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Examining Chinese Multinational Corporations as Agents of Development and/or Underdevelopment in South Africa

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ABSTRACT
The investment of the Chinese government has been one of the biggest across the globe and Multinational Corporations (MNCs) have been at the center of this investment. Some scholars have referred to this as a Neo-colonial strategy by China on the African continent as most of these investments are only fostering their interests while degrading African states. In addition, these MNCs have acted as important agents in economic, social, and infrastructural development/ underdevelopment in the state. Thus, the paper sought to examine Chinese MNCs as agents of development and underdevelopment in South Africa. From this premise, the paper adopted a qualitative research method and case study approach of five MNCs from China operating in South Africa to critically examine their role as agents of development and underdevelopment in South Africa. The findings of the paper show succinctly that MNCs within the mining, technology, and industrial sectors of China have critically contributed to the development and underdevelopment of the country. Hence, it recommends that these companies must adopt strategies that contribute positively to the country's long-term growth while minimizing negative impacts. They further need to implement and adhere to rigorous environmental standards to minimize their ecological footprint to ensure sustainable development in South Africa. The paper concluded by noting that there are challenges and opportunities created by MNCs which include job creation, contamination of water, destruction of wildlife, forceful displacement of settlements, and infrastructural development.

Keywords: *Chinese MNCs, Agents of Development and/or Underdevelopment, South Africa's Development, and Chinese Investments.*

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INTRODUCTION
Multinational corporations (MNCs) are viewed as a network of cross-border activities with some of them being carried out within the hierarchy of the firm and some carried out in informal contractual ties. Therefore, ultinational corporations are defined not only by the foreign production facilities owned but also by the activities that create value that carries a significant amount of influence.[1] On the other hand, Kordos and Vojtovic (2016) have argued that multinational corporations can be understood as an

[1] Lere Amusan, "Multinational Corporations'(MNCs) Engagement in Africa: Messiahs or Hypocrites?," *Journal of African Foreign Affairs* 5, no. 1 (2018): 41–62.

organization that seeks to produce goods and services in their states of residence and other multiple foreign states.[2]

Organizations such as Jinquan Iron & Steel (Jisco); Zijin Mining; China National Offshore Oil Corporation (CNOOC), and Huawei Technologies, in South Africa as Chinese-origin organizations are examples of MNCs. The study shall focus on the above-mentioned Chinese MNCs although multiple others exist within the landscape of South Africa. Thus, this study is guided by their dominance within their various sectors of operation.

When issues of development and underdevelopment in the African continent are discussed, MNCs are considered some of the most important aspects. With the rise of globalization and capitalism, it became easier for these entities to be able to grow and prosper on the shores of Africa. In addition, ever since its independence, Africa has always looked for a way to grow both socially and economically, and Multinational corporations became the solution to the issues of underdevelopment that are experienced in Africa.[3]

Hence, most host states support the establishment of MNCs for multiple reasons which include the advancement of their public policy in foreign states and try by all means to ensure their establishment and growth. Some of the measures performed by the host state can include the reduction of cooperating tax to allow more creation of jobs and creating a growing economy to create an environment for starting up and maintaining thriving businesses .[4] In addition, host states relax economic and other domestic policies to allow MNCs to operate with limited government intervention and ensure the protection of the infrastructure and goods of these businesses as noted by Monyae and Banda.[5]

In 2018 China and South Africa celebrated 20 years of diplomatic relations between the two states.[6] In addition, China has also become South Africa's biggest trading partner with a relation of 11.7 percent, and this is growing by the day. Furthermore, Monyae and Banda (2018) revealed that by the end of the 2017 financial year, the bilateral relations between the two states had yielded over 39.17 billion US Dollars, making China the biggest trade partner of South Africa. The two states were seeing growth and development in their economic and social development).[7] Hence, MNCs have seen an important integral part of economic development and global partnership, they can be regarded as main players in a global knowledge-based economic activity and growth, particularly in China and South Africa.

However, there is an issue of not having a clear intention and seeking a capitalist agenda in which the owners seek to gain more money. Furthermore, scholars such as Kordos and Vojtovic and Amusan have succinctly documented the development of MNCs in Africa and their influence on infrastructural, social, and economic development.[8] Ferdausy and Rahman have equally investigated the impact of multinational corporations on developing countries[9] while E. Ite (2004) has also deducted the role of MNCs in CSR within Nigeria. Scholars such as Ite ; Ferdausy and Rahman ; Tirimba and Macharia ; Kordos and Vojtovic , and Amusan have documented greatly the MNCs and development within the African continent.[10] However, little attention has been paid to the four MNCs selected about their contribution to development or underdevelopment in South Africa.

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[2] Marcel Kordos and Sergej Vojtovic, "Transnational Corporations in the Global World Economic Environment," *Procedia-Social and Behavioral Sciences* 230 (2016): 150–58.

