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FDI and Sustainable Development: A Comparative Study Between Developed and Developing Countries

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ABSTRACT

Foreign direct investment (FDI) is a significant phenomenon in the modern globalized economy. In simple terms, it assists nations to develop through enhancement of their economies, the introduction of new technologies and employment opportunities. The world is striving towards achieving the Sustainable Development Goals (SDGs) of the UN, and it is becoming evident that FDI is playing a major role in ensuring that sustainable future becomes a reality.

This paper gives a further examination of how FDI leads to sustainable development in both the developed and developing nations, and how it impacts on the economic, social, and environmental environments of the nations.

This essay will look at how Foreign Direct Investment (FDI) has influenced sustainable development compared to the effects in the developed and developing nations. Even though FDI has been noted to be one of the major drivers of economic growth, the extent to which it will contribute to sustainability in terms of economic, environmental, and social aspects differs significantly depending on the level of economic development and the institutional framework of the host country.

In the developed countries, FDI is mostly recognized with technological, infrastructural, and social wellbeing progress, specifically with high technology industries and with energy production that is renewable. Conversely, in developing nations, FDI has been very instrumental in industrialization and provision of employment. It is however associated with undesirable side effects like environmental degradation, resource depletion, pollution and social inequalities especially in single resource intensive industries like mining and agriculture.

This paper assumes a comparative approach to discuss the various results of FDI in different geographic areas, in this case, studies of the European Union, Africa, and Southeast Asia. The discussion shows that governance systems, regulatory frameworks and institutional capabilities can play a key role in influencing the contribution of FDI to sustainable development. It is based on these understandings that the paper presents a policy recommendation that can help to make certain that FDI can help in the long-term sustainability objectives. It proposes policies to both the developed and developing countries that would help to align FDI to economic, social, and environmental sustainability.

The results underscore the need to enhance the regulatory frameworks and promote the process of corporate social responsibility (CSR) within developing nations to diminish the negative effects of FDI. Furthermore, the paper indicates the future research opportunities, in particular, the investigation of the role of CSR and longitudinal studies to get a better idea about the long-term impacts of FDI on sustainability.

1. INTRODUCTION

Background

Foreign Direct Investment (FDI) has been considered as one of the central forces behind economic growth especially in developing nations. FDI can accelerate industrialization, development of infrastructure as well as the formation of human capital by providing capital, technology and expertise. MNCs usually invest into nations to tap new markets, lower the cost of operations or to tap natural resources.

Nevertheless, the contribution of FDI to the development of the economy is changing. Over the last few decades, there has been a growing realization of the necessity to harmonize FDI with sustainable development objectives, which propose a sustainable utilization of resources and equilibrium of economic prosperity, environmental preservation and social justice (United Nations, 1987).

Sustainable development can be said to be based on three pillars, which include economic, environmental, and social sustainability. FDI may play a role in these pillars, as it will enhance the use of green technologies, living standards, and economic stability. In the developed world, FDI has been increasingly oriented towards the goals of sustainability, especially when it comes to renewable energy or clean technologies.

The correlation between FDI and sustainability in developing countries is however more complicated. Although FDI may provide short-term economic advantages, including job creation and infrastructure, the long-term effects on the sustainability of the environment and social sustainability are unpredictable. Here, FDI can introduce advantages and difficulties, especially in the industry with a high environmental or social impact (Arthur et al., 2024).

Problem Statement

Although the role of FDI in economic development has received significant literature, there is a considerable lack in literature on its relative contribution towards sustainable development in the developed and the developing countries. The literature that is available is inclined to dwell on the economic advantages of FDI or the harmful impact it may have on the environment and society. There have been little attempts to compare systematically the impact of FDI on sustainability effects in various economic circumstances. Research is also lacking in the way FDI can lead to sustainable growth in the developed nations as compared to its influences on the developing nations where issues such as governance, institutional capacity and environmental laws tend to be very different.

