

TITLE PAGE

**TRANSNATIONAL CORPORATIONS FROM
EMERGING ECONOMIES: AN EXPOSITORY STUDY
OF THEIR INDUSTRIAL SECTORS AND GLOBAL
FOOTPRINTS**

BY

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**BEING A PROJECT SUBMITTED TO THE DEPARTMENT OF
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CERTIFICATION

This is to certify that **Amarachi Nweke**, with matriculation number **13/148545/ASS** was duly supervised and carried out this project research and it is hereby approved as a requirement for the award of Bachelor of Science (B.Sc.) in International Relations and Strategic Studies, Igbinedion University Okada.

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DECLARATION

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This research work titled *TRANSNATIONAL CORPORATIONS FROM EMERGING ECONOMIES: AN EXPOSITORY STUDY OF THEIR INDUSTRIAL SECTORS AND GLOBAL FOOTPRINTS* is an original research carried out by me.

This project has not previously been submitted for the award of any degree, diploma or certificate anywhere.

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ABSTRACT

Foreign investment has become an important component of international economic relations especially since the post-world war era as a strategy for shortening and minimizing the cost of international trade. Hence, it is aimed at having closer access to raw materials for production, and having closer access to a market. Transnational corporations have been the major means of foreign direct investments for states, and traditionally, have been an approach of western imperialist expansion and global influence and power over their former developing colonies. Traditionally, the concept of transnational or multinational corporations have always been viewed as western imperialist machinations that exploit resources in less developed regions of the world for profit expansion by establishing manufacturing bases in those regions. Since the latter part of the 20th century however, the global economy has experienced crucial changes with the evolution of transnational corporations from former developing economies now emerging. The 21st century has witnessed a more unprecedented proliferation of cross-border outward investments from emerging economies. Some of the emerging economies analysed include Brazil, China, India, Mexico, Russia, Singapore, South Korea, South Africa, Nigeria etc. Companies from these emerging nations are facing increasing competition in their home marketplaces and are venturing abroad in a bid both to secure resources and to better service foreign demand. These new transnationals are expected to become more prominent in the future, providing a host of opportunities for infrastructure and business services in developed economies. Some will become international powerhouses of the future requiring high levels of support services around the world. The research thus, attempts to identify these transnationals from emerging economies, their areas of industrial operations, and regions they have established their presence already. The research adopted the qualitative research method and made use of secondary sources for its data collection. It also employed the Uppsala Model, Resource-based, and Free trade theories to explain the reason for emerging economy expansion. The theories respectively hinged the reasons on improved competency which has to do with 'knowledge development' of market, ability to 'control their resources,' and the increasing ability to freely make profits in overseas markets. The research concluded that some of the emerging transnationals that have become regionally or globally influential include China's Huawei in telecommunications equipment, Mexico's Cemex in cement, India's Tata Consultancy Services in information technology (IT) services, Brazil's Embraer in aircraft production, South Korea's Samsung in electronics, South Africa's MTN in telecommunication and information technology, Nigeria's UBA in the financial sector just to mention a few. Emerging transnational corporations exist in many industrial sectors including telecommunications, mining, financial, electronics, automobile, food and retail and many more. The research recommended that there is need for transnationals from emerging economies to have adequate support from their governments of origin, repudiate inferiority complex in a midst of still dominant western transnationals in the global market, and promote more corporate responsibility to increasingly attract their host markets.

Key words: Transnational corporations, Emerging economies.

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CHAPTER ONE

GENERAL INTRODUCTION

Background to the Study

Transnational Corporations had hitherto been identified with major economic powers of the global system encroaching into less powerful but fertile territories with the objective of economic derivations. The aim of such economic transnationalism has been an imperialist strategy, aimed at facilitating minimal cost and maximum profits across borders. Transnational corporations are among the world's biggest economic institutions. A rough estimate suggests that the 300 largest Transnational Corporations (TNCs) own or control at least one-quarter of the entire world's productive assets, worth about US\$5 trillion (Greer, 2000). Transnational Corporations' operations span the globe but they are predominantly headquartered in Western Europe and North America. A few notable examples of such cross-border companies with large subsidiaries and markets across the globe are Coca-Cola (America), Heinz (America), Royal Dutch (Britain and Holland), Chevron (America), Texaco (France), Nestle (Switzerland), Mobil (America), Agip (Italy) etc.

Historically, U.S power and dominance of the global system has not been unconnected with their transnational corporations that have heavily dominated foreign investment activity in the two decades after the Second World War (Agba E and Ozor P, 2017). In 1901, the U.S. had 47 firms with overseas manufacturing subsidiaries; by 1950, precisely after the Second World War, the number of U.S companies operating overseas had grown to 988; 1959 (just 9 years later), the number climbed to 1,891; by 1967, there were 3,646 U.S. companies operating overseas; and in 1991 over 10,000 American companies had manufacturing subsidiaries abroad. Over the past quarter century (the last 25years), the globe has witnessed a high proliferation of transnationals. In 1970, there were some 7,000 parent Transnational corporations (TNCs), while in 2000 that number jumped to 50,000. Ninety percent (90%) of

them are based in the industrialized world, which control over 207,000 foreign subsidiaries (Robertson, 2004).

Transnational corporations have been the major means of foreign direct investments for states, and traditionally, have been an approach of western imperialist expansion and global influence and power over their former developing colonies. For so many decades, the US and western transnational corporations exercised economic power and influence over other regions of the globe especially Africa, Asia, and Latin America. Hence, the idea of transnational corporations had been strictly a concept that depicts wealthy western imperialist institutions that exploited other regions of the globe, accrued huge profits and repatriated a good percentage of these profits for the continued advancement of their economies of origin. This had basically been the economic order prior to the 21st century.

However, since the close of the 20th century, the globe had witnessed the emergence of transnational corporations from developing and emerging economies (Ellen, 2009). This era marked a new global economic order as economies from Latin America like Brazil, Eastern Europe like Russia, the Asian Tigers and other East Asian economies like South Korea, Singapore, India, China, Japan have had their industries expanding into other economies (Dicken, 2003) and (Agba E and Ozor P, 2018). And from the 21st century, African transnational corporations also begun to emerge. Companies, industries, and financial institutions from economies like South Africa, Nigeria, and Kenya have been engaged in cross-border activities, and, in some cases, competing favourably with the traditional transnational corporations of the more advanced western economies (Carmody, 2013).

This means that we are in a new economic order, an order with a new character where new states have emerged in the control of global wealth. Thus, the influence of the world's resources is no longer in the hands of the US and her allied western powers in Europe.

Emerging economies with their expanding industries are now dictating the global economy as well. The character of economic transnationalism from history which had always characterized the expansion of advanced economies into less advanced economies, but the trend now includes capitalist emerging economies also expanding into other capitalist developing economies and capitalist developed economies. In this regard, economies like Brazil, Russia, India, China, and South Africa, have expanded their economies into other developing economies and also into developed economies and in many cases competing favourably with the traditional transnationals of the west.

This research is therefore important because it unveils a contemporary trend, an evolution, and a major paradigm shift in global economic relations. The research thus shows that there is a new economic order with new states from the global south as active players and not just at the receiving end as hitherto been. This is trend still evolving and it is in need of more research and findings as predictions are already underway that some of the emerging economies will become the largest economies of the world in the very near future, larger than the US and European economies.

Statement of Problem

Transnational corporations from western economies invaded the Third World to exploit natural resources to service their ever increasing industries after the industrial revolution. With increased trade and market, the need to establish manufacturing bases in market economies became a necessity. Hence, having closer access to raw materials and the economic market was the prime motive for the invasion of western transnational corporations on the Third World. Transnational corporations traditionally show that they have been instruments of retaining power by the former colonialist over their former colonies and non-

former colonies without the use of force all in the aim of national interest that seeks political and economic advancement. This argument presents transnational corporations therefore as powerful instruments of the advanced world by which they retain power over the periphery of the globe through continued exploitation of profits that is peculiar to global trade relations, dominating the markets of some peripheral states thereby denying local industries a favorable market, manipulating governments from these less advanced economies to their dictates etc. This form of power without the use of force that has for long been expressed by western transnationals is well known as “soft power”.

Since the turn of the 21st century, some advancing economies that have been emerging as rapidly growing economies have become engaged in economic transnationalism through their cross-border enterprises. Some of these economies are China, South Africa, Brazil, Russia, India (BRICS), and now have also the likes of Turkey and Nigeria etc that now form part of the MINT (Mexico, Indonesia, Nigeria, Turkey) economies. Since 2000 these economies have become increased global players in the world economies not just through increased trade, but through their expanding investments both regionally and globally which has been marked by increased presence of their multinational firms beyond their border-shores. China is a leading global investor amongst the emerging economies with several of its transnationals in Africa; South Africa, Russia, India, and Brazil are regional investors but also making their marks beyond continental level (Carmody, 2013). Nigeria, Malaysia, Indonesia since the mid-2000s has also become a regional investor, but gradually expanding beyond regional levels as well. Through increase investments of these emerging economies in other economies particularly developing economies under the principle of free-trade, they now exert soft power as well.

But this new trend in global economic relations will definitely have an impact on the global system as a whole. The rise of emerging transnationals have created more international

capitalist institutions, thus, further prospering international capitalism since former developing economies (now emerging economies) have joined the league of imperialist adventurers seeking profit expansion beyond domestic market. But whether this further expansion of international capitalism is beneficial or detrimental is another topic entirely. And whether this is a good paradigm shift that will give alternatives to nation-states of the Global South who had been for long exploited by western transnationals is also another issue. The more pertinent questions that forms the core problem of this research work is simply to identify what emerging transnationals are, their industrial sectors of operation, their global footprints, and other unique features they have come to possess. Also, the research would also be concerned with how emerging transnationals can be stronger in a global economy that has for long been dominated by western transnationals.

Research Questions

The following therefore are the research questions for the research:

1. What are emerging transnationals?
2. Which industrial sectors do these transnationals from emerging economies venture into?
3. To what extent have these emerging transnationals captured their markets regionally and globally?
4. How can emerging transnationals be stronger players in the global economy?

Objectives of the Study

1. To identify emerging transnationals from emerging economies?
2. To identify the industrial sectors of these transnationals from emerging economies?
3. To identify the extent these emerging transnationals have increased their markets regionally and globally?

4. To recommend how these emerging transnationals can be stronger players in the global economy?

Significance of the Study

This research is significant in the following respects:

- The research would be an exposition of the fast evolving dynamism in international economic relations. The research would further present more insights into the reality of how emerging transnationals from emerging economies are exerting their presence on the global economy;
- The recommendations that would be established at the end of the research study could be relevant in further enhancing the growing influence of emerging transnationals from emerging economies.

Scope and Limitations of the Study

The scope of this research study will highlight the expansion of emerging economies globally. It will majorly discuss how their industrial corporations have established their footprints beyond their domestic markets and also identifies the specific industrial sectors. Specifically, the research would generally be discussing emerging transnationals from BRICS, the Asian Tigers, and MINT. The period of study will cover from the 20th century evolution of emerging transnationals to the present 21st century.

Definition of Key Terms

Emerging Economies: An emerging economy is a country that has some characteristics of a developed market but is not yet a fully developed market. This includes countries that may be developed markets in the future or were in the past. Emerging economies that are neither part of the least developed countries, nor of the industrialized countries. In the 1970s, “less developed countries” (LDCs) was the common term for economies that were “less developed” than the developed countries (Julien, 2012). This term was thought by some to be politically incorrect so the “emerging economy” label was created. But Marois (2012) argues that the term is misleading in that there is no guarantee that a country will move from “less developed” to “more developed”. Originally brought into fashion in the 1980s by then World Bank economist Antoine Van Agtmael, the term is sometimes loosely used as a replacement for emerging markets, but really signifies a business phenomenon that is not fully described by or constrained to geography or economic strength; such countries are considered to be in a transitional phase between developing and developed status (Kvint, 2009). Examples of emerging economies include Indonesia, Iran, some countries of Latin America, some countries in Southeast Asia, South Korea, most countries in Eastern Europe, Russia, some countries in the Middle East, and parts of Africa. In 1999, Dr. Kvint posited that an emerging economy is a society transitioning from a dictatorship to a free-market-oriented-economy, with increasing economic freedom, gradual integration with the Global Marketplace and with other members of the Global Emerging Market, an expanding middle class, improving standards of living, social stability and tolerance, as well as an increase in cooperation with multilateral institutions. In 2008 Emerging Economy Report, the Center for Knowledge Societies defines Emerging Economies as those “regions of the world that are experiencing rapid conditions of limited or partial industrialization.

For the purpose of this research, emerging economies would refer to national economies that have begun to experience rapid expansion, investing in other economies through national corporations or private business enterprise.

Transnational Corporations: Technical definitions of Transnationals vary, but for the purposes of this guide the term “transnational corporation” means a profit enterprise marked by two basic characteristics: 1) it engages in enough business activities- including sales, distribution, extraction, manufacturing, and research and development outside the country of origin so that it is dependent financially on operations in two or more countries; 2) and its management decisions are made based on regional or global alternatives (Som, 1986).

A Transnational is often composed of a “parent” company, located in the Transnational’s country of origin, and it exercises an authoritative, controlling influence over a “subsidiary” in another country either directly if it is private or, if it is public, by owning some or all of the shares (parent corporations can exert controlling power even with relatively small share holdings in subsidiaries). Subsidiaries can have a different name than the parent company, and can of course also be located in the same country as the parent (Yitzahak, 1973).

Transnationals or Transnational corporations are often interchanged with word multinational corporations. However there is a traditional difference albeit the fact that they have much in common. A Multinational or Transnational corporation is often a large organization or firm or enterprise that operates in more than one country and is primarily engaged in production of goods and services from available resources in its host country, and usually sells the goods and services produced back to the nationals of its host country. Traditionally however, Multinational corporations were used to describe national companies of state governments but having foreign subsidiaries. Agip oil for instance, is an oil company founded and owned by the Italian government. Also if government is a major shareholder or stakeholder, and it

operates in more than one country, it is a multinational. A transnational corporation on the other hand are not state-owned companies but are private enterprises but may have government as minor shareholders or stakeholders. Example of a transnational is Nestle Plc (Karen, 2007).

But both multinationals and transnationals have much similarities because they always involve a parent company (usually located in its country of origin, and other subsidiaries located in foreign territories), and a subsidiary, a company that is more than half owned or controlled by another company (usually controlled by a parent company). A branch is fully owned by its parent company. Both multinationals and transnationals seek maximum profit as their objective of operation. They are instruments of capitalist expansion across borders in the continuous chase for capital accumulation. In more contemporary usage of both terms (multinational and transnational), are used interchangeably (Dunning, 1993).

For the sake of this research, transnational corporations are business enterprises from different states of origin that expand their commercial activities into other territories for the sake of continued capital expansion and profits.

CHAPTER TWO

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

Transnational Corporation: A Conceptual Analysis

Arighi (1994) explained 'transnational corporation' by as either "government" or "private" owned enterprises, that invest in other economies besides their economy of origin basically for expansion of profit and to have more direct access to a foreign market, raw materials, and to benefit from a lower cost of production and supply of goods or services. Thus, they aim to achieve higher profit, a basic principle in economics. From his work which classifies transnationals as government-owned or private-owned, transnationals thus are instruments of 'international state capitalism' or 'non-state international capitalism'.

According to Charm (2010), transnationals are business entities that have their management headquarters in one country, known as the home country, and operate in several other countries, known as host country. The said corporations maintain various bases sub-regionally, regionally, or all over the world. Many of them are owned by a mixture of domestic and foreign stock holders. He list top transnationals and multinationals as General Electric, Toyota Motor, Total, Royal Dutch Shell, ExxonMobil and Vodafone Group amongst others. With his examples, Charm (2010) demonstrates clearly that multinationals are nothing but western institutions that establish business subsidiaries beyond their domestic market.

