, 2008.

### 1.3 Multinational alliances

The bigger the multinational company is, the greater its impact in the process of globalization. The reason behind Mergers and Acquisitions (M&A) is the creation of a shareholder value higher than the sum of the two companies. Also, the goal is to reinforce their power in business and in the world.

The underlying idea of the global concentration of capital is that only big players will survive in a competitive world. It is important to distinguish the terms *merger* and *acquisition*, and to understand that sometimes the management (of a company) feels it has no choice but acquire before being acquired.

### 1.3.1 Difference between Merger and Acquisition ( M&A)

The difference between M&A according to Investopedia (2008) is:

- An acquisition always involves the purchase of one company by another.
- A merger can be two companies combining into one entity or when one company buys another.

Synergy takes the form of a revenue enhancement and cost saving. Companies hope to achieve staff reduction, economies of scale, acquiring new technology, improved market reach and industry visibility.

Mergers can be of different types; a **horizontal** one is defined as the merging of two companies that are in direct competition, share the same product lines and markets,. When a client and a company or a supplier company merge, a **vertical merger** takes place. An example of this is the merging of a cone supplier with an ice cream producer. The third type is called a **market-extension merger** and occurs when two companies that sell the same products in different markets merge. Differently, a **product-extension merger** occurs when two companies selling different but related products on the same market merge. A completely different merger is **conglomeration**, where two companies that have no common business areas merge (Investopedia, 2008).

### 1.3.2 Cross-National Mergers and Acquisition

Cross-national M&A are argued to be a strategic tool for the growth of multinational corporations. However, cross-national M&A have a high failure rate which theorists explain as being due to cultural clashes. Lyckhult and Olsson (2006) have studied the relation between cultural distance and the extent to which the firms are culturally integrated. They stressed the human side of M&A and therefore the managers' perception of cultural clashes. The study involved a series of cross-national M&A involving Switzerland, France and Germany.

Their findings show that the managers' perception of cultural clashes differ depending to what extent the two firms are culturally integrated and depending on the cultural distance between the two firms. Cultural clashes are perceived depending on how they affect the managerial role and organizational behaviour. Clashes in implicit agreements spring from the behaviour deeply rooted in the national and corporate culture. On the other hand, explicit statements affect the managerial role and organizational behaviour, and lead to cultural clashes that lead to frustration, lack of motivation and inefficiency. The crucial finding is that the acquiring firm should not attempt to assimilate its target company in a cross-national M&A.

Table 3 (on page 9) shows the largest M&A deals worldwide since 2000. For an extensive view, Appendix 7 shows top M&A deals in Europe since 2000, Appendix 8 shows top 25 ICT M&A deals from 1990-2000, while top M&A in Asia-Pacific since 2000 are shown in Appendix 9. Finally, Appendix 6 shows top 10 M&A deals in 2008.

*Table 3: The largest M&A deals worldwide since 2000*

Rank	Year	Acquirer	Target	Transaction Value (Mil. USD)
1	2000	<i>Merger:</i> America Online Inc. (AOL)	Time Warner	164,747
2	2000	Glaxo Wellcome Plc.	SmithKline Beecham Plc.	75,961
3	2004	Royal Dutch Petroleum Co.	Shell Transport & Trading Co	74,559
4	2006	AT&T Inc.	BellSouth Corporation	72,671
5	2001	Comcast Corporation	AT&T Broadband & Internet Svcs	72,041
6	2004	Sanofi-Synthelabo SA	Aventis SA	60,243
7	2000	<i>Spin-off:</i> Nortel Networks Corporation		59,974
8	2002	Pfizer Inc.	Pharmacia Corporation	59,515
9	2004	<i>Merger:</i> JP Morgan Chase & Co.	Bank One Corporation	58,761
10	2006	<i>Pending:</i> E.on AG	Endesa SA	56,266

*Source: MANDA- Institute of Mergers, Acquisitions and Alliances, 2008.*

## 1.4 OECD Guidelines for Multinational Enterprises

The OECD Guidelines for Multinational Enterprises are one of the most important part of the OECD framework and OECD declaration on multinational investments and enterprises. Their aim is to ensure equal treatment of domestic and foreign enterprises in each member country, in order to avoid contradictory obligations for enterprises operating in their territories and to support cooperation with respect to promotion or restriction of investments.

The OECD Guidelines are recommendations issued by governments to multinational enterprises in or from adhering countries. Adopted in 1976 by the OECD Governments and revised in 2000, they represent standards for responsible business behaviour supplemental to the applicable law. The governments have the responsibility to promote the Guidelines and encourage their use through National Contact Points (NCPs). Relations between employers/ employees and environmental management are the two topics treated most often in the guidelines (OECD Official Site, 2008).

### **1.4.1 The role of OECD**

Organization for Economic Co-operation and Development (OECD) is an international organization with its headquarters in Paris, France. The 30 member countries are committed to democracy and market economy, with the mission to support economic growth, boost employment, raise living standards, maintain financial stability, assist other countries' economic development and contribute to growth in world trade (OECD Official Site, 2008).

OECD's greatest achievements, according to their official internet page (OECD Official Site, 2008) include improving transparency and ethics in the international business, simplifying tax issues in international transactions and helping emerging and transitional economies.

### **1.4.2 Enforcement of OECD Guidelines for Multinational Enterprises**

In the last three decades, the OECD Guidelines have proven to be a respected point of reference for a great majority of enterprises. The Guidelines have so far received a widespread endorsement among the group of the eight leading industrialized nations (G8), international business organizations, CSOs, the European Union, international governmental organizations etc (Van Buiren, 2008, p. 4).

However, the OECD Guidelines are sometimes criticised either for being too general or too detailed. Some argue they need to be made stronger while others argue they are already too legal as the adhering governments are obliged to publicise them.

According to the OECD Official Site (2008), the Guidelines cover business ethics on:

- Environment
- Human rights
- Information disclosure
- Combating bribery
- Consumer interests
- Science and technology
- Competition
- Taxation

All OECD adhering countries are obliged to set up a National Contact Point (NCP) whose function is to promote adherence to the Guidelines on the national level. Today, the network of NCPs in world capitals provides a potentially powerful mechanism for stakeholders. The presence of NCPs gives Trade Unions etc. an entry point for monitoring the adherence to the Guidelines and complaints when companies do not follow the Guidelines (Van Buiren, 2008, p. 4).

### **1.4.3 The guidelines' challenges for the future**

Although the Guidelines cover a range of issues relevant to corruption and bribery, they are not commonly used. According to Van Buiren (2008, p. 4) reasons for the relatively limited role of the Guidelines are:

- Companies' relatively limited awareness of their existence.
- Stakeholders do not have the knowledge and skills to place a complaint with an NCP.
- The generally poor performance of the NCPs in promoting them.
- The costly process of increasing the Guidelines use.

The bad performance of NCPs has in some cases led to reforms inside the organization and to the creation of international standards for their institutional arrangements, promotional activities and mediation performance.

### **1.4.4 Responsible Globalization**

Companies do not exist to promote human rights they are set up to make profit. Therefore the OECD Guidelines, as recommendations without sanctions, can hardly secure social human rights within the global economy.

The past thirty years have seen immense economic liberalisation whose effects are sometimes beneficial, sometimes tragic and often double-edged. Certain countries and regions, for example, have entered the economic growth but have also faced inequalities between social categories, countries and regions. The massive impact of human activity on the biosphere is putting the whole planet at risk and increasingly educated young people represent a remarkable potential for development. Many agree that new modes of governance and regulation must be implemented on a global scale. This concerns the monetary system, the management of energy and raw materials, capital markets, regulations of competition and the environmental impact. It is urgent to integrate social and environmental costs into economic decisions. Therefore, companies including their shareholders, employees, customers, partners etc. are a key element in the global system (Forum for a Responsible Globalization, 2008).

#### **1.4.4.1 Violations of human rights**

Ferenschild (2002, pp. 11-12) has pointed out an important issue - many large textile enterprises have lately been accused of human rights violations. Working for a Clean Clothes Company (CCC) she knows that large textile enterprises mostly do not produce themselves but have the production made by a chain of sub-contractors where violations happen (Nike, Puma, Karstadt...). Enterprises have reacted to accusation by referring to

their internal codes of conduct requiring minimal norms to be applied by the subcontractors.

According to Ferenschild (2002, p. 12) high rates of inflation and losses of real-wage, high rates of unemployment etc. are all due to the overall economic conditions violations. Because of the overall social and political conditions, workers do not always know their rights or are aware of the non-application of a TNC-code-of-conduct. Therefore, CCC demands minimal standards to be followed and independent external control on human rights at the production sites of their sub-contractors to be carried out. It forbids forced labour, enforced overtime, discrimination on the job, child labour and pushes for independent control of these minimal standards. Most enterprises follow the simple capitalistic logic to produce where costs are the lowest. The harder the competition the less importance is given to human rights and to the environment. Again and again we return to the problem of the OECD Guidelines to be only voluntary; their application tells us more about the government's` attitude than that of enterprises. Also, it confirms the obvious dominance of the economic interests.

Köpke (2002, p. 17) has pointed out that the guidelines could affect indirect investments, saying that OECD Guidelines should apply to all MNEs whose head offices is in an OECD- Country, even if they are operating in a OECD non-member country. However, the supplier companies mostly do not come from OECD states.

#### 1.4.4.2 Kodex-Watch as a linking structure mirroring the National Contact Points

As a matter of fact, the responsibility for interpreting questions rests on the shoulders of NCPs. Officially, the authority of interpretation is the OECD's Committee for International Investment and Multinational Enterprises (CIME) However as the questions such as the abolition of child labour are in practice, left to the interpretation of the NCPs Fiedler (2002, p. 22) suggests to establish a Kodex-Watch. This would:

- carefully check the reports of NCPs and of CIME,
- influence CIME for progressive interpretations,
- direct immediate experiences and observations at the sites of production into the proper channels (resources and know-how to a round table in OECD-Countries),
- help to draft complaints and force NCPs to take them up,
- consist of two parts:
  - Central contact office (should establish connections between South and North NGOs)
  - Round Table -Corporate Responsibility ( formed by NGOs for watching NCPs)

## **2 The process of Globalization**

Throughout history, adventurers, generals, merchants and financiers helped create a more global economy. Globalization on one hand creates new markets and wealth while on the other side causes suffering, disorder and unrest. Jet airplanes, cheap telephone, email, computer, instant capital flows are changing the world. MNEs manufacture products in many countries and sell them all over the world. We have free flow of ideas, money, technology, raw materials and products resulting in the uprooting of the old ways of life and threatening livelihoods and cultures (GPF, 2008a).

Fact is, globalization is changing the world but not all changes are good.

### **2.1 The meaning of Globalization**

Some see globalization as the homogenisation of world culture or as the spread of Western and American ideas. In the economic sense globalization is narrowly defined. It means the greater integration of national economies into the world economy. Globalization involves processes such as policy reforms, trade and capital account liberalization and technological change e.g. cheap and better telecommunications and information technology. In terms of outcomes, globalization involves lowering barriers for the international flow of goods, capital, labour, technology and ideas. This results in a greater integration of the local, regional and national economies into the global market (Kohl, 2003).

### **2.2 Consequences**

Falk (2008) argues that only a small minority of top earners has benefited from the global integration. Economists have begun to worry that after three decades of globalisation the pendulum has begun to swing back. They are not questioning whether the phase is over but whether it is possible to restore what has been damaged.

Results from a recent Washington Post survey in 2008 (as cited in Falk, 2008) 57% of the people polled in the G7 nations said that globalisation has moved too fast over the past few years, while 64% of people polled from 27 countries outside the G7 thought that the advantages and burdens of globalization were shared unfairly. And only in 10 out of 34 polled countries the majority considered globalisation a positive factor for the development the local economy. The survey clearly shows that more and more people are questioning globalization just as economists and international development agencies are. Moreover, the latest World Bank review data of purchasing-power parities (PPP) shows that global inequality and global poverty are vastly greater than previously assumed. The review shows income inequality measured with the Gini coefficient. It is a widely used statistical measure of income distribution with “0” corresponding to total equality and “100” corresponding to total inequality. The report showed that worldwide income inequality is

not 65 Gini points as assumed so far, but 70 points. This number also implies that according to the out-dated PPP calculations, 980 million must do with less than the purchasing power of one dollar per day (Falk, 2008).

