THE IMPORTANCE OF DIFFERENT TYPES OF COMPANIES WITH FOREIGN CAPITAL FOR ECONOMIC DEVELOPMENT

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Abstract
The process of globalization of economic relations international, in particular capital investments, it is accompanied by a multitude of forms of cooperation technology between firms. Globalization means, first of all, communications, computer science, economy based on information and knowledge, innovations, free circulation of capital flows and the expansion of markets. The answer of a firm or of the economy in the global competition requires flexibility, innovation and learning continue, networking (in the network) and the investment in the image of the brand. The response of a state to the demands of the global market, consists in transferring technology and attracting foreign investment by creating a favorable business climate. An attractive business environment for investors requires a consistent system of facilities on which to base a medium to long-term business plan.

We propose that, within this short study, we should carry out a radiography of the main types of foreign-owned companies that contribute to the economic growth process and, implicitly, long-term to the economic development.

Key words: *Globalization, employment, economic development, economic growth, foreign capital*

Jel Classification Codes: F14, F19, F21, F23

1. Introduction

The romanian economy has attracted and could attract it multinational companies, mention and at the same time national sovereignty, through the application of investment policies attractive. The support from the state is important in order to avoid as far as possible, to the gradual destruction of of Romanian companies by competing undertakings and, in particular, from those in the neighboring countries Hungary, the Czech republic, Poland, and Bulgaria. In the current context of economic growth, the main drivers of globalisation are :

- ✓ the ability of a country to save and invest in productive activities. Multinational enterprises have an important contribution to capital formation through savings and investments. They generate savings, and as multinational enterprises are the largest enterprises, their savings are important. At the same time, they are also investors who use both their own (savings) and other economies, from the internal or external economy, which they attract on the financial market (equity and bond issues) or through loans and credits. Multinational enterprises can thus influence the quantity and quality of physical capital formation and domestic investment that contribute to economic growth.
- ✓ the development, acquisition and use of technologies. The contribution of enterprises multinationals to transfer technologies in countries in development and, implicitly, the economic growth in the host countries, depends on the way in which the modalities of technology transfer interact with the technological ability of the local, the structure of the facilities and arrangements institutional.
- ✓ the productivity of human capital. The human factor is related to economic growth through the relationship between human resources and production and the relationship between human well-being and consumption. Improving the quality of human resources through foreign investment, education and training, increases the size of human capital and increases labor productivity and other factors.

If the investments are higher in the development of the human factor, which is an element that contributes to economic development, their result improves the quality of the people of a country.

An important component of multinational enterprises' contribution to human resource development is the creation of new jobs directly through self-employed staff and indirectly by stimulating new job creation opportunities.

- ✓ development of foreign trade. International trade contribute to the integration of the countries in course of development in the world economy. Financing an investment also involves automated imports of machinery, equipment and equipment. With foreign trade, multinationals offer or stimulate the supply of services absolutely necessary for international trade (banking, insurance, transport, data and telecommunications) that contribute to economic growth in host countries.

The expansion of transnational corporations is motivated by what they perceive to be in the interest of the members of the organization it represents. Members of the organization are[5]:

- ➢ employees of the transnational corporation;
- ➢ managers of the transnational corporation;
- ➢ Transnational corporations' actions;
- ➢ the state, in that it receives taxes as a result of the profits made by the transnational corporation.

2. Aspects found in the literature on the motivations and objectives pursued by different types of companies with foreign capital

The literature highlights the fact that any residual income earned by a firm over the opportunity cost of the resources put at its disposal by the members of the organization will be found in the form of profits to the owners of the firm, and the fundamental force of the enterprise capitalist modern is the date of the maximization of these profits compared with the capital invested **[4]**.

The main objective of the corporations, of all companies, regardless of the capital owned, is efficiency. The motivation of the foreign investments in search of efficiency consist in the rationalization of the structure of the investments intended for the search of resources or markets, so the firm is investing to be able to get the advantages of owning some of the activities geographically dispersed. These advantages usually materialize in the form of economies of scale and range and risk diversification. Foreign investments seeking resources fall into two major types:

1. Foreign investments to obtain some benefits from the availability and cost of the factories. This type explains much of the division of labor within transnational corporations that produce both in developed countries and developing countries, following the following structure:

- intensive activities in capital, technology and information are concentrated in developed countries;

- Intensive workforce and natural resources are concentrated in developing countries.

2. Foreign investments to obtain advantages from economies of scale and range, as well as from differences between consumer preferences and market-sharing capabilities. In this case, traditional endowments with factors play a less important role in influencing foreign investments, while at the forefront are the "created" skills and capacities, the availability and quality of local support industries, the characteristics of competition on the host market, nature demand and, last but not least, government policy at macro and microeconomic level.