[3] David K Tse, Yigang Pan, and Kevin Y Au, "How MNCs Choose Entry Modes and Form Alliances: The China Experience," *Journal of International Business Studies* 28 (1997): 779–805; Felix Tuodolo, "Corporate Social Responsibility: Between Civil Society and the Oil Industry in the Developing World," *ACME: An International Journal for Critical Geographies* 8, no. 3 (2009): 530–41.

[4] Tuodolo, "Corporate Social Responsibility: Between Civil Society and the Oil Industry in the Developing World."

[5] David Monyae and Gibson Band, "Sino-South African Relations at Twenty: Key Lessons," *UJCI Africa-China Occasional Paper*, no. 5 (2018): 1–20.

[6] Monyae and Band, "Sino-South African Relations at Twenty: Key Lessons."

[7] Tuodolo, "Corporate Social Responsibility: Between Civil Society and the Oil Industry in the Developing World"; Monyae and Band, "Sino-South African Relations at Twenty: Key Lessons."

[8] Kordos and Vojtovic, "Transnational Corporations in the Global World Economic Environment"; Amusan, "Multinational Corporations'(MNCs) Engagement in Africa: Messiahs or Hypocrites?"

[9] Shameema Ferdausy and Md Sahidur Rahman, "Impact of Multinational Corporations on Developing Countries," *The Chittagong University Journal of Business Administration* 24, no. 3 (2009): 111–37.

[10] Uwem E. Ite, "Multinationals and Corporate Social Responsibility in Developing Countries: A Case Study of Nigeria," *Corporate Social Responsibility and Environmental Management* 11, no. 1 (2004): 1–11; Ferdausy and Rahman, "Impact of Multinational Corporations on Developing Countries"; Ondabu Ibrahim Tirimba and George Munene Macharia, "Economic Impact of MNCs on Development of Developing Nations," *International Journal of Scientific and Research Publications* 4, no. 9 (2014): 1–6; Kordos and Vojtovic,

In light of the above, the paper seeks to study the Chinese MNCs, Jinquan Iron & Steel (Jisco); Zijin Mining; China National Offshore Oil Corporation (CNOOC), and Huawei Technologies to fully understand their role in the development or underdevelopment of South Africa. A brief background will be provided on the above-mentioned MNCs.

Jinquan Iron & Steel (Jisco)

Iron and steel are some of those considered to be the biggest contributors in the world. This is because South Africa has steel industries that are strong and largest in the economy. However, Russell has explained that the Chinese Jinquan Iron and Steel cooperation is among those in South Africa seeking to neo-colonize the steel and Iron industry.[11] Russell further asserts that these entities are chasing the scramble for mineral resources within the continent hence it is referred to as neo-colonialism.[12] To this extent, Jisco, as a Chinese MNC, has invested more than $30m (€21.89m, £14.75m) in the sector. Although the investment of Jisco will result in job creation and open a gateway to more investors in the country, the MNC will be seeking to gain more through the capitalist system whereby they will benefit more and exploit the employees as well as their site of operations. This will lead to either more development or underdevelopment in society and the economy.

Zijin Mining company

Zijin Mining Corporation is a Chinese MNC operation in South Africa within the mining sector. The company mines multiple natural resources such as platinum, gold, and palladium within the Limpopo region of South Africa and has contributed to growth as well as development within the region .[13] In addition, the company was one of the first mining companies in the country to announce the adoption of the 5G network technology within the mining sector to try to reduce the number of fatalities occurring in the sector. Similarly, Zijin Mining is also looking to expand its operations, experience, and skills to women within the region by developing women and capacitating them for jobs within the mining sector especially since the sector was dominated mainly by male characters.[14]

Thus, some good has come from mining cooperation in the region as they look to expand operations, empower women, and their exposure to technology, as well as infrastructural development. Besides that, the mine has hired several workers from the local community to ensure that there is growth in the socio-economic status of the region, and this will eventually lead to the growth in the country's economy. However, the corporation has had some negative consequences. Extracting these minerals requires stable and high levels of energy from Eskom, the service provider which is already struggling to provide adequate power to the community.

This has put pressure on the already struggling power utility of the country, and it is likely that an energy crisis will begin. Similarly, the establishment of the mine caused a forceful removal of settlement since ordinarily Limpopo is known as a place of settlement and not industrial. The ecosystem was thus disturbed, and the livelihoods and communities of people were displaced as a result of the establishment of the mine. In addition, the Marikana mining wage crisis of 2012 has also shown how MNCs can take advantage of employees and pay them low wages in exchange for their high profits. Therefore, the rising inflation and high cost of living have contributed to underdevelopment, as most employees rely on temporary loans to survive.

China National Offshore Oil Corporation's (CNOOC)

China has invested a lot within the African continent; hence it is always at the center of development for most African states. The development of the economy, infrastructure, and social lives are some of the

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"Transnational Corporations in the Global World Economic Environment"; Amusan, "Multinational Corporations'(MNCs) Engagement in Africa: Messiahs or Hypocrites?"

[11] Russell F Korte, "A Review of Social Identity Theory with Implications for Training and Development," *Journal of European Industrial Training* 31, no. 3 (2007): 166–80.

[12] Russell. A., "Jisco Takes Model Approach in South Africa Project," *Financial Times*, 2007.