Olivia (2011) explains further that a different word has been coined to refer to corporations having a presence in more than a single country. 'Transnational' is also a business entity having business operations in more than a single country, and many of the multinationals classify to be called as transnational. The basic difference between a multinational and a transnational lies in the fact that transnational company is borderless, as it does not consider any particular country as its base, home or headquarters. Multinational companies on the

other hand, though having a parent country and a centralized decision making process, adopts a selling strategy that is unique to every other country where it has investments. This strategy is made keeping in mind the requirements of the local markets and the rules and regulations of the government. Often multinational corporations have to abide by sensitivities and culture of the local people.

Olivia (2011) views transnationals as borderless corporations, or business entities having business operations in more than a single country. He further see transnational corporations as entities that do not consider any particular country as its base, home or headquarters.

Singh (2000) opines that multinational corporations usually possess a “parent” company, located in the multinational’s country of origin, and exercises an authoritative, controlling influence over a “subsidiary” in another country either directly if it is private or, if it is public, by owning some or all of the shares. Parent corporations can exert controlling power even with relatively small share holdings in subsidiaries. United Carbide India Ltd, for example, was the Indian subsidiary of the US-based Union Carbide Corporation. Singh (2000) further explains that subsidiaries can have a different name than the parent company, and can of course also be located in the same country as the parent company.

According to Spero & Hart (2010), transnational corporations are business enterprises that maintain overseas direct investments in order to control or possess value-added assets in more than one country. Consequently, the enterprise that operates outside its national economy only as a contractor to foreign firms is not counted as a multinational corporation. Many other researchers (Markusen,1995; Caves, 2007; Dunning & Lundan, 2008; Buckley & Casson, 2009) adopt a similar perspective and define transnationals as firms that acquire a substantial controlling power in establishments located in at least two countries, through outward foreign direct investment. In the same vein, most international organisations, inter alia, UNCTAD, IMF and OECD, define MNCs based on a sole criterion; the ratio of foreign

to total assets. The threshold is usually determined to be more than or equal to 10 percent. UNCTAD (2009) perceives an MNC as an incorporated or unincorporated company that consists of a parent enterprise (which possesses not less than 10 percent of assets or voting power of a company existing outside its national economy) and foreign affiliates (not less than 10 percent of assets or voting power of these affiliates is owned by a company that exists abroad). To be considered an MNC, equity modes have to be the sole entry modes for initiating the global orientation of a firm. Thus, firm using non-equity modes (such as exports) in the beginning of their going transnational process are not viewed as transnational corporations.

Similarly, the IMF (2008) and the OECD (2008) define an MNC or direct investment enterprise as an incorporated or unincorporated enterprise in which a direct investor, who is a resident in another country, owns 10 percent or more of the ordinary shares or the voting power. The affiliate may be a subsidiary (when a foreign investor owns more than 50 percent), an associate (when a nonresident investor owns equal to or less than 50 percent), or a branch (a wholly or jointly owned unincorporated enterprise). From another perspective, it is important to raise the remark of Markusen (1995) pertaining to the similarity between multinational corporations and outward foreign direct investment, to the extent that both terms have often been used interchangeably to refer to the same phenomenon.

Also, UNCTAD (2009) defines both outward foreign direct investment and multinational corporations in quite a similar way, in a sense that both terms may be, to a certain degree, considered synonymous. OFDI refers to a type of investment that aims to build a long-term relationship between one company (direct investor) and another company existing abroad (invested enterprise). The direct investor must possess no less than 10 percent of the assets or the voting power of the invested enterprise. Correspondingly, most studies (Narula &

Dunning, 2000; Aykut & Goldstein, 2006; Salehizadeh, 2007; Sauvart, Pradhan, Chatterjee & Harely, 2010) depend on OFDI statistics to quantitatively analyse MNCs. the extent that both terms have often been used interchangeably to refer to the same phenomenon.

Emerging Economy: A Conceptual Analysis

Emerging economies are economies having increased levels of economic relations based on some of the following indices: they are economies whose volumes of trade expand over time; they are economies that experience rapid inflow of investment as well as outward investment, hence, a basic feature of such economies is the emergence of transnational corporations; they are economies who engage in aid; they are also economies who are increasingly involved in international finance. On the home domestic level, they are economies experiencing increase Gross Domestic Product.

Campbell (2012) explains that an emerging economy is an ‘emerging market economy’ noted for rapid growth, stability, infrastructure and other positive features, though not to the same extent as exists in the developed world. That is, emerging markets are economies that have increasingly important roles in the international stage and may one day become principal players, but they have not yet arrived at that level. In his view therefore, a major role such economies play is through the activities of their transnationals. It is rare to have an emerging economy devoid of emerging transnationals. It is almost like a necessary connection.

According to Campbell (2012), major examples of emerging economies are Brazil, Russia, India, and China. Smaller economies, such as Bahrain, Egypt, Colombia, and others are also considered emerging economies in his view. Emerging economies exist in less developed countries relative to the United States and Europe; these countries nonetheless have vibrant, active economies.

Kvint (2009) had posited that emerging economies are those countries considered to be in a transitional phase between developing and developed status. In his view therefore, they are not at the same level as other developing economies, but have made some advancements, however, they have not reached the level of the developed economies. These economies are characterized by increase in Gross Domestic Products (GDP), and are also well known for increased international economic activities such as foreign direct investments through their emerging transnationals.

Tarnowski (2003) explained emerging economies as economies that are developing their industrial base. In this view, these are economies that are experiencing rapid industrialization. The transformation of their economies is hinged to the growth of industries. Such rapid industrialization is followed by economic expansionist policies. Some of such countries in this categories include South Korea, Singapore, but notably the BRICS countries which include Brazil, Russia, India, China, and South Africa. These economies are well known for increased industrial activities. China, South Africa, and Brazil are all experiencing rapid transformation in their auto-mobile industries, while India is well known for improved pharmaceutical industrial expansion, while Russia's steel and defence industries have continued to experience rapid growth. Industrial growth is quite often succeeded by transnational imperialism. Thus, this accounts for China and South Africa's ever increasing number of transnationals in especially Africa. China's transnationals have been engaged in development projects across Africa like in the railway and aviation sectors, whereas South Africa's transnationals have been involved in telecom sector.

Goldman (2001) was the first to coin the term "BRIC" to denote a group of emerging economies from the less developed economies that will overtake the United States in the next 50 years. The acronym coined stands for Brazil, Russia, India and China with the recent inclusion of South Africa. The main finding was that the BRIC countries collectively would

play an increasingly important role in the global economy especially through trade which now also includes their increasing transnationals.

Keeler (2012) asserts that emerging economies were economies that were experiencing rapid expansion of trade and investment. In this light, Keeler (2012) explains that the fast-growing middle class in the BRICS countries has encouraged the expansion of trade and investment, facilitating the radical transformation of global trade and investment where significant volumes are bypassing the Western markets. He further maintains that among the BRICS, trade and investment has grown significantly with China as the driver force. China's trade volume with Africa alone in 2008 amounted to a \$100 billion, and China's transnationals are the fastest expanding

Gammeltoft (2009) also explains that the five BRICS countries were emerging economies because of their increase in foreign direct investment. These economies produced some USD25 billion of Outward FDI Flows in 2004, corresponding to some 3 percent of world FDI flows and well over half (61 percent) of total developing country outflows. OFDI from the BRICS countries has grown rapidly over the last few years, while still remaining modest compared to many developed countries. More than US\$3 trillion of foreign direct investment (FDI) was located in emerging economies in 2006, 26 percent of the world's total stock of FDI, up from 21 percent in 1990. This rise is connected to the increasing activities of BRICS' transnationals operating globally.

Singh (2011) further explained that BRICS countries epitomized the idea of emerging economies. Emerging economies in his view were economies generally experiencing growth in Gross Domestic Product (GDP) and increase in trade volumes. He explained that the growth BRICS economies had started with a share of a little over 10% in world gross domestic product (GDP) and less than 4% in world trade in 1990, but BRICS (with the recent inclusion of South Africa to the forum) now constitutes about 25% of world GDP and 15% of

world trade. The increase in GDP implies that the economic size of BRICS in terms of its share in world GDP has expanded by 150% in the past two decades. In addition, all the BRICS countries are now members of major international and multilateral institutions, such as the World Trade Organisation, the UN, the Group of 20 (G-20) (Singh, 2011).

According to Chun (2013), significant positive changes have taken place in all the BRICS countries over the last two decades (1990–2010). The economic size in nominal terms (US dollars) has increased manifold with Brazil by over four times, India nearly five times, China over fourteen times, and South Africa by over three times. The situation further improves if comparison is made based on PPP. China has emerged as the second-largest economy, followed by India in fourth position, Russia in sixth and Brazil in eighth. The increasing trend in GDP is reflected further by a significant increase in per capita income over the last two decades.

Chun (2013) explains that emerging economies are also well known for their rising multinationals across the world. He posits China as a typical example of a country that is now well known for the continued spread and influence of their multinationals all over the world. China Mobile, Embraer, Mahindra & Mahindra, Reliance Industries Limited, Tata Group, perhaps unfamiliar to many people a decade ago, today such companies are the trailblazers for a new breed of multinational companies arising from an emerging economy. They are internationalizing fast and leaving an indelible imprint on global markets, business models and competition.

China is at the forefront of the battle for global resources. In recent years, Chinese companies have taken stakes in oil production facilities in Algeria and Canada as well as natural gas reserves in Iran and Saudi Arabia. A sense of national pride also often accompanies the expansion of some Emerging Economies' transnationals. China has made clear its aim to

increase its influence and power in the global economy through trade and the influential power of her transnationals (Chun 2013).

Summarily, emerging economies are economies on transition. They are not stagnant, but they are those economies experiencing growth. From the above, certain indices are primordial in ascribing an economy as “emerging”, and the three basic indices are: increased Gross Domestic Product, increased volumes of trade, and increased Foreign Direct Investment. Foreign investment in this sense will not only refer to increased inward foreign investment where an economy is more marketable to the outside world, but a basic characteristic of emerging economies is also increased outward foreign investment whereby government and private enterprises otherwise referred to as “transnational corporations” of that emerging economy are expanding beyond their state of origin into other marketable economies. And this is the case with all the BRICS economies, MINT economies (which includes Nigeria, the case study for this research), the Asian Tigers, and a host of other emerging economies.

THEORETICAL FRAMEWORK

Various theories and frameworks have been put forward for identifying factors that influence the unfolding evolution of emerging transnational corporations. Furthermore, these theories and frameworks pay significant attention to analysing the timing of initiating overseas investment as well as the choice of markets and penetration modes. This article proposes classifying the different theories into two categories according to the foreign expansion motives argued by various scholars. The theories focuses on the competitive advantages acquired by firms becoming involved in the transnational process, and sometimes the advantages prevailing in the countries hosting MNC activities.

a) The Uppsala Model (Stages Model)

Johanson & Vahlne (1977) promote their model of “Knowledge Development and Increasing Foreign Market Commitments” to explain the firm transnationality process, widely known as the Uppsala model. The core idea is that firms incrementally intensify their foreign market commitments (i.e. the magnitude of resources they commit towards owning or controlling economic activities overseas) as they develop and acquire new business knowledge. Subsequently, the firm’s knowledge-base considerably influences the pace and the pattern of its transnationality or foreign expansion process.

Furthermore, a lack of market knowledge can hinder firms from expanding their economic activities beyond the boundaries of their national economy. Market knowledge relates to the opportunities and problems prevailing in foreign markets, present and future demand and supply, investment rules and regulations, and marketing channels. All such information is deemed crucial for initiating decisions on foreign market commitment and the evaluation of overseas investment opportunities. For instance, the expansion of South African firms such as telecom giant, MTN into the Nigerian market in 2001 was spurred by the knowledge of the inactivity in the Nigerian telecom industry at the time.

Another major principle of the model explained above that is that knowledge of the market can also come from learning by doing. That is, it not based alone on pre-experiential knowledge (before entering the market), but also on experiential knowledge (being in the market). This entails thus, that firms have to first of all, work in the domestic market for a certain period of time until they have acquired the necessary knowledge which they can take to work in international markets.

From another perspective, market knowledge can explain the firm’s preferences concerning the choice of markets and penetration modes. At the inception of their global orientation, firms may favour working in neighboring markets owing to the psychological proximity

factors. This relates to smaller differences in culture, language, traditions and political systems. After acquiring more market knowledge, transnational firms can proceed to invest in markets that are further afield. Later, companies will commit more resources to their activities abroad (through joint ventures) once they acquire increasing levels of experiential knowledge.

b) The Resources-based Theory

According to this theory, firms tend to invest abroad only if they own or control “strategic resources”. This type of resources enables transnational firms to hold a certain competitive advantage required to improve their business efficiency, and in turn their profits. As acquiring strategic resources is a time consuming process, economic transnationalism is perceived to grow slowly (Bareny, 1991).

According to Bareny (1991), a transnational firm’s resources include all its assets, capabilities, organisational processes, firm attributes, information and knowledge. These resources can be classified into three subgroups, namely physical resources (production technology, raw materials and equipment), human resources (experience) and organisational resources (managerial and institutional structure).

In order to be classified as strategic, a firm’s resources must possess the following four attributes. They should be valuable (should enable the firm to implement efficiency improvement strategies), rare (resources are not possessed by a large number of firms), difficult to imitate and there should be no strategically equivalent substitutes for these resources.

Many emerging multinationals today from the emerging economies fit into these models explained above. First knowledge of the market is a key factor for their expansion. They

penetrate markets where their services or products are scarce or rare so as to provide what is unavailable. They also expand first across their neighbors where they have some cultural similarities before going further. South African transnationals for instance, expanded first to English speaking countries in the African continent such as Zambia, Zimbabwe, Uganda, then Nigeria, Ghana, Kenya before establishing their footprints elsewhere. Same with many Asian transnationals from China, Taiwan, and South Korea. Also these transnationals from emerging economies also expand due to their resource control or ownership ability. That they can control their resources, their unique resources, gives them a competitive edge which propels them to expand for more profits. Most China's transnationals such as ZTE, Sinopec, Huawei, China's National Petroleum Corporation, Korea's LG, Samsung, South Africa's Multichoice, MTN etc all control their assets abroad, and these assets and resources are often unique in the markets, giving them good advantage over other competitors especially local competitors, hence, the huge profits they accrue.

c) Free-Trade Theory

The theory of Liberalization (or Liberal or Free-Trade Theory) is also appropriate for this research work. Liberalization is a very broad term that usually refers to a government's removal of controls, to encourage economic development. Liberalization in short refers to fewer government regulations and restrictions in the economy in exchange for greater participation of private entities and foreign investors. Liberalization policies include partial or full privatization of government institutions and assets, greater labour market flexibility, lower tax rates for businesses, less restriction on both domestic and foreign capital, open markets, etc (Sharma, 2011)

This theory has become increasingly a common concept in developing economies. In developing countries, liberalization refers more to further "opening up" of their respective economies to foreign capital and investments. Three of the fastest growing developing

economies today; Brazil, China, and India, have achieved rapid economic growth in the past several years or decades after they have “liberalized” their economies to foreign capital (Cali, 2008).

Many countries nowadays, particularly those in the third world, arguably have no choice but to also “liberalize” their economies in order to transform their economies to global standards. A closed door economic policy (anti-liberal theory or complete protectionism or autarky) shuts a nation to the innovations of the world as no nation can be an island of its own.

The rising international prominence of these new players is both a consequence and a cause of a phase of globalization characterized by increased economic openness and the growing economic power of emerging markets. Three conditions have facilitated the rise of emerging-market multinationals: the increased economic liberalization and openness. The current trajectory of emerging economies and their companies owes much to a series of historical turning points when a number of the world’s largest emerging markets chose to liberalize their domestic economies and embrace a market system. In China, it was Deng Xiaoping’s program of economic reforms initiated in 1978. In India, it was the dismantling of the Licence Raj legislation, a set of bureaucratic economic controls in the early 1990s. Also the fall of the Berlin Wall in 1989 and the subsequent collapse of the Soviet Union in 1991 brought an end to another planned economy. Events in these countries unleashed market forces and further liberalization, creating the conditions necessary for private enterprise to grow and enter global markets. Globalization has opened up a host of new possibilities and markets for emerging economies. As one emerging-market executive put it, “globalization opened emerging markets to the world but also opened the world to emerging markets.” (Jeffrey, 1999).

