

(a). Explain why TNCs are increasingly becoming the driving force behind economic globalization. [9]

- Highly mobile
- Able to tap ~~from~~ expertise from all over the world
- Ability to control FOP ~~at~~ all around the world
- Transcend national boundaries.
- Substantial global trade: intra-firm trade. ∴ TNCs.  
↳ economies are more dependent on each other.
- Tap ICT to minimise ~~cost~~  $cost$  ~~cost~~ (Main user of ICT).
- Political.  
↳ power to influence host country. ∴ \$.
- Tech dev.  
↳ rapidly ~~information~~ innovation, ⇒ Ecos.
- Shape demands. ⇒ homogenize their preferences.  
↳ Global brands
- Saturation in home Mkt → go overseas
- Global competition → cost pressures → move  $profit$  overseas.

- b)
- Role of gov & how  $\epsilon$  local economy reacts to the presence of TNCs — where they set up networks to support / ignore → do they take adv of presence of TNCs?
  - Response of locals also affects integration of TNCs into local economy.
  - Consumer sovereignty
  - TNCs conform to a certain framework if it desire to penetrate in the market.