

The Social Psychology and Characteristics of Technology Based Multinational Corporations

Multinational corporations (MNCs) facilitate business across multiple countries with a home office that coordinates global management. The history of MNCs have a rich link with colonialism. With the expansion of Western empires beginning in the 15th century, corporations such as the 'The East India Company' were set up to build factories and facilitate trade between countries. *Nowell, Charles E., Magdoff, Harry and Webster, Richard A... "Western colonialism". Encyclopaedia Britannica, 9 Dec. 2020.* However, this set a precedent for exploitation of resources, damaging economic growth in the countries that these colonial corporations were doing business in. Although, today colonial and imperialist notions of empire expansions have gone, private businesses especially those in the technology sector still exploit countries in the pursuit of globalisation. This exploitation is mainly characterised by environmental degradation or having a monopoly on jobs in the region. In this essay I will explore the psychology behind multinational cooperation's and what motivates them towards economic globalisation.

Modern economic globalisation has been driven by multinational corporation's recent improvements in telecommunications, allowing faster transfer of data between countries and businesses, which simply wasn't possible at the same scale 20-40 years ago. For example, figure 1 shows the world exports over the period of 1800-2014. The steep slope of the graph after the 1960's can be correlated to the advancements in Internet technologies, helping clients communicate with their suppliers. This advancement in communication has enabled companies such as, Apple in America to do most of their manufacturing in Taiwan. However, the main reason for this isn't simply improvements in communication, but the fact that developing countries have cheaper labour. Apple pays an average Taiwan factory worker an hourly rate of US\$8.65, *Salary Expert, 2021*. Comparing this to the average American factory worker who earns, US\$16 an hour, *Economic Research Institute, 2021*, the stark difference is clear. Demonstrating how Apple factors in exploitative economic benefits before starting foreign direct investment in certain countries.

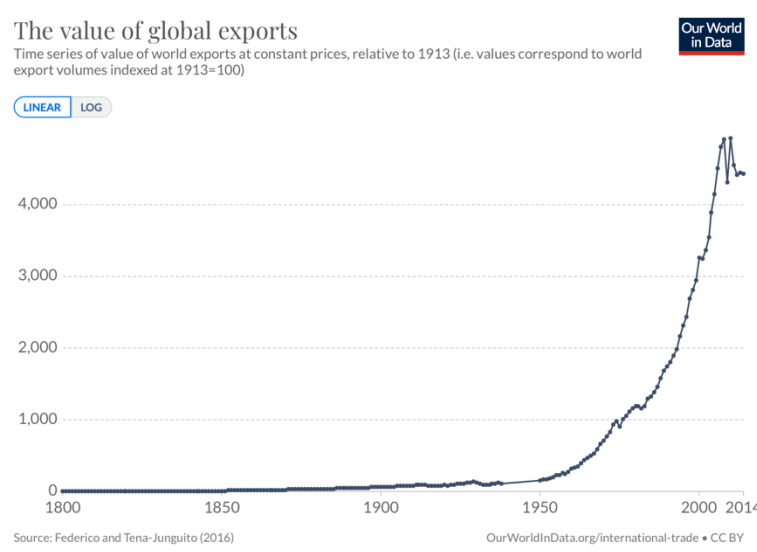


Figure 1 - showing the increase in global exports from 1800 to 2014 – Our World in Data, 2014

The power of Multinational Corporations in their influence over developing countries can be viewed as exploitative. A company like Apple has a budget that is higher than that of most countries, as of March 2021 Apple is valued at US\$2.08 trillion, which to put into perspective is 2.89% of the global GDP and only seven countries have a GDP that's higher, *World Bank 2021*. The size of this wealth means that Apple has a powerful influence over local economies. A case study that exemplifies this is the semi-conductor chip maker TSMC in Taiwan. TSMC is the world's most valuable semi-conductor company, worth US\$14 billion, *Statista Semi-Conductor Sales 2019-2020*. Its business model is based on contract manufacturing for companies like, Apple Inc, Microsoft, AMD, Sony, Qualcomm and even Intel. This makes TSMC act like a stakeholder in the entire economy of the country and a quick decision for these companies to suddenly outsource to somewhere else, could jeopardise entire country resulting in a mass wave of unemployment. These companies are also changing the culture of Taiwan, in a bid to keep up with chip demand, 'Nikkei Asian Review', revealed that the chipmaker would pay double the hourly rate to motivate its workers to work during Taiwan's Lunar New Year, 'Taiwan's economy feels heat as TSMC feeds global chip boom', *Cheng Ting-Fang, February 2021*. This obvious incentivisation, can be argued to be having a negative effect on the social psychological fabric of Taiwan. With a country that's heavily reliant on technology output, with job opportunities mainly in the service industry and technology, an increasing number of young Taiwanese are tempted to start or continue their development in China, a place that is more attractive in terms of both salary and diversity in job opportunities, *Cabestan, Jean-Pierre. "Changing Identities in Taiwan under Ma Ying-Jeou." Taiwan and China: Fitful Embrace, edited by Lowell Dittmer, 1st ed., University of California Press, Oakland, California, 2017.*

Another factor of exploitation, moving away from job concentration, is the environmental impact of MNCs. The sustainability of MNCs in how they affect their local environment, is discussed in the book, 'Making the Financial System Sustainable'. Christian Thimann states in the 'Foreword', "The globalisation that we have witnessed in the last three decades has incurred a shift of production towards geographical areas with weaker environmental and social standards; it has also pushed to the extreme the focus on maximising the profits from consumption through low production costs with disregard to all areas of sustainability." Thimann's argument is that by "focus on maximising" profits MNCs have become oblivious to the environmental and social damage that they can inflict on the environments in which they are based. Part of this I believe, is due to human nature and can be explained using social psychology. The reward systems in our brain haven't caught up with the world we live in now, it still runs on the primal assumption that we must withdraw from what is new and double down on what we know, as this is the safest and most likely chance for survival. Our brains biologically don't know about climate change and the move towards sustainability, as this a learned response and not an instinctive habit coded into our DNA. This failure to adapt and change is reflected in the behaviour of MNCs. These large corporations don't work well at supporting the community around them, instead isolating themselves off and working against the environment rather than in congruence. Examples of this can be seen in Africa, where China is exploiting African countries mineral resources without contributing towards socioeconomic development. A paper, 'At Africa's expense? Disaggregating the employment effects of Chinese mining operations in sub-Saharan Africa' by *Tim Wegenast, Mario Krauser, Georg Striver and Juliane Giesen*, explores Chinese mining presence in Zambia reports that, "Chinese-run projects in developing countries are often viewed as "enclaves" with poor integration in the host regions' economies, which in turn limits the communal welfare effects." This failure of 'integration' backs up the argument that MNCs find it hard at a social psychological level to incorporate effectively into different cultures and are more naturally predisposed to exploit the environment and form a monopoly around jobs.

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