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MULTINATIONAL AND TRANSNATIONAL ACTIVITIES IN THE GLOBAL ECONOMY: IMPLICATIONS FOR SOCIO-ECONOMIC DEVELOPMENT IN NIGERIA

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Abstract
In this contemporary era of Globalization, it is very impossible for a state to be an island especially when we want to explain the relationship between and among state from the liberal perspective. This is why states across the globe relate in terms of trade most especially among all other things. The activities of the transnational actors are now seen as one which helps the super power in achieving a winning goal at all cost as they operate in the developing economies. The paper argued that the transnational actors created an uncondusive atmosphere within the politics to perpetrate their act within the political system for their personal gain. Therefore, the paper seeks to juxtapose the activities of the multinational and transnational actors in the global economy in relation to the development of the third world countries. The paper adopted a qualitative research design making use of the descriptive method. It relied mainly on secondary sources of information and adopted content analysis in the analysis of data collected. The paper was anchored on two theoretical models of understanding relations among states such as the international dependency model and the linear stages of growth model. The paper found out that the impact of the transnational's actors activities in the socio-economic system development have been minimal in comparison with the gains they had made within the system. It was seen in the environmental degradation and inability of the host society to sustain a maintenance culture in the eco-system amongst others. The paper then recommended an improved investment climate for all kinds of capital, domestic as well as the foreign.

Keywords: Multi-nationals, Investment, Transnationals, Sustainable-development, Development, Growth.

Introduction

Multinationals are seen as corporations that owns or control production of goods or services in two or more countries in the globe other than their own country. The awareness and controversy created by the roles or multinationals in host countries appears to have been deduced for and against their operations. A good number of works has been made by scholars in both developed and developing countries of the world in a bid to define the operations of multinationals. Their activities are hugely concentrated in "Third World Countries" or "Global South" where they amass big investment and get raw materials for their home markets and economies at large. It is important to stress that the operations of this multinationals in the third world countries like Nigeria is a form of neo-colonialism which is otherwise known as Imperialism. Considerably, this multinationals can be said to represent the economic interest and aims of their home governments in the Third World economies as they achieve that through numerous strategies and methods. It is equally worthy of note that this multinationals have influenced the socio-economic sphere of these countries that most of them cannot survive without them. Despite the claim of independence by the countries in the global south, their actions are usually seen to favour their formal colonial masters through the presence of the multinational companies in their country. This influence has however been shown in the corporation zeal and capability to exert leverage directly by employing government officials, participating on important national economic policy making committees, making financial contributions to political parties, bribery, etc.

However, the major aim of this work is to table the findings of the effect which transnational activities have had on developing economies of Nigeria. As it were, throughout the globe, economic reality is highlighted by the evolution of globalization. This work aims at understanding first who these transnational actors are before delving into their activities in the developing countries. It will further look into the activities in depth so as to be able to juxtapose the negative effect it has had on the developing economies in this present dispensation. Ultimately, this paper will also delve into the explanation of what globalization really insinuate, the important and the connection between globalization, transnational activities and developing economies. Similarly, there will be an attempt of survey aspects as it regards the relationship between developing states and most importantly, globalization and by so doing, opening up the internationalizing transnational actor’s activities in them. This paper will also on the other hand, highlight the major challenges and problems because mere looking at it in the real sense of it, transnational are supposed to be extremely beneficial but in so many cases, they are not and they affect the developing economies. It will in addition, look into the question why and give answers to the question why. It will also give a policy alternative to the above international policy issue. In other words, it will provide a way out to the issues identified and point out how transnational activities can benefit the developing economies more rather than affecting them negatively. By so doing, the globalization process in these developing economies will be position in such a way that the transnational activities will have an impacting effect on it. The research will finally conclude and give some recommendation which can help both the transnational actors and the developing state without anyone stepping beyond her boundaries.

Literature Review and Theoretical Framework

Review of Literature

Recent advances in information technology, coupled with deregulation and market liberalization worldwide, have fuelled an unprecedented surge in the growth of Transnational’s actors. While some regard them as ruthless exploiters, others view them as benevolent engines of prosperity. But today's multinationals bear little resemblance to their ancestors. They are reinventing themselves in diverse ways that confound the assumptions of critics and advocates alike (Stop ford, 1998).

Theory and research concerning the process of multinational firms have been given significant attention by many scholars and researchers after the Second World War due to the increased cost of production, and the imbalance of resources (e.g. Buckley &Casson, 1985; Dunning, 1993; Ghoshal, 1987; Hamel & Prahalad, 1990; Ohmae, 1990; Prahalad &Doz, 1987; Rugman, 1981;

Vernon, 1979).Most of these studies were conducted in the well-developed established countries namely North America, the Western European Community, and Japan. There has been little empirical study found on developing countries. In spite of this little attention, the study on developing countries commenced in the end of the 1970s and early 1980s (Lall, 1983; Wells, 1983). In the 1990s, renewed attention has been given to the topic of transnationals actors growth with the effort of scholars and researchers in considering their studies on multinationals from developing countries (Cantwell & Tolentino, 2000;Dunning, 1997; Hoesel, 1999; Nagesh, 1995; Tolentino, 2000; UNCTAD, 2006;Yeung, 1994).