Research Objective

The main aim of the paper is to make a comparison between the impacts of FDI on sustainable development in the developed and developing nations. In particular, the paper will consider the impact of FDI on the economic development, environmental conditions, and social justice with references to the major locations, including the European Union (EU), Africa, and Southeast Asia (Vietnam). The purpose of this comparison will be to evaluate in which way FDI can be exploited in both settings more successfully to help to sustain the development, and which strategies can increase the positive effect of FDI in the developing countries. Some of the critical questions that the paper intends to answer are how FDI leads to the sustainability of the economies of developed nations, as well as how FDI affects the developing nations differently, especially when it comes to matters of social inequality, environmental degeneration and sustained economic growth. The paper shall be based on the effects of FDI in two different groups of countries; the developed countries, which are mainly in the European Union (EU), and the developing countries, which are the African nations and Vietnam.

The paper will offer a comparative analysis on how FDI facilitates sustainable development in different economic and institutional settings, or how it hinders it through case studies in these regions. Also, the paper will examine the regulatory landscapes in these areas and how the structures affect alignment of FDI and sustainability objectives. In general, this paper will carry out comparative analysis and will examine the effects of FDI on sustainable development of developed countries and developing ones. It will deal with the impacts of FDI on the main aspects of sustainability like economic growth, environmental protection and social institutional setting in any setting influence the results of such foreign investments.

2. LITERATURE REVIEW

Overview of FDI

There are three common forms of Foreign Direct Investment (FDI) horizontal, vertical and conglomerate. Horizontal FDI is where the same industry is invested in by a multinational enterprise (MNE) in a foreign country with a view to increasing its market share. Vertical FDI: This investment occurs in various phases of the production process, usually in a supply chain, but conglomerate FDI: This investment is conducted across borders in industries unrelated to each other. The investment type will determine the effects it has on the host country, especially about creation of job opportunities, transferring of technology and development of infrastructure. FDI is also important in the context of sustainable development because it contributes to the development of the economy through capital inflow and technology transfer (Liu and Tavares, 2016). It is also essential, especially in the developing nations where capital is usually finite, hence facilitating industrial growth. Nonetheless, there is much controversy over the possible negative impacts of FDI like distorting the market and environmental degradation (Moran, 2011).

FDI and Sustainable Development

FDI's impact on sustainable development can be analyzed through three primary dimensions: economic sustainability, environmental sustainability, and social sustainability. FDI contributes to long-term economic stability by creating jobs, improving infrastructure, and injecting foreign capital. In developing economies, it is often seen as a driver of growth, enhancing industrial capacity, infrastructure, and export potential (Arthur et al., 2024). However, the effectiveness of FDI in fostering economic stability depends heavily on the regulatory environment and the host country's ability to absorb and utilize foreign investment in ways that benefit local industries and the broader economy (Tavares & Liu, 2016).

The environmental effects of FDI are complex. In developed countries, FDI often focuses on clean energy technologies and sustainable industries, contributing to the shift toward a low-carbon economy (Kardos, 2014). Conversely, in developing countries, FDI tends to flow toward resource extraction industries, such as mining and oil, which can lead to environmental degradation if not properly managed (Arthur et al., 2024). The Pollution Haven Hypothesis suggests that foreign investment is often drawn to countries with weaker environmental regulations, exacerbating environmental damage (Gray, 2002).

FDI can also promote social sustainability by creating jobs, reducing poverty, and improving access to education and healthcare. However, the benefits of FDI are not always equitably distributed. In many developing countries, FDI can exacerbate income inequality and social unrest, as foreign investors often prioritize capital-intensive industries over labor-intensive sectors (Akinci & Ginevra, 2020). In contrast, in developed nations, FDI is more likely to positively contribute to social sustainability by supporting fair labor practices and expanding access to social services (Dunning, 2000).

Comparative Analysis of FDI's Impact on Sustainable Development

The effects of FDI on sustainable development differ considerably between developed and developing countries. In high-income economies, FDI is more likely to foster green growth and sustainable practices due to stronger environmental regulations and more robust governance structures (Görg et al., 2019). In contrast, in developing countries, FDI often centers on resource extraction and industrial activities, which can compromise long-term environmental and social sustainability. For instance, in Africa, FDI in the mining sector has led to substantial environmental degradation, while in Southeast Asia, FDI has contributed to rapid urbanization with limited social benefits (Arthur et al., 2024).

Theoretical Framework

This study draws on several key theories to understand the relationship between FDI and sustainable development:

Modernization Theory: This theory posits that FDI is a fundamental driver of development, facilitating industrialization and economic growth in developing countries (Rostow, 1960).

