

The Impacts of Economic Development by Multinational Corporations on Developing Countries

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Abstract

In today's global economy Multinational Corporations (MNCs) are playing an important role especially in emerging markets. The simplest definition of a multinational corporation is an enterprise which possesses at least one unit of production in a foreign country. These Transnational Companies are referred to as "big business" and "engine of economic growth" where social welfare or human right concerns are purposely ignored. MNCs are subjected to changes in international exchange rates, tariffs, duties, and restrictions on trade. Previous research has identified the impact of MNCs on the economic situation of developing countries. Especially on the basis of Solow model, the positive effect on economic growth of all tested samples has been identified, but the economic growth in very poor countries tends to be less affected by the presence of Foreign Direct Investment than in middle income economies. The economic role of MNCs is simply to channel physical and financial capital to countries with capital shortages. By improving the efficiency of capital flows, MNCs reduce world poverty levels and provide a positive externality that is consistent with the United Nations' (UN) mission. This is critically important for emerging markets as the sole purpose of their policy framework is to achieve increased levels of economic development for their county. The research has gathered secondary data through reports, books, online magazines, online videos and journal articles which have been analyzed using the case study method to express the researcher's opinions on the given incidents. Therefore signifies the role of developing states' policies towards MNCs and has suggested suitable recommendations for the review of policy changes. The findings from the case studies of Coca-Cola in India, Shell in Nigeria, Uniliver in Pakistan and Nike in Indonesia highlight the MNCs' involvements into the internal situations in developing countries and how MNCs discourage the development of developing countries in present.

Key Words: *Multinational Corporation (MNCs), Developing Countries, Development, Economic Development*

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