According to Dunning (1995) in his eclectic paradigm theory, the main difference between Transnationals actors from developing countries and those from developed countries lies in the nature of ownership-specific advantages of developing country Transnational’s actors. Ownership advantages of Transnational actors from developing countries are argued to lie in their lower production costs, lower wages and lower prices, which can only be exploited in other developing countries with a similar or poorer economic status (Lall, 1983; Wells, 1983). Available evidence (e.g. Ahmad & Kitchen, 2007; Cantwell & Tolentino, 2000; Hoesel, 1999; Tolentino, 1993; Yeung, 1998) has emphasised that capabilities of developing countries Transnational’s actors to catch up with their developed-countries counterparts through the process of technology accumulation.

In describing his school of thought, Wells (1983b) claimed that there are two pertinent market features in developing countries that force local firms to generate and adapt various innovations to achieve growth. These two features are small market size and the easy availability of low cost labour. Lall (1983) believed that localization of technological change is the key to the development of developing country Transnational actors. He further asserted that the wealth, assets, and knowledge of the local environment enabled developing country transnational actors to develop sustainable proprietary assets that could be effectively utilized in overseas operations. Moreover, he emphasised that the lack of high-end technologies among multinationals from developing countries allows them to derive their advantages from widely diffused technologies, and from special knowledge of developing country markets.

Tatum (2010) proposes that multinationals operate in different structural models. The first common model is for the transnational actors positioning its executive headquarters in one country, while production facilities are located in more other countries. This model often allows the company to take advantage of benefits of incorporating in a given locality, while also being able to produce goods and services in areas where the cost of production is lower. The second structural model is for a transnational actorto base the parent company in one nation and operate subsidiaries in other countries around the world. With this model, just about all the functions of the parent are based in the country of origin. The subsidiaries more or less function independently, outside of a few basic ties to the parent. A third approach to the setup of an transnationals actorsinvolves the establishment of headquarters in one country that oversees a diverse conglomeration that stretches many different countries and industries (Robinson, 1979; Tatum, 2010).

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Transnationals actors in service industries have given this sector's large and growing impact on the global economy (Goerzen & Makino, 2007). The Marxists view the emergence of atransnationals actoras an aspect of capitalism in the process of developing, at international level (Gilpin, 1987; Stopford, 1988). While institutions are important for economic development, particularly in resource rich countries, the interaction between Transnationals actors and host country institutions is not well understood (Wiig & Kolstad, (2010). There is a risk that Transnationals actors facilitate patronage problems in resource of rich countries, exacerbating the resource of curse.

Chandler (1962) showed in his study, *Strategy and Structure*, the process by which a corporation develops from an initial small workshop through progression to a large factory, and then to a series of factories nationwide in scale. During this evolution and development, the importance of central office as well as the number of its department increases. The greater the size of the firm, the larger and more subdivided the operations of this central office become. Moreover, the power and responsibilities of this central office will rise according to their new structure.

With globalization and market liberalization, the outward FDI flows from developing countries have notably not been restricted to other developing countries from the same region. Moreover, developing country corporations have likewise embarked on a new sectoral scope, shifting away from massively labor intensive industries to knowledge-based industries such as automobiles, electronics and telecommunications. Thus, developing country Transnationals actors have turned away from searching to satisfy basic utilitarian needs: that is, needs for natural resources and markets. At their globalising stage, they have gone abroad, no longer looking for basic resources; instead they have focused their efforts on more ambitious endeavours such as the search for new markets, developed new strategic assets and obtained higher efficiencies and economies of scale. All these are to be found in the ever-expansive literature.

International Society and Sovereignty

The International Society as it were, comprises of states that interact based on mutual understanding and agreements on principles, interests and respect for their sovereignty. In other words, it is impossible to be an island as a state and so interaction is needed so as to be able to pursue state set goals and objectives which by so doing create international order. In turn, the understanding of each state less to the reduction of clashes and central to that is the respect for state sovereignty. Sovereignty simply means the full right of power in which a state has over itself without the interference of external forces. Sovereignty is therefore divided into two (2) namely De Facto Sovereignty and De Jure Sovereignty (Heywood, 2007). The Defacto Sovereignty talks about states been able to control and determine what happens within their states without the interference of other states. On the other hand, the De Jure Sovereignty is a legal principle and norm that believes that a state is recognized sovereign by other states. This is the notion of the English school of thought. The English school of thought believes that the sovereignty of any state in the international realm depends on the recognition of other states which is associated with the Peace of Westphalia in 1648 that ended Thirty-years (30) of war (Mindst, 1923).

In addition, the English school of thoughts with proponents like Hedley Bull in his book "The Anarchical Society" (1977) explains how states can achieve order and corporation despite the presence of anarchy. He believes that international society exist in a situation whereby states respect the interest and values of states and by so doing bonding themselves with set rules in their relationship and interaction with one another. He further posit that there are three (3) goals which the international society seeks to achieve. They include the Preservation of the Society of States, Maintenance of Sovereignty of individual states and Peace seen as a normal condition for society of states. These goals are then achieved through common international institutions and common rules through international law, diplomacy, management of great powers, consciously balancing of power e. t. c. These goals are said to be the foundation in which every international organization is set upon.

