Cadernos de Pós-Graduação em Direito Político e Econômico
Published by: Centro de Estudos Acadêmicos Press
ISSN: 1678-2127
Volume 26 *Issue 1,* 2026
Website: https://ceapress.org

Foreign Direct Investment and Local Development: The Role of Outsourcing, Supplier Development and Entrepreneurship in the Danone Algeria Case

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Received: 11/10/2025 ; Accepted: 25/04/2026 ; Published: 03/06/2026

Abstract
Foreign Direct Investment (FDI) can act as a catalyst for local development when multinational corporations become embedded within regional economic systems. This study examines the contribution of Danone Algeria to the local development of the municipality of Akbou, one of Algeria's most dynamic agro-industrial areas. Based on thirty semi-structured interviews with managers, suppliers, subcontractors, local authorities, former employees, and other stakeholders, complemented by documentary analysis, the research investigates how outsourcing, subcontracting, supplier development, entrepreneurship, and corporate social responsibility (CSR) initiatives contribute to territorial development. The findings indicate that Danone Algeria has stimulated entrepreneurial initiatives, supported the emergence of several spin-off firms, generated substantial direct and indirect employment effects, and strengthened the regional dairy value chain. The company has also facilitated technology transfer, supplier upgrading, and organizational learning through long-term relationships with local partners. In addition, CSR and environmental initiatives have contributed to community welfare and sustainable development. The study demonstrates that the developmental impact of foreign subsidiaries extends beyond capital investment and depends largely on the quality of local linkages established with firms, institutions, and communities. The case of Danone Algeria illustrates how multinational corporations can function as catalysts of sustainable local development when their strategies are aligned with local economic and social networks.
Keywords: Foreign Direct Investment; Local Development; Multinational Corporations; Outsourcing; Entrepreneurship; Technology Transfer; Algeria.

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1. Introduction

Foreign Direct Investment (FDI) has become one of the most significant drivers of economic globalization and an important source of development for emerging and developing economies. Beyond capital accumulation, FDI is expected to generate a wide range of benefits, including employment creation, productivity improvements, technological upgrading, managerial innovation, and integration into global value chains (Dunning, 1993; OECD, 2008). Consequently, attracting foreign investment has become a central objective of economic development policies in many countries.

The relationship between FDI and development has been extensively examined in the academic literature. Early studies emphasized the role of multinational corporations (MNCs) in transferring technology and managerial know-how to host economies (Blomström & Kokko, 1998). More recent research has highlighted that the developmental impact of FDI depends largely on local absorptive capacity, institutional quality, and the strength of linkages established between foreign subsidiaries and local firms (Meyer & Sinani, 2009; Crespo & Fontoura, 2007). Therefore, the benefits of FDI are neither automatic nor uniformly distributed across territories.

From a territorial perspective, local development refers to the mobilization of economic, social, and institutional resources to improve the productive capacities and quality of life within a specific locality (Pike, Rodríguez-Pose, & Tomaney, 2017). In this context, multinational corporations can play a strategic role by stimulating entrepreneurship, supporting supplier development, creating employment opportunities, and contributing to innovation and social transformation (Narula & Pineli, 2019).

Recent studies increasingly emphasize the importance of local embeddedness in maximizing FDI spillovers. When foreign subsidiaries establish long-term relationships with suppliers, subcontractors, universities, and public institutions, they contribute to the formation of local industrial ecosystems that foster innovation and competitiveness (Santangelo & Meyer, 2017; Marin, Giuliani, & Bell, 2023). Such interactions are particularly important in developing economies, where multinational corporations often represent major sources of knowledge, technology, and organizational capabilities.

The Algerian context provides an interesting setting for examining these dynamics. Since the economic reforms initiated during the 1990s, Algeria has progressively opened selected sectors to foreign investment. Among the most notable examples is the strategic partnership established between the French multinational Danone and the Algerian dairy company Djurdjura, leading to the creation of Danone Djurdjura Algérie in the Taharacht industrial zone of Akbou (Boukrif & Madoui, 2015).

Over the last two decades, Akbou has evolved into one of Algeria's most dynamic agro-industrial clusters. The presence of Danone has been accompanied by the development of a network of suppliers, logistics providers, packaging firms, dairy producers, maintenance companies, and

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service providers. These transformations suggest that the impact of FDI extends beyond direct investment and encompasses broader processes of entrepreneurial development, employment generation, and territorial transformation.

