

REFORMING THE FDI'S LAW FOR ACHIEVING SUSTAINABLE INNOVATIVE DEVELOPMENT AT THE REGIONAL LEVEL

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At the end of the nineties, the Slovak Republic succeeded in removing the mantle of communism from it and opened the door wide for foreign direct investments. Rather, it went further by adopting a wide reform package that targeted the joints of the economy and legislation in the country that prevailed in it when it was a communist state. It focused on supporting foreign direct investment by setting laws about the investment period for supporting the foreign investors of all degrees, and it also worked to reduce the volume of taxes imposed on them, as these facilities were directed to untapped regions suffering from weakness in their economic growth. Slovakia is among the most attractive countries for foreign direct capital.

Keywords: FDI; Regional Development

Introduction

Technological capabilities, skills, and cheap labor represent major factors for competitiveness at the national, regional, or even Institutional level. The ability to innovate is a prominent factor for building competitiveness in both developed and developing countries. There has been much talk recently about regional innovation as a unique case. They can be predicted by national innovation systems and have a clear impact on development at the regional level of a country (Braczyk & Heidenreich, 1998).

Experience has shown that regional systems of innovation can capture a lot of innovation better than the international nature of innovation that are pioneers in the areas of research, development, and innovation.

The reform measures in the Foreign Direct Investment Law in Slovakia have proven to encourage the work of these companies and their strong rise at the level of the states of the



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Slovak Republic, which reflected positively on development and innovation at the level of the states and in turn at the level of the country (Feldman, 2008).

The Slovak case did not witness a comprehensive reform until the end of the nineties. When the pro-reform alliance replaced the liberal alliance, it relied on reforming its laws on the foreign direct investment by regulating and reforming them more than directly interfering with them and refraining from any attempt to feed the local bourgeoisie. Where the Slovak government carried out a package of reform measures in its systems (such as reforming the banking system, health care and pensions), it also accelerated the process towards joining the European Union in 2004 and adopting the euro as its official currency at the beginning of 2009.

The set of reforms carried out by the Slovak government for supporting the foreign direct investment laws, such as a qualitative leap in the field of infrastructure development, reducing unemployment rates and raising workers' wages at the regional level, through major privatizations and providing great facilities for attracting the foreign investments. The Foreign funds facilitated the work mechanisms of foreign companies and adopted more attractive policies for foreign investment, all of which enabled Slovakia for achieving the economic growth that exceeded all expectations during the period (2000-2008), especially the automotive and electronics sectors, which are considered the main artery that feeds most of the economic growth until 2008, and perhaps The most prominent factors that attracted the foreign investor are the availability of cheap skilled labor, low taxes, the absence of fragmented taxes, relatively free labor laws, and a vital geographical location.

Low rates of innovation and economic development through great temptations in investment laws, to be the least It is the focus of attention of the foreign multinational companies (MNCs), as technology and intangible assets are transferred to these regions, which enhances knowledge and innovation, develops infrastructure, and increases the volume of employment within these regions or states (Bluhm, 2003)

Supporting innovation and economic development efforts can only be achieved through concerted efforts of agents in the region, business institutions, government and universities, and the extent of the strength of the links between them and the factors that determine the performance of the system of innovation and economic development (Braczyk & Heidenreich, 1998).

Foreign direct investment contributes to enhancing innovation and regional development through research and development in research laboratories in multinational institutions, which would directly increase innovation outputs in these regions (Athreye & Cantwell, 2007). The repercussions arising from innovation and development activities generated by the foreign investment may affect the performance of the innovation and the local development through the transfer of knowledge through a supply chain, raising the rate of skilled labor, supporting infrastructure, and reducing the unemployment rate at the level of the region in which these multinational enterprises are present (Griliches, 1979).

Literature review

The International investment law has made room for the development of customary international law rights from foreigners about their economic rights related to property. The original adoption of the call was most often not subject to the goodwill of the mother country's government (Lowe, 2007).

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The relationship between the host country and a foreign investor was often strained because the investor did not have a political voice regarding changes in the host country's domestic laws affecting the investment.

This unbalanced relationship between the host country and the investor was exacerbated by the fact that the investor would not normally have a political voice about changes in the domestic laws of the host country affecting the investment. And the importance of the foreign direct investment and its effective contribution to the transfer of technology and knowledge to the host countries, which gives these host countries economic refinement and development in terms of innovations and high expertise, as well as increasing the links between the foreign and the local companies, and this also gives the local companies new operations, management skills and broader access to markets.

According to the package of reforms carried out by the Slovak government in its laws related to the foreign investment, it worked to attract the foreign capital significantly, and this was what emerged at the end of the nineties. Foreign direct investment, according to the researchers, does not affect sustainable development and stimulate innovation in the host country unless it has the qualifications and incentives, such as allowing capital liberation, economic openness, and reforms supporting foreign direct investment.

This is what Slovakia and some Eastern European countries have taken in supporting development and innovation at the regional level of the country. The sub-components of economic openness have varying effects on FDI inflows, with the rule of law, market openness, and less restrictive regulatory environment emerging as the main institutional factors promoting FDI (Ghazalian & Amponsem, 2019).

According to Siller and Cibák (2016) the geographical and vital location of the host country over the mother country may be an important factor for raising the quality of the institutions in the host country and increasing the expertise, skills, and innovations at the regional level of the host country so that the companies and institutions of the host country become close to the institutions of the mother country through the foreign direct investment. The proximity of Slovakia to Western Europe made it lenient and reformed its laws to attract the direct foreign capital, and this is what happened because of a package of reforms in the foreign direct investment laws in Slovakia that managed to promote sustainable development at the level of the regions by attracting expertise and innovations as well as transferring technology to it through foreign direct investments.

