

Introduction

Multi-National Corporations (MNCs) are an intriguing and, at times, quite a controversial topic. So much so, that they have attracted enormous attention from economists, sociologists, political scientists, historians, in addition to scholars of international business. There are, therefore, many different issues and questions that receive attention in the literature. In this collection, papers cover two over-riding issues. First, the process of how MNCs emerge, evolve and expand, including the different internationalization strategies adopted by different firms from diverse contexts. A second, and interrelated, issue is what happens once an MNC goes abroad: how it is managed, what kinds of tensions, issues and dilemmas can be generated, and what kinds of consequences its presence has for the host country as well as for the global capitalist economy. The answer to many of these questions depends directly or indirectly upon the way in which the firm internationalizes, that is, the way the firm was transformed into an MNC. One paper in this volume focuses squarely on the first concern, whilst the rest of the papers deal more with the second issue, though, in many of them, attention is also paid to firm internationalization strategy. In this sense, directly or indirectly, these two main issues regarding MNCs receive substantial consideration and analysis in this collection. These papers were first presented in the First Forum of the International Sociology Association in the Political Economy Section in Barcelona, Spain, in September 2008.

Regarding the first issue of emergence, evolution and expansion of MNCs, the literature is so vast that it would be an immense task to summarise the main contributions (for good, recent summaries, see Jones, 2005; Rugman, 2009). Perhaps one of the main reasons which make MNCs such a fascinating topic is that the presence of MNCs involves, inevitably, the physical, visible and long-term crossing of national borders. As Krugman and Obstfeld (2008) asked, from the economic point of view, the fundamental question is why are MNCs set up, rather than countries simply performing international trade? Many answers have been provided, such as the presence of resources or labour in the host country, the desire to establish vertical integration in an industry, or the difficulty or undesirability of transferring «know-how» to another

economic agent. Numerous paradigms and theories have been put forward in an attempt to answer this key question. One fundamental answer to why MNCs are set up, rather than promoting international trade, is that *control* is required by the owner over the activity abroad. Now, the presence of a «foreign» owned and run firm in one's «own» territory has advantages and disadvantages, related to jobs, economic growth, dependency, national identity and so on. Though international trade may have similar consequences, it does not have the same physicality or visibility in society as a MNC does. And, while foreign presence may be less controversial when it involves MNCs in industrial activities, when MNCs are involved in the provision of basic public services such as water, light, power or banking services, this may become more controversial.

And indeed, this is not simply a theoretical question. Though the internationalization of business can be traced back centuries (Wilkins, 2009) it was during the twentieth century that MNCs «came of age». US MNCs, particularly in the traditional manufacturing industries, tended to dominate the profile of MNCs in the post-war period. Indeed, for a long period, it was MNCs from the more advanced, industrialised world that controlled the scene. There are two important changes in the more recent period. Firstly, MNCs have emerged from new sectors such as those providing public services. Today, some of the world's most international of MNCs operate in sectors such as water, electricity, gas, communications and transportation (Clifton, Díaz-Fuentes and Revuelta, 2010; UNCTAD, 2008). In this regard, Spanish MNCs have been particularly active since the late 1980s through massive outward investment in public utilities across Latin America (Guillén, 2005; Clifton, Comín and Díaz-Fuentes, 2007). All kinds of complex and fascinating issues are raised with this development. For instance, though MNCs are often thought to involve private actors, it is something of a paradox that recent waves of Mergers and Acquisitions in Europe have resulted in the French government being owners of Eastern European public utilities: so, citizens of one State are being supplied with key public services by the government of another. This raises questions about accountability, citizenship and democracy. The second significant recent development has been the emergence and coming of age of MNCs from the global south. Researchers of international business are particularly interested in whether these «new» MNCs from the south adopt similar or different strategies to their northern counterparts (Ramamurti and Singh, 2009; Sauvart *et alii* 2010). MNCs from the south are not simply content with international investment elsewhere in the south: for instance, in recent years, dozens of MNCs from emerging markets have entered the European Union, including Tata, Mittal, Nanjing, Marcopolo, Cemex, Weg, Orascom, Lukoil, Gazprom, PEMEX, Hyundai, Sungwoo, Samsung, Sabó, Sonatrach, Orascom and Grupo Bimbo, to mention only a few, sometimes taking over flagship European firms (Brennan, forthcoming). Probably the most controversial case of a MNC in the

European Union is Russian state-owned Gazprom, which is often perceived as having geo-political, rather than purely commercial, interests (Clifton and Díaz-Fuentes, 2010). Of course, European-based MNCs in their former colonies were presumably similarly motivated.

We now turn to the papers in this special issue. The paper by Clifton and Revuelta focuses on the political economy circumstances from which two leading service MNCs emerged. In particular, the internationalization strategies of two «new» kinds of MNCs —the so-called «translatinas»— are explored. The authors show that two of the largest telecommunications MNCs in the world emerged in part thanks to «national champion» policies adopted by the Spanish and Mexican governments respectively. Both Telefónica and Telmex were able to develop aggressive international strategies abroad whilst enjoying relative protection from the «cold winds» of competition posed by policies such as liberalization and deregulation. In Telefónica's case, internationalization was focused on the newly opening Latin American markets in the aftermath of the debt crisis (as most European markets were still monopolies). As for Telmex, a sister company, América Móvil, was created, and spun-off, after which international business in the mobile phone sector was pursued, formally as a separate company, though still under the Carso umbrella.