Dependency Theory: Conversely, Dependency Theory argues that FDI exacerbates inequalities by concentrating wealth in the hands of multinational corporations, which hampers the growth of local industries and perpetuates dependency on foreign capital (Dos Santos, 1970).

Pollution Halo vs. Pollution Haven Hypothesis: These two contrasting hypotheses explore the environmental effects of FDI. The Pollution Haven Hypothesis suggests that FDI exacerbates environmental damage in developing countries, whereas the Pollution Halo Hypothesis contends that FDI can lead to positive environmental outcomes through the transfer of cleaner technologies (Gallagher & Zarsky, 2007).

3. METHODOLOGY

Research Design

This research is a quantitative research design and aims to understand how Foreign Direct Investment (FDI) is related to sustainable development in both the developed and the developing countries. The main issue of interest is to study the impact of FDI on economic, social and environmental sustainability in these two categories of countries. The study will employ the use of statistics to determine and compare the effects of FDI in different countries and regions.

A panel data analysis strategy will be used to determine the impact of FDI on sustainable development. The idea of a panel data that involves two cross-sectional and time-series data is especially effective in comparison with the influence of FDI over time and across nations. The relationship between the sustainability indicators (e.g., GDP growth, environmental quality (CO2 emissions, the use of renewable energy), and social indicators (e.g., income inequality, poverty levels) and FDI inflows will also be quantified using regression models.

Data Collection

The data used in this study will be obtained using credible and reputable sources. The sources of information on FDI inflows will be the United Nations Conference on Trade and Development (UNCTAD) and the World Bank. The major sustainability indicators will involve economic, environmental, and social sustainability measures. Economic sustainability will be determined by the growth rates of GDP and the GDP per capita (World Bank, 2020). The indicators that will be used to measure sustainability in the environment will include the CO 2 emission per capita and the percentage of renewable energy (World Bank, International Energy

Agency). An aspect of social sustainability shall be measured by income inequality including Gini coefficient and poverty rates and levels of education (UNDP, World Bank).

The nations will be grouped by the income level, namely, high, middle, and low, as classified by the World Bank. Such a classification will offer a clear picture of developed and developing economies, which would be easier to compare. The data will include the years between 1990 and 2020 and help the study to reflect long-term trends in FDI inflow, as well as sustainability indicators by regions, therefore, to have a comprehensive picture of the contribution of FDI in enhancing sustainable development in the long-term.

Sampling

The sampling will be done in terms of the level of economic development and FDI inflows of the countries. In the case of the study, both developing and developed regions will be covered to provide comprehensive coverage. Developed nations will mainly be the European Union (EU) countries including Germany, France and the United Kingdom among the North American countries including the United States and Canada. The countries are typified by comparatively high FDI inflows and robust environmental protection systems. The developing countries will be those of Sub-Saharan Africa, south-Africa and Nigeria; Southeast Asia, Vietnam and Indonesia, and lastly Latin America, which will be represented by Brazil and Mexico. These areas show different economic environments and levels of FDI inflows, and this gives a large pool of experience to be compared. The entire sample will consist of 48 countries (24 developed and 24 developing) in which the impact of FDI on sustainability in various economic situations can be balanced.

Comparative Approach

A comparative approach will be used to analyze how FDI impacts sustainability in developed versus developing countries. The comparison will focus on the following dimensions:

Economic Sustainability: Comparing the effects of FDI on GDP growth and economic stability in high-income and low-income countries.

Environmental Sustainability: Assessing how FDI contributes to or hinders environmental outcomes such as CO2 emissions, waste generation, and renewable energy adoption in different regions.

Social Sustainability: Analyzing the effects of FDI on income inequality, poverty reduction, and education access in countries at different stages of development.

The comparative analysis will also consider governance structures in these countries, such as the quality of institutions, regulatory frameworks, and their ability to absorb and manage foreign investment sustainably.

Analysis Techniques

Data will be analyzed using several statistical and econometric methods. The relationship between the FDI inflows and the sustainability indicators during the period will be analyzed using panel data analysis that will consider country-specific and time-specific effects. Based on Hausman test findings, Fixed and Random Effects models will be used to make sure that the best estimation technique is selected. There will be a causality test to know whether the causality is between FDI and sustainability indicators (that is whether FDI influences the changes in the sustainability outcomes or whether an increase in sustainability leads to an increase in the inflows of FDI). Furthermore, the cluster analysis will be applied in grouping the countries in terms of their FDI inflows and sustainability results to recognize specific patterns and groups of countries that share common experience when it comes to connecting FDI to sustainable development.