The researchers also believe that the highest productivity of foreign direct capital is available when the host country has human absorption capacity and a measure of advanced technologies. The government offers great incentives for investors to bring their money and invest in the host country.

The researchers argue that one of the obstacles to direct foreign capital is government laws that put huge foreign capital and small capital in the same rank. Also, strong protection for labor may lead to a reduction in foreign capital, and a high corruption index in the host country may be a devastating factor for attracting capital.

Which stimulated a large package of reforms carried out by the Slovak government in the laws of the foreign direct investment, which was a decisive factor to greatly increase the competitiveness of Slovakia, as new technologies were introduced, job opportunities were created, and skills, cultures, and entrepreneurship were brought to the host country.

Analysis study

In the same context, the researcher argues that if any government wants the regions to grow and flourish equally economically, it must create the fertile ground and conditions conducive to that. If any government wants the regions to grow equally economically, it needs to create the appropriate conditions for that.

The researchers believe that the theories of Marshall and Jacobi about agglomeration with the influence of geography on growth can receive excellent results when the country is encouraging to attract the foreign capital to countries located near the geographical scope of the host country, as the geographical proximity facilitates the transfer of experiences, knowledge flows and capacity building among the economic actors located in Common sites through the foreign direct investment, this foreign investment creates links outside the borders of the region or rather the country as a whole, which raises the comparative advantages of the regions and prevents regional stagnation and stimulates diversification that leads to growth and prosperity at the level of the regions and in turn at the level of the country as a whole (Meyer & Nguyen, 2005).

According to (Szapáry, 2001) the regional division of the state in terms of authorities and administrations within the national determinants may contribute to raising the administrative and organizational level of the state, and it also creates a detailed coordination of the value and networks of local and the foreign actors, which creates a state of stability at the level of the regions and improves the management and regulation of the flow of foreign capital in these regions according to what he sees. Those in charge of managing these regions appropriately and serve their prosperity and growth (Bodnarova, 2006)

Here, the Slovak government realized that it had to take fundamental reforms in the foreign investment law for several advantages. First, its distinctive geographical and vital location, the availability of cheap and skilled labor force, and its proximity to the economic refinement countries in Europe. All these factors encouraged the Slovak government to take reform measures in its laws, especially the foreign investment law. The Slovak government worked on legislative regulations within the government program document, so its future vision was to give priority to the economic policy that consists of sectoral and comprehensive policies (at the state level) as a basic administration to support sustainable development within these regions and ensure the cohesion of the economy within each region.

The government also sought, within its reform package, to focus on the field of investment, as it worked to create favorable conditions for a climate for foreign investors and to make attractive facilities for foreign direct capital, such as reducing the minimum amount of investment. The government also sought to support foreign investors wishing to expand their investments in the Slovak Republic by sponsoring and supporting the post investment stage and enabling them to enter strongly in the fields of industry, innovation, and research (Szapary, 2001).

One of the effective tools launched by the Slovak government is the establishment of a pilot agency (SARIO) under the authority of the Slovak Ministry of Economy, whose mission is to solicit the foreign investments and support the export of the activities of the Slovak companies. This agency worked to support local and the foreign investors through a wide range of services that aim to support the flow of the foreign investment and expansion of existing projects at the regional level, by increasing the number of projects and creating new job opportunities.

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This agency also works to stimulate quantitative and qualitative growth through expansion of value-added investments. SARIO Agency also focused on increasing the competitiveness of the Slovak entities and supporting their transformation into effective entities in a globalized global market and the direction of support from exporting goods to exporting services and investments.

Slovakia is considered a country with a small open economy, and it gained its independence in 1992. Once it gained independence, Slovakia announced its intention to join the European Union as soon as possible. Slovakia had a list of reforms that it had to implement to obtain approval to join the European Union, so it adopted a package of reforms in its laws. Foremost of which is the Foreign Direct Investment Law, and it has achieved remarkable successes in this reform of the foreign direct investment laws (Bohle & Greskovits, 2006), and the role of political trust has played a major role in shaping the development of reforms, where the roots of the lack of confidence in government reforms are the shift towards privatization in the Slovak Republic due to several factors.

- Material losses because of the transformational recession were significant between 1989-1993, reaching 25% in Slovakia (UN ECE-2003).
- Low consumption and high unemployment rates, as total real consumer spending reached pre-privatization levels. Employment in Slovakia decreased by 84% in 1994 (UN ECE 2003).
- The increase in inequality in these processes was accompanied during the transitional period (Kornai 2006).
- The decrease in the personal sense of injustice leads to the deterioration of the set losses. The old elite is seen as having achieved better performance during the shift towards privatization, so they dominate privatization, which leads to the consolidation of their position in the new system. The dominance of Slovakia over the category of the old manager is the historical fact (Appel & Gould, 2000).

False expectations of the new system could contribute to public disillusionment, as transformation was seen to close the gap in living standards with the developed West, and if the gap was not filled, the public would be disappointed (EBRD, 2007).

The failure of the new system is also a source of justified disappointment. Endemic corruption and political and institutional failure contribute to a sense of skepticism about the new regime. More than 70 % in Hungary and 60 % in Slovakia believe that there is more corruption in the new regime than in the old one (EBRD 2007).