[13] Chris Alden and Martyn Davies, "A Profile of the Operations of Chinese Multinationals in Africa," *South African Journal of International Affairs* 13, no. 1 (2006): 83–96.

[14] Mining Weekly, "Zijin Invests in 5G Solution to Create a Smart South African Mine," 2022, https://www.zijinmining.com/news/media-detail-119432.htm.

clear examples that depict that the Chinese government is still relying on the growth of African states to also grow .[15] Hence, even in sectors that are yet to be explored in the continent such as oil, these MNCs have also led the towards their development and this contributes towards the growth of the continent. South Africa is noted to be the 10th largest producer of oil within the African continent producing approximately 160,000 barrels per day.

Without a proper industrial mechanism to extract oil, companies have had to rely on external assistance to properly get this sector off the ground. China National Offshore Oil Corporation (CNOOC) is one of the MNCs that have taken charge of the industry and have sought to assist the state in securing the sector and ensuring its development. However, disasters such as contamination of water and destruction of water wildlife due to accidents, have led to underdevelopment of the community as well as devastation of wildlife.

Huawei Technologies

Technological development is also one of the most important concepts within development and underdevelopment in South Africa and Africa as a whole. Therefore, multinational corporations such as Huawei Technologies have been the leading cooperates within the technological sectors seeking to introduce new ideas to conduct business, connect people and travel.[16] Therefore, their investments in the country have contributed enormously to the sector to ensure industrial and social development which will contribute to the economy.

On the other hand, Huawei Technologies has also been in the news for fostering underdevelopment in South Africa and seeking to undermine the laws of the state. For instance, the Department of Employment and Labour had in retrospect filed court papers against Huawei Technologies South Africa due to non-compliance with the employment equity policy. The department has allegations of non-compliance with employment where there were 90% appointments of foreign nations in the company, which was seen as a violation of the Employment Equity Policy (EAP) .[17] Such factors have led to societal underdevelopment and cause social issues such as xenophobia, which has been the case in South Africa as nationals accuse foreign nationals of taking their jobs.

A Review of Literature on the Multinational Corporations (MNCs) on Development and Underdevelopment in Africa

Multinational corporations are considered the most important actors that are influential economically and politically. They are companies that are brought in to gain a profit at a national and international, they cut across states, and they can operate within different states across the world.[18] Foreign direct investment (FDI) that flows to developing countries makes important contributions to by developing local economies, such as jobs, transfer of technology and capacity building.

Therefore, it can be agreed that MNCs have a positive and negative impact on the development of South Africa. Through multiple initiatives such as Corporate Social Responsibility (CSR) that focus on sustainable development and cooperation with civil society.[19] Furthermore, MNCs have control of a vast majority of resources across the world, hence they are always considered to be extremely influential in the family of non-state actors .[20] For instance, with MNCs' capital capacity and contributions towards the state they have settled in, the government has to ensure that their economic policies have to incapacitate these businesses ' needs.

As such, the policies of the South African government have to always consider that as much as these organizations pay tax, they also contribute to the enhancement of the infrastructure in that particular country. In the case of South Africa, this is very much evident as most companies must build their

[15] Emmanuel Asafo-Adjei, Anokye M Adam, and Patrick Darkwa, “Can Crude Oil Price Returns Drive Stock Returns of Oil Producing Countries in Africa? Evidence from Bivariate and Multiple Wavelet,” *Macroeconomics and Finance in Emerging Market Economies* 17, no. 1 (2024): 59–77.
[16] Alden and Davies, “A Profile of the Operations of Chinese Multinationals in Africa.”
[17] SAnews, “South Africa: Court Papers Filed Against Huawei Technologies SA,” *SAnew.Gov.Za,* 2022.
[18] Kordos and Vojtovic, “Transnational Corporations in the Global World Economic Environment,”18.
[19] Ite, “Multinationals and Corporate Social Responsibility in Developing Countries: A Case Study of Nigeria.”
[20] Kordos and Vojtovic, “Transnational Corporations in the Global World Economic Environment.”

operational sites, as such building infrastructure before the start of operations in the state .[21] MNCs are very important entities in South Africa's development, socially and economically. As mentioned above, they contribute to infrastructure development, which will contribute to the economic growth of the state as it expands and engages in international trade.

When the MNCs settle in the coastal areas of the country, they have to ensure that development takes place in the communities. This will be of benefit to the indigenes and will make it easier for the organisation to engage in trade (imports/ exports).[22] Should the corporation decide to leave the shores of the country, that particular structure should be used by the government to elevate economic activities in the community .[23] Moreover, when these MNCs seek to settle in a particular country they create jobs in that particular country, and this will reduce poverty as more people become employed.

When all goes as planned, the government will gain more tax from the citizens and this revenue can be used to improve other strategic sectors of the economy. These are some of the positives that come with the establishment of MNCs in African states as they contribute to development on the continent, financially, infrastructure, or socially .[24] In addition to all this, the expansion of MNCs and the ability to settle in foreign states will show their country of settlement as a peaceful state that has social cohesion, and this will assist the country in attracting more businesses to come and settle in this state.

