

**SLOVAK UNIVERSITY OF AGRICULTURE IN NITRA
FACULTY OF ECONOMICS AND MANAGEMENT**

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**GLOBALIZATION AND FOREIGN DIRECT INVESTMENT IN
THE SLOVAK REPUBLIC**

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GLOBALIZATION AND FOREIGN DIRECT INVESTMENT
IN THE SLOVAK REPUBLIC

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Declaration of Originality

I, the undersigned Samuel Domian, solemnly declare that the thesis “Globalization and FDI in the Slovak Republic“ is a result of my own independent research and was written solely by me using the literature and resources listed in Bibliography.

I am aware of legal consequences in case the data are not true and correct to the best of my knowledge.

Nitra, May 14, 2010

Samuel Domian

I would like to thank my supervisor doc. Ing. Artan Qineti, PhD. for his help and support during the writing of my thesis.

Nitra, May 14, 2010

Samuel Domian

Abstrakt

Táto práca podáva hlbší pohľad do problematiky globalizácie a súviacej témy priamych zahraničných investícií. Zameriava sa všeobecný pohľad globalizačných procesov a význam pojmu globalizácie samotnej. Viac ako polovica práce bola venovaná problematike priamych zahraničných investícií na domácom trhu v Slovenskej republike, podmienkach a faktoroch ktoré prispievajú k väčšiemu záujmu zahraničných investorov a tak väčšej šance získať investície samotné. Veľká časť práce je kladená aj na zahraničných investorov, ktorý sa už usadili na Slovensku so svojimi dcérskymi spoločnosťami, rozdelenie priamych zahraničných investícií z rôznych krajín do rozličných odvetví hospodárstva a priemyslu, rozdelenie priamych zahraničných investícií do jednotlivých regiónov Slovenska a rozdelenie priamych zahraničných investícií podľa krajiny pôvodu. Posledná časť práce poukazuje na efekty hospodárstva Slovenskej republiky spôsobené priamymi zahraničnými investíciami.

Kľúčové slová: Globalizácia, priame zahraničné investície, interdependencia, vývoj

Abstract

This work takes deeper look at the problem of globalization and related topic of direct foreign investments. It focuses on the general view of globalization processes, the meaning of the concept of globalization itself. More than half of the work is devoted to the issue of direct foreign investments related to domestic industry in the Slovak republic, the conditions and factors which contribute to larger interest of foreign investors and therefore higher possibility of gaining the investment itself. A big attention is paid to foreign investors that have already settled down their subcompanies in Slovakia, distribution of foreign direct investments from several different countries to various branches of domestic industry, distribution of foreign directed investments to single regions of Slovakia and distribution of foreign direct investment according to country of origin. Last part of the thesis shows the effect on various sectors of economy in Slovakia caused by foreign direct investment.

Keywords: Globalization, foreign direct investment, interdependence, development

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List of Abbreviations and Symbols

FDI- Foreign direct investment

GDP- Gross domestic product

GATT- General Agreement on Tariffs and Trade

NATO- North Atlantic Treaty Organization

SARIO- Slovak Investment and Trade Development Agency

EU- European Union

ASEAN- The Association of Southeast Asian Nations

NAFTA- North American Free Trade Agreement

SK – Slovenská koruna

Introduction

Globalization is a phenomenon, which is among the most topical issues discussed in the modern society. Thanks to globalization our planet “is constantly becoming smaller”. We can observe rapid growth of several new branches of business, divisions or specializations as an impact of globalization.

We have got used to live in the times of globalization and we count with it subconsciously. It influences environment, rate of unemployment, inflation, taxes, prices, survival of extinction of various species, themes that “feed” Multi Media, topics of magazines, books, films, lifestyle, our conscious and ideas of future.

Modern transportation has made world even smaller. New highways, railroads and air transportation shortened time and distance between countries. New technologies make their way to furthest corners of the world. This shortening of distances and the movement of people founded basic conditions for contemporary global exchange of assets, capital, money and services.

Globalization is closely connected with the topic concerning multinational organizations, multinational investors and large corporations and their spread to all over the world. This problem is related especially with the direct foreign investments to single countries and its impact on the both domestic and international market. In the Slovak Republic, obstacles for direct foreign investments are constantly disappearing and we are witnesses of gradual growth of foreign capital inflow.

Not only foreign investment, but investments in general represent one of the most important factors of economical growth of country and they comprise significant part of GDP. Foreign direct investments represent additional external sources, which can be added to domestic investments to ensure faster growth of GDP. Foreign investments can contribute to various sectors of economy, e.g. establishment of infrastructure, refreshment of trade and development of industry and agriculture, creation of new job opportunities and rise in stability of economy.