The compass of the economy in the Slovak Republic was changed from a socialist country to a more liberal that's seeking to be in the rank of developed European countries, as it made extensive progress in implementing the tasks entailed by it to join the European Union, and these fundamental reforms were reinforced in its laws, especially the foreign direct investment law, after the coming of the government Dzurinda Government (2002–2006), which implemented a series of radical reforms aimed at addressing the country's employment performance through neoliberal policies (Wagner, 2005)

The basic principles of the reforms were to increase the incentives for jobs and job creation in the country, and the purpose of these improvements was to attract direct foreign capital to the country (Árendás et al. 2006). As measures were taken to regulate the work of the foreign investors, the government sought to provide incentives to encourage foreign investors to come to the country and pump their money into development projects that

achieve sustainable development and prosperity in the territories of the Slovak Republic, to achieve growth and prosperity at the regional level.

A series of measures taken by the Slovak government to attract foreign direct capital. (Pavlínek et al., 2009).

1. Fixed tax: unifying the tax imposed in the country, as the government decided to make it a rate of 19% for corporate taxes, personal income taxes, and value-added tax. The quest to impose a unified tax is to make it equal to all elements of income regardless of their source, to solve the problem of exceptions that characterized the previous system and to simplify tax administration to overcome the phenomenon of tax evasion (Árendás et al. 2006). Increasing transparency in the general budget of countries and improving the macroeconomic framework in the medium and long term, to improve the cost-effectiveness of taxpayers' money. Thanks to these efforts, Slovakia now has the fourth strongest budgetary framework in the European Union (European Commission, 2008).

2. Labor market reform: To attract foreign direct capital into the country, the labor market had to be flexible and dynamic, and for this the government curbed the power of trade unions and relaxed labor protection regulations (Fisher et al., 2007). This stimulated foreign investors to come to the country and establish their projects, which would contribute to raising productivity, creating new job opportunities, and investing in unoccupied areas in the country's regions, which would achieve development at the level of these regions. (Nelson, 1993).

3. Carrying out a set of organizational reforms: simplifying the processes of establishing and closing investment and commercial businesses through a series of simplified procedures and a smoother and more effective registration of property. And granting large investors many privileges, whose projects involve creating sustainable development in the country, creating advanced industries, and introducing advanced technology to the country.

4. Reform of pension laws: To ensure old age to the extent of subsistence, the minimum retirement age was raised to 64 years, with progress being made in the three-pillar retirement system.

5. Judicial reform: Where corruption and bribery were eliminated in the legal profession, and laws were enacted to stimulate social functional behavior (Fisher et al., 2007).

However, the researcher believes that all these reforms are superficial and not sufficient. By looking at Figure 1, we notice that the net value of foreign direct investment in V4 countries is the weakest in Slovakia, as the Czech Republic has an acceptable growth rate in foreign direct investment compared to Slovakia. The same applies to Poland, where during the study period, we notice an acceleration in the growth rate of foreign direct investment in Poland, but the matter is different for Hungary, where we notice remarkable growth at increasing rates, except for the period of the pandemic, as all countries were affected by the Corona pandemic, but the Hungarian economy soon returned to a trend that developed in the post-pandemic period and returns. The reasons for the investment expansion policy pursued by the Hungarian government.

Where we notice from Fig. 2 (Appendix) that the general trend of the development of foreign direct investment in Hungary began to fluctuate, but at positive rates, as it can be said that the foreign capital turnover in Hungary is faster than the rest of the V4 coalition countries. relevance after the pandemic period.

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But I think that Slovakia should take a real step forward, as foreign direct investment in our current era is one of the most important methods of increasing the gross domestic product and thus the standard of living of citizens, as it can be said that any one euro injected into the Slovak economy will increase the gross domestic product by about 47 times if it proceeds Perfect direction of the capital cycle. As foreign investors will hire new employees, it is possible that it will stimulate the aggregate demand side.

By looking at Fig. 7 (Appendix), we note that Slovakia still suffers from high unemployment rates, “the total demand of goods and services within the borders of countries.” At the same time, the aggregate supply side will increase in the country because of the outputs of these new employees who were employed turned from a burden on the state into positive individuals, as this will lead to achieving a new equilibrium point in the Slovak economy, but with a better situation, as the quantities of supply and demand in the Slovak market for goods and services will increase, which in turn increases the state’s revenues represented in taxes Direct (income and profits tax) and indirect (TAV tax).

These reforms, led by foreign direct investment laws, prompted Slovakia to be ranked as the best reformer in 2003 by the World Bank. Slovakia received international acclaim from the countries of the European Union, which was accompanied by accelerated growth in the economy, low unemployment, and low inflation (Jurajda & Mathernova, 2004)

The reforms undertaken by the Slovak Republic in terms of foreign direct investment have greatly attracted a wide range of foreign investors, where the geographical and vital location of Slovakia has made it the focus of attention of foreign investors. natural resources, human capital, and the cost of labor), which affect the expected profitability of investment, in Slovakia, where Slovakia possesses skilled and cheap labor and surplus human energy that prompted many large companies in the field of production and trade to come to Slovakia and establish development projects that add value in terms of infrastructure, support untapped regions and create new job opportunities (Lipsey, 2006).

The steps taken by Slovakia in terms of reform in investment laws were characterized by a stable political and economic situation, and they were commercially open. These reforms, which were accompanied by the fertile ground for investment and the factors encouraging it, contributed to attracting foreign capital significantly and establishing giant development projects in terms of establishing production projects.

Cars and electronic devices. More macroeconomic and political stability of the host country can attract more foreigners (Bevan, 2000).

The government has sought to reduce the costs of business (business) and coordination of production and innovation through the facilities it offers within the framework of a package of reform laws aimed at attracting foreign capital (Dunning, 2004).

