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T**HESIS**

**GLOCALIZATION STRATEGIES OF TRANSNATIONAL CORPORATION (TNC) TRADE**

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**INTRODUCTION**

**Actuality of the study**: Modern world economy is characterized by a combination of contradictory and multidirectional processes, which ceased to exist separately. In particular, pure autarky that is one of the manifestations of localization - exists only in theory. Globalization that would cover whole population of the world, also doesn’t exast. At the same time, the interaction of globalization and localization exists in the form of glocalization, which causes transformations of transnational corporations’ (TNCs) strategies.

The issue of glocalization studied by such scientists as E. Avdokushin, R. Wilken, S. Vinerean, L. Dumitrescu, S. Matur, J. Ritzer, R. Robertson, W. Rudometof, G. Svensson, J. Sinclair, D. Sharma, K. Beh, O. Goncharova, S. Zhukov, V. Kuropata, VV Lishchynska, O. Oliynyk.

In recent decades in economics there has been a lot of thorough research on the theoretical and practical foundations of international economic relations, internationalization of production, movement of capital and labor. However the impact of glocalization theories on the activity of TNC has the latest origins and therefore needs more detailed and in-depth research.

**The goal of research** is to identify essential features of the modern trade strategies of TNCs, which were formed under the influence of glocalization, and to develop recommendations for the effective use of glocal strategies. For this purpose it is necessary to solve the following tasks:

* Theoretical function of glocalization strategies of TNC;
* Strategies of TNCs and their Transformation in a Global-global Context;
* Channels of Transnational Corporate Activities;
* Transnational Corporations in the World Today;
* Role of TNCs in the International Trade;
* The reasons for Multinational Corporations Implementing Localization Strategies in Trade Police;
* Effects of the Localization Strategies on Host Countries.

**The object of the research** is the process of forming special trading strategies for TNCs in the conditions of glocalization.

**The subject of the research** is theoretical and methodological and applied aspects of influence of the process of glocalisation on the TNC trade strategies under the conditions of the global economy.

**Structure of the research** is base on the table of contents that is been given aboved and all headings is been analysed in the research presentation.

Chapter I analyzes the structure of Glocalization strategies of TNCs trade, and assessing the development of glocalization strategies of TNCs on various level. We present the process of glocalization of the world economy and to understand the level of glocalization system.

Chapter II analysis the strategies of TNCs and their transformation in a global context like resource seeking, market seeking, efficiency seeking and asset seeking. We are going to look at the channels of transnational corporate activities like foreign direct investment (FDI), research and development analysis of the impacts of glocalization on TNC trade in the world today through FDI and how TNCs go global by internationalization and transnationalization.

Chapter III deals with TNCs in terms of global responsibility and global risks in international economics environment and the role of TNCs in the international trade and the changing role of transnational corporations.

The concept of multinational corporations and implementing localization strategies in trade police through resource-based view, knowledge base view of the MNCs firm. Looking at the entry strategy theory by understanding the local market as a strategic tool and the structure of human resource as a strategy, opportunities and incentive availability in the market as a strategy and some of the effects of localization strategy on host countries.

**CHAPTER 1: THEORETICAL FUNCTIONS OF TNC GLOCALIZATION STRATEGIES**

**1.1 The Process of Glocalization of the World Economy**

"Glocalization" according to trade is an historical way whereby localization develop direct economic, bilater relationship and cultural relationships to the global system through trade information system, bypassing and subverting cultural power hierarchies like national governments and markets.

The main area of discovering a non-material economy that connecting the local and global market through glocalization and the global corporate strategy of introducting new commodities or products in to local markets or local places for the purposes of product branding.

In contrast, "glocalization" is a process that is been used to suggest the historical processes that lead to a one-way relationship between the "global" powerhouse by multinational corporations, let look at the information industry, BBC, the WWW, etc. it bring under control the local kingdom where the identity of senses of place, neighborhood, town, locale, ethnicity, etc. survive against global attack of global capitalism, media, and network industries.

According to Wayne Gabardi writes ,Glocalization is a combination of two words "globalization" and "localization." The term is used to describe a product or service that is been produced and distributed globally but is also adjusted to accommodate the consumer in a local market. People who understand the market calls deterritorialized, global spatial 'scopes' (ethnoscapes, technoscapes, finanscapes, mediascapes, and ideoscapes).... This process of glocalization present a surrounding learning process associated with the nation state society and of the fluid and translocal. Society has become a much more movable, human resource software employed to mix elements from difference contexts. With cultural forms and practices more separate from institutional and society.

**Understanding Glocalization**

Glocalization is the adaptation of global products in a particular market or nation into the local contexts they are used and sold in. A global product or service, something which so many people needs and can get used out products or services, which may be fitted to conform with local laws, customs, or consumer preferences. Products or services that are glocalized by definition is going to be much greater interest to the consumer.

**Glocalization and Local Economies**

This has mixed results for the larger economy. In making these companies more effective competitors, it should increase the quality of competition and drive down prices, making goods more accessible.

However, since glocalization is generally the practice of large multinational corporations, driving the price down and taking a big share of the market, the process can hurt smaller, local businesses, struggling to compete with these corporations' low costs of production. This can result in less competition, and end up driving prices up.

**Glocalization in a Two-Level System**

I n the marketing context, glocalization means the creation of products or services for the global market by adapting them to local cultures. For example, in France, McDonald’s replaced its familiar Ronald McDonald mascot with Asterix, a popular French cartoon character.

Robertson rejects essentialist difference between the local and the global, such as between economic globalization and localization in a society. For localization, local identities have been invented and managed mainly through contacts with others. They have been preserved and shaped primarily by translocal mixture, comparison, and trends. There are two typical form and results of this types of global and local forces; both allowed diversities. The opportunistic reaction is the form of hybrids. Especially in world cities today where immigrants and local must adjust to each other and maintain ties, mixed cultural tradition and identities arise. The bad reaction is to encorage the development of a resistance identity defending local, traditional history, and rial cultures.

The local market is fundamentally shaped by the global market, but the other way is also true. The authorization of national boundaries for trade and investment can also increase the economic importance of glocalization. Also, the expanding information about economy did not lose production and consumption across geographic region. The outcome of economic environment is also classified or characterized by the clustering of companies in specific regions or cities and by geographic area of fucuse. Examples are the financial areas of European Union, Washinton DC and the Silicon Valley computer industry. Thus, glocalization increases territorial and it technical in both cultural and economic level. Local milieus play a vital role in the connecting economy and nation by providing content and support for innovations. Moreover, there is freedom of movement for local agency; there are many different scales and flows linking people and places.

**Glocalization in a Three-Level System**

Glocalizing processes can also be classified in a three-level system which are: subnational, national, and supranational levels. The nowadays “modern” political system has been fundamentally shaped by the constitution of a national sovereignty. The national executives possess a gatekeeper position between the international and the domestic political face because they are one of the rial actors in both spheres. In this aspect, glocalization allowed to increase transnational corporation and interactions among subnational companies from different countries and to contacts among subnational and supranational companies both generally to find a way around the national level in which we undermining the gatekeeper position of national executives.

The subnational political entities such as states, provinces, and cities are getting involved in international activities will be stopped as a reaction to the socioeconomic process of glocalization. Some City, regions that serve as nodal points (either of two points so located on the axis of a lens or optical system that any incident ray directed through one will produce a parallel emergent ray directed through the other) for the information and network economy are becoming separate from the national context because they depend more on international contacts for fund than on their national level. Looking at the interests and having the freedom to govern it activities in the international level are some of the consequences.

Also another area of discussion for explaining the powerful involvement of subnational political entities in international affairs or activities. The first point of this area of reasoning is the assuming that transnational socioeconomic integration has emphasize in the area of national executives. To regulate socioeconomic activities on a bigger scale, national executives have successfully received more competencies and have managed to deduct the restrictions and controls they usually face in domestic political processes. From this viewpoint, the transnational activities of subnational companies are strategies to either defend autonomy and competences for the loss of regulatory leeway using nonregulatory means of governance.

**1.2. Strategies of TNCs and Their Transformation in a Global-global Context**

The globalization strategies of TNCs can be differentiated into four categories:

· Resource seeking,

· Market seeking,

· Efficiency seeking,

· Asset seeking.

The exploration of natural resources aimed at covering demand for commodities (resource seeking) is the "classical" investment motive for internationally active corporations. It remains significant, although to a less dominating extent.

The primary motive of multinational corporations to invest is the penetration of foreign markets, i.e., the securing and expanding of sales abroad (market seeking). This motive is all the more important, the larger the respective market is. China, India and several large Latin American countries are therefore preferred regions for sales-oriented FDI in developing countries. Market-seeking investment strategies have also been driven by liberal import regulations between smaller countries in an economically thriving region. For this reason, in the nineties, Belgium, Ireland, New Zealand and the Netherlands registered the largest FDI shares as compared to the domestic product of all OECD host countries.

Growing in importance are efficiency strategies, for which lowering costs is a decisive aspect of the strategy (efficiency seeking). Western investors, for example, exploit low wages in Central and Eastern European countries relative to those in their home countries (valued at current exchange rates) by producing low-cost intermediate inputs for their respective production process or by providing final assembly and subsequent export. Moreover, labor-cost advantages are increasingly realized in conjunction with size advantages or economies of scale in production. Ever more frequently, multinational corporations therefore operate production facilities abroad, specializing in particular processes and producing either for the world market as a whole, for large, mainly regional segments of the world market, or for the companies, or corporate network’s own demand. One example is the assembly of color TV sets in the north of Mexico, near the US-American border, run by American and Japanese corporations. With respect to these products, Mexico is currently the worldwide export leader. Low wages, tariff and tax exemptions, substantial cost reductions by means of high output rates and advantages arising from local clustering of similar types of businesses (advantages from agglomeration) are crucial to this development.

