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STRATEGIES OF TRANSNATIONAL CORPORATIONS IN THE ECONOMY OF THE REPUBLIC OF SERBIA

The aim of this paper is to outline the strategies of transnational corporations (TNCs) making investments in Serbian economy. The following hypotheses underly the analysis conducted in this paper: first, the Dunning's paradigm provides a wide theoretical framework for explaining TNCs' strategies employed in international production; second, growing economic strength of TNCs and olygopolization of the goods and service market emphasize the importance of strategic management of FDI; third, foreign direct investments (FDI) are a manifestation of traditional TNCs strategies and their strategic interactions; fourth, TNCs strategies as regards the cement industry, tobacco industry, and telecommunication sector in the Republic of Serbia involve all dimensions of their respective activities.

Keywords: *transnational corporation; foreign direct investment; traditional strategies; strategic management of FDI; Republic of Serbia.*

JEL Classification: F21, F23, L12, L22.

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СТРАТЕГІЇ ТРАНСНАЦІОНАЛЬНИХ КОРПОРАЦІЙ В ЕКОНОМІЦІ РЕСПУБЛІКИ СЕРБІЯ

У статті визначаються стратегії транснаціональних корпорацій, що інвестують в сербську економіку. Проаналізовано наступні гіпотези: парадигма Даннінга теоретично пояснює стратегії ТНК відносно міжнародного виробництва; посилений економічний вплив ТНК та олігополізація ринків товарів та послуг підкреслюють важливість стратегічного управління ПІІ; самі ж ПІІ є проявом традиційних стратегій ТНК та їх стратегічних взаємодій; стратегії ТНК у тютюновій та цементній індустріях, а також у телекомунікаціях Республіки Сербія охоплюють всі сфери їх діяльності.

Ключові слова: *транснаціональна корпорація; прямі іноземні інвестиції; традиційні стратегії; стратегічний менеджмент; ПІІ; Республіка Сербія.*

Рис. 4. Табл. 12. Літ. 22.

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СТРАТЕГИИ ТРАНСНАЦИОНАЛЬНЫХ КОРПОРАЦИЙ В ЭКОНОМИКЕ РЕСПУБЛИКИ СЕРБИЯ

В статье определены стратегии транснациональных корпораций, инвестирующих в сербскую экономику. Проанализированы следующие гипотезы: парадигма Даннинга теоретически обьясняет стратегии ТНК относительно международного производства; растущая экономическая мощь ТНК и олигополизация рынков товаров и услуг подчеркивают важность стратегического менеджмента ПИИ; сами ПИИ являются проявлением традиционных стратегий ТНК и их стратегических взаимодействий; стратегии ТНК в табачной, цементной промышлености и телекомуникациях Республики Сербия охватывают все сферы их деятельности.

Ключевые слова: *транснациональная корпорация; прямые инностранные инвестиции; традиционные стратегии; стратегический менеджмент; ПИИ; Республика Сербия.*

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1. Introduction. TNCs play a pivotal role in creating and driving contemporary global economy. Today, there are about 82,000 TNCs in the world, whose foreign affiliates and employees reach the figures of 810,000 and 77 mln. respectively (UNCTAD, 2009: xxi). They control, directly or indirectly, two thirds of the overall production and trade in the world, and most of the international technology transfer. TNCs shape the world economy by their decisions to either invest or not in certain countries and at certain locations.

TNCs are driven by the motive of profit maximization, either by raising revenue or reducing cost, or by a combination of the two. For this purpose, TNCs engage in international activities by means of FDI. Foreign investments by TNCs have marked a dramatic growth after the 1990s. That dimension of their activities was inspired by liberalization policy, rapid technological changes and intensified competetiveness in global economy, where competitive advantages are create and lost within a short period of time.

Enormous profits of TNCs and strengthening of their economic power result in olygopolization of numerous industries and sectors within which TNCs are operating. This means that companies perform within branches with a small number of strong rivals, and that their strategy making decisions have to consider potential reactions of competitors.

Profit maximization motives and TNCs' interdependence with oligopolized markets force TNCs to apply global strategies. This means that over making investments in certain countries (locations) they combine traditional strategies (resource seeking, market seeking, efficiency seeking and strategic asset or capability seeking) with strategic management of FDI.