According to Dunning (2004), high transaction costs are due to inadequate property rights, lack of a regulated banking system for property rights, widespread institutional and administrative corruption, and weaknesses in the incentive structure (Dunning, 2004). The complexity and weakness of the institutional structures, the presence of bureaucracy in the institutions and the existence of an ineffective institutional infrastructure may lead to a state of uncertainty about new foreign operations that may avoid entering Slovakia. Unless these obstacles are overcome, investment will be difficult.

The similarity in economic structures, markets and culture may lead to lower costs of transactions and thus obtaining a decent return for investors, such as countries that enjoy maturity in their economies, but in countries with weak economies and closed on themselves,

such as Eastern European countries, international institutions may face higher transaction costs and thus be less willing to invest (Meyer & Nguyen, 2005).

However, in Slovakia, the situation was different. The package of reforms that it carried out contributed to the development of its institutional framework, which is considered a key factor in attracting direct foreign capital. The development of the institutional framework for institutions may be a catalyst for creating an attractive investment climate for foreign capital foreign capital contributed significantly to attracting investors (Mudambi & Navarra, 2002)

Table 1 – The positive and negative effects of foreign direct investment
(Source: made by the author)

The negative effects of foreign direct investment	The positive effects of foreign direct investment
<i>At the local and regional economic level</i>	<i>At the local and regional economic level</i>
Repatriation of profits from investments to the home country Improve the standard of living Development in the areas of research and innovation Raising the rate of economic growth Reducing the migration of individuals by creating remunerative job opportunities for them in their countries	Modernization and development of infrastructure projects for the host country Creating new job opportunities and thus reducing unemployment rates Supporting export-oriented investment projects The inflow of foreign capital into the balance of payments It is a good source of foreign hard currency for the host country
<i>At the enterprise level</i>	<i>At the enterprise level</i>
Transfer of research and development abroad Layoffs of unskilled workers Sudden withdrawal of investment Training national cadres and upgrading their skills	Transfer the latest technological achievements to the host country Transfer of organizational, administrative, and technical skills Access to global markets to sell its products Stimulating competition among local companies by developing their technical and administrative systems

The Slovak government has played a pivotal role in developing its strategies aimed at attracting foreign capital by developing an innovation system that creates development in the methodology of institutions' work and creates institutional frameworks that are in line with European standards and engages in intangible areas of research and development such as design and engineering programs and education support. It also facilitated in its foreign investment laws to facilitate the transfer of advanced technology and support huge projects that support the infrastructure of the regions that are not exploited functionally and geographically. It also worked to support efforts aimed at training and qualifying individuals in management, industry, production, and trade (Vantuch & Jelínková, 2007)

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In addition to the presence of natural resources and the distinguished geographical location, however, one of the smartest solutions that the government made is to make the laws unified, uncomplicated and simplified so that they are attractive to the foreign investor.

The researchers also believe that the need to strengthen knowledge and facilitate the flow of information by building links between international institutions (multinational companies) and local institutions would contribute to development planning and appropriate policy making at the regional level. Researchers define the innovation system as a network of economic agents who are aligned with institutions and policies that influence their innovation, behavior, and performance (Nelson, 1993).

The positive and negative effects of foreign direct investment in Slovakia

Although foreign investment has many advantages at the level of institutions and the local economy, it is not without negative effects that affect local institutions and the local economy, the most prominent of which we will mention in Tab. 1.

Motivations of Investors (proportion of group citing each) in Slovakia

Table 2 – Motivations of Investors (proportion of group citing each) in Slovakia
(Source: made by the author)

Population	++++
Access to qualified labor	+
Political and economic setting	+
Low labor costs	++++
Earlier contacts with partners	++
Access to local markets	++
Few potential competitors	+++
Cheap raw materials	+
Income level	+
Infrastructure	+
Developed judicial system	++
Reliable local suppliers	+++
Availability of information Infrastructure	++
Developed judicial system	+
Presence of other investors	+
Availability of information	+++
Similar step by foreign competitor	+++
It's from 1 to 5 (worst to best)	

Where this part of the article was prepared by conducting a questionnaire on a sample of foreign investors and managers, where the sample included 9 foreign investors and 8 foreign managers in strategic companies, where the questionnaire was as follows: “Ask the question: give an evaluation between 1 to 5 according to the destination You see the most inspiring factors for foreign investors who choose to invest in the Slovakian market.

Where the arithmetic average of the results was calculated, considering the deletion of the results of the questionnaire if one level was chosen for all the data.

Where the sample included 17 people, but one questionnaire was cancelled, so the net number of correct questionnaires is 16

Considering the rounding of commas, where if the number is less than 0.5, the lower number is taken, for example in the "income level." The result was 1.45, so the result was reduced to 1, meaning that the income level is not an incentive for foreign investors and managers to invest in Slovakia either. If the result is equal to 0.5 or more, the evaluation is raised to the highest level, as in the case of "availability of information", the result is 2.85, when the evaluation was raised to 3.

Innovative solutions to reform the foreign direct investment law

Despite the many reforms undertaken by the Slovak government at all levels, in the areas of social care, health care, the judiciary and infrastructure, it did not give foreign direct investment its right from these reforms, and it was necessary to persevere in producing more successful solutions and ideas in supporting foreign direct investment.

1. taxes system reform:

Where large investors must be granted some conditional tax exemptions, for example

- Tax exemption for 3 years
- Partial exemption for 5 years if they invest in less developed areas.
- If they employ more local workers than the required minimum.
- If they provide grants and subsidies to citizens in remote areas to conduct training or study courses abroad to raise the quality of local workers.
- If there is a serious economic potential that can increase the real GDP.

