

Chapter 8

Multi–National Companies and Their Progress in Turkey

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ABSTRACT

Although multinational companies are both a cause and a result of economic globalization, it is also a driving force that enables economic globalization to expand its sphere of influence around the world. Today, international relations require not only states but also the existence of non-state actors to be taken into account. Multinational companies have increased both their numbers and activities with globalization. The increasing role of multinational companies has begun to be limited not only to economic activities. They can take on a function of shaping the policies of underdeveloped nation states. In this study, the definition, characteristics, and historical development of multinational companies are explained. Then, the organizational structure of these companies is mentioned. The place of multinational companies in the world and in Turkey is explained and the study is concluded. The concept of a multinational company has been examined with the research. The aim of the study is to explain the concept of multinational companies in a broad perspective.

INTRODUCTION

Multinational companies are seen as one of the important actors of the globalization process. The first examples of multinational companies, which are active in more than one country and can be defined as companies that make investments in countries where they operate outside of their home country, began to be seen in the 19th century.

The emergence of multinational companies in the modern sense took place after the 1929 World Economic Depression. There are many factors in the emergence of such companies (Batirlik et al, 2022).

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These factors are technical knowledge superiority, economies of scale, low transportation costs, the desire to benefit from economic opportunities, and the desire to compete on a world scale. In addition, due to reasons such as the narrowness of the domestic market of the companies in the country of origin, legal regulations, and ease of access to raw materials, which can be considered external to the companies, national companies choose to become multinational companies.

On the one hand, multinational companies create positive results such as increasing the quality of life and growth rates around the world, increasing the national income of the countries, reducing the production costs with the revival of the local markets in the countries, and positively affecting the balance of payments especially in the countries with current account deficit. Considering the number and investments of multinational companies in the world, it is possible to say that there has been a rapid increase throughout the 20th century.

Definition and Characteristics of Multinational Corporations

Multinational companies have become a frequently used structure with the intensification of globalization and the increase in technological developments. However, they are structures that do not have a clear definition in the academic literature and cannot be fully agreed upon. The fact that the concept cannot be placed in a clear definition is due to the heterogeneity of such companies (Kaymakçı, 2013). Although a definite definition cannot be made, the common features of these companies are; They are listed as operating in more than one country, having central controls for all parts of the company, and these departments following interrelated policies, and being organizations that control small company units in other countries (Tokol, 2001). Multinational corporations are organizations that have branches, companies and partners from the central government (Gencer, 2016).

The way these companies operate is determined by the centre. Branches and small company structures in different places also act in harmony with the center (Yavuz and Sivrikaya, 2009). While the sale of the products and services produced starts and ends within the same organization, the distribution and marketing of the goods is carried out by the organizations affiliated to these companies (Işık, 2005). Multinational companies, which have become important structures in the developing and changing world, have an important mission in economic activities.

The reason why these companies are constantly expanding and increasing their power is; This is due to the fact that they spread production, consumption and dominant capital among countries (Yahşi, 2007). The increase in technological developments has allowed the multinational company structures to increase. These company types, which reduced communication and distribution costs, divided the production process into parts with technological development, and thus, the spread of the company type to the world was realized by ensuring that every process is realized in the possible region. In addition, they have started to become stronger on a world basis and have become competitive with states, not companies (Altan, 2013).

Especially in the last 350-400 years, in the ever-evolving world structure, companies have also kept up with the changes and pioneered the systems that are trying to be placed (Taşçier, 2018). While the implementation of liberal policies introduced the word privatization, corporate structures belonging to individuals and institutions also gained importance. While the concept of a multinational company emerged in the world structure, where the basic needs of the person, such as shelter, clothing and food, are intertwined with other sectors; a company settled in the center preferred to expand to other countries and to produce, distribute and market in accordance with the region where it has the opportunity (Gencer

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