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Content

Abstract

A transnational corporation (TNC) is a corporate organization that owns or controls the production of goods or services in at least one country other than its home country. Black's Law Dictionary suggests that a corporation or group should be considered a transnational corporation if it derives 25% or more of its revenue from out-of-home-country operations. However, a firm that owns and controls 51% of a foreign subsidiary also controls the production of goods or services in at least one country other than its home country and therefore would also meet the criterion, even if that foreign affiliate generates only a few percents of its revenue. Transnational corporation plays an important role in a country. Bangladesh is a country situated in South Asia. Several transnational corporations in Bangladesh boosting this country's economy. This paper will give an overview on transnational corporations, the importance of a transnational corporation for a country, the disadvantage of transnational corporation, the transnational corporation in Bangladesh, the effect of the transnational corporation in Bangladesh economy, Bangladeshi transnational corporation data analyze, future of transnational corporation in Bangladesh etc.

Keywords: Transnational Corporation, economy, Bangladesh, effect, analyze.

1. Introduction

Transnational corporations are among the world's biggest economic institutions. A rough estimate suggests that the 300 largest TNC own or control at least one-quarter of the entire world's productive assets, worth about US$5 trillion. TNC total annual sales are comparable to or greater than the yearly gross domestic product (GDP) of most countries (GDP is the total output of goods and services for final use by a nation's economy) [1-2]. Pitchout Corporation's sales, -for instance, exceed the gross domestic product of Austria, while those of Royal Dutch/Shell equal Iran's GDP. Together, the sales of Mitsui and General Motors are greater than the GDP of Denmark, Portugal, and Turkey combined, and US$50 billion more than all the GDP of the countries in sub-Saharan Africa. Partly as a result of their size, TNC tend to dominate in industries where output and markets are oligopoly, or concentrated in the hands of a relatively small number of firms. The top five car and truck manufacturers are responsible for nearly 60 per cent of worldwide sales of motor vehicles[3]. The five leading oil majors account for over 40 per cent of that industry's global market share. For the chemicals sector, the comparable percentage is 35 per cent, and for both electronics and steel it is over 50 per cent.

Though based predominantly in Western Europe, North America, and Japan, TNC operations span the globe. The Swiss electrical engineering giant ABB has facilities in 140 nations, for example, while Royal Dutch/Shell explores for oil in 50 countries, refines in 34, and markets in 100. Offices of the US food processing firm H.J. Heinz cover six continents and Car gill, the US's largest grain company, operates in 54 countries. Britain's leading chemical company ICI has manufacturing operations in 40 nations and sales affiliates in 150. Technical definitions of TNC vary, but for the purposes of this guide the term "transnational corporation" means a for-profit enterprise marked by two basic characteristics:

A) It engages in enough business activities including sales, distribution, extraction, manufacturing, and research and development outside the country of origin so that it is dependent financially on operations in two or more countries.

B) It management decisions are made based on regional or global alternatives.

A TNC can be a "public" corporation, which trades its shares of stock at stock exchanges or brokerage houses.

The buyers from the public are "shareholders," and can include individuals as well as institutions such as banks, insurance companies, and pension funds. DuPont and Enron are examples of publicly-traded corporations[4-5-6]. Or a TNC can be "private," meaning that it does not have shares which are traded publicly; such firms are frequently family-controlled. Car gill is a private firm which until recently was controlled by two families.

A "parent" company, located in the TNC country of origin, exercises an authoritative, controlling influence over a "subsidiary" in another country either directly if it is private or, if it is public, by owning some or all of the shares (parent corporations can exert controlling power even with relatively small share holdings in subsidiaries). United Carbide India Ltd., for example, was the Indian subsidiary of the US-based Union Carbide Corporation. Subsidiaries can have a different name than the parent company, and can of course also be located in the same country as the parent. The style of relationships between parent and subsidiary companies --that is, how control is exercised--differs among TNC main home regions. More formal, centralist control has typically been a hallmark of US, and to a lesser extent European, corporations than of Japanese TNC[7].

2. Ideas of Transnational Corporation

The earliest historical origins of transnational corporations can be traced to the major colonialist and imperialist ventures from Western Europe, notably England and Holland, which began in the 16th century and proceeded for the next several hundred years. During this period, firms such as the British East India Trading Company were formed to promote the trading activities or territorial acquisitions of their home countries in the Far East, Africa, and the Americas[8]. The transnational corporation as it is known today, however, did not really appear until the 19th century, with the advent of industrial capitalism and its consequences: the development of the factory system; larger, more capital intensive manufacturing processes; better storage techniques; and faster means of transportation. During the 19th and early 20th centuries, the search for resources including minerals, petroleum, and foodstuffs as well as pressure to protect or increase markets drove transnational expansion by companies almost exclusively from the United States and a handful of Western European nations. Sixty per cent of these corporations' investments went to Latin America, Asia, Africa, and the Middle East. Fuelled by numerous mergers and acquisitions, monopolistic and oligopoly concentration of large transnationals in major sectors such as petrochemicals and food also had its roots in these years. The US agribusiness giant United Fruit Company, for example, controlled 90 per cent of US banana imports by 1899, while at the start of the First World War, Royal Dutch/Shell accounted for 20 per cent of Russia's total oil production[9].

Demand for natural resources continued to provide an impetus for European and US corporate ventures between the First and Second World Wars. Although corporate investments from Europe declined somewhat, the activities of US TNC expanded vigorously. In Japan, this period witnessed the growth of the zaibatsu (or "financial clique") including Mitsui and Mitsubishi. These giant corporations, which worked in alliance with the Japanese state, had oligopoly control of the country's industrial, financial, and trade sectors.

Figure 1: Worlds top transnational corporations

US TNC heavily dominated foreign investment activity in the two decades after the Second World War, when European and Japanese corporations began to play ever greater roles. In the 1950s, banks in the US, Europe, and Japan started to invest vast sums of money in industrial stocks, encouraging corporate mergers and furthering capital concentration. Major technological advances in shipping, transport (especially by air), computerization, and communications accelerated TNC increasing internationalization of investment and trade, while new advertising capabilities helped TNC expand market shares[10]. All these trends meant that by the 1970s oligopoly consolidation and TNC role in global commerce was of a far different scale than earlier in the century. Whereas in 1906 there were two or three leading firms with assets of US$500 million, in 1971 there were 333 such corporations, one-third of which had assets of US$1 billion or more. Additionally, TNC had come to control 70-80 per cent of world trade outside the centrally planned economies. Over the past quarter century, there has been a virtual proliferation of transnational. In 1970, there were some 7,000 parent TNC, while today that number has jumped to 38,000. 90 percent of them are based in the industrialized world, which control over 207,000 foreign subsidiaries. Since the early 1990s, these subsidiaries' global sales have surpassed worldwide trade exports as the principal vehicle to deliver goods and services to foreign markets. The large number of TNC can be somewhat misleading, however, because the wealth of transnationals is concentrated among the top 100 firms which in 1992 had US$3.4 trillion in global assets, of which approximately US$1.3 trillion was held outside their home countries. The top 100 TNC also account for about one-third of the combined outward foreign direct investment (FDI) of their countries of origin. Since the mid-1980s, a large rise of TNC led foreign direct investment has occurred. Between 1988 and 1993, worldwide FDI stock a measure of the productive capacity of TNC outside their home countries grew from US$1.1 to US$2.1 trillion in estimated book value.