Against this background, this study seeks to examine the contribution of Danone Algeria to local development in the municipality of Akbou. More specifically, it investigates how outsourcing, subcontracting, supplier development, and corporate social responsibility (CSR) initiatives have contributed to entrepreneurship promotion, employment creation, technology transfer, and sustainable territorial development.

The central research question is formulated as follows:

To what extent has Danone Algeria's foreign direct investment contributed to local development in the municipality of Akbou through entrepreneurship promotion, employment creation, technology transfer, and corporate social responsibility initiatives?

To answer this question, the article adopts a qualitative case-study approach based on semi-structured interviews conducted with managers, suppliers, subcontractors, public officials, and other local stakeholders. By analyzing the interactions between a multinational corporation and its local environment, the study contributes to the literature on FDI spillovers, local development, and multinational–local linkages in emerging economies.

2. Theoretical Framework and Literature Review

2.1. Foreign Direct Investment and Local Development

Foreign Direct Investment (FDI) is widely recognized as a major source of economic development in emerging and developing economies. Beyond capital inflows, multinational corporations (MNCs) contribute to employment creation, technology transfer, productivity growth, and integration into global value chains (Dunning, 1993; Blomström & Kokko, 1998). Consequently, attracting foreign investment has become a strategic objective for many countries seeking to accelerate industrialization and improve competitiveness.

However, the developmental effects of FDI are neither automatic nor uniformly distributed. The literature emphasizes that the magnitude of FDI spillovers depends on the absorptive capacity of local firms, the institutional environment, and the quality of interactions established between foreign subsidiaries and domestic actors (Crespo & Fontoura, 2007; Meyer & Sinani, 2009). When local enterprises possess sufficient capabilities to absorb knowledge and technologies introduced by multinational firms, positive spillovers are more likely to occur.

Recent studies have highlighted the importance of local embeddedness in maximizing the developmental impact of FDI. Foreign subsidiaries that establish long-term relationships with suppliers, public institutions, universities, and local communities tend to generate stronger economic and social benefits than firms operating as isolated production units (Santangelo & Meyer, 2017). In this perspective, local development is understood as a process through which

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economic, social, and institutional resources are mobilized to strengthen productive capacities and improve living conditions within a specific territory (Pike et al., 2017).

2.2. Outsourcing, Subcontracting and Supplier Development

One of the principal mechanisms through which multinational corporations influence local economies is outsourcing. Outsourcing refers to the transfer of activities previously performed internally to specialized external providers, allowing firms to concentrate on their core competencies (Barthélémy, 2004). Similarly, subcontracting involves contractual arrangements whereby specific services or production activities are carried out by independent firms.

Theoretical explanations for these practices are largely derived from Transaction Cost Theory (Williamson, 1975) and the Resource-Based View (Barney, 1991). Transaction Cost Theory suggests that firms choose governance structures that minimize coordination and monitoring costs, whereas the Resource-Based View argues that organizations should focus on activities that generate sustainable competitive advantages while externalizing non-strategic functions.

In the context of foreign direct investment, outsourcing and subcontracting can generate important local development effects. By relying on domestic suppliers and service providers, multinational corporations create business opportunities that stimulate the growth of local enterprises. Furthermore, supplier development programs often require local firms to adopt international quality standards, modern management practices, and improved production processes. Through training, technical assistance, and long-term commercial relationships, foreign subsidiaries facilitate knowledge transfer and contribute to the upgrading of local capabilities (Kakabadse & Kakabadse, 2000).

As a result, outsourcing and subcontracting not only improve the efficiency of multinational corporations but also strengthen local production networks and encourage the emergence of industrial clusters.

2.3. Entrepreneurship, Corporate Spin-offs and Corporate Social Responsibility

Entrepreneurship represents another important channel through which FDI contributes to local development. The literature on corporate spin-offs highlights how employees may leave existing organizations to establish independent firms while benefiting from the knowledge, skills, and professional networks acquired within their former companies (Gault, 1980). These spin-offs contribute to employment creation, business formation, and regional economic diversification (Lechner & Dowling, 2003).

Multinational corporations can indirectly stimulate entrepreneurial activity by generating demand for specialized goods and services. Through outsourcing and subcontracting relationships, foreign subsidiaries create market opportunities that encourage local entrepreneurs to establish firms capable of meeting industrial needs. Over time, these enterprises may develop their own capabilities and contribute to the expansion of local entrepreneurial ecosystems.