This is very important for African states as states, such as South Africa have had their fair share of civil unrest and xenophobic attacks that have affected businesses. Manby is of the view that this shows social, economic as well as political stability, and this will bring in more foreign investment.[25] Thus, the economy of South Africa will see growth and alternately affect the continent's economy, and due to factors, such as globalization tourists will also be attracted to those states as they follow a band(s) that are known to them. Kordos and Vojtovic allude that the establishment of MNCs would also be a way in which states across the world get to have bilateral relations. [26]

This can be a means for these states to protect their interests in that country and this will contribute to development in Africa. In essence, there is great importance of MNCs in African states as such South Africa, these organizations contribute to social cohesion, promoting global and continental cooperation.[27] Furthermore, they also get to contribute to the African economy by developing and improving the structures of cooperation on the continent.

MNCs on underdevelopment in Africa

On the other hand, MNCs can also be found to contribute to the underdevelopment in Africa. These organizations are often considered selfish organizations. They seek to enrich themselves, and oftentimes they do not care about the states in which they are operating and their workers in that, particularly the state. Although the government can hold them accountable concerning tax paying, their policies concerning their worker remuneration are independent of the government's control or influence .[28]

Hence, the policies of states in which they settle have to be in line with the policies of their organizations, so the government has to draft policies that are inclusive of the MNCs. So, should the government choose to implement a policy that is oppressive toward the MNCs, they may opt to challenge the government through courts or close their doors and this will see a lot of people losing their jobs.[29] As people lose their jobs, there will be fewer and fewer contributions to the economy of the county in terms of the revenue collected and circulating in the economy. In addition, this will see more people lose their jobs, and underdevelopment in Africa will increase as poverty will also rise.

[21] Bronwen Manby, *Shell in Nigeria: Corporate Social Responsibility and the Ogoni Crisis* (Georgetown Institute for the Study of Diplomacy, 2000).
[22] Tuodolo, "Corporate Social Responsibility: Between Civil Society and the Oil Industry in the Developing World."
[23] Małgorzata Jaworek and Marcin Kuzel, "Transnational Corporations in the World Economy: Formation, Development and Present Position," *Copernican Journal of Finance & Accounting* 4, no. 1 (2015): 55–70.
[24] Jaworek and Kuzel, "Transnational Corporations in the World Economy: Formation, Development and Present Position."
[25] Manby, *Shell in Nigeria: Corporate Social Responsibility and the Ogoni Crisis*.
[26] Kordos and Vojtovic, "Transnational Corporations in the Global World Economic Environment."
[27] Jaworek and Kuzel, "Transnational Corporations in the World Economy: Formation, Development and Present Position."
[28] Khalid Rahman, "MNCs and TNCs: Their Role and Socioeconomic Impact on Host Societies," *Policy Perspectives*, 2007, 115–26.
[29] M R Kumara Swamy, "Are Multinational Corporations Problem-Solvers or Problem-Makers in Developing Countries? Focus on Technology Gap and Arbitrage," *International Journal of Business* 16, no. 1 (2011): 71.

When it comes to economic growth and contribution, the power, importance, and influence of multinational corporations are undoubtedly noticed. These entities have grown so across the globe that even in their host states are considered to be the leaders of non-state actors influencing governmental policies and employment/ unemployment rates amongst other important national matters .[30] Some of these entities due to international or foreign demand have been alluded to be the largest and most powerful in the foreign shore than in their states of origin .[31] Africa is filled with the most developing states that are looking for influencers and actors in the international and continental economy. It has seen an influx of MNCs flooding in many different African countries and these MNCs are mixed with others originating from the developed states and others purely originating from the shore of the African continent.[32]

MNCs have excelled more in foreign states than they would excel within their borders. Unfortunately, their excellence in other states has shielded the success of the home-grown corporations such that the native people would prefer having/ buying a foreign product than that that is from their shores .[33] For instance, people in South Africa would prefer to buy Nike or Adidas clothing brands as compared to buying their own locally sourced and sold clothing brands. In most cases these foreign brands are expensive hence, although they may have limited customers, they are still able to make major profits as Folarin has noted.[34] This is perpetuated by their capitalist nature and behavior in the economy as they look to gain profit and prioritize profit-making .[35]

THEORETICAL FRAMEWORK

Oligopolistic theory

The study of multinational corporations is enriched with models of the understanding world system and globalization. Like any other complex and paradoxical system in the world, a theory has been adopted to better understand the study of MNCs, namely oligopolistic theory. The oligopolistic theory can be understood as a market-oriented form in a market or industry that is dominated by small/few groups of sellers that are large in capacity size and they often collude to eliminate the competition.[36] Thus, the theory applies to the paper as it depicts that a few Chinese MNCs are dominating the economy of South Africa and they are contributing to the growth of the Chinese economy.

