

Investment Origin and the Societal Returns to Inward FDI

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Abstract

Despite increasing recognition that multinational enterprises (MNEs) are pivotal actors in tackling grand societal challenges and advancing the United Nations' Sustainable Development Goals (SDGs), empirical research on the impact of inward foreign direct investment (FDI) on the social and environmental progress of host economies, and firms, is still scarce. In this study, we aim to contribute to this literature by examining whether the potential SDG-related benefits that inward FDI may bring to host countries and firms depends on where foreign investment comes from. We argue that investment origin bundles differences in, among others, business practices, social norms, values and expectations, as well as regulatory standards. In turn, these may shape the scale and direction of inward foreign investment societal spillovers. Accordingly, we formulate hypotheses on the differential SDG effects of FDI from advanced versus emerging economies. To the best of our knowledge, heterogeneity in foreign investor's home country remains an unexplored factor in examining inward FDI-driven societal gains. To test our hypotheses, we intend to employ secondary data, ideally at the firm level, coupled with rigorous quantitative analyses. We are currently assessing the most suitable datasets for our study. Therefore, the empirical work is pending, and empirical results are not available yet.

Keywords: Inward foreign investment; Grand challenges; Multinational enterprises; Societal spillovers; UN 2030 Agenda