2. labour market reform:

- As bringing in more qualified foreign workers would raise the efficiency of the labour force in the country
- The government could finance some projects that would develop the local workforce,
- It could grant some privileges to foreign investors if they financed those rehabilitation programs.

3. Organizational reform:

- Simplifying the processes of establishing and closing investment and commercial businesses through a series of simplified procedures
- While facilitating residency and work procedures
- Granting large investors many privileges, whose projects involve creating sustainable development in the country
- Creating advanced industries, and introducing advanced technology to the country

4. Pension laws reform:

- To ensure old age to the extent of subsistence, the minimum retirement age must be 62 years.

5. Judicial reform:

- Where corruption and bribery were eliminated in the legal profession, and laws were enacted to stimulate social functional behavior

6. Temporary residence system reform:

As the foreign investor faces difficulties in get temporary residence, because the renewal requires the foreign investor to be a resident of the Slovak Republic for a period of not less than 90 days out of 180 until the renewal is completed, and this procedure is

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considered an obstacle to large foreign investors who are looking to carry out huge projects and serve Phantom investors who come to the country under the pretext of investing in order to obtain residency and stay in the country.

This paper proposes, as a successful innovative procedural solution, that foreign investors be divided into two segments:

- The first category: foreign investors whose total investment assets amount to 10 million euros or more. They must be free to enter and leave the country and not require them to renew the registration of their companies to stay in the country for a certain period.

- The second tranche: foreign investors whose investment assets amount to between 1-10 million euros. They are given flexibility in movement and that their stay period is not less than 3 months out of 180 days.

- The third tranche: foreign investors whose investment assets amount to between 25-100 thousand euros, their stay period should be no less than 60 days out of 180 days to renew their company.

This division of investors is stupid. It aims to encourage real investors who are looking to establish projects that achieve sustainable development in the regions belonging to the country, and to discourage fictitious investors who enter the country under the pretext of investing and establishing projects, while in fact their entry into the country as investors is to obtain residency

Results

Foreign direct investment affects the external balance of economies in transition from a state-owned economy to privatization such as Eastern and Central European countries such as Poland, Hungary, Slovakia, and the Czech Republic

As the debts accumulate rapidly in these countries, which makes the process of financing them difficult, as most of these debts come from the external balance, and here the benefit of foreign direct investment in financing the external balance through the net profits flowing from foreign investments.

Foreign direct investment also affects the balance of payments indirectly, through the trade balance, because the host country needs imported machines to implement investment projects and then pays for these machines later through exports.

However, for multinational companies, they depend on their investment activities in the host country to export their products in the local market, which makes dependence on import relatively low, and this is an advantage that foreign direct investment has on the host country, where imports are replaced, and exports are increased (Elteto, 1995).

The capitals mentioned in the table were relied on as they took the largest volume of foreign investment at the country level, and here the researcher suggests that the government rely on encouraging foreign direct investment in states that suffer from low percentages of the volume of foreign investment by supporting foreign investors whose investment amounts are limited and they want By investing in the country with loans from the government, provided that investment is made in areas that suffer from low foreign investment

In Slovakia, the share of the capital, Bratislava, was more than 60% of foreign direct investment during the nineties, as this percentage rose during 2002 to 67.8% only in the state of Bratislava, while the remaining states had a low share of foreign direct investment (2.2 and 4.0) %. Of the total foreign investment in the rest of the states, except for the south-

eastern region of the country, where the automobile industry was promoted, with about 12.7% of the total foreign direct investment.

Conclusion

I found that Slovakia tends to support investors to support local production in its states, support exports and reduce imports by attracting supply elements to it through multinational companies.

Slovak regional development is being affected and changed under the influence of growing integration in the global economy. “Nearly 19% of enterprises in the Slovak Republic are already in foreign ownership. In addition, many Slovak enterprises are prosperous thanks to the partial financial coverage by foreign capital. The importance of FDIs for Slovak economy is indisputable” (Arachova, 2013).

The most extensive share of foreign investments has been marked in the Bratislava’s County. Bratislava County belongs to the most advanced regions of Slovakia (245% of Slovak average) while Prerov county reached the worst position (60% of Slovak average). According to the European competitiveness index (ECI) which is assessed on a national and regional level (NUTS 2), Bratislava County reached the tenth position among 120 evaluated EU regions in the period of 2006–2007 and it was at the fifth position in 2014 (186% of EU average) unlike the rest of Slovak regions reaching nor 75% of GDP of Slovakia, however the results in the Eastern and Central Slovak counties have improved to about 51% of GDP of the EU average for Eastern Slovakia and 59% of the EU average for Central Slovakia, and 72% of the EU average for Western Slovakia.

To support the FDIs inflow into Slovakia Slovak government offered the investment aid to the investors in the form of subsidies into tangible and intangible assets, in the form of provisions for creating working positions and in the form of tax reliefs

This paper also suggests that the Slovak government should increase subsidies in aid directed towards foreign investment in regions and states that suffer from a decline in foreign capital.

As we have seen previously, the capital, Bratislava, takes the largest share of foreign investment at the expense of other regions, so the areas that suffer from weak investment volume should be classified into areas with special and generous support from the government.

This research paper suggests that one of the other forms of support by the government is subsidy Investors with loans financed by the government to support foreign investors, provided that their projects are established in states that suffer from a low volume of foreign investment in them, in order to support these states, create sustainable development in them, and create job opportunities for the residents instead of migrating to areas where attractive job opportunities are available.