Contemporary, foreign direct investments represent qualitatively the highest level of international cooperation.

The most significant exporter of capital after 2nd world war was Great Britain, France and USA. After 50ties, flow of capital became stronger among industrial developed countries. In the 90ties, multinational companies gained status of the most important factor for growth of world economy. Multinational companies dispose with the latest

technologies, modern methods how to manage labour, methods of organizing and large means of research and development. All these factors influence attractiveness for other countries. Demand for capital and also demand for foreign investments on international financial market constantly grows. On the edge of 20th and 21st century, the main feature characteristic for world economy is international flow of capital.

Foreign direct investments create 20% of world GDP. Actually, the most attractive countries for FDI are China and India.

FDI directly influences GDP, but also indirectly by changing conditions of trade. FDI develop pressure to improve business environment and well-developed business environment then lures other FDI.

Bachelor work is focused on the evaluation of FDI and its condition in the Slovak Republic. The work comprises of various views of FDI in Slovakia, its development, origin and distribution.

1. Literature review

1.1 Development and theoretical definition of concept of globalization

Globalization is contemporary one of the most topical issues from all spheres of science and development like economics, political field, futurology and social sciences. Different opinions arise among different development of globalization owing to its influence on social development of various societies.

Globalization is not a new phenomenon and it already started after afterwar years in three waves going one after each other (**Daniš, 2001**):

- internationalization of trade, which was in 50's rising faster than production
- transnationalization of capital flows, which from 80's grew much faster than trade
- globalization of informational flows, which nowadays grow much faster than trade and capital

We could observe apparent specific characteristics of first wave of globalization in the last century before the first world war and it was characteristic by colonial integration and advantageous liberalization for metropolises and functioning golden standard which were the main reasons of relatively high level of globalization of world economy, when roughly 90% of world population lived in the sphere of convertible currencies. The first and the second world war deeply disrupted achieved level of globalization of world economy, which disbanded into two parts- capitalistic and socialistic and in the same time disintegration of colonial system and redistribution of spheres of influence among the most powerful nations started.

The golden standard collapsed which meant the end of the existence of convertible currencies and under the influence of cyclical crises protectionism started to escalate. In some socialistic countries under the influence of centrally bureaucratic planning, there even came to significant autarkical and isolationistic tendencies. The result of these processes was deep desintegration. (**Šikula, 1997**)

In his own publication, Hykish tries to analyze globalization. He divided this phenomenon into following groups(**Hykish, 2001**):

- overcoming obstacles of world trade, liberalization and deregulation, activity of WTO
- internacionalization(globalization) of manufacture, growth of foreign direct investment
- globalization of financial flows, monetary economy, creation of virtual economy
- global concentration of capital, growth of fusion and acquisitions, merging of financial institutions, financial conglomerates, activities of world financial institutions(International monetary fund and the World Bank)

The concept of globalization, globalistic and global meant in last decade, whether evaluated positively or negatively, "magic word" for explaining macroeconomic successes or failures justifying need for changes. In this relationship, there are often discussed question like what is the role of a state or institutions, national economy, what does a globalization mean for society nowadays, for firm or individual and his or her ego. The influence of globalization forces theorists to reformulate some of the basic postulates of traditional economy theory, which with spreading globalization losses original and gains new meanings.

Schanbel also argues, that globalization of world economy is based on the specific form of institutional organization of these economies, which are actually its wearers, however we can make differentiated conclusion according to its concrete manifestation. Although each market economy has its own specific institutional features in common. On the other hand there are included some features, which enables economies to be relevant with developed nations and enlarge their ability to create internacionalized economic relationship.(**Shnabel, 2000**)

Except positive, there are also negative aspects of globalization and its influence and consequences on world economy. For example, through expansion of multinational organizations, globalization changes formulas for consumption in almost all countries in the world. As the result of liberalization of goods and capital flows, the most powerful enterprises win all over the world. Smaller National enterprises, which production structure copy national culture and consumption, vanish. Consumption unifies and national specific

features of smaller nations in both domestic and foreign consumption decreases rapidly. This phenomenon is taken for as one of the most important negative aspects of globalization. Lipková highlights, that only economically developed nations have benefit from this globalization and the situation of worse developed nations even goes worse due to the changes of structure in world trade economy.(**Lipková, 2000**)

Globalization is characterised as rational and optimal exploitation of disposable natural and human resources in context of worldwide economy together with effort to dismantle, if its possible, all obstacles of free flows of capital. Globalization is motivated economically and it can be understood as economical inevitability. Its consequences hardly influence economical, political, social, cultural, environmental and other spheres. Mainly in the case of smaller states, globalization means direct threat of national interest which are related on calculation of transnational speculative capital.(**Svatoš, 2000**)