CHAPTER THREE

HISTORY OF TRANSNATIONAL CORPORATIONS

Transnationals Corporations: From Seventeenth to Eighteenth Century

According to Singh (2000), the earliest historical origins of transnational corporations can be traced to the major colonising and imperialist ventures from Western Europe, notably England and Holland, which began in the 16th century and proceeded for the next several hundred years. According to Caves (1996), this period witnessed the establishments of British and Dutch companies to aid trading activities or territorial acquisitions for their home countries in the Far East, Africa, and the Americas. Among the seventeenth century British companies were the British East India Company, the Hudson's Bay Company, the Royal African Company and the London and Plymouth companies established by King James I under the Charter of Virginia. A central characteristic of these corporations was that they were granted monopoly powers by their respective governments. The English corporations were typically granted a monopoly over English trade that encompassed specified territory abroad. Additionally, the corporations received power to protect their monopoly and rights over English subjects within the territory. Profit was the dominant motive of most of these companies and they had become the major source of public finance by which the monarch could raise revenue without assistance from Parliament and at the same time further foreign policy on a self-funding basis. The costs of embassies, overseas representatives, fortifications, and sometimes, even wars, would be borne by the corporations themselves. They were an important instrument of diplomacy, settlement, and colonization.

Hymer (1976) argues that from 1720 the strong linkages between the business corporation, the overseas trade monopoly system, and public finance grew less. However, the East India Company was one of the few trading corporations that survived from this early period,

because it was one of the most important corporations financially, and made immense contributions to imperial history more than any other.

Transnational Corporations: From the Nineteenth to Twentieth Century

The transnational corporation as it is known today, however, did not really appear until the 19th century, with the advent of industrial capitalism and its consequences: the development of the factory system; larger, more capital intensive manufacturing processes; better storage techniques; and faster means of transportation (Dunning, 1970). During the 19th and early 20th centuries, the search for resources including minerals, petroleum, and foodstuffs as well as pressure to protect or increase markets drove transnational expansion by companies almost exclusively from the new industrialized nations of the United States and a handful of Western European nations. Sixty per cent of these corporations' investments went to Latin America, Asia, Africa, and the Middle East. Demand for natural resources continued to provide an impetus for European and US corporate expansion between the First and Second World Wars. Although corporate investments from Europe declined due to the wars, the activities of US transnationals expanded vigorously. In Japan, this period also witnessed the growth of the zaibatsu, including Mitsui and Mitsubishi. These giant corporations, which worked in alliance with the Japanese state, had control of the country's industrial, financial, and trade sectors. The rise of the multinational companies is evidently linked to the economic developments in world economy. At this point we can see that the first and the most successful transnationals first emerged in the industrialized economies such as Britain, Japan and the United States (Westney, 1993).

According to Wilkins (1974) US transnationals dominated foreign investment activity in the early decades after the Second World War. This era was the actual beginning of contemporary transnational corporate entities as typical today. During this time, US

Corporations grew in size, diversified their products and moved into additional industries. Most of them concentrated on specific sectors and improved themselves by selling both in the United States and to Europe. The outflow for direct investment from the US reached its peak in 1970. The massive move of U.S business abroad in the years 1955-1970 has had great impacts. By 1969, the American multinationals alone produced approximately \$140 billion worth of goods, more than any national economy except those of the United States and the Soviet Union. By the early 1970s the United States had become more of a foreign investor than an exporter of domestically manufactured goods (Dunning, 1970).

Furthermore, major technological advances in shipping, transport (especially by air), computerization and communications were influential in accelerating transnationals' internationalization of investment and trade, and expansion beyond domestic market. Hence, by the 1970s the role of multinationals in global commerce was of far on a greater scale than earlier in the century. Whereas in 1906 there were two or three leading firms with assets of US\$500 million, in 1971 there were 333 such corporations, one-third of which had assets of US\$1 billion or more. Additionally, transnational corporations had come to control 70-80 per cent of world trade outside the centrally planned economies (Wilkins, 1974)).

In the past quarter century, the globe has witnessed a proliferation of transnationals. In 1970, there were some 7,000 parent multinationals, while today that number has jumped to more than 50,000. Ninety percent of them have been based in the advanced industrialized world, which controls over 207,000 foreign subsidiaries. Since the early 1990s, these subsidiaries' global production-sales have surpassed worldwide trade exports as the principal vehicle to deliver goods and services to foreign markets. The mid-1980s also witnessed an unprecedented rise of multinational-led foreign direct investment especially as less-industrialized economies opened up. With the burden of debt, inflation, poverty, unemployment etc, many governments in the less-industrialized economies begun to

appreciate transnationals as “the embodiment of modernity and the prospect of wealth: full of technology, rich in capital, replete with skilled jobs” (Tolentino, 2000). This explains why governments from these less industrialized economies have been “queuing up to attract transnationals” and removing investment restrictions as well as privatizing the public sector industries. By the middle 1990s to the late of same decade, less-industrialized countries now accounted for between two-fifths of global foreign direct investment inflows with the majority in Asia accounting for up to 80 percent of all inward investment to the less-industrialized world (Wilkins, 1991).

Transnational Corporations: The Twenty-First Century

Since the turn of the 20th century, there has been an unprecedented acceleration of globalization due to increased levels of global trade from the South axis of the globe. But there has been more to globalization than just a rise in export trade from the South. There has also been a significant increase in outward foreign investment by companies from especially the Southern hemisphere, the developing and emerging world, who until this period had been the major home of the inflows of western transnational investments (Goldstein, 2008). Thus, this period has witnessed strong economic growth from some developing economies now transformed as “emerging economies”. Transnational companies from this emerging world have become a relatively new phenomenon. Emerging transnationals from emerging economies have become important in almost every industry globally. Beginning with the emergence of transnationals from the Asian Tigers and other East Asian economies in the last decade of the twentieth century, and then the evolution of African transnationals from the 21st century such as Dangote Cement and MTN amongst others.

India’s Infosys and TCS have become two of the world’s leading information technology companies. China’s Haier is the fourth-largest maker of home appliances in the world, and

its ZTE is on its way to becoming one of the world's top five manufacturers of telecommunications equipment and systems, South Korea's Samsung and LG electronics are companies leading global television and phone production (Conterssi, 2010). The advancement of globalization has witnessed the rise of South-South investment, that is, South investments within the South and extending now to the north as multinational companies from emerging economies are also entering the western market. Some evidence suggests that common factors such as the easing of trade barriers and tariffs and the ICT revolution have made this new trend in multinational investment feasible than before, and this accounts for companies based in emerging nations increasing their weight in the global marketplace. The Fortune Global 500, an annual ranking of the world's largest corporations by revenue, has seen the number of Fortune Global 500 companies based in Brazil, Russia, India or China, and South Africa (BRICS) more than double from 27 to 58 in the last five years. The highest placed BRICS firm in this list is Chinese oil giant Sinopec which has risen to 9th in the overall standings in at the end of the first decade of the 21st century.

In addition emerging nations have seen a steady increase in the number of new transnational companies over the last five years. We define a firm as a 'new transnational' the first time it establishes a physical presence abroad. Hence, they keep growing in numbers and establishing their presence in various sectors abroad. The BRICS' transnationals will be delved into shortly, but that of South Africa will be delved into later in subsequent chapters in this research (Luo, 2007). This rise of new transnationals from emerging economies is gradually evolving a new economic order, with the BRICS economies as the centre-piece of global economic paradigm shift. According to Charm (2010), China by the end of the first decade of the 21st century was the largest source of new multinationals. By 2018, however, India is expected to overtake China, with India projected to see 20% more new transnationals

than China by 2024. The next chapter would delve proper into transnationals from emerging economies (Conterssi, 2010).

CHAPTER FOUR

EMERGING ECONOMY TRANSNATIONALS SINCE THE 20TH CENTURY

An Emerging Economy

An Emerging economy also known as an ‘emerging market’, is an economy that has some characteristics of a developed economy but has not fully meet the standards to tagged a developed economy. It is an economy that is attaining maturity in terms of certain indices which include: expansion in volumes of trade over time; they are economies that experience rapid inflow of investment but more importantly outward investment, increased industrial output. Julien (2012) argued that Emerging economies are neither part of the least developed countries, nor of the industrialized countries. In the 1970s, “less developed countries” was the common term for economies that were “less developed” than the “developed countries” (Julien, 2012). This term was thought by some to be politically incorrect because of transformations in some developing economies that were more advanced and on a roadmap towards the more advanced economies. Hence, the concept of “emerging economy” or “emergent economy” was created. But Marois (2012) argues that the term is misleading in that there is no guarantee that a country will move from “less developed” to “more developed”.

Campbell (2012) explains that an emerging economy is a country noted for rapid growth, stability, infrastructure and other positive features, though not to the same extent as exists in the developed world. In his view, emerging economies have increasingly important roles in the international stage and may one day become major principal players, but they have not yet arrived at that level. He lists examples of emerging economies to include Brazil, Russia, India, and China. Smaller economies, such as Bahrain, Egypt, Colombia, and others are also considered emerging economies. Emerging economies exist in less developed countries relative to the United States and Europe; these countries nonetheless have vibrant, active

economies. Kvint (2009) had posited that emerging economies are those countries considered to be in a transitional phase between developing and developed status. In his view therefore, they are not at the same level as other developing economies, but have made some advancements, however, they have not reached the level of the developed economies. These economies are characterized by increase in Gross Domestic Products (GDP) and foreign direct investment.

Tarnowski (2003) explained emerging economies as economies that are developing their industrial base. In this view, these are economies that are experiencing rapid industrialization. The transformation of their economies is hinged to the growth of industries. Such rapid industrialization is followed by economic expansionist policies. Some of such countries in this categories include South Korea, Singapore, but notably the BRICS countries which include Brazil, Russia, India, China, and South Africa. These economies are well known for increased industrial activities. China, South Africa, and Brazil are all experiencing rapid transformation in their auto-mobile industries, while India is well known for improved pharmaceutical industrial expansion, while Russia's steel and defence industries have continued to experience rapid growth. Industrial growth is quite often succeeded by transnational imperialism. Thus, this accounts for their ever increasing number of transnationals across the globe. Keeler (2012) asserts that emerging economies are economies that are experiencing rapid expansion of trade and investment. In this light, Keeler (2012) explains that the fast-growing middle class in such economies have encouraged the expansion of trade and investment, facilitating the radical transformation of global trade and investment where significant volumes are bypassing the Western markets. He further maintains that among the BRICS economies, trade and investment have grown significantly with China as the driver force. Gammeltoft (2009) also explains that emerging economies are those economies experiencing increase in not only inward foreign direct investment, but

outward foreign direct investment , accruing large profits from their multinational corporations. Chun (2013) explains that emerging economies are also well known for their rising multinationals across the world. He posits China as a typical example of a country that is now well known for the continued spread and influence of their multinationals all over the world. He posits that China Mobile, Embraer, Mahindra & Mahindra, Reliance Industries Limited, Tata Group, were unfamiliar to many people a decade ago, but today however, such companies are the trailblazers for a new breed of multinational companies arising from an emerging economy. They are internationalizing fast and leaving an indelible imprint on global markets, business models and competition. China is at the forefront of the battle for global resources. In recent years, Chinese companies have taken stakes in oil production facilities in Algeria and Canada as well as natural gas reserves in Iran and Saudi Arabia. A sense of national pride also often accompanies the expansion of some Emerging Economies' transnationals. China has made clear its aim to increase its influence and power in the global economy through trade and the influential power of her transnationals (Chun 2013).

Summarily, emerging economies are economies on transition. They are not stagnant, but they are those economies experiencing growth. From the above, certain indices are primordial in ascribing an economy as “emerging”, and the three basic indices are: increased Gross Domestic Product, increased volumes of trade, and increased Foreign Direct Investment. Foreign investment in this sense will not only refer to increased inward foreign investment where an economy is more marketable to the outside world, but also increased outward foreign investment whereby government and private enterprises otherwise referred to as “transnational corporations” of that emerging economy are expanding beyond their state of origin into other marketable economies (Goldstein, 2009). And this is the case with all the BRICS economies, the Asian Tigers, and a host of other emerging economies. This research will delve into the BRIC economies proper because South Africa, the country whose

multinational corporations are under focus here is a member of this group of emerging economies.

Evolution of Emerging Transnationals

Foreign Direct Investment (FDI) has been one of the main vectors of globalization in the past and has possibly grown in importance over the past decades in the post-cold war era (Jones, 2005; OECD, 2005). The transnational corporations (TNCs) from industrialized countries, where most FDI originates, have provided a massive infusion of capital, technology, marketing connections, and managerial expertise that, under certain conditions, have played a major role in the economic transformation and growth that many less developed and newly industrialized countries from around the world have experienced over the past two decades.¹In the process, some enterprises from emerging economies, and in some cases developing economies, have amassed sufficient capital, knowledge and know-how to invest abroad on their own and claim the status of emerging multinationals (EMNCs) (see *ibid*).

Developing-country MNCs first appeared as a focus of interest about 25 years ago, with the advent of some overseas expansion by companies from a few countries (Lecraw, 1977; Lall, 1983; Wells, 1983).⁴ The earliest major developing-world sources of FDI in this period were a small group of economies, including Argentina, Brazil, Hong Kong (China), India, Republic of Korea, Singapore, and Taiwan (Province of China). It is only since the late 1980s that an increasing number of developing countries and transition economies, including Chile, China, Egypt, Malaysia, Mexico, Russian Federation, South Africa, Thailand, and Turkey, have become significant sources of FDI. Since 2003, the growth rate of outward FDI (OFDI) from emerging markets has outpaced the growth from industrialized countries (UNCTAD, 2005).

From the above therefore, the business world is increasingly dynamic and the world is now experiencing the beginning of the end of old economic order which has for decades been dominated by the triad economies (US, Europe and Japan). The new economic order is a drift from what has been more of a uni-polar world (Western globalized world) to a multi-polar world characterized by multiple centres of economic power and activity in other regions besides the west (Accenture, 2007). The most important change about this new order is the remarkable rise of emerging transnational corporations (EMCs) from emerging economies while the share and influence of transnational companies from developed countries is declining. According to a Policy document titled “Policy Brief” published in May 2014, it explained that traditionally foreign direct investment (FDI) flowed from advanced developed economies into developed and developing countries. More recently FDI patterns exhibit new trends. Outward bound FDI from emerging economies has begun to increase significantly and has grown at a faster pace than FDI from the advanced developed world (Policy Brief, 2014). While a fairly limited number of economies accounts for the bulk of this outward foreign direct investment (OFDI) with firms from Brazil, Russia, India and China (the BRIC countries) being particularly visible, over 90 emerging markets reported at least some OFDI flows in 2005. In fact, the number of emerging markets with an OFDI stock of over \$5 billion has risen from 6 in 1990 to 24 in 2005. This reflects the fact that there are at least 20 000 emerging market transnationals (defined as firms controlling assets abroad). Most of this OFDI is in services, including trade-supporting services. It is not surprising that there is such a high number of emerging-market transnationals: like their competitors from developed countries, they too face the same opportunities and pressures of the globalizing world economy.