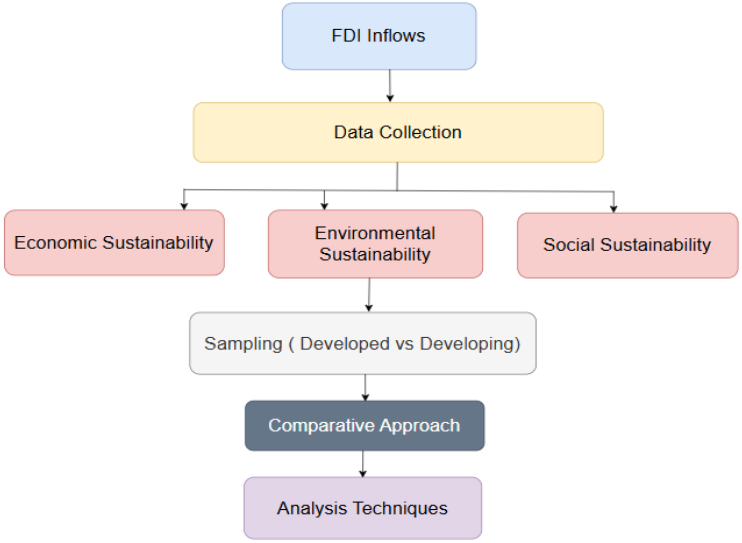

Figure 1: Overview of Data Collection and Comparative Approach

This number presents the model of comparative data on the impact of Foreign Direct Investment (FDI) on sustainable development in different countries. The paper targets three major aspects of sustainability such as economic, environmental, and social. The process of data collection will include the collection of information regarding FDI inflows and sustainability indicators (GDP growth, CO2 emissions, and renewable energy use) per country that will be classified of countries in terms of income level (high, middle, and low).

The panel data analysis, the regression model, and the comparative tests shall be used to analyze the impact of FDI on each of the sustainability dimensions in various regions. This methodology is intended to reveal the trends in the association between FDI and sustainability performance of developed and developing nations.

4. FDI AND SUSTAINABLE DEVELOPMENT: EMPIRICAL FINDINGS

FDI's Impact on Developed Countries

In developed nations, the positive sustainability results of Foreign Direct Investment (FDI) usually include technological development, green technologies transfer, and social development. An illustration of this is the high level of FDI in sectors related to sustainability goals, especially in renewable energy and green technology in the nations of the European Union (EU). Such investments also facilitate the shift to low-carbon economy besides promoting innovation as well as protecting the environment, thus, implementing both economic growth and environmental protection.