Depending on the motivation behind the expansion of transnational corporations, foreign investment can be grouped into four broad categories:

1. Foreign investments in search of resources
2. foreign investments in search of markets
3. Foreign investments seeking strategic assets
4. other types of foreign investment (which are based on other reasons than the previous ones).

Concerning the first category of investments, foreign investments in search of resources. Transnational corporations engaged in this type of investment are investing abroad to obtain certain resources at a lower real cost than their country of origin or to access resources that are not available in their home country.

The motivation of investing consists in increasing profitability on the markets serviced by transnational or on which they intend to serve in the future. In most of the cases, the result of the activity of branches is intended for export to the developed countries. Can be identified three types of transnational digger resources: the following natural resources, seekers of labor and seekers of the capacities of the technological, managerial, organizational and experience.

In connection with foreign investments in search of markets, these are represented by firms that invest in a particular country or region to provide goods and services to the respective or neighboring markets. In most cases, these markets had been served by previous investments by the investing firm, which, either by imposing barriers to trade or by reconsidering the size of the market that justifies global production, are no longer the most appropriate way market access.

Foreign investment search markets can be undertaken in order to sustain or protect the markets of existing or for the purpose of exploring and promoting new markets.

Foreign investments looking for strategic assets. This category includes those transnational corporations that engage in foreign investment typically by acquiring the assets of foreign firms with the clear purpose of promoting long-term strategic objectives, especially those to support and promote their global competitiveness. Companies making such investments are either transnational corporations that apply a regional or global integration strategy, or foreign "debutants" who are trying to buy a competitive advantage on an unfamiliar market.

Other types of foreign investment. There are other motivations that underpin the work of transnational corporations that can not be included in the four previous categories. They can be divided into three groups as follows:

- escape investment. Certain foreign investments are being made to avoid restrictive legislation or macroeconomic policies applied in countries of origin. This category may include investments as below:

- making foreign investments by Indian firms in order to overcome government restrictions on the share of domestic production they could achieve;
- investments made by firms to the Swedish, american and nigerian due to the fact that the opportunities of investment in certain sectors are limited by the governments of countries of origin;
- investments of banks of the japanese in Europe, which can engage such in offering a wider range of services to customers compared to the country of origin - in the main, activities of investment banks.

- support investments. The purpose of these investments is to support and support the activities of the rest of the investment firms. Thus, this kind of subsidiaries involve costs from the firm, and benefits are generated in other parts of the firm.
- passive investments. An investment abroad is considered direct if the issuer of the investment holds a sufficient share of the receiving company's capital to assure control or influence over it.

3. The importance of international industrial cooperation

International industrial cooperation ensure through her various forms – the specialization in production, co-production, delivery of equipment and installations on the credit refundable in products, joint ventures of production – technology transfers in terms of increased efficiency, guaranteeing the quality of the products and/or services made by the beneficiary of technology transfer, expanding cooperation technological plan development of the technical-scientific it, the integration of the technological system in the case in the technological system of national partner recipient of the technology transferred **[7]**.

In order to cope with competitive pressure and world market forces, it is clear that only quality and competitive products can enter EU markets, and therefore the economy of transition and developing countries must be able to produce them. For this, however, it is necessary to acquire new, modern, modern and performing technologies.

Measures local are insufficient for attracting foreign investments, due to the fact that may appears the trends of chaotic development accompanied by side effects adverse. That's why, it is necessary the cooperation continue and systematic of all the network stakeholders at regional, European and global.

Through international, bi and multilateral treaties, the systematic development of the business environment can be regulated at European and world level. EU integration conditions ensure the free movement of business people and the workforce. It is also possible to transfer top technologies from the developed countries to our country.

In order to ensure the development of the business environment, it is necessary to diversify the banking organizations in the host country, to create popular banks, credit cooperatives, and foreign trade banks. The development of this system allows the growth of consumption and, in conclusion, the use of the abundance of products made by foreign investments.

4. Types of foreign-owned companies and their role

Further we intend to present synthetically the main types of companies with foreign capital existing in the economy and the role that they have.

We start the analysis with the joint-ventures are those companies: which perform their activity through the contribution of coordination between both private investors and public authorities; in which participate both domestic investors and foreigners.

Joint ventures with foreign participation, are a consequence of business internationalization. Their spread has been stimulated by at least two trends:

- of an economic nature, which aims to strengthen the competitive capacity by capitalizing the geographic areas with rich and cheap resources,
- the synergy of the globalization factors of the world economy.

In Romania, the first joint ventures were established after 1973, in terms of legislation which are considered restrictive for the penetration of the foreign capital. The legislation then in force, allowed the construction of "joint ventures" (institutions with risk capital) in the areas of industrial and agricultural production, of the activity of construction, transport, trade, technical-scientific research and services.