Features of Transnationals from Emerging Economies

An emerging transnational (EMC) is a company based in an emerging economy country but has engaged in business operations in international markets. It is a new generation of multinational firms making a big impact on the stage of cross-border business (Hatton, 2008). According to Alden (2014), one of the crucial changes in the contemporary world economy is a shift in foreign investment wealth by leading enterprises, i.e. transnational corporations from powerful and developed economies to emerging economies, including China, India, South Korea, South Africa etc, which are increasing competitiveness and market shares of global foreign investment with their emerging transnational corporations, causing a paradigm shift in the global economic power. Western firms, once with virtually undisputed command over the financial resources and requisite political ties to dominate global business, are now being challenged by a host of emerging country corporations with China being at the forefront. An emerging economy is a term which refers to a country that has undertaken transition in its economic systems and experienced rapid economic development. Although there is no exact list of emerging economies, Morgan Stanley Emerging Market Index (2006) has identified 26 countries. In 1994 the US State Department of Commerce named the “Big 10 Emerging Economies” as China, India, Indonesia and South Korea in Asia; Poland and Turkey in Europe; Brazil, Mexico and Argentina in South America and South Africa in Africa.

Transnational companies from the emerging world are a relatively new phenomenon. By the late 1990s, the globe experienced a new wave of international economic relations, a new paradigm shift in foreign direct investment, that is, the evolution of southern investments within the south. According to Hatton (2008) only about 20 companies on the Fortune Global 500 list were based from emerging economies by the late 1990s. But 20 years later, a decade into the 21st century, an estimated 21,500 multinational corporations have emerged

from emergent economies and have become important in almost every economic of their host economy. According to Holstein (2007), firms from emerging economies tend to invest where barriers are easier to overcome and in nearby countries with regional, cultural or language ties. But the trend is equally changing, as these firms gain prominence, they equally penetrate advanced economies.

The World Financial Review (2016) has unveiled the rise to prominence of about 18 companies from the emerging economies of Argentina, Brazil, Mexico, Egypt, India, China and Taiwan. In the list it states that: Argentina's Arcor is the largest candy company in the world, Mexico's Bimbo is the largest bakery, Brazil's JBS is the biggest meat company, Argentina's Tenaris is the largest maker of seamless steel tubes, South Korea's Samsung Electronics is the largest consumer electronics firm, China's BYD is the leading manufacturer of nickel-cadmium batteries, Brazil's Embraer is the largest regional jet and executive jet manufacturer, and so on. According the Financial Review (2016), it further list of firms from emerging economies poised to become number one in their respective industries over the next few years includes Cemex from Mexico in cement, Acer from Taiwan in personal computers, TCS and Wipro from India in IT services and outsourcing, Vale from Brazil in mining, and Sinovel from China in wind turbines, among others. This trend of rising transnationals from emerging economies as big players in the global economy redefining the balance of economic power in the international system. This thus, is creating a new economic order, a shift from foreign direct investment as solely a venture of advanced western economies, but now a venture by emergent economies as well. These emerging economies have their transnationals leading in many market sectors globally as mentioned earlier, causing a change in the seat of power in international relations. The significance of emerging transnationals represents a seismic shift in the global economy, "the biggest shift

since the Industrial Revolution of the 18th century” that will have a profound impact on the world market (Agtmael, 2007).

According to Accenture (2007), emerging transnationals represent a new force in establishing the new economic order called “the multi-polar world”, which provides a counterbalance to the U.S-Europe led economic world. Although transnational corporations generally have similar features, most notably: expansion for the sake of market capture for profits, multinationals from emerging economies have to come to acquire some distinct features that make them unique from the traditional western multinational corporations. The following are some of their unique features in which Emerging multinationals from emerging economies differ from their developed-world counterparts:

Acquisition of Assets: The topicality of this subject is exemplified by a spate of recent high-profile takeovers by emerging-market transnationals of firms in developed and developing countries. Some examples include:

- Lenovo’s (China) acquisition of the personal computers division of IBM (United States). When the deal was completed in 2005, Lenovo paid \$1.25 billion with a total cost of \$1.75 billion, including assumed debt.
- CVRD’s (Brazil) takeover of INCO (Canada) in 2007, for \$16.7 billion.
- Tata’s (India) successful bid (against the competition of Companhia Siderúrgica Nacional of Brazil) for Corus (United Kingdom/Netherlands). The deal was reached in 2007, for a total price of \$13.5 billion.
- Hindalco (India) bought Novelis (US) in 2007 for \$6 billion.
- Dubai Ports World’s acquisition of P & O Steam Navigation Company (United Kingdom), an event that led to an excited policy debate in the US as Dubai Ports World would then have controlled a number of ports in that country (Dubai Ports

World eventually had to divest itself of its US assets). The sale for \$6.8 billion dollars was approved in 2006.

- Cemex (Mexico) bought Rinker (Australia) for \$15.5 billion in 2007, the largest takeover in Australia's history.
- Lukoil Overseas Holding Ltd (Russia) purchased Nelson Resources Ltd (United Kingdom) in 2005 for \$2 billion.
- Oger Telecom (Saudi Arabia) purchased Turk Telekomunikasyon AS (Turkey) for \$6.55 billion in 2005.

These are just a few examples of how a new breed of firms from emerging markets, the new kids on the block, are becoming important players in the world foreign direct investment (FDI) market.

Rapid Expansion: Outward foreign direct investment (OFDI) from emerging markets is not a new phenomenon: firms based in these countries have invested abroad for decades; this is reflected in their almost 13 per cent share in the world FDI stock in 1980 (Table 1.1).² What is new is the absolute magnitude that this phenomenon has achieved, growing rapidly, but largely unobserved, over the past 20 years or so in the shadow of the global expansion of FDI in general, driven primarily by TNCs from developed countries (Financial Times, 2015).

Transnationals from emerging economies have expanded around the world much faster than the traditional Transnationals from the west (Agtmael, 2007). A explanation for this will not be unconnected with the fact that transnationals from emerging economies adapt quicker and virtually invest in all kinds of businesses compared to their western counterpart that are more selective. Examples are companies such as Vale in mining, Cemex in cement, or Lenovo in personal computers were mostly domestic firms twenty years ago. Nowadays, they operate in dozens of countries, and are among the top 3 firms in their respective industries.

Table 4.1: Emerging markets with Foreign Direct Investment stock of \$5 billion or more (Expansion from 1990 to 2005) (US\$m)

Economy 1990	Economy 2005
Brazil 41 044	Hong Kong (China) 470 458
Taiwan Province of China 30 356	British Virgin Islands 123 167
South Africa 15 004	Russian Federation 120 417
Hong Kong (China) 11 920	Singapore 110 932
Singapore 7 808	Taiwan Province of China 97 293
Argentina 6 057	Brazil 71 556
	China 46 311
	Malaysia 44 480
	South Africa 38 503
	Korea, Republic of 36 478
	Cayman Islands 33 747
	Mexico 28 040
	Argentina 22 633
	Chile 21 286
	Indonesia 13 735
	Panama 12 891
	Venezuela 10 665
	UAE 10 087
	India 9 569
	Colombia 8 876
	Bermuda 5 982
	Kuwait 5 403
	Bahrain 5 058
	Nigeria 5 026

Source: UNCTAD 2006.

Stronger Adaptability: Emerging multinationals from emerging economies have a higher level of adaptability than their western counterparts. This is why western multinationals are highly selective and would invest only in economies where political stability and economic policies pose a suitable investment climate. Holstein (2007) explains that emerging multinationals are better prepared than the traditional transnationals to succeed in foreign countries characterised by weak or rapidly changing institutional environments. That is, they tend to possess better capabilities in dealing with unstable governments, more regulated environments, insecurity challenges, power shortages, harsh weather conditions etc. According to Agtmael (2007)., the majority of the transnational corporations from the developed world take into account the limitations of investing in countries with weak infrastructure, corruption, lack of good governance and democracy, whereas transnationals

from the emergent economies are more flexible and adaptable. Their high level adaptability more than traditional western multinationals is believed to be as a result of their home country experience.

Multi-sector Investors: Transnationals from emerging economies are investors in a range of diverse sectors whereas western transnationals are selective-investors. Corporations from emerging economies tend to be involved in investing in wider variety of services or production. In Africa for instance, western transnationals are seen largely in the oil and mining industries, whereas emerging transnationals are seen in oil and mining too but also in virtually every sector; banking, telecommunications, retail goods, tourism, agriculture, water supply and treatment, construction, insurance, etc (Alden, 2014),.

Efficient Operations from Borrowed Technology: Guillen (2016) posits that emerging multinationals from emerging economies have weaker technological skills compared to western multinationals and it is on account of this that most multinationals from emerging economies are often focused on borrowing the latest technology from the west to succeed. Esteban (2016) explains that emerging multinationals have used foreign expansion as a way to acquire new capabilities. According to Guillen (2016), expanding into developing economies helps them have a wider market, enjoy operational experience, and generate profits, while expanding into developed economies contributes primarily to the upgrading of their capability and technological skills.

Emerging transnationals have also been found to possess an ability to organise production and to execute large-scale projects efficiently with the help of technology borrowed from abroad in industries as diverse as steel, electronics, automobiles, shipbuilding, infrastructure development, and construction. The South Korean shipbuilder Hyundai and Mexico's Cemex have frequently been proposed as examples of this ability (Esteban, 2016).

Transnationals from the ‘BRICS’ Economies

BRIC was a term widely used to describe the four largest emerging economies: Brazil, Russia, India and China. According to Goldman Sachs' projections in 2001, within the next 20 years, BRIC will add to their populations some 225 million “middle class” consumers who earn at least US\$ 15,000 a year. The economy of BRIC will overtake the U.S., Japan, Germany, France, the UK, Italy, and Canada by 2040 (BusinessWeek, 2006). Goldman (2001) coined term “BRIC” to denote a group of ‘emerging economies’ that will become major economic powers and global players in this 21st century. The acronym coined stands for Brazil, Russia, India and China with the later inclusion of South Africa. The main thesis was that the BRICS countries collectively would play an increasingly important role in the global economy especially through trade and foreign investment. The original BRICS bloc began to form in 2006, when foreign ministers of Brazil, Russia, India, and China (BRIC) began conducting political dialogue. This informal grouping crystalized on June 16, 2009, with the first summit. South Africa was shortly granted an invitation to join the grouping by the existing members on December 23, 2010 by the then Minister of Foreign Affairs of the People’s Republic of China, Yang Jiechi. South Africa’s Minister of International Relations and Cooperation, Maite Nkoana-Mshabane, made the announcement after months of lobbying by President Jacob Zuma, who has marketed the country as a gateway to Africa. Zuma has maintained that the BRICS bloc is an important group of which to be part given that the emerging economies of its member states have a significant role to play in restructuring political, economic, and financial institutions to become more equitable and balanced (Yanshuo, 2011). Participation in the group provides, according to the Government of South Africa (2012), economic benefits such as increased trade and investment opportunities as well as political benefits, such as an increased voice in the international sphere. The third BRIC summit, held in China in April 2011, with the presence of South

African President Jacob Zuma, heralded the transformation of the BRIC grouping to BRICS (Journal of International and Global Studies Volume 5, Number 2 79).

The BRICS economies have becoming stronger and more prominent in the global economy. Supported by ambitious leaders, low costs, modern facilities, and home market profits, companies such as China's Haier Company and Lenovo Group, India's Infosys and Tata Group, Brazil's Embraer, South Africa's Shoprite and MTN are expanding overseas and transforming industries and markets throughout the world.

Brazil: Beginning with Brazil, the year 2006 marked an unprecedented event for the country, as total Brazilian Direct Investments abroad outweighed the Foreign Direct Investments at home. The internationalization process revealed a country that, besides its image of supplier of mineral and agricultural commodities, wanted to consolidate its position as a global player in the international trade of goods and services (Financial Times, 2007).

Brazil's Embraer is a Brazilian Conglomerate that engages in the production of commercial, military, and agricultural aircraft, and also provides aeronautical services. It is headquartered in Sao Paulo. It has become one of the world's largest aircraft manufacturers and the leader in mid-size passenger jets. The company currently competes with Canadian rival Bombardier for the position of "third largest aircraft maker" after Airbus and Boeing. It has production facilities in Beijing, China; Washington DC, America; Paris, France; and Singapore. In 2013, it generated revenue worth \$5.7 billion (Chun, 2013). Also, Vale, a Brazilian Mining Company, is highly noted for the US\$17.2 billion acquisition of Canada's Inco Company. Other Brazilian multinationals spread across the globe include: Gerdau, Steel products; CSN, Steel products; Odebrecht, Construction and petrochemical; Marcopolo, Bus maker; Natura, Cosmetics; Itautec, Information Technology; Lupatech, Electro-mechanical products. These companies are spread across in countries that include France, Spain, the UK, Portugal, Scandinavia, Belgium, the Netherlands, Germany, Hungary, and Switzerland (Chun, 2013).

Table 4.2: Selected Brazilian Transnational Corporations and Regional presence

S/N	Company	Sector	No. of Foreign Subsidiaries	Regional presence
1	Ambev	Beverage	35	Latin America, USA, European Union
2	Artecola	Auto parts, shoes	5	Latin America, USA, European Union
3	Busscar	Bus assembly	9	Latin America
4	Embraer	Aircraft	3	China, European Union
5	Gerdau	Steel	63	Latin America, USA, European Union, China
6	Marcopolo	Bus assembly	9	South Africa, Latin America, European Union, China
7	Random	Trucks	7	Latin America
8	Petrobras	Oil	100	Latin America, Africa, USA.
9	Embraco	compressors	6	European Union, Asia
10	Tramontina	Tools and House supply	10	USA
12	Natura	Cosmetics	6	Latin America
13	Cinex	Furniture	2	Latin America
14	Duratex	Construction Materials	10	Latin America and European Union
15	Klabin	Paper	1	Latin America
16	Cutrale	Orange Juice	1	USA
17	Friboi	Food	6	USA, Latin America, European Union
18	Braskem	Chemicals	2	Latin America
19	Ipiranga	Oil and gas	4	Latin America
20	Sanista	Textile	8	Latin America and European Union

Source: UNCTAD Report 2015

Russia: Also, Russian transnational companies are also becoming important players in the global economy, in particular in the national economies of Russia's neighbors, that is former Soviet republics and current member states of the Commonwealth of Independent States (CIS) (Crane et al., 2005), as well as the European Union (EU). While the internationalization of emerging Russian multinationals in CIS economies is comprehensible enough due to their shared history, advances into Western markets has become a major shift. In the late 1990s–2000s, Russian companies started significantly expanding their global presence. According to Filippov (2010) this is in line with the Uppsala Model which postulates that firms start their foreign operations from culturally and/or geographically close countries and gradually move to culturally and geographically more distant countries. More importantly, emerging Russian

multinationals started venturing on to advanced markets of Europe and the USA, in an effort to diversify their distribution markets and gain access to the latest technologies and expertise. The rapid emergence of Russian companies in the international investment community once more challenges the traditional stereotype of transnationals as being purely a “western” phenomenon. Luke-oil is amongst the biggest six major transnational corporations of Russia. It is an oil company that participates in foreign exploration and production in 10 countries some of which include Azerbaijan, Uzbekistan, Columbia, Venuezela, Saudi Arabia, Ivory Coast, Egypt (Deloitte, 2008). The Russian mining industry equally has some companies moving abroad. ARMZ is gaining control over uranium deposits in Ukraine; Severstal, the largest steel producer in Russia, has been the third largest Russian transnational and is aiming for iron ore in Guinea; while others like Rusal, Norilsk and Evraz are buying many assets abroad (Haibin, 2012).

Emerging Russian transnational companies can broadly be divided into two groups; the (partially) privatised former state monopolies, such as Gazprom and Rosneft, and newly established private companies like Yukos or Sibneft, Wimm-Bill-Dann Foods. While the former multinational is dominant in the oil and gas sector, the latter is active in telecommunications, consumer goods, etc.

India: Furthermore, another BRICS economy, India’s economy, up to the late 1980s had remained highly stagnated due to earlier British exploitation during colonialism. But India today is regarded as one of the fastest growing economies of the world. The country’s major industries today include information technology (ICT), telecommunications, textiles, chemicals, food processing, steel, transportation equipment, engineering goods, cement, mining, petroleum, machinery, software and pharmaceuticals (Goldman and Sachs, 2003).