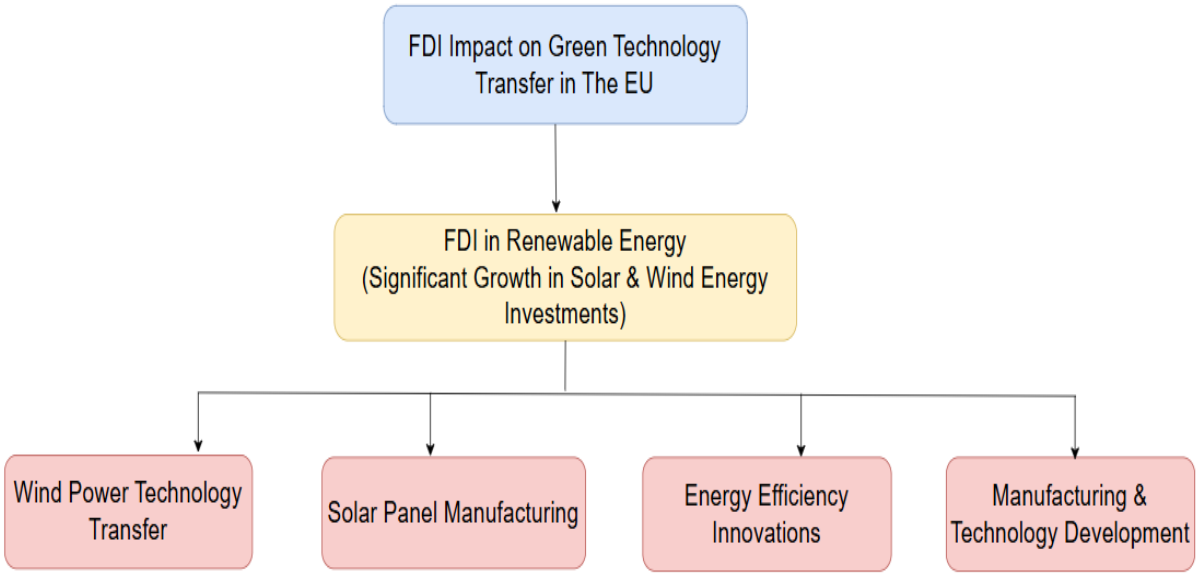

Figure 1: FDI Impact on Green Technology Transfer in the EU

This number is a demonstration of how FDI has resulted in the transfer of green technologies in the EU, but especially in the renewable energy sectors (solar, wind, etc.).

Table 1: Social Sustainability Outcomes in High-Income Countries (EU)

Country	FDI Sector	Job Creation	Labor Conditions	Social Benefits
Germany	Automotive, Engineering	High	High	Training, Wages
Sweden	Renewable Energy, Green Tech	Moderate	High	Social Welfare
France	Telecom, Manufacturing	Moderate	Moderate	Healthcare Access
UK	Finance, Renewable Energy	High	High	Community Support

This table contrasts the effect of FDI in the developed world on social sustainability. In the developing nations, Foreign Direct Investment (FDI) has had both positive and negative effects. In some parts of the world like Africa and Southeast Asia, resource extraction sectors, such as mining and oil, have been subjected to FDI. Although these investments have boosted the short-term economic growth, they have resulted in high levels of environmental degradation, social inequality and low rates of labor. Resource-intensive industries usually focus on resource-intensive industries, which overlook other sustainable development objectives, worsening the social and environmental problems that currently exist.

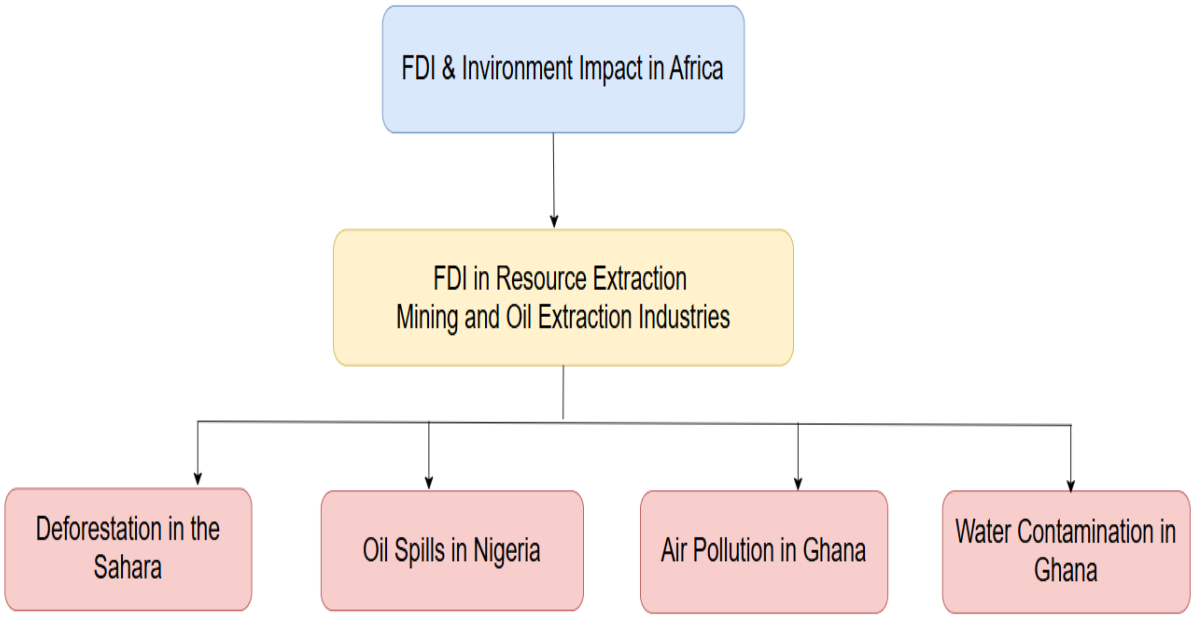

Figure 2: FDI and Environmental Impact in Africa

This figure illustrates the environmental impact of FDI in Africa, with a focus on mining and oil extraction industries.