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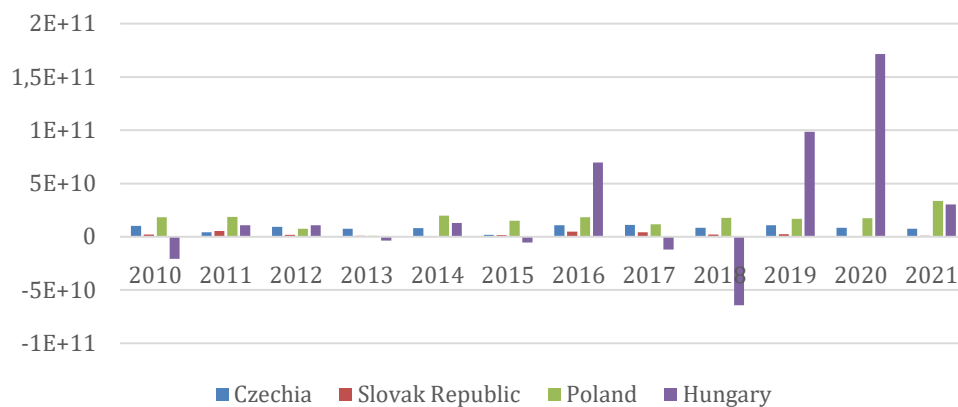


Figure 1 – Net FDI in V4
(Source: made by the author)

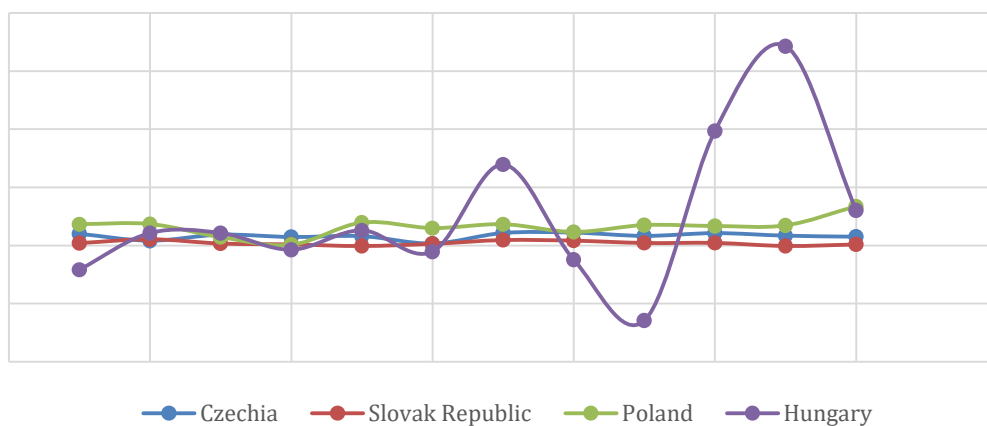


Figure 2 – FDI trends in V4
(Source: made by the author)

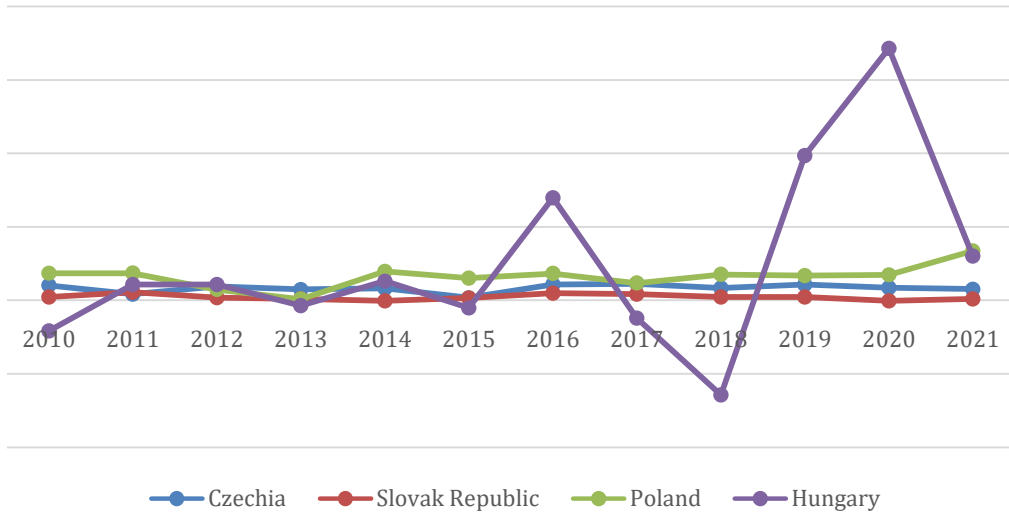


Figure 3 – FDI cash flow in V4
(Source: made by the author)

