

# An Empirical Study on the Characteristics of Global Investment Corporation

글로벌 투자기업의 특성에 관한 실증연구

이 응 권\*  
Eung Kweon-Lee

## 〈Contents〉

- I. Introduction
- II. Review of related literature, and studies
- III. Research design and methodology
- IV. Analysis interpretation of data
- V. Conclusion

Key Words : Global, TNC's: transitional corporations, Economic, Global politics,  
Administrators, Flexibility, Accelerated, Identified

## I . Introduction

The changing global map of production and trade, the growth in the scale and complexity of international investment<sup>1)</sup> are important indicators of the increasing internalization of economic activity. TNC's(Transnational corporations) is the single most important force creating global shifts in economic activity. Much of the changing shape of the global economic system is sculptured by the TNC's through its decisions to invest or not to invest in particular geographical locations.

A historical perspective : evolution of a global economy.

Capitalist system established much earlier before the industrialization which greatly accelerated the development of global economy. The development of a world trading system over a period of several centuries resulted in a tripartite geographical structure of core, semi- periphery and periphery. As the nineteenth century progressed, the nature and geographical pattern of world trade changed to one in which the core (initially Britain) exported manufactured goods throughout the world and imported raw materials, especially from the colonies. Exports of textiles caused new international division of labour - a new pattern of geographical specialization emerged. Industrial production became pre-eminently a core activity, a process reinforced by the political process of colonialization. Industrial goods were both traded between core nations and also exported to the periphery. There are two role of periphery. First, it supplied the core with primary commodities - raw materials for transformation into manufactured products in the core; food stuffs to help feed the industrial nations. Second, it purchased manufactured goods from the core, particularly capital goods in the form of machinery and equipment.

The process of development of the world economy is not a continuous, uninterrupted sequence of event. By its very nature it is a discontinuous process; periods of rapid growth of production and trade and geographical expansion are punctuated by periods of stagnation and recession.

The emergence of transnational corporations.

The evolution of a global economy based on increasingly extensive flows of international trade, and structured around the broad framework of a core and periphery, also involved the growth and spread of international investment<sup>2)</sup>. The growth of United

---

1) De Anne Julius, *Global Companies and Public Policy : The Growing Challenge of Foreign Direct Investment*, London : Printer, 1990p. 40.

States transnational activity and manufacturing in the late nineteenth and early twentieth centuries reflected the country's emergence as the world's major industrial nation. But in 1914 the major source of overseas investment was still the United Kingdom. In fact, the geographical spread of UK overseas manufacturing investment was considerably broader than that of US firms or of those from continental Europe. The UK pattern, of course, strongly reflected the nation imperial position.

Post-1945: the shaping of a new global economic system.

These broad contours of the global economic map persisted until the Second World War. Global production and trade were dominated by the old-established core economies of north-west Europe and the United States<sup>3</sup>). Manufacturing production remained strongly concentrated in this industrialized core; a clear international division of labour was apparent. International direct investment by the rapidly developing transnational corporation was also dominated by firms in these leading core nations, particularly the United States and United Kingdom. Such international investment at the global scale was most strongly concentrated in the developing countries which, on the eve of the Second World War, were host to two-thirds of total foreign direct investment.

This relatively stable and long-established structure was shattered by the Second World War, which devastated the global economy. The world economic system which emerged after 1945 was in many ways a new beginning. The kinds of international economic institutions devised in the aftermath of war grew out of both these factors. In the West the kind of economic order built after 1945 reflected the economic and political domination of the United States. The Bretton woods conference brought into being two international financial institutions: the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (World Bank).

The other major pillar of postwar international economic order was to be that of free trade. Together, this triad of international bodies established in the immediate postwar period - the IMF, the World Bank and the GATT - formed the international institutional framework in which the rebuilt world economy evolved.

The simple notion of core and periphery no longer captures the intricacy and variability of the global economy; the flows of international direct investment are increasingly diverse and interpenetrate in extremely complex ways.

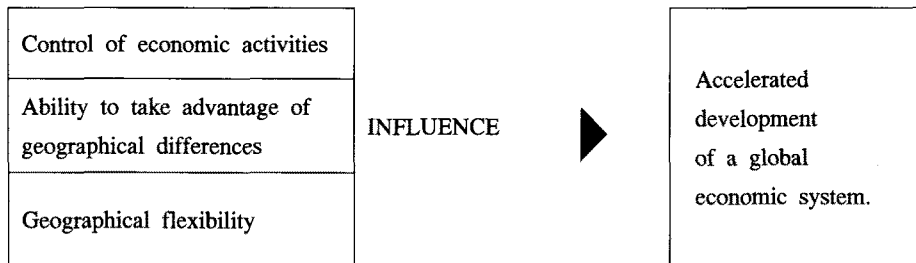
---

2) J. M. Stopford and L. Turner, "Britain and the Multinational Chichester: Wiley", 1985.

3) W. M. Scammell, "The International Economy Since 1945, London: MacMillan", 1980, p.2.

The transitional corporation (TNC's) is not a simple homogeneous institution so often depicted, which accelerates global shifts of economic activity; there is much variety between TNC's. Within an expanding world total of transitional investment the relative positions of the established source nations has changed while, at the same time, new sources have begun to emerge.

(Fig. 1. Research Paradigm)



Although most transitional investment originates from, and flows to, the core economies, the pattern of the investment flows has become increasingly complex. There is a great deal of inter penetration of investment between national economies. It is the technologically more sophisticated products, together with those based on mass-production technology and mass marketing, together with business services, which contain most rapidly growing TNC's activity.

### *Statement of the Problem*

This study was aimed to analyze the perception of the managers and rank-and-file employees of the respondent transitional corporations (TNC's) regarding the characteristics of the company, which influence the accelerated development of global economic system.

