

Influence of Multinational Corporations on local industry upgrading

Shorena Kurdadze

Associate Professor of

Caucasus International University

Abstract:

The growth of Multinational Enterprises (MNEs) activities through Foreign Direct Investments (FDI) in developed and developing countries have largely attracted the attention of policy makers because of the expected positive impacts they may have on receiving countries. The FDI is associated with the inflow of unique assets in the country, such as new technologies, know-how, innovations, management skills, etc. However, at the same time many empirical researches indicate that the impact of foreign direct investments may not be positive for the economy of the recipient country, especially for developing countries, which have different possibilities to absorb FDI benefits.

The study provides an analysis of the impact of foreign direct investment motivations on the local industry upgrading of the recipient country. The empiric research on the example of Georgia demonstrated the main motivations of incoming foreign direct investments in Georgia, the integration degree of MNEs into local sectors and the possibilities of using foreign direct investments benefits in terms of the sector and country characteristics. The subject of research is the MNEs operating in Georgia and their transactions at the local market.

Keywords: Multinational Enterprises; Foreign Direct Investments; Economics.