In addition to their economic contribution, multinational corporations increasingly engage in Corporate Social Responsibility (CSR) initiatives. CSR encompasses actions related to education,

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vocational training, environmental protection, health promotion, and community development (Porter & Kramer, 2011). In developing economies, these initiatives can reinforce the developmental impact of FDI by strengthening human capital, promoting social inclusion, and supporting sustainable development. Consequently, the contribution of multinational corporations extends beyond purely economic objectives and includes broader social and environmental dimensions.

2.4. Conceptual Framework

Drawing on the literature reviewed above, this study assumes that the contribution of foreign direct investment to local development is transmitted through four interconnected mechanisms: outsourcing and subcontracting relationships, supplier development and knowledge transfer, entrepreneurial spillovers through corporate spin-offs, and corporate social responsibility initiatives. These mechanisms are expected to influence local development outcomes through employment creation, business formation, technological upgrading, value-chain strengthening, and improvements in social and environmental conditions. The empirical analysis of Danone Algeria focuses on the interactions between these mechanisms and their contribution to the development of the municipality of Akbou.

3. Research Methodology

3.1 Research Design

This study adopts a qualitative case-study approach to investigate the contribution of foreign direct investment (FDI) to local development through the experience of Danone Algeria in the municipality of Akbou. A case-study design is particularly appropriate when the objective is to analyse complex socio-economic phenomena within their real-life context and to understand the interactions between multiple actors and institutions (Yin, 2018). The case of Danone Algeria was selected because of its strategic position within the Taharacht industrial zone and its recognized role in the development of local supplier networks, employment creation, and entrepreneurial activities.

The research follows an interpretive perspective that seeks to understand how different stakeholders perceive and experience the developmental effects associated with the presence of a multinational corporation. Particular attention is given to the relationships established between Danone Algeria, local firms, public institutions, and community actors.

3.2 Data Collection

The empirical investigation is based primarily on qualitative data collected through thirty semi-structured interviews conducted between January and June 2025. Semi-structured interviews were selected because they provide sufficient flexibility to explore respondents' experiences while ensuring consistency across interviews.

The respondents were selected through purposive sampling to ensure representation of the principal actors involved in the local economic ecosystem. The sample included:

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- 6 managers and executives of Danone Algeria;
- 10 managers of supplier and subcontracting firms;
- 4 former employees who established independent businesses;
- 5 representatives of local authorities and public institutions;
- 5 economic actors operating within the Taharacht industrial zone.

Interviews lasted between 45 and 60 minutes and were conducted either face-to-face or online depending on participants' availability. All interviews were recorded with participants' consent and subsequently transcribed for analysis.

The interview guide focused on five main themes:

1. Danone Algeria's outsourcing and subcontracting strategies;
2. The emergence and development of local enterprises;
3. Employment creation and labour-market effects;
4. Technology transfer and knowledge diffusion;
5. Corporate social responsibility and environmental initiatives.

To complement primary data, documentary sources were also consulted. These included company reports, local economic development documents, press articles, and internal documents provided by several firms operating in the industrial zone. The use of multiple data sources strengthened the robustness of the analysis and facilitated triangulation.

3.3 Data Analysis

Data were analysed using thematic content analysis. Following transcription, interview materials were reviewed several times to identify recurring themes and patterns. Initial codes were generated from the research questions and subsequently refined during the analysis process.

The coding procedure focused on four analytical dimensions:

- outsourcing and subcontracting practices;
- entrepreneurial and business creation dynamics;
- technology transfer and capability development;
- social and environmental contributions.

Thematic categories were compared across respondent groups in order to identify convergences and divergences in perceptions. Documentary evidence was used to corroborate interview findings and strengthen the validity of interpretations.

Triangulation constituted an important component of the research strategy. Information obtained from company managers, suppliers, local authorities, and documentary sources was systematically compared. This approach helped reduce potential biases associated with relying on a single category of respondents.

3.4 Study Area

The study was conducted in the municipality of Akbou, located in the Wilaya of Béjaïa in northeastern Algeria. Akbou represents one of the most dynamic industrial centres in the region and hosts the Taharacht industrial zone, a major concentration of agro-food industries.

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The industrial zone accommodates approximately fifty enterprises operating in sectors such as dairy production, packaging, logistics, maintenance, industrial cleaning, and food processing. Since the establishment of Danone Algeria, the area has experienced substantial industrial expansion and increasing integration into national value chains.

The selection of Akbou as a study area is justified by the strong concentration of economic activities linked directly or indirectly to Danone Algeria, making it a particularly relevant setting for analysing local development effects associated with foreign investment.