Furthermore, the English school is focused on the historical development of sets rules, Practices and institutions in their interactions with each other. This approach is said to be classical because it seek to develop a sense of judgment rather than developing testable claims. The school further argues that there are three (3) main dynamics in world politics namely the Hobbessian (Realism), Grotion (Rationalism) and the Kantian (Revolutionist) which are focused on the logic's of international Society been paralleled by logic's of power politics together with transnational politics. In the same vein, the English school is also focused on debates on international order which talks about peace and stability of international society and global justice which involves sovereignty, rights of states and welfare of human beings.

As it were, the English school is divided into two views. Firstly, we have the Pluralism views that believes that international society is limited to a mutual respect for sovereignty and state are said to be the sole bearers of rights and duties. Secondly, is the Solidarism that believes that international society is as a result of boarder agreement between states and it is also associated with principle to protect human rights and prevent humanitarian sufferings. Ultimately, the shape and form in which sovereignty in world politics has taken over time has changed because of human rights norms and humanitarian norms and this brought the new idea of a global society which transcend to the explanation of states from Europe to the rest of the world. This expansion shows how germane sovereignty is to the world politics and making the presence of international law and sovereignty center of debates in world politics. Most importantly, the International Society recognizes all state with her sovereignty and this recognition and respect for their interest in world politics makes states to coexist and in turn promote international order which militant against any form of war.

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Transnational actors

Transnational are firms those own and control production facilities in two or more countries. They produce and distribute goods and services across national boundaries; they spread ideas, tastes, and technology throughout the world; and they plan their operations on a global scale. Such companies have offices and/or factories in different countries and usually have a centralized head office where they coordinate global management. Nearly all major multinational corporations are American, Japanese or Western European, such as Nike, Coca-Cola, Wal-Mart, AOL, Toshiba, Honda, and BMW.

Since the study is of transnational actors in a developing country, it is appropriate to first define the term to dwell on the possible source of confusion. The imperative to control resources and know-how as well as to secure access to overseas markets has driven some firms to engage in FDI and gradually or potentially to become transnational actors. Widespread use of this term Transnational actors commenced in the early 1960s (Hymer, 1979; Jones, 1996). Since then, a variety of definitions have been offered and are widely known and used in the literature.

In fact, Lilienthal (1960), who was a Director of the Tennessee Valley Authority and Director of the Atomic Energy Commission at that time, was first to introduce the term ‘Multinational Corporation’ in 1960. At a symposium held on the Occasion of the Tenth Anniversary of the Graduate School of Industrial Administration, Carnegie Institute of Technology, Lilienthal (1960), distinguished between portfolio and direct investment and then defined “multinational corporations – which have their home in one country but which operate and live under the laws of other countries as well”(p. 119).

The transnationals actorsare commonly defined as an enterprise which controls and manages assets in at least two countries. Transnational actors can be divided into three types. One turns out essentially the same lines of goods or services from each facility in several locations, and is called the horizontally integrated transnational actors. Another, the vertically integrated transnational actors, produces outputs in some facilities which serve as inputs into other facilities located across national boundaries. The third is the internationally diversified transnational actors, whose plants' outputs are neither vertically nor horizontally related (Caves, 1996; Teece, 1986).

Most scholars and researchers in international business (e.g. Buckley &Casson, 1976; Caves, 1996; Dicken, 1998; Dunning, 1993; UNCTAD, 1997; Vernon, 1971) have provided various definitions of the term ‘multinational corporation’. The adoption of different definitions is clearly understood that there are different objectives/functions by individual researchers. Among those who took up the challenge of analyzing transnational actors operations, Vernon (1971) eventually emerged as the most influential. He stated that Transnational actors represent a cluster of affiliated firms located in different countries that are linked through common ownership, draw upon a common pool of resources, and respond to a common strategy. All this means a high degree of integration among different units of the firm.

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Bucklay and Casson (1976) define the multinational as a firm in which the coordination of production without using market exchange takes the firm across national boundaries through FDI. The focus here is on legal ownership of operations in at least two countries as the defining features of what constitutes a multinational. Dunning (1993) describes transnationals actors as an enterprise that engages in FDI and that owns or controls value-added activities more than one country. Transnational actors have many dimensions and can be viewed from several perspectives such as ownership, management, business strategy, structural, and so on. On the perspective of business strategy, Perlmutter (1969) states that Transnational actors may pursue policies that are home country-oriented or host country-oriented or world-oriented.

Similarly, Dicken (1998) defines transnationals actors as “a firm, which has the power to co-ordinate and control operations in more than one country, even if it does not own them” (p. 8). Generally, transnational actors do own assets in foreign countries. This definition on the other hand, implies that multinationals do not have to own productive assets abroad in order to be able to control. They however, can have control by getting involved in legally collaborative relationships across national boundaries.

The United Nations prefer the term "multinational" that signifies the activities of the corporation or enterprise involve more than one nation. They assert that certain minimum qualifying criteria are often used in respect of the type of activity or the importance of the foreign component in the total activity of transnational actors. The activity in question may refer to assets, sales, production, employment, or profits of foreign branches and affiliates (UNCTAD, 1997).