The breakthrough in India’s manufacturing sector has given rise to increased GDP levels which has made the country a major player in the global economy today. Indian companies

have gone beyond domestic boundaries and have considered entry into new markets for gaining new economic position. Within a span of just seven years, between March 2001 and March 2008, India's overseas foreign investment stock has grown nearly 18-fold from US\$ 2.6 billion to \$ 46.2 billion, as the Reserve Bank of India's (RBI) data on India's international investment position reveal (Gammeltoft 2009). This increase in overseas investment is as a consequence of some Indian companies expanding their global footprints. They are going abroad to secure natural assets or because their major trade markets are located in other parts of the world. This expansion has created multinational giants from India that are as global as any of their counterparts elsewhere (Aykut, 2006). Many Indian firms have slowly and surely embarked on the global path that has led to the emergence of the Indian transnational corporations. In fact, the number of acquisitions abroad has increased considerably in the past few years. Indian multinationals appear to be on a shopping spree. With each passing day, Indian businesses are acquiring companies abroad, becoming world-popular suppliers and are recruiting staff cutting across nationalities (Goldstein, 2008). Examples are the likes of Asian Paints that is painting the world red, and it is among the 10 largest decorative paints makers in the world and has manufacturing facilities across 24 countries. Tata Motors that manufactures Indica from Birmingham in the UK, and which has also acquired a Daewoo Commercial Vehicles unit giving it access to markets in Korea and China. There is also Ranbaxy, the ninth largest generics company in the world. An impressive 76 percent of its revenues come from overseas. Essel Propack is the world's largest manufacturers of lamitubes, tubes used to package toothpaste. It has 17 plants spread across more than 11 countries. The company commands a staggering 30 percent of the 12.8 billion-units global tubes market. Infosys has over 25,634 employees including 600 from 33 nationalities other than Indian. It has 30 marketing offices across the world and 26 global software development centres in the US, Canada, Australia, the UK and Japan. Dr. Reddy's Labs, is the second

largest pharmaceutical company in the country, and has operations in many countries with its major markets being in US, UK, and CIS countries. The US and India contribute close to 70 percent of its sales. Dr Reddy's Lab possess active pharmaceutical ingredients and formulation plants, some of which are used to cater for the US and European markets. It became the first Asia Pacific pharmaceutical company outside Japan to list on the New York Stock Exchange in 2001 (Nagesh, 2006).

Aurobindo Pharma is another transnational in the pharmaceutical sector with eight subsidiaries across the world, two JVs in the US and a new acquisition in China. Its strength is stems from its strong presence in emerging markets of Asia, Brazil and Latin America. GlaxoSmithKline Plc is another major pharmaceutical company that has become a global player with several subsidiaries across Europe and Africa. The country's industries have made breakthroughs in medicine and pharmacy causing international demand of products and services, and enabling these industries to establish market outlets in economies of trade partners. This is most evident in the country's Aurobindo Pharmacy, a transnational pharmaceutical company whose primary product is penicillin, one of the commonest anti-biotic. But the company also delves into production of newer products like cephalosporins, life style drugs and anti-HIV drugs (Pradhan, 2007).

Also India's Mittal Steel is one of the world's largest producers of steel by volume. Mittal Steel's US\$32 billion acquisition of Europeansteel-maker Arcelor was the largest acquisition by any company in 2006 and the largest ever by a company with origins in an emerging economy. Mahindra & Mahindra, another Indian transnational, are leading manufacturers of tractors and cars. They have been exporting tractors to the US for more than ten years. Also, the large Indian IT players such as Wipro and Infosys are now amongst the biggest players amongst Software Engineering Institute certified organizations in the world (Pradhan, 2007).

China: Today China is increasingly capitalist, modern, and globalized. Economic reforms, initiated in 1978 by Deng Xiaoping, have transformed China into one of the world's largest destinations for foreign direct investment as well as set China also a major player in overseas investment. China is now home to a set of large firms which can now be classified as transnational enterprises (MNEs). The marked presence of Chinese transnational corporations on the global stage is changing the landscape of international business and politics. Ellen (2008) explains that China's investment strength is arguably its most significant and effective soft-power instrument. Growing at an average rate of 9.8 percent of real GDP per year from 1979 to 2007, China is expected to become the world's largest economy within a few decades. China has the largest foreign direct investment amongst the emerging economies. The growth of Chinese transnational corporations started over a hundred years after the emergence of Western transnationals, of which many were established in the last decades of 19th century or at the beginning of the 20th century. At the end of the 1990s, with government support, Chinese enterprises started to invest abroad and form their corporate structures (Ellen, 2008).

According to Lampton (2008)) more than 2,000 Chinese companies have invested in Africa. While oil and mining remain the important sectors, Chinese foreign direct investment (FDI) has flooded into everything from shoe manufacturing to food processing. Chinese firms have also made major investments in African infrastructure, targeting key sectors such as telecommunications, transport, construction, power plants, waste disposal and port refurbishment. Given the scale of Africa's infrastructure deficit, these investments represent a vital contribution to the continent's development.

Alden (2014) opines that China's state-owned oil companies are active throughout the continent of Africa. The China National Petroleum Corporation which is China's biggest oil producer, for example, invested up to \$6 billion in Sudan's oil sector. It is has become well

known for non-compliance with local laws in host countries while carrying out operations as well as using cheap labours from their host countries. Chad for instance, which built new roads and public buildings with Chinese financial assistance, took a hard line with China National Petroleum after the company dumped excess crude oil in ditches near the capital of N'Djamena in 2013. Also, local African workers have also begun to fault Chinese companies for maintaining unfair labor practices, says Ian Taylor, a professor of African politics at Scotland's University of St. Andrews.

Its operations also include advanced economies like Canada and Australia where it has purchased oil-sands and Shale gas respectively. Its market capitalization of about \$210 billion makes it one of the world's most valuable oil firms. China's deep investment in Africa continues to loom as the China Power Investment Corporation invests about \$6 billion in Guinea's bauxite and alumina projects. Others are China Sinopec (China Petroleum and Chemical Corporation) owned by the Chinese government, and is Asia's largest oil refining corporation, and the Privately-owned Huawei and publicly-traded ZTE have become the principal telecommunications providers in a number of African countries. While most of their activity is sales, their operations are so large in some countries that they have established huge local offices. Increasingly, Chinese companies are moving into finance, aviation, agriculture and even tourism.

Shinn (2012) explained that the marked presence of Chinese transnational corporations in Africa and on the global stage is changing the landscape of international business and politics. Western firms, once with virtually undisputed command over the financial resources and requisite political ties to dominate global business, are now being challenged by a host of emerging country corporations with China being at the forefront. Highly competitive and strongly supported by the state, Chinese transnational corporations are embarking on an acquisition drive that is capturing key resources and market share across the developing

world. Through the appeal of non-interference and the doctrine of respect of state sovereignty which can be especially attractive to developing countries ruled by authoritarian regimes, China has deepened economic relations with especially the developing economies by expanding its investment. It is thus, gaining more influence in developing economies especially Africa more than the west, taking over markets, providing more affordable services than the west, and acquiring more profits.

China's investment has continued to flourish throughout other developing economies, where developing countries now have alternative to western corporations. And this is where China has made their mark. Their current stronghold in many African economies has become a source of power for China. Withdrawal of their investment will be met with resistance, or a threat of withdrawal would shaken any government involved. Yet China continues to accrue huge profits from their investments abroad and especially in Africa where their investments cannot really be quantified but runs into 100 billions of dollars of which China's economy is the major beneficiary. China's influence in continents like Africa through her transnational firms is not in doubt, they are making profits and repatriating these profits; they are dominating the market through a wider reach and through more affordable cost of lower quality of services when compared to their western counterparts; from these profits they in turn give out financial loans to African governments, though soft conditional loans they may be, yet it makes China increasingly influential over the region as a creditor government; and the potency to threaten withdrawal of these investment and aid opportunities is itself power and influence China has accrued for itself (Dunning, 2008).

South Africa: According to (BRICS Summit, 2013), South Africa has become an active participant in the current period of transition in the global balance of power and has strategically positioned itself with other emerging economic powers in opposition to the traditional powers. South Africa's membership in the BRICS forum (comprising Brazil,

Russia, India, China, and South Africa) entails both opportunities and challenges for the country, the continent, and global governance.

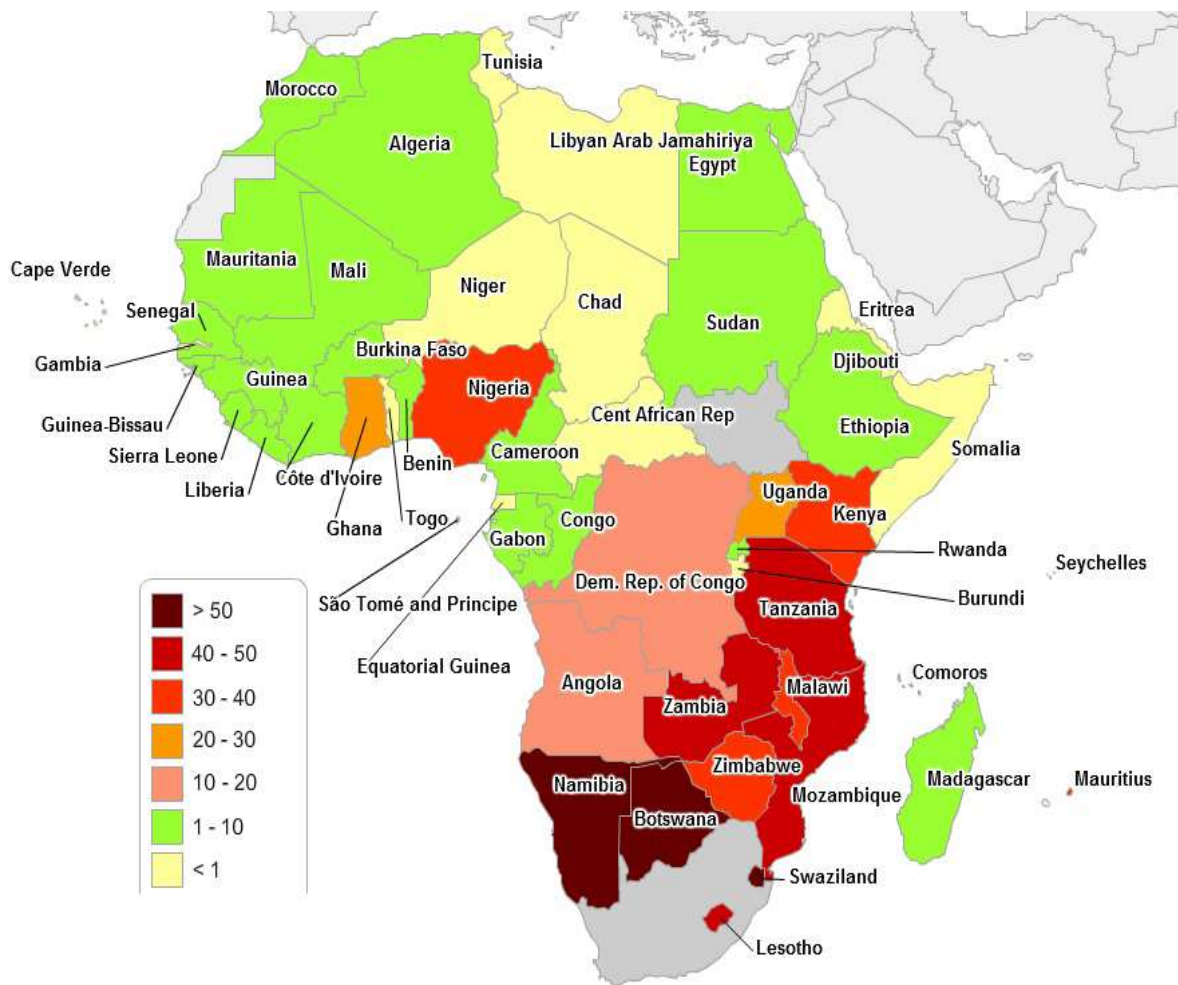
The South African economy is the dominant economy on the African continent, illustrated by the fact that, although the South African population constitutes only 5% of the African population, the country contributes above 30% of the continent's combined GDP (gross domestic product) (Van der Walt, 2004). This arises from South African transnational companies have steadily increased their investments in other parts of Africa. While there are numerous South African companies across the continent, some are more active than others. The companies 'more actively' investing in various projects in Africa are categorized in three main categories according to Daniel Malan (2005). These were telecommunications, with MTN being the most active; financial services, including banks such as Standard Bank, First Rand, Sanlam and Liberty Life, and retailers such as Shoprite, Pick n Pay, Woolworths and Massmart. This research will delve more deeply into the spread of South Africa's transnational companies in Africa in subsequent chapters.

Table 4.3: Selected South African Transnationals and Sectorial operations

Company	Sector	Company	Sector
Group Limited	Finance / Banking / Insurance	Pretoria Port Cement (PPC)	Construction and materials
Adcock Ingram Hlgs Ld	Pharmaceutical	Protea Hotel Group	Tourism and travel
AECI Ltd	Chemicals	Raubex Group Ltd	Construction and materials
Afgri	Agricultural	Reunert Ord	ICT
African Bank Investments Ltd	Retail trade	South African Airways	Tourism and travel
African Oxygen Ltd	Chemicals	Shoprite	Retail
African Rainbow Minerals	Mining	Edcon Group	Retail trade
Alexander Forbes	Finance / Banking / Insurance	Educor	Education
Allied Elect Corporation Ltd	ICT	Edward Nathan Sonnenberg	Legal services
Anglo American Plat Ltd	Mining	Eqstra Holdings Ltd	Distribution and logistics
AngloGold Ashanti Ltd	Mining	Eskom	Electricity
Aspen Pharmacare Hldgs	Pharmaceutical	Famous Brands Ltd	Restaurants / fast food
Astral Foods Ltd	Agricultural		Mining
Aurecon	Engineering	Firststrand Ltd	Finance / Banking / Insurance
Aveng Ltd	Construction and materials	Freeworld Coatings Ltd*	Chemicals
Avusa Ltd	Media	Gold Fields Ltd	Mining
Barloworld Ltd	Distribution and logistics	Grindrod Ltd	Distribution and logistics
Basil Read Hldgs Ltd	Construction and materials	Distell Group Ltd	Beverages and tobacco
Bell Equipment Ltd	Vehicle manufacturer	Distribution And Warehouse Group Ltd	Distribution and logistics
Bidvest Ltd	Distribution and logistics	DRDGold Ltd	Mining
Blue Financial Services Ltd	Finance / Banking / Insurance	Coronation Fund Mngrs Ltd	Finance / Banking / Insurance
Bowman Gilfillan	Legal services	Datatec Ltd	ICT
Business Connexion Group	ICT	Group Five Ltd	Construction and materials
Cashbuild Ltd	Retail trade	Growthpoint Prop Ltd	Property
Clicks Group Ltd	Retail trade	Hudaco Industries Ltd	Distribution and logistics
Clientele Ltd	Finance / Banking / Insurance	Illovo Sugar Ltd	Agricultural
Comair Ltd	Tourism and travel	Netcare Limited	Healthcare
Impala Platinum Hlgs Ld	Mining	Oceana Group Ltd	Fishing
Imperial Holdings Ltd	Distribution and logistics	Omnia Holdings Ltd	Chemicals
Investec Ltd	Finance / Banking / Insurance	Pick n Pay Stores Ltd	Retail trade
Italtile Ltd	Retail trade	Pioneer Foods Group Ltd	FMCG
JD Group Ltd	Retail trade	Mr Price Group Ltd	Retail trade
Lewis Group Ltd	Retail trade	MTN Group Ltd	Telecoms
Liberty Holdings Ltd	Finance / Banking / Insurance	Murray And Roberts Holdings Ltd	Construction and materials
Life Healthcare Grp Hldg Ltd	Healthcare	MultiChoice	Pay Tv-Media
Massmart Holdings Ltd	Retail trade	Nampak Ltd Ord	Paper and packaging
Mediclinic International	Healthcare	Nandos	Restaurants / fast food
Metorex Ltd*	Mining	Naspers Ltd	ICT
MMI Holdings Ltd	Finance / Banking / Insurance	Nedbank Group Ltd	Finance / Banking / Insurance
Mondi Limited	Paper and packaging	Mpact Limited	Paper and packaging

Source: SAIIA Report, 2015

Figure 4.1 South African companies' footprint in Africa



Transnationals from the Asian Tigers: The Case South Korea and Taiwan

The ‘Asian Tigers’ or ‘Asian Dragons’ is a term that refers to the emergent economies of Hong Kong, Singapore, South Korea, and Taiwan (Krugman, 1994). As recently as the early 1960s these economies were considered to be a part of the third world. Since then however, the four Asian tigers have consistently maintained high levels of economic growth, fuelled by exports and rapid industrialization, which enabled these economies to join the ranks of the world’s richest nations. Hong Kong and Singapore are among the biggest financial centers worldwide, while South Korea and Taiwan are important hubs of global manufacturing in

automobile/electronic components and information technology, respectively (Cohen, 2012). Their development pattern has been tagged 'the East Asian development model', a term used to describe how these Asian Tigers developed their economies. According to this model, a country begins with the export of inexpensive products, then educates its workforce and moves to more lucrative industries that go transnational (Harvey, 2002).