### **2.2.1 Compatibility with Millennium Development Goals (MDGs)**

Scheve and Slaughter<sup>2</sup> called for a *New Deal* in Globalization. It would base on top-down re-distribution policies in order to allow the vast majority a share in the benefits of globalisation. Three years ago many multilateral institutions started focusing on the growing social inequality. These institutions were the World Bank, UN, Monetary Found, OECD and IMF. An important question is whether only inequality is growing or poverty is growing, too. If all incomes rise the poverty levels can in fact decrease in spite of the growing inequality, which would be compatible with the Millennium Development Goals (Falk, 2008).

The MDGs is a powerful concept leading us towards development, security and human rights for all. They address some of the most fundamental preconditions for the development issues of our times. The goals can be achieved with a global political support, strong partnerships and coordinated efforts. If some momentary trends persist, however, some of the goals will be very difficult to reach (UNDP, 2008).

The Millennium Development Goals are agreed by all the world's countries together with all the world's leading development institutions and have the target date of 2015. According to the United Nations (2008) the Millennium Development Goals are:

1. Eradicate extreme poverty and hunger
2. Achieve universal primary education
3. Promote gender equality and empower women
4. Reduce child mortality
5. Improve maternal health
6. Combat HIV/AIDS, malaria and other diseases
7. Ensure environmental sustainability
8. Develop a global partnership for development

### **2.2.2 Who is responsible for inequality?**

It is difficult to establish links between globalisation, unemployment and inequality. The IMF outlook concluded that technology and financial globalisation have boosted inequality, while international trade helped reducing it by making goods and services cheaper. Most researchers argue that free trade has only a minimal effect on inequality and unemployment. One such researcher is R.Z. Lawrence who claims that the rising inequality

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<sup>2</sup> Economic Advisers of US President George Bush from 2005-2007

is caused by the dramatic growth in profits and associated advantages for the top one percent of income earners in the USA. Therefore, Lawrence calls for a change in the taxation regimes and demands the lending state assistance to be given to those who need to adapt to the structural change. Nonetheless, a few researches argue that technological change expresses itself in new forms of trade and international trade is inconceivable without technical progress. Paul Krugmann is one of them. He is warning against the under-estimation of the trade-related downward pressure on wages and labour relations in the USA. The economic giant used to import oil and other raw materials from the Third World and manufactured goods from industrialized countries like Canada, Europe and Japan. Today, the US imports more manufactured goods from poor countries than the rich ones. Consequently, countries with very low wages register the greatest export boosts. According to Krugmann only the minority of highly-educated US employee has benefited from the growing trade with the Third-World economies while the majority has not. Helping people to adapt to globalization is only an aftercare character, without tackling the roots of unemployment and poverty. Nonetheless, labour law should be reformed and the social security systems improved together with the re-training and education being implemented. This is exactly why Scheve and Slaughter are demanding a top-down re-distribution. They suggest abolishing all income tax for workers who earn less than the average national income, and drastically increasing the taxation rate for the top earners. Lawrence Summers, a former World Bank chide, supported the idea stating that "the cake" should be shared more fairly (Falk, 2008).

### **2.3 Global-local dilemma**

The problem today is that many multinational corporations still do not function as a whole but as separate confederations, without standardized processes or integrated informational systems. Therefore it can take weeks, even months, to collect and analyze a company's regional and overall performance.

For decades, the prevailing wisdom for companies expanding overseas was to "think global, act local". This means that a MNE customized its product and services for the regional consumption in accordance with the local languages, currency, culture etc. Localization encouraged each country of operation to develop its own customized IT solution and operational procedures. Globalization affects all businesses today, regardless of their size or location. Small companies might not serve an international audience but can improve its supply-side economics by finding alternative sources. Corporate decision makers tend to see globalization primarily as a technological challenge but its largest impediment is cultural. A multinational must meet all in-country requirements set by foreign governments as well as honour the business traditions, etiquette and customs for a successful and long-term relationship. The aim is to establish shared services and global practices, therefore to create a global system which would be as broad as possible. In-country offices tend to defend their entire system as essential; that is why one person

should be put in charge of one global business process, such as customer relationship management or finances and human resources. The manager can take ownership of the design and implementation process worldwide and make the local judgement calls. It is important that the global system supports the company's full range of business activities to support market diversification. If local markets cannot access the information and forms they need, they will be forced to create a parallel systems. The good thing is that today the technology to support globalization exists as Internet enables a low cost global communication network. A technology group should evaluate the e-business solutions to identify the features and functions available and their cost. Internet is opening up an unexpensive access to the supply chain to anyone with a standard browser (Ame info, 2007).

To have a truly global solution, according to Ame info (2007), the e-business software solution should have the following features and tool sets:

1. Data consolidations that the enterprise uses the same consistent data model worldwide.
2. Automatic conversion of external documents into the receiver's language being vital as in nowadays business language barriers remains a problem.
3. Inter-operations among all systems
4. Global support, which ensures that operations around the world receive the technical support at a local level.
5. Unicode support. Unicode is a universal encoded character set that allows you to store information from any language in a central database. This way one single system enables access to complete global information.

With an established common infrastructure and software solution companies realize fast returns on investment (ROI), shorter production cycles, greater inventory optimization and decision making. Globalization can be compared with economy of scale. When companies adopt e-business strategies the world literally shrinks due to the universal communication platforms, accessible corporate resources becoming less and issue of geography than costs. The creation of virtual teams enables more projects to be carried out simultaneously and reduces the need for travel consultants. Driving the change to act local, yet think global is not easy but economies of scale and operational efficiencies built into a standardized global system make its benefits clear. When a company's local offices remain sensitive to cultural and compliance issues while its communications and management practices are consistent throughout the global organization, a company is bound to be successful and present all over the globe (Ame info, 2007).

## **2.4 Anti-Global activists**

Anti-Globalization is the umbrella term for different protest causes such as environmentalism, third world debt, democratic rights of citizens, animal rights, child

labour, anarchism, anti-capitalism, the impact of MNEs and the increasing number of cross-border social, cultural and technological links. Anti-Globalization participants criticize the unregulated power of the large multi-national corporations and accuse them of damaging the environment and cultural practices (for instance the Americanisation of cultures). There are claims of irresponsible behaviour from the part of the large MNEs, labour rights being damaged when exploiting workers from nations with cheap labour and unemployment rate being increased when moving their production to foreign countries with cheap labour. One of the key points of anti-globalization critics is income inequality between and within nations (BBC News, 2001).

To see the difference between Pro- and Anti-globalization organizations Anti Marketing (2008) listed the following organizations belonging to either one of them. Anti-Globalization Organizations are International Forum on Globalization (IFG), Peoples' Global Action Network, Corporate Watch, Friends of the Earth (WB), Public Citizen, HaroldSjursen.Org Globalization Forum and Research Abstracts and many more. On the contrary, Pro-Globalization Organizations are represented by the World Bank (WB), International Monetary Fund (IMF), World Trade Organization (WTO), World Economic Forum (WEF), North American Free Trade Agreement (NAFTA) and the Organization for Economic Co-Operation and Development (OECD).

Many International Social Forums exist; among them, there are the European Social Forum, the Asian Social Forum and the World Social Forum ((henceforth WSF). “The World Social Forum is an open meeting place where social movements, networks, NGOs and other civil society organizations opposed to neo-liberalism and a world dominated by capital or by any form of imperialism come together to pursue their thinking, to debate ideas democratically, for formulate proposals, share their experiences freely and network for effective action” (WSF, 2002).

### **3 The Role of Multinational Enterprises in Globalization**

The Role of MNEs in Globalization has many aspects. At first sight they may seem as a solution to poverty in the Third World but they turn to be also part of the problem. They are usually promoted as bringing rapid economic growth, jobs and general development. Yet, inequality between and within countries continues to grow, many people loose their jobs, the environmental damage is alarming and critics argue only a small minority of top earners benefit.

#### **3.1 International trade**

Since the end of World War II, international trade has pushed the world economic integration. Since recently, FDI has been challenging trade as the most important aspect of

globalization. Trade takes place mostly among developed countries which has not been changed by the appearance of the Asian exporting countries.

### **3.1.1 Intra-industry trade**

A large share of trade takes place within the same industry which is called intra-industry trade (IIT) and is mainly explained by imperfect competition in world markets. Although advantages such as technological differences can explain intra-industry trade, comparative advantages are not seen as the driving force behind IIT. High trade volumes seem to be related to high IIT shares which result partially from trade in intermediate goods. Imports of intermediate goods and raw materials are due to differences in the endowments with commodities among countries and make up for 50% of imports of the developed economies. They differ according to processing industries, manufacturing sectors and technology intensive industries. Inputs are very import dependent in processing industries and manufacturing sectors, where the share of imported inputs is also very high. The same goes for technology intensive industries where most of the inputs come from the same industry. The reasons for the import of intermediates are the different factor content, leadership of a company in a foreign country and the established networks, which can be the source of increasing trade. Small countries rely more on imported inputs than the large countries, which can easily support stage of production with many differentiated goods. Therefore, large countries as the United States, Japan and Germany have low shares of imported intermediate goods with Australia being an exception as it is geographically isolated and thus less open. Larger imports of intermediate goods could be the link between larger foreign production and larger international trade. For instance, when FDI stocks increases the share of production which takes place in foreign affiliates of MNE increases too (Kleinert, 2001).

### **3.1.2 MNEs' contribution to International Trade**

“MNEs hold an important position in international trade. Approximately a third of the world wide trade takes place within MNEs, about 80% involve at least one MNE at one side of the transaction” (Kleinert, 2001). The intense inter-trade relations are also explaining the growth of trade and that of the production abroad.

Capitalist economic theory says that a completely liberalized global market is the most efficient way to foster growth. This way each country specializes in producing the goods and services in which it has a comparative advantage. However, in practice cutting trade barriers does not necessarily lead to growth. The reasons lie in the fact that rich countries and large corporations dominate the global market creating unequal relations of power and information. This results in trade not being equally free. The US and EU, for instance, prevent poor countries to gain access by setting trade barriers such as tariffs, while poor

countries open up their own markets to the US and EU. Meanwhile, many NGOs have started to promote fair trade (GPF, 2008b).

As we know, MNEs contribute to the intensive international trade, FDI, transfer of knowledge etc. Since rich countries and large MNEs dominate the marketplace they create unequal relations of power and information. The question, whether high levels of international trade lead to peace, remains open.

Goldstone (2007) argues that statistical analyses of trade relationship show that trade leads to peace between countries. However, case studies find international trade played either no role in particular leaders decision or prompt them to escalate rather than become dependent on others. He points to patterns in trade:

1. Highly concentrated trade with a single partner correlates with conflict.
2. High levels of trade with the aggregate international market correlate with cooperation.
3. The nature of traded goods matters. Trade with substantial strategic commodities (e.g. oil, high-tech equipment) leads to conflict.

The emergence of truly global markets makes it less possible that a revisionist state will be unable to find alternative source of resources or outlet for its goods. There will always be someone with the capability to buy and sell. Goldstone (2007) believes as more sectors will go through structural transformation, the natural coalitional constituency for committed global activist policy will erode. Considerable leadership will be required. He therefore concludes that we see economic interdependence as a panacea but in the particular case it may prove no more than a placebo.

For instance, many countries simply do not have the basic infrastructure needed to take advantage of it. Trade has been a vital instrument for reducing poverty and raising levels of development in countries such as Korea, Malaysia, Singapore and China. But many other developing countries still have to gain benefits from a global trading system. One important reason for it, is that many developing countries lack the technical and institutional capacity. Africa, for example, has to put up with underdeveloped roads, ports, rails and telecommunication systems. However, governments around the world are establishing financial assistance partnerships dedicated to developing countries to establish trade conditions. Also, financial support from international organizations and bilateral donors is needed. Donors have already shown commitment to the cause by integrating trade into their poverty reduction strategies (Lamy & Kaberuka, 2007).

### **3.1.3 World Trade Organization**

Nowadays, several organizations investigate issues related to International trade. When considering trade, the most relevant organization turns out to be the World Trade

Organization (WTO) with its 152 member countries. It was founded in 1995 and it aims at lower tariffs and non-tariffs barriers in order to increase international trade.

None the less, WTO has critics which accuse the organization of its undemocratic actions that harm the poor and advantages the rich countries. Critics also refer to WTO aims as being doubtful. Another criticism comes from the environmental circles, saying that free trade is harmful to the environmental protection and preservation (Pollock, 2002).

Among the greatest challenges of multilateral trading system is the question of how to integrate the developing economies into the system in such a way that it contributes to their growth and development (World Trade Report 2007, 2007).