There has also been a great increase in TNC investment in the less-industrialized world since the mid-1980s; such investment, along with private bank loans, has grown far more dramatically than national development aid or multilateral bank lending. Burdened by debt, low commodity prices, structural adjustment, and unemployment, governments throughout the less-industrialized world today view TNC, in the words of the British magazine The Economist, as "the embodiment of modernity and the prospect of wealth: full of technology, rich in capital, replete with skilled jobs." As a result, The Economist notes further, these governments have been "queuing up to attract multinationals" and liberalizing investment restrictions as well as privatizing public sector industries[11-12]. For TNC, less-industrialized countries offer not just the potential for market expansion but also lower wages and fewer health and environmental regulations than in the North.

Thus, in 1992 foreign investment into less-industrialized nations was over US$50 billion; the figure had jumped to US$71 billion in 1993 and US$80 billion in 1994. In 1992-93, less-industrialized countries accounted for between one-third and two-fifths of global FDI inflows -- more than at any time since 1970. These flows have not been evenly distributed, however, with just ten host recipients the majority in Asia accounting for up to 80 percent of all FDI to the less-industrialized world.

3. Importance of Transnational Corporation

A transnational corporation owns facilities or assets in a minimum of one additional country other than its home nation. These assets may be anything from a factory or manufacturing center to a location hosting administrative offices. The assets are then managed by the transnational corporation from each location, which is different than a multinational corporation, which is centralized.

3.1.These companies are significant job creators

In the Netherlands, foreign-owned transnational companies created over 700,000 full-time equivalent employment positions in 2014. These organizations also contributed another 650,000 FTE indirectly at other companies within the nation, with most of them involved in either trade or manufacturing. 20% of all full-time jobs in the Netherlands are created because of the presence of these organizations – and that's in just one country. Multiply that figure by 200+ countries and that could be called an unstoppable force.

Figure 2: Logo of job creation

3.2. It is a way to create a consistent, yet customized customer experience

When you work with a transnational corporation, then you have a reasonable expectation of what your transaction will look like. Even though these companies offer regional variations of their products or services, sometimes even under different brand names, there is still confidence in the quality of what you receive. Because these organizations are able to leverage their size to reduce costs, you know that as a consumer what the value proposition will be[13].

3.3. Transnational corporations inspire innovation

About 6% of the average budget for a transnational corporation is dedicated to research and development. Some companies contribute a little more, while others designate a little less. That creates billions of dollars (or local currency) for innovative studies that would not have been made available otherwise. When you look at the history of patents and innovative product or service development since the 1950s, a majority of global standards were created because of the investments made by organizations like these.

3.4. This structure is a way to guarantee quality

Transnational corporations create opportunities to improve the quality of products or services offered at the local level. Suppliers, distributors, and other vendors seek out relationships with these companies because it gives them a way to expand into new markets. As this network of products, services, and relationships grows, the quality standards will rise too. That gives the average customer access to what they need without being charged an unfair price[14].

3.5. These corporations develop ethnic and cultural awareness

A transnational corporation defines success by its ability to be successful in multiple markets simultaneously. Instead of focusing on a centralized process, they let the local markets dictate how interactions occur with customers. They do not have a centralized management system. That allows them to gain more interest in a local market because they're able to maintain their own systems.

3.6. Corporations benefit from different regulatory regimes

As noted by the San Francisco Chronicle, a transnational corporation is able to benefit from different regulations. If an organization manufactures products that would be impractical to produce in the United States, then they can do so in other locations where compliance costs are lower. The company would then be able to export the completed product back to the United States. This benefit applies to products not approved for sale by regulators in one country, but it could be approved in others – like certain GMO foods.

3.7. Transnational corporations can benefit from favorable taxation policies

Before the tax cuts passed by the Republican Party in the first 2 years of the Trump Administration, the corporate income tax rate in the U.S. was 35%. Under the structure of a transnational company, the profits could be earned through a foreign subsidiary which have a lower tax rate. The company could then shift their expenses back to the United States[15-16]. Even though this process is one that sparks controversy, it is also legal when setup properly. That was one of the reasons why the corporate tax rate was reduced in that legislation.

4. Disadvantage of Transnational Corporation

There are also some disadvantage of transnational corporation. Some disadvantage are given below:

4.1. They can be a jobs killer

Just as transnational corporations may add employment opportunities to some markets, they can reduce them in others. It is often the foreign countries, not the home country, which receives the most benefits for open positions. That is because for most corporations of this structure, the standard cost of living requirements are much lower elsewhere. When you can pay someone $3 per hour to complete a job that offers a good quality of life instead of paying them $23 per hour, there is a strong chance that outsourcing will happen.

4.2. It creates an opportunity to build monopolies

Transnational corporations are unique because they eliminate the centralized structure that other multinational companies use. That means each market is treated as an independent entity. For the overall corporation, this structure creates more opportunities to monopolize markets in numerous countries. Whether the business operates under the same name or through different brands, it can drive the competition away. That limits customer choice, which then creates opportunities for the corporation to drive their profit numbers upward.

4.3. Some companies may not pay enough for a good standard of living

The garment industries of Bangladesh are a prime example of how transnational companies are able to exploit the costs of labor on a global scale. The minimum wage for workers in the industry is one of the lowest in the world. In July 2018, the current minimum was 5,300 taka per month, which is the equivalent of $63. Workers went on strike because they wanted to set a new minimum of 16,000 taka, or $191 per month, which would still be one of the lowest wages in the world.

4.4. Transnational corporations act like local businesses, which can bankrupt local businesses

Transnational corporations do create plenty of jobs, especially in foreign markets. There is no denying the positive financial impact that these companies provide for a country like the Netherlands. At the same time, however, these organizations change the structure of business ownership at the local level. Because they operate without a centralized location, many transnational corporations operate like a local business. Since they can keep prices lower because of their size, they can out price the true local businesses in the market. It is not unusual for these corporations to force local businesses into bankruptcy because they can compete on a different level.

4.5 It is a structure which may limit consumer choices

When there is the possibility of a monopoly, then there is a chance that consumer options will be limited. With less competition, a transnational company no longer has the requirement to stay focused on the quality of product or service they offer. Their customers are forced to work with them, which means they can do whatever they want. Some customers may not even realize that a monopoly is in place. Using the Coca-Cola Company as an example, there are more than 500 brands that are fully or partially-owned operating in 200+ countries. Did you know Bacardi, Dasani, Enviga, Fresco, and Gold Peak Tea are all under the Coca-Cola umbrella.

4.6. Transnational corporations offer hidden costs

A company like Walmart might cost communities billions in supplemental assistance costs because of the low wages they provide, but that is nothing compared to the taxpayer cost of corporate welfare for the world’s largest companies – even in the United States. In 2006, traditional social welfare programs cost the U.S. government $59 billion. The amount that the government spend on corporate subsidies was $92 billion.

