

# **New Trends in the Development of Multinational Corporations and Their Impact on International Finance**

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**Abstract:** In the process of development in today's world, the integration of countries in economy and culture and other aspects has been strengthened, and under the influence and role of economic globalization, multinational corporations have been established, and as an economic force that cannot be ignored, it has emerged in the process of formation mainly along with the development of international division of labor, international trade and international investment. In the current economic development environment, the proportion of multinational corporations in the global economy has been increasing, and to a certain extent this has affected the international financial sector. And with the passage of time and the continuous progress of science and technology, the development of multinational corporations will also follow the trend of the times to show new trends. Therefore, this paper will mainly focus on multinational corporations, and on the basis of a brief analysis and discussion of the new trends in their development, explore the impact of the existence of multinational corporations on international finance, so as to provide feasible thinking for the establishment of a new international order.

## **1. Introduction**

The emergence of multinational corporations has a history of several hundred years, and the emergence of modern forms of multinational organizations can be traced back to the end of the nineteenth century and the beginning of the twentieth century. Its emergence has to a certain extent promoted the communication and exchange among countries in economy, science and technology as well as culture, and it has contributed to the rapid development of the world economy. In the process of continuous formation and deepening of multinational corporations, international division of labor is the important condition for its formation, international trade is the basis for its emergence, and the investment cooperation between capitals is the important means to influence its formation, along with the continuous development of economic and social, the influence of multinational corporations in the international community is increasing, and even plays a key role in the stability of international finance, etc. Therefore, this paper will point out the relevant influence of multinational corporations on international finance on the basis of in-depth study and analysis of their operation forms, etc.

## **2. New Trends in the Development of Multinational Corporations**

### **2.1. Development Strategy Globalization**

In the new background of the times, the development of multinational corporations is showing new trends, and the globalization of its development strategy reflects the inevitable requirements of the development of the times, which is a major strategic choice made in response to economic globalization. In the process of continuous evolution of society, exchanges between different countries in economic and other aspects are developing towards deepening, the trend of world economic integration is expanding, and countries show obvious dependence on international trade and international investment in the construction of economic activities. With the continuous

expansion of the open order, a unified market economic order is being gradually established. In the actual development process, multinational corporations need to further improve their economic returns, they need to continuously expand their scale under the background of global market, and achieve the continuous increase in production and sales and other aspects of production, so as to adapt to and meet the diversified needs of market development. Under the influence of economic globalization, the competition between different industries and the same industry in the market has become more and more intense, and multinational companies are also affected in this process, in order to achieve healthy and sustainable development, it is necessary to further achieve globalization of production, globalization of competition and globalization of management.

## **2.2. New Characteristics of Foreign Investment by Multinational Corporations**

With the continuous passage of time, multinational corporations in the actual development process has also shown new characteristics, especially in foreign investment. First of all, multinational corporations in investment is still dominated by mutual investment between developed countries, and its investment amount is showing a significant trend of increasing. Second, multinational corporations also attach great importance to the markets of developing countries, practice has proved that developing countries have greater development potential, and their markets are to be further explored, so multinational corporations in recent years have begun to invest in developing countries in some emerging markets. Again, the investment industry advanced, along with the continuous upgrading and improvement of science and technology, capital, knowledge and other factors in the market share is increasing, its impact on economic growth is unprecedented, which drives multinational companies in the industrial upgrading and improvement began to seek innovation-led development, high capital and high technology has become the main investment mode of multinational companies. Finally, the diversification of investment methods, in the existing market environment can be found, the competition between industries become more and more intense, multinational companies in the use of equity and other ways to invest, its investment costs and risks have achieved different degrees of increase. In order to ensure their own efficient and stable development, they began to change the traditional single system of equity joint venture method, towards the diversification of investment methods change. Many multinational companies no longer use money as the main body of investment, but start to use technology, production processes and other intangible assets for foreign investment, further improving their own structural system.

## **2.3. The New trend of Production and Management Mode of Multinational Corporations**

In the long-term development of multinational corporations, production and operation methods also show new development trends, first of all, the production system across internationalization. With the further development of science and technology, the cost of transnational coordination under the influence of the trend of economic globalization is decreasing, which not only promotes and facilitates the development of international trade liberalization, but also further realizes the trans-internationalization of the production system. Secondly, the territorialization of business activities, which is mainly manifested in the developed countries to developing countries in technology and production and business methods and other aspects of investment. Again, the alliance of business strategy, multinational corporations in the fierce market competition, in order to enable themselves to maintain absolute advantage, began to seek cooperation in the competition to further broaden the global market. While using the competitive resources and competitive advantages of the financial market, the so-called transnational alliances have been developed. Finally, the management function is decentralized. From the specific implementation of the developed countries in the past in terms of management system and other aspects, it is often a command command, but in the continuous development and changes in time and world pattern, the traditional management methods can no longer adapt to the diversified needs of global economic development, so the developed countries began to actively carry out formal innovation and improvement in terms of management functions and other aspects, and along with the arrival of economic globalization, its management functions respectively, strategically adjusted from the

traditional national center to the multi-center and global center [1].

## **2.4. Cross-border M&A Strengthening**

In the role and influence of trade liberalization and economic globalization, multinational corporations have won a broad market space, at the same time, this also means that the competition between multinational corporations will become more and more intense, in order to obtain the core competitive advantage, multinational corporations began to set off a global merger boom. This will be able to occupy a certain share of the market, which can achieve a steady increase in their own competitiveness, so as to obtain a huge amount of revenue in the production activities. Moreover, in the process of conducting and implementing merger activities, in order to maximize profits, strong mergers have become a major merger mode, which creates positive environment and conditions for the restructuring of multinational companies.