The other challenges according to the World Trade Report 2007 (2007) are:

- managing the relationship between multilateral trading system and regional/bilateral trade agreements,
- the content and shape of multilateral trading rules especially how to include new topics into the agenda,
- managing trade disputes among parties,
- the rise of trade in services has become even more important in recent years in the light of evolving business practices, including growing trends in production sharing and off-shoring. That is, the relocation of the business processes which can be either production off-shoring or services off-shoring. China is leading in the production off-shoring while India has become a leader in service off-shoring after the technical progress in telecommunications (Wikipedia, 2008),
- environmental issues and their relationship to trade. It is of greater importance in public mind and policy circles. Environmental concerns include pollution, waste, climate change etc. which we shall hear a lot more about in the future.

### **3.2 Foreign Direct Investment (FDI)**

In the 1950s, 60s and 70s exports grew much stronger than FDI; in the 1980s this changed. When an impressive rise of FDI occurred after 1985. In a period of 24 years, from 1973 to 1997, it increased by 780%, while exports increased for 240% and production for 60%. In the second half of the 80s, FDI stocks more than doubled and three quarter of them were invested in developed countries (Kleinert, 2001).

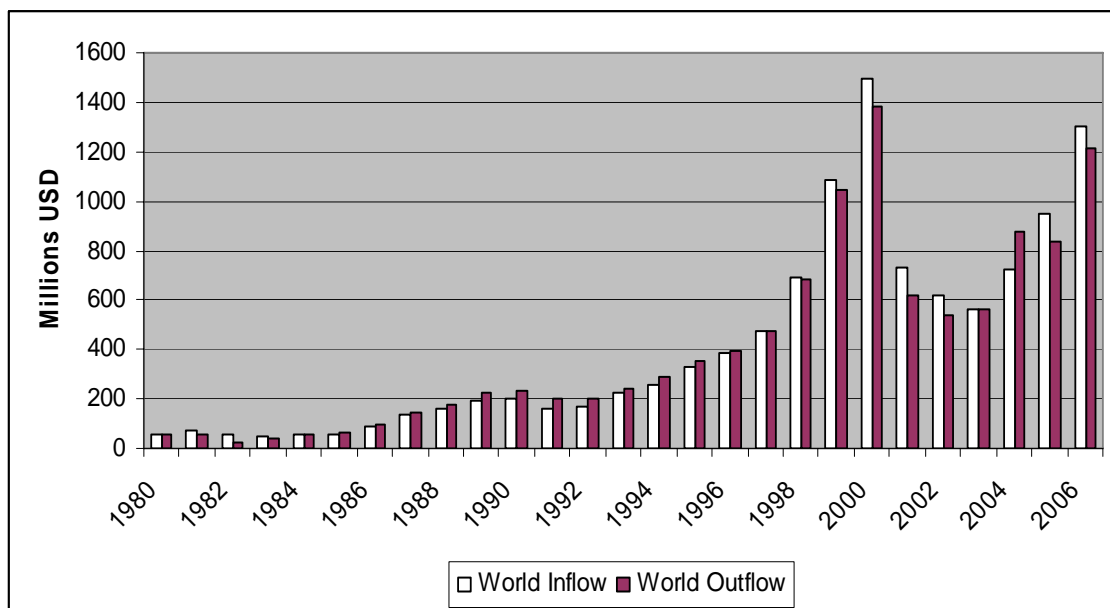
Figure 1 (on page 21) shows FDI inflows and outflows from 1980 to 2006. World- wide direct foreign investment peaked sharply in 1999. Between 1999 and 2003, it began to fall but since 2003 it has been increasing exponentially and the vast majority of foreign direct investment flows between rich countries. Appendix 10, 11 and 12 show FDI inflows and outflows between developing and developed countries.

At the end of 2000, stock market crash starting in the US and followed by the rest of the world. Moreover, on 11<sup>th</sup> of September 2001 attacks on the World Trade Center and the Pentagon in the United States of America occurred. According to Market Volume (2008), causes for the 2000 crash were:

- corporate corruption,
- overvalued stocks,
- day traders and momentum investors. (The advent of the Internet enabled online trading – a new quick and inexpensive way to trade the markets. This revolution led to millions of new investors and traders entering the markets with little or no experience),
- conflict of interest between research firm analysts and investment bankers. It was common practice for the research arms of investment banks to issue favourable ratings on stocks for which their client companies sought to raise capital. In some cases, companies received highly favourable ratings, even though they were actually in serious financial trouble.

The World Investment Report 2007 found that the growth of FDI in 2006 was the largest since 2000 and occurred in all three groups of economies: developed countries, developing countries and the transition economies. The rise in global FDI flows and in international production reflected strong economic performance in many parts of the world. It was partly driven by increasing corporate profits worldwide, resulting in higher stock prices that raised the value of cross-border mergers and acquisitions (UNCTAD, 2007).

*Figure 1: World Inflows and Outflows from 1970-2006*



Source: Hale, T. & Madan J., *Foreign Direct Investment, Inflows and Outflows in the Developing and the Developed World*, 2008.

Table 4 (on page 22) shows five most attractive locations for FDI in 2004/05 by region. Africa's top 1 destination was South Africa, China dominated the Asian and Pacific region, Brazil held the position of top destination in Latin, Central America and the Caribbean while the most attractive location in Central and Eastern Europe was Poland. Within developed Economies the US was the most attractive.

*Table 4: The five most attractive locations for FDI in 2004-2005, by region*

Region/ Countries	AFRICA	ASIA AND THE PACIFIC	LATIN AMERICA AND THE CARIBBEAN	CENTRAL AND EASTERN EUROPE	DEVELOPED ECONOMIES
TOP 1	South Africa	China	Brazil	Poland	USA
TOP 2	Egypt	India	Mexico	Russia	UK
TOP 3	Morocco- Nigeria	Thailand	Argentina	Hungary, Czech Republic	Canada
TOP 4	-	Vietnam, Korea	Chile	-	Germany
TOP 5	Algeria	-	Venezuela	Romania	Japan

*Source: UNCTAD, Prospects for FDI Flows and TNC Strategies, 2004.*

The United States' (US) FDI inflows experienced the most impressive increase from the early 1970s to the late 1980s causing the US to become the largest host country until the 1990s due to the emergence of China as a large recipient of FDI. In the 60s and 70s it was the opposite as U.S. companies dominated FDI outflows by investing heavily in other developed countries. The US and UK had a high share of reinvested earnings in FDI outflows in the 1980s. This was due to the longer history of internationalization of the companies' production in these countries as compared to Japan, Germany and France. Germany's drop in the reinvested earnings ratio can be explained by the strong increase of outflows which could not have been financed by reinvested earnings alone. Kleinert (2001) discovered the cyclical behaviour of FDI flows which occurs in sectoral and temporal clusters. Investments from different countries occur at different times and investors only seem to react to activities of their national competitors. Waves result from changes in the competitive conditions induced by FDI of a national competitor. Another finding is the large share of intra-industry FDI which shows that FDI often takes place in technology-intensive industries (Kleinert, 2001).

### **3.3 International Transfer of knowledge and technology**

When talking about the international transfer of knowledge and technology as a result of MNEs in globalization, we measure the payments for royalties and licensing fees. In the

1990s technology payments exceeded FDI outflow growth with a growth rate of 9.9% to 11%. The parallel increase could be a hint to the dominant role of MNEs in the international transfer of knowledge and technology. According to UNCTAD data, 98% of international transfer of knowledge and technology takes place within developed countries and therefore almost without the developing countries. A high share of technology flows are intra-firm flows but biased downwards because cross-border royalties and license fees include payments for copyright of software, books etc. which can not be internalized within a firm. Another reason for the falling shares is the importance of technology payments in the business-consumer relationship. The reason for the rise of international technology flows is the speed at which new know-how and technology spread over borders mostly between developed countries. Increasing international flows are protected by a rising number of patents given by foreign countries' authorities. Globalization includes increasing international flows of knowledge and technology but not the internationalization of knowledge production on a large scale, meaning that the knowledge production remains a task predominantly performed in the home country. It means that even large companies in most cases perform most of their R&D at home and that international production depends on the headquarter service research and development. On the other hand, foreign R&D activities often focus on the production processes and goods on the conditions in the foreign market (Kleinert, 2001).

### **3.4 MNEs impact on employment**

Re-allocation decisions of MNEs affect employment. MNEs operate in a range of diverse markets and can relocate their factors of production across these markets mostly to minimize the total costs of production. I will be discussed in the following parts whether this can be beneficial for both, developed and developing countries.

#### **3.4.1 In developing countries**

Globalization can offer many employment benefits to developing countries as their markets become more accessible with a promise of greater exportation, faster transfer of technology and greater investment resources.

“It is not just foreign firms that benefit, local enterprises can respond with intense competition and new market opportunities by raising their productivity and collaboration with, learning from and supplying to MNEs” (Lall, 2002, p. 16).

In general, globalization boosts activity and supplies the missing elements to make local factors or enterprises competitive by integrating countries into a more efficient system where mobile resources exploit the specific advantages of each location. Another fact in favour of the globalization impact on employment in developing countries is the clear evidence of rapid and sustained output, export and employment growth. It may perhaps

seem that opening economies up to global markets is the only way to promote employment and growth today. Neo-liberalism supports this idea by sustaining that the more rapidly governments withdraw from intervening in markets the more economies benefit as markets are always efficient and today globalized markets hold great potential. However, this philosophy is unwarranted. The predictions ignore the realities of competitive advantage. Rapid openness to market forces may in fact reduce employment and freeze comparative advantages in stagnant or low-return activities. Also, shifts to labour-intensive activities may not rise the net employment if destroying local enterprises without stimulating the growth of the new ones. The initial stimulus may not be sustainable in an intensely competitive setting unless new capabilities are build. The missing link is national capabilities which should not be generalised as it effects depend on each particular country. FDI continues to rise and in a world of mobile resources companies focus on a few locations with competitive complementary resources. “Countries that plug into globalization efficiently need to intervene extensively to build international links and leverage them successfully” (Lall, 2002, pp. 16-17).

### **3.4.2 In developed countries**

FDI also affects the investing economy. The issue of benefits from FDI is controversial, countries may benefit from being the home of large MNEs or loose as firms transfer part of their activities abroad.

When a company moves its facilities abroad shareholders typically gain as the investment is made to raise profits. Still, economists argue that employment effects are negative as activities are transferred to other countries. The full impact on the home country employment however, depends on the benefits that the firm receives from investment. In cases where the relocation lowers the firm's costs it may lead to an expansion of its overall production (or prevent a fall in its production). This causes the home country's employment levels to be higher than they otherwise would have been. The firm may also benefit from technology transfer (for example setting up R&D facilities in Silicon Valley) and from improved access to foreign markets. Whenever we evaluate the effects on employment to see whether more jobs were created or destructed, we have to compare our estimates to what would have happened in the absence of the investment. Findings from a panel of firms from 11 European countries show that the employees of MNEs are less likely to lose their jobs than workers in national firms. However, MNEs regulate employment more rapidly than national firms thus making MNEs more adaptable to shocks of demand for labour cause than national firms are. This means that for any given shock fewer people lose their jobs in MNEs than in national firms (Navaretti & Venables, 2004, pp. 18-45).

### **3.5 Social Consequences as a result of MNEs impact in globalization**

For the first time in decades, most of the developing countries have seen their Gross Domestic Product (GDP) grow faster in the last five years than that of the developed countries (EU, Canada, Japan, Australia etc.) The average growth of GDP was 3% in developed countries while it rose on average 7% in the developing countries. The Trade and Development Report of United Nations Conference on Trade and Development (UNCTAD) stated that the gap between developing and developed countries has moderately reduced. In 2007, the real GDP per capita of developed countries was still 18 times higher than that of the developing one (Trade and Development Report 2007, 2007, p. 4).

