

PhD Masterclass Course Syllabus

01-02 April 2019

International Business, Development
and Policy

by Rajneesh Narula and Hafiz Mirza

About the course instructor:

Rajneesh Narula is John H. Dunning Chair of International Business at the Henley Business School. His research and consulting have focused on the role of multinational firms in development, innovation and industrial policy, R&D alliances and outsourcing. He has published over a 100 articles and chapters in books on these themes. He regularly acts as a consultant and advisor to the European Commission, UNIDO, UNCTAD and the OECD, and a variety of other international organisations.

Hafiz Mirza is Visiting Professor of International Business at Henley Business School, University of Reading. For many years Hafiz Mirza has worked on the interface of academia and international organisations (including Chief of Investment Issues Research at the Division of Investment and Enterprise, UNCTAD), leading to a large body of policy-orientated research and publications, including the annual World Investment Report and ASEAN Investment Report.

Course Themes

- Multinationals and development
- Foreign direct investment, non-equity modes
- Pathways to development, industrialization and globalization
- The vicious cycle of poverty
- Structural change. dual economies and inequality
- Learning and absorptive capacity
- The investment development path
- Outward MNE activity from developing countries
- MNEs and sustainability
- National and international policy options

Course Objectives

This module is intended to provide an introduction to the role multinational enterprises (MNEs) can play in development, and how governments are able to influence the positive and negative outcomes associated with this interaction. This course will run over two days.

The module will focus on issues relating to the role of multinational enterprises (MNEs) in the process of industrialization and economic development. It will review the theory and evidence

relating to how foreign direct investment affects economic structure and industrial development in host countries, taking special interest in developing countries, but also drawing on the experience of the developed world. Finally, applying theory, empirical evidence and case studies the course will home in on context-driven potential policies that governments can and do apply to optimise the impact of MNEs at the national and international level.

- Part 1 of the course will give an introduction to the issues and challenges associated with development as well as a brief journey through historical and current international political economy, trade and FDI trends.
- Part 2 will provide an overview of the most significant literature in the area of MNEs and development, introducing the students to key concepts such as externalities, spillovers and linkages, overview the empirical evidence on FDI and development, and highlight significant areas for future research.
- Part 3 will examine the tools available to governments to optimise outcomes through policy.

Course Overview

Course Structure, Outline and Key Concepts

Day 1

Rajneesh Narula

- a. An overview of MNEs, FDI and development; definitions
- b. A long-term perspective on globalization, MNEs and development.
- c. The changing structure of the MNE: trade, FDI and non-equity modes.
- d. Structural change, economic structure and development
- e. The investment development path and related issues

Day 2 (morning)

Rajneesh Narula

- a. Externalities, spillovers and linkages – catch-up, divergence and convergence
- b. Learning and absorptive capacity
- c. Outward FDI from developing countries: issues and opportunities
- d. MNEs, politics and policies

Day 2 (afternoon)

Hafiz Mirza will give a presentation based on the ASEAN report: ASEAN at 50: A Historic Milestone for FDI and MNEs in ASEAN, available from:

http://asean.org/storage/2017/11/ASEAN_50_Milestone.pdf

- e. (a round table discussion with the class)

Participants wishing to obtain formal credits will be evaluated on the basis of a 5,000 word essay on a topic covered in the course. This essay can be submitted at any time up to 1 July 2018 and the assessment process will be completed within one month of submission.

Participants who are not formally enrolled on the masterclass are exempt from submitting an assignment. Such participants will receive a certificate of attendance upon course completion.

Class Schedule

Time	Day 1 01/04/2019	Time	Day 2 02/04/2018
9.15-10.45	Session 1	9.15-10.45	Session 5
10.45-11.00	Coffee/Tea break	10.45-11.00	Coffee/Tea break
11.00-12.30	Session 2	11.00-12.30	Session 6
12.30-13.30	LUNCH	12.30-13.30	LUNCH
	Session 3	13.30-16.00	'Responsible Agricultural Investment in ASEAN – From Research to Guidelines to Policy Implementation.' By Hafiz Mirza
15.00-15.15	Coffee/Tea break		
15.15-16.45	Session 4		

Reading List (indicative)