Specifically, the study sought answers to the following problems:

1. What is the profile of the respondent as regards:
  - 1.1 age
  - 1.2 gender
  - 1.3 number of years in employed in the company
  - 1.4 position in the company?
2. What is the profile of the respondent TNC's with regard to its involvement in:
  - 2.1 Technology

- 2.2 Large-volume, medium-technology consumer goods
- 2.3 Mass-production consumer goods
- 2.4 Closely engaged in service business?
- 3. What is the perceived extent of influence does the listed characteristics of the respondent TNC's on the global shifts of economic activity?
  - 3.1 Control of economic activities
  - 3.2 Ability to take advantage of geographical differences
  - 3.3 Geographical flexibility
- 4. There are no significant differences in the perceptions of the respondents grouped according to company positions.
- 5. What are some of the TNC's major problems in their international operations?

#### ***The Null Hypothesis***

There are no significant difference in the perceptions of the respondents grouped according to company positions as regards the TNC's influence on the global economy considering their:

- a) control of economic activities
- b) ability to take advantage of geographical differences
- c) geographical flexibility.

#### ***Scope and Delimitation***

The investigation was focused on the levels of their perceptions on the characteristics of their companies, which accelerated global shift of economic activity.

#### ***Significance of the Study***

Writing can be useful to students who aim for individual growth and development perspective

The management of the different transitional companies (TNC's) could use the outcome of the study in effectively implementing/ executing their respective duties and function to attain a desired result

For school administrators, this study could improve their perspective - how the benefits and rewards derived from the present global economic spread could affect the markets available to local and international businesses.

Finally, this researcher could be more equipped in dealing with the identified global politics and restrictions available to our transitional companies (TNC's).

#### Definition of Terms

International Monetary Fund (IMF). The IMF's primary purpose is to encourage international monetary co-operation among nations through a set of rules for world payments and currencies

The World Bank's role, as its full name suggests, is to facilitate development through capital investment<sup>4)</sup>.

Multinational corporation vs. transitional corporation. The term multinational corporation suggests operations in a substantial number of countries whereas transitional corporation<sup>5)</sup> simply implies operations in at least two countries, including the firm's home country

Transitional. A transitional is the means of co-ordinating production from one centre of strategic decision making when this co-ordination takes a firm across national boundaries<sup>6)</sup>.

Transitional Corporation .In all national statistical sources, although the precise percentage of ownership used varies from country to country, a transitional corporation is defined in terms of its ownership of overseas assets and activities, where such ownership confers control over the overseas operation.<sup>7)</sup>

## II . Review of related literature, and Studies

This Chapter presents the reviewed literature and studies that are considered relevant to this writing.

### 1. Related Literature & Studies

The path of economic change is far from smooth; during the postwar period the trade increased more rapidly than production, a clear indicator of the increased internationalization

---

4) Petter Dicken, "Global Shift, The Internationalization of Economic Activity, 2nd Ed", New York: The Guilford Press, 1992, p.14.

5) Petter Dicken, *Ibid.*, p. 47.

6) K. Cowling and R. Sugden, "Market Exchange and the Concept of a Transitional Corporation", *British Review of Economic Issues*. Vol. 9, 1987, p. 60.

7) K. Cowling and R. Sugden, *op. cit.* p. 46.

of economic activities and of the greater interconnectedness which have come to characterize the world economy<sup>8</sup>).

It is more useful, and certainly more feasible, to examine trends both between and within the three major elements of global economy.<sup>9</sup>: (1) developed market economies<sup>10</sup> , (2) developing market economies and (3) centrally planned economies

(Fig. 1. The network of manufacturing trade of the four leading Asian NICs, 1994.)

		Hongkong	South Korea	Singapore	Taiwan
United States					
	Exports	27.0	35.2	30.5	38.6
	Imports	07.5	25.6	19.3	21.7
Canada					
	Exports	02.1	03.2	01.1	02.8
	Imports	00.4	01.5	00.5	01.3
Japan					
	Exports	05.6	18.6	05.2	10.2
	Imports	18.3	41.6	28.5	42.5
Western Europe					
	Exports	19.2	14.9	17.9	17.6
	Imports	12.9	17.1	19.0	19.3
Developing countries					
	Exports	18.2	25.3	40.1	27.3
	Imports	24.2	10.4	29.2	13.9
Eastern trading area					
	Exports	25.3	-	02.0	00.2
	Imports	35.9	-	02.4	00.7
Total trade balance in manufacturing					
	\$ Billion	+5.81	+18.28	-4.53	+26.1
	% of exports	8.7	31.6	14.2	42.7

#### Case studies of foreign direct investment from the leading Asian NICs - Hong Kong,

8) GATT, International Trade, (Various issues).

9) J. H. Dunning, "The Determinants of National Production". Oxford Economic Papers, New Series, Vol. 11, 1973, p.289.

10) R. Rothwell, "The Role of Technology in Industrial Change: Implications for Regional Policy", Regional Studies, Vol. 16, 1982, p. 364.

### South Korea, Taiwan and Singapore

Most important sectors in which Hong Kong firms were involved in overseas Asian locations were textiles and clothing followed by electronics. It has been estimated that Hong Kong businesses employ some two million workers in that region in thousands of small factories<sup>11)</sup>.

The Hong Kong Bank calculates that 75 percent of Hong Kong's outward direct investment went to China. Hong Kong invested more than half of Japan's investment in the region. The main reasons are more mundane: wage rates at home are rising, property prices are almost as high as Tokyo's, and inflation is nudging into double figures. No longer can Hong Kong's entrepreneurs make their millions from sweatshops in Kowloon; instead they must look to poorer parts of Asia

Euh and Min<sup>12)</sup> indicate that foreign direct investment (FDI) by Korean firms began as early as 1968 with investments in Indonesia to procure timber for the Korean plywood industry. Two significant features of Korean overseas investments were first, 51 per cent of the total investment was in mining and forestry. This sectoral pattern is a clear reflection of the major characteristics of the South Korean economy: a paucity of industrial raw materials and an export - oriented manufacturing base and there is a clear geographical pattern both to Korean overseas investment as a whole and also to differences in sectoral emphasis.