Serbia is a country where transition is late and state-owned companies have not yet been completely privatized. As a part of wider Western Balkans area, Serbia has been involved in TNCs' global activities, where they have become dominant players in the majority of industries and sectors. For this purpose, we analyze TNCs' entry strategies as adopted in entering tobacco industry, cement industry, and the sector of telecommunications.

2. Theoretical background for internationalization of production. The history of TNCs has recorded several hundreds of years. Early TNCs emerged in the 17th century. One of them was state-chartered The East-India Company, which was granted a monopoly on trade with the East Indies (Balaam, Veseth, 2008, p.365).

Nowadays, a widely accepted term for a corporation engaged transnationally, within geographically dispersed production networks, is "transnational corporation" (TNC).

Until 1980s, there was no adequate theory to explain TNCs' cross-border activities. The pioneer in providing a theoretical explanation for economic activity internationalization by TNCs was Stephen Hymer (Hymer, 1970, p.441-448). He pointed out two aspects of cross-border activities. The first one is as follows: multinational corporations replace the market as the method of organizing international exchange. The second is stated as: a company which wants to produce at a foreign market should possess specific features that would offset the advantages held by domestic firms. Above all, this refers to the size of a company and the scope of economy, market power, marketing activities, technological advantage, or access to cheaper sources of financing.

Raymond Vernon (Vernon, 1979, p.255-267) explains the expansion of international production in terms of a product life cycle theory.

Internalization theory (Dunning, 1994, p.75; Kogut and Zender, 1993, p.626) emphasizes transaction inefficiency and hazard in the market as the main reason for TNCs' engaging in cross-border activities. When expenses of external trading relationship (expenses related to informing, negotiating, meeting contractual obligations) exceed the costs within the internalized factor or product markets, the company reaches for cross-border investing, and internal organization and coordination of its activities.

Dunning's OLI Eclectic Paradigm (O – ownership, L – location, I – internalization), (Dunning, 1994, p.76-81; Dunning 2006, p.174-225) explains the conditions which need to be fulfilled for a company to engage in international production. First, a company should have certain ownership-specific advantages that other competitors do not possess. Second, it is the most convenient for a company to exploit the advantages by itself, rather than to sell them or rent them to other companies. Third, there should exist location-specific factors which enable a company to exploit its assets more profitable abroad rather than in a home country.

Dunning (Dunning, 1994, p.76) points out that the theory related to TNCs' activities links macroeconomic theory of international production to microeconomic theory of the firm. Other authors (Hoenen and Hansen, 2009, p.6) argue that Dunning used his paradigm to reconcile two opposing theories: the theory which observed TNCs as efficiency seekers and the other which observed TNCs as oligopolistic rent seekers.

2.1. Traditional TNCs strategies. Economic TNCs strategy analyses have been under a strong influence of John Dunning's Eclectic Paradigm (Dunning, 1994, p.57-61). He outlined 4 typical strategies applied by TNCs in their cross-border investment activities: resource seeking, market seeking, efficiency seeking, strategic asset or capability seeking.

The first type of TNCs uses its affiliates to secure natural resources, security of supply sources, and production cost minimization. The second group of resource seeking TNCs comprise of those seeking plentiful supplies of cheap and well-motivated unskilled or semiskilled labor. The third type refers to those seeking technological capability, management or marketing expertise, and organizational skills.

Market seeking refers to the TNCs' strive for increasing its production capacities abroad in order to conquer new and expand the existing markets.

The motivation of efficiency seeking TNCs (Dunning, 1994, p.59) is to take advantage of different factor endowments, cultures, institutional arrangements, economic systems and policies, and market structures. The efficiency seekers strive for doing business more efficiently, locating their affiliates within countries with lower operations costs. For this reason, TNCs reorganize their global activities and specialize their affiliates in different activities.

Strategic asset or capability seeking (Dunning, 1994, p.61) is a TNCs strategy which is completely based on international mergers and acquisitions (M&A).

TNCs oriented in this way strive for supporting their long-term strategic goals, particularly those aimed at strengthening and enhancing their international competitiveness, by purchasing the property of foreign companies. As Kogut states (Kogut, 1989, p.385), TNCs compete at the global level, taking into consideration the strategic value of operating assets in multiple countries.