The most alarming fact is the rising inequality around the world. The US situation is very well documented; the GDP growth in the last ten years has almost exclusively been distributed among top 10 percent earners while on the other hand low skilled workers earn 30 percent less than in the 1970s. The EU effect is less outspoken, because high taxes, strong trade unions and labour laws have softened the consequences of globalization. A detailed study in Belgium has showed that 62% of stocks are owned by the top 10 percent earners which show that inequality is also rising. The same phenomena has happened in developing countries, where the differences between countryside and cities play a major role too. The World Bank has never seen a country where the inequality rose faster than in China. The difference in China between the top 20 percent and the bottom 20% grew by 40% in the last three years. The same thing has happened in India and Latin America. Some people win in globalization, others do not; some may even loose. For instance, an Indian farmer loosing his land for industrial development without adequate compensation is a loser in globalization rollercoaster. Another very important factor contributing to inequality is that CEOs see their salaries rise strongly while the mass of workers have to restrain theirs. In Germany, the top 10% earners saw their income rise 31% between 1992 and 2006, while the bottom 10% experienced a 13% decline. In most countries the labour share (part of national income going to labour) is diminishing year after year. The capital share (part of national income going to capital), on the other hand, is rising. IMF studies have identified a link between the level of trade, immigration and labour share. The negotiation position of workers or trade unions is weakened because of international competition. It is important to remember that internal inequality is much more visible than international inequality. In reality this means that people are more sensitive to their neighbour driving off in a good car than to someone doing the same but 10,000 miles away. The result is that nowadays poor people resort to violence as in China where people have shown their dissatisfaction through countless manifestations and social conflicts. The government consequently sent more money to the countryside and in the cities the minimum wage went up, legal situation for migrant workers has been reinforced and new labour laws have been established to strengthen the position of workers. Whether this will be enough is yet uncertain. In Latin America most countries have elected left or centre-left

governments who made a better redistribution of income one of their main objectives. In the US, any Democrat who will be elected will at least try to redistribute wealth by abolishing George W. Bush's tax cuts, in favour of the rich. Striving towards universal healthcare will be another way to soften the effects of income inequality. Redistribution of wealth is stronger in Europe than in other parts of the world. Lately, the governments have been reinforcing income inequality by cutting corporate taxes and highest tariffs of income. In countries like Germany and the Netherlands, this has led to a rise of left-wing parties of the social democrats (Vandaele, 2008).

Brod C. and Romalis J. (2008) introduced new results about inequality in the US as well as influences of international trade between US and China. Their new approach is based on detailed American household data in the period from 1994-2005. They re-examined the official measure of inequality. The conventional price index is calculated assuming the rich and poor consume a common basket of goods. Consequently, the real purchase power of the poor is underestimated while the real purchase power of the rich is overestimated. The authors discovered that the inflation for poor households is 6 percentage points lower than the inflation for the rich. They see reasons for that in three factors:

1. The poor consume more non-durable goods whose prices have fallen the most comparing to services or durable goods.
2. The prices of non-durable goods consumed by the poor have fallen relative to the non-durable goods consumed by the rich. In other words, the poor have adapted by purchasing cheaper and less quality goods.
3. A higher share of new goods in the market has been consumed by the poor.

Their findings point that US imports from China play an important role in explaining the lower inflation of the poor. Chinese exports are mostly low quality non-durable products that are mainly purchased by the poor Americans. Therefore, the poor mostly benefited from the introduction of new products and about 1/3 of the relative price fall faced by the poor is associated with Chinese goods.

However, opinion polls in the US, France and Germany show that the majority of people prefer protection of their own enterprises rather than more free trade even if this decision stifled the growth. "One thing is clear: in many countries governments have been forced, or are under pressure, to redistribute the nation's wealth in a fairer way; this is like swearing in the neo-liberal church. But it is not only for moral reasons that governments make that choice; they realise that support for globalisation will wane if the opportunities it offers are not shared in a more equitable way" (Vandaele, 2008).

### 3.6 The future

Firstly, we will face population growth. According to estimates, the population will rise for 1.5 billion by 2030, mostly in developing countries. The world economy is expected to double and the developing economies to triple thus making room for optimism. However, the span between developed and developing countries is not so optimistic. Developing countries are, in terms of GDP p.c., expected to reach less than 1/5 of the developed countries. Trade integration is expected to continue with developing countries taking more advantage of it. Likewise, technology diffusion is expected to continue along with higher productivity, information sharing and diffusion of knowledge. The continuing problems will be the developed – developing opposition, also within developing countries. It is hard to say whether large corporations will cooperate in terms of environment and, of course, energy and fossil fuels that are directly related to environmental issues, becoming ad hoc alliances. The development of the issue will play an important role in the future. More certainty, China and India are on their way to become great powers in the process of globalization, Russia is recovering its status using revenues from the energy. The West will have to accommodate to this happenings. The hunt for energy sources may lead to more than just conflicts. Under the influence of globalization and free markets, authoritarian rule and nationalism might go away and the world economy will be shaped by technology. It is important to see that technology per se is neutral and can be put to various uses (Vujačić & Petrovič, 2007, pp. 414-415).

#### 3.6.1 Forecast of future developments

Joseph Stiglitz<sup>3</sup>, who has written many books with a far greater reach than most economists could dream of, believes in the positive power of globalization but only if it is done differently. He is known for his critical view on globalization and is campaigning for a new type of globalization, the one with a more equal and fair society and less pressure from the US influenced global development institutions to impose one-size-fits-all free market pro-privatisation model. Stiglitz argues that India and China have resisted the US pressure to move towards instant privatisation of state functions and refused to open their doors to multinationals without qualification. This way they have created much stronger societies and managed to take advantage of globalization instead of being taken advantage of. Stiglitz is not an anti-globalization campaigner but he believes it can be done better and to the benefit of many, not only few. He believes the gap between the richest and the poorest can be narrowed with a strong state at the core, this way globalization would work, in his view. In a global economy, the poorest should benefit from opening trade doors and jobs to international competition but in reality they suffer the most insecurity. Stiglitz sees it as essential in creating a more secure society with established safety nets of various kinds, medical care and educational. He applies these principles to the US as well as

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<sup>3</sup> Joseph Stiglitz is an American economist, Nobel Prize winner, former Clinton adviser, chief economist at the World Bank.

including a centralized national health system. He believes that high levels of inequality in the US have started to change the people's views about the role of the state as under president G.W. Bush inequality has grown. Those that have gained could compensate the losers but the problem is that has not happened yet.. As inequality leads to social unrest he argues that people at the bottom could be helped by improving education and having a more progressive taxation. Stiglitz believes a fairer world should be built on three pillars: government, individuals, and community. Free trade will not bring equal benefits while everyone has different skills, but sometimes the obvious needs to be stated and restated, until the time is right for them to be heard (Jolley, 2008).

From my point of view Stiglitz's observations are important although they are focused mainly on the US, a superpower who often makes guidelines for the rest of the world, thus the improving effects of globalization in the US could consequently better the situation all over the world.

### **3.6.2 Hollywood's take on the future of Globalization**

All over the world people are warning against the effects of globalization and the growing role of the multinational corporations. Walt Disney's Pixar Animation Studios wanted to point out its increasing importance.

They have recently promoted a computer-animated science fiction film - WALL-E. The story is put in the 22<sup>nd</sup> century where a mega-corporation By and large is in possession of every economics service on Earth. Humans have polluted the planet to the point that it is uninhabitable and can no longer support life. By n Large sponsors a five-year exodus to outer space and in the meantime thousands of robots known as WALL-E (Waste Allocation Load Lifter- Earth Class) are left behind on the planet to clean it up. In the Pixar film, robots failed in their task (Murray, 2008).

There are a number of important messages contained in WALL-E. It can be understood as a lesson in protecting our environment and a cautionary tale about our reliance on technology to do everyday tasks for us. By n Large as a fictional MNE serves is also a warning on the potentially negative global impact and influence of multinationals (Murray, 2008).

## **Conclusion**

Globalization converts separate national economies into an integrated world economy. This integration includes widening and deepening. Widening means adding new countries, like developing countries while deepening refers mostly to developed countries with intensive International trade, Foreign Direct Investment and International technology flows.

Over the last two decades, the integration of countries into the world has rapidly increased. This has led to intense debate over their effects on national and global poverty, inequality and social consequences. MNEs are enterprises controlling assets of other entities in economies other than their home country. Generally, this means controlling at least a 10% share of such an asset. MNEs command enormous financial resources, possess technical resources and have an extensive global reach.

There is no general opinion about MNEs and their impact in globalization. Market liberalization, lowering barriers and greater flow of goods, capital, labour and technology are some of its positive impacts. The negative side of it is that only a rich minority benefits, inequality is rising and cultures are homogenising. Culture is also one of the biggest obstacles for many MNEs, especially in cross-national M&As.

However, there is no doubt today, that MNEs play an important role in the internationalizing of the economic activity. At least 80% of all international trade involves at least one MNE, one third takes place within MNEs and intra-industry between developed countries involving trade in intermediate goods is important. FDI has grown rapidly in the last decade and has occurred in waves with different cycles for different countries. MNEs are the most important vehicle of international knowledge transfer. Intra-firm transfers of technology account for a very large share of technology flows. Knowledge is produced at headquarters and exported to foreign affiliates of a MNE.

According to anti-globalists, the main negative consequence of MNEs impact in globalization is income inequality, between and within countries. The Trade and Development Report of UNCTAD has said that the gap between developing and developed countries had moderately reduced. However, in 2007 the real GDP per capita of developed countries was still 18 times higher than that of the developing ones.

Another important issue is the impact on employment. Both, developing and developed countries can either benefit or lose from globalization. MNEs moving production abroad create jobs in developing countries but the net employment may not rise if the same MNEs destroy local enterprises. However, the full impact on the home country employment depends on the benefits that the firm receives from investment. A lucrative investment may lead to expansion of overall production or prevent its fall.

Lately, many MNEs have been accused of human rights violations. The crucial problem is MNEs capitalistic logic to make profit in the first place and not to promote human rights. The OECD Guidelines for MNEs should prevent this but serving as recommendations without any sanctions, they can hardly secure social human rights within the economy. Thus many researchers demand minimal standards and independent external control.

Finally, a greater importance is given to environmental issues in relationship to trade. It is hard to say whether large corporations will cooperate in terms of environment, but it will play an important role in the future. For solving future issues it is important to see that MNEs are a fundamental and efficient component of a globalized world, not an enemy within. This perspective with efficient leadership can solve future challenges sharing benefits more equally to developing, developed countries and contributing to peace in the world economy.

To conclude, I agree with Stiglitz saying that a fair world should be built on three pillars: government, individuals and community.

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## **Appendices**

### **APPENDIX 1: Povzetek v slovenščini**

#### **UVOD**

Multinacionalke imajo dandanes v procesu globalizacije velik pomen. Oblikujejo nam življenje, s tem ko krojijo svetovno proizvodnjo, potrošnjo, denarno gospodarstvo in kulturo. Mnenja o njih so različna. Javnost, politiki in strokovnjaki si niso edini, ali je vpliv multinacionalk dobrodojen ali slab in kaj pričakovati v prihodnosti.

Kako močan vpliv imajo multinacionalke, ponazarja izvor podobe božička, kot ga poznamo danes. Po svetu razširjenega božička v rdeči obleki z belo brado je ustvarila Coca-Cola z oglaševanjem v obdobju od leta 1931 do 1964. Haddon Sunblom je ilustriral božička za oglase, da bi ljudje coca-colo pili tudi v hladnem letnem času. Coca-Coli je uspelo vplivati na svet že v 30. letih 20. stoletja, kar kaže na to, da imajo multinacionalke danes v času globalizacije lahko še večjo moč.

Razlogi za različna mnenja o vplivu multinacionalk so naslednji. Dobrodošle značilnosti so širjenje nove tehnologije, strokovnega znanja in finančnih sredstev po svetu, predvsem v nerazvite dele sveta. Posledično omogočajo nova delovna mesta in kakovostnejše proizvode in storitve kot domači proizvajalci. Po drugi strani pa jim je omogočena selitev delovanja po svetu (npr. proizvodnje v predele s poceni delovno silo). Posledice tega so odpuščanje delavcev in standardizirani proizvodi, ki ogrožajo raznolikost svetovnih izdelkov. Njihova relativna velikost jim v državah v razvoju daje veliko pogajalsko moč pri prodajni politiki in lahko vplivajo na državne ureditve sebi v prid.

Temo diplomske naloge sem si izbrala zaradi očitnega napredka globalizacije v zadnjem času in zanimalo me je, kako k temu prispevajo multinacionalke. Želela sem proučiti vloge multinacionalk v procesu globalizacije in jo prikazati z vidika ekonomistov, raziskovalcev, analitikov in različnih svetovnih organizacij.

Diplomska naloga je sestavljena iz treh delov. Prvo poglavje bo predstavilo multinacionalke. Naštete bodo pomembne definicije in seznam trenutno največjih multinacionalk na svetu. Predstavljena bodo svetovna zavezništva med multinacionalkami in nekaj največjih pripojitev multinacionalk. Na koncu poglavja bo proučen vpliv in pomembnost smernic OECD za multinacionalke.

V drugem poglavju bo predstavljena globalizacija, začenši z njeno definicijo in posledicami. V nadaljevanju bo proučeno razmerje med globalizacijo, brezposelnostjo in dohodkovno neenakostjo. Na koncu drugega poglavja bodo predstavljeni globalno-lokalna dilema in kritiki globalizacije.