The term ‘Multinational Corporation’ is distinct from ‘International Corporation.’ The latter term was used to designate a company with a strong national identification. A transnationals actorsconsists of the parent company, (normally the head office based in their home country) and its affiliates (either subsidiaries or associates in other countries abroad). The parent company owns some percentage of the share capital in order to be able to exercise control; that is, its overseas activities were an extension of its domestic functions and its decision-making centre remains at home (Wilczynski, 1976). Rugman and Collinson (2009) (pg. 7),(who prefer to use the name multinational enterprises), say that the concept of the MNE is that “the difference between Domestic Corporation and the MNE is that the latter operates across national boundaries”.

Theoretical Framework

Elite Theory

The elite theory was propounded by two great scholars, Mosca and Pareto in their books “The ruling class” and “Mind and Society” respectively. Their views are generally identical with each other. These two proponents laid emphasizes on the application of the sociological method of politics and democracy. They rejected the classical theory of democracy as a government of the people and argued that society is invariably divided between majorities which rules and the minorities which is subject to the majority’s rule. (Eddy &Miscra, 2008 pg 471) They both agreed on the irrational basis of politics and believed that talent and intelligence were a

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monopoly of the few who constituted the elite. Furthermore, history has proven that there is continuous change of ruling classes from time to time.

By the same token, Mosca believes that the classification of government into monarchy, oligarchy or democracy was not meaningful. He believes that there has been only one type of government in history which is government of few, Oligarchy. He says that starting from early undeveloped social structures, where the elements of civilization were barely visible, up to the highly developed social structures of today, we can always distinguish between the elite which governs and masses over which the elite exercises its authority. The elite, which is a minority, enjoys all the privileged and comforts which flows from its monopolistic control of power in the society. The masses, who constitute a majority, obey the commands of the elite, and these may be enforced legally as well as illegally and the masses work in order to satisfy the wants of the ruling class. (Eddy &Miscra, 2008 pg. 472)

However as it were, no elite can go on ruling permanently expect in the case of the monarchical system, Elite when in power tries to use ideas to maintain that authority due to the love of luxury they have and so they do not want to leave the position again. When this happens, a group of talented and industrious individuals revolts legally through elections and captures power from those enfeebled elites. This new set of individuals will now become the new ruling elite and this is visible in the democracy practiced in this present dispensation like in Nigeria. The perfect example is the focus of this paper where some politicians are said to be the emergent power into political offices and by so doing are classified as the elite. They are the ones that help the transnational activities, suppress the laws which are might to curtail their activities because of their own personal interest

The Linear Stages of Growth Model

The first generation of economic development models was formulated in the early years after the World War 2. These early models focused on the utility of massive injections of capital to achieve rapid GDP growth rates. The two famous models are Rostow's stages growth model and Harrod-Domar model (Todaro and Smith, 2009). Theorists of the 1950s and early 1960s viewed the process of development as a sequence of historical stages. This view was made prominent by W. Rostow (Ingham, 1995). Building on the historical pattern of the then developed countries, Rostow claimed that the transition from underdevelopment to development would pass through five (5) crucial stages: the traditional society, the preconditions for take-off, the take-off, the drive to maturity and the age of high mass consumption. The decisive stage is the take-off, through which developing countries are expected to transit from an underdeveloped to a developed state. Increasing rate of investments is considered to be necessary to induce per-capita growth. Just like Rostow's posited stages growth models, the Harrod-Domar model emphasized that the prime mover of the economy is investments (Ghatak, 2003). Every country therefore needs capital to generate investments. The most crucial strategies of development from the stages approach were commonly used by underdeveloped countries in the early post-world war years.

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With setting a target for the country's growth, the required saving rate can then be achieved. If domestic savings and investment are insufficient, foreign savings and investment would be mobilized. Although Domar (1947), Harrod (1948) and Rostow (1960) were right about the important role of investments that is most closely correlated with the economic growth rate, this is not the only condition for the country to develop. The most disadvantageous aspect of these models lies in their simplifying assumptions. A single production function is simply assumed for all countries (Adelman, 2000). Every economy is assumed to have the same necessary conditions which gears development and would pass through the same phasing, stage by stage. But that economic growth path, which historically had been followed by the most developed countries, is not the only one pathway. The development process is actually highly nonlinear and rather not straight forward (Itagaki, 2015). Economies may miss stages, or become locked in one particular stage, or even regress depending on many other complementary factors such as managerial capacities and the availability of skilled labor for a wide range of development projects (Todaro and Smith, 2009). Ultimately, the activities of the transnational in recent times has so said to be part of the reason why most developing economies still remain in just the take-off stage of development as posited by W. Rostow.

Methodology

In preparing the paper, the authors depend on desk research. The desk research method has been followed to review the existing literature of the subject. The studyis analyticalin nature which is solely based on secondary data. Secondary data has been collected from several sources including relevant books, journals, government reports, newspapers, and websites. Upon availability of data, a logical explanation and description of the issue has been provided. An effort has been made by providing three case studies in order to make study more informative and relevant.

Effect of Transnational in developing countries

The presence and activities of Transnational actors in developing countries have been a subject of controversy in discussions on development. According to Bornstein, Gregorio, and Lee (1998) "Governments are liberalizing transnational actors regimes as they have come to associate Transnational actors with positive effects for economic development and poverty reduction in their countries" (p. 115). Of course, in practice, objectives to attract Transnational actors differ from country to country and the impact of Transnational actors is not always desirable. However, economic growth and industrialization trigger globalized world that enables Transnationals actors to become a useful tool for economic growth.

