

XXI CENTURY - A CENTURY OF BIG CORPORATIONS

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Abstract:

Most times, when it comes to power capacity worldwide is evidenced by a State or group of States to impose its will on another state or by a positive, by the free acceptance or negative about by coercion or sanctions. Or, in the current conditions in the world economy is in a continuous process of globalization cannot ignore the power they hold so-called "Global Gladiators" or "agents of development", namely transnational corporations. "A new group of power-seekers jump on the world stage and grabs sizeable chunk of the influence of controlled only by nations ". Extremely mentioned in the literature, always presented in the publications of economic, political and social, these types of economic entities have come to compete with national governments to impose their norms, values and change their business cultures.

Key words: *globalization, agent of development, direct foreign investment, foreign assets, Transnationalization.*

JEL classification: *E2, F02*

A feature of the current global economy and undoubtedly one of the key players in the international business environment is the transnational corporations (STN). As stated by Mircea Malița, globalization *"has brought to the fore an actor drove a: corporate capitalism. Her role is so important that many see corporate capitalist globalization in the light, watching her progress with fear, reserve and concern."* Globalization is primarily a consequence of transnationalisation business.

Currently, transnational companies are becoming a normal thing for most men, probably because very few people who have not heard of Coca-Cola, Mc.Donald 's, IBM, Panasonic, Vodafone, Royal Dutch-Shell, Nestle, etc., tens or hundreds of such companies that have come to expect virtually global expansion.

In the struggle to seize new markets, the desire to maximize profits, these giant companies fail to compete with nation states and to change the balance of power on the world market.

They have considerable force of transnational companies, leading to increasing their influence not only in countries of origin, but also in many states, operating or intending to extend its activities in the future.

Perhaps Tran nationalization colonization of yesterday meets today in that they force these corporations is increasing compared with that of the national army and the place is taken by foreign direct investment.

Following their own purposes, these giant firms often enter into conflict not only with the host countries of their subsidiaries, but also in the country of origin, because, as Alvin Toffler said: *"sometimes cooperating with <<patria>> them, and sometimes exploiting it, sometimes executing its policy, and sometimes it is serving to promote their own political, transnational companies are not only good or only evil"*.

It is obvious that transnational corporations horizon beyond the classical definition of national identity. But, it can be argued that transnational companies are

"non-state entities." One such company, no matter how strong it is, it needs to maintain relations with both its country of origin and host countries of its foreign subsidiaries.

The main way of expansion of transnational corporations in various industries, has been and remains foreign investment (foreign) capital. Therefore, sometimes the very concept of investment flow is automatically associated with the presence and activity of these firms.

Evolution of direct investment flows is determined by the following "concrete":

○ for countries providing foreign direct investment:

- raw materials and energy resources in host countries;
- use of inputs available in the receiving states;
- Opportunity to market the products in the markets of host countries.

○ for countries receiving foreign direct investment:

- obtaining high technology;
- creating new jobs;
- development of new branches;
- performance management;
- Refurbishment on the modernization of production and effects on the

generation of technical progress.

Evolution of foreign direct investment flows (FDI) made by the objectives set reflect the expansion of activities of transnational corporations.

In the present context, foreign capital investments tend to become, with each country's own resources, a main source of finance and economic development drive.

In recent year's foreign direct investment have been some of the most important features of the global economy and globalization. This involves the creation of new businesses abroad or acquiring significant shares of foreign companies. Direct foreign investments were registered from one year to new records, either positive or negative; they are a natural consequence of the intensification of activities of transnational corporations and the efforts to liberalize markets and trade.

According to UNCTAD report, due to financial and economic crisis, foreign direct investment prospects remain bleak global, while in 2009 decreased less than 1200 billion dollars, compared to 1,700 billion dollars, as was the level of foreign investment in 2008. Recovery was slow in 2010, but it is estimated that in 2011 the volume of foreign investment will reach U.S. \$ 1,800 billion.

STN views of the overall level of FDI and its prospects for foreign direct investment have improved significantly over recent months.

This gradual return to optimism can be observed in all regions. Only a few companies in developing countries in Asia, Europe, Japan and the United States reported that they intend to invest less abroad in 2011.