2.2. Strategic management of FDI. Until 1980s, FDI-related bibliography was mainly focused on studying factors affecting a company's market power and efficiency, at a company level. Including strategic management in the contemporary theory of FDI allows for observing competitive interactions of companies within oligopolistic industries as determinants of FDI. Company-based and industry-based factors are relevant for efficient operations. Kogut (Kogut, 1989, p.384) observes that Hymer was the first to shift the production internationalization analysis from countries to industries, starting by the premise that international competition is simply the extension of oligopolistic rivalry across borders. Given that oligopolistic structures are dominant in the most important industries nowadays, Hoenen (Hoenen and Hansen, 2009, p.9) argues that factors such as degree of competitiveness in industry, rivalry intensity or consolidation trends, become important determinants of investment decisions related to FDI.

Cross-border investment is a manifestation of traditional TNCs strategies, but it is also a strategic interaction in FDI in 4 generic phenomena: follow the leader, follow the client, first mover and global chess.

"Follow the leader" strategy is applied by companies within the same industry, whereas "follow the client" strategy is applied by companies coming from different industries taking the roles of a seller and a buyer. In situations when oligopolistic company holds a strong negotiating position relative to its suppliers, suppliers may be forced to follow the dominant company to new locations in order to keep their contracts with the company.

A TNCs performing business within oligopolistic industry and striving to conquer a market before its competition by utilizing FDIs opts for the "first mover" strategy. This strategy is proactive and preventive. Horizontal FDIs can be an example of how dominant position within an industry is achieved by taking preventive actions.

"Global chess" strategy is a commonplace strategy for a global company, which is defined by Porter (Porter, 1996, p.291) as a complete system of a multinational company, or the system of its products and markets worldwide, as opposed to the very same system composed by other multinational companies. FDIs made by a global company are motivated by global positioning of the company relative to its competition, or by enhancement of its own efficiency accompanied by decrease of competitors' efficiency.

Strategic management of FDI by TNCs should be observed within the context of developing a company's new concept of business strategy. A traditional approach to business strategy involved an increase of the market share and increase of profits due to the increased volume of activities. A new concept of business strategy, that of value-oriented strategy, was developed in the 1980s (Kogut, 1989, p.385). It refers to the notion that a company investing in production capacities makes revenues exceeding the opportunity cost of capital thus increasing the company's value.

In many cases M&A are taken for traditional TNCs strategies (resource seeking, market seeking, efficiency seeking, strategic asset or capability seeking). In late 19th century and the first half of the 20th century, the highest portion of M&A took blase within oligopolistic companies. This confirms the notion that strategic interactions by oligopolistic companies (TNCs) play an important role in cross-border M&As.

2.3. FDIs in economies in transition. The process of economies transition of Eastern Europe, which started in 1990, affected the rise of FDI inflows and the interest of TNCs in transitional countries' markets. Table 1 outlines the FDI inflows in transitional economies and in the world between 1990 and 2009.

Table 1. **FDI inflows by regions and economies, 1990-2009 in mln. USD**

	1990-1999 **(average)**	2000-2004 **(average)**	2005	2006	2007	2008	2009	1990-2009 **(total)**
Bulgaria	231	1647	3916	7804	12388	9795	4467	48911
Czech Republic	1845	5237	11653	5463	10444	6451	2725	81374
Hungary	2630	3267	7709	19802	71485	61993	-5575	198055
Poland	3141	7346	10293	19603	23561	14689	11395	147909
Romania	551	2398	6483	11367	9921	13909	6329	65504
Slovakia	505	2570	2429	4693	3581	3411	-50	31687
Slovenia	139	660	577	648	1514	1924	-67	9214
Albania	44	202	267	325	662	988	979	4664
Bosnia and Herzegovina	24	323	613	766	2077	1064	501	6880
Croatia	381	1321	1825	3468	5023	6140	2605	29470
Montenegro	-	37	478	618	921	916	1311	4430
Serbia	96	609	1573	4350	3462	2995	1920	18309
FYR Macedonia	34	242	97	424	699	587	248	3604
Russian Federation	1864	6465	12886	29701	55073	75461	38722	262810
Ukraine	321	1044	7808	5604	9891	10913	4816	47460
Kazakhstan	805	2585	1982	6360	11096	15775	12649	68841
South-East Europe*	631	2733	4851	9952	12844	12690	7565	67877
CIS **	3762	12893	26250	44717	78124	109898	62384	423458
World	401995	830599	985796	1459133	2099973	1770873	1114189	15602908