The manufacturing sector, most of Korea's overseas investments are in the production of labour-intensive standardized products. Significantly, a growing number of these investments by these and other South Korean companies is growing very rapidly.

Taiwanese FDI was initiated as long ago as 1959 when a cement plant was established in Malaysia. Although substantial Taiwanese investment has located in East and South East Asia, a surprisingly large portion was located in the United States.

Singapore does not publish data on outward investment. A significant proportion of leading Singaporean companies have now become transnational although none is of the scale and diversity of the giant South Korean conglomerates.

Overseas investment in manufacturing by TNC's from developing countries is still relatively limited on a world scale. The geographical pattern is heavily dominated by

---

11) E. K. Y. Chen, "Hong Kong Multinationals in Asia: Characteristics and Objectives", in K. Kumar and M. G. McLeod (eds) *Multinational from Developing Countries*, Lexington, Mass. 1981.

12) J. D. Euh and S. H. Min, "Foreign Direct Investment from Developing Countries: The Case of Korean Firms", *The Developing Economics*, Vol. XXIV, 1986, pp. 149-168.



investment in other developing countries. Developing country TNC's tend to be small, to be involved in low technology sectors with relatively high labour-intensity and to have a close involvement with domestic firms in the countries in which they operate<sup>13</sup>).

Technological change is at the heart of the process of economic growth and economic development. Technology is, without doubt, one of the most important contributory factors underlying the internationalization and globalization of economic activity. Long-term technological trends and recent advances are reconfiguring the location, ownership, and management of various types of productive activity among countries and regions. Technological advance has facilitated the rapid growth of multinational corporations with subsidiaries in many countries but business strategies determined by headquarters in a single nation.<sup>14</sup>).

It is too easy to be seduced by the notion that technology 'causes' a specific set of changes, makes a particular structures and arrangements inevitable or that the path of technological change is linear and sequential. Choices and uses of technologies, therefore, are influenced by the drive for profit, capital accumulation and investment, increased market share and so on.

A great deal of technological change passes unnoticed; it consists of the small-scale progressive modification of products and processes. Freeman calls such changes incremental innovations. More obvious are the radical innovations: discontinuous events which may drastically change existing products or processes. More significantly, there are changes of technology system, which not only affect many parts of the economy but also may generate totally new industries. The five 'generic' technologies have created such new technology systems - (1) information technology; (2) biotechnology (3) materials technology; (4) energy technology; and (5) space technology.<sup>15</sup>)

The fourth category of technological change, according to Freeman is the changes in techno-economic paradigm. Not only does this fourth type of technological change lead to the emergence of new range of products, services, systems and industries in its own right - it also affects directly or indirectly almost every other branch of the economy. The changes involved go beyond specific product or process technologies and affect the input cost structure and conditions of production and distribution throughout the system<sup>16</sup>).

---

13) C. H. Chen, "Taiwan's Foreign Direct Investment", *Journal of World Trade Law*, Vol. 20, 1986, pp.639-664.

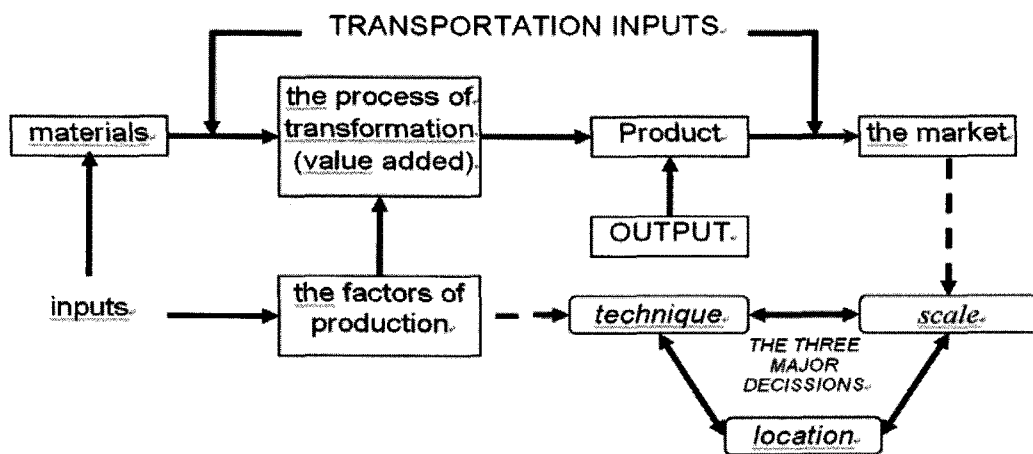
14) P. Dicken, *Ibid.*, p. 86.

15) M. H. Lim and K. F. Teoh, "Singapore Corporations Go Multinational", *Journal of South East Asian Studies*, Vol. XVII, 1986, pp.336-365.

16) P. Hall and P. Preston, "The Carrier Wave: New Information Technology and the Geography of Innovation",

Technological developments in communications media have transformed space - time relationships between all parts of the world. New investments in communications technology are market-related; they go to where the returns are likely to be high. In virtually all countries of the world, governments regulate the communications industries within their borders<sup>17)</sup>.

(Fig. 2. Basic Elements in the production process)



Clearly, therefore, a firm which is seeking to reduce its production costs or to increase its efficiency and productivity can seek such economies at different points in the production process

In the case of material inputs this increasingly involves a shift to supplies in developing countries. In the case of labor, a relatively immobile factor of production, the search for lower costs may involve the physical relocation of production to a cheap labor location. Technology does not drive choice, choice drives technology

Relevance to the Present Study

The researcher got better understanding of the characteristics of transitional corporations (TNC's) which influence the accelerated development of global economic system through the reviewed literature and studies.

1846-2003. London: Unwin Hyman, 1988, p.30.