Asset seeking, which in addition to efficiency strategies constitutes the "new" globalization trend for corporations – termed "networking strategies” – is becoming more and more important. Here, the objective is to increase the value of a corporation by exploiting strategic assets from abroad. Specifically, this involves access to foreign knowledge resources (knowledge seeking), in particular to locally confined, ‚tacit’ knowledge, which is not internationally tradable, but only transmitted at the workplace through personal contact. Besides production, multinational corporations therefore engage increasingly in research and development abroad, often co-operating with local scientific institutions, such as universities, which provide the expertise pertaining to the area of interest. In many cases, realizing R&D abroad is a prerequisite for effective appropriation or absorption of foreign knowledge.

**Transnationality, Power and Strategic Behavior:**

In the introduction we mentioned how developments in the internal organization of companies contributed to their ability to grow and internationalize. In the relevant literature, developments in the internal organization of companies have been analyzed under several paradigms and particularly: the ‘strategy’, the ‘efficiency’, and the ‘institutionalist’ paradigms. Penrose (1959) sees the boundaries of the firm and its internal organization changing as the firm grows. Growth and growth strategies lead to changes in the internal organization and the latter facilitates further growth. On a similar vein Chandler (1962)’ historical narrative sees the internal organization of corporations evolving mainly in response to strategic objectives, in particular growth strategies. Chandler’s line is taken up by Stephen Hymer, the pioneer of the theory of international firms. Hymer (1970) analyses the relationship between the evolution in the internal structure of the firm and multinationalism, in particular, how the former facilitated the latter. Williamson (1975, 1981 and 1984) sees changes in the internal organization as driven by efficiency objectives; specifically, by the desire to economize on transactions costs, as well as to minimize the pursuit of individual goals and opportunistic behavior within the organization.

**TNCs and the Nation-States:**

In this section we shall consider the relevance of national frontiers and their different dimensions for the strategic behavior of companies. At the semantic level trans-nationalization implies the existence of national borders. In this sense we can say that in a world with no nation-states there would be no TNCs meaning that we would not characterize a company as a TNC just as we do not currently attach a special label (such as ‘trans-regional’) to companies that operate in many regions of the same country.

This raises the wider issue of the relationship between nation-states and companies and of the importance of the nation-state for companies. Is there something specific to the nation-state (and of relevance to corporations) which is not to be seen at some level of regions within a nation or state?

The spatial/geographic dimension has to do with distance between locations and its relevance is largely linked to transportation and transaction costs.

The linguistic/cultural dimension - particularly the business culture element - affects the operations of companies in terms of transaction, organizational and managerial costs.

The regulatory regimes dimension encompasses the sets of laws, regulations and customs governing the economic, social and political life of a country. It includes the regulations governing production, markets and the movement of resources across countries

In this perspective the nation-state can be seen as the locus of a set of ‘regulatory regimes. These comprise the set of specific rules and regulations – emerging from the overall governance system and related institutions - which affect people, firms and wider organizations directly and in terms of their business relationships.

In addition to these, transnationality can give companies advantages also with regard to the following: acquisition of knowledge and innovation; and risk spreading. These advantages can lead to – or further enhance - the asymmetry of power towards rival firms.

**Transnationality Enhances Asymmetry of Power:**

The power relations of companies towards rivals and towards labor are affected by two different aspects of the organization of production: specifically, the market concentration and the internationalization of production activities. Both market concentration and internationalization have increased in the decades immediately after WWII.

The explanation of these historical patterns can be aided if we see them in the context of possible strategies of companies towards labor.

As regards the international location of production, labor has, traditionally, found it easier to organize and resist when working within the same country. Spatial proximity, shared condition of labor and shared contractual obligations lay the foundations for easier organization and resistance.

The second strategy involves the spread of production in countries/areas not linked by common labor organization regimes i.e., areas that have different trade unions and/or different labor and social security laws, regulations and standards. These elements make the organization of labor and its resistance to the demands of capital more difficult. In this case fragmentation takes a geographical (by nation-states) route.

Two consequences derive from this analysis, both relevant for TNCs’ strategic decision in terms of the location of international production. First, that - ceteris paribus - companies may seek to locate in areas of weak labor organization regimes; thus, foreign direct investment would flow - ceteris paribus - from areas of strong labor organization regimes towards areas of weak regimes (I.e., areas where labor is in a weak position).

Our analysis goes some way towards explaining why (a) the largest share (69.6%) of the stock of inward FDI is directed towards developed countries as well as originating in the same group of countries (84.3%) and (b) large amounts of FDI are horizontal8. Companies keen to source foreign markets can produce most of their output in the home country and source foreign markets via exports or they can produce directly abroad near their foreign markets.

**Advantages of Transnationality Towards Rivals:**

The various types of strategic behavior we have discussed in above, increase power in bargaining with labor or governments or suppliers. Are there also advantages to be gained towards rivals? A better bargaining position towards these actors puts the company in a stronger position also vis-à-vis rival company. Any advantages towards labor and/or governments deriving from location strategies and leading to higher profits can be turned into indirect advantages towards rivals as it increases the potential for higher market shares.

Moreover, each company unit will be in contact with the innovation context and system of the country in which it operates.

A further advantage is connected with risk spreading. A strategy of dispersion of production and multiple sourcing can also be a diversification strategy which allows the spread of the risks of disruptions to production due, for example, to political upheavals or industrial disputes in any one country.

**Wider Context and Boundaries:**

Theory of the TNC that emphasizes the advantages that transnationality confers to companies in terms of enhancement of power towards labor, suppliers, governments as well as rival companies. Moreover, the diversity of regulatory regimes across which TNCs operate may, in itself, generate extra costs and uncertainties.

But there are wider caveats and limitations. First with regards to labor. Are outsourcing strategies and international location of production to be interpreted only in terms of strategic behavior towards labor? The answer is emphatically: no. There are many other reasons why companies want to outsource (such as the achievement of more flexibility of supply to demand conditions or the lowering of fixed costs) and want to locate abroad (such as proximity to markets or sources of materials or of labor).

Another caveat arises from the assumption on social security regimes or the tax regime or that of incentives towards inward FDI. In the real world some countries are fully centralized and their governance system with respect to social security, fiscal regimes and industrial policy apply throughout.

**1.3 Channels of Transnational Corporate Activities**

**Foreign Direct Investment:**

The primary tool of multinational business activities is cross-border FDI. In contrast to other forms of foreign investment, such as investment in foreign stocks (portfolio investment), FDI is undertaken with the intention of securing a managing interest in the newly founded or acquired foreign business. Worldwide, FDI has been growing faster than international trade flows: between 1980 and 2001, the global stock of FDI abroad grew four times as fast as the export of goods and three times faster than the international exchange of services. Figure 4 shows the value of inward and outward FDI, in relation to the GDP of major economies, for the year 2004.

Foreign direct investment still mainly originates from industrialized countries. However, companies from "emerging nations" such as China, Hong Kong, Taiwan, Malaysia, Singapore, South Korea, Brazil, Mexico and South Africa have entered the stage as major international players. Also, while most inward FDI has occurred industrialized countries, their share of total inward FDI has declined since 1990 from three quarters to two thirds. In turn, developing and emerging countries have increasingly attracted foreign direct investment. By restructuring their economies, in particular China and the countries of Central and Eastern Europe have gained in significance as investment locations during recent years. In doing so, China has meanwhile surpassed traditional recipient countries such as Brazil or Mexico.

As regards direct investment in and from Latin America, a remarkable development is becoming evident. While in 1980, Latin America’s share of total outward FDI outweighed its share of investments gained at around 50 billion US dollars, this relationship was quite significantly reversed in the following years (UN Information Service, 2003). This, however, is not only due to growth in direct investment received (increased from seven to eleven percent), but also to the digressing trend of FDI made abroad (decreased from ten to three percent).

The shift towards services is also evidenced in cross-border mergers and acquisitions: While in the eighties, 40 percent of mergers and acquisitions took place in the services sector, this share amounted to already 80 percent in 2019. Moreover, the strategy of TNCs to seek access to new markets by M&As (rather than by greenfield investment) is much more prevalent in the services sector than in other sectors.

Industrialized countries dominate FDI in services. However, while several decades ago most of all direct investment in this area still originated from the USA, it is now more evenly distributed, as both the EU and Japan have become significant sources of investment. Notwithstanding the generally low importance of FDI in services on the part of developing countries, the development from 1 percent in 1990 to 10 percent in the year 2002 is noteworthy (UNCTAD,).

In the receiving country, FDI in services tends to create less jobs per dollar invested than investment in the secondary sector. Yet, on average, employees are trained and paid more in foreign services subsidiaries than in manufacturing affiliates. The services sector is less globalized than the secondary sector, despite its fervent growth. Not all services can be digitalized and separated from the pertinent activities in order to be outsourced abroad. In many services, proximity to the markets and direct contact with clients is more valuable than the potential utility gained from international diffusion of labor. It is FDI in the services sector that may help to overcome these barriers of internationalization.

FDI is also an indicator of a location’s attractiveness and quality. Nevertheless, it would be incorrect to conclude from an excess of FDI outflow over inflow that a location has major deficiencies. Direct investment abroad, after all, may contribute to the securing of exports. The scaffolding of export activities, i.e., the provision of sales closer to the customer and service channels abroad, are a major motive for FDI.

In both industrialized and developing countries, direct investment made and received peaked in the year 2000. After that, FDI outflows were decreasing for two and three years in industrialized and developing countries respectively, before increasing again. Regarding FDI inflows, the trend in industrialized countries has clearly continued downward since the year 2000, whereas in developing countries inflows are rising again since 2002. Within developing countries, for Latin America and the Caribbean we observe a peak of FDI flows in 1999, before inflows and outflows are decreasing until 2002 and 2003, respectively. At present both outflows and inflows are rising again. However, Africa and South-, East- and South-East Asia do not show this clear trend downwards; in fact, since 1999, no clear trend is observable. For the triad, direct investment received peaked in 2000 (in the EU and the USA) and 2001 (Japan) and has dropped since then, with the exception of an increase in the EU in 2002 and in the USA in 2004.