Positive impact of Transnational actors

The role of Transnational actors varies from country to country. In some countries, it is relatively insignificant, whereas in others it plays a key role. The positive case stresses the net positive benefits of FDI. The negative case coming out of radical and dependency analyses places the focus on the negative impact of foreign firms. This paper focuses on both the impacts of

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Transnational actors operation, especially in developing countries. The descriptions of the positive impact are presented as follows:

Economic Growth:

Transnational actors can be considered as a major stimulus to economic growth in developing countries. According to orthodox liberals, inward FDI provides external financing to compensate for inadequate amounts of local savings and foreign aid. In general, FDI inflows are more stable and easier to service than commercial debt or portfolio investment. In the 1990s, FDI in developing countries accounted for average $150 billion a year. However, in 2005, net flows of FDI to developing countries averaged around $334 billion annually, which shows a dramatic increase of FDI in developing countries. According to UNCTAD World Investment Report, FDI in developing countries increased in 2010 and stands as nearly $574 billion annually (UNCTAD. 2010). FDI is thought to bring certain benefits to national economies. It can contribute to gross domestic product (GDP), gross fixed capital formation and balance of payments. There have been empirical studies indicating a positive link between higher GDP and FDI inflows. For example, in Bangladesh the inward FDI inflow as a percent of gross fixed capital was 3.5%, which was attributed to lead higher GDP growth as 6.27% in 2004 (BBS 2006). However, according to BBS (2011) the GDP growth rate slightly decreased in 2010 and stands as 5.83% in Bangladesh (p. 387).

Export-based Industrialization:

Building export capacity is very important for developing countries if they want to benefit fully from international trade and investment opportunities. Therefore, the government must seek to develop a regulatory framework that could assist local and regional areas in designing and implementing active policies for building export competitiveness. The countries in East and Southeast Asia, who had attracted Transnational actors as part of their export-oriented strategies, provided clear evidence that Transnational actors could vitally assist in export-based industrialization in developing countries. Transnational actors helped such successful integrators, for example, Malaysia and Thailand become a part of “global commodity chains” linking developing country producers to advanced-country consumers. Thus, during the 1980s and into the 1990s, many developing-country governments liberalized their policies on foreign direct investment (Grieco&Ikenberry, 2003). Singapore effectively tailored industrial policies to attract multinationals and successfully managed Transnational actors productively to complement indigenous industry. Singapore benefited from neither rich natural resources nor proximity to large economic markets. Strong leadership, pro-active industrial strategy, and a consistent and favourable policy towards Transnational actors, enabled it to capitalise on Transnational actors investment (Velde, 2001).

Capital Formation:

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Capital represents an essential economic asset in developing countries. A significant benefit of Transnational actors is their injection of capital into a developing country, bringing financial resources otherwise unavailable through their own capital and access to international capital markets. An important share of the total capital flow to developing countries comes from Transnational actors' investments; estimations vary from 14.9% to 51.5% of the total flows to developing countries (UNCTAD, 1994; p. 409). Studies show that foreign multinationals are indeed more productive, pay higher wages and are more export intensive than local firms (Markusen, 1995).Transnational actors contribute important foreign exchange earnings through their trade effect of generating exports. By producing goods for export, the balance of payments of the developing countries enhance the economic growth, becoming a more attractive prospect for further investment as well as contributing to the growing role of developing countries in world trade. Transnational actors provide immediate access to foreign markets and customers which would take domestic firms years of investment and effort to acquire for themselves (Strange, 1995).

Technology:

Technology development and work processes improvement differ greatly in developing countries, and even in some cases between regions. For example, Bangkok or the South of Thailand is more developed than some Northern areas. Transnational actors contribute greatly in providing the foundation for technological development. A vital resource gap filled by the Transnational actors, as proponents say, is technology. The desire to obtain modern technology is perhaps the most important attraction of foreign investment for developing countries. Transnational actors allow developing states to profit from the sophisticated research and development carried out by the multinationals. They make available technology that would otherwise be out of the reach of developing countries (Spero & Hart, 2010).Transnational actors train local staff, stimulate local technological activities, and transfer technology throughout the local economy. Accordingly, technology improves the quality of production and encourages development (Page, 1994).

Cleaner Environment:

FDI through Transnational actors may help increase the level of overall domestic environment. Transnational actors are more likely to produce a cleaner rather than a more despoiled natural environment. Transnational actors from developed countries, preferring to have a single set of rules for all competitors, may consequently prefer that developing countries have environmental standards similar to those in the developed countries (Garcia, 2000). In addition, Transnationals actors tend to bring their higher pollution control and energy-efficiency standards with other countries when setting up operations overseas. It can be evident from a study on 300 Indonesian enterprises which conducted in 1996. In this study, comparison of the pollution levels in waste streams confirmed that the enterprises that had foreign ownership had superior performance compared to the private and state owned firms (GEMI, 2006).