Table 2: Social Sustainability Challenges in Southeast Asia

Country	FDI Sector	Job Creation	Wage Levels	Social Issues
Vietnam	Textile, Garment	High	Low	Labor Exploitation
Indonesia	Agriculture, Mining	Moderate	Moderate	Land Displacement, Inequality
Philippines	Electronics, Tech	High	Low	Poor Working Conditions

As can be seen in this table, the issues of social sustainability created by FDI in the Southeast Asian countries are centered around industries such as the textile industry and agriculture.

Regional Comparisons

Comparison of the consequences of FDI on sustainability of developed and developing nations reveals the effects of the structure of governance and regulatory frameworks to determine the influence of FDI.

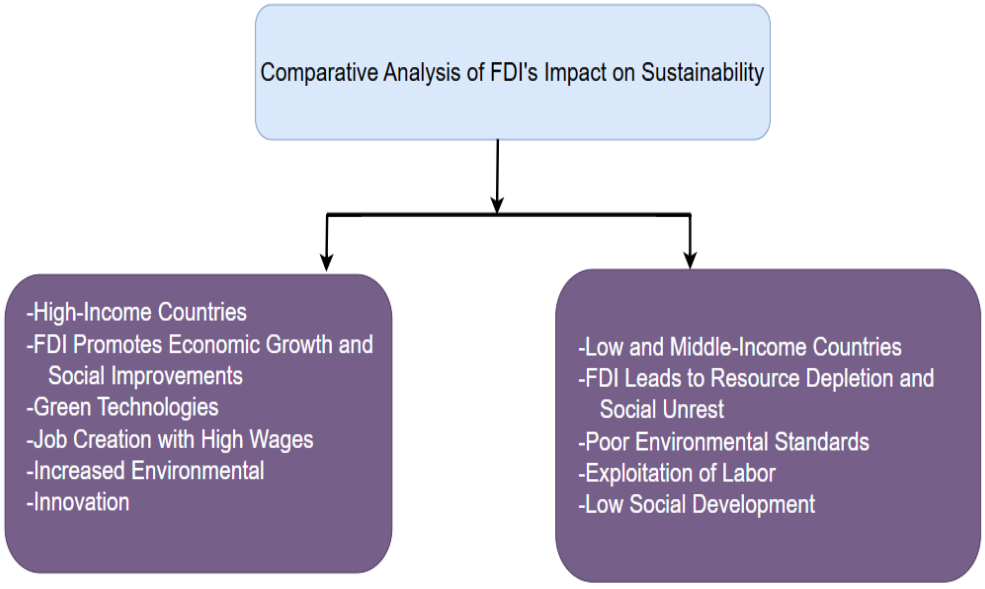

Figure 3: Comparative Analysis of FDI's Impact on Sustainability

This figure compares the effects of FDI on sustainability across regions, highlighting the differences between high-income and low- and middle-income countries.

Table 3: FDI's Contribution to Economic Sustainability in Developed vs. Developing Regions

Region	FDI Contribution to Economic Growth	Key Sectors	Sustainability Impact
EU (Developed)	High	Renewable Energy, Manufacturing	Positive (Green tech)
High-Income Asia	Moderate	Electronics, Finance	Positive (Tech Transfer)
Africa (Developing)	Low	Mining, Oil	Negative (Resource Depletion)
Southeast Asia (Developing)	Moderate	Agriculture, Textiles	Mixed (Economic Growth vs. Social Inequality)

Empirical evidence has shown that developed nations enjoy more gains out of FDI insofar as long-term economic growth, use of green technologies, and social equity are concerned. This is because they have well-established governance systems and strict environmental standards. Conversely, in developing nations, FDI can further escalate social inequalities, induce environmental pollution as well as result in minimal long-term benefits to support sustainability, especially in sectors that are resources intensive. To make FDI more effective in enhancing sustainable development in these countries, there is a need to enhance regulatory frameworks, put more emphasis on corporate social responsibility (CSR) to reduce the adverse effects.