3.5 Research Quality and Ethical Considerations

Several measures were adopted to ensure research quality. First, data triangulation enhanced the credibility of findings by combining interviews and documentary evidence. Second, respondents represented diverse stakeholder groups, allowing the study to capture multiple perspectives. Third, interview transcripts were systematically reviewed to ensure consistency in coding and interpretation.

Ethical principles were respected throughout the research process. Participation was voluntary, informed consent was obtained from all respondents, and confidentiality was guaranteed. To preserve anonymity, interview quotations are reported without identifying individual participants or organizations unless information was already publicly available.

3.6 Limitations

Despite its contributions, this study presents certain limitations. As a single-case study, the findings cannot be generalized automatically to all multinational corporations or regions. Furthermore, the analysis relies largely on qualitative evidence and stakeholder perceptions. Nevertheless, the diversity of respondents and the triangulation of sources provide a robust basis for understanding the mechanisms through which Danone Algeria contributes to local development.

4. Findings

4.1. Outsourcing and Subcontracting as Drivers of Local Business Development

The empirical evidence indicates that outsourcing and subcontracting constitute the primary mechanisms through which Danone Algeria has influenced local economic development in the municipality of Akbou. Interviews conducted with company managers, suppliers, subcontractors, and local institutional actors consistently highlighted the central role played by Danone in structuring a dense network of economic relationships within the Taharacht industrial zone.

Following the establishment of the Danone–Djurdjura partnership, the company progressively adopted a business model based on the externalization of several non-core activities. Rather than maintaining a highly integrated organizational structure, Danone increasingly relied on local firms for transportation, maintenance, industrial cleaning, security services, packaging, logistics, and technical support. According to several respondents, this strategic orientation created substantial market opportunities for local entrepreneurs and contributed to the emergence of a diversified industrial ecosystem.

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A manager of a local logistics company explained:

"Before Danone's arrival, industrial logistics activities in the region were relatively limited. The growth of Danone's operations created a stable demand that encouraged investment in vehicles, storage facilities, and workforce expansion."

Similarly, a representative of a packaging company emphasized the importance of Danone as a catalyst for business growth:

"The partnership with Danone pushed us to improve our production processes and invest in new technologies. It was a turning point in the development of our company."

Another subcontractor highlighted the stability generated by long-term contractual relationships:

"Working with Danone provided predictable demand, which reduced business uncertainty and enabled us to plan investments over several years."

Interviewees repeatedly stressed that outsourcing relationships generated effects extending far beyond simple contractual transactions. Danone's requirements regarding product quality, delivery reliability, traceability, and operational efficiency encouraged suppliers to upgrade their capabilities and align their practices with international standards. Several respondents described this process as a form of organizational learning through which local firms progressively acquired new managerial and technical competencies.

The impact of outsourcing was particularly visible in sectors directly connected to the dairy industry. Transportation companies, packaging manufacturers, maintenance providers, and industrial service firms reported significant growth following the expansion of Danone's activities. In several cases, managers indicated that their workforce had increased considerably during the years following the establishment of commercial relationships with the multinational corporation.

The findings also suggest that outsourcing contributed to reducing entrepreneurial uncertainty. Stable commercial relationships with a large multinational corporation provided local firms with predictable revenues and facilitated access to financing. Several business owners indicated that their contracts with Danone strengthened their credibility with banks and investors, enabling them to expand their activities, modernize equipment, and recruit additional employees.

Consequently, outsourcing should not be viewed solely as a strategy aimed at improving corporate efficiency. In the case of Danone Algeria, outsourcing also functioned as a mechanism for local enterprise development, capability upgrading, and industrial capacity building. Through the creation of stable market opportunities and the diffusion of operational standards, Danone contributed to strengthening the economic foundations of numerous local firms.

4.2. Emergence of a Local Industrial Ecosystem

One of the most significant findings concerns the emergence of a local industrial ecosystem closely connected to Danone Algeria's operations. Interviewees consistently described the Taharacht industrial zone as a dynamic environment characterized by strong inter-firm relationships, increasing economic specialization, and a growing concentration of complementary industrial activities.

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Several companies operating within the zone either emerged or expanded considerably following the arrival of Danone. Among the firms most frequently mentioned by respondents were TMF (transportation), ALPLAST (plastic packaging), Général Emballage (corrugated cardboard production), Agrana Fruit Algeria (fruit preparations), NETOP (industrial hygiene), and Flèche Bleue (milk transportation). These enterprises became key actors within a network of economic relationships centred on the dairy and food-processing industries.