South Korea: In 1945 South Korea was finally made independent of Japanese rule, but the Korean war had devastating effects on the nation's economy (Vogel, 1991). But the long road from this devastation to its current position as a member of the G20 economies and a global economic power can be analysed as a movement in four discrete phases: The first phase of development constituted recovery from the devastation of the war with aid from the US. In this phase US investments had taken over the economy as part of the recovery process. The second phase saw the development of light industries (industries that are less-capital intensive and more labour intensive, and are usually industries whose products are inexpensive). This phase was marked by governance that centered on industrial and macro-economic policies. The third phase was marked by export growth that was as a result of the transformation of light industries to heavy industries. This period marked the improvement of quality labour for the industrialization through education. The quality labour for industrial production was consequent of the emergent educational class (Chungil, 2005).

The fourth and current phase was the phase of the proliferation of high technological (hi-tech) industries in Korea. This era begun from the late 1990s and South Korean hi-tech products have flooded the world market since then and are amongst the highest in demand, creating a huge capital base for the South Korean economy (Dongmyeon, 2003). These hi-tech industries have been investing heavily in markets where they have high demand. And because of their global acceptability, their presence is now felt in almost every cranny of the globe. Prominent among the hi-tech industries are the transnational conglomerates that include

Hyundai (Hyundai Electronics, Hyundai Construction and Engineering, Hyundai Motor Company, etc) and LG (LG Electronics, LG Telecom etc), Kia Motor Company, Samsung Group, Asiana Airlines, etc. They have become strong multinationals as they now have subsidiaries in virtually many parts of the globe (Chungil, 2005).

These hi-tech industries are positioning South Korea as the most technologically advanced nation in the world. Today, there is rarely any part of the globe that has not heard of a Samsung Galaxy smartphone, or purchased a washing machine or a television that is not LG, or watched a Hyundai car drive down the road. International demand for products of these transnationals from this emerging country is soaring higher since this 21st century. Today Samsung has become the world largest producers of phones and television, while LG is closing the gap (Chungil, 2005).

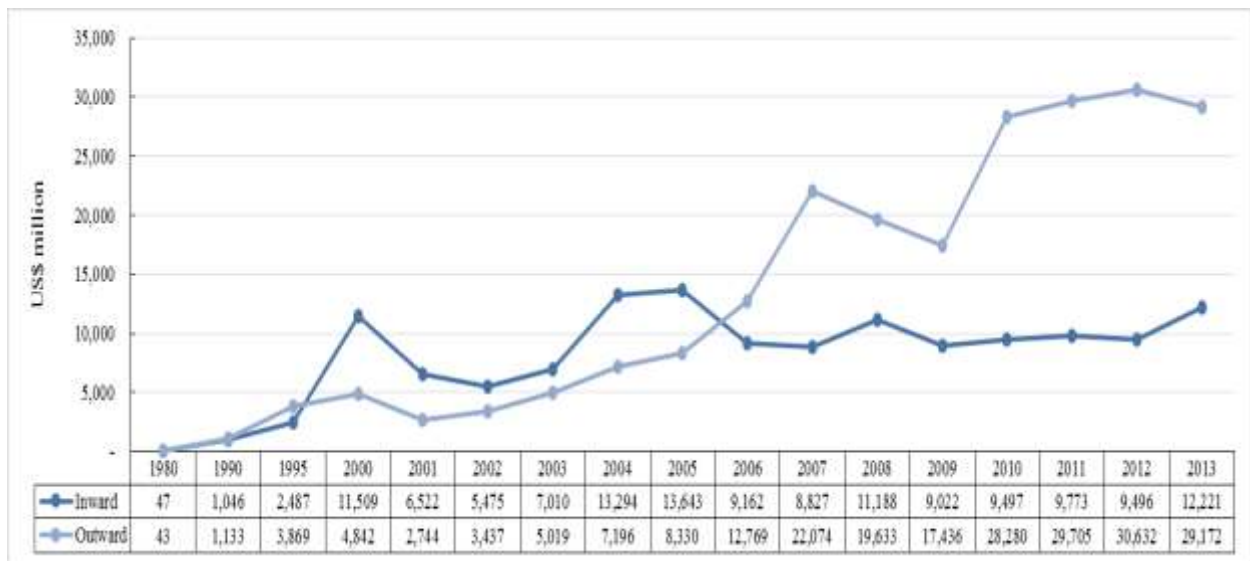
After the global financial crisis in 2008, the Hyundai Motor Group began expanding overseas with a strong focus on the small vehicle market. As a result, Hyundai Motor Group became the world's fifth largest automotive manufacturer. Hyundai Motor is the only global Korean company to rank with Samsung Electronics within the top 100 in the list. After it was acquired by Hyundai Motor Group in 2001, KIA Motors has also grown significantly in the global automobile market. Hyundai Mobis is an Automotive supplier and offers vital components to Hyundai Motor and KIA (see *ibid*).

The Semiconductor Market also looms large for South Korea. As smartphones and tablets became widely adopted, Korean semiconductor companies such as LG and Samsung also saw exceptional growth. Owing to the Success of the Samsung Galaxy series, the Korean electronics giant has grown rapidly. Samsung currently holds twenty percent share of the worldwide smartphone market. SK Hynix is another Korean transnational memory semiconductor supplier and the world's second largest memory chipmaker (Kim, 2015).

In 2013, LG Electronics invested US\$1.5 billion in Vietnam to build a factory for manufacturing and assembling electrical and electronic products. In order to reduce manufacturing costs, Samsung Electronics built its second Vietnam-based factory in 2013, which cost US\$3.2 billion. In October 2014, Samsung Electronics announced an investment of US\$560 million to build another factory in Vietnam for manufacturing home appliances. In China, Samsung Electronics finished a semiconductor facility in Xi'an in May 2013 after 20 months of construction. It invested a total of US\$7 billion in the facility, which became the single largest foreign investment in China. The Xi'an facility was also notable for being the second largest overseas memory chip manufacturing plant after the one in Austin, Texas. Samsung Electronics also invested an additional US\$500 million for a NAND flash post-step line in Xi'an. Unlike Samsung Electronics, LG Electronics, and its subsidiary, SK Hynix, made aggressive acquisitions of overseas firms. In 2012, SK Hynix took over US storage solution firm LAMD. SK Hynix also established an R&D center in Italy by acquiring an Italian NAND Flash developer in 2012 (Kim, 2015).

Kim (2015) still posited that the world's two leading LCD panel makers, LG Display and Samsung Display, each made large investments in China. LG Display contributed 70% of a US\$4 billion plant in Guangzhou, which was opened in September 2014. Samsung Display invested US\$1 billion in an LCD factory in Suzhou in 2011, finishing construction in November 2013. Finally, Samsung SDI expanded its overseas investment and thus strengthened its production capabilities for small-sized rechargeable batteries in Malaysia and Vietnam. In 2014, it invested in Xi'an for manufacturing medium-to-large rechargeable batteries (see *ibid*).

Figure 4.2: Korean Inward and Outward FDI flows (1980-2013)



Source: UNCTAD FDI Statistics, <http://unctadstat.unctad.org>, page

South Korea strongly promoted investment in energy during the five years of the Lee Myung Bak administration. KOGAS acquired stakes in Australia, Uzbekistan, and Iraq over the five years from 2008 to 2012. Hyundai Motor, third in the ranking, expanded its global factories in emerging markets, particularly China and Brazil. Hyundai Motor also opened a US\$700 million plant in Sao Paulo in September 2012, in order to expand its presence in Brazil and the Latin American region in general. Finally, Hyundai Mobis, fifteenth among the top 20, actively expanded its overseas factories, thanks to the increasing demand for Hyundai and Kia's automobiles. In 2012, Hyundai Mobis invested US\$33 million for building module manufacturing plant in Izmir, Turkey. Construction was completed in September 2013. In 2014, it announced that it would build an automobile lamp plant in the Czech Republic by 2017. With this it hopes to reduce logistics costs while serving the European regional market. In the iron and steel industry, South Korean multinationals are also active. POSCO, at number two in the list, actively expanded overseas investment in order to reduce its reliance on the domestic market. In 2012, POSCO took a 15% stake in Gina Rinehart's iron ore mining project, Roy Hill, for roughly US\$1.7 billion. Also that year, it invested US\$12

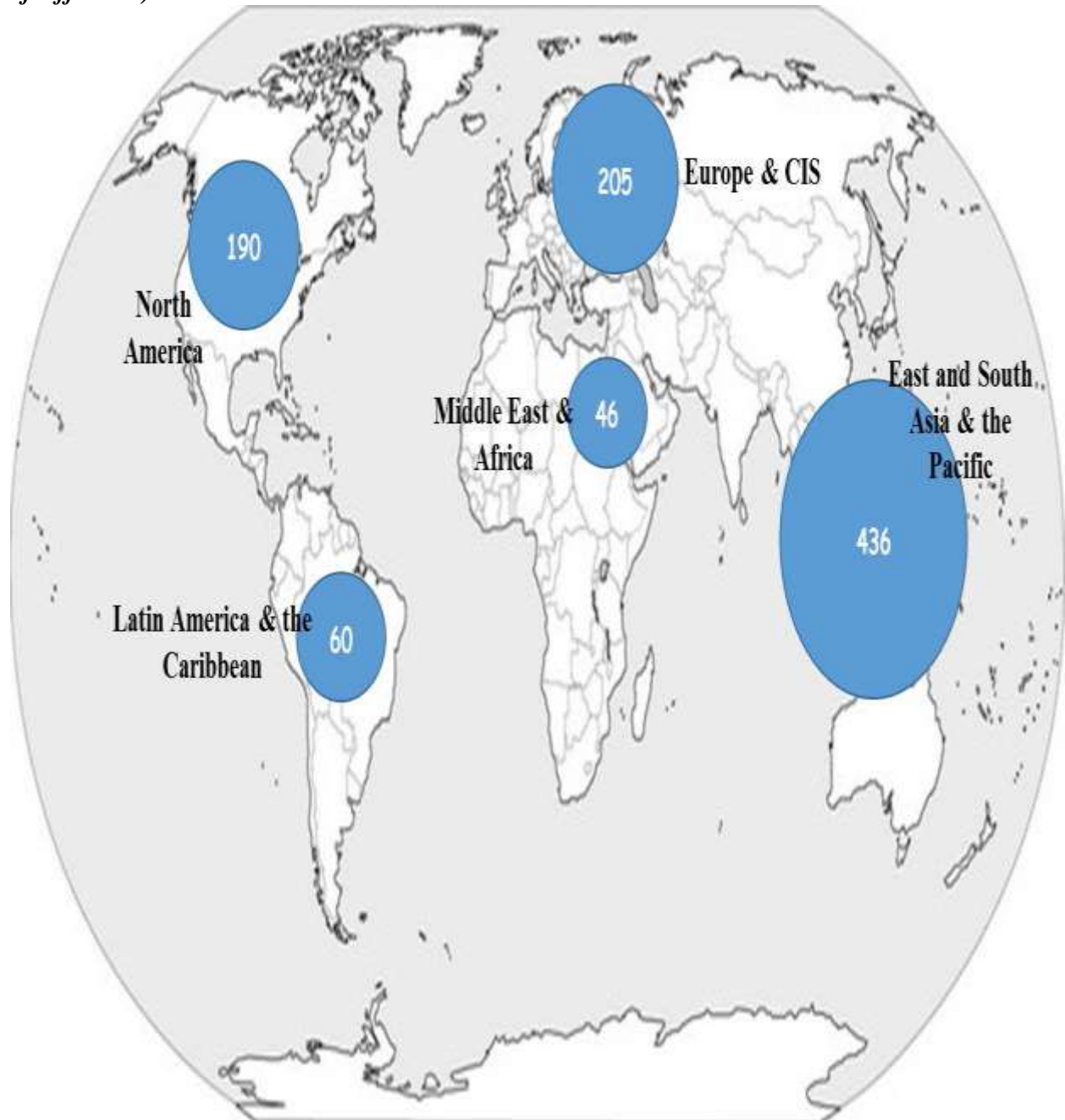
billion in a project in Odisha, India, which was India's largest FDI inflow by a single investor at that time (Ibid).

Although the geographic distribution of Korean foreign affiliates varies by industry, about half of them are located in East Asia, South Asia, and the Pacific (including Oceania) (46.5%). This is followed by Europe & CIS (21.9%), North America (20.3%), and South America (6.4%). Middle East and Africa is the region with the lowest number at 4.9%. Among the Korean top 20 multinationals, 13 of the headquarters are located in Seoul and seven in other Korean cities. Korean is the official language at the headquarters of all firms. The nationalities of top management figures are also mostly Korean, but there has been an increasing number of foreigners both in Korea and abroad. Although the language in foreign affiliates depends on the location, most still use Korean as the primary language for communications convenience with headquarters (UNTAD, 2014).

