ISSN: 2472-114X
International Journal of Accounting Research

OPEN ACCESS Freely available online

Perspective

Investment from Abroad in a Developing Nation's Wind and Solar Energy Industries

Moris Bansal*

Department of Business, London School of Economics and Political Science, London, United Kingdom

DESCRIPTION

Renewable energy is an important component of energy supply because it can optimize the existing energy mix and balance market contradictions while also protecting the environment. As a consequence, the development of renewable energy sources has emerged as a critical issue in the national and regional transition to a low-carbon economy. As a consequence, developed and emerging countries are attracting Foreign Direct Investment (FDI) in renewable and sustainable technologies. Foreign direct investment is critical for the development of renewable energy.

Through technology transfer and spillovers, FDI may have a positive impact on the technological advancement of companies in host countries. Furthermore, because the development of renewable energy necessitates a significant investment in both funds and technology, FDI can effectively provide renewable energy industry funding and technical assistance. As an outcome, both investment sources and destination countries must implement effective policies to encourage Multi-National Corporations (MNCs) to invest in renewable energy. While emerging countries strive to improve the regulatory environment for foreign investors, they are unsure which specific institutional changes will be most effective in attracting FDI. Some aspects of the institutional environment are more important than others in attracting FDI. As a result, before deciding which emerging country and to enter via FDI, MNC executives must assess the business and institutional climate in multiple countries.

Prior fiction on emerging markets in International Business (IB) has generally focused on two host nation characteristics. First, one of the characteristics of a host country that influences FDI decisions in emerging markets is the effectiveness or quality of the rule of law or property rights. Second, another factor influencing FDI decisions in emerging markets is the establishment of a business or initial market entry. The emphasis here is on the cost of doing business or the entry barriers that prevent MNCs from entering emerging markets. Both literature streams relied heavily on transaction cost economies, but paid less attention to other aspects of the institutional environment influencing FDI decisions in emerging markets. As a result, additional research is required to investigate FDI decisions, host country institutions, and the Tangible common equity (TCE) and ownership, location, internalization (OLI) paradigms. While previous explorations have evaluated the determinants of FDI in renewable energy, there is still a general scarcity of academic studies that systematically unpack the determinants of FDI in renewables in the context of emerging countries.

There is a scarcity of findings on the factors that entice wind and solar energy investment in emerging markets that are partially open to renewables. However, they continue to have a significant share of fossil fuel dependency, particularly for fast-growing emerging countries such as Bangladesh, which is rapidly industrializing and relies heavily on conventional energy sources to sustain economic growth. To fill a data analysis gap by investigating the determinants of FDI in Bangladesh's renewable energy sector using institutional theory, OLI, and TCE.

People chose Bangladesh as an empirical setting to investigate the factors influencing FDI in the renewable sector. This is an especially appropriate context given that Bangladesh is one of 11 emerging economies. With supportive policies already in place, the Bangladeshi government encourages FDI flows in this sector. To encourage investment in renewable energy, the Bangladeshi government, for example, introduced several incentives, such as tax exemption on income tax for two decades, duty-free import of equipment and accessories, and profit repatriation with the incorporation of an independent regulatory body and the Sustainable Renewable Energy Development Authority (SREDA). Investment in renewable energy technologies remains a top priority, and the government has pledged to increase its reliance on renewable energy.

OLI, and TCE, investigates the determinants relevant for attracting wind and solar FDI in Bangladesh's nascent market. This has not previously been studied and has partially opened up for renewables, but it is not yet mature enough to embrace large-scale utility-scale wind and solar projects. Second, it focuses

Correspondence to: Moris Bansal, Department of Business, London School of Economics and Political Science, London, United Kingdom, Email: moris@gmail.com

Received: 05-Aug-2022, Manuscript No. IJAR-22-17999; **Editor assigned**: 08-Aug-2022, Pre QC No. IJAR-22-17999 (PQ); **Reviewed:** 26-Aug-2022, QC No. IJAR-22-17999; **Revised:** 1-Sep -2022, Manuscript No. IJAR-22-17999 (R); **Published:** 8-Sep -2022, DOI: 10.35248/2472-114X.10.289

Citation: Bansal M (2022) Investment from Abroad in a Developing Nation's Wind and Solar Energy Industries. Int J Account Res. 10:289.

on a fast-growing emerging country like Bangladesh, which relies on fossil fuels to sustain the high energy intensity of its growing economy in order to accelerate GDP growth. Bangladesh's government is developing FDI strategies in the renewable energy sector. It would also assist FDI managers in identifying the factors for conducting FDI in the Bangladeshi renewable energy sector or other similar countries that currently lack globally available best practices in relation to the various economic support measures widely popular for accelerating renewables deployment.