Respondents emphasized that these firms developed complementary activities that collectively contributed to the consolidation of the regional dairy cluster. Rather than operating independently, many enterprises became integrated into interconnected production networks in which information, expertise, and commercial opportunities circulated continuously.

A senior manager interviewed during the study stated:

"What makes Akbou different today is not only the presence of Danone but the entire ecosystem that has developed around it. The companies support one another and create opportunities that did not previously exist."

A local entrepreneur provided a similar assessment:

"The concentration of firms around Danone has facilitated cooperation, information sharing and business opportunities that benefit the entire industrial zone."

The findings indicate that these interactions generated cumulative development effects. As firms expanded, they created additional demand for services, suppliers, and skilled labour, thereby reinforcing the growth of the local economy. This process contributed to transforming the Taharacht industrial zone into one of Algeria's most important agro-industrial concentrations.

Moreover, several respondents highlighted the role of informal networks in facilitating business development. Frequent interactions between managers, entrepreneurs, and technical specialists encouraged the exchange of information, the diffusion of best practices, and the development of collaborative solutions to operational challenges. Such mechanisms strengthened collective learning and enhanced the adaptability of local firms.

The emergence of this ecosystem illustrates how multinational corporations can influence territorial development not only through direct investment but also through the creation of local economic linkages that stimulate business formation, industrial diversification, and collective learning processes. Overall, the evidence suggests that Danone's presence contributed not only to the growth of individual enterprises but also to the emergence of a broader industrial ecosystem capable of generating sustained local development.

4.3. Employment Creation and Dairy Value Chain Development

Employment creation emerged as one of the most visible impacts of Danone Algeria's presence in Akbou. According to interviewees, the company contributed not only through direct recruitment but also through the expansion of a wide network of suppliers, subcontractors, logistics operators, and agricultural producers.

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Several respondents emphasized that employment effects should be assessed beyond the workforce directly employed by Danone. A municipal representative explained:

"When people talk about Danone, they often focus on the jobs inside the factory. In reality, the company's impact extends to dozens of businesses and hundreds of families throughout the region."

The findings indicate that Danone's activities generated significant indirect employment opportunities in transportation, packaging, maintenance, cleaning services, industrial security, and milk collection. The expansion of these activities contributed to reducing unemployment and strengthening household incomes within the municipality.

Beyond industrial employment, Danone played an important role in the development of the regional dairy value chain. Interview data reveal that the company established long-term relationships with local milk producers and collection operators. Through technical support, quality-control requirements, and training initiatives, Danone encouraged improvements in milk production practices and facilitated the modernization of dairy farming activities.

A dairy farmer interviewed during the study stated:

"The collaboration with Danone encouraged us to improve herd management and milk quality. The technical advice we received helped us increase productivity and secure stable commercial relationships."

Another producer highlighted the long-term effects of technical support:

"Training sessions helped us adopt better production practices and improve compliance with quality standards required by industrial processors."

These initiatives generated benefits beyond Danone's immediate supply needs, improving hygiene, milk yield, and consistency, thus strengthening the overall dairy value chain in the region.

4.4. Technology Transfer and Knowledge Diffusion

Technology transfer constitutes another important dimension of Danone Algeria's contribution to local development. Interviews consistently highlighted the role played by the company in disseminating technical knowledge, managerial practices, and quality standards throughout the local economy.

Suppliers and subcontractors were required to comply with demanding operational procedures to ensure product quality and food safety. Several managers reported that collaboration with Danone encouraged investments in new equipment, process modernization, and quality-management systems.

One supplier explained:

"Working with Danone required us to adopt procedures that were previously uncommon in our company. Over time, these standards improved our competitiveness and enabled us to work with other major clients."

Knowledge diffusion also occurred through daily interactions between Danone staff and local partners, on-site training, technical audits, and the movement of skilled employees. Former

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employees who subsequently established independent businesses contributed to the spread of managerial and technical expertise, reinforcing the capabilities of other local firms.

A maintenance contractor added:

"The technical audits conducted by Danone encouraged us to improve our operational procedures and invest in staff training."

These mechanisms facilitated organizational learning, strengthened the local industrial network, and increased the ability of firms to compete in national and regional markets.

4.5. Corporate Social Responsibility and Sustainable Development

Corporate social responsibility initiatives complemented Danone Algeria's economic and technological impact. Respondents consistently emphasized the importance of social and environmental programs in reinforcing community welfare and promoting sustainable development.

Educational programs, vocational training, nutrition awareness campaigns, and environmental projects improved human capital and social inclusion. A municipal official noted:

"Danone's social initiatives have reinforced its relationship with the local community and contributed to improving opportunities for young people."