V tretjem, ključnem poglavju bo analiziran pomen multinacionalk v procesu globalizacije. Poudarek bo na analiziranju mednarodne trgovine, tujih investicij, mednarodnega prenosa znanja in tehnologije, vpliva na zaposlovanje in družbenih posledic v smislu povečevanja razlik med bogatimi in revnimi. Na koncu bodo predstavljeni še izzivi in nevarnosti za prihodnost ter napovedi različnih ekonomistov, podjetij in organizacij.

## **1 MULTINACIONALKE**

Danes okoli 50.000 multinacionalk s svojimi 450.000 podružnicami zaposluje okoli 200 milijonov ljudi po svetu. Njihov vpliv se čuti po vsej svetovni industriji, trgovini, storitvah in poslovnih aktivnostih (ILO, 2008).

### **1.1 Definicija multinacionalke**

Zaradi nestandardiziranih in nedostopnih podatkov multinacionalk ne moremo meriti s številom zaposlenih ali prometom, ki ga ustvarijo. Potemtakem raziskovalci vzamejo za merilo podatke tujih investicij, ki so na voljo v bilancah za vsa podjetja ne glede na čas ali državo (Navaretti & Venables, 2004, str. 15).

Danes po definiciji Mednarodnega denarnega sklada (IMF) za merilo tujih investicij velja vsaj 10-odstotni trajni delež podjetja v enem gospodarstvu v tuji podružnici v drugem gospodarstvu (Wallace, 2002, str. 114–115).

Za razumevanje delovanja multinacionalk sta pomembna dva vidika. Prvi se navezuje na geografsko razpršitev dejavnosti multinacionalke v različne države. Drugi vidik pa je lastništvo delovanja multinacionalke v različnih državah. Multinacionalka lahko deluje pogodbeno z lokalnimi podjetji ali pa odpre svojo podružnico. Za multinacionalko se ne šteje podjetje, ki zgolj najame drugo podjetje za posle v tujini, pač pa mora te posle opraviti podružnica multinacionalke (Navaretti & Venables, 2004, str. 15).

Podjetja lahko dandanes premaknejo oblikovanje, razvoj in proizvodnjo, kamor želijo. Takšen način integriranega, globalnega upravljanja in planiranja je bil leta 2006 definiran kot globalno integrirano podjetje.

### **1.2 Globalno integrirano podjetje**

Globalno integrirano podjetje velja za naslednika multinacionalke kot odziv na globalizacijo in novo tehnologijo. Globalno integrirano podjetje temelji na inovacijah, integrirani proizvodnji in zunanjem najemanju specialistov za opravljanje poslov. Taka organiziranost izboljša razpoznavnost podjetja, tržno odzivnost, način proizvodnje in prodajo.

### 1.3 Največja svetovna podjetja

Na svetu je približno 50.000 multinacionalk in glede na to, da moja diploma proučuje njihov vpliv v globalizaciji, je pomembno vedeti, katera so pravzaprav največja podjetja na svetu.

Forbes magazine je 4. februarja 2008 izdal lestvico največjih podjetij glede na prodajo, tržno vrednost, ustvarjeni dobiček in premoženje. Na vrhu skupnega števila multinacionalk so Združene države Amerike, vse pomembnejše pa postajajo države v razvoju, npr. Kitajska, Indija in Brazilija. Z vidika panog pa je največ podjetij zastopanih v bančništvu. Tabela 1 prikazuje deset največjih svetovnih podjetij (De Carlo & Zajac, 2008).

*Tabela 1: 10 največjih svetovnih podjetij*

Rank	Company	Country	Industry	Sales (\$bil)	Profits (\$bil)	Assets (\$bil)	Market Value (\$bil)
1	Wal-Mart Stores	United States	Retailing	<b>378,80</b>	12,73	163,38	198,60
2	Exxon-Mobil	United States	Oil & Gas Operations	<b>358,60</b>	40,61	242,08	465,51
3	Royal Dutch Shell	Netherlands	Oil & Gas Operations	<b>355,78</b>	31,33	266,22	221,09
4	BP	United Kingdom	Oil & Gas Operations	<b>281,03</b>	20,60	236,08	204,94
5	Chevron	United States	Oil & Gas Operations	<b>203,97</b>	18,69	148,79	179,97
6	Toyota Motor	Japan	Consumer Durables	<b>203,80</b>	13,99	276,38	175,08
7	Total	France	Oil & Gas Operations	<b>199,74</b>	19,24	165,75	181,80
8	ING Group	Netherlands	Insurance	<b>197,93</b>	12,65	1.932,15	75,78
9	General Motors	United States	Consumer Durables	<b>181,12</b>	-38,73	148,88	13,18
10	General Electric	United States	Conglomerates	<b>172,74</b>	22,21	795,34	330,93

*Vir: S. DeCarlo, B. Zajac, The World's Biggest Companies, 2008.*

### 1.4 Zavezništva multinacionalk

Motiv za združevanje multinacionalk je ustvariti večjo vrednost delnic kot posamezni podjetji skupaj in povečati moč v poslovnem svetu. Osnovna ideja je, da bodo v vse bolj

konkurenčnem svetu preživela le velika podjetja. Podjetja z združitvijo upajo na zmanjšanje števila zaposlenih, povečanje ekonomije obsega, pridobitve nove tehnologije, boljše prepoznavnosti in večjih trgov.

Združitev dveh mednarodnih podjetij velja kot strateško orodje za rast multinacionalk, vendar obstaja velika nevarnost neuspeha zaradi neujemanja kultur. Lyckhult in Olsson (2006) sta ugotovila, da se neujemanje kultur zazna glede na to, koliko ta vpliva na funkcijo upravljanja in organizacije v podjetju.

### **1.5 Smernice OECD za multinacionalke**

Organizacija za gospodarsko sodelovanje in razvoj (OECD) je leta 1976 sprejela in leta 2000 dopolnila smernice za multinacionalke. Smernice služijo kot priporočila multinacionalkam za odgovorno vedenje in kot dopolnilo k zakonom na področju zaposlovanja, okolja, človekovih pravic, obdavčitve, konkurence, znanosti, tehnologije, kupčevih interesov, razkritja informacij in boja proti podkupovanju. Vlade članic OECD imajo nalogo podpirati smernice in spodbujati njihovo uporabo prek nacionalnih kontaktnih točk (NCP) v vsaki državi. Smernice OECD so instrument za izboljšanje prosojnosti in etičnosti mednarodnega poslovanja (OECD Official Site, 2008).

Čeprav so se smernice OECD že dobro ustalile, je razlog za njihovo redko uporabo lastnost, da so samo priporočila brez sankcij. Nacionalne kontaktne točke jih povrh slabo promovirajo in osnovno vodilo podjetij je v večini še vedno ustvarjanje dobička, ne ščitenje človekovih pravic. Zato smernice OECD težko ščitijo človekove pravice v svetovni ekonomiji. Ferenschildova (2002, str. 11–12) je opozorila na pomembno posledico. Veliko tekstilnih podjetij je v zadnjem času kršilo človekove pravice (npr. Nike, Puma). Te kršitve se dogajajo v podružnicah multinacionalk. Podjetja se tako sklicujejo na interne postopke. Ferenschildova (2002, str. 12) se zato zavzema za minimalne standarde in zunanji nadzor nad podružnicami. Köpke (2002, str. 17) celo predlaga uporabo smernic OECD ne le v podjetjih članic OECD, ampak tudi v njihovih podružnicah, ne glede na geografsko lociranost. Fiedler (2002) pa predlaga ustanovitev nadzorne skupine (Kodex-Watch), ki bi imel nadzor nad nacionalnimi kontaktnimi točkami.

## **2 GLOBALIZACIJA**

Nekateri globalizacijo vidijo kot homogenizacijo kulture ali kot širitev zahodnih idej po svetu. V ekonomskem smislu pa globalizacija pomeni integracijo nacionalnih gospodarstev v svetovno gospodarstvo. Globalizacija tako vključuje politične reforme, sprostitev trgovine in tehnološke spremembe (poceni in kakovostna komunikacija, informacijska tehnologija). Globalizacija pomeni tudi odpravljanje ovir za mednarodni pretok blaga, kapitala, tehnologije in idej. Končni rezultat je lokalno, regionalno in narodno gospodarstvo, ki so integrirani v svetovni trg (Kohl, 2003).

## **2.1 Posledice globalizacije**

Globalizacija spreminja svet na boljše in slabše. Falk (2008) trdi, da ima od nje korist le peščica najbogatejših. Dvomljive učinke globalizacije nakazuje tudi raziskava Washington Post februarja 2008. Večina vprašanih meni, da je globalizacija v zadnjih letih prehitro napredovala in se prednosti in slabosti niso enako porazdelile med ljudi.

Tudi poročilo Svetovne banke prikazuje enak rezultat: koeficient Gini meri porazdelitev dohodka, pri čemer »0« ustreza popolnoma enakomerni razdelitvi dohodka in »100« popolnoma neenakomerni razdelitvi dohodka. Po poročilu je koeficient Gini 70, kar nakazuje večjo neenakost in svetovno revščino kot kadarkoli prej. Institucije, kot Svetovna banka, Združeni narodi, OECD in Mednarodni denarni sklad, se že zavedajo naraščajoče neenakosti. Prav tako ekonomisti, ki želijo prerazdeliti ugodnosti globalizacije od bogatih k revnim. Sheve in Slaughter zahtevata odpravo davkov za delavce s plačo pod državnim povprečjem in povečanje davkov za najbogatejše (Falk, 2008).

Pomembno vprašanje, ki si ga moramo zastaviti, je, ali narašča samo dohodkovna neenakost ali tudi revščina, saj se lahko ob rasti dohodkov revščina zmanjšuje. V tem primeru bi se to ujemalo tudi z milenijskimi razvojnimi cilji (MDG). Milenijski razvojni cilji so zelo pomembni za našo prihodnost in so dogovorjeni z vsemi državami sveta, doseženi pa naj bi bili do leta 2015. Multinacionalke lahko veliko prispevajo k spremembam v svetu in z njihovim sodelovanjem so dosegljivi tudi MDG. Cilji so izkoreniniti skrajno revščino in lakoto, zagotoviti vsem osnovno izobrazbo, promovirati enakost spolov in dati več moči ženskam, zmanjšati smrtnost otrok, izboljšati zdravje mater, boriti se proti virusu HIV/aidisu, malariji in drugim boleznim, zagotoviti trajnostni razvoj okolja in razviti globalno partnerstvo za razvoj (United Nations, 2008).

## **2.2 Razlogi za dohodkovno neenakost**

Strokovnjaki niso enotnega mnenja o povezavi med globalizacijo, brezposelnostjo in dohodkovno neenakostjo. Lawrence meni, da dohodkovne neenakosti ne povzroča mednarodna trgovina, temveč naraščajoči dobički v plačah najvišjih managerjev. Lawrence se posledično v ZDA zavzema za spremenjen način obdavčenja in pomoč države najrevnejšim. Krugman pa meni, da ne smemo podcenjevati vpliva mednarodne trgovine na neenakost. Tehnološki napredek vpliva na mednarodno trgovino in trgovanje ni mogoče brez tehnološkega napredka. Danes ZDA uvažajo več surovin in proizvodov iz nerazvitih delov sveta kot iz razvitih, s čimer se je okoristila peščica izobraženih v ZDA. Krugman se zavzema za to, da je treba odpraviti vzroke za neenakost, zato želi reformirati delovno pravo, družbeno varnost in izobraževanje (Falk, 2008).

## **2.3 Globalno-lokalna dilema**

Problem danes je, da multinacionalke ne delujejo kot celota, temveč kot ločene združbe brez standardiziranih procesov in integriranih sistemov. Modrost multinacionalk je delovati globalno, a razmišljati lokalno. To pomeni, da multinacionalka prilagodi proizvode in storitve regionalnim potrošniškim trgom v smislu jezika, valute itd. Lokaliziranje potemtaka spodbudi, da vsaka država oblikuje svojo tehnološko rešitev in procese. Multinacionalka mora upoštevati lokalne predpise in prav tako spoštovati tradicijo, vedenje in običaje matičnega podjetja. Multinacionalka za globalno delovanje potrebuje globalno podprt računalniški sistem. Pomembno je, da so v njem shranjeni in dostopni vsi podatki, drugače lokalni trgi oblikujejo paralelni sistem. Sistem naj bi zaradi nepristranskosti in nemotenega delovanja vodila ena oseba. Potrebna tehnologija za podporo multinacionalkam v globalizaciji že obstaja. Internet omogoča poceni in hitro komunikacijsko mrežo in vsakdo z brskalnikom se lahko vključi v oskrbovalno verigo podjetja (Ame info, 2007).

