The importance of the growth of international private investment, particularly production by the multinational companies has sought attention to the role of foreign investment in the economy of the host (developing) country. Multinational companies can be identified essentially as the company or group of private companies that operate internationally and contribute substantially to the flow of foreign currency between countries.

Multinational enterprises in recent past have acquired great significance all over the world. They have been growing by leaps and bounds. An increasing interest in respect of multinationals over recent years has been reflected in a growing volume of literature embracing multi-dimensions of the subject.

The objective of this study is to investigate into the traditional role of multinationals in the Iranian economy referring to the inflow of foreign equity capital by multinationals -- their type of industrial activities and national of origin. To delineate characteristics of the Iranian Government's policy towards the multinationals is another aim of this study. In addition to this the study seeks to probe into the strategies and impact of parent multinational companies on trade and operational management of the host multinational companies in Iran, during the post-revolution period. For this purpose five sample multinational companies have been subjected to study.
The emergence of such enterprises in Iran dates back to the early twentieth century. Their progressive participation in Iran's economy intensified from the Third National Development plan, 1962 onwards, the period coinciding with the overwhelming hike in the oil revenues. The attitude of the Iranian Government was favourable towards the entry of the multinational enterprises and the scope for their cooperation was widened by the enactment of 1955 Law, which formed the backbone of the policies towards multinational as it is known, pertaining to the attraction and protection of foreign investment in Iran.

Formation of import substitution industrialization strategy in the early 1960's and Laissez-Faire of 1973, gave an unprecedented opportunity to the multinational companies to pour in freely their capitals and easier repatriation of their interests from Iran without obstacles. As a result of this, the contribution of the multinational companies to the industrial sector of Iran enhanced and reached its peak during the Late 1970's.

Even though the main objective of the multinational companies is profit-earning and expansion of their monopoly throughout the world, Iran got benefited from their contribution in industrial sector, since they facilitated the transfer of technology, advanced technical know-how, generated employment opportunity and brought about change in the taste of masses.

The 1980's turned out to be a stagnant period in the development of the multinationals in Iran. This was the period
of the outbreak of Islamic Revolution of Iran in 1978, that subsequently brought about a complete change in the socio-economic structure leading to confrontation between the multinationals and the government. At this time country was undoubtedly at surveillance of foreign firms. It seems, out of this confrontation, government abrogated the policies towards foreign participation, freezing their activities which resulted in the flight of some of the multinationals from Iran. This regression can be seen from the decrease of multinationals from 162 firms with foreign equity capital of Rls 21.9 billions in 1974 to 120 firms with Rls 15.7 billions in 1986, mainly representing multinationals of advanced countries. In addition to this, the prolonged Iraq-Iran war (1980) for a period of almost a decade was another factor which hampered the performance of the industries in general and multinationals in particular.

However, it is to be borne in mind that, Iran is known as industrially backward country as its industries have been dependent on foreign technologies, machineries, product assembling components, etc. To overcome this unsavoury situation and to speed up the industrialization process, besides, to obtain self-reliance thereby, Iran imperatively required transfer of technology. This has been sufficiently probed into. Since, in the course of investigation, it is found that, the industrial economy of Iran during the post-revolution period was vulnerable and its share in the GDP had fluctuating trend over the pre-revolution period. Threaten posture of the government
towards multinationals resulted in discard of interest by parent multinationals, which ultimately caused reliance of their subsidiaries on borrowed funds from the host country (Iran). Furthermore, boycott of Iran by U.S and Western countries from 1980 onwards, through the repeal in supply of machineries, equipments, C.K.D., technical know-how, etc., hit the overall performance of the such subsidiaries and led almost to their bankruptcy. Here, the performance in terms of productive operations refers to organization of multinational companies. Secondly, it is also measured in terms of Rials (being the currency of Iran) only by way of computation of exchange rates prevailing from time to time pertaining to the countries of respective multinational companies.

Therefore, it is desired to adopt remedial measure by liberalising the policies and emancipation of foreign private investment, for the future course of industrialization and high technology through all in one package of multinationals.

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