Note: *South East Europe (Albania, Bosnia and Herzegovina, Croatia, Montenegro, Serbia, the FYR Macedonia); **CIS (Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russian Federation, Tajikistan, Turkmenistan, Ukraine, Uzbekistan)
Source: http://unctadstat.unctad.org/TableViewer/tableView.aspx?ReportId=88

The majority of the world FDI originates from developed economies and also goes to developed countries. However, in the last decade of the 20th century and the first decade of the 21st century developing countries and transitional countries increased their shares in total FDI inflows. The share of these countries reached 49,2% in 2009. However, the share of transitional countries (South-East Europe and CIS) in total FDI inflows is still small, in 2009 it reached 6,3% or 70 bln. USD (UNCTAD, 2010, p.6). Still, the growth tendency of FDI in transitional countries is the evidence of strategic interactions by TNCs saying that they want to conquer markets for their products and secure access to production factors (raw materials, energy, cheap labor).

The main promoters of FDI, transnational corporations, make foreign investments mainly through mergers and acquisitions. Table 2 outlines cross-border M&As in transitional countries and in the world in the period between 1990 and 2007.

Mergers and acquisitions account for 70-80% of total FDI during their boom in the periods between 1995-2000 and 2003-2007. In 2007, total value of M&As was estimated at $ 1,700 bln., whereas total FDI inflows was estimated at $2,000 bln. (Hoenen and Hansen, 2009, p.15).

Table 2. **Cross-border merger and acquisition overview, 1990-2007 (mln. of USD)**

	Sales				Purchases			
	1990-2000 (Annual average)	2005	2006	2007	1990-2000 (Annual average)	2005	2006	2007
Serbia	1	-	112	274	..	-	5	77
Romania	137	2518	5565	1831	..	10	4	23
Russian Federation	93	22326	12441	23605	90	24529	5229	14465
South-East Europe	488	1689	7983	2600	8	57	49	941
South-East Europe and the SIC	589	32698	24473	33674	186	24976	8536	18432
World	159269	929362	118068	1637107	159269	929362	1118068	1637107

Source: UNCTAD, World Investment Report 2008; www.unctad.org/fdistatistics

In the post-crisis year of 2009, cross-border M&As were estimated at $250 bln. (UNCTAD, 2010: xxi), which accounts for only 22.4% of total $ 1,114 bln. FDI inflows, reflecting an initial differential impact of the current crisis.

Sectoral distribution of FDIs in transitional countries (Figure 1) shows that new EU member states predominantly attract investments in tertiary sector (76%); the situation is somewhat the same in South-East Europe (64%). In Russian Federation cross-border M&A sales are dominant in primary sector (68%), while other CIS in the region account for the same distributions of M&A sales in primary and tertiary sectors (37%).

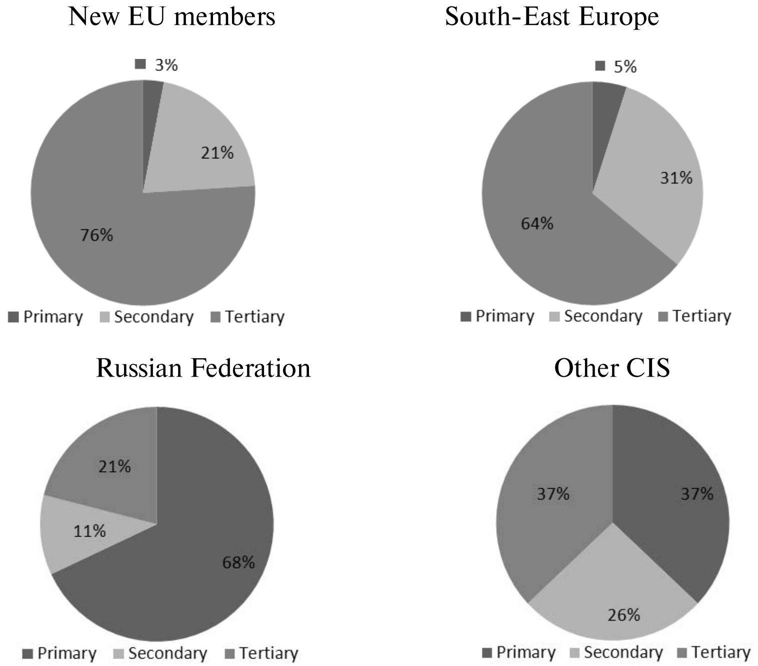

Figure 1. **Sectoral composition of cross-border M&A sales in economies in transition, 1991-2006 (%)**

Source: Kolotay, K., Patterns of inward FDI in economies in transition, Eastern Journal of European Studies, Volume 1, Issue 2, December 2010, p.64-65

Table 3 outlines the share of selected industries in total M&A sales of South-East Europe (Kolotay, 2010, p.66).