17) C. Freeman, Ibid., p. 130.

### III. Research Design & Methodology

This chapter presents a detailed discussion on the method and procedures that were used in this study. It also described the sampling technique, the data gathering procedure, the research instrument and techniques, and the statistical tools in treating the data.

#### Method of Research

The descriptive-normative survey method of research was employed. This investigation was administered to ascertain the facts concerning the factors that influence students to choose golf as their area of specialization. According to Calderon, et. al.,<sup>18)</sup>the descriptive method of research is a purposive process of gathering, analyzing, classifying, and tabulating data about prevailing conditions, practices, beliefs, processes, trends and cause-effect relationships and then making adequate and accurate interpretation about such data with or without the aid of statistical methods.

#### Sample and Sampling Technique

The respondents are management and rank-and-file employees of transitional corporations (TNC's) of Korea for the school year 2005 - 2006. The retrieved questionnaire registered a total of 54respondents consisting of managerial and rank -and- file employees.

The investigation was focused on the levels of their perceptions on their companies toward the global shift of economic activity.

#### Research Instruments

The researcher used questionnaire and unstructured interviews to gather the related information.

#### Questionnaire.

The questionnaire was developed with multiple choices presented for each item. The questions are in closed form and simplified to make answering convenient.

Validation of questionnaire. Testing and validation of the questionnaire were performed involving five rank-and-file employees and two from those holding managerial positions of the selected transitional corporations. They were excluded from the final respondents of this research work to ensure unbiased responses. The filled up questionnaires were

---

18) Jose F. Calderon and Expectacion C. Gonzales, "Methods of Research and Thesis Writing", Manila: National Bookstore, Inc., 1993, p.82.

evaluated according to conciseness and accuracy. Vague and unclear portions of the questionnaire were modified or improved.

The questionnaire were finalized and reproduced for final distribution to the intended respondents.

#### Unstructured Interview

Unstructured interviews were conducted simultaneously with the retrieval of the questionnaires in an attempt to confirm and gather related information that may not have been covered in the written instrument.

#### 5. Documentary Analysis

The researcher enhanced the major instrument of this study with the review of school documents and other reference materials related to the topic under study.

#### Statistical Treatment of Data

The data gathered were classified according to the sub-problems of the study. They were tabulated and analyzed using the following statistical tools:

Percentage. The percentage is a ratio of each item to the whole and was used in presenting the profile of the respondents, the level of perceptions on the characteristics of their companies, which influence the accelerated global shift of economic activity. The formula is:

$$\% = f/n \times 100$$

where: f = frequency of response  
n = total number of respondents

Weighted Mean. This is a measure of central tendency and was used to determine the mean weight of responses regarding the perceived characteristics of their companies, which influence the accelerated global shift of economy. The formula is:

$$Wm = Sfx/n$$

where: Wm = weighted mean  
S = symbol of summation  
f = frequency of response  
x = scale value  
n = total number of respondents

The means were interpreted using the Likert Scale. The criteria that served as the basis for interpretation of the data were the following:

Weight	Range of Value*	Symbol	Interpretation
5	4.50 - 5.00	VGE	Very great extent
4	3.50 - 4.50	GE	Great extent
3	2.50 - 3.50	ME	Moderate extent
2	1.50 - 2.50	SE	Little extent
1	1.00 - 1.50	NE	No extent at all

- Lower limit inclusive, upper limit exclusive.

t-Test.

This is a test to determine the significance of differences in the perceptions of the respondents with regard to the extent to which the given variables have influence the shift of global economy. The formula is:

$$t = \frac{\bar{x}_1 - \bar{x}_2}{\sqrt{\frac{(n_1 - 1)(s_1)^2 + (n_2 - 1)(s_2)^2}{n_1 + n_2 - 1} \cdot \left(\frac{1}{n_1} + \frac{1}{n_2}\right)}}$$

- where:  $\bar{x}_1$  = mean of the first sample  
 $\bar{x}_2$  = mean of the second sample  
 $s_1$  = standard deviation of the first sample  
 $s_2$  = standard deviation of the second sample  
 $n_1$  = number of items in the first sample  
 $n_2$  = number of items in the second sample

▪ Decision Criteria

Evaluation and analysis of the results of the t-test was carried at five percent (5%) level of significance. The null hypothesis is accepted when the computed absolute t-value is lower than the tabular t-value. It is rejected if the computed absolute t-value is equal to or greater than the tabular t-value.

## IV. Analysis Interpretation of Data

Discussed in this Chapter were the data collated, statistically treated, analyzed and interpreted in a logical manner possible to give meaning to the findings of this research work.

### 1. Profile of Respondents

Three (3) transitional corporations (TNC's) of Korea have participated in answering the questionnaire of this research study for the school year 2005 - 2006. Table 1 presents the profile of respondents - 18 from the management group and 36 rank-and-file employees for a total of 54 respondents.

As regards to the age of respondents, Table 1 shows that for age bracket of below

Table 1. Profile of Respondents

Age of Respondents		Male respondents		Female respondents	
		frequency	(%)	frequency	(%)
	Below 25 years of age	1	5%	3	9%
	25 - 29 years of age	8	36%	17	53%
	30 - 34 years of age	5	23%	7	22%
	35 years old and over	8	36%	5	16%
	Total	22	100%	32	100%
Gender					
Male Respondents		Female Respondents		Total Respondents	
frequency	percentage	Frequency	Percentage	frequency	Percentage
22	41%	32	59%	54	100%
Number of Years Employed					
In the Company frequency percentage					
	Below 5 years			7	13%
	5 - 9 years			21	39%
	10 - 14 years			22	41%
	15 years and over			4	7%
	Total			54	100%
Position in the Company frequency percentage					
	Managerial			8	36%
	Rank-and-file employee			46	64%
	Total			54	100%

twenty-five years of age, there are 1 male and 2 female respondent, which are equivalent to 5 and 9 percent, in that order. Under age bracket 25 - 29 years old, male respondents got a frequency of 8 representing 36 percent while the female respondents posited 17, equivalent to 53 percent. Those respondents between 30 - 34 years of age are 5 male and 7 female representing 23 and 22 percent. The rest of the respondents are 35 years old and above - 8 male and 5 female, equivalent to 36 percent and 16 percent, in that order.