Globalni tehnološki sistem naj bi vključeval zgoščene podatke, ki jih lahko podjetje nemoteno uporablja in dostopa do njih po vsem svetu, avtomatično pretvorbo zunanjih dokumentov v prejemnikov jezik, vmesne operacije med drugimi sistemi, globalno tehnično podporo na lokalni ravni in podpiranje unicode, ki omogoča shranjevanje različnih podatkov v različnih jezikih v enotno bazo. Globalni sistem omogoča hitrejšo proizvodne cikle, hitrejši popis imetja, optimiziranje in hitrejšo odločanje. Multinacionalke, ki v procesu globalizacije privzamejo e-poslovanje, imajo svet na dosegu roke. Globalizacijo lahko primerjamo kar z ekonomijo obsega. Multinacionalke z univerzalnim sistemom komuniciranja, dostopnimi korporacijskimi viri, ustvarjajo virtualne time in s tem zmanjšujejo stroške potovanja oseb, npr. svetovalcev.

Za uspešno delovanje multinacionalke po svetu morajo lokalne podružnice ostati občutljive za lokalne in kulturne zahteve, medtem ko morajo postopki komunikacije in upravljanja podjetja ostati konsistentni v vsem podjetju. Globalizacija vpliva tudi na manjša podjetja, saj ta lahko izboljšajo oskrbovalno verigo s pomočjo tehnoloških rešitev in večje dostopnosti po vsem svetu.

## **2.4 Antiglobalisti**

Zavzemajo se za naravo, države v razvoju, pravice ljudi, živali in otrok, antikapitalizem, anarhijo in nasprotujejo vplivom multinacionalk v procesu globalizacije, ker vzpostavljajo družbene, kulturne in tehnološke mreže po vsem svetu. Multinacionalke krivijo za uničevanje narave, kultur (prevladovanje zahodnih kultur), izkoriščanje delavcev nerazvitih držav ter s tem kršenje človekovih pravic, povzročitev brezposelnosti v razvitih državah. Vendar glavna kritika leti na povečevanje dohodkovne neenakosti med ljudmi, v državah in med državami (BBC News, 2001).

### **3 VPLIV MULTINACIONALK V GLOBALIZACIJI**

Vpliv multinacionalk v globalizaciji ima več vidikov. Na prvi pogled delujejo kot rešilne bilke za revščino v državah tretjega sveta, toda pozornejši pogled pokaže, da so prav multinacionalke odgovorne za veliko problemov. Neenakost med državami in v državah narašča, ljudje izgubljajo delovna mesta, okolje kliče na pomoč in le peščica najbogatejših uživa koristi globalizacije.

#### **3.1 Mednarodna trgovina**

Večinoma trgujejo med sabo razvite države in velik delež trgovine se odvija kar v isti industrijski panogi, čemur pravimo znotrajindustrijsko trgovanje. Vmesni proizvodi so pomemben dejavnik znotrajindustrijskega trgovanja. Uvoz vmesnih proizvodov in surovin je posledica razlik v relativnem obilju proizvodnih dejavnikov in je odvisen od industrije, proizvodnih sektorjev in tehnološko intenzivne industrije. Manjše države so bolj odvisne od uvoznih sredstev kot velike države, ki lažje vzdržujejo vsako fazo proizvodnje. Posledično imajo velike države, kot ZDA, Japonska in Nemčija, majhen delež uvoza vmesnih proizvodov. Položaj multinacionalk v mednarodni trgovini je izredno pomemben. Kar ena tretjina poslov se zgodi med multinacionalkami, v 80 odstotkih poslov pa sodeluje vsaj ena multinacionalka (Kleinert, 2001).

Kapitalistična ekonomska teorija pravi, da je liberalizacija trgov najučinkovitejši dejavnik rasti, ker se vsaka država osredotoči na proizvodjanje dobrin, v katerih ima relativno prednost. V praksi pa se odpravljanje trgovinskih ovir ni izkazalo kot učinkovito sredstvo za povečanje rasti. Bogate države in multinacionalke, ki vladajo trgov, so namreč vzpostavile neenaka razmerja moči in informacij. Na primer Evropa in ZDA so postavile tarife kot trgovinske ovire, ki revnim državam preprečujejo vstop (GPF, 2008b).

Pojavi se vprašanje, ali trgovinski posli vodijo k mirnim odnosom med državami. Goldstone (2007) trdi, da statistične analize kažejo, da trgovanje vodi v mir, vendar opozarja na vzorce v trgovanju:

1. Trgovanje s samo enim partnerjem vodi v konflikt.
2. Trgovanje na agregatnih mednarodnih trgih vodi v sodelovanje.
3. Narava trgovskega blaga je odločilna. Trgovanje s strateško pomembnim blagom (nafta, visokotehnološka oprema) vodi v konflikt.

Veliko držav dandanes še nima osnovne infrastrukture za mednarodno trgovanje. Mednarodna trgovina je pomagala zmanjšati revščino Koreji, Maleziji, Singapurju in Kitajski. Preostale države, npr. afriške, pa morajo najprej vzpostaviti razmere za mednarodno trgovino, kot so ceste, pristanišča, telekomunikacijski sistemi itd. Svetovna banka je že ponudila svojo pomoč. Za vzpostavitev ustrezne infrastrukture po vsem svetu bo potrebna pomoč tudi drugih mednarodnih organizacij.

Najbolj poznana mednarodna organizacija, ki se ukvarja z mednarodno trgovino, je Svetovna trgovinska organizacija. Ukvarja se z odpravljanjem različnih ovir za povečanje mednarodnega trgovanja. Kritiki ji očitajo, da deluje v prid bogatim in ne varuje okolja. Njena največja naloga za prihodnost je integrirati države v razvoju v mednarodno trgovanje, da bi okrepili njihovo rast in razvoj.

### **3.2 Tuje investicije**

Tuje investicije so izrazito narasle po letu 1985. V obdobju med letoma 1973 in 1997 so narasle za kar 780 odstotkov. Prav tako kot mednarodno trgovanje se tudi tuje investicije izmenjujejo predvsem med razvitimi državami. Med letoma 1999 in 2000 so se tuje investicije zmanjšale zaradi borzne krize, začevši v ZDA in potem po vsem svetu. Razlogi za borzni zlom leta 2000 so bili korporacijska podkupovanja, precenjene delnice, internetni investitorji brez znanja in razkol med analitiki in investitorji v podjetjih (Market Volume).

V Svetovnem investicijskem poročilu 2007 so leta 2006 zabeležili največji obseg tujih investicij. Rast tujih investicij je tudi posledica rasti korporacijskih dobičkov, kar se kaže v višji vrednosti delnic družb in to poveča vrednost mednarodnih združitvev multinacionalk (Investopedia, 2008).

Najprivlačnejša za tuje investicije v Afriki je Južnoafriška republika, v azijskem območju je najbolj priljubljena Kitajska, v Južni Ameriki Brazilija in v srednji in vzhodni Evropi Poljska. Med razvitimi državami so najbolj priljubljene za investicije ZDA (UNCTAD, 2004, str. 6).

Kleinert (2001) je ugotovil, da se tuje investicije gibljejo ciklično, v različnih državah ob različnem času. Cikli so posledica sprememb konkurenčnih razmer, ki jih spodbuja nacionalni konkurent. Prav tako je ugotovil, da večina tujih investicij znotraj iste industrijske panoge poteka v tehnološko intenzivnih panogah.

### **3.3 Mednarodni prenos znanja in tehnologije**

Ko govorimo o mednarodnem prenosu znanja in tehnologije, mislimo na plačevanje licenc in patentov, pri katerem imajo multinacionalke dominantno vlogo. Po podatkih UNCTAD se mednarodni prenos znanja in tehnologije odvija v 98 odstotkih med razvitimi državami. Večinski delež imajo prenosi znanja znotraj podjetij. Razlog za rast prenosov je današnje hitro širjenje znanja in tehnologije. Globalizacija sicer pospešuje hitrost mednarodnega prenosa znanja in tehnologije, a raziskave in razvoj podjetij ostajajo dejavnost, ki se opravlja v domači državi. Tako multinacionalke ustvarjajo znanje doma in ga potem širijo po svetu (Kleinert, 2001).

### **3.4 Vpliv multinacionalk na zaposlovanje**

Prerazporejanje dejavnosti multinacionalk po svetu vpliva na zaposlovanje. Multinacionalke večinoma premeščajo produkcijske faktorje z namenom, čim bolj znižati stroške proizvodnje.

Globalizacija lahko državam v razvoju ponudi veliko prednosti v zaposlovanju. S širjenjem multinacionalk pridobijo nova delovna mesta, znanje in tehnologijo, večji izvoz in več investicijskih sredstev. Domača podjetja lahko sodelujejo z multinacionalkami, jim dobavljajo in se od njih učijo. V splošnem imajo države v razvoju v procesu globalizacije korist od širjenja multinacionalk. Lahko pa je neto izkupiček negativen, če prihod multinacionalk povzroči propad lokalnih podjetij in ne spodbuja nastanka novih (LALL, 2002, str. 16).

Tuje investicije prav tako vplivajo na razvite države. Razvite države se lahko okoristijo na račun tujih investicij, lahko pa so v izgubi zaradi selitve dejavnosti multinacionalk po svetu. Ob selitvi dejavnosti delničarji ponavadi pridobijo pri vrednosti, saj je namen tujih investicij dobiček. Istočasno multinacionalka zapre del svojih dejavnosti doma, zaradi česar se poveča brezposelnost. Skupni učinek na razvito državo je odvisen od koristi, ki jih podjetje ima od investicije. Kadar investicija občutno zmanjša stroške podjetja, to lahko vodi v širitev dejavnost in prepreči propad podjetja. To lahko potemtakem poveča ali ohrani zaposlitve v razviti državi. Kadar ocenjujemo vpliv na zaposlovanje, moramo primerjati število ustvarjenih in odpravljenih delovnih mest. Nadaljnja ugotovitev pravi, da je v multinacionalkah manjša verjetnost za izgubo delovnega mesta kot v manjših državnih podjetjih. Multinacionalke hitreje regulirajo zaposlovanje in ob nepričakovanih šokih manj ljudi izgubi delovno mesto v primerjavi z manjšimi podjetji (Navaretti & Venables, 2004, str. 18, 45).

### **3.5 Socialne posledice multinacionalk v globalizaciji**

V zadnjih petih letih je bila rast BDP v državah v razvoju višja kot v razvitih državah. Vzhodna in južna Azija sta glavna razloga za zmanjševanje razlike med razvitimi in nerazvitimi državami. Najbolj pereč problem pa je povečevanje neenakosti med državami in v njih. V ZDA se je porast BDP v zadnjih desetih letih razdelil med 10 odstotkov najbogatejših, medtem ko se je nizko izobraženim delavcem plača od leta 1930 zmanjšala za 30 odstotkov. V Evropi so učinki nekoliko manjši zaradi visokih davkov, močnih sindikatov in delovnega prava, pa vendar v Belgiji 62 odstotkov vseh delnic pripada 10 odstotkom najbogatejših. Neenakost se je močno povečala tudi v nerazvitih delih sveta. Izrazita je postala na Kitajskem, pa tudi v Indiji in Južni Ameriki. K povečevanju neenakosti v zadnjem času pomembno prispeva rast plač generalnih direktorjev in managerjev. V Nemčiji so med letoma 1992 in 2006 plače 10 odstotkom najboljše plačanih delavcev zrasle za 31 odstotkov, medtem ko so plače 10 odstotkom najnižje plačanih

delavcev padle za 13 odstotkov. Neenakost med državami je manj opazna kot neenakost znotraj države, ker smo ljudje občutljivejši za to, kar se dogaja pred našimi vrati, kot pa 10.000 km stran. Na Kitajskem, v Južni Ameriki, Evropi in ZDA je nezadovoljstvo nad neenakostjo že privedlo do upora, izvoljene so bile nove stranke ali pa so si od države izborili nekoliko več pomoči in enakopravnosti (Vandaele, 2008).