These transnational corporation advantages and disadvantages show us that the pricing structures we enjoy when shopping are often due to this structure. That helps out our budget, but it comes at the expense of what workers earn. To keep prices down, the size of these companies can be used to place pressure on worker wages. For some customers, that is why they shop at local stores which are not internationally owned to support the economy of their community.

5. The Role of Transnational Corporations in the World Economy

Transnational corporations are very often known as transnational corporations. Many people do not see any major difference between the two terms. However, there is a slight difference between them. Contrary to TNC, transnational corporations are known for the fact that there is no centralized office in a certain country (Cromwell n.d.). TNC, in their turn, have headquarters in a single country; however, the main activity of these companies take place in several countries, continents (Encyclopedia Britannica 2012). Hence, both types of corporations operate beyond the national borders. Furthermore, TNC are known to be independent from government. There are no orientations on specific countries while conducting direct business activities. Moreover, they are known to produce and deliver goods and services to numerous countries (Boundless n.d.). According to Michilie (2003), TNC are able to plan, control and implement business activities across different nations, countries. In other words, the perfect scenario for multinational corporations is to use skilled workers from the developed economies and have plants in emerging economies. Moreover, the products that are made in the host country are supposed to be easily transported to developed countries and sold there with a certain added value.

Transnational companies gained popularity some twenty years ago. They have their origins back to the years of the escalation of globalization. Up till now, there has been seen a double increase in the number of such corporation comparing to the number of corporations some twenty years ago (Kotler&Amstrong 2012). There are 150 largest economies in the world, however; only 81 counties can be called largest economies (Kotler&Amstrong 2012). Therefore, there are about 69 corporations that are considered to be world economies (Kotler&Amstrong 2012).

The most known ones, according to the Economist (2012) are the following: General Electric, Royal Dutch Shell, BP, Exxon Mobil, Toyota and many others. Many of these companies have about ninety per cent of their assets in foreign countries (The economist 2012). For instance, General Electric has about fifty two per cent of its foreign assets (The economist 2012). Nestle is a leading company, when it comes to the percentage of foreign sales[17]. It accounts for almost ninety nine per cent of aggregate number of foreign assets (The economist 2012). The sectors where most multinational corporations operate in are manufacturing and finance (UN 2009). However, financial industry has lost recently its popularity and credibility among TNCs due to many crises that happened in the past. Consequently, there are some opinions that nowadays corporations tend to prioritize more ‘soft industries’ and concentrate on producing/selling food and drinks, apparel and books (Bremmer 2014). Multinational companies are rarely competitive in such spheres as aircraft manufacturing (Bremmer 2014).

Some might consider that TNC only have good effects on the world economy; however, there is a reverse side of it as well. Further both sides of this issue will be discussed.

Starting with the positive role, TNC act as modernizers of the world economy. It is reflected as a result of constant promotion of new technologies and introducing innovations across the world. Especially they are active by introducing technologies to relatively remote places. Therefore, some industries are being redesigned so that they could be competitive (UN 2009). The innovations are seen not only in technological realm, but also in medicine, education and social policies. By bringing progress to the poorest economies, TNC employ people and educate them. Moreover, by minimizing the costs of the productions of many products, multinational companies supply relatively cheap products to the developed markets (The Economist 1997). Moreover, these services and goods facilitate people's lives. Additionally, some products contribute to people's high standard of living. However, there are no guarantees that every single country benefits from TNC and that technologies reach every single undeveloped country (UN 2009).

Second of all, such corporations promote efficiency and growth of the world economy (Michie 2003). Multinational corporations are likely to establish interconnection between the domestic economies of some isolated countries and the world's greatest economies (Boundless n.d.). In addition to that, they promote globalization. By doing this, multinational corporations are viewed very relatively by different people

The third positive role is economic integration that is likely to be brought by corporations. TNC promote regional agreements and alliances. One of the most famous ones is NAFTA (Michie 2003). Hence, it is very important for the creating of a single world market (Boundless n.d.). Not only they bring innovations in technology, but also in organizational structures. Other companies can increase their level of management because the national standards are increase once the corporations start operating in this country[18].

Another role can be seen in the increase of money circulation in the economy. TNC activities are very likely to result in profit maximization because one company can provide same service and implement same strategies in several countries (The Economist 1997). They create competition for other companies. However, very often Multinational corporations merger with small companies in order to become more influential on a national market (The Economist 1997).

The corporation s triggered, in a sense, globalization and actively promotes it (Michie 2003). However, there is an opinion that globalization in fact reduces the benefits for multinational companies. First of all, it becomes not profitable for companies to seek for emerging markets, conduct research, educate the worker, launch plants and etc. Second of all, sometimes it is easier to export to other countries. Moreover, effective supply chain management reduces the costs of transportation of the goods and services to the customers in different countries. The third reason is that there is a principle of the economies of scale. This principle depicts that it is more sensible for a company to expend on one territory because the more it produces in one place, the less costly the whole production process would be.

Transnational corporations are known to provide loans to the poorest countries and to invest in them (Michie 2003). According to the Economist magazine, multinational companies are important for investment sector as well as trade (The Economist 1997) For instance, statistics of the growing foreign direct investments in many developing countries can prove clear the strategic importance of them. However, the role of investments is vital also for the world economy. However, regardless of constant investments, TNC still prioritize investing in developed economies over developing (The Economist 1997).

Since foreign investments tend to create more jobs, they also determine wages. In most cases they raise wages in a host country. It happens because such corporations have relatively high productivity and high profit. By raising wages, people will have more of the disposable income. Moreover, they will spend more money on goods and services. Therefore, the local economy will boost. Another impact of raising wages is that other companies will also raise wages in order to either preserve or stimulate employees. All in all, FDI have a positive impact on wages in developing countries (Michie 2003). In other words, FDI set the rates for wages. Hence, multinational companies stimulate labour movement because they carefully choose the specialists for managerial positions (The economist 1997).

The negative side of TNC can be seen in the scenarios when companies tend to make usage of cheap labour and relatively rich natural resources of a country (The Economist 1997). Moreover, multinational companies are known to rarely take care of the well-being of the country where they place their businesses (The Economist 1997). The main goal for such corporations is to get as much profit as possible. In most cases they strive to advance and highlight the development of a global capitalism (The Economist 1997). Many companies launch their factories in different countries in order to minimize the costs of production. Moreover, the resources that are used to produce certain goods are usually brought from the original country of a multinational corporation (where the headquarter is). Therefore, some companies rarely utilize the resources of the emerging countries. When it comes to employment possibilities, undoubtedly, TNC create new jobs. Thus, they usually tend to pay relatively low wages. Therefore, the issue of the acceptation of countries with relatively cheap labour force and land from Eastern and Central Europe tend to be very attractive for plenty of corporations (Blanchard, Amighini&Giabazzi, 2010).