According to Kim (2003), there are several motivations for FDI by the top 20 firms. One is to exploit lower labor costs of the host country. China has historically been the key destination for this purpose, but increases in Chinese labor costs over the last few years have prompted Korean firms to shift production to other countries like Vietnam. Samsung Electronics, for example, has already established two plants in Vietnam. The second motivation is to seek natural resources. As shown in Annex Figure 1, "petroleum products, chemicals & gas" is the second largest industry in terms of foreign assets among the top 20 firms. As this industry is dependent on natural resources and energy, Korean firms have actively committed to securing natural resources overseas. The third driver is to search for the potential markets. As shown in Annex Figure 2, the Asian region has become the largest destination for overseas investment. This is not just due to low costs, but local Asian markets. For example, Hyundai Motor has committed to additional investment in Western China to tap into its less developed provinces. Kia Motors and Hyundai Motor have established new plants in Mexico and Brazil

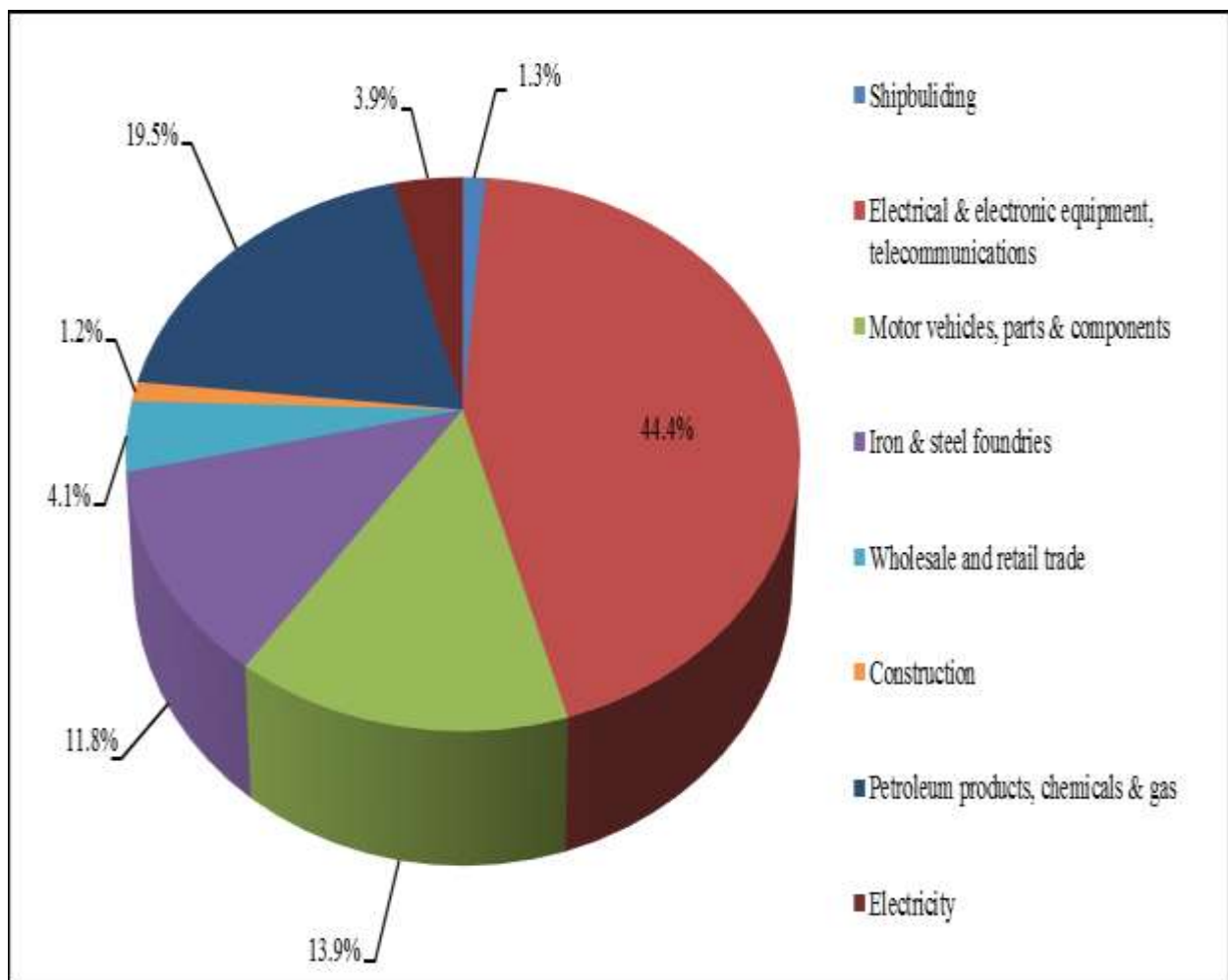
respectively, to explore untapped markets in the Americas. Another related motivation is expansion into the neighboring markets of investment countries.

Figure 4.3: Foreign affiliates of Korean top 20 transnationals, by region, 2013 (*Number of Affiliates*)



Sources: Firms' individual annual reports and websites.

Figure 4.4: Breakdown of foreign assets of the Korean top 20 multinationals, by industry, 2013



Sources: Firms' individual annual reports

Table 4.4: Selected Korean Multinational Business in the World (as at 2015)

Rank (Global)	Type of industry	sales	profits	Assets	Market Value
Samsung Electronics	Semiconductors	\$208.9 b	\$27.2b	\$202.8b	\$\$186.5b
Hyundai Motor	Auto and Truck Manufacturers	\$79.8b	\$7.8b	\$126.4b	\$49.7b
Kia Motors	Auto and Truck Manufacturers	\$43.3b	\$3.5b	\$34.3b	\$22.8b
Posco	Iron and Steel	\$56.5b	\$1.2b	\$80.0b	\$24.8b
SK Hynix	Semiconductors	\$12.9b	\$2.6b	\$19.8b	\$24.9b

Source: Kim Siboo, Btrax Marketing Agency (2015), Specializing in Asian market research and growth

Table 4.5 Korea: The top multinationals by main industry, 2013 (US\$ million).

Industry	Foreign Assets	Companies
Shipbuilding	873	Hyundai Heavy Industries
Electrical & electronic equipment, telecommunications	30,619	Samsung Electronics, LG Electronics, SK Hynix, Samsung Display, LG Display, SK Telecom, Samsung SDI
Motor vehicles, parts & components	9,565	Hyundai Motor, Kia Motors, Hyundai Mobis
Iron & steel foundries	8,160	POSCO
Wholesale and retail trade	2,812	Lotte Shopping, Samsung C&Ta
Construction	795	Samsung C&Ta
Petroleum products, chemicals & gas	13,412	KOGAS, Lotte Chemical, LG Chem, Hyosung, SK Innovation
Electricity	2,670	Korea Electric Power Corporation

Sources: Firms' individual annual reports

Taiwan In Taiwan, government policy had been to target strategic industries especially computer information industry and to encourage development and internationalization of Taiwanese industries. The Taiwan government did assist firms in their internationalization activities. But the key instruments to Taiwanese emergent industries and their internationalization are the diaspora returnees who have returned with their wealth of knowledge from after studies in the US, and emerging as part of the skilled labour class for Taiwanese industries:

It began with US businesses investing in Taiwan to take advantage of its low-wage manufacturing labour. Meanwhile the best and the brightest Taiwanese engineering students were sent to the US for graduate education and created a classic “brain drain” when they chose to remain to pursue professional opportunities in the US. In fact, Taiwan sent more doctoral candidates in science and engineering to the US during the 1980s than any other country, including entire graduating classes from Taiwan’s most elite engineering universities: National Taiwan University, National Chiao Tung University, and Tsinghua University (Youping, 2004).

This relationship changed dramatically in the late 1980s. Many of these US educated engineers began to return home, drawn by active government recruitment and the opportunities created by rapid economic development. The upgrading of Taiwan's technological infrastructure and capacities as well as through local learning-by-doing, spurred a reversal of the brain drain. At the same time a growing cohort of highly mobile engineers began to work in both the US and Taiwan, regularly commuting across the Pacific. Others return to Taiwan regularly for technical seminars sponsored by government agencies or professional associations (World Bank, 2014).

As engineers travel between the two regions they carry technical knowledge as well as contacts, capital, and information about new opportunities and new markets. By transferring technical know-how, organizational models, and contacts, they have accelerated the upgrading of Taiwan's technological infrastructure and increased the importance of its suppliers to global production networks. By the end of the 1990s, Taiwan was the world's largest producer of notebook computers and a range of related PC components including motherboards, monitors, scanners, power supplies, and keyboards and they had the capacity to shift quickly into new products such as wireless phones. Taiwanese firms controlled two-thirds of world foundry capacity, with IC manufacturing capabilities on par with the leading Japanese and US producers (Youping, 2004).

Thus, Taiwan's policymakers had created an environment that attracted US-educated engineers to return home in growing numbers. The elements of this enabling environment created by government included: a well-developed skill base and technical infrastructure; an attractive physical environment for entrepreneurs, and a growing venture capital industry. In electronics, Taiwanese firms have established manufacturing sites in Asia and have subsequently invested in the U.S and Europe for strategic reasons and to position themselves as global giants in different sectors (Ayber, 2005). One of such firms is Acer of Taiwan (Li,

1998) and other “dragon multinationals” (Mathews, 2006). Taiwanese multinational firms have spread beyond its Asian bases (Thailand and China) to Mexico and the U.K. The strategic positioning of the Mexican operation was to maximize its location advantages including ‘reduced cost and proximity to the US. It was also done for strategic reasons, including acquiring technology development in the U.S. and to enter developed markets. The U.K. location provided both an entry into the European market and a European base for its technology monitoring and global logistics network (Fu Jen-VCC, 2009). The investments in the developed countries were to seek and accumulate new competitive technological capabilities and advantages.

Table 4.6: Taiwanese top 20 Transnational Corporations and their Industrial sectors

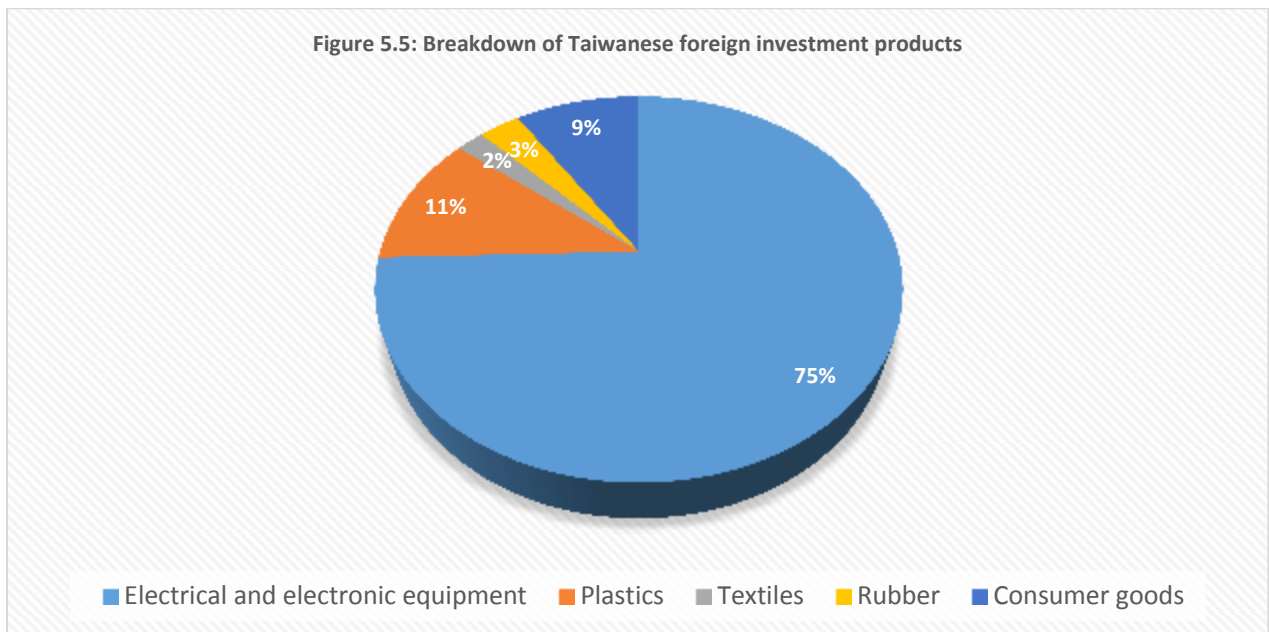
Rank	Name of company	Industry	Status (% of state ownership) ^b	Foreign assets ^c
1	Hon Hai Precision Ind. Co., Ltd.	Electrical and electronic equipment	Listed (1.62%)	10,699
2	Pou Chen Corporation	Consumer goods	Listed (3.75%)	6,694
3	Asustek Computer Inc.	Electrical and electronic equipment	Listed (1.11%)	6,416
4	Quanta Computer Inc.	Electrical and electronic equipment	Listed (1.87%)	5,524
5	Acer Inc.	Electrical and electronic equipment	Listed (6.56%)	4,897
6	AU Optronics Corp.	Electrical and electronic equipment	Listed (2.11%)	4,874
7	Wistron Corp.	Electrical and electronic equipment	Listed (8.82%)	4,667
8	Taiwan Semiconductor Mfg. Co., Ltd.	Electrical and electronic equipment	Listed (6.73%)	3,661
9	Compal Electronics, Inc.	Electrical and electronic equipment	Listed (2.16%)	3,458
10	Nan Ya Plastics Corp.	Plastics	Listed (0.04%)	3,435
11	Delta Electronics, Inc.	Electrical and electronic equipment	Listed (3.03%)	3,212
12	United Microelectronics Corp.	Electrical and electronic equipment	Listed (0.65%)	2,591
13	Formosa Chemicals & Fiber Corp.	Plastics	Listed (0.03%)	2,587
14	Inventec Corporation	Electrical and electronic equipment	Listed (0%)	2,399
15	Cheng Shin Rubber Ind. Co., Ltd.	Rubber and plastics products	Listed (2.16%)	2,337
16	Formosa Plastics Corp.	Plastics	Listed (0.17%)	2,183
17	Yang Ming Marine Transport Corp.	Shipping and related services	Listed (36.3%)	1,847
18	Synnex Technology International Corp.	Electronic products distribution	Listed (1.6%)	1,708
19	Far Eastern New Century Corporation	Textiles	Listed (2.93%)	1,632
20	Qisda Corp.	Electrical and electronic equipment	Listed (0.25%)	1,323

Source: Fu Jen-VCC research on leading Taiwanese multinationals, 2009, drawing on the Market Observation Post System (MOPS) maintained by the Taiwan Stock Exchange (<http://emops.twse.com.tw/>), the Taiwan Economic Journal (TEJ) database, and individual firms' reports.

But the search for new production sites with lower production costs (mainly labor and land costs) or higher economies of scale was the most important driving factor for Taiwanese investment abroad. Accessing markets with high potential and expanding distribution channels were also crucial determinants for some of the firms (Youping, 2004).

Of the top 20 Taiwanese multinational firms, 13 are in the electrical and electronic equipment industry. These companies together hold 73% of the total foreign assets of the top 20. The high concentration can be attributed to the superior competitiveness, both domestic and global, of the electrical and electronic equipment industry. Seven of these 13 companies are Asustek Computer, Quanta Computer, Acer, Wistron, Compal Electronics, Inventec, and Qisda. They produce computer and related peripheral products and two of the 13 specialize in semiconductor foundry (Taiwan Semiconductor Manufacturing Co., and United Microelectronics Corp). The rest of the electrical and electronic equipment manufacturers focus on the production of optoelectronic products (AU Optronics), the production of electronic parts and components (Delta Electronics), and the distribution of electronic products (Synnex Technology International). Hon Hai Precision is the world's largest contract electronics manufacturer. It manufactures computers, consumer electronics, communications, and other products, including connectors, cable assemblies, enclosures, flat-panel displays, game consoles, motherboards, servers, and televisions. The company also provides design engineering and mechanical tooling services. Its clients include Apple, Cisco, Dell, HP, Nokia, and Sony. The recent financial crisis hit Taiwanese firms badly. However, many of the top 20 multinationals still expanded abroad and increased their foreign assets and sales. Other companies on the top 20 list specialize in such industries as textiles (Far Eastern New Century), rubber (Cheng Shin Rubber), shipping and related services such as logistics and terminal operations (Yang Ming Marine Transport), and footwear manufacture (Pou Chen) (VCL Report, 2011).

Figure 4.5: Breakdown of Taiwanese foreign investment products



VCL Report, 2011

Figure 4.6: Taiwan’s foreign affiliates of its top 20 multinationals, by region (Number of Affiliates)



Source: Fu Jen-VCC research on leading Taiwanese multinationals, 2010, drawing on individual companies’ websites **Source:** Fu Jen-VCC research on leading Taiwanese multinationals, 2010, drawing on individual companies’ websites

Transnationals from ‘Mint’ Economies: The Case of Nigeria and Turkey

MINT is an acronym that refers to the economies of Mexico, Indonesia, Nigeria, and Turkey. According to (Reference), the term was first coined by an asset management firm based in Boston, Fidelity Investments, and was then popularized by Jim O’Neill of Goldman Sachs, the same one who had initiated the ‘BRIC’ term. MINT is primarily used in the spheres of economics and finance, and its popular usage has grown wide to include the investment sector. MINT economies are believed to be the next “emerging economies” after the BRICS economies in terms of growth and expansion (Magalhaes, 2013). According to Wright (2014), Mexico, Indonesia, Nigeria and Turkey all have very favorable demographics for at least the next 20 years, and their economic prospects are interesting.