As could be gleaned from the foregoing, majority of the respondents - 29 of them representing 54 percent are in their younger age of between 25 - 30 years old and the rest are over 30 years old.

With regard to the respondents' gender, there are 22 male respondents equivalent to 41 percent and 32 female representing 59 percent.

In terms of their years of being employed in the company, 7 respondents equivalent to 13 percent are under below 5 years, 21 respondents are employed between 5 - 9 years equivalent to 39 percent, 22 respondents equivalent to 41 percent were employed between 10 - 14 years and 4 respondents or 7 percent are employed for 15 years and above.

Deduced from the above findings, quite a number of respondents have extensive employment experience as 43 of them representing 80 percent have been employed in the company between 5 - 14 years.

And, considering the respondents position in the company, there are 8 respondents, equivalent to 36 percent who holds managerial positions while 46 respondents, representing 64 percent are rank-and-file employees.

#### Company Profile

The respondent TNC's profile in terms of (1) involvement in technology; (2) large-volume-medium-technology consumer goods; (3) mass production of consumer goods and (4) services are discussed below:

##### (a) Technological Advancement

Table 2 presents the respondent TNC's profile with regard to their involvement in technological advancement, particularly in electronics given by 34 respondents representing 62.96 percent. This is closely followed by a frequency of 30 representing 55.56 percent for TNC's involvement in synthetic fibers and frequency of 24, equivalent to 44.44 percent for computers. Lastly, the respondent companies' involvement in technological advancement in scientific instruments with a frequency of 17 representing 31.48 percent and a frequency

of 11, equivalent to 20.37 percent for pharmaceuticals.

It could be considered that the respondent TNC's are technologically advanced in the production and trade of electronics, synthetic fibers and computers.

(b) Large-volume, medium technology consumer goods

Still in Table 1 are listed the goods that respondent TNC's produce in large-volume but of medium technology requirement where motor vehicles garnering a frequency of 41 representing 75.93 percent. Next is the production of tires, 24 equivalent to 44.44 percent closely followed by refrigerators with a frequency of 18 for 33.33 percent.

The above findings suggest that respondent TNC's produces motor vehicles, tires and refrigerators on a large-volume, but medium technology requirements.

(c) Mass-production of consumer goods supplying branded products

More in Table 2 are the respondent TNC's involvement in mass-production of consumer goods supplying branded products where toilet preparations in first with a frequency of 33, equivalent to 61.11 percent. Closed next is the supply of breakfast cereals posited by 27 respondents representing 50 percent. The rest of the respondents are for the supply of soft drinks and cigarettes given by 8 respondents, equivalent to 14.81 percent and 6 respondents, equivalent to 11.11 percent, in that order.

Clear from the above discussion, the respondent TNC's are involved in the mass-production and supply of branded toilet preparations and breakfast cereals.

(d) Services

Lastly, Table 2 showed the respondent TNC's being involved in the service where trading got in first with a frequency of 21 representing 38.89 percent. Banking service is next with a frequency of 17, equivalent to 31.48 percent and closely followed by advertising with 15 respondents representing 27.78 percent. The remaining respondents pointed to the service of financing and insurance with a frequency of 8, equivalent to 14.81 percent.

## 2. Profile of the Respondent TNC's

As could be gleaned from the foregoing, the respondent TNC's are involved in trading, banking and advertising services.



Table 2. Profile of the Respondent TNC's  
The Perceived Extent of Influence of TNC's Characteristics on the Global Shifts of Economic Activity

(1) Technological advancement as to:	frequency (f)	percentage (%)
Pharmaceuticals	11	20.37%
Computers	24	44.44%
Scientific instruments	17	31.48%
Electronics	34	62.96%
Synthetic fibers	30	55.56%
(2) Large-volume, medium technology consumer goods are:		
Motor vehicles	41	75.93%
Tires	24	44.44%
Televisions	8	14.81%
Refrigerators	18	33.33%
(3) Mass-production of consumer goods Supplying branded products, like:		
Cigarettes	6	11.11%
Soft drinks	8	14.81%
Toilet preparations	33	61.11%
Break-fast cereals	27	50.00%
(4) The respondent TNC's being involved in the service, such as:		
Trading	21	38.89%
Banking	17	31.48%
Financing and insurance	8	14.81%
Advertising	15	27.78%

(\*) multiple responses

The perceived extent of influence of respondent TNC's on the global shifts of economic activity considering their characteristics of (a) control of economic activities; (b) ability to take advantage of geographical differences; and (c) geographical flexibility is discussed below:

(a) Control of Economic Activities

Table 3 showed the perceptions of the respondents, grouped according to managerial and

rank-and-file employees, on TNC's international involvement in terms of ownership / equity relationship garnering a mean value ( $X=2.44$ ) from the managerial group, interpreted as little extent while from the group of rank-and-file employees, same got mean value ( $X=3.56$ ) or great extent. The TNC's involvement in various forms of collaboration with other independent firms of the country registered a mean value ( $X=4.22$ ) from the managerial group, which is interpreted to a great extent while from the group of the rank-and-file employees, this activity got a mean value of ( $X=2.26$ ), interpreted as little extent.

On the average, the TNC's characteristic of having various collaboration with other firms of other country with mean value ( $X=3.24$ ) is interpreted to have a moderate extent of influence while their international involvement in terms of ownership/equity relationships of average mean value ( $X=3.00$ ) is interpreted have a moderate extent influence on the global shifts of economic activity.