Poverty Alleviation:

Transnationals actors are the key to poverty reduction. The multinational corporations encourage people to produce a certain product, and these products make the workers' life improved. For example, the DaimlerChrysler project in Brazil. Daimler Benz, in 1991, looked for ways to use renewable natural fibbers in its automobiles. For the Brazilians, life changed dramatically for the better; children were able to attend school, health facilities have improved and people are more active in local politics. The liberals believe that industrialisation through Transnational actors combined with a free market economy has allowed many previously agrarian based economies to grow out of poverty. "The international operation of these corporations is consistent with liberalism but is directly counter to the doctrine of economic nationalism and to the views of countries committed to socialism and state intervention in the economy" (Gilpin, 1987; p. 248). Liberals show that for those that have chosen to become integrated into the world economy, the rewards have been significant. In fifty years, Taiwan has transformed from an agrarian economy which was poorer than much of Sub-Sahara Africa to a country now as rich and prosperous as Spain. From 30 million people entrapped in absolute poverty in the 1950s, it now has virtually none absolute poverty and real wages are now ten times higher than they were fifty years ago (Norberg, 2003).

Employment Generation:

Transnational actors play a role in creating new kind of jobs and therefore can contribute to employment generation and the increase of quality of life of the employees in developing countries. Those who argue for transnational actors, state that transnational actors generate employment worldwide. Of the 73 million jobs created through transnational actors, only 12 million are located in developing countries amounting to 2% or 3% of the world's workforce. Transnational actors account for one-fifth of all paid employment in non-agricultural sectors and creates a large number of jobs in the manufacturing industries, especially where technology is concerned (UNRISD, 2010). In addition, Transnational actors have a positive impact on welfare of the employees. Supporters say that the creation of jobs, the provision of new and better products, and programs to improve health, housing and education for employees and local communities improve the standard of living in the developing countries. Moreover, having a closer look at empirical data it gets clear that foreign-owned and subcontracting manufacturing companies in developing countries tend to pay higher wages than the local firms. Furthermore export oriented companies pay higher wages the non exporting ones. In Mexico, for example, exporting firms (i.e. 80% of all sales are for export) paid wages at least 58% higher than non export oriented firms. In 2001, a study found that foreign-owned plants paid 33% more for blue-collar workers and 70% more for white-collar workers than locally owned firms in Indonesia (Lozaday, 2001).

Building Competence and Skill:

Building skills of local workers has proved to be essential to the successful transfer and diffusion of technologies and knowledge. Foreign investment provides managerial skills and competence that improve production. Whenever it is possible, transnational actors prefer to hire local people than the use of expatriate employees. However, the lack of an adequately skilled workforce in the developing countries presents a challenge to overcome. Low education levels of potential employees are a particular impediment to maximizing a local employee base. Therefore, Transnational actors are often engaged in capacity building efforts and sometimes deliver education and training to groups in order to help them increase production levels and to perform work routines more efficiently. There is a recognized need to adjust approaches to education and training based on local conditions and local knowledge and skill levels. It has clear benefits to engaging local based trainers, and thus local Universities are seen by Transnational actors as a good pool of competencies that will help ensure the sustainability of the technology transferred. Universities and R&D institutions understand the local context and possess the knowledge that is valuable to Transnational actors. Thus they are considered as the right partners for conducting joint research projects for technology maintenance or improvement, leading in some cases to new and innovative products or services (Worasinchai&Bechina, 2010)

Negative impact of transnational actors

In reverse, this positive role of transnational actors can be disputed by those who claim that the net effect of transnational actors investment is negative for host countries. Critics of the multinationals have challenged this positive view of the role of transnational actors. The discussions of negative impact of transnational actors are presented as follows:

Prevent Autonomous Development:

"Dependency is a situation in which a certain number of countries have their economy conditioned by the development and expansion of another…placing the dependent countries in a backward position exploited by the dominant countries" (Santos, 1970; p.180). Dependency theorists understand the current underdevelopment of developing countries to be a process within the framework of the global capitalist system. They understand global capitalism as a process that generates wealth and development in the industrialised world at the expense of creating poverty as an intentional by-product of the West and perpetuating underdevelopment in developing countries. According to dependency theorists, transnational actors prevent the developing countries from achieving genuine autonomous development. For example, transnational actors prevent local firms and entrepreneurs from participating in the most dynamic sectors of the economy; they use local capital rather than bringing in new capital from the outside; they increase income inequalities in the host country; and they use inappropriate capital-intensive technologies that contribute to unemployment (Moran, 1978).

Outflow of Capital:

Some critics believe that FDI in developing countries actually leads to an outflow of capital. Capital flows from South to North through profits, debt service, royalties, and fees, and through manipulation of import and export prices. Such reverse flows are, in themselves, not unusual or improper. Indeed, the reason for investments is to make money for the firm. What certain critics argue, however, is that such return flows are unjustifiably high. Critics point out that the average

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return on book value of U.S. FDI in the developed market economies between 1975 and 1978 was 12.1%, whereas the average return in developing countries was much higher as 25.8% (Moran, 1978).

Exploit Worker: Critics charge that many Transnational actors enter developing countries in order to exploit their cheap labor and abundant natural resources. Companies such as Reebok, Nike, and Levi Strauss have exploited the human labor in Indonesia. Workers live in deteriorating, leaky, mosquito – infested apartments and only earn a mere $39 a month for producing thousands of products worth well over $100 each. Indonesia’s economy is booming because of massive direct foreign investment while the cheap labour is suffering from inhumane living conditions and illegal wages (UNCTAD, 2006). Transnational actors adversely affect their workers, provide incentives to worsen working conditions, pay lower wages than in alternative employment, or repress worker rights (Drusilla, Alan, & Robert, 2002). Critics also argue that Transnational actors do not benefit developing countries labor. Transnational actors make only a small contribution to employment, and they discourage local entrepreneurs by competing successfully with them in local capital markets by acquiring existing firms, by using expatriate managers instead of training local citizens, and by hiring away local skilled workers.