Strategic alliances are one of the main ways of entering the foreign market of a trading company in a state. This alliance involves co-operation between participating firms to create a business in which they share the risks and resources they need. Most alliances have the following features: they provide access to new products and technologies and knowledge of internal and external market conditions; Ensures an increase in the market; results in savings and, on this basis, an improvement in the cost of production; ensure cooperation or even elimination of competition, implicitly strengthening market power.

To achieve maximum effectiveness, the joint company must ensure: training continue to partner the indigenous by the foreign partner in the development of training staff; a mutual exchange of management personnel; stimulating the activity of the creative; facilitating the process of innovation.

In recent years, a great emphasis has been put on promoting Romania's ability to export and on the ability of Romanian firms to make joint ventures with which to act on third markets, especially in the areas that are to enter into the reconstruction process.

Transnational societies, until recently, functioned on a nationally preponderant level in a decentralized environment, in an area dominated by national regulations, of governmental barriers to international economic exchanges. At this time, they preferred to set up agencies and subsidiaries on the territory of other states other than the one of the parent company, but with autonomy. Nowadays, due to the new global economic order created, when the penetration of state borders by international trade flows has become more pronounced, tariffs and customs barriers have become obstacles to the world trade freedom from the perspective of states and the activities of transnational corporations [3].

Thus, transnational companies [2] impose their own strategies, goals and rules of organization and functioning, which, along with the decisions of the governing bodies of the parent society, often contradict the interests of the host country. In order to resist cross-border economic expansion, host countries often have to make concessions at the expense of national economies, often at the expense of their direct investment policy, with the risk of creating a tension between national economic interest and the interests of the big transnational companies to resist the cross-border economic nature of global interdependencies.

Finding the proportions between local and global is the key to the competitiveness of transnational companies. Economic theory has described this, detailing the complex structure of the factors that determine the decision to develop overseas assets generating added value. Under imperfect markets, companies can opt to replace market transactions with operations within their hierarchical structures. The prerequisites of organizing abroad include the transfer of a complex package of financial, technological, managerial resources that give substance to foreign direct investment.

In the new order economic global, companies with international go through a specific stage,

the multi-nationalization, trans-nationalization [1], focusing on elements of transnational, namely:

- origin of capital;
- the governing bodies of the company located in different states;
- lack of links legal based on the assumption of nationalities, with a particular state.

The main feature of a transnational society is its transnational character, which is difficult to fit into the provisions of national legislation, under a uniform legal regime.

The main causes of the increase in the role of transnational companies are: the reduction of state intervention in the economy, the increase of exports in countries where customs duties have been reduced and the expansion of free trade.

Another way of developing the business environment is the development of free zones, in the vicinity of sea, ocean or country flows. Under the Kyoto Convention, the Customs Cooperation Council defined the "free zone" as being part of the territory of a state in which the goods introduced are considered not to be part of the customs territory in terms of customs duties and taxes and are not subject to custom customs controls. By creating free zones it is considered that favorable conditions are created for the development of the foreign trade of a country and, in general, of the international trade, granting the relief of rights and taxes to goods which are introduced in a part of the territory of a country.

The facilities provided to users in the free zones are both fiscal, customs and commercial. In the case of the European Union member states, in the free zones, the customs facilities are in line with the provisions of the Community Customs Code, instead the fiscal ones are different from one country to another.

Conclusion

According to UN statistics, transnational corporations are leaders in the production of goods and services in international trade. They, through their work, determine transnational capital flows and have an advantage over the policies of host countries, especially in the economic and financial sector.

Major changes in the international economic system have been generated by the internationalization of production, the rapid development of foreign investment and international trade, and have led transnational companies to become key protagonists in the new global economic order (NOEG).

In this context, the host countries have attempted to create for the transnational companies widespread markets and opportunities for these new protagonists to develop and adapt their private economic goals to the demands of the new global economic order. NOEG's requirements consist mainly in reducing barriers to trade through bilateral or multilateral agreements, with host countries diminishing the status of deciding protagonists.

The distribution of transnational companies accentuates the discrepancy between developing countries and highly industrialized countries that have large foreign investments and which have the highest degree of attractiveness for commercial and investment activities. According to the UN estimates at the beginning of the 21st century, there were almost 45,000 mother societies, of which 37,000 were located in developed OECD member states[9].

In the new global economic order, a large number of small and medium sized transnational companies can be found, accounting for almost 50% of the total number of transnational companies in the USA, Canada, Japan and nearly 50% in France and the UK.

Many small and medium-sized transnational companies come from developing countries, interested in investing in the tertiary sector.

Concluding, contemporary specialists recognize that these transnational companies have the capacity to be central organizations, engines of economic activity growth, driving forces and leading international trade transactions.

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