This theory focuses on the industry that is limited and enclosed and this could be because of a wide range of reasons such as a product being from a foreign land or the financial capacity for businesses to thrive being too big which are some of the cooperates that from China, they target the virgin business territories in South Africa. The level of competition among firms within this market system is lower while companies have monopoly power and obtain higher revenue.[37]

For example, when these large companies collide or form a partnership, they do this so that they can dominate the industry or unite their financial muscles to enclose the market.[38] Hence businesses such as Jinquan Iron & Steel (Jisco); Zijin Mining; China National Offshore Oil Corporation (CNOOC), and Huawei Technologies have had a wide range of divisions or units in cooperations in which several companies were colluding with others to expand their interests to either the country or the continent. Thus, this may be a huge contribution towards the development or underdevelopment of South Africa as markets are closed, so only a limited few benefit from the development. However, this causes underdevelopment as most states' SOEs are struggling within the very same sector.

[30] Jing-Lin Duanmu, "State-Owned MNCs and Host Country Expropriation Risk: The Role of Home State Soft Power and Economic Gunboat Diplomacy," *Journal of International Business Studies* 45 (2014): 1044–60.
[31] Charles R Taylor, Shaoming Zou, and Gregory E Osland, "Foreign Market Entry Strategies of Japanese MNCs," *International Marketing Review* 17, no. 2 (2000): 146–63.
[32] Alden and Davies, "A Profile of the Operations of Chinese Multinationals in Africa."
[33] R. Mudambi and P. Navarra, "Is Knowledge Power? Knowledge Flows, Subsidiary Power and Rent-Seeking within MNCs," in *The Eclectic Paradigm* (London: Palgrave Macmillan, 2015), 157–91.
[34] Sheriff Folarin, "Reparation or Recolonization: MNCs, Foreign Investors and the New Euro-African Partnership for Development," 2007.
[35] Folarin, "Reparation or Recolonization: MNCs, Foreign Investors and the New Euro-African Partnership for Development."
[36] D. Guo, " Firm Product Scope, Oligopolistic Competition, and the Business Cycle," *Evidence and Theory*, June 20, 2020.
[37] Guo, " Firm Product Scope, Oligopolistic Competition, and the Business Cycle."
[38] A I Kononenko and Kseniia Kugai, "Competitive Market Types Development and Market Concept for Competitive Position Formation," *Conceptual Aspects Management of Competitiveness the Economic Entities*, 2019.

Features of Oligopolistic Theory Market System

The first feature of this theory is that asserts that decision-making is interdependent. This feature is rooted in the foundation that big companies in the same industry, according to the oligopoly theory, cannot operate independently.[39] Therefore, interdependency would arise from the Chinese government as these cooperates collaborate in technological advancements and expansion of their operations. This theory assumes that companies that offer the influence of the same product each other prices; therefore, this makes them not operating independently. Yet, this may not be accurate, as the prices of these products are not only determined by this. There are other factors such as inflation and interest rates that have to be taken into account when noting the issue of price set.[40]

Secondly, with regard to price rigidity, the theory alludes that the price tag put upon a product in the industry has to be one and be standardized across the board. Furthermore, this also suggests that if one of the companies cuts down on or makes a drastic cut in prices, it will also force other companies to do the same.[41] This is said to be a price war that no one would benefit from the commotion.[42] Although this may be correct with the assumption of price rigidity, every company has its own set of ambitions and mission to carry out with the target it may look to hit in terms of sales. Thus, the prices may differ in days of sales, affecting the issue of price rigidity and standardizing.

Another feature of oligopolistic theory is conflicting attitudes. This feature has been categorized into two sets where the first is noted that companies that compete cannot really benefit and they bring their resources together to maximize profits and increase their review.[43] Competition amongst companies may be healthy to help them work efficiently and better increase their review such as maximizing the advantages of their products. And secondly, the idea of increasing profit leads to conflict and antagonism. This is an assumption that the competition amongst companies is not a healthy one, and some companies' competition may be a healthy one to even start increasing the visibility of the company and increasing sales.

With regard to advertising, it is a powerful instrument with the help of which a company in an oligopoly can start an aggressive campaign to capture a large part of the market. In this scenario, other companies will have to use defensive advertising .[44] The theory fails, though, to note that other strategies may be used by other companies to ensure that they counter against them.

Critique of Oligopolistic Theory

Like any other theory, this theory has its focus and limits the coverage of other factors that may be contributing to the phenomenon that the theory covers. Henceforth, the theory will open the flow for criticism and critiques from various scholars such as Head and Spencer.[45] This theory assumes that all companies that collude are in the interests of collecting all the revenue in the industry or rather it is an attempt to close down the market, in other words, to capture it. Furthermore, this theory assumes that large businesses cannot function independently and, as such see the need to forge partnerships with other companies within the same industry to assist in making critical decisions .[46] These assumptions may not be so as many companies collude for different reasons, some may do so as a means to keep their businesses open and ensure that it is business as usual.

