A book review should answer two questions for readers, What is the book about? and, Is it worth my money to buy it and my time to read it? For World Investment Report 1992, the answer to the second question is easy. For anyone with a research, teaching, or public policy interest in international business, the multinational enterprise, economic development, or international trade, World Investment Report 1992 is must reading and a must for the personal library. This conclusion mirrors that of Sagafi-nejad [JIBS, 1991, 4:749], "the World Investment Report 1881 should be required reading in all international business courses."

The research and publication program of this volume's corporate home, the Transnational Corporations and Management Division (TCMD), Department of Economic and Social Development, United Nations (formerly the United Nations Centre on Transnational Corporations, UNCTC) has made the TCMD the most significant centre in the world of data collection, research, and publication on TNCs and TNC-related issues. The TCMD has achieved this position with a remarkably small core staff and with highly constrained internal funding. It has done this through the heavy use of contributors from outside the organization and through accessing (and disbursing) outside funding.

In this era of constrained university budgets and faculty time on the one hand, and the proliferation of academic journals and publications on the other, sometimes we suffer from information overload. We are not aware of all the work in our fields; cannot sort out "the wheat from the chaff"; and have difficulty in convincing our libraries to purchase additional publications. The research and publications of the TCMD should be given favorable attention by all JIBS readers.(1)

Turning to the broad content of the book, the reader finds it is divided into three main parts. Part One has three chapters concerning recent trends in TNC investment and operations, their relative importance, and policy initiative related to TNCs and growth in developing countries. Part Two is divided into seven chapters: a framework for analysis of TNCs and growth, then chapters on various aspects of TNCs and growth: capital formation, technology, human resource development, trade, environmental quality, and an integrated assessment. Part Three concerns the policy implications and governance mechanisms for host country governments for TNCs.

The organization within the chapters in Part Two is excellent. The first section of each chapter presents an overall framework of the topic area, e.g., trade or technology, and growth. Subsequent sections analyze the impact of TNC operations on this dimension. The penultimate section presents an overall assessment and the final section raises the policy implications of the analysis.

This is a particularly useful method of presentation. It enables the reader to form a clear picture of the topic area, the importance and impact of TNCs on the topic area, and the policy implications of the analysis. This presentation format also makes it possible for parts of this book to be used as self-contained readings for students in various courses. The level and tone of the presentation throughout the book is suitable for academics (with hundreds of
footnotes and references) and practitioners and students (no esoteric, academic jargon or abstruse statistical analyses). The range of topic areas covered is wide, yet the expertise within each topic is impressive. And the book "hangs together" as a unified whole.

I have two minor concerns with this volume: its strong emphasis on the importance of TNCs and its tendency in some places to “over-conclude” in some of its summary statements. The World Investment Report strongly emphasizes, almost preaches, the importance of the impact of FDI and operations by TNCs as major factors in the world economy. This strong emphasis may seem strange to the readers of JIBS. We are well aware of the importance of TNCs in international business and hence, for us, the TCMD is preaching to the converted. But this appreciation is, as yet, not widely shared among the some of the TCMD’s constituents in the multilateral organizations and host government bureaucracies with whom the TCMD deals. Their education tends to be in economics and political science rather than international business. Widely used textbooks in development economics, international economics, and industrial organization give little, if any, recognition to TNCs. Hence the presentation in this volume brings a welcome balance to the standard viewpoint of most economists and those with a background in economics.

There is a downside to the TCMD’s strong emphasis on the importance of TNCs, however. After finishing the World Investment Report 1992, the reader may have concluded that TNCs are the most important factor in the world economy and that any analysis of international economics, economic development, industrial organization, international human resource development, technology generation and transfer, etc. should start with TNCs and have TNCs as the centrepiece of the analysis. This viewpoint of the overriding importance of TNCs, however, may be overstated (just as the emphasis in standard economic textbooks on the overriding importance of market forces certainly is overstated).