Globalization is decision making or dynamising of international trade and also international competition. He also points at the fact, that in recent years, we could observe growing dynamism of international trade(more and more countries are interested in doing business internationally). Big enterprises of benefiting countries try to enlarge their activity on markets of less benefiting countries and those are on the other hand opened to expand their markets for businesses and investments as well. Homogenization of needs and growing number of demanders and intermediaries of demand in the world also contribute to globalization.(**Meffert, 1996**)

1.2 Foreign Direct Investment

Many early trade theories were created at a time when most production factors(such as labor, financial capital, capital equipment, and land or natural resources) either could not be moved or could not be moved easily across national borders. But today, all of the above except land are internationally mobile. In fact, inequities in the distribution of these among countries often propel resources toward those countries where scarcity exists. Companies can easily finance expansion from international financial institutions and whole factories can be picked up and moved to another country. Even labour is more mobile than in years past, although many barriers restrict the complete mobility of labour.

Foreign direct investment(FDI) is the purchase of physical assets or a significant amount of the ownership (stock) of a company in another country to gain a measure of management control. Thus, at the core of foreign direct investment are international flows of capital. But there is a wide disagreement on what exactly constitutes foreign direct investment. Nations set different thresholds at which they classify an international capital flow as FDI. Most government set the threshold at anywhere from 10 to 25 percent of stock ownership in a company abroad- the U.S. Commerce Department sets it at 10 percent. In contrast, an investment that does not involve obtaining a degree of control in a company is called a **portfolio investment**.

International loans, which belong to the area of international capital flow are relatively simple transactions in which lenders asks borrowers to repay loans and nothing more. The important part of international capital flow takes other form- foreign direct investment. Under foreign direct investment we should understand international capital flow, in which firm from one country creates or broaden affiliate in another country. Crucial and distinguishing feature of foreign direct investment is that, it does not only include transfer of resources but also assurance of control over business. Affiliate or home firm does not have only financial responsibility towards home enterprise but is a part of the same organizational structure. The main aim of foreign direct investment is to enable forming of multinational enterprises- primar objective is extension of control.(**Krugman, 1991**)

International monetary fund defines foreign direct investment as follows:

- foreign direct investment reflects permanent interest of residential subject of one country(direct investor) in residential subject of other country(enterprise with direct foreign investment), it includes all transactions made between direct investor and an enterprise with foreign direct investment. It covers first transaction as well as all following transactions between them.

Foreign direct investment are not only flow of financial means, but also flow of management, experience, business secret, technology, right to use trademark, know-how, marketing strategies and so on.

In terms of some conditions direct foreign investment can be exchanged by de-investment. It occurs when a company loses competitive advantage (ownership) in relation to other firms active in host country and also loses high profitability. Political and economic changes in host country can cause local project, which is guaranteed by foreign direct investment, to be inviable. De-investments are then topical in those situations, when conditions, which lead to foreign direct investment, stopped to be active. In final decision making about foreign direct investment, whole complex of factors like rentability of a firm, profit, costs, unemployment and politics of host country have to be taken into account.

(**Baláž, 2001**)

Positive effect from export of capital cannot be evaluated only from one side- from viewpoint of exporter achieving additional profit. Foreign capital behaves like additional external source of economic growth also in the country of importer. According to the volume of foreign capital, which is situated in the host country, a portion of its growth of economic potential can be important. Notable example of infiltration of foreign capital is Canada, where political system is artificial by factor, that 50% of whole property belongs to foreign investors, especially American ones. Mostly, countries with lower economic potential are highly dependent on foreign investors. From the viewpoint of volume, capital outflow can be defined as follows:

- direct foreign investment
- portfolio investment

To distinguish between direct and indirect (portfolio) investments in practise, we use mostly empirically argues borders between 10-25% of capital of foreign participant. More important criterion is whether given subject influences given enterprise or not. In most cases, there is only a small portion, which enables to control enterprise efficiently and, vice versa sometimes not even a 10% portion cannot guarantee adequate influence in enterprise. Direct foreign investment means direct capital investment in abroad and it is typically linked with the flow of unprejudiced elements of manufacture. On the other hand we should not think only about material flow of capital into abroad by exporting direct foreign investment into other countries. Foreign investors can overdrawn exchange means to the country of recipient and they can also buy there appropriate devices for manufacture. (**Michník, 1998**)

National Bank of the Slovak Republic claims, that foreign direct investment represents deposit of financial means of financially evaluated values(non-financial deposit) of home country in one economy to society with residence in other country in another economy and this deposit should represent at least 10% of foreign investment or voting rights. Foreign direct investment can be also a provision of financial interest by investor into given enterprise only if investor is its business partner or investor can make a deal with the receiver of this interest about a portion from distribution of a profit. Investing from a profit gained from foreign direct investment to the same investment is also direct investment.