5. DISCUSSION

FDI and Economic Sustainability

Foreign Direct Investment (FDI) is widely recognized as a key driver of economic growth through the infusion of capital, technology transfer, and infrastructure development. In developed countries, FDI often complement domestic investments by promoting innovation, improving productivity, and facilitating sectoral modernization. For instance, in the European Union (EU), FDI has significantly contributed to the modernization of manufacturing and service sectors, enhancing export competitiveness and strengthening infrastructure (Kardos, 2014).

In developing countries, FDI supports industrialization and job creation, yet its benefits are not always evenly distributed. In Vietnam, for example, FDI has been instrumental in expanding the textile and electronics industries, fostering economic growth; however, such growth is frequently accompanied by limited technology transfer and value addition, as multinational corporations tend to exploit low-cost labor while withholding advanced technologies from local industries (Soto, 2025).

Similarly, in Africa, FDI directed toward resource-intensive sectors such as mining and oil has driven GDP growth but often lacks substantial spillover effects to other sectors, leading to unsustainable development and limited economic diversification (Arthur et al., 2024). The overall economic impact of FDI thus depends on several critical factors, including the sectoral distribution of investment whether concentrated in manufacturing or resource extraction the absorptive capacity of the host economy in terms of human capital, infrastructure, and governance, and the quality of institutional frameworks that promote equitable resource allocation and the sustainable use of foreign investments.

FDI and Environmental Sustainability

The environmental impact of FDI presents a paradox. In high-income countries, strict environmental regulations compel foreign investors to adopt cleaner technologies and sustainable production methods. For example, within the European Union (EU), green FDI has substantially contributed to the expansion of renewable energy sectors such as wind and solar power, thereby reducing greenhouse gas emissions and accelerating the transition to sustainable energy systems (Suehrer, 2019). However, in many developing countries, weak enforcement of environmental standards has led to significant environmental degradation. In Ghana and Nigeria, for instance, FDI in the oil and mining sectors has caused widespread deforestation in resource-rich regions, frequent oil spills in Nigeria's Niger Delta, and severe air and water pollution in various mining zones across Africa (Arthur et al., 2024; Ayamba et al., 2020). This situation supports the Pollution Haven Hypothesis, which posits that multinational corporations often relocate pollution-intensive industries to nations with more lenient environmental regulations. Furthermore, in Southeast Asia particularly in countries such as Vietnam and Indonesia the rapid growth of FDI-driven industries like textiles has resulted in extensive water contamination and poor waste management, largely due to inadequate regulatory oversight and limited environmental governance capacity.

FDI and Social Sustainability

The contribution of FDI to social sustainability is complex, both in opportunities and challenges. The positive effects of FDI involve the creation of employment, the improvement of the level of skills, and the alleviation of poverty on the one hand, and the promotion of income inequality and the preconditioning of exploitation at the workplace, on the other. In developed economies, FDI tends to create high skilled positions, increased labor standards and increased spending on education and medical care. Corporate social responsibility (CSR) programs as well as strong labor institutions that protect the rights and welfare of the workers usually strengthen these social benefits.

In the developing countries, though, the social consequences of FDI are more complicated. In the case of Vietnam, FDI in the garment sector not only has created wide employment opportunities but also been linked to low wages, too many working hours, and poor labor rights (View of Impact of FDI, Vietnam, 2024). Likewise, FDI in agriculture and mining in Africa has brought employment opportunities and caused forced migration and social unrest especially in the areas endowed with resources which are usually marginalized to the foreign multinational companies (Ayamba et al., 2020). These obstacles highlight the need to promote inclusive FDI policies with the focus on fair distribution of benefits, protection of vulnerable groups, and making sure that foreign investments benefit the social welfare and long-term sustainable development.

Policy Implications

Policy should be customized based on the level of development, institutional capacity, and sector focus of a specific country to successfully direct FDI in line with the Sustainable Development Goals (SDGs). In the developing nations, it is urgent to enhance the environmental laws and laws enforcement to abate the degradation brought about by foreign investment. The labor laws must also be strengthened to protect the rights of the workers in the foreign invested sectors as well as assure them fair working conditions. Green and inclusive FDI by governments should also focus on renewable energy, sustainable agriculture, and education to promote growth to bring about economic and socio-environmental payoffs. Also, it is necessary to put in place stringent screening processes to avoid the race to the bottom phenomenon in which nations reduce standards to get investment at the expense of sustainability.