- Banerjee, Abhijit V., and Esther Duflo. (2007): The economic lives of the poor. *The Journal of Economic Perspectives*: 21.1 141.
- Barclay, L. A. (2015) *Managing FDI for Development in Resource-Rich States: The Caribbean Experience*, Basingstoke, Palgrave Macmillan.
- Bell, M. and A. Marin (2004) "Where do FDI-related technology spillovers come from in emerging economies? An exploration in Argentina in the 1990s." *European Journal of Development Research*, 16, pp 653-686.
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- Dunning, J.H. and Narula, R. and Van Hoesel, R. (1998). Third world multinationals revisited: New developments and theoretical implications, in Dunning, J.H. (ed) *Globalisation, trade and Foreign Direct Investment*, Oxford, Elsevier, 255-286.
- Dunning, J.H. and R. Narula (1996) "The investment development path revisited: Some emerging issues," in J. Dunning and R. Narula (eds.), *Foreign Direct Investment and Governments: Catalysts for Economic Restructuring*, London: Routledge (1-41).
- Figueiredo, P.N., Piana, J., (2016) When "one thing (almost) leads to another": A micro-level exploration of learning linkages in Brazil's mining industry. *Resources Policy*, 49, 405-414
- Findlay, R. (1978). Relative backwardness, direct foreign investment, and the transfer of technology: a simple dynamic model. *The Quarterly Journal of Economics*, 1-16.
- Giroud, Axèle (2012). Mind the gap: How linkages strengthen understanding of spillovers. *European Journal of Development Research*, 24(1), 20-25.
- Giroud, Axèle (2014). *Investment by TNCs and Gender: Preliminary Assessment and Way Forward*, Geneva: United Nations.
- Giuliani, E, Carlo Pietrobelli and Roberta Rabellotti (2005) Upgrading in Global Value Chains: Lessons from Latin American Clusters, *World Development*, 33(4), Pages 549-573
- Gollin, D. (2014). The Lewis model: A 60-year retrospective. *Journal of Economic Perspectives*, 28(3), 71-88.

- Hirschman, A. O. (1977), 'A Generalised Linkage Approach to Development, with Special Reference to Staples', in M. Nash (ed.) *Essays on Economic Development in Honour of Bert F. Hoselitz*, Chicago University Press, Chicago, IL, pp. 67–98.
- Hirschman, A. O. 1958. *The strategy of economic development* New Haven: Yale University Press.
- Javorcik, Beata Smarzynska (2004). "Does Foreign Direct Investment Increase the Productivity of Domestic Firms? In Search of Spillovers through Backward Linkages," *American Economic Review*, vol. 94(3), pages 605-627
- Kaplinsky, R (2000) Globalisation and unequalisation: What can be learned from value chain analysis, *The Journal of Development Studies*; Dec 2000; 37, 2, pp 141-
- Kaplinsky, Raphael; Morris, Mike and Kaplan, Dave (2011). *A Conceptual Overview to Understand Commodities, Linkages and Industrial Development in Africa*. Africa Export Import Bank.
- Lall, S. and Narula, R. (2004) FDI and its Role in Economic Development: Do We Need a New Agenda, *European Journal of Development Research*, 2004, 16
- Lall, Sanjaya, (1992). "Technological capabilities and industrialization," *World Development*, 20(2), pages 165-186
- Lewis, W. A. (1954). *Economic Development with Unlimited Supplies of Labour*. The Manchester School, 22(2), 139-191.
- Lorentzen, J. (2005) The absorptive capacities of South African automotive component suppliers, *World Development*, 33, 1153-1182
- Mirza, Hafiz, & Speller, Will, Dixie, Grahame and Goodman, Zoë (2014). *The Practice of Responsible Principles in Larger-Scale Agricultural Investments*, Washington: World Bank.
- Morris, M and Barnes, J (2008) Staying alive in the global automotive industry: what can developing economies learn from South Africa about linking into global automotive value chains? *The European Journal of Development Research*, 20 (1), 31-55
- Narula, R. (2012), Do we need different frameworks to explain infant MNEs from developing countries? *Global Strategy Journal*, 2(3), 188–204
- Narula, R. (2013) Foreign Direct Investment as a Driver of Industrial Development: Why is There So Little Evidence?, in Rob Van Tulder, Alain Verbeke, Roger Strange (ed.) *International Business and Sustainable Development (Progress In International Business Research, Volume 8)*, Emerald Group Publishing Limited, pp.45-67. This is available as a pdf from UNU-MERIT's working paper series #2013-034
- Narula, R. (2014). The viability of sustained growth by India's MNEs: India's dual economy and constraints from location assets. *Management International Review*, 3(2): 191-205.
- Narula, R. (2018). Multinational firms and the extractive sectors in the 21st century: Can they drive development? *Journal of World Business*, 53(1), 85-91.

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- Zanfei, A. (2012). Effects, not externalities. *European Journal of Development Research*, 24(1), 8-14.