Environment Pollution: With regard to the environment, international big business is both the creator of pollution and the only resource available for its cleanup. The Transnational actors' record on pollution pales in comparison with those of many local businesses and state-owned enterprises: Critics allege that transnational actors have – in part due to their sheer size – caused significant environmental damage in developing countries. Because Transnational actors have operated for a long time and in so many countries, there undoubtedly have been cases where these criticisms are accurate (Stopford, 1998). In all parts of the world, mining operations have generated severe environmental degradation and pollution, including the discharge of toxic substances into river systems, large volume waste disposal, the inadequate disposal of hazardous wastes, and the long run impacts of poorly planned mine closure. Multinational oil companies have been the target of protest and criticism for widespread pollution and human rights violations in the developing countries, for example, Nigeria, Indonesia, and, increasingly, the Caspian region.

Tax Evaders:

The issue of tax evasion by Transnational actors continues to generate acrimonious debate, despite guidelines produced by the Organisation for Economic Cooperation and Development (OECD). Multinational corporations protest that they pay their taxes responsibly. For example, the U.S. Chamber of Commerce in Bangkok claimed a few years ago that Transnational actors paid 70% of Thailand's corporate taxes, implying considerable tax evasion by the locals. But even this seemingly simple claim was clouded by the intricate workings of the local tax code. The debate will most likely continue as a hidden technical subject, leaving public opinion unaltered in its negative perception (Stopford, 1998).

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Organized Crime: The introduction of famous brands into developing countries by Transnational actors has provided an irresistible lure to criminal organizations to branch out into this lucrative area of crime. In East Asia - the hotbed of counterfeiting - criminal organizations involved in gambling, prostitution, smuggling, narcotics, and human trafficking have now migrated to counterfeiting because of its highly lucrative rewards and the low-risk nature of the crime. Penalties for trafficking in narcotics are notoriously severe in Asia. Long prison sentences and capital punishment are common for narcotics violations (Chow, 2011). Organized crime is a serious global problem. It existed long before counterfeiting at its current levels emerged. But the emergence of the global trade in counterfeit goods has provided organized crime in developing countries a new and highly lucrative means to earn profits.

Health and Safety Risks:

Another type of secondary consequences suffered by developing countries is health and safety hazards caused by the proliferation of substandard counterfeit medicines. According to some recent media accounts, 10% of the world's drugs are counterfeit; fake baby infant formula, cough syrup, and other medicines have led to serious illness or death. However, almost all of these harms to human health and safety occur in developing countries, which have weak border control systems that allow counterfeits that are mostly manufactured in China to pass through undetected (Chow, 2011). Almost no serious health or safety incidents have occurred in advanced industrialized countries, such as the United States and many European countries. Consumers in these countries are too savvy and distribution networks are too professional to allow low-quality medicines to penetrate distribution channels to reach consumers. As with the other harms associated with counterfeiting, developing countries tend to suffer the most harm.

THE WAY OUT

The problems which have been highlighted above are not problems that are unsolvable. They are problems that can be treated to an advantage point for both the transnational actors and the host countries. In other words, the transnational actor's activities can be used as a mode of creation of wealth for the developing economies and by so doing, develop the economies and also benefit the transnational in terms of profits. In the words of Onimode (1982), he stated that there are more myth than reality to the transnational actors developing economies especially as it affects a third world country like Nigeria. The problem as highlighted from the policy problem includes but not limited to; Profit Repatriation, Technological Backwardness, Over Dependency of the host nations on foreign direct investment, Increasing unemployment, Social tensions e.t.c. (Udoka, 2015)

In the quest of creating a way out, this paper will take the problems one after the other and then provide an alternative or better still a way out from the problems. Looking at the profit repatriation problem, it is a problem because most of the capitals which are in form of profits are not invested in the developing countrieseconomy which is of course the host countries but instead, it is sent back to their own home country for investment and by so doing rendering the economies of the countries they have profited from underdeveloped and this is now a major

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problem and concern for the third world. A great example of this among sundry of examples is the telecommunication company called MTN that has their headquarters in South Africa. What they do see that, all profit made in the developing countries for example, Nigeria is sent back to their mother land for the development of their own Country. In this regard, the alternative here or rather the way out is that the capital which the transnationals send abroad should be reinvested in the host countries even if not all but at least a large percentage of it should be reinvested which will in turn create development for the host countries. When this is done, the problem as regards that will not result into any negativity on the parties' relationships but it will make the host economies to be more accommodating.

