

Objective of the project

The main objective of the project Foreign Direct Investment and productivity: an empirical verification of theoretical model of conditional interdependencies: The case of V4 countries. pursued by the contractor, is an attempt to determine the effect of the presence of foreign capital on the productivity of the Polish and other V4 economies. Therefore, conceptualization of theoretical model is attempted. In this model complex dynamic relationships between FDI and productivity with feedback between the investor and the host country (which are directly related to the occurrence of certain push and pull factors of FDI). It is assumed that the way to entering the foreign market, and foreign investors' motives may imply positive or negative effects on the host country economy, which are connected also with initial position of host country in terms of its absorption capabilities.

Research problem we consider, occurs hypotheses that will be empirically. The analysis will be subject to the relationship between changes the productivity of the economy (and sectors) in the V4 countries and presence of FDI there, as well as a number of other macroeconomic variables, infrastructure and socio-political in the years 1990-2015 potentially influencing (mediating or moderating) dependencies we analyze. We hypothesized that the effects of both direct and indirect presence of FDI (spillover effects) in the host country varies (both in time and the strength and direction of impact), depending on the specifics of the host country, the technological gap and factors institutional nature.

Basic research performance

Implementation of the project through its originality in sense of approach and methods used in order to verify the certain hypotheses will deepen knowledge about the determinants of FDI flows and their interdependence with changes in productivity in the economy of the host country. We will try to verify empirically determinants of flows and accumulation of the FDI in developing countries on the example of the Visegrad Group and to identify factors and their significance in the context of the absorption capacity of the economy to obtain benefits from the presence of foreign capital.

Motives of research topic undertaking

The current knowledge does not give a clear answer for the question of nature of dependencies between FDI presence in host country and its impact on local economy (especially in terms of productivity) sense. Although the literature is extensive, diverse in terms of research approaches as well as groups of countries undertaken in analysis, the results are still inconclusive. Theories of FDI also did not provide a clear and complete answer on the impact of these investments on the economies of host countries, especially taking into account the potential diversity of these effects in the short and long term.

Although there are some empirical evidences indicating that the scale and direction of FDI impact in different ways on various economic aspects of the host country. Investments are related to the degree summarily between investors' and host country (in terms of the level of economic development, technological gap and absorption capacity) still lack a comprehensive theory explaining the complex mechanism of interaction determinants of the presence of foreign capital to improve the utilization of resources of production factors in the host country.

At the same time the hypothesis that assume presence of a two-way relationship between FDI and productivity in the host country will be empirically verified. This latter aspect is particularly important, because as long as FDI can contribute to changes in productivity in the host country for as much of the level and dynamics may also imply a decision to make FDI in the country (efficiency seeking motive in Dunning's eclectic theory). This therefore does not allow (in terms of both theoretical and computing) to examine these categories separately, which is still, despite the dynamic development of the quantitative approach and its application in economics ignored by the majority of phenomenon researchers.