The literature on what happens once an MNC has expanded in a «host» country is also vast hence difficult to summarize. Since the studies of classification of the different paths and typologies of MNCs in the late 1980s, by experts including Barlett and Ghosal (1989), research has increasingly examined into how an MNC is organized according to a variety of different factors, such as institutions and cultures, nation-states and localities, sectors and value-chains, and so on. Increasingly, comparative research in the social sciences and political economy (such as Berger and Dore, 1996; Crouch and Streek, 1997; Morgan *et alii*, 2001) has advanced more nuanced analyses of how MNCs work. After the initial debate on globalization in the 1990s (Doremus *et alii*, 1998; Hirts and Thompson, 1999), new literature has pointed to increasing globalizing dynamics (Stiglitz, 2002; Djelic and Quack, 2003; Drodri *et alii*, 2006) where MNCs have acquired more prominence. Two lines of literature have been very influential. Firstly, the new institutional analysis of organizations, such as the seminal contribution by Powell and DiMaggio (1991), which constitutes an important change in the way organizations and firms are analyzed. The second, and perhaps even more influential, has been the growth of comparative socio-scientific analysis of social, economic and organizational phenomena over the last two decades. Some examples of this increasingly comparative literature include the approach known as Varieties of Capitalism (Hall and Soskice, 2001), national business systems (Whitley, 1999; Morgan *et alii*, 2005), industrial and labor relations —a topic particularly well developed at

the EU level (Ferner and Hyman, 1998; Eberwein *et alii*, 2002; Leisink *et alii*, 2004)—«local-global» relations, such as the relationship between local firms and global MNCs (Schmitz, 2004), and sector studies (Freyssenet *et alii*, 2003). All these have advanced sophisticated analyses of MNCs by looking at different sets and processes of relations and to different institutional, political and cultural contextual dimensions. Another body of literature has focused on how the expansion of MNCs affects other global, such as the environment (Jorgenson and Kick, 2006). In sum, the issue of how an MNC is organized, functions and its effects at different levels has become a broad area of research and analysis. The majority of the papers here contribute to this broad set of issues. Two of the papers are largely conceptual. Ahedo's paper deals with several tensions and conflicts that MNCs must confront. Inspired by the case of the MNC-populated chemical complex of Tarragona in Spain, Ahedo analyses how different organizational and institutional logics and tensions are structured and evolve. Assuming that MNCs need to find balance and adjusting mechanisms within both business and the labor system, the author proposes a typology of the main conflicts affecting MNCs, especially concerning business and labor systems. Within the business system, it is argued that tensions occur between the headquarters and the local SMEs, as well as between the national and sectoral logics. As regards the labor system, focusing on labour and employment relations, the main tensions can occur between the role of the union and the work councils across the many operating workplaces within the MNC group, and between the local and the international logics in the management of labor. The paper thus aims at indicating key issues for research and discussion. In the paper by Köhler and Gonzalez-Begeaga the labor dimension is examined in more detail. Based on a micro-political approach, labor conflicts in MNCs are regarded as critical and important for the maintenance and development of the firm. Using a broadly empirical and conceptual approach, their analyses focuses on the limitations that unions face when counter-balancing the diffuse and expanding power of MNC headquarters. Assuming that a more balanced power relation between an increasingly share-holder-based MNC management and a more globalization-oriented union movement could bring new and widespread benefits in the current modern phase of intensification of globalizing capitalist economy, this paper offers insight into the union movement could re-invent itself and take new organizational and institutional development initiatives.

The rest of the papers are more empirical in approach, focusing on different but often inter-related issues. Contrera's paper analyzes the effects of MNCs on the local economy in general and, in particular, on fostering the diffusion of learning and knowledge among different local actors. Using the case of an automobile assembly plant in Mexico, the paper includes a longitudinal analysis of how learning and knowledge is diffused across a dynamic system of social and group relations. It concludes that the

local group which most benefited from the presence of a USA-MNC is the group of high-skilled professionals, whereas other actors, like SMEs or general local societal groups and even institutions such as higher educational institutions, enjoy fewer advantages. Robson's paper examines what happens when a MNC decides to implement a work-practice tested in our home context in a foreign subsidiary. Inspired by the national business system approach, Robson thus makes a qualitative and evolutionary analysis of the process by which a Danish MNC tries to export and implement its indigenous work system in a Brazilian subsidiary. The paper highlights the national differences characterising the labour and business systems, and makes an interesting case of different ways to productivity and increasing performance, concluding that micro-processes tend to reproduce national patterns of work organization but they also can enable different ways of mutual learning and development. Focusing squarely on the impact of the reforms of public services —internationalization, as well as privatization and liberalization, Clifton and Díaz-Fuentes enquire as to the consequences for workers. Given the internationalization of public service providers is relatively recent, this paper is novel in that it summarises recently available data on consequences for labor in different sectors: telecommunications, energy and postal services. Finally, the paper by Jorgenson and Dick focuses on a rather different, but a highly relevant question: the role that MNCs play in environment issues within the globalization process. In this quantitatively-grounded study, the authors present evidence on the non-positive effects of world-wide MNCs and foreign direct investment in reducing carbon dioxide emissions in less-developed countries. In particular, the authors seek to establish the actual relation that world-society civil society organizations making to reducing MNC emissions through different tactics and strategies. The paper concludes that further research is needed in understanding how the world-wide environmental movements and NGOs can shape and influence different environmental challenges in different sectors.

This issue has also the honour of being the first that RIO (REVISTA INTERNACIONAL DE ORGANIZACIONES-INTERNATIONAL JOURNAL OF ORGANIZATIONS) publishes in English and Spanish, thereby bringing together social scientific knowledge in both languages, in an increasingly important attempt to move towards a more universal and globally-oriented social science.

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