Table 3. **Share of selected industries in total M&A sales of South-East Europe, 1991-2006**

Industry	1991-1995	1996-2000	2001-2006
Mining and petroleum	0.0%	0.1%	5.6%
Food, beverages and tobacco	23.5%	2.5%	6.0%
Chemicals	18.3%	1.7%	23.0%
Transport and telecom	0.4%	67.4%	24.3%
Finance	1.1%	18.7%	32.9%

Source: UNCTAD, Cross-border M&A database

In the first 5 years of transition, M&As were dominant in production of food, beverages, tobacco, and in chemical industry, while in the period between 1996 and 2000 they marked a significant rise in the fields of transportation, telecommunication, and in the sector of finances. In the period between 2001 and 2006, M&As dominated in the sectors of finance, telecommunications, transportation, and chemical industry, but they continued to be prominent in production of food, beverages, tobacco, and oil and mine industries.

Serbia has attracted a modest volume of FDIs (Table 1), accounting for 27% and 3,7% of FDI inflows in South-East Europe and South East Europe and CIS, respectively, in period 1990-2009. TNCs have invested into Serbian economy predominantly through M&As, i.e. by purchasing state-owned companies through the process of their privatization. It has been estimated that greenfield investments account for no more than 10% of total FDI inflows.

The largest number of FDIs in Serbia targeted the sectors of services, trade, banking, telecommunications, and oil derivatives distribution. When it comes to secondary sector, FDIs were made in cement production, beer brewery, mineral water production, food production, and the production of metals and non-metals.

3. Research methodology. The research of TNCs strategies towards Serbian economy is based on calculating the concentration of supply in the industries of cement, tobacco, and telecommunications. These industries are selected because they had monopolistic or oligopolistic character even before the privatization process and because the world's leading TNCs in these industries purchased all domestic companies. Out of a number of indicators of supply concentration developed by the economic theory, concentration ratio and the Lorenz curve are used in this analysis. The research is focused on imperfect markets exemplified by 3 companies representing their respective branches. Concentration ratio combined with the Lorenz curve casts light on TNCs' market power, distribution of the power among companies and strategic management of FDI inflows.

4. Research results. Table 4 outlines the acquisitions of Serbian companies producing tobacco by TNCs, while Table 5 shows TNCs' market share as measured by their respective revenues.

Table 4. **Tobacco industry in Serbia – the acquisition of Serbian companies by TNCs**

Serbian company	Year	Buyer	Purchase price
DIN – Nis	2003	Philips Morris	387,0 EUR
DIN – Vranje	2003	British American	50,0 EUR
DIN – Senta	2006	Japanes International	27,5 EUR

Source: Privatization Agency of the Republic of Serbia.

Table 5. **Market share of the companies involved in tobacco production in Serbia in 2009**

Company	Total revenue, ths. EUR	Market share (%)
Philip Morris	187.817	67,4
British American Tobacco	42.149	15,1
Japanes International	48.788	17,5
Total	278.756	100,0

Source: Serbian Business Registers Agency

The Lorenz curve (Lipczynski, Wilson, 2001, p.162) is used to show the share of the industry accounted for by various proportions of firms in the industry. In Figure 2 vertical axis shows the percentage of industry income while the horizontal axis shows the percentage of firms cumulated from smallest to largest. The Lorenz curve gives a biased picture of industry structure, but ignores the number of firms. For this reason it is used in conjunction with the concentration ratio. When it comes to tobacco industry, the Lorenz curve indicates a disbalance in market power distribution among the 3 TNCs. Since Philip Morris's market share is 67,4%, it is the evidence of its dominant position within Serbian tobacco industry.