Turkey: Turkish multinationals have been focusing on Europe for their main investment location, which accounts for nearly three-fourths of all their foreign affiliates. Asia comes second, with just under a fifth. There appears to be a trend of expansion towards Africa, the Middle East, Australia and Latin America. Turkish MNCs are in advanced markets such as Germany, France, Italy etc. Their major service areas are household electronics, banking, intermediate goods, ceramics and glass, shipping food and beverages, banking, intermediate goods, household electronics, telecommunications, Ceramics and glass (BBC Magazine, 2013).

According to UNCTAD World Investment Report (2015), the opening up of the Turkish economy in 1980 and the deregulation, trade liberalization and privatization that followed led to a slow growth in inward FDI. This was strengthened by the signing of a Customs Union treaty with the European Union (EU) that came into force in 1996. Inward FDI helped outward FDI grow in several ways, for example, by making Turkish firms more competitive through knowledge spillovers and by giving them an incentive to explore foreign markets by increasing competition in the domestic market. The aims of outward investors have varied by

region (UNTACD, 2015). They have wanted to access technology and skills in the European Union and low-cost labor in Africa and Asia. They have also sought natural resources in the newly independent Turkic countries of Central Asia and responded to growing demand in the emerging markets of Asia and Africa. In the figure below, there are 19 selected companies having over 396 foreign affiliates. Dogan Holding led with 91 foreign affiliates in 20 countries, followed by Koç Holding with 55 affiliates in 28 countries and ENKA with 42 affiliates in 9 countries (annex table 2). Of these 396 foreign affiliates, 70% are concentrated in Europe 17% are concentrated in the Middle East & Africa, as indicated by the Regionality Index (annex table 2) and as seen in the distribution of foreign affiliates (annex figure 1). Europe had 277 foreign affiliates, while the Middle East and Africa increased their weight among Turkish affiliates from only six in 2007 to 69 in 2009. All but one of the leading multinational investors from Turkey as shown below in the table is a privately owned firm. The Turkish Petroleum Corporation (TPAO) is the only state-owned enterprise in the list, with more than USD 1.25 billion in foreign assets. The remaining 18 together accounted for USD 30 billion or over 95% of the total foreign assets on the list. Out of the 19 firms on our list, 17 are headquartered in Istanbul, one in Ankara (TPAO) and one in Bursa (Orhan Holding). The official language of all companies on the list is Turkish. Two companies, ENKA and Eczacıbaşı, also use English as an official language. All of the CEOs of these companies are Turkish nationals (Shinn, 2015).

The companies on the list were to be found in eight different industries, if conglomerates are counted as one. Judged by foreign assets, conglomerates dominate, with 70% of the aggregate assets. The infrastructure and construction industry comes next, with 10.2% of the total assets, and communication is third, with 9.5% (annex figure 2). Conglomerates are also the leading group in numbers, with 12 firms on the list. The other sectors represented are oil & gas operations, glass manufacturing, energy, food & beverage, and textiles (Ibid).

The main operating industries are listed conglomerates that are Turkish Multinationals as can be found in table 1a below.

Table 4.7: Selected Turkish Multinationals and their operating industries

Transnational	Industrial Sector
Sabancı Holding	Financial services, energy, retail, cement, auto parts, and tire and tire reinforcement materials.
Dogus Group	Textiles, energy, construction, finance, logistics, and media.
Çalık Holding	Construction, energy, textiles, finance, telecommunications and media.
Koç Holding	Energy, automotive, consumer durables, and finance
Tekfen Holding	Contracting, agro-industry, real estate development, banking, investment, and insurance.
Dogan Holding	Media, oil production & distribution.
Alarko Group	Manufacturing, trading, engineering contracting, tourism, land development, construction and energy.
TAV Holding	Construction of buildings, civil engineering, and airport construction.
Zorlu Group	Energy, electricity, construction, natural gas, textile, electronics.
Orhan Holding	Auto parts, textiles, construction, tourism, and insurance.
Eczacıbaşı Group	Building products, healthcare, consumer products, finance, information technology, and welding technology.
Borusan Holding	Steel, distribution, energy, logistics and telecommunications. Çelebi Holding Logistics, food, tourism, security, and leasing.

Source: KHU-KPMG-T-DEIK-VCC survey of Turkish multinationals, 2010.

The services on the list include construction, communication and energy supply, as represented mainly by Enka Construction and Turkcell, Alarko and Zorlu. The communications firm is Turkcell with high quality of service was enhanced in the domestic market and foreign market share was expanded through the introduction of new products. Turkcell's revenue has grown steadily over the years by nearly 20%. The firm's priority appears to be the expansion of its existing investments in North Africa, the Middle East and the Balkans. Turkish Petroleum company (TPAO), a state-owned firm, is engaged in extracting, refining and distributing both oil and natural gas. It also builds pipelines to carry these products (Shinn, 2015).

Turkish foreign investments across the world have grown considerably over the past decade, and expansion has reached Africa. By employing the local labor force, using home-produced resources and exporting final products, Turkish firms are contributing significantly to Africa's development, while at the same time benefitting from the opportunities in the world's fastest growing continent.

Nigeria: Nigeria is an emerging economy, one that has become the largest economy in the African region. Since 2004, her economy is also regarded as one of the fastest growing and expanding economies today especially in Africa. Nigeria no doubt, is one of such examples where industries are beginning to emerge and expand rapidly across borders. The Dangote Cement is the largest Nigerian Transnational manufacturing company in West Africa and one of the largest in Africa. The company currently has manufacturing plants in Senegal, Tanzania, Congo Brazaville, Cameroon, South Africa, Zambia, Ethiopia, while it has established import terminals in Ghana, Sierra Leone, Ivory Coast, and Liberia. The company is still seeking to expand beyond the present markets captured. The Dangote Cement is specifically thriving at a rate of monopolizing the cement manufacturing industry in many African states whose markets were previously dominated by western cement companies. Globacom is another Nigerian transnational corporation and is the fastest growing telecom operator in Africa. It is currently one of two largest operators in Nigeria with more than 20 million subscribers. It has a growing influence in the West African region through recent launch of its network in Benin and purchase of a new operational license in Ghana. Globacom has been involved in sponsorships of the Ghanaian Premier League and the Ghanaian national football teams as well as the Glo CAF African Player of the year awards. It has also acquired licence to operate in the Ivory Coast. It aims at becoming Africa's largest mobile service provider. Nigeria insurance companies have equally marked their footprints as multinationals by opening subsidiaries in Africa but particularly in Ghana. Reliance,

Industrial and General Insurance (IGI), and International Energy Insurance plc (IEI), are among Nigerian insurance companies that have opened subsidiaries in the West African country. Zinox and Omatex, lead the pack in the computer and software sector of Nigerian multinationals (Ahemba, 2008 cited in Obong, 2009).

In addition, Nigeria now has a huge investment in the banking sector in a number of African countries due to the expansive policies of these banks. Ghana is one notable country that has witnessed the opening of a number of Nigerian Banks since 2004 when United Bank for Africa (UBA) first launched their services in that country. As at 2010, Nigeria's investment in Ghana hit over \$1.5 million, and has since been expanding (Nnanna, 2010). Following the footprints of the United Bank for Africa (UBA) other Nigerian banks opened branches in Ghana. Some of these are the then Standard Trust Bank now Zenith Bank Plc, Intercontinental Bank now Access Bank Plc, and Guarantee Trust Bank (GTB). Nigeria's banks are not just limited to Ghana alone. UBA, regarded as Africa's global bank has subsidiaries in over 20 African

countries and also in the U.S, U.K, and France. Zenith Bank, one of Nigeria's most successful bank is headquartered in Lagos-Nigeria, and besides Ghana also has branches in Gambia, Serra Leone, South Africa, and the United Kingdom. The Union Bank of Nigeria also has established subsidiaries in the UK. Three Nigerian banks, Access Bank, Guaranty Bank and United Bank for Africa (UBA) also have established subsidiaries in the UK (Nnanna, 2010).

These banks are growing and entrenching their mark in the banking industry in their respective host economies. Access Bank in Ghana for instance, emerged the "Bank of the Year 2013" in the prestigious annual Ghana Banking Awards. The bank was also rated the country's fastest growing financial institution for the same year 2013, barely a year after

being adjudged the “Best Growing Bank in Ghana”. Nigerian banks provide some of the best quality banking services in their host countries. Digital and online banking, which is the fastest and most preferred banking service has become the trade mark of many Nigerian banks in operating across Africa (Access Bank Annual Report, 2013).

Nigeria is already Africa’s largest economy in a 2014 rebasing of African economies which saw South Africa forfeit its first position status. However, South Africa remains Africa’s most expansive and diversified economy ahead of Nigeria. The emergence of Africa’s multinationals owe a lot of credence to South Africa who set the pace of other emerging African countries like Nigeria. The next chapter is a delve into South Africa proper, from its humble beginnings, to how it has emerged as Africa’s most expansive economy on the continent.

Banking Sector	
Name of Bank	Countries of Domiciliation
Access Bank	Burundi, Côte d'Ivoire, Democratic, Republic of Congo, The Gambia, Ghana, Rwanda, Sierra Leone, Zambia, London- UK, China.
United Bank for Africa (UBA):	Angola, Benin Republic, Burkina Faso, Cameroon, Chad, Democratic Republic of Congo, Republic of Congo, Côte d'Ivoire, Gabon, Ghana, Guinea, Kenya, Liberia, Mali, Mozambique, Senegal, Sierra Leone, Uganda, Tanzania, Zambia, New York, US, London, UK, Paris, France.
Guaranty Trust Bank (GTB)	The Gambia, Ghana, Liberia, Sierra Leone, London, UK, Hong Kong.
Afribank	Mainstreet Bank Ghana London, UK.
Zenith Bank	The Gambia, Ghana, Sierra Leone, London- UK, South Africa.
Diamond Bank	Benin, Côte d'Ivoire, Senegal, Togo Dublin- Ireland.
Bank PHB / Keystone	The Gambia, Liberia, Sierra Leone, Uganda.
Skye Bank	The Gambia, Ghana, Guinea, Sierra Leone.
FCMB Bank	The Gambia London, UK South Africa.
First Bank	Democratic Republic of Congo London- UK, Paris- France.
Union Bank	Benin Republic, Ghana London, UK, South Africa.
Telecommunications	
Name of Telecom Company	Countries of Domiciliation
Globacom	Ghana and Benin Republic
Air Transport Sector	
Name of Company	Country of Domiciliation
Arik Airline	Ghana
Manufacturing	
Name of Company	Country of Domiciliation
Dangote Cement Company	Senegal, Zambia, Tanzania, South Africa, Congo (Brazaville), and Ethiopia

CHAPTER FIVE

SUMMARY, CONCLUSION, AND RECOMMENDATION

Summary

As developing and transition economies opened up to the global economy in recent years, a number of local firms not only survived the battle for markets at home, they expanded internationally through exports, then later foreign direct investments to become transnational enterprises or transnational corporations in their own right. It is a new generation of transnational firms making a big impact on the stage of cross-border business. The research adopted the qualitative research method and made use of secondary sources for its data collection. It also employed the Uppsala Model and Resource-based theories to explain the reason for emerging economy expansion. The theories respectively hinged the reasons on competency which has to do with 'knowledge' of market, and ability to 'control their resources' and make increasing profits in the host markets.

This process is indeed, a crucial change in the contemporary world economy is a shift in foreign investment wealth by leading enterprises, i.e. transnational corporations from powerful and developed economies to emerging economies, including China, India, South Korea, South Africa etc, The significance of emerging transnationals represents a shift in the global economy, "the biggest shift since the Industrial Revolution of the 18th century. It is indeed, a new industrial revolution that gradually marks a new economic order.

Only about 20 companies were based from emerging economies by the late 1990s. But 20 years later, a decade into the 21st century, an estimated 21,500 transnational corporations have emerged from emergent economies and have become important in almost every sector of their host economy. Transnationals from emerging economies thus, are far more multi-sectorial than western transnationals. The latter dwell largely on oil and gas and food industry, but the former go beyond these sectors. Emerging transnationals from emerging

economies are also characterized by rapid expansion and strong adaptability in their host country.

Conclusion

For so many decades, western transnational corporations exercised economic power and influence over other regions of the globe especially Africa, Asia, and Latin America. Hence, the idea of transnational corporations had been strictly a concept that depicts wealthy western imperialist companies like the Royal Dutch Shell, Texaco, Agip Energy, Mobil, Chevron, Nestle, Cadbury, H.J. Heinz, Coca-cola. The new trend for foreign purchases by transnationals from emerging markets is changing the outlook of international economic relations. Since the close of the 20th century, the globe had witnessed the emergence of transnational corporations from developing and emerging economies (Ellen, 2009). This era marked a new global economic order as economies from Latin America like Brazil, Eastern Europe like Russia, the Asian Tigers and other East Asian economies like South Korea, Singapore, India, China, Japan have had their industries expanding into other economies (Dicken, 2003). And from the 21st century, African transnational corporations also begun to emerge. Companies, industries, and financial institutions from economies like South Africa, Nigeria, and Kenya have been engaged in cross-border activities, and, in some cases, competing favourably with the traditional transnational corporations of the more advanced western economies.

From 2007, the more prominent emerging transnational companies included firms such as China's Huawei in telecommunications equipment, Mexico's Cemex in cement, India's Tata Consultancy Services in information technology (IT) services, Brazil's Embraer in aircraft production, South Korea's Samsung in electronics, South Africa's MTN in

telecommunication and information technology, Nigeria's UBA in the financial sector just to mention a few. The Tata-Corus deal is a dramatic demonstration of the new, self-confident mood of Indian business. It is believed that over the next 30 years, China and India will grow to dominate the world economy. They will give birth to great industrial companies that own plants all around the world. The international system is no doubt, is experiencing a certain level of economic revolution. Traditionally, the west has always dominated global economy through different instrumentalities. But one notable of such is through the hegemonic character of their multinationals. The 21st century rapid rise of transnational corporations from emerging economies should become a serious concern to the west. Transnational corporations are symbols of economic influence and power. Many transnationals from emerging economies have taken over markets in economies that were dominated by western transnationals. In Africa for instance, the increasing penetration of China's and South Africa's companies is fast creating a new economic hegemon on the continent. Principally, the auto-mobile, telecom, and mining sectors of the global economies are already been dominated by transnationals from emerging economies. Western transnationals still remain dominant in the oil and gas transnational investments. With the continuous rise of outward foreign direct investments of emerging economies arising from their continued transnational expansion, the next three or four decades could be experience a drastic reduction in western hegemonic influence on the global economy.

Recommendation

- For emerging economy transnationals to keep rising in the global economy, it is important they have adequate government support from their countries origin. Their countries of origin must be at the forefront to negotiate for a smooth investment haven for transnationals in those countries where they operate.

- Emerging economies must continue to encourage international expansion, and must not in any way feel inferior to the west that have expanded since the industrial revolution that emerged with capitalism during the 19th century. They must continue to strive and win over markets especially in less-advanced economies where they would likely attract more approval.
- These transnationals from emerging economies should also strive not to be seen as highly exploitative agents or imperialist machinations of their countries of origin. It will create the impression of a new form of imperialism within an old existing one. Hence, they should assist their host countries in creating good and have good staff welfare-package. They should equally engage in good social corporate responsibility that stirs towards the host country's development objectives, and they should be a source of wealth creation for the their host. In addition, they must be law abiding, fulfilling their duties of tax remittance.
- Host countries too, have a role to play. For one, emerging markets have now become an important source of FDI that can be tapped. To do that, host countries must get away from a mind-set that FDI flows originate only in developed countries, and from, as a result, gearing their efforts to attract such investment only (or overwhelmingly) from those countries.
- Also, there is need for host countries and western countries not to see the rise of transnationals from emerging markets as a threat but as an opportunity, as an additional avenue to integrate emerging markets fully into the world economy. In other words, they need to accept the reality emerging-market transnationals are here to stay. In fact, they will become more important and need to be integrated as smoothly as possible into the world FDI market dominated so far by developed-country TNCs. It is not easy to integrate rising powers (as we know from other

contexts), especially if they challenge established players across a growing range of industries.

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