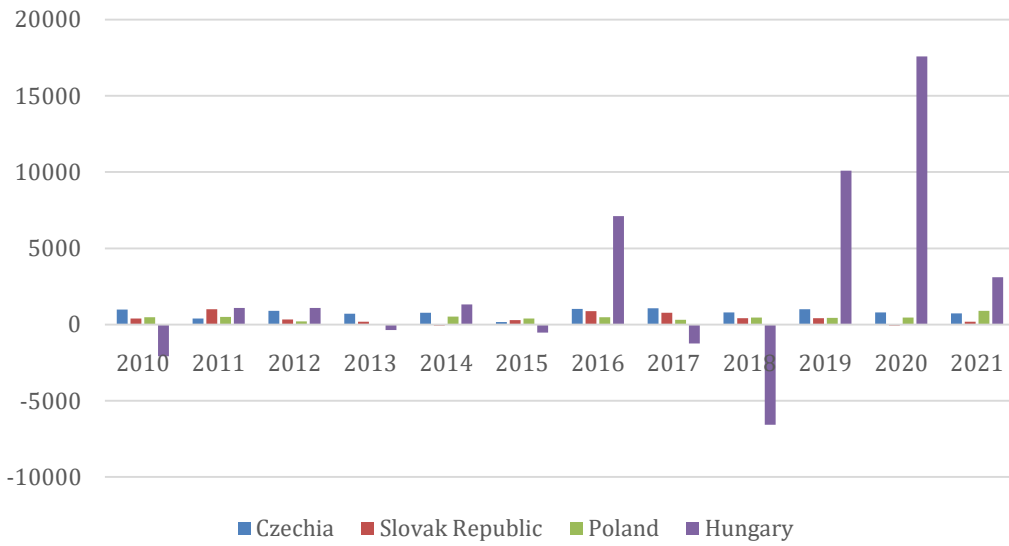


Figure 4 – Net FDI per capita
(Source: made by the author)

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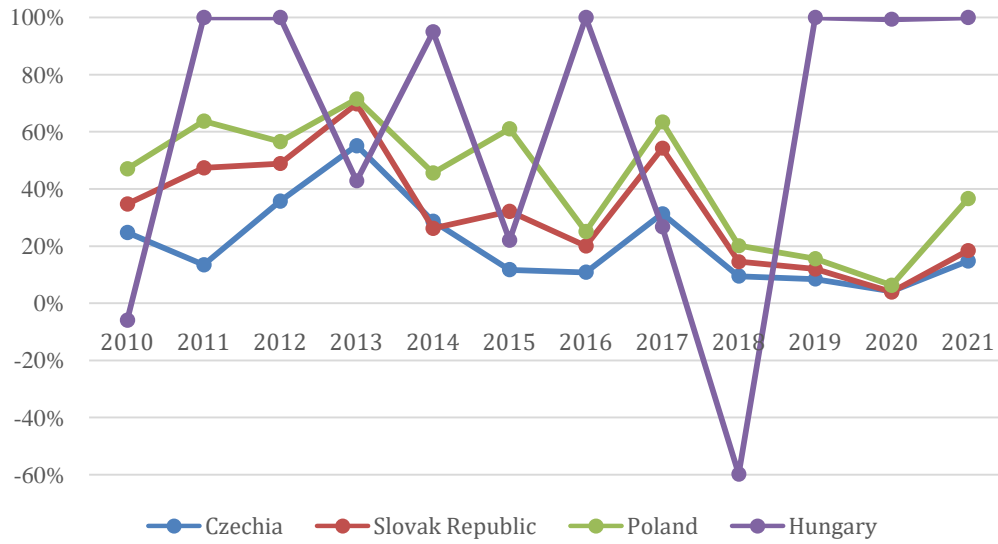


Figure 5 – Net % of FDI trends per capita
(Source: made by the author)

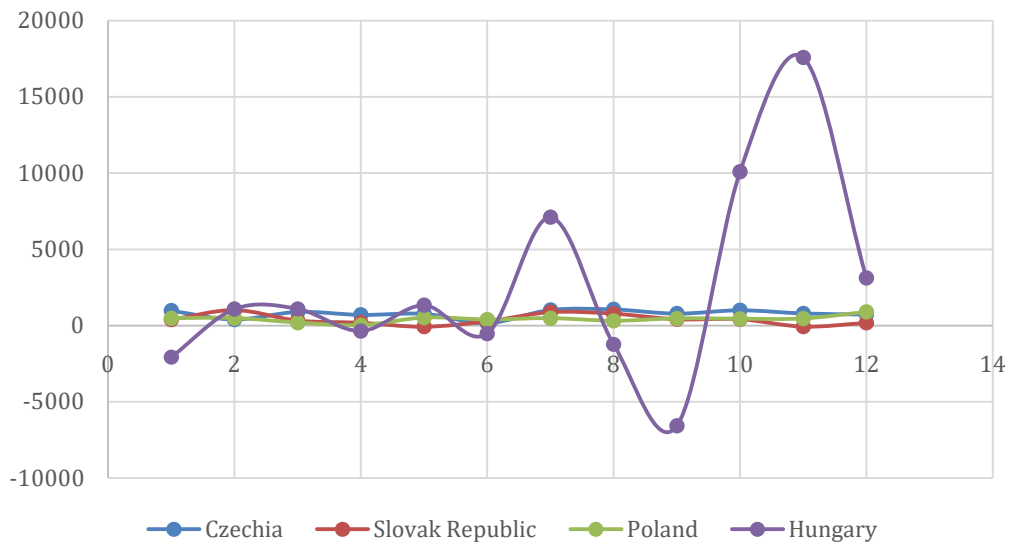


Figure 6 – Amount of FDI per capita
(Source: made by the author)

