

The role of FDI in digital readiness of CEE and Balkan countries

Lubomír Darmo

University of Economics in Bratislava
Faculty of Economics and Finance, Department of Economics
Dolnozemska cesta 1, Bratislava, 852 35
Slovakia
e-mail: lubomir.darmo@euba.sk
ORCID: 0000-0003-4401-6090

Ivana Ognjanovic

University of Donja Gorica
Humanistic Studies
Oktoih 1, Donja Gorica, Podgorica, 81000
Podgorica
e-mail: ivana.ognjanovic@udg.edu.me
ORCID: 0000-0001-6766-1960

Abstract

The paper deals with the role of the foreign direct investment in enhancing technology and digitalization in central and southeast European countries. Frontier technology readiness index is the variable, the investment would affect by increasing its score. Apart from the foreign direct investment, 12 variables are used in panel regression analysis. The variables represent different fields as the performance of the economy, international trade, labour, education, research and digital infrastructure. The data used consist of 17 cross-sectional units – countries from central and southeast Europe and 12 time series – period 2008-2019 for which is the Index available. Result indicates that the foreign direct investment inflow has positive and statistically significant effect on the score of the Index. It means that the higher the FDI inflows to a country, the higher score in the Index is achieved. Following the result, foreign direct investment might be considered as the factor enhancing the digitalization, technology improvement and country readiness to use, adopt or adapt advanced technologies. The result confirms the technological spill-over effect of foreign direct investment to host economy.

JEL classification: F 21, O33, O 52

Keywords: digitalization, Frontier Technology Readiness Index, foreign direct investment, central and southeast Europe

Acknowledgment

This outcome was prepared in the framework of the project Overcoming Digital Divide in Europe and Southeast Asia “ODDEA” Project No. 101086381 Call: HORIZON-MSCA-2021-SE-01-1



Co-funded by
the European Union