**Research and Development:**

R&D are a central area of operations for a company, and is particularly relevant for its strategic progress. This is indicated on an aggregated level by empirical studies, which suggest a positive correlation between R&D and economic growth. At the same time, however, this area represents one of the least internationalized operative units of TNCs.

The internationalization of R&D was – in the past – mainly advanced by industrialized nations. The transfer of R&D to developing countries, on the other hand, mostly served the purpose of adapting processes or products to local specifications. Today’s R&D is being increasingly internationalized towards the developing world, with certain advantages becoming more significant for TNCs, such as competent research staff abroad, low-cost R&D and quicker developmental time for new technologies. The importance of R&D transfer for developing countries is however emphasizing the internationally still passive role of these regions – also reflected by R&D expenditure data.

Global expenditures for R&D have been steadily increasing for years. Between 1991 and 2002, they grew worldwide from 438 billion US dollars to 677 billion US dollars – an increase of more than 50 percent. Yet these expenditures are widely contained to only several countries worldwide: in the year 2002, 86 percent of global R&D expenditures were concentrated in the top ten countries in this respect. With the exception of China and South Korea, still eight out of these ten countries are members of the industrialized world.

Two motives can be mentioned that drive the allocation and expansion of multinational firms’ R&D activities abroad: new markets can be tapped by exploiting knowledge leads of the home country and by accessing technological expertise abroad. Often, however, the decision to conduct R&D at a location abroad is at first simply a side effect of the establishment of production and marketing sites. As already noted above, the majority of direct investment from industrialized countries is connected to M&A activities, and less frequently to establishing firms via greenfield investment. For mergers and acquisitions, however, R&D potentials of target firms generally constitute a merely subordinate motive.

If demand preferences vary between countries, firms wishing to be present on foreign markets must either adapt their products to the regional conditions or develop special products. Such adjustments usually also require R&D activities in the target market. Some foreign customers even expect suppliers to maintain development activities in close proximity, in order to move more faster to new requirements. Moreover, the local presence of more high-profile corporate levels, such as R&D, increases the prominence and acceptance of the multinational firms in the regional market. In addition, new products are often first established through so-called lead markets in particular countries or regions. In such cases, not only does supply develop for the first time worldwide, but also an original demand with high potential for growth. At the same time, usage patterns, norms and standards become established, which will later dominate internationally. Examples for such lead markets are the USA for the internet and numerous pharmaceutical products, and Europe in mobile telecommunications and automotive technology. Competitors in these markets must conduct R&D in order to identify and influence trends in development – often in connection with scrutinizing customers at the very location.

The transfer of knowledge between research institutions and universities and firms is, despite the advances of telecommunications technology, more easily achieved if the people involved are in the same vicinity. In that case, for one, the so-called local external effects of R&D will surface. Also, co-operation between agents of innovation processes causes fewer transaction costs if they are located close to each other. TNCs therefore often install so-called listening posts in high-tech regions to survey the technological development in research institutions and that of competitors, which can be expanded to own research centers if required.

The significance of these two main motives for the internationalization of R&D in TNCs differs between the phases of research (acquiring new scientific knowledge without immediate external application) and development (use of scientific innovations for development of new products, services or processes). Most TNCs aim at a market-driven internationalization, where research is still entirely conducted in the home country but development may already be accomplished in the host country.

**Conclusion to chapter 1**

The present study analyzed the structure of TNCs activities, assessing the development and strategies of multinational corporations on various levels. We presented the development of transnational corporations as well as strategies associated with localization investments. Moreover, channels of TNC activities were analyzed and the impacts of such corporate behavior assessed. As a framework for TNC activities, international investment agreements were discussed. Finally, we investigated transnational Corporate Social Responsibility.

**CHAPTER 2: ANALYSIS Of THE IMPACTS OF GLOCALIZATION ON (TNC) TRADE STRATIGIES**

**2.1. Transnational Corporations in the World Today**

Transnational corporation trade today is focused on the analysis of how the globalization is implemented into competitiveness market or enhancement of transnational corporations TNCs; how significant the role transnational corporations play in the current global economic disorder processes to guaranty and sustainable economic growth in the world economy and to increase or further improve the competitiveness within the world economy society and environment. In this analysis, we also need to find out the actual involvement of TNCs in global and local environment with the possible problem and benefits for particular economies and other partners or stakeholders.

The importance and current position of transnational corporations TNCs in the world economy of today is given by the analysis that up to three quarters of the world trade takes place within their area of doing business. They are considered as a key factor of glocalization agent and resource of efficiency and growth. The most important area of TNC acting in global environment are area such as changes in the state law or transnationalization processes of foreign direct investment (FDI) movement, social and economic responsibility and global risks.

**FDI and the Way How TNCs go Global and are Competitive**

Looking at majority of transnational corporations (TNC) or multinational and transnational companies in the world today, they are doing their international business by exporting their products or services in foreign direct investments (FDIs) to different nation in the world. Mainly by expanding their business abroad, TNCs is flourishing their turnover in recent decades so, they have developed in a way that they are now a multinational economic giants in the world of economy. Whice is now know as "foreign trade" which means the movement of products, services and capital within the globally organized companies. The aim of TNC and their strategies is to increase the profit and reduce risks of all chain consisting of various parts of global corporation. world companies arange and control its business, from modern research and development through production and distribution of goods and services to final market, as an internationally known integrated companies or complex. It try to brings materials from the cheapest area or sources, producers look to completes their assembly in place with a cheaper labor and its managerial and technical resources are manage as economically as possible. sometimes, it stand out on the markets of individual nation which is flexible and efficiently. In order to overcome domestic firms, that is why TNC becomes more successful, which can lead to gradual falling and disappearance of small and medium sized of local firms.

Sometimes the policy of some international companies may not be favorable with the objectives of national economic and social policy, with regard to the national security of the state. Divace areas of foreign direct investment (FDI) impact of national aim have produced difference reactions by the governments to FDIs control. Regarding the expense of funds in form of the FDIs, some governments state do not put any law or restrictions. However, when it comes to the inflows of capital and investment into the country from abroad, different type of approaches have appeared.

**Internationalization and Transnationalization**

When we look at this aspect, Transnationality analysed the qualitative change into the international (global) economy. It gave an increas knowledge of new important areas or subjects of international economics around transnational corporations. It brought some qualitative effects with dependence between nations with their economies on the state level of TNCs, and among companies.

Transnational processes is a global relationships which is beyond border. transnational economy have an importants role to transnational corporations, transnational corporation TNCs is a company venture that is been owns, controls and manages the assets which generate income from differend countries that involved in international production and is been financed by foreign direct investment. The fact is that the process of glocalization have stated way back up to the 21th. Looking at some areas of technological, organization-management, as well as in the area of production and services.

**TNCs in Terms of Global Responsibility**

TNCs in global responsibiltiy and it activities in international environment is looking into some of the factors relating to global activities anmely: environment, human health, corporate social responsibility. looking at TNCs and it activites between profits maximization or environmental protection, looking at current analysis of the view of some expart for some years of analyzing TNCs; they concluded that zero waste means zero defect. which stand for, companies with less pollution in to the environment, they produce or offer the quality products and services. However, some governments do not concentrate on prevention environmental issues and it solution. some of the environmentally advanced nations can be seen for instance second world countries improving environmental issue and it legislation, by the development of new model technological and innovation for the benefit of the environment and to reduce environmental pollution from some companies.

Glocalization process sometime add to blurring of existing vies races, cultures and the longstanding presumption of superiority. In the global world economic, TNCs will look at strategic location in world economic affairs. There are strategic things that TNCs can do or operate on which a nation states cannot do. However, the main thing a government can do which TNC cannot is to set a commitment of huge people of the state.

**TNCs and Global Risks in International Economics Environment**

Let look at the raise of foreign direct investment (FDI) flows in the global business with the growing power of corporations, which can be seen on their global strategies raise with legal concerns that some countries will be exploited by TNCs. It is a matter of fact that in pass twenty (20) years it has been a vast expansion of corporate power in the world.

The main objective of corporations in FDI is to maximize profit, with a minimal costs they invest in a cheaper labor market and it is not necessary to meet high environmental standards. Looking at the poor countries, FDI is often the major way how to create new jobs.

So, what companies are considered to be a transnational corporation? Perhaps some companies that you may do business with frequently fall within this category. These corporations include Walmart, Honda, Nike, and Coca-Cola, to name a few.

The importance of transnational corporations in the current world economy, is not all about the theoretical aspects or foundations but we also look at the economic side of it. The process development of corporations which started in the late fifties of the twenty centuries. The outcome of this process is the increase in amount of capital invested in different state of the world. Within 1968 to 1970, the world, have about seven thousand (7,000) transnational corporations. In 1992, over 35 thousand TNCs, and about 150,000 foreign affiliates, in 1999 this number had increase over 44,000, which control more than 200 thousand subsidiaries, and in 2000 to over 50,000 and of 810,000 its foreign subsidiaries, and in 2010 the number of transnational corporations in the world increase to 80,000 which controlled 800,000 subsidiaries. The main role for the world economy has the bigest 1000 transnational corporations. In looking at the annual rankings by the world top positions occupied by the biggest corporations and no changes over the years. In 2020, the initial locations on the list were: Apple, Alphabet, Microsoft, Berkshire Hathaway, Exxon Mobile, Amazon, Facebook, Johnson and Johnson, General Electric, China Mobile, (see table 1). etc.