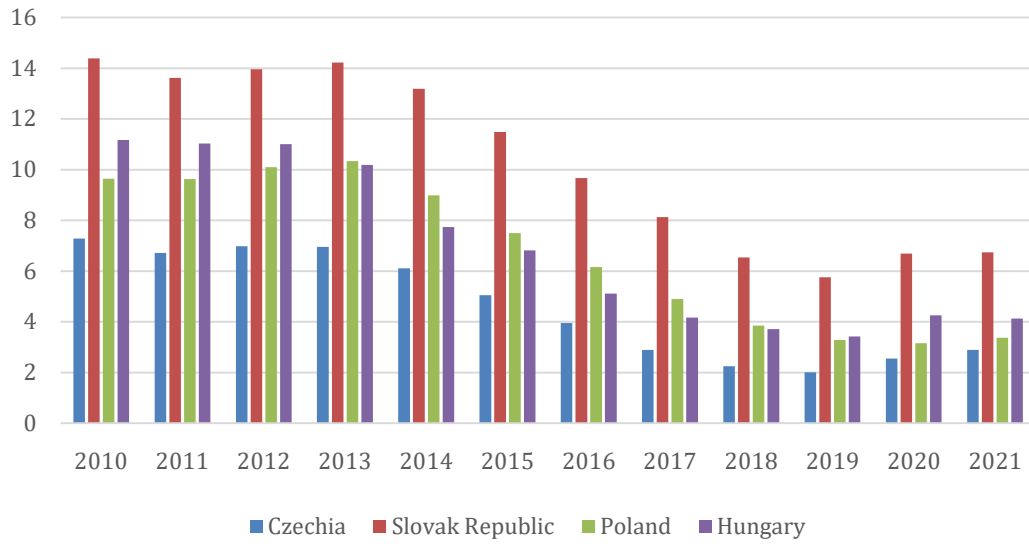


Figure 7 – Unemployment rate in V4
(Source: made by the author)

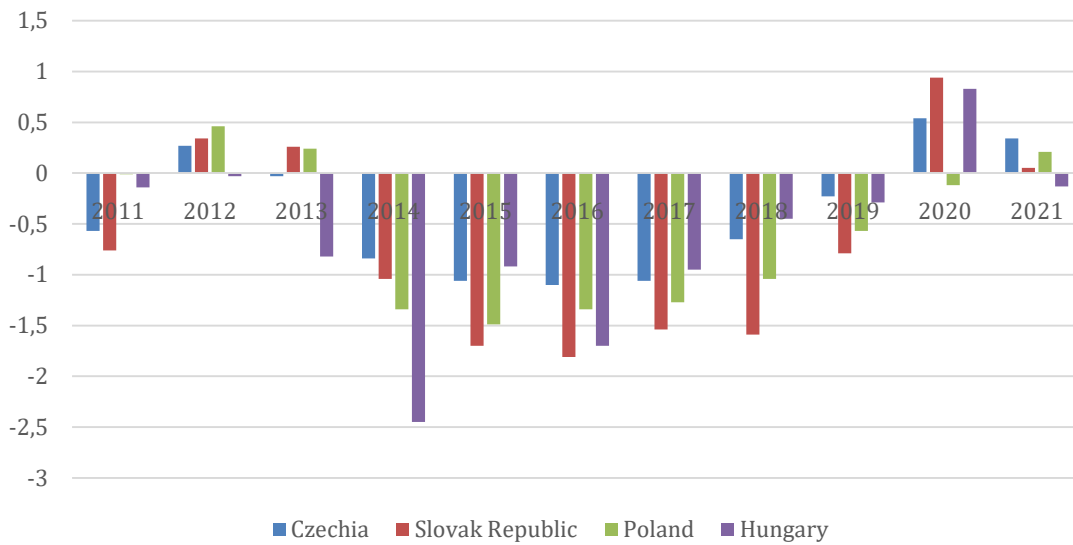


Figure 8 – Change in unemployment rate in V4
(Source: made by the author)

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Table 3 – The largest employers in Slovakia (from non-financial companies)
(Source: made by the author)

	Company	Number of employees 2018	Number of employees 2017	Change (%) BETW 2018/2017
1.	Volkswagen Slovakia, a.s., Bratislava	14 624	13 071	11,9
2.	Železnice SR, Bratislava	13 693	13 823	-0,9
3.	Slovenská pošta, a.s., Banská Bystrica	12 873	13 267	-3
4.	Schaeffler Slovensko, s.r.o., Kysucké Nové Mesto	10 096	9 834	2,7
5.	U. S. Steel Košice, s.r.o., Košice	9 960	10 059	-1
6.	Tesco Stores SR, a.s., Bratislava	8 517	9 758	-12,7
7.	Grafobal Group, a.s., Bratislava	6 750	6 140	9,9
8.	Kaufland Slovenská republika, v.o.s., Bratislava	6 166	5 992	2,9
9.	Železničná spoločnosť Slovensko, a.s., Bratislava	5 938	5 978	-0,7
10.	Železničná spoločnosť Cargo Slovakia, a.s., Bratislava	5 549	5 738	-3,3
11.	IBM International Services Centre, s.r.o., Bratislava	4 941	5 057	-2,3
12.	Lidl Slovenská republika, v.o.s., Bratislava	4 796	4 427	8,3
13.	Slovenské elektrárne, a.s., Bratislava	4 357	4 336	0,5
14.	Železiarne Podbrezová, a.s., Podbrezová	4 317	4 213	2,5
15.	Billa, s.r.o., Bratislava	4 192	4 093	2,4
16.	T-Systems Slovakia, s.r.o., Košice	3 834	3 732	2,7
17.	PCA Slovakia, s.r.o., Trnava	3 766	3 227	16,7
18.	Kia Motors Slovakia, s.r.o., Teplička nad Váhom	3 748	3 682	1,8
19.	Lesy Slovenskej republiky, š.p., Banská Bystrica	3 635	3 566	1,9
20.	Slovak Telekom, a.s., Bratislava	3 526	3 459	1,9