Brod in Romalis (2008) sta z novimi rezultati o neenakosti v ZDA dokazala, da je realna kupna moč bogatih precenjena, medtem ko je realna kupna moč revnih podcenjena zaradi uradne statistike, ki uporablja enotno košarico proizvodov za deflaciranje dohodkov. Ugotovila sta, da je inflacija v najnižjem dohodkovnem razredu približno 6 odstotnih točk nižja kakor v najvišjem razredu. Razlogi se skrivajo v večjem deležu potrošnje netrajnih dobrin (ki jih kupujejo najrevnejši), katerih cene so najbolj padle v primerjavi s trajnimi. Cene netrajnih dobrin, ki jih kupujejo revnejši, so padle tudi glede na cene netrajnih dobrin, ki jih kupujejo bogati, in revnejši so kupovali več proizvodov, ki so novi na trgu. Rezultati kažejo na velik vpliv izdelkov, uvoženih iz Kitajske, ki imajo v večini nižjo ceno in jih kupujejo najrevnejši. Posledično so imeli revni korist od novih proizvodov iz Kitajske, ki jih je prinesla globalizacija.

### **3.6 Prihodnost**

Kot napovedujeta Vujačić in Petrovič (2007, str. 414–415), lahko do leta 2030 na svetu pričakujemo 1,5 milijarde več ljudi. Svetovno gospodarstvo naj bi se podvojilo, a države v razvoju bodo dosegle le 1/5 BDP razvitih držav. Potemtakem se bomo še vedno soočali s problemom neenakosti v državah in med državami. Težko je reči, ali se bodo multinacionalke povezale v skupnem cilju ohraniti okolje, lahko pa pričakujemo, da bosta Kitajska in Indija prihodnji velesili globalizacije. Vprašanje je tudi, kako se bodo razpletla pogajanja med državami za energijske surovine. Prihodnost globalizacije bo tehnološko obarvana, a vprašanje je, v katero smer bomo izkoristili razvoj.

Po mnenju Stiglitzja bi morale veliko več ljudi imeti korist od globalizacije. Po njegovem mnenju je potrebno močno vodstvo države. Zavzema se za vzpostavitev boljšega zdravstva in šolstva in novega načina obdavčenja v ZDA (Jolley, 2008).

Vsepovsod po svetu ljudje svarijo pred posledicami globalizacije. Tudi Pixar Animation je v novem animacijskem filmu WALL-E ponazoril prihodnost vpliva multinacionalk v procesu globalizacije. Zgodba je postavljena v 22. stoletje in ves svet obvladuje ogromna multinacionalka By n Large. Svet postane tako onesnažen, da se morajo ljudje izseliti z Zemlje, By n Large pa sponzorira robote, ki naj bi očistili svet. Robotom misija ne uspe.

## SKLEP

Globalizacija preoblikuje posamezna nacionalna gospodarstva v svetovno gospodarstvo. To pomeni vključevanje novih držav, kot so države v razvoju, in poglobljanje odnosov med razvitimi državami v smislu mednarodnega trgovanja, mednarodnega prenosa znanja in tehnologije in tujih investicij. V mednarodnih poslih večinoma sodelujejo multinacionalke. Multinacionalke določamo po tujih investicijah, ker lahko do teh podatkov dostopamo v bilancah podjetij po vsem svetu. Danes po definiciji Mednarodnega denarnega sklada (IMF) za merilo tujih investicij velja vsaj 10-odstotni trajni delež podjetja v enem gospodarstvu v tuji podružnici v drugem gospodarstvu.

O vplivu multinacionalk v globalizaciji ni enotnega mnenja. Eni zagovarjajo, da multinacionalke prinašajo sprostitev trgov, opuščanje trgovskih ovir in večji pretok blaga, kapitala, dela in tehnologije. Drugi kritizirajo njihov vpliv, češ da se je okoristila le peščica ljudi, da povzročajo homogenizacijo kulture ter večjo neenakost med državami in v državah.

Nedvomno je, da imajo multinacionalke danes pomemben vpliv pri internacionalizaciji ekonomskih aktivnosti. 80 odstotkov vseh transakcij dandanes vključuje vsaj eno multinacionalko, ena tretjina vseh svetovnih poslov pa se zgodi samo med multinacionalkami. Multinacionalke nosijo tudi glavne zasluge za mednarodni prenos znanja in tehnologije, vendar pa raziskave in razvoj ostajajo v razvitih državah. Pomembno je trgovanje znotraj industrije, ki pa se odvija večinoma med razvitimi državami, in sicer gre za vmesne proizvode predvsem tehnološko intenzivnih industrijskih panog. Tudi tuje investicije se izmenjujejo predvsem med razvitimi državami in so v zadnjih letih dosegle pravi razcvet.

Na drugi strani pa strokovnjaki opozarjajo na negativen vpliv multinacionalk v procesu globalizacije, kot je dohodkovna neenakost med državami in v njih samih. Multinacionalke vplivajo tudi na zaposlovanje. Zaposlovanje v nerazvitih državah se poveča le, če multinacionalke ne povzročijo večje brezposelnosti zaradi zaprtja lokalnih podjetij. Zaposlovanje v razvitih državah pa je odvisno od dobičkonosnosti tuje investicije, ki lahko na račun dobička poveča poslovanje ali podjetje obvaruje pred propadom. Multinacionalke kršijo človekove pravice in delujejo brezobzirno do okolja. Smernice OECD naj bi preprečile te kršitve, vendar je to težko izvedljivo, saj so te le priporočila brez sankcij. Aktivnost multinacionalk postavlja naš planet v vse večje nevarnosti, hkrati pa naraščajoče število izobraženih ljudi predstavlja ogromen potencial za še nerazvite rešitve. Veliko ljudi se strinja, da so potrebni novi pristopi v globalnem obsegu glede monetarnih sistemov, upravljanja z energijskimi viri in surovinami, kapitalskih trgov, regulacij konkurence in okolja. Strokovnjaki tudi zahtevajo več minimalnih standardov in zunanji nadzor nad delovanjem multinacionalk. Zelo nujno bi bilo v ekonomske odločitve všteti socialne in okoljevarstvene stroške. Z vsemi zgoraj omenjenimi predlogi in dobrim vodstvom držav bi

lahko odpravili veliko problemov in pravičnejše razdelili korist od multinacionalk v globalizaciji. Strinjam se s Striglitzem, ki pravi, da so za pravičen svet pomembni trije stebri, vodstvo, posamezniki in skupnost.

## **APPENDIX 2: List of abbreviations**

CCC	Clean Cloth Campaign
CEO	Chief Executive Officer
CIME	Committee for International Investment and Multinational Enterprises
CSO	Civil Society Organisation
EUR	Euro
FDI	Foreign Direct Investment
G7	Group of 7 finance ministers from leading industrialized nations (Canada, Germany, France, Italy, Japan, UK, and USA)
G8	Group of 8 heads of governments from leading industrialized nations (Canada, France, Germany, Italy, Japan, Russia, UK, USA)
GDP	Gross Domestic Product
GIE	Globally Integrated Enterprise
GPF	Global Policy Forum
IB	International Business
ICT	Information and Communication Technology
IMF	International Monetary Found
IIT	Intra Industry Trade
ILO	International Labour Organization
IT	Information Technology
M&A	Merger and Acquisition
MDG(s)	Millennium Development Goal(s)
MNE(s)	Multinational Enterprise(s)
NCP	National Contact Point
NGO	Non- Governmental Organization
OECD	Organization for Economic Cooperation and Development
PPP	Purchasing Power Parities
R&D	Research and Development
ROI	Return On Investment
TI	Transparency International
TNC(s)	Trans-national Corporation(s)
UK	United Kingdom
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
USA	United States of America
USD	United States Dollar
WALL-E	Waste Allocation Load Lifter- Earth Class
WSF	World Social Forum
WTO	World Trade Organization

### APPENDIX 3: The Coca-Cola Santa Clause

*Figure 1: The Coca-Cola Santa Clause*



*Source: Coke Lore, The Coca-Cola Company, 2008.*

## APPENDIX 4: Top 20 World's largest firms in terms of profit

Table 2: Top 20 World's largest firms in terms of profit

Rank	Company	Country	Industry	Sales (\$bil)	<b>Profits (\$bil)</b>	Assets (\$bil)	Market Value (\$bil)
1	ExxonMobil	United States	Oil & Gas Operations	358.60	40.61	242.08	465.51
2	Royal Dutch Shell	Netherlands	Oil & Gas Operations	355.78	31.33	266.22	221.09
3	Gazprom	Russia	Oil & Gas Operations	81.76	23.30	201.72	306.79
4	General Electric	United States	Conglomerates	172.74	22.21	795.34	330.93
5	BP	United Kingdom	Oil & Gas Operations	281.03	20.60	236.08	204.94
6	Total	France	Oil & Gas Operations	199.74	19.24	165.75	181.80
7	HSBC Holdings	United Kingdom	Banking	146.50	19.13	2,348.98	180.81
8	Chevron	United States	Oil & Gas Operations	203.97	18.69	148.79	179.97
9	PetroChina	China	Oil & Gas Operations	88.24	18.21	111.70	546.14
10	Microsoft	United States	Software & Services	57.90	16.96	67.34	253.15
11	JPMorgan Chase	United States	Banking	116.35	15.37	1,562.15	136.88
12	Bank of America	United States	Banking	119.19	14.98	1,715.75	176.53
13	Royal Bank of Scotland	United Kingdom	Banking	108.45	14.62	3,807.51	76.64
14	Toyota Motor	Japan	Consumer Durables	203.80	13.99	276.38	175.08
15	ENI	Italy	Oil & Gas Operations	119.27	13.70	128.15	127.38
16	BHP Billiton	Australia/United Kingdom	Materials	39.50	13.42	53.36	190.62
17	Berkshire Hathaway	United States	Diversified Financials	118.25	13.21	273.16	216.65
18	Telefónica	Spain	Telecommunications	82.40	13.00	143.13	138.42

			Services				
19	Wal-Mart Stores	United States	Retailing	378.80	12.73	163.38	198.60
20	ING Group	Netherlands	Insurance	197.93	12.65	1,932.15	75.78

Source: S. DeCarlo, B. Zajac, The World's Biggest Companies, 2008.

## APPENDIX 5: Top 20 World's largest firms in terms of assets

Table 3: Top 20 World's largest firms in terms of assets

Rank	Company	Country	Industry	Sales (\$bil)	Profits (\$bil)	Assets (\$bil)	Market Value (\$bil)
1	Royal Bank of Scotland	United Kingdom	Banking	108.45	14.62	3,807.51	76.64
2	BNP Paribas	France	Banking	116.16	10.71	2,494.41	81.90
3	Barclays	United Kingdom	Banking	79.70	8.76	2,432.34	62.43
4	HSBC Holdings	United Kingdom	Banking	146.50	19.13	2,348.98	180.81
5	Citigroup	United States	Banking	159.23	3.62	2,187.63	123.44
6	UBS	Switzerland	Diversified Financials	116.98	-3.65	2,019.17	68.26
7	ING Group	Netherlands	Insurance	197.93	12.65	1,932.15	75.78
8	Bank of America	United States	Banking	119.19	14.98	1,715.75	176.53
9	Crédit Agricole	France	Banking	101.59	6.49	1,662.60	45.73
10	Mitsubishi UFJ Financial	Japan	Banking	49.49	7.50	1,591.56	98.14
11	Société Générale Group	France	Banking	103.44	1.30	1,573.13	62.93
12	JPMorgan Chase	United States	Banking	116.35	15.37	1,562.15	136.88
13	Allianz	Germany	Insurance	139.12	10.90	1,547.48	80.30
14	Deutsche Bank	Germany	Diversified Financials	95.50	7.45	1,485.58	56.27
15	HBOS	United	Banking	100.32	8.10	1,336.17	44.84

		Kingdom					
16	Banco Santander	Spain	Banking	72.26	10.02	1,332.72	113.27
17	Mizuho Financial	Japan	Banking	32.52	5.28	1,272.17	48.80
18	Credit Suisse Group	Switzerland	Diversified Financials	83.72	7.53	1,194.75	50.85
19	Goldman Sachs Group	United States	Diversified Financials	87.97	11.60	1,119.80	67.16
20	UniCredit Group	Italy	Banking	63.67	7.19	1,077.21	77.46

Source: S. DeCarlo, B. Zajac, The World's Biggest Companies, 2008.