**Table 1.1 The World’s Top 10 TNCs Ranked by Country of Origin**

|  |  |  |  |
| --- | --- | --- | --- |
| Number | Name of TNCs | Home countries | Industry |
| 1 | Apple | USA | Mobile Phone |
| 2 | Alphabet | USA | Research |
| 3 | Microsoft | USA | Technology |
| 4 | Berkshire Hathaway | USA | Textile |
| 5 | Exxon Mobile | USA | Oil and Gas |
| 6 | Amazon | USA | Online Tradinging |
| 7 | Facebook | USA | Socila Media |
| 8 | Johnson and Johnson | USA | Pharmaceutical |
| 9 | General Electric | USA | Electrical Light |
| 10 | China Mobile | China | Telecomunication |

**2.2 Role of TNCs in the International Trade**

Transnational corporations (TNCs) are playing a key role in the ongoing globalization process. Their strategies largely determine volume and nature of trade flows, foreign direct investments and financial flows. The determinants of these strategies are themselves rather complex.

TNCs have created jobs and offered education and training to employees. the additional wealth has led to the multiplier effect. some TNCs have set up schemes to provide new facilities for local communities. the infrastructure of the country has been improved, with new roads and internet cabling.

Glocalization is a very important development tool for a nation. Business is not however, an end itself. By increased business activities, and also increases in the value of business (trade), are not necessarily mean that it is a factor of improved human welfare generally. The critical question been asked is that: who benefits from it? The proper answer requires is looking beyond aggregations of nations or regions, to understand the production system like food and other products with all its component parts: including some providers, agriculturist, traders, transportation systems, food processors and consumers.

Analyzing the activities of transnational corporations (TNCs), should be considered mainly in two aspects in the world economy. One of it is the indirect form which is been understood as the presence of goods and services of individual organization on international markets and from the direct side, which also means doing trade as a result of investments made in a cross-border system. Both approach to participation of TNCs in international trade and of investment, caused that they are "powerful" in the global economy. Today when the economy is freed; companies have the opportunity to chose international trade and employment. For example, the export of one transnational corporation’s affiliates in 2019 was accounted for one third of world exports. moreover, the number of people been employed by multinational corporations MNC grew rapidly in in current globalization amounted to 100 million people, which is twice than the whole workforce in England.

Let take agriculture as an example, the Articles of Association (AoA) provides many negotiators with the framework for tackling the issues which are important to them: market access, domestic support and export subsidies. AoA failed to check the spending on agriculture in develop countries also to provide market access opportunities, but at least it provided the basis for further negotiations. This process remains the most frequently cited with good outcome of the Association.

Let look at some of the aspects were in the association abuses the power by developed countries: lack of political power to implement the agreement and the capacity of develop countries should create exceptions to the rules for themselves. These must be addressed, but let bear in mind that they are not the only problems.

Even if the European Union to stop major export policies payments, countries like the United States, China India, and EU to cease all payments funds to farmers, and all countries to implement duty-free market access to each other for all agricultural products and other production, agricultural market problems would still remain. These reforms alone would not ensure the most efficient use of limited natural resources. Perhaps most area market distortions would continue to give problem developing countries’ agriculture is to reduce the potential welfare benefits and increased trade in agricultural industry.Looking at the food security, it would not be enough, nor would a decent livelihood for all those living from the country be assured.

Some of the area wherein the association ignores:

* Looking at the greater demand in agriculture: food is the major fundamental human right to live; it must be available to all human, not only those with higher income or purchasing power in the market.
* Looking at the increase in nature of supply in agriculture: Distibution responses to shortfalls are slow, controlling stocks to protect against weather-related induced production problem. Yet, the high price or cost of maintaining the stocks limits private business interest in this service. The public sector is required either to buy takeover the service or product from private providers.
* The problem of political issue and economic weakness of most farmers: majority of the farmers are price-takers in the food sector. Most government interventions in the agricultural sector think farmers can always respond to price signals by changing production of the food sector. In fact, the response is asymmetric, with cultivating and investing in infrastructure when prices are high but remaining high even when prices fall.
* Looking at the horizontal and vertical connection of the agricultural system: some of the small companies are now dominate each part of the food chain.
* In some country where there is lack of trade going on; most farmers do not trade: transnational agribusiness trades.

The changing role of transnational corporations in global agriculture:

The role of transnational corporations (TNCs) in agriculture is increasing and been question for some of the assumptions about the increase of competitiveness of global agricultural commodity in the global markets. It important to have knowledge or understand who benefits and who those not benefit from these changes, also at the same time, why the changes are always occurring and whether it may be necessary. One of the problems may be that TNCs are becoming so globalized because of agricultural commodity trading is very risky, it requires a long-term capital in terms of preclude effective participation by smaller investors.

To answer some of the question about who benefits from it, it is necessary to look beyond aggregations of countries or regions, to have knowledge about the food production system and its component parts: input providers, farmers, traders, transportation systems, food processors, retailers and final consumers.

It is however critical to digest what is economically rational for the lager transnational firms, because it is not the same set factor that drives producers, nor governments trying to increase certain welfare gains. Policies are designed for only producers, consumers, and government actors, whether local or global. Because transnational companies try vigorously to make sure that agricultural policies serve are in their trade interests, it is important to understand transnational agribusiness operations in making policy, it aimed at enhancing food security for a state or the glob as large.

Two key areas of market strent are developed in this areas: the horizontal and vertical integration of the agricultural system.

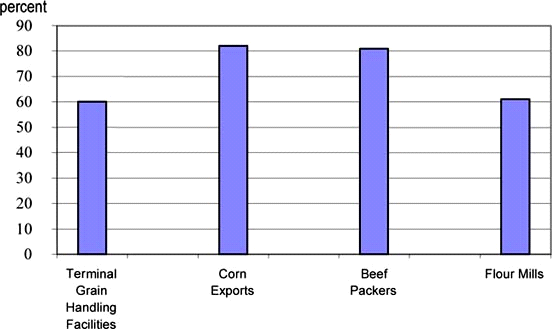
**Horizontal Integration**

Horizontal integration is the process of acquisition of a business operating system at the same level of the value chain in the same industry that is, they make or offer similar goods or services. In 2021 most of the small companies now dominate each part of the production chain in developing countries. Most of the chemical companies are increasingly linked to grain traders and other service processors in the production chain. Fewer, nowadays it is more varied through out the range of commodities, and it is more vertically integrated upstream to the producers stage and downstream in movement and processing, this is how we can classify trading houses now as compared to two to three decades ago.

Horizontal integration it is sometimes refers to combination at a given point in the manufacturing process: in some countries, however, small number of firms are effectively able to control a given market for a longer period. Horizontal attention increases the market power of the major firms, which enabling them to secure excessive profits. We take an example of the grain food production:

* More than 58 percent of the terminal grain product and facilities are owned by some major companies like Cargill, Cenex Harvest States, ADM and General Mills etc.
* For e.g., more than 70 percent of corn exporting is concentrated in three main companies: Cargill, ADM and Zen Noh.
* For the Beef packing and export is dominated by an 80 percent share among major companies such as Tyson, ConAgra, Cargill and Farmland Nation.
* Looking at the flour 60 percent of flour milling capacity is owned by some major companies like ADM, ConAgra, Cargill and General Mills.

**Table 1.2 Concentration in Agricultural Markets, United States**



Looking at ratio analysis, there are four top firms that control over 45 percent of a particular market raises flags for economists problem about maintaining competitive markets. In many agricultural production sectors in the EU and US, this figure of percent is above this marker. Globally as well within the European union and US, a small number of firms with high influence and control major parts of international products trade. For example, two to five companies control up to 85 percent of world coffee exports. Each of these companies has a turnover larger than most countries in Africa economy.

Looking at the beef-packing industry in the United States and Europ it has increased dramatically the price between farmers and the wholesalers, prices goes up and down but did not show any trend of increase. Reasons for this fluctuation include relatively low barriers to entry, strategic changes in the industry that saw rapid growth in capacity and some of the changes in the price of companies that control these sector for the period considered. However, during the past 5 to 15 years, the concentration of the top main companies in the beef industry continued to grow, reaching 80 percent only in the US. Data shows that between 2000 and 2010, the firm in which the wholesale price spread for beef increased by 10 percent, thinking that having increased attention, spme companies stay in the field were they will be able to increase their profit margin.

The control of transnational TNC agribusiness firms is classified not only by horizontal integration of a particular sector, it is also at the same time the local of some sectors of agricultural production, shipping and processing. It is dominant in wheat, corn,cotton and soybeans. It is also ranked as one of the world's largest food producers and beverage company. Tyson is also a major player in beef packing.

**Vertical Integration**

Vertical integration refers to the process of acquiring business operations within the same production vertical. A company that opts for vertical integration takes control of one or more stages in the production or distribution of a product. For example, Jay owns cassava plantations and the facilities, and has the marketing power to bring apples from fields in Sierra Leone to consumers in many countries.

Looking at the poultry industry also in world is another example of vertical integration. Actually all chicks raised for consumption purpose are sold or exchanged for money after when the meat is been sell to the supermarket. All stages of production, from the start of hatching and rearing of the chicks to the slaughter of them, are within or internal to the company. In this vertically integrated process, there is no point in which some of the price for poultry can be known. The price charged may be unfairly high, but these have become an internal problem for some company managers to take action rather than a point where open market forces can take place. As vertical integration is glocalized, the open market analyzed upon which trade liberalization can become less relevant to actual agribusiness operations.

All companies in Europ and America that dominate the grain or dry seed trade are part of vertically integrated with difference groups, whose financial and customer interests are difference. For some of these companies, grain has become a high cost in the production of livestock and processed foods product, As grain prices have falls over the past years, livestock industries have benefited from some of the seeds for cheap feed results. US consumers for example, however, they are still paying difference price for grain in the supermarket.

