Global Enterprises And The World Economy: Ford, General Motors, And IBM, The Emergence Of The Transnational Enterprise

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The main features of the contemporary global economy are integration, transnationalization and globalization of economic activity. The internationalization level of national economies is significantly increasing in a result of the activities of transnational corporations (TNCs). Transnational corporations are a new powerful force in the global economy; their activities are increasingly turning the world economy into a single market for goods, services, capital, labor and knowledge. The world becomes a single market for thousands of parent companies and hundreds of thousands of their affiliates. A globally integrated enterprise, unlike a multinational corporation, is a nimble, less duplicative business environment that locates operations around the world based on the availability of skills, the right cost and supportive business environment. The subject is IBM but the lessons are about the emerging, innovation-based global economy. Samuel Palmisano. Chairman, president and CEO, IBM corporation. “IBM Global Briefing, Bangalore India.” June 6, 2006. The emerging globally integrated enterprise is a company that fashions its strategy, its management and its operations in pursuit of a new goal: the integration of production and value delivery worldwide. State borders define less and less the boundaries of corporate thinking or practice. Integrated enterprises, which are too strong for domestic enterprises to compete with and whose activities solely serve their own interests. Since the number of TNCs has been constantly increasing and the economic size of some TNCs trumps the size of whole economies, the trend towards an increasingly globalized economy is undamped. FDI offers the only means to measure the effects of TNC activity and the level of global international production (Dunning 1992; UNCTAD 1999, p. xx). Since most studies on this research subject (some of which will be reviewed later in this text) use FDI as an indicator for TNC activities and presence, this indicator will be applied for this study too.