Monopolistic approach to economic development

Developing economies often rely on one form of economy, in which this economy is the main selling market or product in that particular country, and this is referred to as a mono-economy. Similarly, even in the monopolistic approach to economic development, a country relies on one set of goods and services to

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39 Kononenko and Kugai, "Competitive Market Types Development and Market Concept for Competitive Position Formation."
40 Keith Head and Barbara J Spencer, "Oligopoly in International Trade: Rise, Fall and Resurgence," *Canadian Journal of Economics/Revue Canadienne d'économique* 50, no. 5 (2017): 1414–44.
41 Kononenko and Kugai, "Competitive Market Types Development and Market Concept for Competitive Position Formation."
42 Guo, " Firm Product Scope, Oligopolistic Competition, and the Business Cycle"; Olivier Wang and Iván Werning, "Dynamic Oligopoly and Price Stickiness," *American Economic Review* 112, no. 8 (2022): 2815–49.
43 Wang and Werning, "Dynamic Oligopoly and Price Stickiness."
44 Guo, " Firm Product Scope, Oligopolistic Competition, and the Business Cycle."
45 Head and Spencer, "Oligopoly in International Trade: Rise, Fall and Resurgence."
46 Kononenko and Kugai, "Competitive Market Types Development and Market Concept for Competitive Position Formation."

be provided to ensure that the economy grows .[47] These have been some of the biggest challenges for economic growth in many states, particularly in the case of Africa where states are so industrialized. States such as South Africa have for years relied on mining mineral resources as the host of most .[48] Thus, this has led to MNCs such as those from China taking charge and opening the way to new sectors and causing underdevelopment and dependency.

In a Monopolistic economic approach, there is competition amongst the different producers for the same spot with the same product .[49] These products being sold are products that are differentiated from one another by branding or quality. Many states in Africa depend on a monopolistic approach to economic development; hence, underdevelopment is thriving . [50]

METHODOLOGY

The paper has adopted a qualitative method of research as well as a case study design. The case study design is best suited for the paper as it focuses focusing Chinese SOEs. The paper has also employed purposive sampling and snowball sampling, and purposive sampling was used to identify the five Chinese SOEs employed in the study. Therefore, the study has purposely sourced out material from the following Chinese MNCs, Jinquan Iron & Steel (Jisco); Zijin Mining; China National Offshore Oil Corporation (CNOOC), and Huawei Technologies to fully understand their role in the development or underdevelopment of South Africa. The sampling of these companies depends on their dominance within the various sectors of the economy especially in South Africa.

Purposeful sampling was used due to its strength in the identification and selection of information-rich literature on SOEs, particularly Chinese-owned. Furthermore, snowballing was used due to its strength of citation tracking to identify additional papers that currently exist on SOEs, with specific reference to Chinese-owned entities. Therefore, the researcher used the reference list of the material found to refer to and found more related material/ existing literature on the subject. Hence, the researcher employed this snowball sampling technique to find referrals to other materials on SOEs. Thus, purposive sampling and snowballing sampling were integrated by the researcher to select books, journal articles, and government documents that address the topic of the paper.

FINDINGS AND DISCUSSIONS

The Influence of MNCs on South Africa's national economy

The influence of MNCs on the national economy is very vital to a country's domestic economic policy. Being part of the non-state actors influences the direction of economic and social policies of the state.[51] MNCs to some extent are considered to be powerful and important entities even on foreign shores. For instance, when an MNC is looking to settle in a foreign state, it will propose its policies in terms of hiring staff members and remuneration. Furthermore, the government of this particular state such as South Africa and Zimbabwe will not have any form of influence or control in the running of the state, such that they can only and a national minimum wage.

However, this wage may not necessarily be followed by these entities. [52] Yet, because the employees are not affiliated with any interest group will or would advocate for their rights due to the corporation's internal policies. With that in mind, these MNCs can be noted to be more powerful than home-state entities, having the power to influence governmental policies yet limiting the power of the state and interest groups to dictate how they run their affairs. [53]

In addition, also being some of the highest paying tax entities in a state, they also contribute to the gross domestic product of the country, contributing to skills development and the employment/

[47] Avinash K Dixit and Joseph E Stiglitz, "Monopolistic Competition and Optimum Product Diversity," *The American Economic Review* 67, no. 3 (1977): 297–308.
[48] Isaac A Ogbuji, Ekundayo P Mesagan, and Yasiru O Alimi, "The Dynamic Linkage between Money Market, Capital Market and Economic Growth in Ghana: New Lessons Relearned," *Econometric Research in Finance* 5, no. 2 (2020): 59–78.
[49] Dixit and Stiglitz, "Monopolistic Competition and Optimum Product Diversity."
[50] Ogbuji, Mesagan, and Alimi, "The Dynamic Linkage between Money Market, Capital Market and Economic Growth in Ghana: New Lessons Relearned."
[51] Muhittin Ataman, "The Impact of Non-State Actors on World Politics: A Challenge to Nation-States," *Alternatives: Turkish Journal of International Relations* 2, no. 1 (2003).
[52] Alden and Davies, "A Profile of the Operations of Chinese Multinationals in Africa."
[53] Ataman, "The Impact of Non-State Actors on World Politics: A Challenge to Nation-States."