**Privileged Access**

In an enterprise environment, “privileged access” is a term used to designate special access or abilities above and beyond that of a standard user. Privileged access can be associated with human users as well as non-human users such as applications and machine identities.

In this sector, we are going to look at the sources of market power for transnational corporation of agribusiness, looking beyond the concentrated market power of transnational agribusiness, majority of the companies also have free access to information about the market, to capital and political issue of a state.

With all of these operations, there is over 90 countries in the world that dominant transnational corporation, agribusiness firms have access to information than very few other actors, including some other governments, can aspire to. Production prices depend not only on supply, but also the forecasts of the future availability of supply. Futures with some options markets are some of the risk management tools for companies, helping to balance the exposure of contracting to supply at a given amount of commodity ahead of harvest period. The goods exchanges in the morket seem to be menimal a way to spread risk, and major way to increase profits for those who have knowledge about the market.

Transnational corporation in agribusiness can also have an access to huge amount of funds, necessary for the upcoming contracts, and since it influence the prices by which trade-policy-mediated local product and export subsidies are set. Within the same period, the global position of their operations sometime gives these companies a political voice in some countries simultaneously, creating a powerful organization for policies that reflect their interests.

Re-examining about trade

Some of the entities which operate in the global market are some political governments sector which work with private and intergovernmental agencies, providing food aid; a few remaining countries importers and exporters the transnational agribusiness. Trying to understand what is going on with the product prices by observing the commodity markets, we look at the small part of the equation. Unless the role of seeds companies, food producers and sellers are looked at, it is not possible to build a good knowledge of trade, nor to develop recommendations for changes to trade policy that will serve the final consumer interest.

The monopoly of some firms in the markets obviously affects the economics of that sector. For grain and seeds buyers and processors, the number of sales is key to realizing profits. As the companies receives interests in looking at livestock operations, the main interest is to keep grain prices to the lest. Big commodity sellers can also gain from price returns, because they speculate on the commodity exchanges.

As in some other sector, agrobusiness is changing. Firms traditionally based in producing, and are reaching back into the food chain. Most of these companies now employ their own buyers, brokering some of their contracts with major producers, and in so many other ways squeezing out traditional commodity traders.

By building in the impact of market power in the global market of TNCs, the question ask: who will benefit from increased trade volume? The World Bank estimates that between 19 centuries to early 21 centuries, producers of some basic commodities worldwide were underpaid as much as much as US$100 billion. Years ago, the world coffee economy was worth US$40 billion, of which producers received US$15 billion. In 2010 it was worth more than US$50 billion, yet producers received just $10 billion of that total.

To summarize, vertical integration in the food production and agricultural sector of the most powerful nations such as, United States and the European Union deserves more international attention, because they undermine the process so that they can persuaded governments to embrace trade agreements and change their agrobusiness policies to allow increased food imports from their own nation. To date, only few joint ventures have received government, much less intergovernmental, scrutiny outside the country in which they are headquartered.

However, this are some of the areas of regulation which must get more attention because of the effects in poor country markets, and because of the impact of vertical integration on the price and availability of food and services in the world market.

The following ideas could be considered as a way for the multilateral corporation system to address some of the issue:

* To document of transnational agribusiness, to have knowledge about its global market reach better. This could mirror the world trade organization (WTO) questionnaire required by some countries that operate state-trading enterprises.
* To analysis or evaluating the sources of market distortion, whether public or private sector, and analysis how best to address them, rather than focus on export subsidies alone, we should look at trade negotiators dumping more broadly, comparing cost of production prices in the country of production to the price offered in the global market. The persistent dumping that currently characterizes commodity trade could be remedied through import tariffs or export taxes imposed in the country of origin.
* To encourage multilateral working group to analysis competition issues specifically related to international agricultural trade business.

**2.3. The Reasons for Multinational Corporations Implementing Localization Strategies in Trade Police**

Is that localization enhances performance because localization helps to meet target customer's needs. Additionally, it enhances ties with local distribution channel members, hence better financial results.

This part presents a vital review of major theoretical point of view regarding the connection involving the research variables. This study solely relies on the resource-based view of the firm, knowledge-based examination of the firm and entry strategy theory as it seeks to establish localization as a strategic tool for multinational corporations in fast moving consumer goods industry in trade police.

**Resource-Based View of the Firm**

The resource-based view (RBV), in its perspective views a firm as a coagulation of capital which the company puts together in form of management structure and goes on to give the company its strengths and weaknesses. RBV argues that companies increase sustainable competitive returns by injecting valuable resources that are unavailable in supply (Grunert & Hildebrandt, 2004). This view asserts that a firm’s competitive gain is preceded by endowment of planned resources that are precious, scarce, very expensive to duplicate, and also costly for an alternative. The assumption is that firms ought to be thrive in acquiring and in their management of valued resources so as to be efficient. In the resource-based perceptions, organizational efficiency is determined by the capacity and capability of the organization in absolute or relative terms, in obtaining limited and precious resources and effectively integrating and managing them.

In the RBV approach, a firm is recognized as the strategic significance of both social and behavioral relations in the choice of which strategies the organization is going to implement. RBV combines the macro and micro environments of the industry and Porter’s five force model which explain the competitive forces. Moreover, firm’s resources must be assessed in requisites of the degree of value, scarcity, and the vulnerability to duplication of duplication by competitors. If not, the firm attains only competitive uniformity.

The resources found in an organization are categorized based on financial, social, physical, organizational and technological factors that allow a company to build value for its consumers. (Jones & Hill, 2009). Intangible resources are mainly non-physical unit that are the conception of the managerial, the workers at large. The intangible resources include: brand name, the public view of the company, the skills of the employees mainly gained through experience, intellectual assets of the company which is inclusive of that safeguarded by patents, copyrights and trademarks. Tangible resources include: buildings, manufacturing plant, land, equipment, money, and inventory. Mathews (2003) views assets as either tangible or intangible. According to Machida (2003), physical resources could generate returns beyond the ordinary level, but indefinable assets if they are improved overtime through research and development can yield a firm continuous competitive advantage.

The assumption in RBV is that resources are heterogeneous between competing firms and argues that the resources are immobile, making competitive advantage attainable and sustainable in the long term, on the basis of internal configuration of strategically important resources (Grunert & Hildebrandt, 2004). A more firm-specific and hard to duplicate resource gives a firm a higher unique competence. A unique competence is a distinctive firm specific strength allowing more differentiation of a firm’s products and enabling the firm to substantially reduce costs compared to its competitors hence a competitive advantage to the company. A resource capable of giving the company a unique competence should thus be inimitable, unique, valuable, non-substitutable and distinct (Jones & Hill 2009).

An organization could have specific and precious resources unique to the firm; nevertheless, without the capabilities for effectively using them, it cannot have a unique competence (Jones & Hill, 2009). By definition, capabilities are an organization’s skills to coordinate resources and convert them into productive usage. Such skills exist in a company’s policy, routines, and procedures. That is, the manner in which an organization uses its internal procedures and processes to achieve the set objectives. Capabilities results from a company’s structure, processes and control systems. They guide decision making in the organization, specifies the behavior rewarded and the norms and values of the firm

Distinctive competencies shape the strategies pursued by the firm, which build high efficiency, quality, innovation or customer responsiveness. Consequently, they give the company competitive advantage and higher profitability. Nonetheless, it should be realized that the adopted strategies of a firm may build novel resources and capabilities or strengthen the current ones, hence enhancing unique competencies of the company. Therefore, there exists a reciprocal (rather than a linear) relationship between unique competencies and strategies in which the unique competencies shape strategies and the latter help to build the former.

**Knowledge-Based View of the MNCs Firm**

The knowledge-based view (KBV), posits that firms need innovative knowledge for them to dominate an industry (Malik & Malik, 2008). The knowledge-based view considers a firm to be a “distributed knowledge system” composed of knowledge-loaded workers, and this perspective argues that the organization’s responsibility is co-ordination of the workers’ activities in such a manner to generate knowledge and value for the organization. Carlucci (2004), claim that knowledge assets, (if not more valuable) are as valuable as financial and physical assets in enhancing the firm’s competitive advantage and survival. KBV largely expands resource-based arguments in strategy by alleging that knowledge is the fundamental resource for creating new gains, heterogeneity as well as competitive advantage. Moreover, Felin and Hesterly argue that empirical and anecdotal evidence, about the dominance of people as the center of knowledge and source of novel value, are widespread in research and practice. Tsai et al (2012) asserted that an organizational capability is usually established via a package of related knowledge including knowledge items plus the levels of such items as well.

Knowledge-based view perceives knowledge as the critical source of an organization’s competitive advantage (Feng, Chen & Liou, 2005). Arguments have been put forward that knowledge is fundamental resource of a company’s strategy and the source of competitive advantage as the integration of a package of knowledge as opposed to individual knowledge (Felin & Hesterly, 2007; Grant, 1996). Additionally, Knowledge assists companies in products and market strategic development in addition to provision of an alternative avenue for realizing differentiation and competitive advantage.

KBV has facilitated a shift from a competitive advantage that is based on market position to one that focuses on firm’s capabilities (Felin & Hesterly, 2007). Moreover, the orientation of firm’s strategies has been also changed from position-based to capabilities-based. Firms often absorb new knowledge to improve their capabilities from collaborative partners by alliance (Kale & Singh, 2007) or developing effective models (Capron & Mitchell, 2009). KBV stresses knowledge-based competition. Knowledge based view facilitated a shift from competitiveness on the basis of market position to an organization’s capabilities basis (Felin & Hesterly, 2007). Furthermore, orientation of an organization’s strategies has also been moved to capabilities based from position-based. Organizations usually imbibe new knowledge to enhance their capabilities from collaborative partners through alliances (Kale & Singh, 2007) or introducing effective models (Capron & Mitchel, 2009). KBV emphasizes on competition based on knowledge. In summary, the KBV demonstrates that companies are capable of differentiating themselves based on knowledge management strategies (KMS).

