

THE PLACE OF INTERNATIONAL COMPANIES IN CREATING RULES AND ORIENTING INSTITUTIONAL CHANGE

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Abstract: The international companies practices of constructing institutions that provide control over economic activities in the marketplace and take a dominant market position are regarded as well as the institutional changes that are caused by economic activities of international companies in certain countries, i. e. rules and shared senses of market interaction that frame competition, cooperation relations and organizational forms of business. A special attention is paid to the theoretical explanation of the phenomenon.

In the period from the 1970s global economy, led by the United States, began to move towards global integration of capital markets, production and labor. Republic of Moldova passed this way many years later - at the beginning of the XXI century. This was mainly due to two factors: external - the emergence of global actors, and foreign multinational companies (TNCs) in the Moldavian market and internal – the desire as a country to establish itself on the world arena. Since that time, the Moldovan economy, suffered some institutional changes, especially in its management structure, the rules and shared meanings that define relations of competition [3] and co-operation, as well as in the forms of business organization.

Consequently, the question arises: whether such changes could be caused by the economic activity of TNCs, which are implementing business solutions in accordance with the rules they have established and can even solve problems of the institutional environment, complicating management of their business, by reformulating the existing rules of market interaction.

In the XXI century, the actors are competing globally not for capture the geographic territory or market, but for the degree of control over the financial and information flows that are inherently international. It is about controlling the relationship of supply and demand, and competition. Therefore the question of the presence of TNCs in the markets of the leading countries is strategic, a matter of social prestige, and above all, for multinational itself, and not for the hosting country. So, like the threat of transferring production to regions with more developed business environment or termination of the investment policy, and scandals around the theme of corruption and non-free media should be viewed as a tactic to achieve a different goal, the goal is - creation of favorable regulations for TNCs and the shared meanings of the market interaction (ie, market-based institutions). Consequently, the reasons for them to come on the market are immanent in nature. This phenomenon represents an objective process of transnationalization of business in the global economy. The penetration of the economies of other countries is a priority direction of state policies in developed countries that claim to international influence. Therefore, it is likely that TNCs with their developed business network and the ability to redistribution of the economic geography of the world will participate in the struggle for political and economic influence in the world.

Being an actor of modern capitalism, TNCs represent a new organizational form of the accumulation of capital and production location. It is characterized by a number of relatively independent businesses that interact with each other and with the parent company in the decision-making and management autonomy in financial and industrial issues. More than two decades, transnational network structure is allowed to link globally distributed resources in an interdependent system of large-scale operations [14]

Multinational companies - are unrooted actors, their economic activity does not

depend on the actions of national governments, and capital works in the interests of transnational elites. Although in reality the relationship between TNCs and national government is much stronger.

A distinctive feature of multinational companies is that they work around the world, but concentrated in the country of origin [10, 13] and linked to it. In other words, TNCs can move their own, for example, manufacturing and research centers, the principle of efficiency, but always keep the head office in the mother country. Today's TNCs – are an answer to the challenges of our time, in fact, are independent companies operating on the basis of economic interest, but latent in the hands of the state. They all have the same goal - to become a global player Nr. 1 in the chosen market by the presence in key overseas markets and control their resource flows. The most successful ones were formed with government support in the past were the national companies of strategic sectors of the economy (for example, oil and gas, automotive, computer and telecommunications).

Multinational companies are creating branched networks, where they play a central role, the role of the accumulation of all network resources. The elements of this network are companies that provide marketing, production, development and innovation, finance, insurance and audit also establishes links with TNCs organizations in the field of environmental protection, labor organizations, universities and the media. The relationship between the network members are regulated by rules and shared meanings (institutions) [1], engineered by TNCs.

Continuing the logic of the thesis of "the new organization - it's the actors who change institutions" [9, p. 272], can speculate that the multinational companies as a new organizational form generates the appropriate institutions necessary for its operation. As a rule, old organizational forms are not able to perform this goal. This is due to the fact that existing organizations have shown inertia in any kind of organizational change which, in turn, can cause institutional change. They use any means to defend their interests, resist to any institutional changes.

The new institutional economics refers to institutions under the rules for the construction of social interaction (laws and collective meanings), which are supported by force of custom, obvious or latent agreement [6, p. 32]. The process of institution-building process is seen as a transaction (agreement, arrangement) between actors with fixed interests.