Another negative role of MNSs is in trying to hide the real profit and escape high taxes (Arezki,Rota-Graziosi&Senbet 2013). It is likely that many companies use developing countries and take advantage of them. Due to the week law enforcement and tax legislations in developing countries, many corporations do not pay taxes there. Therefore, some countries loose tax revenues that they were supposed to get (Arezki,Rota-Graziosi&Senbet 2013). Organizations usually seek to choose the country where it is easy to avoid taxes. There are many known countries and especially islands where multinational companies benefit from paying low taxes (Arezki,Rota-Graziosi&Senbet 2013). Companies usually shift their profits because there are a lot of ways to do it. One of the most common practices is to become indebted and, consequently, pay a reduced tax rate (Arezki, Rota-Graziosi&Senbet 2013). Having calculated the losses, many developing countries have identified this problem. Especially vulnerable are the countries that are rich in natural resources (Arezki,Rota-Graziosi&Senbet 2013). Moreover, tax burden in the world economy is reduced as a result of such practices (Arezki,Rota-Graziosi&Senbet 2013).

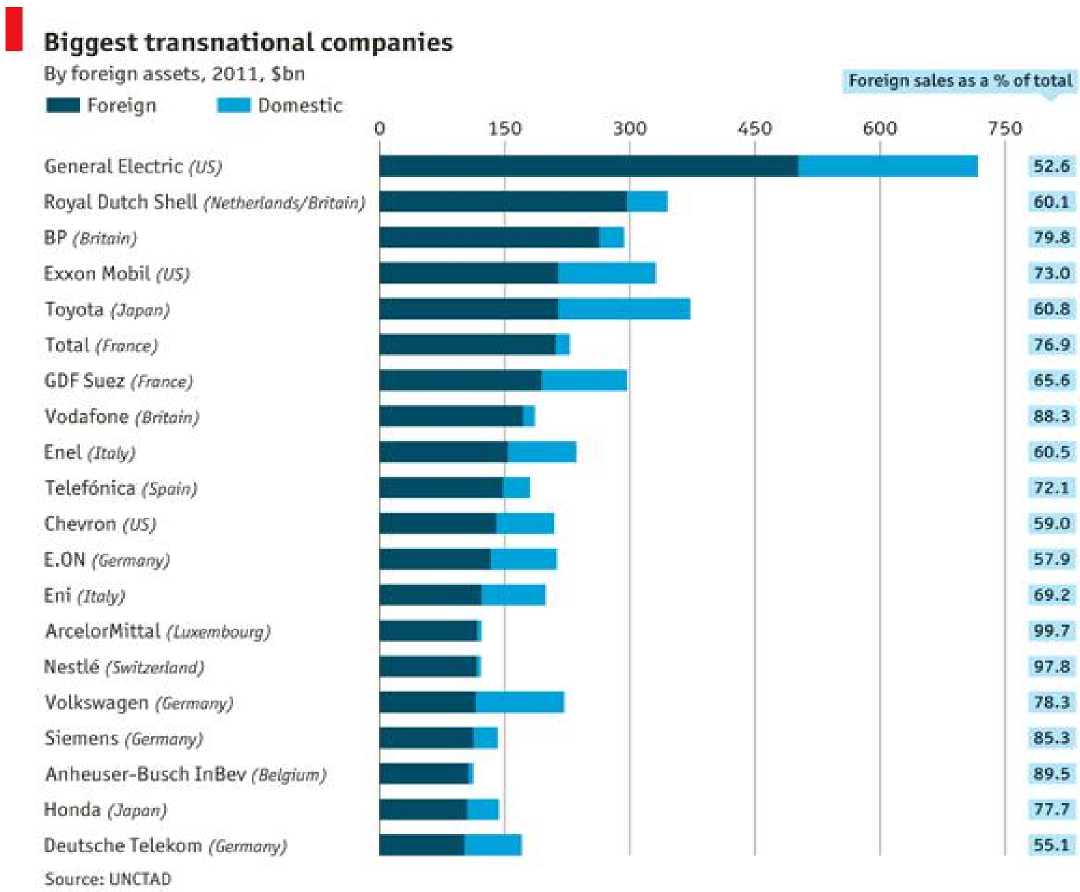

Figure 3: Biggest transnational companies in 2011

TNC are notorious for creating the conditions for unequal distribution of wealth in society (Michie 2003). Therefore, developed countries advance from them while undeveloped loose (Michie 2003). The gap between industrialized countries and emerging markets is getting wider (Michie 2003). Sometimes numerous foreign investments are in power to crowd out the domestic investments (Arezki,Rota-Graziosi&Senbet 2013). Consequently, the 'crowding out' effect has bad impacts on the economy of developing countries. Moreover, small economies loose their abilities and chances to be competitive. They are known for discouraging local businesses (The Economist 1997). Not only they tend to provide a superior quality products to local ones, but also some unique service (The Economist). Since developing countries are rarely able to compete with corporations, domestic activity is likely to fall behind (Arezki,Rota-Graziosi&Senbet 2013). The success of technological changes that can be brought by TNCs is very doubtful. There are some cases when newly established plants do not have any impact on productivity. Haddad and Harrison conducted a research and proved that there is no guarantee of positive increase in productivity after the entry of multinational corporations to the host country (Michie 2003). Moreover, another the research presented by Aiken and Harrison showed that there is a negative impact of presence of foreign investors for a host economy. They found out that Venezuelan manufacturing plants had low productivity and low rate of returns (Michie 2003).

When we talk about investments, it is vital to take into consideration the fact that not all companies invest in the development of the countries where they are operating.

However, there are some exceptions when multinational corporations care about the social problems. I strongly believe that many corporations choose the host country after having done some research concerning the most favourable conditions for them. There is a range of criteria that are analysed before entering any host country. First of all, it is tax competition. The international mobility of capital is a well-known transaction. There is a tax competition not only among countries, but also continents (Michie 2003). Many country's goal is to attract multinational corporations. For instance, there is an annual ranking provided by World Bank. The leading positions so far belong to Singapore, Hong Kong and New Zealand (The World Bank 2014). These are the first three places where business can be easily done[19].

Moreover, many countries change some domestic policies and make amendments so that they could seem more attractive for foreign companies (Michie 2003). For example, it is easy to take credit in Singapore. Another benefit is that investors are granted protection and low tax rate. Additionally, the contracts are granted enforcement. Moreover, liberalization of entrance to the market is very significant. Sometimes, countries liberate some particular industries. These are the strategies and policies that are very important for any multinational corporation (The World Bank 2014).

Hence, MNC usually tend to create some obstacles for government to control employment and living standard. Additionally, living standards are crucial for economy and MNC wages set directions for living standards of their employees (Bremmer 2014). Due to the noticed problems that create multinational organizations, such forums as G20 are dealing with them and creating policies. Moreover, developing countries themselves try to deal with the problem of exploitation (Ionescu&Oprea n.d.). It is vital to do it since multinational corporations do not always act in the best interests of the country where they operate. Therefore, developing countries have some leverage that can be used in order not to be used by corporations. One of the regulations is to close national boundaries. Another is to introduce some standards that should be followed by corporations if they are willing to employ local people. Additionally, some countries tend to create environmental standards and target that are not easy to be achieved (Ionescu&Oprea n.d.).