**Entry Strategy Theory**

Ansoff and McDonnell (1990) noted that Strategies entail changes in the organization’s strategic behavior to guarantee success in transformation of the long term environment (Ansoff and McDonnel, 1990). According to Pearce and Robinson (1997), strategies are a set of decisions and actions leading to the formalization and implementation of tactics formulated to realize the organization’s objectives. The old FDI theory posits that firm can invest in new markets to create economic gains through the exploitation of an organization’s particular strategies (such as knowledge or products), and boost the organization’s strategic position through enhanced accessibility to limited resources such as labor, knowledge among others (Hitt et al., 2006; Chen & Chen, 1998). Firms that consider entering foreign markets have to cope with uncertainty, due to a lack of information, uncertainty about the reliability of information, and a general liability of foreignness (Johanson & Vahlne, 1977).

Due to the growing competition by domestic as well as international competitors, contracting market size as well as deteriorating market growth rates, firms look for opportunities globally. Nevertheless, thriving in the new markets usually is determined by the response by the existing firms in the market. Literature points out that existing companies develop defensive tactics to deter the entrance of new competitors or protect their markets upon the entry of the new competitor in the market (Yeung et al., 2003).

Existing companies try to prevent the entrance of new competitors long before the new entrant thinks of the entry. Likewise, the firms protect their markets by reacting upon the entrance of the new competitor in the market (Chen and Miller, 1994). In competitive environments with several existing firms, some of them wait for the others to react and then follow or do nothing. Some of those incapables of competing against the new entrant may opt to exit (Nargundkar, 1996). Firms engaged in the fight realize that their actions are interdependent; that is, the results of marketing actions by one firm are to some extent dependent on its rivals’ reactions. Failure to consider a rival’s reaction could make the company deduce the wrong inferences concerning the results of such actions (Putsis & Dhar, 1998).

**Understanding the Local Market as a Strategic Tool**

Research carried out by Boston Consulting Group (2013), indicates that multinational corporations have very high ambitions in new markets. Over three quarters of the firms they surveyed (78%), hope to get a share in emerging markets. Nonetheless, just 13% were confident they would tackle domestic competitors. Approximately 73% of the respondents affirmed that domestic firms were a major threat in the competition. McKinsey (2012) notes that established MNCs in new markets have begun to realize the consumers’ need and the business models they ought to adopt. In their survey, some respondents stated that the critical requirement for success is the understanding of the local consumer needs, adopt local business and operating models. According Jones (2005), multinationals are spread thin in their operations; on the other hand, local companies for the biggest part, are extremely focused. Local companies benefit from the advantages also. For example, they may be absorbed or be given privileges by the state. They are also prone to having enhanced relationships with vital stakeholders, immense knowledge on domestic regulations as well as minimized labor costs should they be manufacturing internationally. Local companies could also probably become less risk averse with the ability to respond more swiftly than most of the MNCs.

In order to understand the market, it is critical for any organization to first define its market. Lodato (2006) defines A market is a set of firms and or individuals who may benefit from the products offered by you as well as the rivals and who possess purchasing power and authority to buy (Lodato, 2006). Adidam, Banerjee, and Shukla (2011), supports this definition by noting that competitive intelligence is an integral part of market understanding. Competitive intelligence is defined as the collection of information regarding everything that may affect the business rivals, products and practices. Competitive Intelligence has evolved to a more general discipline which concomitantly serves multiple business functions of a firm (Jones, 2005). Various scholars have suggested that the critical areas to study in order to understand the markets include; strengths and weakness in regard to MNCs and local competitors as well, qualitative and quantitative market research at macro and micro level as well, analysis of top products in the major multinational market as well as their plea to local consumers, formal and informal distribution and marketing channels needed to operate in new markets (Kotler, 2009; BCG, 2013).

**Organization Structure and Human Resource as a Strategic Tool**

According to BCG (2013), leadership and talent management are particularly vital in new markets. For instance, in Indonesia, a 40-60% aperture in demand and supply for top level management is anticipated to occur by 2020. In their report, BCG notes that getting the exact people with the exact match of attitude, aptitude, sophistication, cultural fit and capabilities fit to grow triple digit growth over the next 15 to 25 years is the major impediment in new markets. According to Bratton & Gold, (2012), although most MNCs have a strong employer brand in the new markets, local firms can equally compete effectively for leading skilled personnel with multinationals. Out of 50 preferred employers in China, 32 are local firms.

Strong local firms can equal or surpass the benefits given by MNCs and they usually offer workers competitive packages. In contrast, MNCs are viewed to have numerous political wars which hinder career opportunities. Local workers use these companies as springing boards to kick start their careers (Robbins and Judge, 2009).

According to Olsen, Pinto, and Virji (2005), attaining profitable continued growth in new markets is a key deliverable for MNCs. Nevertheless, many see it hard to achieve full potential of these markets due to structured decision making processes that obscure local alertness – or lack of visibility as to how these companies will add adequate value to the domestic business. Olsen et al. (2005), focuses on methods of modifying such processes to enhance the flexibility and efficiency of the new markets' subsidiaries. According to Bushnell, Stone, and Wilson (2013), outstanding leaders usually don’t last in their current positions for long prior to going up the corporate ladder – or moving elsewhere. To shun away from overreliance on the talent of one man, MNCs should have in place concrete but flexible management practices and decision-making principles. The only way organizations can thrive is by adapting their management practices to the needs of the local market so that they can offer local managers with flexible careers and in the long term.

The studies that have been conducted under organization and people have focused on the following areas; the workforce needs required to reach growth targets and achieve competitive advantage, assessing the strengths of the local emerging market organization to ascertain its competitiveness, putting in place training and development programs for ensuring that the emerging organization has tough local leaders and efficient middle managers and identifying potential future leadership in promising markets and exposing them similar career opportunities that their peers in developed markets pursue. (BCG, 2013).

**Opportunities and Incentives Available in the Market as a Strategic Tool**

McGrath and Gilmore (1995) ask some fundamental questions around how certain companies like Microsoft grew to $3.7 billion from $125 million in less than a decade. Why Google and Apple have been extremely successful with various products, and unsuccessful with others and how Compaq emerged to be the most thriving personal computer company in 1994? According to English and Moate (2009), as technology companies’ effort to build up a winning tactic, they are faced by distinctive obstacles resulting from complicated products and markets that are driven by technology. There are five major challenges that localizing firms need to overcome these are adapting to new markets, harnessing new technology, managing product life cycles, continually building new markets and adapting to consumer needs. (Moore, 2009).

McGrath and Gilmore (1995), states that dealing with rapidly-changing and reduced market and product life cycles is critical. The entire market is changing at an incredibly fast rate. Products are evolving at faster rate than research and development can keep up. Technology is changing and finding new and better ways of doing things every day. A product can move from initial stage to maturity to decline stage in less than two years. In this rapid turn of events prices fall and advantages of differentiation vary. The market needs are also changing with a change in culture and preferences (Hill and Harvey, 2009).

According to Christensen (1997), technology companies should harness emerging technology. High technology products are feasible because of continually changing technology and gain competitive edge from budding technologies. Ordinarily, technology is complex and changes rapidly making it difficult for companies to keep up and change with the times. In addition, the companies are constantly under the threat of new competition who have better innovations. Pursuit and selection of new technologies are paramount decisions for technology-based institutions (McGrath and Gilmore, 1995). The research findings that have been found under market opportunities and incentives have narrowed down on the following aspects: customer segmentation, adequate resources, market segments and maximizing local market opportunities (Kotler, 2000).

According to Meredith, Schewe, and Karlovich (2002), there is an escalation in complexities in many markets. Defining, assessing market diversity and expanding competitive space is a paramount in identifying and sustaining strategic marketing. In numerous situations, oversimplified market perceptions have resulted to flaws in marketing, operational and business strategies (Cravens, 2006). According to Harker (2009), markets are ever more complex, unstable, and interconnected, which therefore create problems for management in understanding the structure of the market and identifying growth opportunities for the organization.

Lodato (2006), argues that consumer market segmentation is ordinarily a lot easier and straightforward compared to industrial markets that tend to be larger and more complex to understand. For example, the use of tractors and which customers are most likely to buy this industrial equipment is harder to come by compared to the consumption of bread. Ways of segmenting the consumer market include; demographic factors - age, family, gender, religion, family income, occupation, education, income, geographic – physical location, climatic areas, density, political regions. Psychographic activities like opinions, social class, lifestyle, personality, perceptions. Benefits – safety benefits, health benefits, social and intellectual benefits. Consumer segmentation is useful in the identifying how to divide the market in order to achieve maximum benefits.

According to Weinstein (2004), the following is a of problems that need to be tackled in defining a market segment; customer numbers and their distribution, rate of growth, number if purchases expected in a given duration of time, what describes them, where they are located among others. Once market segments are defined, analyzing market segment follows and looks at the following situations; is the market segment Overcrowded? – is present competition competent and deep-rooted? Market segments with little hope for modifying their products and zero channels to build hindrances for competition entry. Segments of the market that are already big and fast growing. (Wedel and Kamakura, 2000).

**Research Gap**

Wilson (2009) did a study on standardization or localization. Standardization is the uniform presentation of all qualities of a product such as texture, color and product name, packaging in all markets. A comparison was done of multinational corporations fast moving consumer goods’ environmental disclosure practices in India. The study found that the number of products, quality and diversity of Indian fast moving consumer goods subsidiaries’ disclosures on wellness of the corporate environment are more similar to domestic Indian companies than their parent companies. Sze (2009) conducted a study on analysis of a strategic business model among multinational corporations in China. The study found that MNC used corporate social responsibility and weight of guanxi in Chinese society as their business models. He and Hong (2012) did a study on localization of human resources in multinational corporations: a perspective of content analysis. The study found that localization of human resource is the inevitable trend of globalization.