It could be seen that the managerial group is pointing to the idea of TNC's control of economic activity have, to a very great extent, influence on the global shifts of economic activity. On the part of the rank-and-file employees, it is the TNC's international involvement in terms of ownership / equity relationships that influence to a great extent thereon.

### 3. Control of Economic Activity

Table 3. Perceived Extent of Influence of TNC's on the Global Shifts Economy in Terms of Control of Economic Activity

Particulars:	Managerial		Rank-and-file		Average Mean	
	(X) value	Interpret- ation	(X) value	Interpret- Ation	(X) value	Interpret- Ation
International involve- ment by our company in terms of ownership/ equity relationship	2.44	SE	3.56	GE	3.00	ME
Various forms of collaboration with other firms of other country	4.22	VGE	2.26	SE	3.24	ME

**(b) Ability to Take Advantage of Geographical Differences**

The perceived extent of influence of TNC's on the global shifts of economy in terms of their ability to take advantage of geographical differences are presented in Table 4 where the two groups of respondents perceived that overseas operations are influenced by political environment, mean value ( $X=2.25$ ) and ( $X=3.12$ ) from managerial group and rank-and-file employees, respectively.

Overseas operations are influenced by social/cultural milieu to a little extent, mean value ( $X=1.75$ ) from managerial group and ( $X=2.00$ ) from rank-and-file employees.

Foreign country-operations are to a great influenced by the country's economic characteristics according to both groups of respondents, mean value ( $X=4.11$ ) from managerial group and ( $X=3.75$ ) from the rank-and-file employees.

As can be gleaned from the above findings, the TNC's overseas operations are, to a great extent influenced by the country's prevailing economic characteristics.

#### 4. Geographical Differences

Table 4. Perceived Extent of Influence of TNC's on the Global Shifts of Economy in Terms of their Ability to Take Advantage of Geographical Differences

Particulars:	Managerial		Rank-and-file		Average Mean	
	(X) value	Interpretation	(X) Value	Interpretation	(X) value	Interpretation
Overseas operations are Influenced by:						
(a) political environment	2.25	ME	3.12	ME	2.69	ME
(b) social/cultural milieu	1.75	SE	2.00	SE	1.88	SE
© economic characteristics	4.11	GE	3.75	GE	3.93	GE
In terms of overseas affiliations, the TNC's have the ff:						
(a) none	2.75	ME	3.22	ME	2.99	ME
(b) several number	3.75	GE	3.00	ME	3.38	ME
© great number	3.50	GE	1.75	SE	2.63	ME

In terms of respondent TNC's overseas affiliations, a zero affiliation registered mean value ( $X=2.75$ ) from managerial group, interpreted as moderate extent while from the rank-and-file employees, mean value ( $X=3.22$ ), likewise to a moderate extent. The several overseas affiliation category, got mean value ( $X=3.75$ ) from managerial group, which is interpreted to a great extent while from the rank-and-file employees, mean value ( $X=3.00$ ) or to a moderate extent. And, for the great number of overseas affiliation category, the managerial group gave mean value ( $X=3.50$ ), interpreted to a great extent while from the rank-and-file employees, the mean value is ( $X=1.75$ ) or to a little extent.

The above findings showed that the TNC's ability to take advantage of geographical differences, particularly gauged by the country's economic characteristics and several numbers of overseas affiliations have influence, to a moderate extent, on the global shifts of economic activity.

#### © Geographical Flexibility

The perceived extent of influence of TNC's on the global shifts of economy in terms of geographical flexibility is given in Table 5 where both respondent groups signified to a moderate extent influence, mean value ( $X=3.33$ ) from managerial group and mean value ( $X=3.45$ ) from the rank-and-file employees. Again, both groups perceived that TNC's have influenced, to a very great extent, the global shift of economy with mean value ( $X=4.77$ ) from managerial group and ( $X=4.61$ ) from the rank-and-file employees for an average mean value ( $X=4.69$ ) also interpreted to a very great extent. The TNC's concentration on the service business got mean value ( $X=2.24$ ) from the managerial group, interpreted to a little extent while from the rank-and-file employees the mean value ( $X=2.60$ ) is interpreted to a moderate extent. The average mean value ( $X=2.42$ ) is likewise interpreted to have little extent influence.

It could be said that TNC's have influenced, to a very great extent, the global shift of economy by concentrating on mass production of labor-intensive standardized products.

The TNC's can readily transfer or shift its production in other industries to establish its domestic competitiveness got a mean value ( $X=4.61$ ) from the managerial group, interpreted to a very great extent, while from the rank-and-file employees, mean value ( $X=2.10$ ), interpreted to a little extent. The average mean value ( $X=3.36$ ) is interpreted to a moderate extent. On the question whether the TNC's readily transfer or shift its production in other industries to establish its global competitiveness, mean value ( $X=1.75$ )

from the managerial group, interpreted to a little extent while from the rank-and-file employees, mean value of ( $X=4.52$ ) is interpreted to a very great extent. The average mean value ( $X=3.14$ ) is interpreted to a moderate extent influence.

The above findings signified that the TNC's geographical flexibility, particularly measured by mass production of labor-intensive standardized products and the readiness to transfer or shift production in other industries to establish domestic competitiveness have influence, to a great extent, on the global shifts of economic activity.

### 5. Terms of their Geographical Flexibility

Table 5. Perceived Extent of Influence of TNC's on the Global Shifts of Economy in Terms of their Geographical Flexibility

Particulars:	Managerial		Rank-and-file		Average Mean	
	(X) Value	Interpretation	(X) value	Interpretation	(X) value	Interpretation
The TNCs are concentrated in the:						
(a) production of large-volume, medium technology consumer goods	3.33	ME	3.45	ME	3.39	ME
(b) mass production of labor-intensive standardized products	4.77	VGE	4.61	VGE	4.69	VGE
© service business	2.24	SE	2.60	ME	2.42	SE
The TNCs can readily transfer or shift its production in other industries to establish its:						
(a) domestic competitiveness	4.61	VGE	2.10	LE	3.36	ME
(b) global competitiveness	1.75	LE	4.52	VGE	3.14	ME

### The Null Hypothesis Test

Tests were made on the significant differences in the perceptions of the respondents grouped according to company positions as regards the TNC's influence on the global economy considering their (a) control of economic activities; (b) ability to take advantage of geographical differences; and (c) geographical flexibility. The T-test was used to evaluate its results, which was carried at five percent (5%) level of significance.