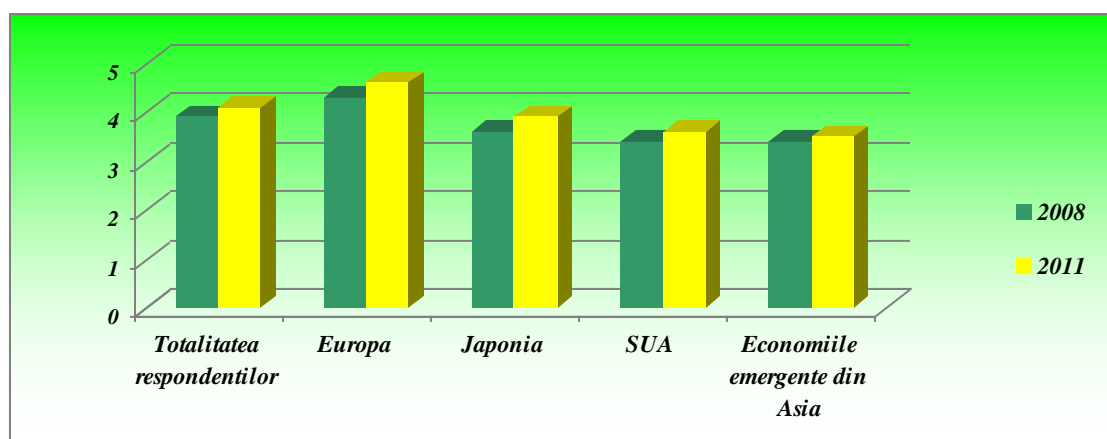
Respondents companies in all regions have declared their intentions to increase in 2011 the share of investments in foreign countries, and sales (Chart 1). The UNCTAD survey suggests that despite the lower financial resources, the crisis could even give an additional impetus to this trend, STN become more willing to access new markets to increase sales and move their production most competitive regions to reduce costs and / or have access to additional resources.

Internationalization index is calculated as the average of four indicators: the internationalization of sales, employment, investments and assets.

According to this index, STN in the United States of America, seem to be intending to increase by increasing internationalization of the four major variables: sales, employment, investments and assets.

Chart no.1

Index of internationalization of corporate respondents, by region / country of origin in 2008 and 2011



Source: UNCTAD, *World Investment Prospects Survey 2009-2011*

If STN European FDI prospects in 2011 are quite moderate. From the responses by European companies in the survey conducted by UNCTAD, they seem to have a relatively pessimistic view on the evolution of the medium-term foreign direct investment.

This finding is consistent with the information coming from other sources such as *Global Business Index* IFO (IFO, 2009) that shows concern among European companies.

Recession in Europe, lower profits and tougher funding conditions also show that STN Europe expects only a slight increase in FDI in the period ahead.

However the situation may be different depending on country and industry. Even in distressed assets, some STN, such as Volkswagen AG, continues to have ambitious investment plans. It should also be noted that recent studies indicate an improvement in the assessment business for European companies.

STN in developing countries in Asia expect a recovery of FDI in 2011. However, STN emerging Asian countries have indicated their intention to adopt a strategy of internationalization, 57% of corporations in the area indicating its intention to invest abroad in 2011.

STN U.S. and Canada seem fairly confident that their international investments will register an upward trend. Some analysts believe that the current period may hasten plans for internationalization of American STN. In their desire to reduce costs and maximize profits will be forced to relocate their activities abroad.

In terms of Japanese transnational corporations, the outlook is bleak; the situation should be viewed in the context of the recent problems affecting the Japanese economy.

The crisis has changed the landscape of FDI, the share of global FDI flows held by developing economies increased to 43%. Chinese and Russian presence in the top five recipient countries is changing the landscape IED proof.

Transnational corporations have grown in recent decades because they have operated internationally competitive advantages. To do that is the strength of companies in the world economy today is enough to appeal to the most recent data on their activities. According to UNCTAD report, " *World Investment Report*, in 2010, it is estimated that there are currently about 82,000 branches STN 810,000 globally, of which nearly half are now located in developing countries. The latter one third of global exports, one-tenth of world GDP, and their share is growing. We conclude that significant changes have occurred from the period in which the top 90 was dominated

by transnational corporations in the U.S. and Japan. Among the top 100 transnational corporations dominated most European of American and Japanese number is considerably reduced. However, in the context of current issues affecting the Japanese economy, certainly, many of Japanese transnational companies will register declines in international rankings.

This is the world of globalization - a new connection between businesses and activities around the world.

Transnational corporations are undoubtedly the main agent of economic globalization today, featuring a high economic force of many nation states.

What you need to understand is that we can not stop the momentum of these "engines of growth." We have to try to accept their positive and negative sides, and why not learn from their struggle to achieve their objectives.

Transnational corporations are clearly the global economy and we must try to accept them with their advantages and shortcomings, as the influence exerted by these global '*global agents*' unrest and change existing policy rules.

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