As the World Investment Report shows, there has been seen a steady fall of the countries that create favourable investment conditions (UN 2009). The statistics reflects that in the year of 2000,there were about 147 countries that were promoting incentives for TNC (World Investment Report 2009). However, in 2008 there were only 85 of such countries (UN 2009). That means that the foreign investors are being hold back by the protectionist policies of nationalistic countries (UN 2009).

To conclude, multinational corporations are undoubtedly known to be holding significant role in the world economy. However, it is hard to take a definite stance in this matter. It is quite a tricky question whether their role has positive or negative effect on global economy. Thus, there are a lot of limitations that should be taken into consideration while talking about MNC effects on world economy. First of all, every multinational organization is unique, they cannot be generalized. It is only up to a corporation to decide on the percentage of workers who they will employ and the amount of FDI. In addition, they are the ones who decide whether to participate in any social programs of the host country or not. Moreover, they decide on the quality of technologies and fairness of their business. The positive effects usually contain some negative consequences for the world economy. The most important role, however, is the generation of growth. Moreover, MNC influence economic strength and lay down the grounds for stability. The positive outcomes of the activity of many multinational companies are viewed in terms of positive growth of GDP, narrowing the world gap between the developing countries and developed, promotion of economic integration (The Economist 1997). The vivid example of the country that substantially benefited from globalization is India. Not only the standards has been raised but also the economy started to experience some positive changes. In my opinion, liberal views prevail over the sceptical ones.

The negative impacts are seen in exploitation of local employees, doing harm to the environment, not paying taxes, robbing the natural resources of the host country (The Economist 1997). Therefore, many countries tend to introduce the regulations that aim at creating obstacles for MNC while investing in other countries. Even if there are some positive effects seen in the economy, the government of any developing country should be able to regulate its economy so that this country could benefit from it (Michie 2003).

6. Transnational Corporation in Bangladesh

Bangladesh, country of South Asia, located in the delta of the Padma and Brahmaputra rivers in the northeastern part of the Indian subcontinent. The economy of Bangladesh is a developing market economy. It's the 39th largest in the world in nominal terms, and 30th largest by purchasing power parity; it is classified among the Next Eleven emerging market middle income economies and a frontier market. In the first quarter of 2019, Bangladesh's was the world's seventh fastest growing economy with a rate of 7.3% real GDP annual growth. Dhaka and Chittagong are the principal financial centers of the country, being home to the Dhaka Stock Exchange and the Chittagong Stock Exchange. The financial sector of Bangladesh is the second largest in the Indian subcontinent. Bangladesh is one of the world's fastest growing economy. In the decade since 2004, Bangladesh averaged a GDP growth of 6.5%, that has been largely driven by its exports of ready made garments, remittances and the domestic agricultural sector. The country has pursued export-oriented industrialisation, with its key export sectors include textiles, shipbuilding, fish and seafood, jute and leather goods. It has also developed self-sufficient industries in pharmaceuticals, steel and food processing. Bangladesh's telecommunication industry has witnessed rapid growth over the years, receiving high investment from foreign companies. Bangladesh also has substantial reserves of natural gas and is Asia's seventh largest gas producer. Offshore exploration activities are increasing in its maritime territory in the Bay of Bengal. It also has large deposits of limestone. The government promotes the Digital Bangladesh scheme as part of its efforts to develop the country's growing information technology sector.

Figure 4: A symbol of tiger economy

Bangladesh is strategically important for the economies of Northeast India, Nepal and Bhutan, as Bangladeshi seaports provide maritime access for these landlocked regions and countries. It's the next ten tiger economy country in the world. China also views Bangladesh as a potential gateway for its landlocked southwest, including Tibet, Sichuan and Yunnan.

As of 2019, Bangladesh's GDP per capita income is estimated as per IMF data at US$5,028 (PPP) and US$1,906 (nominal). Bangladesh is a member of the D-8 Organization for Economic Cooperation, the South Asian Association for Regional Cooperation, the International Monetary Fund, the World Bank, the World Trade Organization and the Asian Infrastructure Investment Bank. The economy faces challenges of infrastructure bottlenecks, insufficient power and gas supplies, bureaucratic corruption, political instability, natural calamities and a lack of skilled workers.

Bangladesh Is a developing country of Asia. There are many transnational companies doing business based on peoples' choice and demand in Bangladesh. Some of the most important transnational companies are as follows.

A) Unilever Bangladesh Ltd

Unilever Bangladesh is one of the leading multinational companies in Bangladesh. It is joint venture Company of Bangladesh Government as well as Unilever Bangladesh. One of the visions of this company is to increase positive social impact. They aim to provide sustainable product in every sector of life.

Figure 5: Logo of Unilever company

The journey of Unilever Bangladesh started in 1964 with a soap factory. Now there are several categories of products they produce which include household to skin care, Tea based Beverages, etc. There are almost 2000 brands in Bangladesh Wheel, Lux, Fair, and Lovely etc.

B) Reckitt Benckiser Bangladesh Ltd

RB Bangladesh is one of the leading multinational companies in Bangladesh. RB starts its mission in 1961 during the time of Pakistan. AT that time it was known as Robinson Foods (Pakistan) Limited. After the liberation of Bangladesh, it changed its name. The word Pakistan is replaced by Bangladesh. Robinson Foods (Bangladesh) Ltd merge with their UK based Parent Company. After that, it was named as Reckitt Benckiser Bangladesh. It is one of leading companies which produces and supplies health, Home based products in Bangladesh. Dettol, Harpic Toilet Cleaner, Mortein Coil etc are the top products of this company.

C) Nestle Bangladesh Ltd

Nestle Bangladesh Limited is working on enhancing the life with healthier future. They also target to achieve sustainable development goal of United Nations. As a largest food and beverage company they started. The motto of this company is Good Food, Good Life. This company based in Switzerland. It is one of the top multinational companies in Bangladesh.Maggi noodle and Nescafe coffee are the top products of Nestle Group Bangladesh.

Figure 6: Logo of nestle company

D) GlaxoSmithKline

GSK is the world largest Pharmaceutical Company. As the largest company, they have faced biggest and toughest health care challenges. Thousands of drugs and medicine are produced by this company. In Bangladesh, it is the largest Pharmaceutical. Through their medicine, they have saved the life of millions of people[20].

E) Chevron

Chevron is the USA based Energy Corporation. It is the leading natural gas suppliers of Bangladesh. It collects gases from the three fields of Bangladesh. It supplies throughout the country. Almost two thousands Bangladeshi workers are working in this company. The condensed gas is sold to the national oil company. Bangladesh government and Chevron works on joint ventures.

F) Pran Group

PRAN stands for “Program for Rural Advancement Nationally“. PRAN started its journey in 1981 as a processor of fruits and vegetables to develop the rural economy and aggro-based products in Bangladesh.Now this company have forty offices in different country like Germany, India, USA, Netherlands. PRAN was established in 1981 by retired Major General Amjad Khan Chowdhury and today it is one of the largest food product corporations in Bangladesh exporting to 138 countries.