As regards TNC's control of economic activity, the t-value = 0.22178 is lesser than the t-value of 2.920. This means that there is no significant difference between the perceptions of the managerial group and the rank-and-file employees.

The Ho test on TNC's ability to take advantage of geographical differences resulted to ct-value of 0.277, which is lesser than the t-value = 1.812, which means that there is no significant difference in the perceptions of the two groups of respondents.

And, with regard to TNC's geographical flexibility, the Ho test revealed a tt-value of -0.029, which is lesser compared to the ct-value, 1.860 leading to the acceptance that there is no significant difference in the perceptions of the two groups of respondents.

## 6. The Result of Null Hypothesis Tests

Table 6. The Result of Null Hypothesis Tests

Respondents perception as regard the TNC characteristics listed below:	Computed	Tabular	Interpretation
	t-value	t-value	
	(ct)	(tt)	
(a) Control of economic activity: Xw1 = 3.33; Xw2 = 3.060 sd1 = 1.18; sd2 = 0.375 df = 2	0.22178	2.920	Accept Ho
(b) Ability to take advantage of geographical differences: Xw1 = 3.018; Xw2 = 2.807 sd1 = 0.705; sd2 = 0.494 df = 10	0.277	1.812	Accept Ho
© Geographical flexibility: Xw1 = 3.24; Xw2 = 3.456 sd1 = 5.098; sd2 = 1.612 df = 8	-0.029	1.860	Accept Ho

## V. Conclusion

The findings presented in the preceding Chapter are summarized and made as a basis for the recommendations of the researcher.

Three (3) transitional corporations (TNC's) of Korea with a total of 54 respondents - 18 from the managerial group and 36 rank-and-file employees, participated in the completion research work for the school year 2005 - 2006.

As regards to the age of respondents, those below 25 years are 1 male and 2 female respondents, which are equivalent to 5 and 9 percent, in that order. Under age bracket 25 - 29 years old, a frequency of 8 male respondents representing 36 percent while the female respondents posited 17, equivalent to 53 percent. Those respondents between 30 - 34 years of age are 5 male and 7 female representing 23 and 22 percent. The rest of the respondents are 35 years old and above - 8 male and 5 female, equivalent to 36 percent and 16 percent, in that order.

With regard to the respondents' gender, there are 22 male respondents equivalent to 41 percent and 32 female representing 59 percent.

In terms of their years of being employed in the company, 7 respondents equivalent to 13 percent are under below 5 years, 21 respondents are employed between 5 - 9 years equivalent to 39 percent, 22 respondents equivalent to 41 percent were employed between 10 - 14 years and 4 respondents or 7 percent are employed for 15 years and above.

And, considering the respondents position in the company, there are 8 respondents, equivalent to 36 percent who holds managerial positions while 46 respondents, representing 64 percent are rank-and-file employees.

From the foregoing findings, the researcher drew the following conclusions:

- (1) Majority of the respondents - 29 of them representing 54 percent are in their younger age of between 25 - 30 years old and the rest are over 30 years old.
- (2) Quite a number of respondents have extensive employment experience as 43 of them representing 80 percent have been employed in the company between 5 - 14 years.
- (3) The respondent TNCs are technologically advanced in the production and trade of electronics, synthetic fibers and computers.
- (4) Respondent TNCs produces motor vehicles, tires and refrigerators on a large-volume, but medium technology requirements.
- (5) TNCs are involved in the mass-production and supply of branded toilet preparations

and breakfast cereals.

- (6) Also, the TNCs are involved in trading, banking and advertising services.
- (7) The managerial group pointed out that of TNC's control of economic activity has, to a very great extent, an influence on the global shifts of economic activity. On the part of the rank-and-file employees, it is the TNC's international involvement in terms of ownership / equity relationships that has, to a great extent, an influence thereon.
- (8) The TNC's overseas operations have, to a great extent, influence the country's prevailing economic characteristics.
- (9) Its ability to take advantage of geographical differences, particularly gauged by the country's economic characteristics and several numbers of overseas affiliations has, to a moderate extent influence, on the global shifts of economic activity.
- (10) TNC's influenced, to a very great extent, the global shift of economy by concentrating on mass production of labor-intensive standardized products.
- (11) The TNC's geographical flexibility, particularly measured by mass production of labor-intensive standardized products and the readiness to transfer or shift production in other industries to establish domestic competitiveness has, to a great extent, an influence on the global shifts of economic activity.
- (12) There are no significant level of difference in the perceptions between the managerial group and the rank-and-file employees as regards the TNC characteristics' influence on the global shifts of economic activity.

There are many ways - direct and indirect, financial and non-financial - in which a business may be able to accelerate the global shift of economic activity. For now, the researcher finds it worth considering the here-below recommendations:

- a) The TNC's must increase its share in the world production, together with the geographical extensiveness of its operations - its 'global reach' - to have an increasingly dominant force in the world trade. This could be done through maintaining several overseas affiliations that could ensure its control of external market prices and minimize domestic competition.
- b) Increases in merchandise trade stimulate the expansion of such trade-related services as shipping, port services and merchandise insurance. Also the causation can run the other way - advances in these traditional services, as well as the availability of new services, can stimulate merchandise. Hence, intimate functional relationship



between the internationalization of services and the internationalization of manufacturing production trade must be maintained through transnational investments in both manufacturing and service activities.