Respondents highlighted environmental initiatives, including wastewater treatment, waste management, and sustainability awareness campaigns. These programs were perceived as critical in reducing the environmental impact of industrial activities and promoting sustainable practices in the municipality.

Another interviewee commented:

"Environmental awareness campaigns and educational programs have contributed to improving the company's image while generating tangible benefits for local residents."

4.6. Synthesis Table

Table 1. Main Local Development Effects of Danone Algeria

Mechanism	Main Effects	Evidence from Interviews
Outsourcing & Subcontracting	Growth of local SMEs, expansion of service providers	Increased demand for logistics, packaging, maintenance, and industrial services
Supplier Development	Capability upgrading, quality improvement	Adoption of international standards and modern management practices
Employment Creation	Direct and indirect job generation	Expansion of supplier networks and dairy value chain, Significant direct and indirect employment effects reported by stakeholders.
Technology Transfer	Knowledge diffusion, organizational learning	On-site training, audits, technical support, staff mobility

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Entrepreneurship & Spin-offs	Creation of new enterprises	Former employees establishing independent firms, Several spin-off firms established by former employees and local entrepreneurs.
Corporate Social Responsibility	Social inclusion, environmental sustainability	Educational programs, environmental projects, community engagement

Source: *Compiled by the authors from semi-structured interviews and documentary evidence (2025).*

4.7. Summary of Findings

Overall, the evidence demonstrates that Danone Algeria contributed to local development through multiple interrelated mechanisms. Outsourcing and subcontracting created immediate economic opportunities and encouraged SME growth. Supplier development programs facilitated the adoption of modern standards and knowledge transfer. Employment effects were felt both directly and indirectly through the dairy value chain. Technology transfer strengthened local capabilities, while CSR initiatives reinforced social cohesion and environmental sustainability.

The interactions among these mechanisms illustrate how a foreign subsidiary can become deeply embedded in a host territory, generating positive spillovers across economic, entrepreneurial, social, and environmental dimensions. This integrated approach provides empirical evidence supporting theoretical perspectives on the importance of local embeddedness, absorptive capacity, and networked interactions in realizing the developmental potential of foreign direct investment.

5. Discussion

5.1. Foreign Direct Investment and Local Development: Beyond Capital Inflows

The findings of this study provide strong evidence that the contribution of foreign direct investment extends beyond the traditional effects associated with capital inflows and direct employment creation. The case of Danone Algeria demonstrates that the developmental impact of multinational corporations depends largely on the nature and intensity of their interactions with local actors. Rather than operating as an isolated production unit, Danone progressively became embedded within the economic and social fabric of Akbou through a dense network of suppliers, subcontractors, dairy farmers, public institutions, and community organizations.

This finding supports the argument that local development effects emerge when multinational subsidiaries establish long-term relationships with local stakeholders. Consistent with the work of Meyer and Sinani (2009), the results suggest that FDI spillovers are conditional upon the existence of mechanisms that facilitate learning, cooperation, and capability building. In the case of Akbou, these mechanisms included outsourcing arrangements, supplier development programs, entrepreneurial spin-offs, and corporate social responsibility initiatives.

The findings also confirm that foreign subsidiaries can act as catalysts for territorial transformation when their investment strategies are embedded within local productive systems. Danone's

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contribution was not limited to the modernization of dairy production. Instead, the company participated in the development of a broader industrial ecosystem composed of logistics firms, packaging manufacturers, industrial service providers, agricultural producers, and support organizations. This observation reinforces recent research emphasizing the importance of local embeddedness in maximizing the developmental impact of FDI (Santangelo & Meyer, 2017).

5.2. Outsourcing and Subcontracting as Mechanisms of Local Development

One of the most significant findings concerns the role of outsourcing and subcontracting in stimulating local economic activity. While these practices are often analysed primarily from the perspective of organizational efficiency, the present study demonstrates their broader developmental implications.

The results are consistent with Transaction Cost Theory (Williamson, 1975), which argues that firms externalize activities when specialized providers can perform them more efficiently. Danone's decision to outsource logistics, maintenance, industrial cleaning, packaging, and security services enabled the company to focus on its core competencies while creating opportunities for local enterprises.

However, the findings suggest that the consequences of outsourcing extend beyond efficiency gains. Stable commercial relationships with Danone reduced uncertainty for local firms and encouraged investment in equipment, workforce development, and organizational capabilities. Several interviewees emphasized that contracts with the multinational corporation facilitated access to finance and improved business credibility.