G) ACI Group

ACI the “Advance Chemical Industries” is one of the leading conglomerates in Bangladesh, founded by Mr. M Anis Ud Dawla in 1968. In East Pakistan, ACI was established as the subsidiary of Imperial Chemical Industries or ICI. ACI is doing business in three sectors – Pharmaceuticals, Consumer Brands, Automobile, and Agribusiness[21]. It has over 8,384 employees around the country running their operation. In 2016, ACI marketed around 5000 products in 10 Countries across 3 Continents.They also have twenty industry in country like Nepal, Maldives etc.

H) Navana Group

NAVANA was founded in 1964 by Mr. Jahurul Islam. But the real journey was started in 1953 with a construction company named Bengal Development Corporation. NAVANA was the largest business group in Bangladesh at that time. It has expanded its business quite rapidly than any other group of companies. NAVANA is now doing business in more than 15 sectors including, renewable energy and security & protection. NAVANA Group is now handled by Mr. Shafiul Islam Kamal the Chairman of NAVANA Group. It has 5,500 employees in 27 different business units.

I) Bashundhara Group

Bashundhara Group has become one of the largest conglomerates industry of Bangladesh over the year. It was founded by Ahmed Akbar Sobhan in 1987. In the beginning, it started its operation as a real estate company venture under the name of East-West Property Development Limited (EWPD). EWPD was a successful project then.

J) Beximco Group

The largest and most diversified industrial conglomerates of Bangladesh is BEXIMCO. It is a Multinational Company founded in 1970 by two brothers – Ahmed Sohali Faisur Rahman and ASF Rahman. Since 1970, BEXIMCO is proudly presenting Bangladesh to the world through modern textile, pharmaceuticals, ceramics, and information technology. It is the first Bangladeshi company to be listed on the London Stock Exchange. Today BEXIMCO exports its products to 103 countries. It has over 60,000 people working for BEXIMCO worldwide. BEXIMCO holds one of the largest vertically integrated textile and Garment Company in South Asia. It is also the largest exporter of pharmaceutical products. BEXIMCO's pharmaceutical products are exported to 45 countries.They also have co-office in fifty country[22].

7. Economy and Effect of Transnational Corporation in Bangladesh Economy

Bangladesh's economic freedom score is 56.4, making its economy the 122nd freest in the 2020 Index. Its overall score has increased by 0.8 point, led by a higher score for property rights. Bangladesh is ranked 29th among 42 countries in the Asia–Pacific region, and its overall score is well below the regional and world averages. Bangladesh has made steady albeit incremental progress toward greater economic freedom during the past five years. Although its economy has remained stuck in the mostly unfree category, its GDP growth during the same period has been robust. A welcoming attitude toward foreign investment and restraint on the growth of government may partially explain the discrepancy. For Bangladesh finally to break into the ranks of the moderately free, the government would have to make a sustained, multiyear effort to improve the three rule-of-law indicators and permit the entry into the country of more international banks and the best practices they would bring with them.

7.1. Background

Bangladesh is a large Muslim-majority democracy that shares borders with India and Burma. The British partition of India in 1947 resulted in the creation of West Pakistan and, in the Muslim-majority areas of Bengal east of India, East Pakistan. Following a brutal conflict for independence from West Pakistan, East Pakistan, aided by India, declared itself the independent state of Bangladesh in 1971. Two political parties have alternated in power for decades. Prime Minister Sheikh Hasina of the Awami League secured her third consecutive term with a landslide victory in December 2018 elections. The opposition Bangladesh Nationalist Party won only seven seats. Despite political instability and poor economic freedom indicators, economic growth has been robust, led by garment exports.

7.2. Rule of Law

Antiquated real property laws and poor record-keeping systems can complicate land and property transactions. The weak judiciary is slow and lacks independence. Contract enforcement and dispute settlement procedures are inefficient. Endemic corruption and criminality, weak rule of law, limited bureaucratic transparency, and political polarization undermine government accountability and seriously impede investment and economic growth. High-profile corruption cases are common.

7.3. Government Size

The top income tax rate is 25 percent, and the top corporate tax rate is 45 percent. Other taxes include a value-added tax. The overall tax burden equals 9.1 percent of total domestic income. Government spending has amounted to 13.7 percent of the country's output (GDP) over the past three years, and budget deficits have averaged 3.6 percent of GDP. Public debt is equivalent to 34.8 percent of GDP.

7.4. Regulatory Efficiency

Incremental progress in streamlining business regulations has been undermined by an uncertain regulatory environment, a shortage of financing tools, and bureaucratic delays. Bangladesh boasts a young and hard-working labor force and has made notable progress in addressing fire and workplace safety. The government subsidizes energy and agricultural products and maintains price controls for some essential pharmaceutical products.

7.5. Open Markets

The total value of exports and imports of goods and services equals 38.2 percent of GDP. The average applied tariff rate is 10.7 percent. Layers of nontariff barriers impede dynamic flows of trade. Government openness to foreign investment is less than average. The financial sector remains underdeveloped and vulnerable to government interference. The level of state ownership and control of banking is considerable.

7.6. Transnational Corporation

In Bangladesh have hundreds of transnational corporation. All of this transnational corporation has a great impact on the economy. Bangladesh was independent in 1971.

After that it started it's economic development. Government of Bangladesh invite the foreign company to make their office and industry in Bangladesh. In Bangladesh, transnational corporations created more than 5 million jobs for local people. There are several transnational corporations in the different sectors especially in garments, pharmacy, shoes, and glasses. Local people doing a job in all of these companies and earning a huge amount of money every year and they are using this amount to lead their daily life in the country. It helps the whole country's economy to rise up. Every year the Bangladesh economy is rising steadily and one of the main reasons is transnational corporations[23].

8. Bangladeshi Transnational Corporation Data Analyze

For this part, I used data and analyze it for better understanding. In the list, there is a total of fifteen companies. Bangladesh has almost two hundred transnational corporations. But I choose the top fifteen companies' data for analysis.

The dashboard gives an overview of the analysis. There are a total of five sheets which describe employees, company profit, company effect on Bangladesh economy, profit, and user.

Figure 7: Dashboard

8.1. Employee

Several transnational companies provide jobs for people. More than 30 million Bangladeshi people doing jobs in a different transnational corporation. Between these fifteen company Nestle company appoint 70,000 people. The second and third positions hold Unilever a Siemens respectively 60,000 and 55,000. In the list, Linde Bangladesh Limited holds the last position with 2000 employees.

Name of TNC	
Arirang Aviation Ltd	51,000
British American To..	20,000
Chevron	12,000
Citi Bank (Bank)	3,000
Epic Garments Mfg. ..	6,058
Ericsson (Telecom)	31,500
Grameenphone Ltd	45,000
HSBC (Bank)	5,000
Linde Bangladesh Li..	2,000
MCC Transport Bang..	8,500
Nestle	70,000
Siemens (Electronics)	55,000
Standard Chartered ..	41,000
UHM Ltd	44,789
Unilever	60,000

Figure 8: Employee

8.2. Effect on Bangladesh Economy

Every transnational company has a great effect on the economy. Transnational corporations hire people and give them a job. By this process ultimately economy makes progress. In Bangladesh, there are several transnational corporations, and all of these companies have a great impact on the Bangladesh economy. With 0.46% Unilever hold the first position here and the second position holds Nestle company and it's almost 0.40%. City banks only contribute 0.07%.