Table 6. **The Lorenz curve calculation – tobacco industry**

% company share		% market share
BAT	33,3	15,1
BAT+ JIT	66,7	32,6
BAT+JIT+Ph.Morris (Total)	100,0	100,0

Source: The authors' calculation

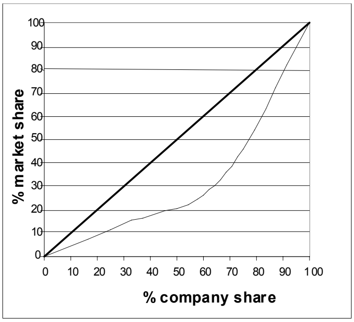

Figure 2. **Distribution of market power – tobacco industry**

Table 7 outlines the acquisitions of Serbian companies producing cement by TNCs, while Table 8 shows TNCs' market share as measured by their respective revenues.

Table 7. **Cement industry in Serbia – the acquisition of Serbian companies by TNCs**

Serbian company	The year of sale	Buyer	Purchase price
Cementara Kosjeric	2002	TITAN	35,5 USD
Cementara Novi Popovac	2002	HOLCIM	52,5 USD
Cementara Beocin	2002	LAFARGE	50,8 EUR

Source: Privatization Agency of the Republic of Serbia

Table 8. **Market share of the companies involved in cement production in Serbia in 2009**

Company	Total revenue, ths. EUR	Market share, %
TITAN	43,590	22,5
HOLCIM	65,834	34,0
LAFARGE	84,141	43,5
Total	193,566	100,0

Source: Serbian Business Registers Agency

The market share of Lafarge accounting for 43.5% not only shows that this TNC is dominant in cement industry but also that there is a more balanced distribution of market power among these three companies within the industry of cement than there is among the companies in tobacco industry (Figure 3).

Table 9. **The Lorenz curve calculation – cement industry**

% company share		% market share
Titan	33,3	22,5
Titan+Holcim	66,7	56,5
Titan+Holcim+Lafarge (Total)	100,0	100,0

Source: The authors' calculations.

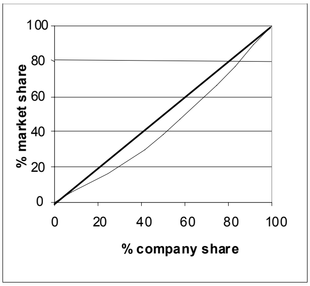

Figure 3. **Distribution of market – cement industry**

An outline of TNCs' market share and market share pertaining to the state-owned company Telecom Serbia in the sector of telecommunications in Serbia is provided in Table 10.

Table 10. **Telecommunications in Serbia in 2009**

Company	Total revenue, ths. EUR	Market share, %
TELENOR	328,975	25,1
VIP	83,801	6,4
TELECOM Serbia	897,252	68,5
Total	1,310,029	100,0

Source: Serbian Business Registers Agency.

Table 11. **The Lorenz curve calculation – telecommunications in Serbia**

% company share		% market share
VIP	33,3	6,4
VIP+Telenor	66,7	31,5
Vip+Telenor+TeleCom Serbia (Total)	100,0	100,0

Source: The authors' calculations

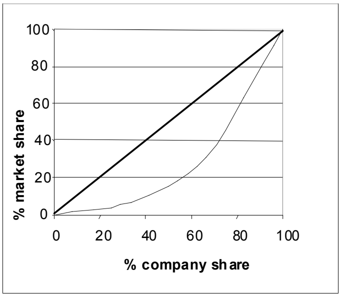

Figure 4. **Distribution of market power – telecommunications**

The Lorenz curve for the telecommunications sector in Serbia (Figure 4) shows the disbalanced distribution of the market power among 3 companies, with Serbian company Telecom Serbia being a key player in this industry, judging by its revenue. A call for tender has been invited in 2011 to privatize this company. Numerous companies have expressed their interest in it, because they feel they are bound to gain a leading position in the rapidly-growing market of telecommunications in Serbia.

TNCs entering Serbian market by acquiring domestic companies have applied various strategies (Table 12). TNCs performing within cement industry were resource and market seekers, and strategic management of FDI flows can be observed as "global chess", whereas when it comes to Lafarge it can be observed as "first mover" strategy. This is a global strategy taken by the world leader in cement production, with affiliates in 79 countries.

TNCs in tobacco industry are market oriented, but their strategies can be described also as strategic asset and capability seeking. Serbia has signed a free trade agreement with Russian Federation, which means that a huge market is open to TNCs which acquired Serbian companies. BAT and Philip Morris have taken "global chess" strategy, but also "first mover" strategy, whereas JTI has taken "follow the leader" strategy.