FDI in developed nations should be used as a tool to export green technologies, sustainability skills, and best technologies to developing ones. Policymakers can also promote the cooperation of international and local companies to facilitate knowledge transfer and innovation in sustainable industries. Moreover, the introduction and strengthening of the Environmental, Social, and Governance (ESG) models may assist in ensuring that the FDI decisions may be informed by the long-term sustainability goals, where economic performance is combined with environmental stewardship and social responsibility.

Cross-Cutting Recommendations

Cross-cutting recommendations emphasize the need for systemic mechanisms to strengthen the sustainability impact of FDI across all regions. Developing FDI sustainability scorecards can help track the long-term developmental outcomes of foreign investments, assessing not only their contribution to economic growth but also their social and environmental implications. Promoting regional cooperation through frameworks such as the African Continental Free Trade Area (AfCFTA) and the Association of Southeast Asian Nations (ASEAN) can harmonize sustainability standards across borders, encouraging responsible investment practices. Furthermore, enhancing data transparency and monitoring systems is crucial for ensuring accurate evaluation and accountability of FDI's environmental and social performance, thereby fostering evidence-based policymaking and sustainable economic integration.

Table 4: FDI Sustainability Impacts Summary Table

Dimension	Developed Countries	Developing Countries
Economic Sustainability	High-tech FDI, infrastructure, employment, innovation spillovers	Growth in extractive industries, weak domestic linkages
Environmental Sustainability	Green FDI, renewable energy investments, strong regulations	Pollution, weak regulation, FDI in resource extraction (mining, oil)
Social Sustainability	High wages, good labor protections, CSR practices	Low wages, inequality, poor working conditions, land displacement

6. CONCLUSION

This paper has looked at the role of Foreign Direct Investment (FDI) in sustainable development in comparison to its effects in developed and developing countries. The results demonstrate that there are visible regional variations in the way FDI contributes to economic, environmental, and social sustainability. The positive outcomes that FDI projects include in the case of developed countries are economic growth, technological innovation, and better social wellbeing, especially in areas such as the field of renewable energy and green technology. A good example is the European Union (EU) where FDI has contributed to sustainable industries, highly skilled jobs and improved social welfare due to robust regulatory systems and efficient corporate social responsibility (CSR) practices.

On the other hand, in the developing nations, a weak form of governance and poor enforcement of regulations has in most cases led to adverse social and environmental impacts. Extractive sectors like mining and oil have contributed to deforestation, pollution and depletion of resources due to FDI in these areas. Even though FDI has created jobs, it has often resulted in widening social inequality and high labour standards, particularly within the textile and agricultural industries.

The study contributes to the current body of research that has provided a comparative approach on the multifaceted nature of FDI in sustainable development. This analysis combines the economic, environmental, and social aspects of the studies of the past to bring about a more holistic view unlike the past studies that focus on either one of the dimensions, the economic, environmental,

and social. It lays stress on the role of governance and institutional capacity to highlight the circumstances under which FDI can actually be consistent with sustainability goals.

Policy wise, the developing nations need to enhance their institutional structures so that FDI can be in line with their long-term sustainable development goals. This needs strong implementation of green and labor laws and specific supportive measures to green and inclusive investments in renewable energy, sustainable agriculture and education. In addition, governments ought to promote CSR activities so that foreign investors make significant contributions to the welfare of the local community.

To the developed world FDI is an opportunity to encourage sustainable development in the world through investing in clean technologies and encouraging alliances to enhance technology transfer. The role played by international bodies like the United Nations and the World Bank cannot be overlooked in advancing responsible investment and or directing the FDI flows in accordance with the Sustainable Development Goals (SDGs).

This study has several limitations, despite its contributions. The sample is also geographically confined as it dwells more on the EU, Africa, and Southeast Asia. Further studies are needed to cover other areas including Latin America and Eastern Europe to get the world picture. Moreover, longitudinal research is required to check the sustainability impacts of FDI in the long term, and industry-specific research might be used to identify the effects of FDI on such industries as renewable energy, textiles, and agriculture. Lastly, further discussion of the corporate social responsibility (CSR) practices can provide useful recommendations on the ways multinational corporations can be motivated to pursue sustainable development in host economies.

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