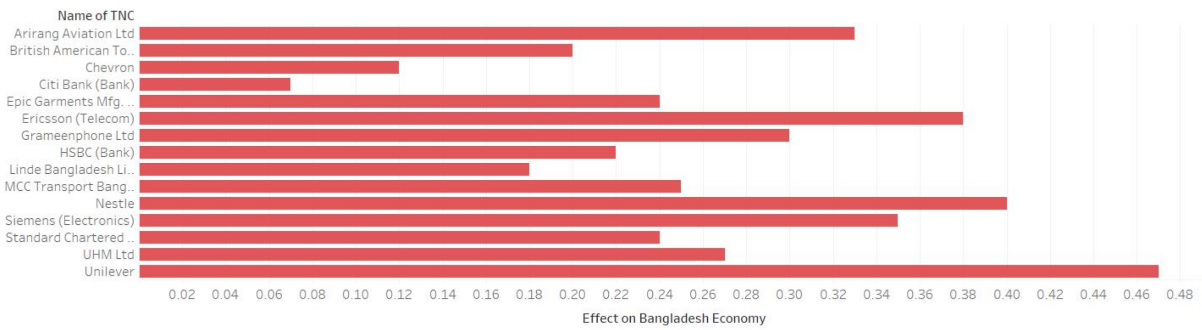

Figure 9: Company contribution on economy

8.3 Company Profit

Transnational corporations earn a huge amount of money every year. In the figure, it is clear that Ericsson earns 45.60 million dollars every year where other companies like Unilever earn 36.89 and Linde Bangladesh Limited earn 33.60 million dollars every year form Bangladesh.

Figure 10: Companies profit in every year

8.4. Profit and User

The transnational corporation earns depends on their product usage. The bar chart below shows a combination of profit and user.

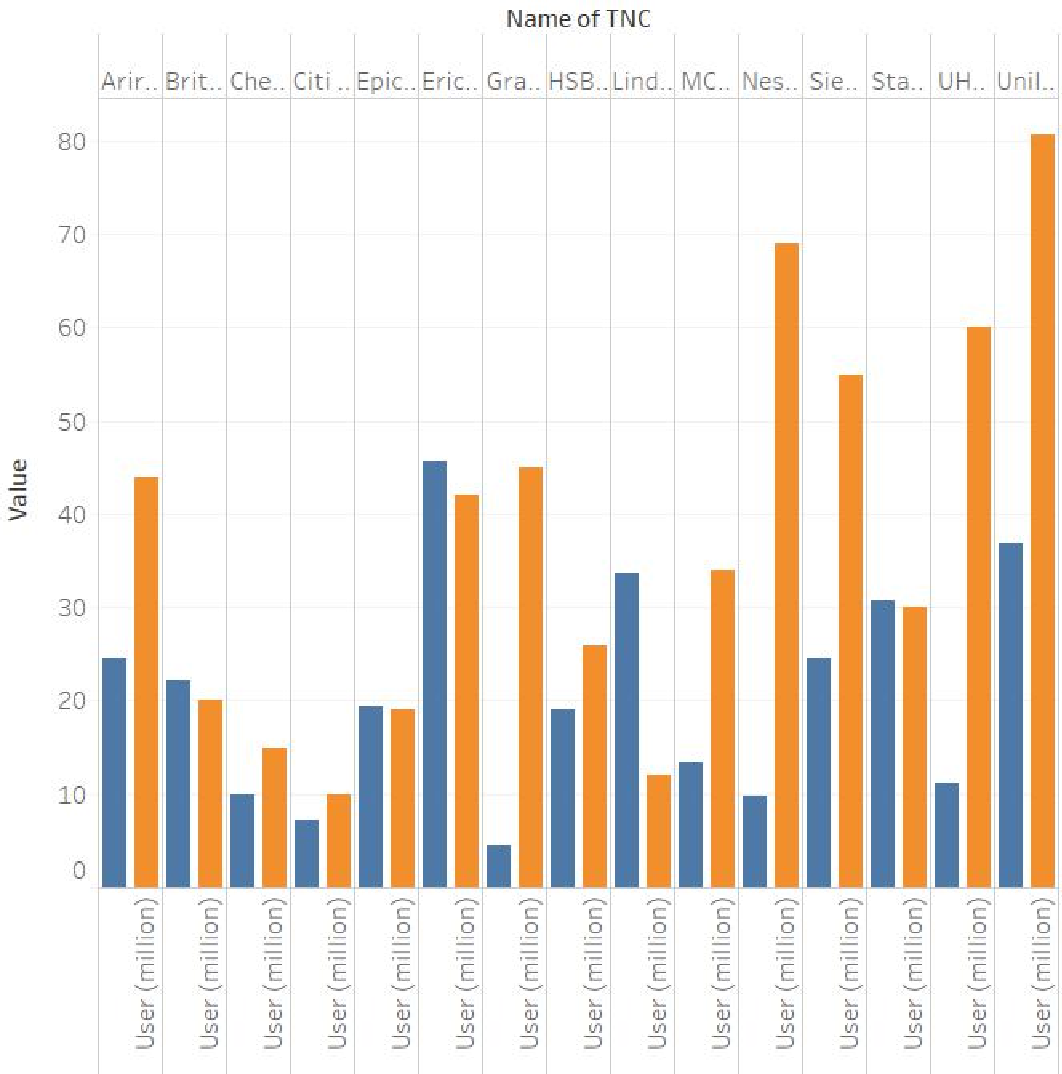

Figure 11: Company profit and user data

9. Bangladesh Future Economy and Transnational Corporation

Ongoing trade disputes between the United States and China have stymied global markets and shaken the established order. Projected economic growth in South Asia has fallen 1.1 percentage points in just the last six months. Bangladesh, on the other hand, has adapted to the rapidly changing landscape and managed to maintain its impressive record of economic growth.

The Asian Development Bank says Bangladesh has the fastest-growing economy in the Asia-Pacific region. Lately, it's been closing in on double-digit annual growth in its Gross Domestic Product. The reason: Bangladesh has made enormous strides by finding new markets for its exports and attracting large numbers of foreign investors. It's also been investing in a variety of modernization projects[24].