unemployment rate of the state. Hence, non-state entities can grow and prosper more than state-owned entities. The state entities are forced to adhere to the governmental laws and policies, whereas else these MNCs are not so much .[54] Similarly, Folarin has noted that MNCs are also an engine for international relations as these are viewed as the important elements to encourage engagements between two states and forge alliances. [55]

Contrary to state entities, which are limited to the borders of their states, MNCs encourage even investors to invest in these states as environmental business allows for growth, and they can gain profit .[56] Hence, Alden and Davies have noted that states such as China have invested in the growth of their MNCs and their brands understanding their influence and power on the global stage.[57] Therefore, the power of MNCs goes beyond borders and has a great deal of influence on the international globe in terms of forging alliances and contributing to the global, continental, and national economies to ensure growth. [58] Moreover, creating jobs ensures that poverty is less prevalent, and employment grows.

Economic Nationalism vs Chinese MNCs in South Africa

Economic nationalism also noted or known as economic patriotism and economic populism can be understood as an ideology that encourages states' intervention over other market mechanisms. [59] The drafting of domestic economic policies will see to give the government more control over the economy and labor. Furthermore, in some instances, this will require the addition or imposition of tariffs and laws that will assist the government to remain in control. This often limits the economic activities and operations of the state as more and more industries cannot fully operate with the interventions of the states.

Sectors such as energy have seen the government adjust the policies of these sectors limiting the production of energy by privately owned entities to just a hundred (100) megawatts each without a license.[60] Currently, these corporates are only allowed to produce 1 megawatt of power without a license, this is the intervention of the state in this sector depicting the control of the state in the policy-making of this sector.[61] This will go a long way in assisting the economy of the state to grow as currently the nation's power grid owned by Eskom is struggling to produce sufficient power both for industrial and societal use.[62]

Similarly, even the land question currently can also be found to be one of the interventions of the government in the farming industry.[63] Xaba has documented that currently, the South African government is looking to redistribute land amongs the majority black people in the country.[64] This land has been in the hands of the white minority and the government is looking to even the odds. Although this may be a good cause to balance the high inequality in the country, it can also be determinantal for the economy.[65] Yeni further alluded that investors may disinvest in fear or skills fewer individuals taking over the land and the intervention of the government in the farming sector.[66] Therefore, MNCs may be weary to come and operate on the South African shore, in essence, affecting the country's economic activities and MNCs looking to settle concurrently. For instance, Chinese MNCs Jinquan Iron & Steel (Jisco); Zijin Mining; China National Offshore Oil Corporation (CNOOC), and Huawei Technologies as the MNCs of China have contributed to both the development and underdevelopment of South Africa.

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[54] Ataman, "The Impact of Non-State Actors on World Politics: A Challenge to Nation-States."
[55] Folarin, "Reparation or Recolonization: MNCs, Foreign Investors and the New Euro-African Partnership for Development."
[56] Folarin, "Reparation or Recolonization: MNCs, Foreign Investors and the New Euro-African Partnership for Development."
[57] Alden and Davies, "A Profile of the Operations of Chinese Multinationals in Africa."
[58] Tse, Pan, and Au, "How MNCs Choose Entry Modes and Form Alliances: The China Experience."
[59] Eric Helleiner and Andreas Pickel, *Economic Nationalism in a Globalizing World* (Cornell University Press, 2005).
[60] Iain Todd and Darren McCauley, "Assessing Policy Barriers to the Energy Transition in South Africa," *Energy Policy* 158 (2021): 112529; Siân Stephens and Bryan Michael Kenneth Robinson, "The Social License to Operate in the Onshore Wind Energy Industry: A Comparative Case Study of Scotland and South Africa," *Energy Policy* 148 (2021): 111981.
[61] Todd and McCauley, "Assessing Policy Barriers to the Energy Transition in South Africa."
[62] Stephens and Robinson, "The Social License to Operate in the Onshore Wind Energy Industry: A Comparative Case Study of Scotland and South Africa."
[63] Sithandiwe Yeni, "Land Is More than Farming: Former Labour Tenants' Views on Land Expropriation without Compensation," *Focus* 1 (2018): 23.
[64] M.B. Xaba, " South African Land Question and the Dilemma of Land Expropriation without Compensation: A Critical Examination," in *The New Political Economy of Land Reform in South Africa* (Cham: Palgrave Macmillan, 2021), 79–99.
[65] Xaba, " South African Land Question and the Dilemma of Land Expropriation without Compensation: A Critical Examination."
[66] Yeni, "Land Is More than Farming: Former Labour Tenants' Views on Land Expropriation without Compensation."

JISCO's, CNOOC, Zijin Mining, and Huawei Technologies investments contribute to South Africa's GDP by creating jobs, increasing industrial production, and enhancing export potential. The infusion of capital has stimulated local economies, particularly in areas where investment is made. In addition, the company is also important for the construction of infrastructure, such as steel plants, roads, and other facilities necessary for JISCO's CNOOC, Zijin Mining, and Huawei Technologies operations, which can also benefit local communities. These developments can improve connectivity, access to services, and overall economic activity.

