

Formulation of the Transnationalization Strategy of National Enterprises

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Abstract: The objects and research are state-owned enterprises of the Republic of Belarus. The purpose of this work is to determine the theoretical basis of international capital migration and to develop recommendations and strategies for the transnationalization of Belarusian enterprises. Research methods: analysis and synthesis, induction and deduction, normative and empirical analysis, logical and historical analysis, economic and mathematical methods. Research and development: theoretical basis of international capital migration and formation of multinational corporations, characterization of main concepts, premises, forms and trends; identification of characteristics, trends and problems of transnationalization of foreign and Belarusian companies; strategies and directions of transnationalization of state enterprises of the Republic of Belarus have been formulate. Elements of scientific novelty: development of strategies and directions for the transnationalization of Belarusian enterprises, identification of modern trends in the development of international capital migration and transnationalization. Possible areas of practical application are foreign economic activities of Belarusian companies. Economic Significance: The proposed activities will attract investment from multinational companies to the economy of the Republic of Belarus. Social significance: Attracting multinational companies to the Republic of Belarus will create new job opportunities.

Keywords: State-owned enterprises in Belarus; international capital migration; transnational corporations

1 Introduction

The modern world economy is characterized by rapid transnationalization. Transnational corporations are the main drivers of this process. Transnational corporations exist in many countries of the world and are traders, investors, distributors of modern technology and organizers of international labor migration. They largely determine the dynamics and structure of global markets for goods and services, levels of competitiveness, as well as the transfer of capital and technology and the international flow of knowledge.

2 Literature review

2.1 Transnational Corporations and International Migration of Capital: Concepts and Conditions of Emergence

TNCs play a leading role in the internationalization of production, expanding and deepening production linkages between firms in different countries. Multinational corporations and their foreign subsidiaries are increasingly active in the global economy and become an important force in global economic development.

Multinational companies make extensive use of the advantages of international cooperation and division of labor far beyond their home countries to form national complexes, which have a major impact on the overall pattern of world trade. Multinational corporations currently control more than 50% of the world's industrial production, more than 60% of the world's foreign trade, and more than 80% of the world's patent and licensing base.

International capital flow is one of the most important components of the world economy and an important form of international economic relations. It helps to strengthen the foreign economic and political relations of countries, increase the volume of foreign trade, accelerate economic development

and lead to increased production, increase the competitiveness of manufactured products on the world market, accelerate the growth of technological potential importing countries, and reduce unemployment.

International capital migration is the flow of capital between countries in the form of exports, imports and their work abroad.

The impact of international capital flows on the world economy is indeed enormous. This is reflected in the positive effects of international capital transfers, contributing to world economic growth. This is because countries that are capital-intensive or capital-rich can organize foreign production through investment and gain economic efficiency from foreign trade.

2.2 Trends of capital internationalization and transnationalization in the global economy

The world capital market is a part of the world financial market, which is divided into two markets: the currency market and the capital market.

In the money market, financial assets (currency, credit, loans, securities) are traded for a period of up to one year. The task of the money market is to meet current (short-term) demand for loans and credit.

Market participants mainly use them to pay for services and purchase goods. Furthermore, a large portion of transactions in the currency market are speculative in nature, and the main instruments in this case are currencies.

For long-term projects, there is a long-term oriented capital market.

Participants in this market include central and commercial banks, non-bank financial institutions, government agencies, and private legal entities and individuals.

The reason for capital outflow is firstly the relative excess of

capital.

As a result, capital markets diverge in supply and demand across industries and countries, and funds are diverted abroad for the possibility of greater profits or a certain percentage of investment.

The reasons for the migration of capital from the country are as follows:

- a clear possibility of establishing a monopoly on the market of the receiving country;
- access to cheaper resources (labor and raw materials) in countries receiving capital;
- political stability of the recipient country;
- Environmental standards are relatively low.

Depending on the source, capital is usually divided into private capital and official capital.

Official (state) capital includes budget funds transferred in the form of loans, loans, aid.

Private (non-state) capital – is the collection of funds belonging to private companies, banks, and other non-state organizations.

When foreign direct investment is made, private entrepreneurial capital is almost always involved, and these capitals are exported from China. At the same time, the actual investment is for fixed assets, such as enterprises and land.

Among the main trends related to international capital migration, the following can now be noted:

- a more pronounced increase in the rate of private capital leaving the country relative to state capital;
- The allocation of the United States as a major importer of capital, so that approximately 5 million Americans are employed by companies and subsidiaries with international capital;
- In the geography of capital migration, there is a tendency of capital cross-flow among developed countries.