International trade can serve as an example. World Investment Report 1992 shows that 40% of U.S. trade is intrafirm trade via TNCs, and the sales of majority-owned subsidiaries of U.S. TNCs are three times as much as total U.S. exports. These are interesting (even startling) facts. But what are their implications for the importance of TNCs? If the trade volumes and patterns of intrafirm trade by TNCs respond to the market forces of comparative advantage and changes in exchange rates in the same manner as does the trade of uni-national firms conducting arm’s-length trade, then from either a research or policy perspective, the role of intrafirm trade by TNCs is not particularly interesting or important. To the extent, however, that intrafirm trade is also influenced by managerial discretion and corporate strategy outside market forces, then the large role of intrafirm trade becomes an important issue for analysis and policy formulation.

The same type of question must be raised about the role and importance of TNCs in technology generation and transfer, investment, industrial structure, efficiency, employment, human resource development, etc. For example, the stock of FDI is on the order of $1.5 trillion. Would this investment have been any different (except for ownership) in volume or in industry and country composition if it had been undertaken by uni-national firms? TNCs account for millions of jobs worldwide. Would the number of jobs, their skill levels, and their industry and geographic distribution been different if they had been within uni-national firms? And so on. These are crucial questions for both managers within TNCs (as they formulate strategies of operating at arm’s length via the market or of extending the boundaries of the firm) and for public policy makers (as they formulate initiatives to enhance or to impede the operations of TNCs).

The crucial issue here concerns the differential impact of investment and operations by TNCs, as TNCs, compared to uni-national firms. Here the analysis becomes quite difficult, even controversial. There are many good studies of these issues, but they are sometimes difficult to interpret, subject to different interpretations, and contradictory. There are also many voids or partial voids in our knowledge. Hence great care is needed both in describing these studies and in drawing conclusions from them. The World Investment Report 1992 makes a substantial contribution in bringing together many of these studies to synthesize the state of our knowledge on the impacts of TNCs in developing countries on many important
dimensions. Nonetheless, the overriding message of the book is that the size and scope of TNCs translate directly into importance. This message may be overstated.

A second concern with this volume is that in some places the authors' conclusions go beyond what the data and research can support. To take one example, in the chapter "TNCs, Human Resource Development and Growth," there is a section on "Quantitative and qualitative changes in employment of women." It contains the following statement (p. 187):

Exposure of the local workforce to women in managerial positions within a TNC can assist in breaking the constraints [in developing countries] upon the participation of women in advanced education and in responsible positions within the organization.

Then the conclusions of Adler's [1987] study on U.S. TNCs operating in Asia are cited: "Only 3 percent of the managers sent to Asia by U.S. TNCs were women."(3) One of the reasons for this disproportionately low percentage was that there is a perception that "foreign prejudice renders them ineffective." But, foreign women managers surveyed in the study stated that they were seen as foreigners first and as women a distant second. World Investment Report, however, draws the conclusion:

Thus, the lack of development and acceptance of women in managerial positions in developing countries becomes a self-fulfilling prophesy because of the absence of female managerial precedents. Transnational corporations could potentially play a pioneering role in this respect.

This is a strange conclusion. In a box on the same page, data are presented that women hold 20% of the managerial positions in Indonesia, 18% in Singapore, 3% in the Philippines, and have "fewer opportunities for promotion" than men in India. My guess would be that for European and Japanese TNCs in Asia the percentage of foreign women in management positions is less than that in U.S. TNCs. The data then would seem to support the opposite conclusion from the one given: If there is demonstration effect, if anything, TNCs have had an inhibiting effect on the position of women in management in these countries.

Similar problems of "over-concluding" crop up in the sections on the spillover effects of technology transfer by TNCs and in other aspects of human resource development by TNCs. Within the body of the text when the studies in these areas are described, the analysis is balanced and carefully distinguishes the differential impacts of TNCs. But sometimes in the summary statements the conclusions on the importance and differential impacts of TNCs are somewhat overdrawn.

To end where I began, despite two mild caveats, this is an excellent and valuable book and one that should be read thoroughly by anyone interested in TNCs in general, and in TNCs and developing countries in particular.

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