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**“TRANSCENDING BORDERS-
GLOBAL MANAGEMENT SINCE THE SEVENTIES”**

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1. EMPIRICAL INDICATIONS

Numerous studies, such as the most recent UNCTAD - World Investment Report 2001, supply evidence for the considerable – and growing – role of transnational enterprises (TEs). For the year 2000 the UNCTAD-Report lists more than 60,000 TEs with over 800,000 foreign branches. Without having to take recourse to any further empirical accounts, let us emphasize the following aspects which are relevant to further discussion:

Within the TEs 12 % of total foreign assets, 16 % of turnover and 15 % of employees fall to the “top 100.” Of these “top 100” 93 % have their headquarters in the triad EU (43 %), USA (35 %) and Japan (15 %). Of special interest in the UNCTAD-Report is the “Transnationality Index” given in each case. This is the average in the relationship of foreign assets to total assets, foreign turnover to total turnover and foreign employees to total employees. From 1990 to 1999 this transnationality index for the “top 100” TEs rose from 51 % to 55 %; 1999 experienced a decline to 53 % (i.a. due to the growing significance of internationally engaged utility and telecommunications enterprises with continuing dominant domestic market share).

This brief information is meant to indicate that the concept of the “transnational enterprise” should be used with caution, especially when the adjective “transnational” is meant to denote a nationally high-profile, quasi neutral position. As the numbers show, specifically indicated here are the large TE firms which have their “home” in a “triad country” and on average conduct almost 50 % of their activities in the “domestic market.” Undoubtedly this requires different managerial structures and forms than with only nationally active firms; at the same time, however, clearly national priorities – and equivalent power structures – are still expected.

2. MICROECONOMIC ASPECTS - STRUCTURAL TRANSFORMATION OF TRANSNATIONAL ENTERPRISES

The Question of Decision-Making Structures:

Transnational enterprises (TEs) are, as large capital corporations, typically defined more strongly by “shareholder value”, since the realm of the “stakeholder” is scattered internationally and not well organised (organisable?). The “shareholder-value” orientation will increase with the growing importance of capital market-oriented annuity systems and a more strongly active shareholder’s role for internationally operating pension funds. Internationally active environmental organisations have turned out to be the most effective “external” influence on corporate decisions by TEs, as they can achieve a certain “counter potency” through medial influencing. By contrast, hardly any influence is accorded internationally to employee interests, since their legitimacy is disputed (preference of – price-related – consumer interests above producer interests), and there is a lack of strong international organisation and articulation. At present, an effective consideration of employee interests in the context of TEs can – in the context of economic margins – be achieved only on the basis of national or EU regulations (cf. the discussion of the role of German co-determination regulations in the context of EU corporate law).

The Development of TE Organisational Structures:

In many TEs the competency of the regional “subsidiary companies” is being reduced to an ever greater extent in favour of the concentration of horizontal decision-making structures at the “parent company.” Above all, strategic decisions as to research and development, financing, increasingly even marketing, are being directed centrally. A stronger concentration

of economy-related service institutions (i.e. international advertising agencies) corresponds to this as well and, with that, an “institutional pressure towards large size.”

The Human Component:

The greater significance and centralisation of TEs requires an international, relatively homogenous, extremely mobile leadership personnel that leads, with its families, an existence clearly distinct from that of the “local population” in lifestyles, information, etc. The high mobility of personnel in TEs, which often transcends the managerially sensible, also performs the function of strengthening the role of the central office and hindering an identification with the interests of the respective subsidiary enterprises and/or of the “host country.”

3. MACROECONOMIC ASPECTS - WHOLE NATIONAL ECONOMIC ROLE AND GOVERNANCE

The Dynamics of Advantages and Disadvantages of TEs:

From the viewpoint of a single economy, the essential advantages of TEs consist in greater accessibility to R + D, modern management techniques and in inclusion in worldwide distribution nets. Disadvantages can lie in the increased foreign determination through loss of one’s own centres of competency with regard to R + D, distribution and industry-related services. For strategies of an “export-led-growth” (central i.e. for Central and Eastern Europe), TEs will become tendentially more important in the short and medium term. In the long term, instability associated with the role of the “borderline producer” could increase.

Individual National Strategies toward TEs:

For nations where equivalent starts exist, it can make sense to attempt to maintain some of their “own” TEs to assure the existence of “headquarter – achievements” and associated dynamic positive external effects. Nations where such pre-conditions do not exist will have to face international competition for position (without a “lower limit”) or else withdraw as locations for certain higher services.

International and Supranational Perspectives:

At the international level, “governance” has taken place up to now (in the sense of fewer limitations to the power of TEs) only in the direction of greater liberalisation (cf. the various possibilities of success for WTOs and ILOs). Initial opposite developments could be discerned in the financial sector (“battle against tax oases” and information standards).

At the supranational level (EU above all), the possibility of “governance” exists to a greater degree for balancing inequities of power. The process of political influence is reciprocal, to be sure; in that respect TEs have i.e. more effective opportunities for lobbying and influencing at the EU level than do nationally anchored enterprises. Examples are the extensive interpretation of EU policies on competition at the expense of public banks and the discussion in Scandinavia over disadvantages for small nations when assessing fusions. All in all, the independence of democratically legitimised decision-making structures towards economic (and above all TE) interests in Europe must be, however, greater than, for example, in the USA.

Es gilt das gesprochene Wort.