3 Corporate Transnationalization Strategy: World Experience and Belarusian Practice

70% of foreign investment is related to industrialized countries. Some developing countries are also actively exporting capital, such as Brazil, Singapore, South Korea, and Saudi Arabia. Countries from the former socialist bloc are also actively participating in the process, including the Czech Republic, Poland, Hungary, the CIS countries and China.

3.1 Analysis of the experience of transnationalization of foreign companies

Countries that actively introduce capital have created more employment opportunities, created new technologies, improved management efficiency, generally have a strong momentum of scientific and technological progress, and have improved economic growth and balance of payments.

However, there could also be negative consequences as capital flows into the country.

Domestic producers could lose their jobs if there were too many unregulated imports.

Additionally, imported goods may have reached the end of their life cycle.

In addition, with the inflow of loan capital, the country's external debt also increased. In the process of international capital displacing domestic capital, the most profitable industries may be squeezed out, dependence on international capital and its source

countries, and related threats to economic and political security may arise.

However, the above-mentioned consequences of international capital migration, whether positive or negative, are conditional generalizations; there are many exceptions to these rules. But generally speaking, international capital migration has a positive effect on the world economy and is conducive to the development of the world economy.

In addition to the traditional capital export motives associated with high profits, the impact of some recent developments has been growing. These include, in particular, the unfavorable domestic socio-political situation and the sharp deterioration of the domestic financial situation. At times, capital flows have been characterized as uncontrolled outflows or flight. The scale of international capital migration is increasing year by year. At the same time, the impact of capital migration on individual countries and the world economy as a whole is growing.

To minimize the negative impact of international capital migration, the following actions should be taken:

- 1) Create more favorable investment conditions;
- 2) adopt more efficient methods in contract performance;
- 3) Tax minimization;
- 4) Inflation insurance;
- 5) The accumulated funds will be used in the event of a crisis in the country or to prosecute violations.

At present, the main characteristic of the multinational corporation is its duality of status, so that the multinational corporation has a clear interest in the liberalization and democratization of the global economy on the one hand, and a clear interest in the laws of free countries on the other hand. A market that operates on a global scale does not work within a multinational company, so how does the planned economic mechanism actually work within a multinational company? The internal price is determined by the company's internal strategy, not by the company. Market rules.

This contradiction is also inherent in the process of world economic globalization, driven by both liberalization and internationalization, as well as the desire to redistribute economic spheres of influence in the world system and establish a new economic order.

Multinational corporations are becoming an important part of the world's economic machinery and in many cases can have their own interests and priorities which often coincide or, more importantly, do not coincide with those of the world economic community (the national economies of each country) . Various countries, international organizations, integration associations.

This means that not only the countries in which MNCs are based, but also the countries where the parent companies are headquartered are wary of them.

It is undeniable that the production and marketing networks of multinational corporations directly affect the development of foreign economic activities in their "home" countries and host countries, but they are often not subject to state supervision. by the latter. Therefore, the importance of multinational corporations' influence on the world economy cannot be overestimated.

If we compare American multinational corporations with European multinational corporations, we cannot fail to notice a special rule: the degree of transnationalization of American companies is much lower than that of European competitors, and

their domestic market is very limited, while the transnationalization of American companies. The level is far lower than that of European competitors. capacity of the US market.

It is also worth mentioning the tax regimes of these countries: it is much more profitable for European multinationals to move production to the east of the region.

Transnationalization means the integration and interweaving of international financial markets and global information complexes. As a result, a new global integrated financial and information space is being formed, which is a multi-level and complex relationship system between its subjects based on current information and communication technology.

The term didn't come into existence until the late 1970s, although the British East India Company was able to trade in India as early as 1600, and thus can claim to be the first multinational corporation.

However, according to a more established view, the first multinational corporations were the monopolies of the world's major powers in the late 19th century, ie trust companies formed by the merger of smaller companies. They extracted raw materials and resources from their colonies in Africa, Asia, and Latin America.

At present, the assessment of the impact of multinational corporations on the economic development of various countries and the security of the host country is still relatively vague. On the one hand, multinational corporations are considered to be the main structural elements of most countries' economies, the dominant force in their economies, and the economic process is related to their motivation to protect their own interests.

The role of TNCs is ambiguous. These are really big companies whose assets, revenues and profits are many times higher than the GDP of small African countries. They account for about half of world industrial production and about two-thirds of world trade. Lots of people work there and they can become city forming businesses. The power of multinational corporations is obvious to all.

Multinational corporations have so many financial resources and the need to compete with other similar corporations is the driving force behind technological progress.

The largest multinational corporations in the world are mainly American and Chinese companies.