On another note, JISCO's, CNOOC, Zijin Mining, and Huawei Technologies' operations can lead to the transfer of technology and expertise to the local workforce. This can help to upskill local employees, enhancing their productivity, and increase their earning potential. Investments by companies like JISCO can strengthen economic and political ties between South Africa and China, potentially leading to more favorable trade agreements, loans, and other forms of support.

On the negative note of underdevelopment, JISCO, CNOOC, Zijin Mining, and Huawei Technologies focus on extracting and processing natural resources, which can lead to the depletion of South Africa's natural reserves. This could leave the country with fewer resources for future generations and potentially cause environmental degradation. There is also a heavy reliance on foreign companies like JISCO, CNOOC, Zijin Mining, and Huawei Technologies which can lead to economic dependency. South Africa's economy may become vulnerable to the strategic interests of China, potentially reducing its autonomy in economic policymaking.

Additionally, there is a negative impact on environmental and social costs. Large-scale industrial operations can have significant environmental impacts, including pollution, deforestation, and disruption of local ecosystems. These costs often disproportionately affect marginalized communities, leading to social discontent and health problems.

On the other hand, the benefits of such investments may not be evenly distributed in South African society. Profits can mainly flow back to the Chinese parent company, while local communities see limited improvements in their standard of living. There have been concerns about the labor practices of some foreign investors in Africa, including low wages, poor working conditions, and limited workers' rights. If JISCO, CNOOC, Zijin Mining, and Huawei Technologies were to engage in such practices, it could contribute to underdevelopment rather than uplifting the local workforce.

RECOMMENDATIONS

These companies must adopt strategies that contribute positively to the country's long-term growth while minimizing negative impacts. They need to implement and adhere to rigorous environmental standards to minimize their ecological footprint. This includes investing in cleaner technologies, reducing emissions, effectively managing waste, and ensuring the sustainable use of natural resources. This will ensure the protection of South Africa's environment, which is crucial to the health and livelihoods of local communities and the sustainability of natural resources.

In addition, these companies must prioritize hiring local workers and invest in training programs that build local capacity. They should partner with local educational institutions to create programs that align with industry needs and invest in developing a skilled workforce that not only benefits the local economy but also improves the companies' productivity and operational efficiency in the long term.

Similarly, there is a need to develop local supply chains by sourcing materials and services from South African businesses. Where possible, collaborate with local entrepreneurs and SMEs to integrate them into your value chain. This will lead to the strengthening of local businesses and will help to create a more resilient and diversified economy, reducing the dependency on foreign entities.

JISCO (Jinquan Iron & Steel), CNOOC (China National Offshore Oil Corporation), Zijin Mining, and Huawei Technologies must also invest in community development projects such as education, healthcare, infrastructure, and social services. Engaging with local communities to understand their needs and priorities is crucial because CSR initiatives can improve the quality of life in local communities, build goodwill, and improve the companies' social license to operate. They also aim to ensure the development of fair wages, safe working conditions, and respect for labor rights in all operations, by establishing transparent grievance mechanisms for workers. Ethical labor practices help to foster a motivated and loyal workforce, reduce turnover, and avoid labor disputes, contributing to a stable operating environment.

The Chinese MNCs must also design profit-sharing schemes or equity participation models that allow local stakeholders to benefit directly from the success of the projects. Ensuring that a fair share of profits is reinvested in the South African economy will help reduce income inequality and ensure that the economic benefits of investments are widely shared within South Africa.

Furthermore, it is crucial to work with the South African government to diversify the economy by investing in sectors beyond natural resources. Supporting initiatives that enhance economic diversification and reduce over-reliance on any single sector will contribute to the long-term growth and resilience of the economy. Engaging in dialogue with the South African government, civil society, and other stakeholders to contribute to the development of policies that promote sustainable development will promote aligning business practices with national development goals and ensure that the companies' operations are mutually beneficial and contribute to the broader socio-economic development of South Africa. These MNCs must maintain high standards of transparency in financial reporting, environmental impact assessments, and community involvement. They should regularly publish reports on the socio-economic impact of their operations in South Africa. Transparency builds trust with local stakeholders and helps mitigate the risks associated with corruption, environmental damage, and social unrest.

CONCLUSION

The power and influence of the MNCs are undoubted within the global spectrum. These corporates have influenced the state's economy, employment rate, and international relations. Similarly, MNCs also have the power to contribute to significant development and or underdevelopment in a country. Through the lens of South Africa, the paper has depicted the impact and influence of MNCs in the state's economy, and employment rate among other factors to critically depict its impact on development and underdevelopment. In addition, the paper has referred to the four MNCs of China as the most dominating state in terms of MNC cooperation and globalization. In conclusion, the paper has also deduced how the Chinese MNCs are agents of both development and underdevelopment in South Africa. Through Jinquan Iron & Steel (Jisco); Zijin Mining; China National Offshore Oil Corporation (CNOOC), and Huawei Technologies MNCs the paper has succinctly depicted their role in the development and underdevelopment in South Africa.

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