These observations support the idea that outsourcing can generate important multiplier effects within host regions. Rather than simply transferring activities to external providers, multinational corporations may contribute to the emergence of new economic activities and the strengthening of local productive capacities.

5.3. Supplier Development and Knowledge Transfer

The findings further highlight the importance of supplier development as a mechanism for technology transfer and organizational learning. Collaboration with Danone encouraged local firms to adopt international quality standards, modern management practices, and more sophisticated production processes.

This result is consistent with the Resource-Based View (Barney, 1991), which emphasizes the strategic importance of knowledge and capabilities as sources of competitive advantage. Through audits, technical assistance, training programs, and quality requirements, Danone contributed to the accumulation of organizational competencies among local suppliers.

The study also reveals that technology transfer occurred through multiple channels. In addition to formal training activities, knowledge diffusion emerged through daily interactions between Danone managers and local partners, technical support activities, and labour mobility. Former employees who established independent businesses acted as important vectors of knowledge transfer by disseminating managerial expertise and industrial know-how throughout the regional economy.

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These findings confirm previous studies suggesting that multinational corporations function as important sources of learning and capability development in emerging economies. They also demonstrate that technology transfer is not limited to sophisticated technologies but includes managerial practices, organizational routines, and quality-control systems that improve the competitiveness of local firms.

5.4. Entrepreneurship and the Formation of a Local Industrial Ecosystem

Another important contribution of this study concerns the role of entrepreneurship in amplifying the developmental effects of foreign direct investment. The findings indicate that Danone Algeria indirectly stimulated entrepreneurial activity by creating market opportunities for local firms and supporting the emergence of corporate spin-offs.

These results are consistent with the literature on entrepreneurial ecosystems, which emphasizes the importance of networks, knowledge flows, and market opportunities in fostering business creation (Lechner & Dowling, 2003). Several enterprises operating within the Taharacht industrial zone either emerged or expanded their activities in response to Danone's operational needs. This process contributed to the diversification of the local economy and reinforced the density of inter-firm relationships within the region.

The experience of Akbou suggests that multinational corporations may function as informal entrepreneurial incubators. By generating demand for specialized products and services, they create favorable conditions for business creation and growth. Furthermore, former employees who established independent firms transferred valuable technical and managerial expertise to the local economy, thereby strengthening regional entrepreneurial capabilities.

The findings therefore extend existing research on FDI spillovers by highlighting the importance of entrepreneurial dynamics as a mechanism linking foreign investment to territorial development. While many studies focus primarily on productivity and technology transfer, the Akbou case demonstrates that entrepreneurship constitutes an equally important channel through which multinational corporations influence local development.

5.5. Corporate Social Responsibility and Sustainable Development

The study also highlights the significance of Corporate Social Responsibility (CSR) in enhancing the developmental impact of foreign direct investment. Beyond economic contributions, Danone Algeria implemented various educational, social, environmental, and community-oriented initiatives that reinforced its local legitimacy and strengthened relationships with stakeholders.

These findings support the concept of shared value proposed by Porter and Kramer (2011), according to which firms can simultaneously generate economic value and social benefits. Educational programs, vocational training initiatives, nutrition-awareness campaigns, and environmental projects contributed to improving local welfare while strengthening the company's social integration.

The environmental dimension is particularly noteworthy. Investments in wastewater treatment, waste-management systems, and environmental awareness programs demonstrate that

Cadernos de Pós-Graduação em Direito Político e Econômico
Published by: Centro de Estudos Acadêmicos Press
ISSN: 1678-2127
Volume 26 *Issue 1,* 2026
Website: https://ceapress.org

multinational corporations can contribute to sustainable territorial development when environmental considerations are integrated into business strategies. Such initiatives are especially important in developing countries, where industrial expansion may create significant environmental pressures if not accompanied by appropriate safeguards.

Consequently, the findings suggest that CSR should not be considered a peripheral activity but rather an integral component of the developmental contribution of multinational corporations. In the case of Danone Algeria, CSR initiatives reinforced economic spillovers by improving social cohesion, strengthening human capital, and promoting environmental sustainability.

5.6. Policy Implications

The findings generate several implications for policymakers seeking to maximize the benefits of foreign direct investment. First, attracting multinational corporations should not be viewed as an end in itself. Greater attention should be devoted to creating conditions that facilitate interactions between foreign investors and local firms.

Second, public authorities should support supplier development programs, vocational training initiatives, and entrepreneurship-support mechanisms capable of enhancing local absorptive capacity. The positive outcomes observed in Akbou were largely facilitated by the ability of local actors to respond to opportunities generated by Danone's presence.