The main reasons for the decline of the transnationalization index can also be referred to as the complexity of the relationship between the host country government and the home country of the multinational company, the increase of trade barriers between partners, and the emergence of new economies. The players in the world market are international companies from developing countries and countries with economies in transition that are able to compete with the large multinational corporations that have long dominated the world market.

3.2 Structural and dynamic analysis of the inflow and outflow of international direct investment in the Republic of Belarus

The inertial growth of foreign investment in the Republic of Belarus in the first quarter of 2020. In the future, investment inflows into the country will be limited by the crisis and the authorities' inefficient investment policies. The nature of the investment does not change from year to year. This is facilitated by the persistently sluggish nature of the investment climate in the country.

It is also clear that large investors will not come to Belarus.

The crisis has gripped the entire global economy, with assets in developing countries decimated in value.

Despite the clear threat of instability, the authorities are reluctant to correct current macroeconomic processes. This means that the status quo of FDI in Belarus will continue in the next few years, and the plan to increase investment to \$3 billion by 2030 will not be feasible. Due to reinvestment and inflation of the dollar itself, the investment will likely not exceed \$2 billion by then.

From January to June 2020, the largest amount of fixed capital investment was implemented for the implementation of investment projects in the Belarusian nuclear power plant, the IOOOO Slavkali Starobinsky deposit mining and processing plant, the construction of the third line of the Minsk Metro, Belaruskali OJSC, BNBK CJSC ", oil refinery implementation project.

In the economy of the Republic of Belarus the presence of foreign multinational corporations has become a reality. They supply products from abroad, form joint ventures with Belarusian companies, organize branches and production facilities.

The largest number of joint ventures and foreign companies in Belarus are Russia (1002), the United States (481), Germany (360), Poland (329), Great Britain (247), Lithuania (276) and Latvia (194 Home)). In recent years, the number of foreign investment institutions has been increasing.

Nestlé, one of the strongest players, is strengthening its presence in the culinary and caramel markets. First of all, Nestlé has consolidated its position in the Republic of Belarus and expanded its business through investments in local industrial production and industrial infrastructure, active promotion of trade brands, and continuous expansion and development of the national sales network.

Two Nestlé brands - Nescafé (1998 and 2000) and Maggi (1999) - were awarded the Brand Choice Honorable Mention, a testament to the exceptional popularity of these products among Belarusian consumers.

The main impact of multinational corporations on the economy of the Republic of Belarus is as follows:

1) Raise domestic capital and IRR and set transfer prices. As a result of increased technology transfer, the technological innovation potential of the host country's technological sector also increases.

2) Increase in exports. At the same time, imports of raw materials and components for the company's operations in the country are increasing.

3) Centralized manufacturing process. The activities of multinational corporations in the home market can reduce the competitiveness of local firms, but at the same time stimulate the emergence of new firms to meet the needs of firms.

4) Positive impact on employment and wages. It is also important that, together with multinational corporations, the standards for conducting world business will permeate the territory of Belarus.

5) The negative impact of the emergence of TNCs is the loss of national economic autonomy and dependence on foreign technology and resources.

There is a need to minimize unfair domestic competition by not allowing the production of products that have an impact on the environment, lack of international business standards, destruction of old technologies, etc. In turn, we cannot fail to mention positive factors: the emergence of advanced technologies, increased exports, new sales markets for products and raw materials, good

management experience, increased competition in the domestic market, increased employment of local residents. If you don't, then you will not only lose the external market, but also the domestic market.

With the entry of TNCs into countries with economies in transition (Hungary, Poland and the Czech Republic), their export potential has increased significantly.

However, despite all the efforts of the government in the Belarusian market, about ten Western multinational corporations (MNCs) have operated in the Republic of Belarus over the past decade. During this period, half of international companies came from the West. Most of these are franchised hotels and restaurants.

The most common reasons for the termination of operations of multinational companies in the Republic of Belarus are strategic changes in investment conditions, growth of the Eurasian Economic Union market in the global and regional economy. In any case, the Belarusian government does not recommend attracting multinational companies to invest in the country. Several multinational companies have also recently withdrawn from the Belarusian market.

The world economic situation in recent years has been quite difficult. Investment is an important and effective means for the economy to get out of the crisis, improve the level of scientific and technological development, change the structure of the national economy, and improve the efficiency and sustainability of macroeconomics and microeconomics.

Investments, innovations, initiatives - these components determine the Belarusian government's plan to fulfill its mission in the next five years 2016-2020: Belarus needs to achieve high interest rates and the quality of economic growth in order to provide the European average and the quality of life of Belarusian citizens.

There are also contradictions.