Several studies have also been done locally such as Karanja, (2002). He found that real estate firms in Africa popularly applied focus strategy to gain competitive advantage and that there was a percentage of firms that were stuck in the middle who were more or less guaranteed low profits. Murage (2001) found that the petroleum dealers used cost leadership strategy by sourcing their products at lower prices. Muturi (2000), noted that there was an effort by East African Breweries to differentiate their products from their competitors after liberalization. Other studies that have been done on fast moving consumer goods industry includes Kabura (2002), who found that 82% of all fast-moving consumer goods firms in Africa used a combination of media tools and journals to create impact on their activities but did not focus on the use of competitive strategies in the industry. Ndegwa (2003), looked at promotional mix in the fast moving consumer goods industry but did not focus on competitive strategies in the same industry. It is therefore important to conduct this study, investigate and document various competitive strategies used by multinational firms to compete in the fast-moving consumer goods industry in some African country.

From the literature reviewed, it’s clear the research in competitive strategies has been carried out but there is inadequate literature in some areas of study. In addition, the literature reviewed there are some gaps that have been experienced such as outdated information, insufficient information, too unspecific or too vast information to address the research objectives. The information might have been altered or misinterpreted in the process of simplification and recombination. This study seeks to bring out up to date relevant information on localization as a strategic tool for multinational corporations in fast moving consumer goods industry in the trade police. It will contribute to the scanty and little literature and add to the knowledge within the area that has not been much ventured into by other scholars.

**Conclusion to Chapter II**

In this chapter we analyze the primary channel of transnational corporate activities is Foreign Direct Investment (FDI). While FDI still mainly originates from industrialized countries, such as China, North America and some European countries. The strategies of multinational enterprises can also benefit developing countries in terms of investment flows, employment creation and infrastructure.

TNC activities have become an important pillar of the international division of labor. The speed of development of this branch of glocalization reflects the large potential benefits from an international corporate engagement. Combined with possible spillovers to developing countries, the dynamics of transnational corporate operations will become one of the dominant driving forces of future economic development.

**CHAPTER 3**: **SUMMARY AND RECOMMENDATION OF THE GLOCALIZATION STRATEGY OF MULTINATIONAL CORPORATIONS**

**3.1. Positive Effects of the Localization Strategies on Host Countries**

The main effects of the Integrated strategy are that it will add to the costs of localization. This sometimes make it unjustifiably high for smaller companies. A localization strategy addresses customer behaviors, purchasing habits, and general cultural differences in each country it operates.

**Why Is Localization Important for Business:**

There is always a value of doing business, but it doesn’t mean it is going to set you back from the business. Some companies have the fear that, localizing their products or service might cause an increase administrative overhead cost and might reduce and release the cycle and is thus just not worth the time to do localization. This can be true in some ways, but there’s really no getting around it entirely if successful expansion is your goal and you are willing to bet that, it won’t be as bad as some companies think.

Here are some important effects of localizing a business:

**To Improve Customer Satisfaction**

Localization is more than just direct translation, but also to improve customer satisfaction or service. It also about carefully changing and adapting content with the culture and to meet local peculiarities. Companies can and often do spend millions in global campaigns only to know that their new slogan translates into something ells that wasn’t exactly intended in their target country.

Localization will help to prevent investors from falling head over into pitfalls like these. It will help you to support more appealing consumers experience for your diversifying clientele and in doing so, it increases your overall customer conversions base.

**Increasing Your Customer Base**

The power to expand a company’s potential customer base is a very important in today’s globalized world of business. In adapting existing goods or services product to new markets through localization management is good for global growth. Professional localization helps to reduce the barrier for new potential customers, as localized products match the local market conditions better and lower cultural barriers.

Localization crates the opportunity for consumers to learn more about your products and increases your customer base service. TikTok for example, a hot short video app ByteDance, is well known as a cultural phenomenon, and it been localized into 75 languages.

**How Glocalization Allows You to Enter New Markets More Rapidly**

Glocalization activities help speed up the time it takes to enter new markets as new products help to overcome cultural barriers. This system in customers base system is more likely to spread the news about the product. Companies that do localize their product content tends to see development in engagement and market share from an ever more diverse clientele.

From a business-based knowledge perspective, this means overcoming a competitive advantage through a rapid and flexible deployment of products. Companies that choose to start localizing faster tend to grow faster – and for various reasons. This allows our clients to enter new markets with their businesses at an extremely rapid rate.

Looking at all of these factors, it looks like there’s no reason at all not to localize your business and if you’re having the funds to invest, you’re already interested in the process. Unless you’re not interested in doing business or you are just lazy to do it.

**How to Get Started with Localization Effects on Host Country**

The question is, where do you start? With so many elements involved in the process of conducting localization project, this can be a difficult process or task. Looking at most areas of business, if you want to get it right, your utmost success often lies in the planning stages. There are six essential element of steps in preparing your localization strategy.

**Planning and Research**

Planning research is an applied investigation that uses empirical observations in the development and assessment of plans or planning inquiry. Accessing multiple data sets and organizing research projects around a mixed-method investigative strategy is generally standard practice in planning research.

As an investor, you can launch a product in to the market without carrying out extensive research and planning first. Just because you’re confident in your products or services and making good sales, it doesn’t mean that you should enter a market without finding out it Strantz and weakness first. You want your product localization project to become a case study in terms of sales success, product adoption, and clever message adaption. There are so many ways to ensure that your product localization product is feet for the market.

We try to find out about the individual markets were in you can have a good chance of success. Analyze your product service and consumer users. Do you get a lot of consumers in the larger market such as Ashia, America and Europe? How similar is culture to your product? Do you have local resources on the ground you can reach out to? You have to look at the consumer base around the world. But that doesn’t mean they’ll all be interested in your product. Narrow your focus through careful research and planning first.

During your planning and research stage of your business, you need to Analys and consider important elements of the planning, such as your product, consumers and the market layout. The last thing you want is to come up with a product that fit the market demand.

Finally, analysis the costs. The cost of the product for localization will obviously increase according to how many different products we can localize into. If an investor don’t have a huge capital in his position, then no need to localize more products at a particular time. Look at the market and choos the product that the consumers are demanding. China is one of the most lucrative markets in the world today, but it’s also one of the hardest to do business interms of localization. If big companies like Coca Cola, McDonald’s and Google can have difficulty to enter the market, then an investor need to be fully confident in their product before going in to the Chines market.

**Building a Team**

Successful business who goes into glocalization requires a strong team. And having the team together is one of the hardest things you can do as an investor. You have to make sure that you have the right skill workers sets and qualify and that each team member can work with the other. Not everyone is a marketer, and not every marketer is a cost analyst. This means to see that collaboration is easy within the company. More likely, the majority of the team will be working in the production department rather than another department. You’ll need local and qualify people who also have the ability to perform within the company if needed. You need to understand locally used language and slang also the vocabulary and how to capture the tone and voice of local audiences.

Mostly, the company may need a local marketing advisors and also a legal consultant to find out about anti-competition laws of the country. Promotional restrictions also vary from nation to another. Finally, you’ll need someone highly skilled in management.

**Localization Policies by Host Countries**

For developing countries, corporate networks can bear great potential for growth, since the enormous knowledge and know-how channeled through the foreign subsidiaries may spread over the host country (spillover effect). Such technological transfer is being enabled by the dramatic progress in information and communication technologies. Furthermore, companies hosted in the countries of South East Asia or Latin America have encountered, for the most part, a high degree of dedication among the population. Even though multinational corporations may primarily obtain low-wage components of their products from operating in branches of developing countries, such as in the electronics, food, glass and plastics industries, they nevertheless offer many, and in comparison, to the local industry, well paid jobs, including social benefits.

In general, multinationals’ business activity in developing countries provides a good basis for these countries’ development goals in the worldwide economic context. Moreover, by reaching more advanced stages of development, an increasing number of local firms become emancipated and seek a license or partnership agreement, in order to take over manufacturing or services operations from the former direct investor. The positive impulses for employment and income at a local level have led to multinationals being courted by third world countries. Yet there are still companies of the industrialized world, e.g., in the chemical industry or metals production, which bear heavily on exploitation of environmental resources and take advantage of low environmental standards in developing nations in order to minimize investment costs. In addition, some investors seek out undemocratic and disenfranchising regimes, in order to prey on cheap labor.

Such misconduct regarding social standards is, however, not a necessary component of multinationals’ expansion. Empirical studies rather support a different viewpoint. Nations which have established only a low level of social regulation receive rather less localization, whereas countries with relatively high social standards are endowed with greater investment, not to the least extent for this reason (Busse, 2003).

Furthermore, multinational corporations that have already gained experience in dealing with stricter environmental regulation in their home countries can potentially provide a substantial transfer of "clean" technologies and environment technological know-how to developing countries.

With respect to localization, national policies play a key role when it comes to increasing benefits from it and assuaging the concerns about it. Those policies have to be seen in the broader context of the determinants of localization, among which economic factors predominate. Policies are decisive in preventing localization from entering a country. But once an enabling localization regulatory framework is in place, the economic factors become dominant. At any level, the way localization is approached and communicated in a host country will moderate a location’s attractiveness and, thus, influences the scope and extent of positive development effects obtainable from localization, clearly also with a focus towards avoiding its potential drawbacks.

In general, via sound macro management, stable and non-discriminatory rules on business entry and exit, by promoting competition, building human capital, supporting innovation and multiple complementary ways developed countries have moved towards “market friendly” business environments. Still, among even the most market oriented countries, subsidization intended to attract foreign investors are commonly in place. This practice ranges from sophisticated promotion techniques as well as large grants and subsidies to targeting particularly valuable investments.