- c) Further research study could be made on: (1) The TNC's Competitive Advantage: Creating and Sustaining Superior Performance; (2) Direct Investment Abroad and the TNCs: Effects on the Korean Economy; and (3) Korean TNCs: Merchants of Economic Development.

## BIBLIOGRAPHY

### <Books>

1. 김용길, “중국노동쟁의 중재에 관한 고찰”, 「중재연구」, 제19권 제2호, 한국중재학회, 2009.
2. 오원석·유병욱, “사이버무역에서 중재의 역할과 온라인 중재에 관한 연구”, 「중재연구」, 제14권 제1호, 한국중재학회, 2004.
3. Calderon, Jose F. and Gonzales, Expectation C., “Methods of Research and Thesis Writing”, Manila: National Book Store, Inc., 1993.
4. Cohen, S. S. and Zysman, J., “Manufacturing Matters: The Myth of the Post – Industrial Economy”, Lexington: Basic Books, 1987.
5. Dicken, Peter, “Global Shift, the Internationalization of Economic Activity, 2<sup>nd</sup>Ed.,” The New York: Guilford Press, 1992.
6. Freeman, C., “The Challenge of New Technologies in OECD”, “Independence and Cooperation in Tomorrow’s World, Paris: OECD, 1987
7. Freeman, C., “Unemployment and Technical Change”, London: Printer, 1982.
8. Hall, P. and Preston, P., “The Carrier Wave: New Information Technology and the Geography of Innovation, 1846-2003”, London: Unwin Hyman, 1988.
9. Julius, De Anne, “Global Companies and Public Policy: The Growing Challenge of Foreign Direct Investment”, London: Printer, 1990.
10. Scammell, W. M. “The International Economy Since 1945”, London: Mac Millan, 1980.
11. Schumpeter, “Capitalism, Socialism and Democracy”, London: Allenand Unwin, 1943.
12. Smith, D. M., “Industrial Location: An Industrial – Geographical Analysis”, 2<sup>nd</sup>Ed.,

NewYork: Wiley, 1981.

13. Stopford, J. M. and Turner, L., "Britain and the Multinationals", Chichester: Wiley, 1985.

**<Published Materials>**

1. 김경배, "중재인의 공정서와 독립성에 관한 연구", 「중재연구」, 제18권 제1호, 한국중재학회, 2008.
2. Braudel, F., "Civilization and Capitalism, 15th to 18th Centuries", (3Vol., Collins, London, 1984).
3. Chen, C. H. "Taiwan's Foreign Direct Investment," (Journal of World Trade Law, Vol. 20, 1986).
4. Chen, E. K. Y., "Hong Kong Multinationals in Asia: Characteristics and Objectives", in K.Kumar and M.G. McLeod (eds) "Multinational from Developing Countries", (Lexington, Mass. 1981).
5. Cowling, K. and Sugden, R., "Marketing Exchange and the Concept of Transitional Corporation," (British Review of Economic Issues, Vol. 9, 1987).
6. Dunning, J. H., "The Determinants of National Production", (Oxford Economic Papers, New Series, Vol. 11, 1973).
7. Euh, J. D. and Min, S. H., "Foreign Direct Investment from Developing Countries: The Case of Korean Firms", (The Developing Economics, Vol. XXIV, 1986).
8. GATT, International Trade, (Various issues).
9. Janelle, D., "Spatial Reorganization: A Model and a Concept," (Annals of the Association of American Geographers, Vol. 59-99).
10. Lim, M. H. and Teoh, K. F., "Singapore Corporations Go Multinational" (Journal of South East Asian Studies, Vol.X II, 1986).
11. Rothwell, "The Role of Technology in Industrial Change: Implications for Regional Policy," (Regional Studies, Vol. 16, 1982).

## 국문요약

### 글로벌 투자기업의 특성에 관한 실증연구

이 용 권

본 연구는 한국의 다국적 기업이 세계 여러 지역(유럽, 아프리카, 아시아, 아메리카)에서 글로벌 경제 활동과 사업을 범세계적으로 수행하고 있으며, 범세계적인 글로벌 사업수행에서 지역별 경제변화가 지역적으로 다양하면서, 복잡하게 전개되는 것에 대해서 글로벌기업이 지역별 특성에 적합하게 사업을 영위하면서 글로벌하게 현지시장 접근 방법을 어떠한 기준으로 우선 접근하는지에 대한 방법을 통계처리를 하였으며 향후 어떠한 방법을 수용하여 전략적 방법과 모델을 개발하여 자연스럽게 글로벌화 추이를 알아보고자 연구과제들을 실증 분석 하였음.

그리고 글로벌화 하는 TNC's 기업의 지식과 정보의 습득이 중요하며, 변화와 혁신을 통해서 자신의 분야에서는 세계적 선도 기업이 되고자 하는 TNC's 기업이라면 선진국 TNCs 기업보다는 더 적극적인 전략과 사업 모델을 모색해야 한다는 전제하에 실증모형을 설정하고 연구과제들을 정리하였음.

1. TNC's에 의하여 세계경제 활동에 중요한 변수들을 여러 가지 측면에서 검토하고 지리적요인과 경제적 요소들을 고려하여 기술과 자원의 아웃소싱의 글로벌화 방법을 고려하여 세계경제체제의 변화와 향상에 많은 투자내용들이 지리적인 여건과 글로벌화를 고려하여 투자가 진행되어지는가의 추이를 분석하였음.
2. TNC's의 역량에 따라 사업경영에서 현지국가의 경영관리와 산업의 변화에 까지 영향을 주었고 향후에도 글로벌화 경제의 발달과 향상에 협력하는 기업, 자국의 경제 발달과 향상에 협력하는 기업에까지 긍정적인 협조가 이루어지는 투자형태의 글로벌화 지수의 내용을 실증분석 하였음.

주제어 : Transitional corporations (TNC's), 글로벌화, 직접투자, 간접투자, 글로벌 비즈니스 모델, 아웃소싱, 인프라 투자, 현지화 기업, 투자방법