The formation of institutions comes at moments of confrontation between groups of actors. By their nature, these problematic social situations are political in nature. The struggles for scarce resources are among the subjects having different sizes of power. Otherwise, these moments can be called a crisis when the existing communication structure does not comply with conflict resolution. Stabilization is achieved by constructing social institutions.

The use of social skill is most useful in the formation of political coalitions, aims to create social institutions - for the role of institutional entrepreneur, as well in case of need keeping in the same field of disparate social groups. It includes the following strategic procedures:

- Formulation of the problem;
- Mediation
- The use of properties and resources of the system;
- Preservation of the ambiguity of the situation.

Social skill - this is what is based on social actions performed in the field. The actors who have the social skills build their behavior in the economic field and position on it according to the current level of its organization and the movement of other groups.

Accordingly, participants in the economic field can be divided into two groups - those in power and those claiming power. The powers agents are interested in the development of stable patterns of interaction. The fields work proceeds so as to facilitate the reproduction of the position of dominant players. But players taking non-dominant position and focused on changes that will also benefit from the existing stable situation. It provides them with survival at a lower level of resources.

A special role in this process is played by the national government. The state determines who can be considered as an actor and how much actions should be performed. There are two types of policies produced by state: legal policy and social movements.

The first - involves the use of the existing political system dominating the subjects to maintain their dominance.

Second - the problem affects the formation of new fields, and interference in the social life of the subjects.

The stage of fields formation occurs as a result of the discovery of his actors additional resources or capabilities. Namely these subjects will act as institutional entrepreneurs, highlighting new cultural structures that entail the formation of new institutions. According to game theory, they form a political coalition based upon specific collective interests of other parties in order to produce meanings and rules of market interaction.

There are the following possible scenarios for the construction of economic institutions:

First, it is taking the economic field of the rules of the dominant groups.

Secondly, the procedure can be determined by an external force (government), which assigns a privileged position to itself and power pleasing groups.

Third, the most active groups can organize political coalitions in order to develop rules that meet the interests of the participants.

Fourth, in the case of volatility of the situation and the large number of heterogeneous players possibly adoption by the new identity of the economic field.

Economic institutions determine the boundaries of the possible behaviors and provide effective tools for communicating entities. They also encourage participants to make sense of their interests, to interpret the actions of others and determine the strategy of his behavior. The institutionalization of interaction is a process in which the rules are transformed from abstract in constituent elements. Further, this process may be considered in dynamics: starting from the moment of stabilization until the transformation of the situation on the field because of the crisis [7, c. 19-20].

Market institutions are the result of historical struggle, where political winners create stable market rules in order to maintain their advantage. This means that the rules themselves are subject to competition. Following the idea of Polanyi on the decisive role of the state in economic processes, we assume that no market system can exist without government action. Thus, the markets appear as social constructions that reflect the unique interaction between corporate and government [8, Art. 4]. Socio-political result of actions of these political coalitions is to build, global economy.

Among the multinationals who managed to become dominant players in the market and create a favorites extensive network of economic actors who took their institutional practices governing these relations, controlling the situation on the market, may be considered Gazprom, Toyota, Nokia, Microsoft and others.

Thus, there are widespread business practices to create joint ventures, particularly in the field of infrastructure construction, technological development and innovation. Competitors are forced to band together to reduce financial and technical risks for monitoring the emergence of innovative technologies. As examples may serve

the Gazprom's project of liquefied natural gas in the Shtokman gas condensate field located in the Barents Sea. Its goal - selling long-term contracts for liquefied natural gas markets in the Atlantic basin. Lack of infrastructure, technology base, costly investment and market entry, already structured by global companies, with a relatively new product for Gazprom - all this has prompted Russian TNCs to seek business partners. Leading U.S. companies, Chevron and Conoco Phillips, Norway's Statoil and Hydro, as well as the French company Total have competed for the right to participate in the Shtokman project. For assistance in the promotion of Gazprom into a new market and to ensure that he has taken a leading position in the market (10-20%), other participants have the opportunity to increase its own gas reserves, correspondingly helping to the growth of capitalization of these companies. In February 2008 was signed an agreement between Gazprom, Total, Statoil and Hydro to create a special-purpose company Shtokman Development AG, which is responsible for financial and technical risks associated with production of gas and condensate, as well as the production of liquefied natural gas.