It is obvious that TNCs have intentions to build their positions in Serbian market by strategic management of FDIs in the field of cement and tobacco production. Lafarge and Philip Morris, as the leaders within the industries of cement and tobacco respectively, intended to build a leading position by taking "first mover" strategy. Underdeveloped competition in Serbia, low costs of entry, making use of the government's subsidies to investors, created a fertile ground for such strategy.

The motive of TNCs performing within the industries of cement and tobacco to invest in Serbia is "to probe" their main competitors. Fears that competitors may make the first move and take over an emerging market, as is the case with Serbian market, drove these companies to make the first move themselves. The leaders in cement and tobacco production purchased the companies in the same line of business in other parts of South-East Europe, which is an evidence of a regional aspect of their strategies. In that sense, Dicken (Dicken, 2004, p.270) states from the perspective of TNCs, a regional strategy may represent an ideal solution to the competing pressures for organizational responsiveness and global integration. As Rugman (Rugman, Verbeke, 2004, p.18) explains there is abundant empirical support for the proposition that many TNCs have regional components in their strategy formation, both as regards the locus of decision-making, and the geographic adaptation level of their products.

The situation in the sector of telecommunications is very similar when it comes to market structure and TNCs' entering strategies. Norwegian telecommunication company Telenor made the first move in 2006 by buying 100% of the shares belonging to Serbian company Mobilco 63 at the price of 1.513 bln. EUR. In 2007 Austrian telecommunication company Mobilco Austria (VIP) bought a mobile operator license at the price of 320 mln. EUR to operate in Serbia. This TNC operates in 7 countries in South East Europe and the Western Balkans by applying the strategies of "follow the leader" and "global chess".

One should not neglect the motive of TNCs to slow down the growth of their potential competitors. By entering the emerging markets which may expand without obstacles, (as in the case of Serbia, the only country outside of the CIS group to have signed a free trade agreement with Russian Federation), local and regional competitors are discouraged and their market power is diminished.

Table 12. **TNCs' strategies in Serbian economy**

Companies	Traditional strategies	Strategic management of FDI
TITAN	Resources seeking Market seeking	Follow the leader Global chess
HOLCIM	Resources seeking Market seeking	First mover Global chess
LAFARGE	Resources seeking Market seeking	First mover Global chess
PHILIP MORRIS	Market seeking Efficiency seeking	First mover Global chess
BAT	Market seeking Efficiency seeking	Follow the leader
JIT	Market seeking Efficiency seeking	Follow the leader
TELENOR	Market seeking Strategic asset seeking	First mover
VIP	Market seeking Strategic asset seeking	Follow the leader

Concentration ratio in the analyzed industries, which measures the sum of the shares of 3 firms, shows that those industries have been oligopolized. Lafarge is a dominant company within cement industry (47% of market share), Phillip Morris is a key player in tobacco industry (68% of market share), and Telecom Serbia is prominent in the sector of telecommunications (68.5% of market share). It may be argued that cartels have been made in the above mentioned branches of industry, and that companies determining prices behave as cartel members secretly negotiating and agreeing on prices.

The fact that TNCs entered the analyzed industries confirms that such variables as the structure of markets, transactions cost and the managerial strategy of firms are important determinants of TNCs activity. In accordance to this there is an opinion (Pelinescu, Radulescu, 2009, p.155), that the TNCs make investments in a certain country only on condition that they gain additional profit from making their activities international and only if they have the advantage of monopoly.

5. Conclusion. TNCs have made investments in Serbian economy through M&As which represented traditional strategies: resource seeking, market seeking, efficiency seeking, strategic asset or capability seeking, and the manifestation of strategic management of FDIs. With regards to cement industry, TNCs were resource seekers, market seekers, and the first movers at the same time. When it comes to tobacco industry, Philip Morris and BAT were market seekers, efficiency seekers, and the first movers, whereas JIT was a market seeker which followed the leaders. In the sector of telecommunications, Telenor and VIP were market oriented, and they both entered the global game (competition) where a Norwegian company acts as a key player.

TNCs investments in Serbian economy show that their strategy is conditioned by converging regional with global market structures in the above mentioned industries. By conquering Serbian markets, TNCs strengthen not only their positions within the Western Balkans and South East Europe but their oligopolistic position at a global level as well.

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