## APPENDIX 6: Top 10 M&A in 2008

Table 4: Top 10 M&A in 2008

BUYER	TARGET	DEAL VALUE
Existing shareholders	Philip Morris Int`l	111,3 billion USD
Microsoft Corp	Yahoo Inc	44,6 billion USD
Mars Inc	William Wrigley Jr Co	22,6 billion USD
Aluminium Corp of China, Alcoa	Rio Tinto Plc (12% stake)	14,3 billion USD
CME Group Inc	NYMEX Holdings	11,1 billion USD
Novartis AG	Alcon Inc (24% )	10,6 billion USD
Legal& General Group	BP Plc (5%)	10 billion USD
Verizon Wireless Inc	Mobite Telephone License	9,4 billion USD
Bovespa Holding SA	BM&F	9,0 billion USD
Pernod Ricad SA	V&S Vin& Spirit AB	8,9 billion USD

Source: Reuters, TOP 10 Global M&A in 2008, 2008,

## APPENDIX 7: The largest M&A deals in Europe since 2000

Table 5: The largest M&A deals in Europe since 2000

Rank	Year	Acquirer	Target	Deal Value (in Mil. USD)
1	2000	Glaxo Wellcome Plc.	SmithKline Beecham Plc.	75,961
2	2004	Royal Dutch Petroleum Co.	Shell Transport & Trading Co	74,559
3	2004	Sanofi-Synthelabo SA	Aventis SA	60,243
4	2006	<i>Pending.</i> E.on AG	Endesa SA	56,266
5	2000	France Telecom SA	Orange Plc.	45,967
6	2006	<i>Pending.</i> Suez SA	Gaz de France SA	39,505
7	2006	<i>Merger.</i> Banca Intesa SpA	SanPaolo IMI SpA	37,624
8	2006	Mittal Steel Co. NV	Arcelor SA	32,240
9	2005	Telefónica SA	O2 Plc.	31,659
10	2006	<i>Merger.</i> Statoil ASA	Norsk Hydro ASA	30,793

Source: MANDA- Institute of Mergers, Acquisitions and Alliances Research, 2008.

## APPENDIX 8: Top 25 ICT M&A deals, 1990-2000

Table 6: Top 25 ICT M&A deals, 1990-2000 (Value of deals in millions of USD)

Year	Target name	Acquirer name	Acquirer nation	Target nation	Value of transaction (USD millions)
1999	Mannesmann AG	Vodafone AirTouch PLC	United Kingdom	Germany	202 785
1999	AirTouch Communications Inc	Vodafone Group PLC	United Kingdom	United States	60 287
2000	Orange PLC (Mannesmann AG)	France Telecom SA (France)	France	United Kingdom	45 967
2000	Seagram Co Ltd	Vivendi SA	France	Canada	40 428
1999	Orange PLC	Mannesmann AG	Germany	United Kingdom	32 595
2000	Airtel SA	Vodafone AirTouch PLC	United Kingdom	Spain	14 365
1999	One 2 One	Deutsche Telekom AG	Germany	United Kingdom	13 629
1998	PolyGram NV (Philips Electrn)	Universal Studios Inc	United States	Netherlands	10 236
2000	Telecomunicacoes de Sao Paulo	Telefonica SA	Spain	Brazil	10 213
1999	Frontier Corp	Global Crossing Ltd	Bermuda	United States	10 063
1999	E-Plus Mobilfunk GmbH (Otelo)	BellSouth GmbH (KPN, BellSouth)	Netherlands	Germany	9 400
1998	Bay Networks Inc	Nortel Networks Corp	Canada	United States	9 269
1990	MCA Inc	Matsushita Electric Industrial	Japan	United States	7 406
2000	Newbridge Networks Corp	Alcatel SA	France	Canada	7 058
2000	Alteon Websystems Inc	Nortel Networks Corp	Canada	United States	7 057
1998	Excel Communications Inc	Teleglobe Inc	Canada	United States	6 407
2000	Lycos Inc	Terra Networks (Telefonica SA)	Spain	United States	6 188
1995	MCA Inc (Matsushita Electric)	Seagram Co Ltd	Canada	United States	5 704
2000	Verio Inc	NTT Communications Corp	Japan	United States	5 694
1998	MediaOne Grp-Wireless & Cable	AirTouch Communications Inc	United States	United States	5 676
2000	Pearson Television (Pearson)	CLT-UFA (Cie Luxembourgeoise)	Luxembourg	United Kingdom	5 337
2000	World Online International NV	Tiscali SpA	Italy	Netherlands	4 931
1998	DSC Communications Corp	Alcatel Alsthom CGE	France	United States	4 685
2000	Endemol Entertainment NV	Telefonica SA	Spain	Netherlands	4 612
2000	Global One Co	France Telecom SA (France)	France	United States	4 350

Source: OECD Information Technology Outlook 2002.

## APPENDIX 9: The largest M&A deals in Asia-Pacific since 2000

Table 7: The largest M&A deals in Asia-Pacific since 2000

Rank	Year	Acquirer	Target	Deal Value (in Mil. USD)
1	2005	<i>Merger:</i> Mitsubishi Tokyo Financial Group Inc.	UFJ Holdings Inc.	41,431
2	2000	Pacific Century CyberWorks Ltd.	Cable & Wireless HKT	37,442
3	2000	Beijing Mobile, Shanghai Mobile, Tianjin Mobile Ltd., Hebei Mobile Ltd., Liaoning Mobile Ltd., Shandong Ltd., and Guangxi Mobile Ltd.	China Mobile (Hong Kong) Ltd.	34,008
4	2003	Deposit Insurance Corporation of Japan	Resona Bank Ltd.	16,650
5	2000	Sanwa Bank Ltd.	Tokai Bank Ltd.	14,984
6	2006	BB Mobile Corporation	Vodafone KK	14,332
7	2007	<i>Pending:</i> Citigroup Inc.	Nikko Cordial Corporation	13,588
8	2007	<i>Pending:</i> Vodafone Group Plc.	Hutchison Essar Ltd.	13,060
9	2005	Ito-Yokado Co. Ltd.	Seven-Eleven Japan Co. Ltd.	12,483
10	2006	Cemex SAB de CV	Rinker Group Ltd.	11,636

Source: MANDA- Institute of Mergers, Acquisitions and Alliances Research, 2008.

## APPENDIX 10: Foreign Direct Investment Inflows and Outflows

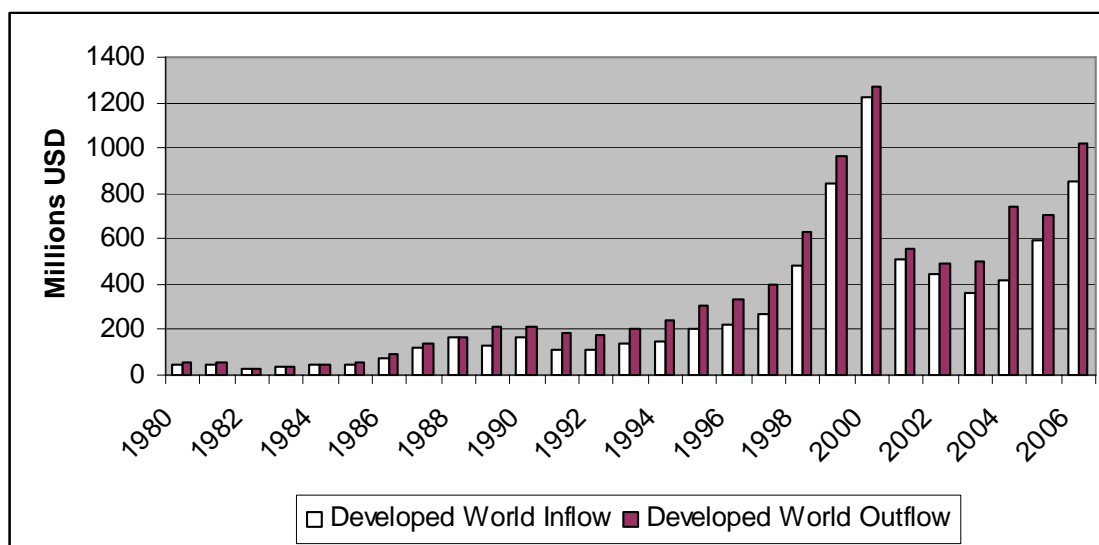
Table 8: Foreign Direct Investment Inflows and Outflows in the Developing and the developed World from 1980 – 2006 in Million USD.

	World Inflow	World Outflow	Developed World Inflow	Developed World Outflow	Developing World Inflow	Developing World Outflow
1980	54,945	53,7	46,5	51,1	8,4	2,564
1981	69,425	52,9	46	51,5	23,4	1,372
1982	59,27	27,9	32,4	25,2	26,9	2,777
1983	51,428	38,2	33,7	33,6	17,7	1,603
1984	60,2	52,7	42,4	50,7	18	2,096
1985	57,6	62,2	42,2	58	15,3	4,208
1986	86,4	97,8	70	92,8	16,4	5,041
1987	139,8	142,3	116,3	135,6	23,4	6,715
1988	164,76	177,6	162,5	165,6	30,3	11,912
1989	192,6	227,6	133,5	211,5	29,6	16,173
1990	202,8	233,2	164,5	216,6	37,7	16,672
1991	160,1	198	113,3	186,3	44,3	11,698
1992	171,2	201,5	107,3	178,1	59,5	23,314
1993	227,6	243,9	137,2	204,4	83,6	39,188
1994	259,7	286,7	145,1	240,2	108,7	46,027
1995	330,5	356,4	204,6	306,7	111,6	49,057
1996	386,1	395	220,7	333,4	152,6	60,356
1997	478,1	474	271,8	397,4	188,9	72,666
1998	694,4	684	484,8	633,1	188,6	48,574
1999	1088,2	1042	839,2	967,6	225,7	72,13
2000	1491,9	1379,5	1228,4	1271,5	238,6	104,031
2001	735,1	620,7	509,8	557,3	200,9	40,129
2002	621,9	540,7	442,3	488,2	166,3	47,866
2003	564,1	560,1	362,2	504	178,7	45,372
2004	724,1	877,3	418,9	746	283	117,336
2005	945,8	837,2	590,3	706,7	314,3	115,86
2006	1305,9	1215,8	857,5	1022,7	379,1	174,389

Source: Hale, T. & Madan J., Foreign Direct Investment, Inflows and Outflows in the Developing and the Developed World, 2008.

## APPENDIX 11: Developed World Inflows vs. Developed World Outflows

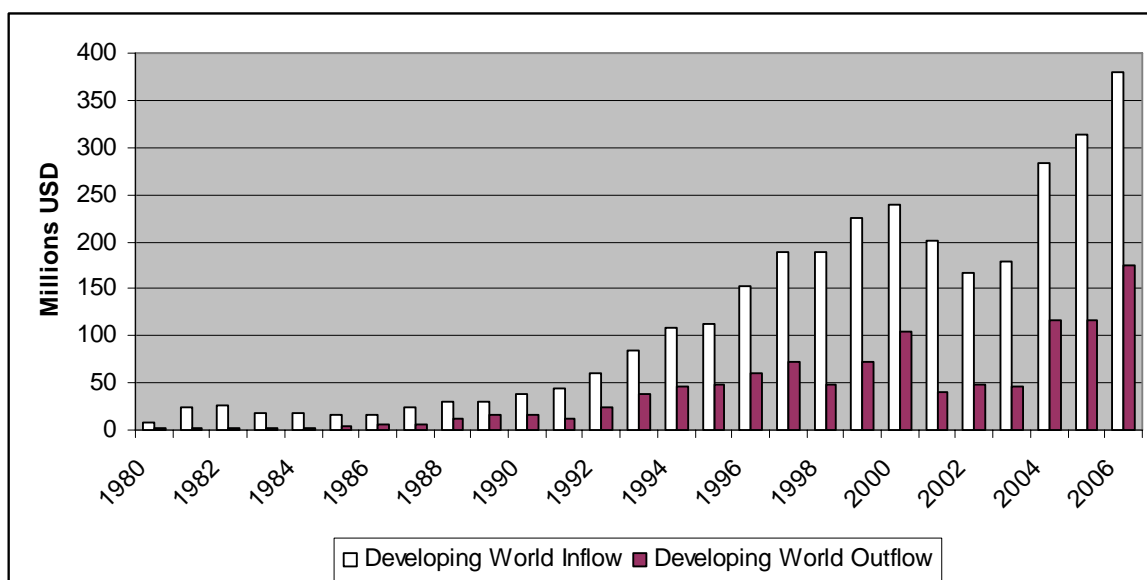
Figure 2: Developed World Inflow vs. Developed World Outflows from 1980-2006



Source: Hale, T. & Madan J., *Foreign Direct Investment, Inflows and Outflows in the Developing and the Developed World*, 2008.

## APPENDIX 12: Developing World Inflows vs. Developing World Outflows

Figure 3: Developing World Inflow vs. Developing World Outflows from 1980-2006



Source: Hale, T. & Madan J., *Foreign Direct Investment, Inflows and Outflows in the Developing and the Developed World*, 2008.