Another example is the creation by TNK of a social institution to control competition and to retain its market position - the creation of the network architecture of mobile communications companies and Internet companies. Such business practices are used by the leading TNCs in the industry - Nokia, Microsoft, Google. To maintain a dominant market position, despite the possible decline in market share, they create an ecosystem around them by produced by them of an open technology platform. An important condition for the success of the platform is the company's ability to fix it as standard and in the future to license its products by third-party partners. Ecosystem technology platform are manufacturers of PC, peripherals and components, application developers and Web services, distributors, service providers and corporations. A variant of the successful open source platform and a strong ecosystem is a DOS/ Windows (Microsoft), in particular the operating system Windows XP, which is supported by third-party companies, and most importantly, large corporations and government agencies, including Moldavian, using an operating system as standard document management, continues to maintain its market position even with the advent of later versions (Windows Vista) [15] of mother company and direct competitors (Google Chrome).

Also interesting example is the ecosystem NokiaSiemens, IT solutions platform for smart phones and mobile Internet. It consists of leading market players in Finland: Apple, RIM Google, T-mobile, myspace.com, Ovi, Telia Sonera, as well as dozens of providers, designers, 4th generation mobile operators 4G- LTE standard and companies engaged in electronic payments.

Thus, the ecosystem company NokiaSiemens - Telia Sonera has launched a 4G mobile communication standards in the format of the LTE network in December 2009 in Stockholm, Oslo and Chisinau. It should be noted that the world premiere of this format is not held in Stockholm or Oslo, but in Chisinau, December 14, 2009. A Swedish- Finland company TeliaSonera became the first company to launch a commercial service network of 4th generation (4G) / LTE for its clients. TeliaSonera is represented in the Republic of Moldova by the mobile operator MOLDCCELL.

Continuing the line of development and implementation of standards in the industry, has sense to note the organizational innovation of Tota Motors Company, which became the world's manufacturing practice. It is a concept of lean production, created by Japanese engineer T. Ohno in 950-s with aim of effective manufacturing of a wide range of products at low unit costs. It involves the reduction of various types of losses (eg, transportation, storage, waiting for release of defective products), which does not create product value, increasing its price. The system of lean production was quickly copied by domestic companies in the automotive and electronics, which was reflected in an immediate rise of Japanese industry after World War II. She was later taken up by

companies in North America and Western Europe [12, P. 169], not only auto-(Ford-Motors Company) and the aircraft giants industry (Boeing), but also companies from other sectors (trade, health, human services, etc.).

Through the introduction of an institutional practice, as a production system of lean production, which caused reduction of costs on output, and hence lower prices, Toyota was able to compete successfully in developed foreign markets automotive industry (in particular, the U.S. and Germany).

Gazprom holds a different pricing strategy. Thus, in recent years there has been a shift from discount gas prices (both for Belarus and Ukraine) and lower rates for gas in exchange for the transfer of ownership of gas transmission and distribution facilities (Georgia, Armenia) to the pricing system adopted by the European countries. It concludes by binding of gas prices to oil prices, taking into account the correction factors for each country. The most advantageous is the pricing strategy of Gazprom, according to a set of individual prices for each country through exchange trading. In other words, the company will set different prices for the same product for different countries. In this case, the profit of the company, derived from the acts of selling in the market is at a maximum [5]. An important condition for the implementation of this strategy is direct access to the (institutional) consumers.

In addition, the trend of Gazprom to diversify with its subsequent integration (the company is expanding into the oil, electric power, atomic energy and other companies) can rise the assumption that such a pricing mechanism will apply to all energy sources. A company's strategy to control competition in the market through the establishment of economic ties of cooperation with foreign enterprises in the sector should contribute to this process.

Summarizing the above, it should be noted that multinational companies as organizational forms of accumulation of capital and the location of production tend to be flexible and quick response to changing market environment and build institutional practices that help control the situation on the market (competition and cooperation relations, forms of business organization) and do it according to its own economic interests. In this paper are indicated only some of the institutional practices of leading TNCs - a joint venture ecosystem, cost-effective production system, the individual price. Adoption of these practices and their power in the market requires from TNCs adopting coalitions strategies - the establishment of social interaction with other market participants on a lasting basis and to reach agreement on the adoption and application of rules and meanings of economic cooperation, designed by TNCs.

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