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Historically, extractive sector MNEs have been seen as an obstacle to sustainable development, because they operated in enclaves with limited local engagement. Import-substitution policies aimed to increase the local benefits of these resources, restricting FDI. Since liberalisation, extractive MNEs have re-engaged with developing countries through looser governance structures with greater potential for linkages. Despite the increased potential, few host countries have seen meaningful MNE-led development because of weak domestic firms and poor location advantages. New MNEs from emerging economies have also not shown a greater propensity to local linkages. Only countries that have continued to invest in location advantages have seen substantial benefits.

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