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Division on Transnational Corporations and Investment

# **World Investment Report 1994**

## **Transnational Corporations, Employment and the Workplace**



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## NOTE

The UNCTAD Division on Transnational Corporations and Investment serves as the focal point within the United Nations Secretariat for all matters related to transnational corporations. In the past, the programme on transnational corporations was carried out by the United Nations Centre on Transnational Corporations (1975-1992) and the Transnational Corporations and Management Division of the United Nations Department of Economic and Social Development (1992-1993). In 1993, the Programme was transferred to the United Nations Conference on Trade and Development. The objectives of the work programme include to further the understanding of the nature of transnational corporations and of their economic, legal, political and social effects on home and host countries and in international relations, particularly between developed and developing countries; to secure effective international arrangements aimed at enhancing the contribution of transnational corporations to national development and world economic growth; and to strengthen the negotiating capacity of host countries, in particular developing countries, in their dealings with transnational corporations.

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## PREFACE

Greater openness in the world economy has intensified international competition and expanded the potential role of foreign direct investment. Transnational corporations have responded to these changes by adopting new structures and strategies to locate and govern their activities at the regional and global levels. For substantial sectors of the world economy, an integrated international production system is emerging. The *World Investment Report 1993* described these trends in some detail. But the impact of these developments is not confined to changes in corporate governance or in the nature of international economic integration. It extends to the quantity and quality of employment, human resource development and, more generally, to the organization of work. These concerns are the focus of the *World Investment Report 1994*.

Transnational corporations directly account for nearly one-tenth of the world's paid employment in non-agricultural activities, although the share of their employment in the world's total labour force is considerably less. Because the evolution towards a more integrated world economy has coincided with slower economic growth and the steady rise of unemployment in developed countries, the short-term impact of cross-border corporate restructuring and relocation has come under even closer scrutiny in recent years. But longer-term and indirect effects on employment flowing from the activities of transnational corporations are also important. In particular, as created assets help, more and more, to shape international competitiveness, the skills profile, training schemes and industrial relations practices of transnational corporations assume greater relevance for all countries.

The new international setting is characterized by widespread liberalization, including in the area of foreign direct investment. This also involves a redefinition of the relationships of the principal actors in the market -- firms, trade unions -- with each other and with governments. As liberalization proceeds, it will be essential that greater freedom is accompanied by greater responsibility, for both transnational corporations and trade unions. There is also a growing need for cooperation among all three actors to ensure that a more open environment is also one in which the benefits from greater efficiency and growth are made available to all members of society. The analysis and evidence presented in the *World Investment Report 1994* seek to improve the understanding of these new roles and responsibilities.



Carlos Fortin  
Officer-in-Charge

Geneva, July 1994

United Nations Conference on Trade and Development

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The *World Investment Report 1994* was prepared by a team led by Karl P. Sauvant and comprising Victoria Aranda, Persephone Economou, Masataka Fujita, John Gara, Richard Kozul-Wright, Padma Mallampally, Fiorina Mugione, Lene Østergaard, Aurelio Parisotto, Paz Estrella Tolentino, Jörg Weber and Zbigniew Zimny. Specific inputs were also received from Abebe Abate, Alvaro Calderon, Duncan Campbell, Edward Dommen, Donald Lee, Michael Mortimore and James X. Zhan. Principal research assistance was provided by Mohamed Chiraz Baly. Research assistance was also provided by Richard Bolwijn, Nitinart Chartsiriwatana, Djidiack Faye, Belen Garbayo, Christopher Jaeckel, Jan Willem Plantagie, Patrick Roqas, Letizia Salvini, Martin Tiddens, Stefan Weiss and William Wiseman. Production of the *World Investment Report 1994* was carried out by Medy Almario, Teresita Sabico and Christiane Vertallier. It was copy-edited by Frederick Glover and desktop-published by Martin Best. The work was carried out under the direction of Roger Lawrence.

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