Similarly, the issue of technological backwardness has also been one of the major issues which have been acclaimed to the activities of the transnational in the third world. This is the area where the transnational are seen as the worst culprits due to the fact that they branch-plant economy of firms that are either inefficient or small and do not have the capability of providing development. The implication of the issue of this technological backwardness in the third world is that they cannot copy or rather internalize the technologies which are brought by the transnational. In other words, the type of technology the transnational bring into the economy is that which serve the few elites because they are the ones that have the required resources to get it while the majority of the population faces underdevelopment. In this regard, the way out is that transnational should work harder with the help of the government in making sure that there is technology transfer to the Nigerian State which is the host country and in turn, develops the economy which by so doing, creates more employment for the developing countries. The technology should also be the type that will not be meant for the few urban elite but it will also extend to the general populace.

Furthermore, the problem of over dependency of the developing States on foreign direct investment has led to the open boarder which has caused a Structural Distortion. The freedom which has been given to the transnational actors to choose their locations and these locations are usually urban centers and the urban concentration has led to uneven development in the developing countries. The way out here is that, there should be even development by means of not concentrating only in a particular area in a country but spreading round. In the same vein, strong legislation should be made on transnational that are coming into the third world to curtail and check the excesses of the transnational actors. The open boarder policy should not be an opportunity for exploitation on the Nigerian communities that is why there should be legislations to checkmate their activities.

Another problem which needs urgent attention is the problem of increasing unemployment, social tensions and environmental degradation which are caused by the activities of the transnational. In other words, the transnational look for areas that encourage or give competitive advantage and after which when it is not giving advantage again, they leave the place rendering the host communities in which they have provided jobs, jobless. Bearing in mind that from the activities of this transnational, they have caused environmental degradation which render the host communities jobless after they must have destroy their land and then leave the place. The way out here is that even if the transnational are going to leave because of lack of competitive advantage, there should be a cleanupwhere environmental degradation has affected and the transnational should engage more in Corporate Social Responsibilities (CSR) which will help to restore those that might have been render jobless job and by so doing reduce unemployment on a long run.

CONCLUSION AND RECOMMENDATION

Studies over a period of years indicate that the impact of Transnational actors on host States is neither as positive nor as negative. It is true that Transnational actors play an important role in the developing countries. They can create more employment opportunities for huge labour force, train them and promote the development of high level skills. Moreover, transnational actors help increase GDP growth and capital formation, reduce poverty. However, Transnational actors can be guilty of pollution and human rights abuse. Critics of Transnational actors alleged that Transnationals actors want to reduce their production costs, seek out developing countries with flexible environmental regulations and undertake in those countries productive activities that exacerbate both local and global environmental problems. Instead of adhering to either, a positive or negative overview this perspective recognizes that the costs and benefits of FDI by Transnationals actors will vary from country to country and also that what constitutes costs and benefits will vary depending on the values of the observer.

Available evidence suggests that the impacts of FDI in developing countries may be positive ornegative, depending on a variety of variables, mostly having to do with host country policies. One study found that the impact of FDI is significantly positive in "open" economies, and significantly negative in "closed" economies. Others have found that positive impacts depend on the effectiveness of domestic industry policies; and on tax, financial or macroeconomic policies. A World Bank study found that the impacts of FDI depend on the industry, as well as host country policies.

Both economic theory and recent empirical evidence suggest that FDI has a beneficial impact on developing countries. But recent work also points to some potential risks. Therefore, a tentative conclusion of this essay is that Transnationals actors may promote economic development by contributing to productivity growth and exports in developing countries. However, the exact nature of the relation between foreign Transnationals actors and economies of developing countries seem to vary between industries and countries. It is reasonable to assume that the characteristics of the developing country's industry and policy environment are important determinants of the net benefits of FDI. Policy recommendations for developing countries should focus on the following issues to improve the investment climate for all kinds of capital, domestic as well as foreign:

- ❖ **Reduction of Bureaucratic Complexity:** Governments of the developing countries should reduce the restrictions in establishing the Transnationals actors. They should

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simplify the industrial sanctioning procedure and keep free all the foreign investors from unnecessary harassment while registration of firms is going on.

- ❖ **Development of Infrastructure**: Governments of the developing countries should take all out efforts to develop infrastructure facilities. Problems of gas, water, electricity, warehouse, port, and transport should be removed.
- ❖ **Continuation of Policies**: For attracting Transnationals actors, continuation of economic policies despite changes in governments must be maintained in the developing countries.
- ❖ **Avoidance of Confrontational Politics**: Political consensus among political parties is essential for establishing Transnationals actors in the developing countries. Political stability is a critical consideration to foreign investors when they think about investment in any country.
- ❖ **Reduction of Corruption**: In order to uphold their position in the world as the destination of Transnationals actors, developing countries should take positive initiatives to reduce massive corruption. They should make judiciary services independent and encourage good governance as well.
- ❖ **Improvement of Law and Order Situation**: Improved law and order situation is one of the pre-conditions for Transnationals actors sustainability.
- ❖ **Development of Skilled Labor**: Developing countries should ensure available skilled, experienced, trained, and educated labor force to attract foreign investors in establishing the Transnationals actors.
- ❖ **Stability of Macro Economic Situation**: Over all macro economic stability and its continuity is also important for not only attracting Transnationals actors but also ensures profitability from it.
- ❖ **Political Stability**: Stability means progress. Developing countries, therefore, should be sincere and committed to ensure their political stability to attract Transnationals actors within their boundaries.
- ❖ **Foreign Exchange Reserve**: Developing countries should increase the foreign exchange reserve and keep currency value more or less stable to keep the benefits from Transnationals actors.

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