Developing countries, much in the same way though at an oftentimes necessarily smaller scale, are also seeking to attract localization and increase its potential benefits. Thus they, too, are moving towards market friendly policies. However, since their market structures are weaker and their development needs more pressing, this road is not nearly unambiguous. Accordingly, there will be greater concern among these countries addressing the need for maintaining viable options for national policy, ideally generating policy instruments to best suit their special needs.

Here, three objectives will form the particular focus of our discussion – attracting TNC, benefiting more from it and addressing concerns about localization. Thereby no attempt will be made to draw rigid lines between the areas of concern, such that some objectives and measures are necessarily going to overlap.

Countries have different options as to how to approach desirable localization. One strategy is to liberalize the conditions for market entry of foreign investors, basically relying on the overall benefits to arise. In such a manner, localization inflows can be sought in general, without directing efforts towards any particular kinds of investment, as may be the case when specifically seeking certain technologies to be financed. On the other hand, localization can be pursued more selectively, focusing on particular activities, technologies or investors. Of course, in practice, measures are often used together—by leaving most activities open to foreign investors, creating a better investment climate generally and putting special effort into bringing in particularly desirable investment.

From the investors’ perspective, the economic attractiveness of a country depends primarily on its advantages as a location for investors of various types. Market-seeking investors look for large and growing markets. Resource-seeking ones look for ample natural resources. And efficiency-seeking ones look for a competitive and efficient base for export production.

More general factors affect all prospective host economies, of which the most important may be considered to be political stability, a sound macroeconomic framework, welcoming attitudes to foreign investment, adequate skills, low business transaction costs, good infrastructure.

The strategies employed by national governments seeking to attract localization can be identified as follows:

* Reducing obstacles to localization by removing restrictions on market entry, as well as on the operations of foreign affiliates. The key issues here are how investment is to be defined for liberalizing entry or offering protection (direct and portfolio capital flows may be treated differently) and what kind of control should be exercised over localization admission and establishment.
* Improving standards of treatment of foreign investors by ensuring nondiscriminatory treatment vis-à-vis domestic or other foreign investors. The key issue here is what degree of inclusive treatment should be granted to foreign affiliates once they are established in a host country.
* Protecting foreign investors through commitments regarding adequate compensation in the event of nationalization or expropriation, on dispute settlement and on guarantees on the transfer of funds. Here there several key issues; one is how far the right to expropriate or nationalize extends. Another is the acceptability of the kind of dispute settlement mechanisms available to foreign investors and countries. The third issue is what restrictions, if any, are acceptable on the ability of governments to introduce capital controls to protect the national economy.
* Promoting localization inflows through communication and infrastructure aimed enhancing the country’s image, for example through providing information on investment opportunities, offering location-specific incentives, facilitating localization by institutional and administrative improvements and making post-investment services available. In some cases, home countries may also play a role, not only the host countries themselves. The key issues here relate to the use of financial, fiscal or other incentives (including regulatory concessions) and the actions that home countries can take to encourage localization flows to developing countries.

Obviously, in terms of general trends, countries seek to reduce obstacles, create investor-friendly settings and promote localization. Yet at the same time, there will be quite some heterogeneity as to which policy (mix) applies in any given case. This is due to differences in location and the respective advantages, but also related to the cost of some measures being much higher than others. Finally, governments will simply differ in their perceptions of how best to attract localization.

Ensuring localization through favorable policies may not in itself ensure the thriving potential of a host country. After all, while setting up the necessary conditions, free markets do not provide a guarantee with respect to subsequent foreign investment to transfer enough new technology or to transfer it effectively and at the depth desired by a host country. Therefore, by building local capabilities, using local suppliers and upgrading local skills, technological capabilities and infrastructure, policy impact is limited to paving ways that enhance the development outcome. The main policies and measures can be summarized as follows:

* Increasing the contribution of foreign affiliates in a host country through mandatory measures. In order to promote overall leverage of a host economy, various target activities such as increasing exports, training local workers or transferring technology can be formulated based on mandatory prescriptions. The key issue here is one of defining and establishing such performance requirements, including their monitoring and guidance.
* Increasing the contribution of foreign affiliates in a host country by encouraging them to act in a desired way. The key issue here, as in attracting localization, is using incentives to influence the behavior of foreign affiliates of particular importance are strategies aimed at the transfer of technology by foreign affiliates to domestic firms, preferably to take shape in forms of building local R&D capacity. Countries have learned that TNCs’ foreign affiliate activities can be influenced in ways beneficial to the host country benefits only if they strengthen their capabilities. That is, new technologies will fail to be established in host economy as long as the skill base is inadequate or domestic suppliers and competitors are not equipped to meet TNC needs. Equally, export activity can grow only if the quality of infrastructure is sufficient.

First and foremost, a government’s responsibility will be in the area of local capacity building, thereby drawing on foreign affiliates and their parent firms in this effort. In addition, the role of home countries may be in supporting and communicating this process through various measures of their own. Indeed, even TNCs, as part of an integrated strategy that may well feed back into their own interests, should not be denied an active role in the overall effort of increasing their measurably positive impacts on host economies (UNCTAD, 2003).

**3.2 Improving the application of glocalization strategy by modern TNCs**

In today's world, the main subject of glocalization strategy by modern transnational corporations (TNCs), which have a major or significant impact on the world economy development in current localization process. The research on transnational corporations TNC investment processes, it plays an important role for economics of a nation.

The essence of this chapter is to discourse or highlight the current trends of TNCs in the international investment activities of the world today. In recent years, the value of cross-border within the mergers and acquisitions (M&A) increased by 21% due to the increase in size of transactions in business, especially in the food industry and services. The cost of the announced agricultural projects increased by 45%, an increase mainly was in food production and livestock, preserving and construction of livestock firms. Looking at the manufacturing sector, the total M&A sales at the global stage remained at 10 percent in 2018 level. Deal making in the pharmaceutical industry increase in recent years base on the world pandemic like the covid19 for the past two years. the M&A sales have more than doubled in chemical industry for the past 10 years.

In summary, there must be a stable pandemic and looking at global political stability in an effective way of business regulation that give the investors a gree environment to do their business, i.e., TNCs, there most be a guarantee of rights by law and protecting their interests for the operation of TNCs in the host country.

One of the future areas of TNC investment activity is fintech the newest and fastest growing sector of the global economy. Looking at the advanced achievements of scientific and technological progress in the world today, financial innovations, achievements and advantages of information and technology, digital, network and intellectual components are concentrated in finance today. TNCs often merge financial-start-upstand initiate finance sector to increase services and financial to develop technology into local businesses. Thus, the US bank Group in the 19 centuries started to established an individual fintech-division in order to find innovative monetary solutions. For instant, the development of a mobile banking platform in the world today, a mobile payment developed with the participation of the biggest world companies are the examples of such projects.

The study recommends that there is need for the management to understand the local market and use it as a strategic tool, this will enable companies better understand the market and hence have a competitive advantage. There is need for the management to consider organization structure and human resource as a strategic tool; this will help the workforce needs which are linked to its strategy and growth plans compared to its local competitors.

From the analysis and data collected, the following discussions, summary and recommendations were made. The responses were based on the objectives of the study. The study sought to establish Glocalization as a strategic tool for Transnationals Corporations (TNC) trade. The objective of the study is to establish localization as a strategic too for multinational corporations.

The study established that multinational organizations are good at understanding the local market as a strategic tool aspect to meet the demand of the local market which contributes greatly to the performance and competitive advantage of the organization. The findings also stipulated that multinational corporations produce good quality of products that are better than those of its competitors in the local market. This is majorly due to more financial resources that the companies have enabling them to penetrate all channels. Multinational corporations’ development new products better than their local competitors in the local market. MNCs invest heavily in research and development.

Multinational corporations’ have a strong brand compared to its local competitor. Most of the brands they offer are known worldwide. From the findings that the organization has customized its products well to meet the local customer needs, that the organization’s products meet the local specifications for product packaging and documentation, that the organization has sufficient extensive marketing capabilities compared to local competition that the organization’s product pricing is in line with the expectations of customers in the local market. That organizations involve local consultants to advice and offer knowledge on local market conditions and the respondents strongly believe in their organization products compared to local competing products.

**Conclusions**

Some final remarks and reflections may now be forwarded regarding the research framework employed in this thesis and its value and applicability for further research. Through the development of the global process triad, the immediate objective of this thesis was achieved by uncovering the glocalization processes of transnational corporations and, subsequently, through the global-local matrix connecting these processes to local linkages and impacts in the developing world.

In pursuit of this objective a framework unique to existing literature on the TNC was developed which may not only be used in the study of TNCs, but also, with some modifications, be applied to TNCs in other industries.

This thesis’ framework may also be applied to assess whether glocalization of TNCs from other industries support similar global processes. More specifically, the global trade.

The study revealed that multinational corporations in fast moving consumer goods industry understood the local market a strategic tool. The study established that multinational corporations have customize the products to the needs of the local market hence contributing immensely to the performance and competitive advantage of these organizations. The organization’s quality of products offered by multinational corporations is better than those of their competitors in the local market.

Having outlined some of the possible applications for this research framework, it is also the case that, upon reflection, several aspects could have been strengthened to not only add to its theoretical foundation, but also to lend more weight to its empirical base. As will be recalled from Chapters, and as shown by examples given throughout this thesis, while the important influences nation-states have on the actions of glocalization strategy of TNCs were acknowledged.

Similarly, and by way of further contributing to this thesis’ methodology, detailed field studies would likely be necessary to uncover how local governments influence the global processes of glocalization processing TNCs. In this respect, further research on the role of the state would strengthen claims made in this thesis that the state is an important part of the globalization process, in terms of both its interactions with TNCs and through its monitoring of TNC activity on a local level.