Attract foreign investors if the country that needs foreign investment has advantages in a certain field (raw material base, human resources, supplier network) and efficient production (for example in Belarus: oil refining, fertilizer, dairy and meat production, etc.) These industries make little sense - they would be direct competitors.

And it is not profitable for them to go to other regions. The way out is to take advantage of the country's comparative advantages and use the participation of foreign investors to create a new high-tech industry. For Belarus, these are qualified personnel and scientific reserves, for example in the creation of the information technology industry, nano and biotechnology industries, etc.

Currently, the Republic of Belarus has formulated a draft strategy for attracting foreign direct investment until 2035, which stipulates that attracting foreign direct investment should mainly focus on creating high-tech, science-intensive, export-oriented and import-substituting enterprises. High value-added industries, integration into global value chains, attracting strategic investors, including multinational companies, with long-term interest in developing business in Belarus and introducing new technologies into existing industries .

Siemens, Danieli, Huawei, KAMAZ and other companies have shown interest and will participate in the implementation of high-tech projects in our country.

At the same time, the main problems hindering the development of my country's economic and high-tech industries are insufficient integration into the global economy, underdeveloped international transfer system, and insufficient adaptation to new

trends in the development of the world market. For science-intensive products.

According to Belarusian law, the investor can independently perform all actions arising from the possession, use and disposal of objects and results of investment activities.

In particular, they can dispose of profits obtained from investments, including reinvesting them within Belarus, or freely transferring them outside the Republic after payment of taxes and other mandatory payments.

Equally important, investments cannot be nationalized or expropriated without compensation. This process can only be achieved if the investment property is promptly and fully compensated for its value and other losses resulting therefrom.

Belarusian state authorities are working hard to create sufficiently favorable legal conditions for the activities of investors.

In order to increase the scale of attracting foreign investment and facilitate the implementation of specific investment projects, including innovative projects, the Republic Unitary Enterprise " National Investment Agency" was established. A database of investment projects of Belarusian companies interested in attracting foreign investment has been established and is constantly updated.

In recent years, branches of well-known multinational companies such as Gazprom, Lukoil, McDonald's, Munich Re, AXA, Henkel, and Danone have appeared in the Republic of Belarus. The number of joint ventures established with Germany, Poland, Russia, Lithuania and Latvia is increasing year by year. Joint production is also being established with other countries such as China, Venezuela and Turkey. Belarus also hosts a large number of multinational banks with capital from Russia and Europe.

3 Transnationalization strategy of state-owned enterprises in the Republic of Belarus

The future concentration of Belarusian companies within the framework of holding companies may increase the interest of multinational companies in privatization of Belarus. One of the directions of industrial policy in Belarus in the next few years is to establish a holding structure around several successful enterprises. It is planned to form about 50 holding companies in various industries. At the end of June 2018, it was announced that the Belarusian Metallurgical Company would be established on the basis of the Belarusian Metallurgical Plant, and the Belstankoinstrument Holding Company would be established on the basis of the Minsk Machine Tool Plant MZOR. A holding company for a joint auto parts maker is already up and running. BATE became the parent company of the association. In fact, the largest national associations BelAZ , MAZ, MTZ also hold structures that have not yet been officially given the proper prefix and possibly additional assets. The main objective pursued by the authorities through the creation of shares is to increase the manageability and economic efficiency of the public sector, mainly the industrial sector. It also increases the current and future capital of the business. This concentration of assets could be an added advantage for multinationals interested in privatizing Belarusian properties, experts say .

From a tactical point of view, the Belarusian professional establishment of a holding company through administrative means looks very attractive. Another thing is whether the declared price corresponds to the actual value of the asset.

Experts of "Tomorrow of the Motherland" selected the eight largest state industrial and agricultural holding companies that have been created in the Belarusian economy. Experts of "Tomorrow of the Motherland" selected the eight largest state industrial and agricultural holding companies that have been created in the Belarusian economy. Dozens of regional holding companies and associations are also operating and creating - the Dzerzhinsky, Skidelsky, Gomselmash and Babushkina Krynka agricultural complexes.

The Government of the Republic of Belarus should revise its policy of attracting foreign direct investment in order to focus more on investments in:

- 1) transfer of experience and technology;
- 2) lead to the emergence of "diffusion" (spillover) effects that boost the productivity of domestic firms;
- 3) Creation of new export platforms. In addition, in order to attract FDI flows to high value-added sectors, it is necessary to develop and strengthen the absorptive capacity of domestic enterprises, and to improve the level of development of the financial system, legal framework, and protection. Property rights, labor quality, etc.

The establishment of the free economic zone has promoted the increase of foreign investment inflow, and the zone implements a preferential tax and customs system.

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