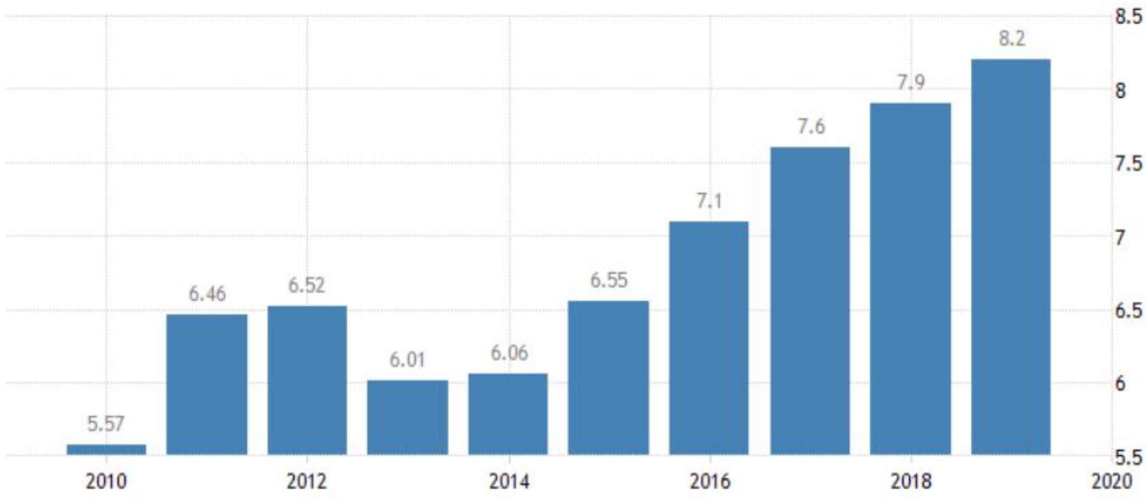

Figure 12: GDP growth in Bangladesh

At a time when many countries are looking inwards and closing their doors, Bangladesh is open for business. Bangladesh can open its doors because of its burgeoning economy. Since 2009, Bangladesh's economy has grown 188 percent. This year, Bangladesh is on track to post record high annual GDP growth of 8.1 percent, up from 7.9 percent in 2018. By comparison, other South Asian countries, including India, Pakistan, and Sri Lanka, suffered significant dips in GDP growth in recent years. Yet Bangladesh has continued to thrive. HSBC Bank recently predicted that Bangladesh would be the 26th-largest economy in the world by 2030. Exports have also increased and diversified. Bangladesh's exports grew by 4.5 percent in 2018 and is on track to increase by 10.1 percent this year. In addition, Bangladesh is now the fourth largest rice producer, the second largest jute producer, the fourth largest mango producer, the fifth largest vegetable producer, and fourth largest inland fish producer in the world. On top of that – and surprisingly — Bangladesh also exported 12 industrial robots to South Korea and four ships to India. Ingenuity, adaptation, and modernization have allowed Bangladesh to compete in the global marketplace.

The garment industry remains Bangladesh's economic backbone, and it too is booming. Thanks to rising demand for Bangladeshi garments in the United States and newer markets in Australia, Canada, India, and China, Bangladeshi garment exports rose 2.7 percent in 2018 and this year will increase 11.5 percent from the year before. Hans Timer, World Bank Chief Economist for the South Asia Region, said, "In general, what we see in high frequency data is that Bangladesh is doing better than the rest of the region, especially than India, Sri Lanka and Pakistan. We see that in industrial production; we see that in exports." Bangladesh is also harnessing the power and productivity of its youthful workforce. Bangladesh's educational system produces more than 500,000 university graduates every year, and more than 65,000 of the graduates receive training in Information Technology Enabled Services. These graduates are not, however, entering the same job market their parents did. Bangladesh was long a largely rural and agricultural country. Today, young professionals are increasingly urban and digitally savvy[25]. To facilitate this transition, Bangladesh has developed more than 8,000 digital centers across the country to help provide various digital services to its citizens. It has also expanded internet and mobile coverage. More than 110 million Bangladeshis, or two-thirds of the population, have access to the internet. International investors have taken notice. Since 2018, net foreign direct investment has increased by 42.9 percent. Most of that has gone to the production of electricity, food, and textiles. Top investors come from China, the United Kingdom, the Netherlands, and South Korea. Recently, Saudi Arabia's energy behemoth, ACWA power, agreed to set up an gas-powered, 3,600 megawatt plant in Bangladesh – compelling evidence of Bangladesh's growing allure. ACWA will invest a total of $3 billion in Bangladesh's energy development sector[26].

Bangladesh has built an economy that's not only been surviving, but is thriving in a volatile world. Thanks to its young workforce and rapid modernization it has climbed to the top of South Asia's already fast-growing economies[27-28]. Bangladesh government is offering an attractive package of incentives to foreign investors in its economic zones or special economic zones. Investors are welcome to take the advantage. Bangladesh Economic Zones Authority (BEZA) aims to establish economic zones or special economic zones in all potential areas in Bangladesh including backward and underdeveloped regions with a view to encouraging rapid economic development through increase and diversification of industry, employment, production and export.

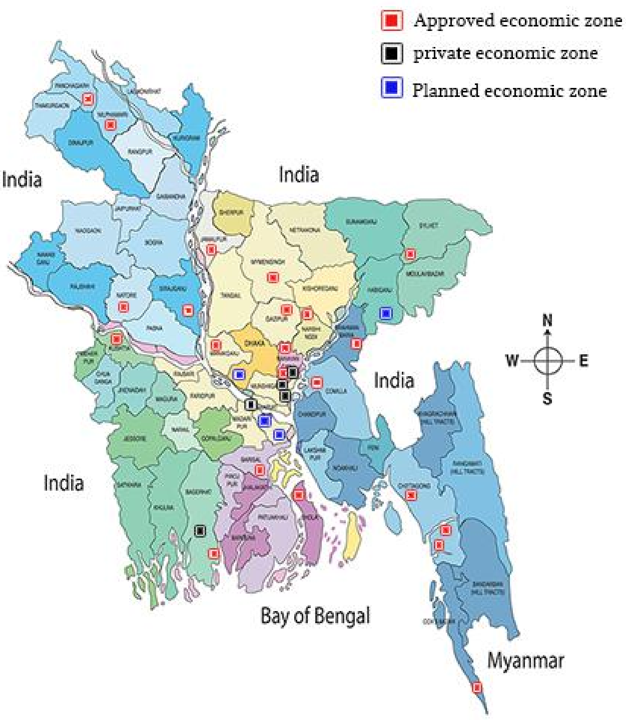

Figure 13: Economic zone for transnational corporation

BEZA's mission is to persistently create value for the investors by establishing attractive investment facilities in the economic zones through One-Stop service and competitive incentive packages. BEZA is mandated to establish, license, operate, manage and control economic zones in Bangladesh. Bangladesh government hope these special economic zones (SEZs) attracting high levels of foreign investment from high performing Asian economies like China and Japan. Bangladesh's government also approved to make a hundred special economic zone for the transnational corporation. This statement will help to build a more transnational corporation in Bangladesh[29].

Conclusion

Transnational corporations play a very important role in a country. It helps to boost that country's economy. Many countries nowadays focusing to build more local transnational companies and invite foreign transnational corporations to do business. Bangladesh is a little country with its huge population. The country has been making progress and the country is so successful in many areas that it is a "role model for South Asia." These are not the words of Bangladeshi Prime Minister Sheikh Hasina, but the British business magazine *Economist*. Every year several foreign transnational corporations are building an office in Bangladesh mainly from South Korea, China, England, USA, Netherlands, etc. Hundreds of economic zone will boost up the country's economy. Already several transnational companies start working in those economic zones and others are trying to start their production. In 2041 hopefully, Bangladesh will be a developed country and transnational corporations will play a vital role in this.

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