

# Globalization and transnational corporations assignment

[Sociology](#)



A parent enterprise is defined as an enterprise that controls assets of other entities in countries other than its home country, usually by owning a certain equity capital stake. An equity capital stake of 10% or more of the ordinary shares or voting power for an incorporated enterprise, or its equivalent for an unincorporated enterprise, is normally considered as the threshold for the control of assets. In some countries, an equity stake of other than 10% is still used. (United Nations Center of Transnational Corporations, 1990) They consider, that there are three important characteristics that distinguish the transnational organization from its multinational, international and global counterparts: 1) It builds and legitimates multiple diverse internal perspectives. In multinational companies key decisions are as a rule made by a country management group. In global companies managers in worldwide product divisions are typically the most influential.

In international companies, functional management groups often dominate. On the contrary, in transnational companies the influence of the three management groups is balanced. (Christopher A. Bartlett, 2003) The impact of multinational activity on the environment is extensive. Multinational importance stems from their vast corporate networks and technological resources and the international consequences of their decision-making. More than 50 per cent of global greenhouse gas emissions are in the province of multinational firms.

Transnationals invest more than US\$225 billion each year outside their home countries, and 95 per cent of these investments come from firms based in industrialized countries. Seventy per cent of world trade involves Transnationals, who also hold 90 per cent of all technology and product patents. Every major natural resource extraction and processing industry involves Transnationals. The <https://assignbuster.com/globalization-and-transnational-corporations-assignment/>

environmental impacts futons extend to the service sector (product advertising) and the financial services sector (investment loans). (Selectman, 1995)