

Ietto-Gillies, Grazia: *Transnational Corporations and International Production. Concepts, Theories and Effects*. Cheltenham: Edward Elgar 2005. ISBN: 1-84542-255-4; 252 S.

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Transnational corporations are some of the most complex and hence most intriguing organisations in the modern world. Their organisational differentiation and geographical spread contribute to their complexity; in fact, some corporations cover the majority of countries in the world. Moreover, transnational corporations and their activities are subject to highly divergent assessments. While some people consider transnational corporations as „a powerful force for the good“¹, others hold a more critical view of corporations that span nation states, economic systems, cultures, and religions. Adding a colourful history of centuries of cross-border business activity undertaken by transnational corporations and their antecedents (medieval trade guilds, colonial trading companies and early joint stock companies), it is no surprise that transnational corporations have attracted considerable academic interest. The last fifty years, in particular, have seen a real boom in attempts to explain the nature und behaviour of transnational corporations, international production, and cross-border management. According to Ietto-Gillies (p. xii), this is „a classical situation in which there emerges a demand for a textbook that summarizes and presents in relatively simple form the main elements contained in various pieces of research“. Thus, presenting summaries of all the main theories on transnational corporations and international production is one basic aim of the book. However, unlike other textbooks, her book further aims to provide insight into the effects and impacts of transnational corporations' activities in several domains.

The book is divided into three parts. The first contains a short discussion of basic concepts, such as: „What is foreign direct investment and international production?"; it further relates the activities of transnational corporations to other forms of cross-border business activities. Together with a brief summa-

ry of the historical evolution of transnational corporations, the first part provides a good orientation and preparation for the second part of the book on theories, explaining transnational corporations and international production. Part Two, which covers about half of the book, summarises 13 different theoretical approaches in two subsections: one on pre-World War II approaches (dealing with Marxist and neoclassical approaches) and one on „modern theories“. Within the subsections on modern theories, theories are presented chronologically to allow for linkages between the specific theory and historical circumstances as well as to trace the effects of older theories on newer ones. The subsection starts with the seminal works of Stephen Hymers, whose 1960 dissertation opened the still ongoing theoretical discussions about foreign direct investments and MNCs. The following chapters deal with the product life cycle theory, the theory of oligopolistic reaction, the currency areas theory, the internalisation theory, the eclectic paradigm for international production, the learning theory of FDI, and the technological accumulation theory. Separate chapters are also devoted to new trade theory approaches to explain transnational corporations' activities, the theory of transnational monopoly capitalism, the intertwining of nation states regulatory regimes, and transnational corporations' strategic behaviour. The individual chapters provide separate descriptions and discussions of the individual theories. The third and final part of the book deals with the effects of the activities of transnational corporations and international production. In addition to a methodological chapter, separate chapters are devoted to the corresponding effects on performance, labour, and international trade as well as on the balance of payments.

The book is a concise and indicative source that familiarises the reader with theoretical developments on the subject of transnational corporations and international production. It is written from an economics perspective rather than from a management perspective. Theories are presented in an easily understandable way, and considerable space is devoted to comments and critical remarks on

¹ The Economist, January 29, 2000.

the theories presented. Moreover, the book follows a didactic approach that among other things materialises in introductory chapters and methodological considerations as well as in the frequent inclusion of boxes and summary sections. However, the boxes, in particular fall behind in quality compared to the text. Sometimes the information given in the boxes is too scarce to be useful (for instance in box 2.3). At other times, the information in boxes is redundant. In box 2.4, for instance, three structurally equivalent examples are given to explain the difference between stock and flow data.

The selection of the theories and effects discussed is plausible, even though the author refrains from including more recent and hence emergent schools of thought. It is somewhat surprising that the section on nation states and transnational corporations' strategic behaviour does not mention the strongly growing institutionalist writings on transnational corporations associated with names such as M. Geppert, T. Kostova, P.H. Kristensen, G. Morgan, W. Ruigrok, R. van Tulder, R. Sally, R. Whitley, E. Westney and many others.

Additionally, the author fails to give either a more synthesised view of the different theories or an outlook on theoretical perspectives. A synopsis of the main issues would be very helpful to compare, classify and—last but not least—to internalise the different approaches. Finally, going through this very knowledgeable presentation and discussion of the different theories and the different effects, the reader would definitely benefit from a brief summary of theory evolution and, perhaps, from the author's thoughts on the theoretical perspectives.

Christoph Dörrenbächer über Ietto-Gillies, Grazia: *Transnational Corporations and International Production. Concepts, Theories and Effects*. Cheltenham 2005, in: H-Soz-Kult 12.05.2006.