Third, policymakers should encourage multinational corporations to integrate social and environmental objectives into their investment strategies. The evidence suggests that CSR initiatives can significantly enhance the developmental impact of FDI by generating benefits that extend beyond economic performance indicators.

5.7. Limitations and Future Research

Despite its contributions, this study presents several limitations. As a single-case study, the findings cannot be generalized automatically to all multinational corporations operating in developing economies. The specific institutional, economic, and historical characteristics of Akbou may have influenced the observed outcomes.

Furthermore, the analysis relies primarily on qualitative evidence and stakeholder perceptions. Although triangulation procedures were employed, future research could complement these findings through quantitative approaches capable of measuring more precisely the magnitude of employment, productivity, and income effects associated with foreign direct investment.

Comparative studies involving other multinational corporations, sectors, and geographical contexts would also contribute to a better understanding of the conditions under which FDI generates positive local development outcomes.

5.8. Summary

Overall, the findings demonstrate that the developmental impact of foreign direct investment is strongest when multinational corporations become deeply embedded within local economic and social systems. Through outsourcing, supplier development, entrepreneurship promotion, technology transfer, and CSR initiatives, Danone Algeria contributed to the emergence of a

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dynamic industrial ecosystem and reinforced the economic and social development of Akbou. The case therefore provides valuable evidence of how multinational subsidiaries can function as catalysts of sustainable territorial development in emerging economies.

6. Conclusion

This study examined the contribution of foreign direct investment to local development through the case of Danone Algeria and its impact on the municipality of Akbou. Using a qualitative case-study approach based on semi-structured interviews and documentary analysis, the research explored the mechanisms through which a multinational corporation can influence economic, entrepreneurial, technological, social, and environmental development within a host territory.

The findings demonstrate that Danone Algeria has played a significant role in the transformation of the local economy. Beyond its direct productive activities, the company contributed to the emergence of a dynamic industrial ecosystem through outsourcing and subcontracting relationships that stimulated the development of local enterprises operating in logistics, packaging, industrial services, transportation, and food-processing activities. These interactions generated employment opportunities and reinforced the productive capacity of the region.

The study also highlights the importance of supplier development and technology transfer. Through technical assistance, quality-control requirements, training programs, and continuous interaction with local partners, Danone contributed to the diffusion of managerial and technological capabilities among local firms. These mechanisms enhanced the competitiveness of suppliers and strengthened the regional dairy value chain. Furthermore, the emergence of corporate spin-offs illustrates how multinational corporations can indirectly promote entrepreneurship and facilitate the dissemination of knowledge throughout the local economy.

Another important finding concerns the role of Corporate Social Responsibility. Educational initiatives, vocational training programs, environmental projects, and community-based activities extended the developmental impact of Danone beyond purely economic dimensions. These initiatives contributed to social inclusion, human-capital development, and environmental sustainability, reinforcing the company's integration within the local territory.

From a theoretical perspective, the study contributes to the literature on FDI spillovers and territorial development by demonstrating that the developmental effects of foreign investment depend largely on the quality of local linkages established between multinational corporations and domestic stakeholders. The findings support the relevance of Transaction Cost Theory and the Resource-Based View while highlighting the importance of local embeddedness as a determinant of successful development outcomes. The case of Akbou illustrates that foreign subsidiaries generate the strongest developmental effects when they become integrated into local economic and social networks.

The study also generates several practical implications. For policymakers, the results suggest that attracting foreign investment should be accompanied by measures aimed at strengthening local

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absorptive capacity, supporting supplier development, and encouraging entrepreneurship. For multinational corporations, the findings demonstrate the strategic value of combining business objectives with social and environmental commitments in order to maximize both corporate performance and local development outcomes.

Despite its contributions, this research presents certain limitations. As a single-case study, the findings cannot be generalized automatically to all multinational corporations or regions. In addition, the analysis relies primarily on qualitative evidence and stakeholder perceptions. Future research could therefore undertake comparative studies involving other sectors and geographical contexts, while also integrating quantitative approaches capable of measuring more precisely the economic and social impacts of foreign direct investment.

Overall, the case of Danone Algeria demonstrates that multinational corporations can evolve from simple foreign investors into genuine agents of territorial transformation. Through the combined effects of entrepreneurship promotion, employment creation, technology transfer, supplier development, and corporate social responsibility, foreign direct investment can constitute a powerful lever for sustainable local development when embedded within long-term strategies of local integration and value creation.

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