## **2.5. Internationalization of Research and Development**

Along with the continuous improvement and development of science and technology, multinational companies in the research and development of technology and other aspects began to adjust and change, in the past in the research and development of technology, its market is mainly set in its own region, but in the trend of economic integration continues to strengthen, many multinational companies began to set up technology research and development centers in other countries, they through exchanges and cooperation between countries to promote the transformation and upgrading of the core technology.

## **3. The Influence of Multinational Corporations on the World Economy**

In the continuous development of society, multinational corporations have become a force that cannot be ignored, and it plays a vital role in the development of the global economy. The emergence of multinational corporations is conducive to speeding up the internationalization of production, and under its help and influence, global resources have been rationally allocated, and along with the continuous strengthening of the global capital and financial trends, the use of financial resources has also achieved maximum development in a certain sense. In the process of continuously increasing trade expenditure and production expenditure, the global economy has gained unprecedented development. Moreover, the innovation and upgrading of science and technology by multinational corporations in the process of operation has also brought positive promotion, which not only accelerates the development process of world science and technology, but also has a significant impact on people's daily life and so on [2].

### **3.1. The Activities of Multinational Corporations are a Global Behavior**

In the process of actual operation, multinational corporations have characteristics such as mobility in terms of capital and other aspects, and by virtue of their innate advantages in capital and technology, in a certain sense they break the close control of the state over domestic economic agents and the absolute monopoly of production activities, establish a unified production and operation system in the global field, and realize the scientific regulation of the behavior of market agents through the establishment of a large-scale production and operation system, which accelerated the process of economic integration. In the process of its continuous development and construction, it not only promotes the optimization and development of the global economic system, but also creates a positive environment and conditions for more regions and organizations to participate in international activities.

### **3.2. Multinational Corporations Control the Relevant Global Information Network**

Multinational corporations have inherent advantages in the field of technology, and in the process of their own continuous development and internal structure optimization, they have established a global information technology network through the continuous control and management of satellite communication networks and advertising media networks. In other words,

under the role and influence of information technology, the connection between countries in economic and other aspects will become closer, which effectively breaks the limits of time and space, making the access to information more real-time, which also reduces the space of the entire planet. While continuously increasing its own penetration and influence in other regions, it also makes some other countries gradually get rid of the closed and conservative state and start to promote their own economic development in cooperation with other countries [3].

### **3.3. The Solution of some Major Global Socio-economic Problems Requires the Participation of Multinational Corporations**

At the time when the trend of economic globalization is increasing, the economies of all countries have been developed and improved to a certain extent, but at the same time, when vigorously developing the economy and carrying out production and construction activities, the excessive use and exploitation of resources have not only led to the continuous reduction of resource reserves, and even some traditional energy sources are facing depletion, but also environmental pollution and climate warming have gradually become a global problem. This is a global problem that needs the general attention of all countries in the world. In some energy issues as well as ecological and environmental issues in the processing and protection, multinational companies should take up their responsibilities and obligations, actively participate in the processing of global affairs, through specific measures and means to improve the ecological environment and protect the common home of mankind.

### **3.4. Multinational Corporations Accelerate the Process of Economic Globalization**

In the actual development process of multinational corporations, because of the emphasis on mutual exchanges and cooperation between different countries and regions, so under its influence and effect, the links between the global economy become closer, and the exchanges between countries in terms of management methods and technological processes are also developing in a deeper direction. As an important carrier of global economic development, it ensures, in a certain sense, the formation of a global system of production, exchange, distribution and consumption, which contributes positively to the further acceleration of the process of economic globalization [4].

### **3.5. Multinational Corporations Promote the Industrial Upgrading of Developing Countries**

The development of multinational corporations also plays a certain role in helping developing countries' economic upgrading and scientific innovation, and in its actual operation, it mainly realizes the cooperation with developing countries through foreign investment and technology transfer. In this mode of cooperation, due to the emergence of new technologies, developing countries begin to gradually get rid of the traditional backward development methods and achieve innovative upgrading and creative development in both industrial structure and production technology. Under the influence of multinational corporations' investment to developing countries, developing countries have won a broad space in economic development, etc. Also under the promotion of multinational corporations, advanced technology and equipment, etc. have been introduced and promoted to the production and construction activities of developing countries, so that their production efficiency and quality are constantly improved.

### **3.6. Multinational Corporations Reshape the New Global Economic Order**

In essence, the development of multinational corporations has reshaped the new global economic order to a certain extent, and in the case of continuous changes in their management functions, relying on strong financial and technical support, they have always maintained a dominant position in the global market economic order. And along with the continuous development of the economy, multinational companies are constantly expanding, which makes the dominant power of Western countries in the world economy is constantly highlighted, and even in some industries to achieve a monopoly, which consolidates the dominance and control of developed countries in the world economic system.

### **3.7. Multinational Corporations Increasingly Pose a Threat to Developing Countries**

The development of multinational corporations, while promoting the continuous improvement of the world economy, has also generated certain threats to the security of developing countries. Under the new global economic order dominated by developed countries, some developing countries may even lose their economic independence, and their excessive dependence on multinational corporations may lead to a huge survival crisis in the fierce market competition. Moreover, since developed countries are far superior to developing countries in terms of economic power, they will continuously penetrate in other aspects and even interfere in international affairs, which will have a serious impact on the stable and sustainable development of developing countries [5].

### **4. Conclusion**

At a time when the trend of economic integration is increasing, multinational corporations show new characteristics and development trends. While strengthening cooperation, it is more important to see the threat of the development of multinational corporations to developing countries in terms of security, and promote their benign development in the modern market system through the analysis of pros and cons.

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