Foreign direct investments are created when enterprise in one country(home enterprise) creates or expands an affiliate in another country while home country has a control over this affiliate.(**Pokrivčák**)

Foreign direct investments are the most effective form of foreign capital. She defines it as investment, by which investor is being guaranteed a portion of ownership and control of another concrete organization situated in host country. Apart from portfolio investment, direct foreign investment enters also manufacture, trade or services spheres of concrete economy.(**Hošková, 1998**)

A home company has advantage over foreign company and to overcome natural advantages of domestic environment company coming from abroad has to have other advantage, which naturally consist in technique and technology. A company has to be not only able to create higher profit in abroad than in domestic company, but the profit gained from abroad needs to be higher than profit of companies in their domestic markets.(**Hymer, 1976**)

1.2.1 Globalization and FDI

In the 1980s old barriers to trade were not being reduced and new, creative barriers seemed to be popping up in many nations. This presented a problem for companies that were trying to export their products to markets around the world. This resulted in a wave of FDI as many companies entered promising markets to get around growing trade barriers. But then the Uruguay Round of GATT negotiations created renewed

determination to further reduce barriers to trade. As countries lowered their trade barriers, companies realized that they could now produce in the most efficient and productive locations around the world, and simply export to their markets worldwide. This set off another wave of FDI flows into low-cost newly industrialized and emerging nations worldwide- one that continues today. Therefore, the forces that are causing globalization to occur are part of the reason for growth in foreign direct investment.

Increasing globalization is also causing a growing number of international companies from emerging markets to undertake FDI. For example, companies from Taiwan began investing heavily in other nations in the mid-1980s. Acer, head quartered in Singapore but founded in Taiwan, manufactures personal computers and computer components. Just 20 year after it opened for business, Acer had spawned 10 subsidiaries worldwide and became the dominant industry player in many emerging markets.

1.2.2 Mergers and Acquisitions, Entrepreneurs and Small businesses

The number of mergers and Acquisitions (M&A) and their exploding values also underline the growth in foreign direct investment flows. Throughout the 1980s and 1990s, all M&A activity (domestic and international) grew at 42 percent annually, numbering more than 26,000 per year at the end of the 1990s. Over that period of time, the value of all M&A activity as a share of GDP rose from 0.3 percent to 8 percent. In fact, cross-border M&A increased 35 percent in 1999, reaching \$720 billion in over 6,000 deals. The total value of cross-border M&A activity is expected to rise above the \$1 trillion mark in the near future. The power of the largest multinationals seems to be multiplying every year. The largest deal ever was the \$203 billion takeover of Mannesmann of Germany by Vodafone Group of Britain. Their growing confidence is apparent in the comments of an executive during a meeting over the merger of Travelers Group and Citicorp. At one point in the merger talks, a director apparently asked the question:”Can anyone stop us?” After a brief silence, someone replied, “NATO”. Such confidence is fueling the continuation of all of the following:

- Get a foothold in a new geographic market
- Increase a firm’s global competitiveness
- Fill gaps in companies’ product lines in a global industry
- Reduce costs in areas such as research and development, production, or distribution

But large global companies and the mergers and buyouts occurring among them do not comprise all foreign direct investment. Entrepreneurs and small businesses also play important roles in the expansion of FDI flows.

Data does not exist that specifically states the portion of world wide FDI that is contributed by entrepreneurs and small businesses. Nevertheless, we know from anecdotal evidence that these companies are engaged in FDI.

Consider the case of Brian Bowen and a few adventurous buddies from Perry, Georgia. When Uzbekistan opened its borders to investment in the 1990s, Bowen and five fellow entrepreneurial friends took their savings and went in to set up cellular phone service in Tashkent, Uzbekistan. Tashkent was almost entirely leveled by an earthquake in 1966 and the surviving landline telephone service dates from the 1920s. But today, the country would shut down without the cellular service provided by Bowen's company, international Communication Group (ICG). Bowen and his friends share ownership of the company with the Uzbekistan government. Bowen admits that the arrangement did present some difficulties: "I don't have any dealing with the KGB, the mafia, or the family connections in the bureaucracy here." In addition to learning the ins and outs of the government bureaucracy, Bowen has learned to eat horsemeat, drink vodka toasts, and enjoyed *plov* (dish of pilaf rice and mutton). The company has 7,000 subscribers, 240 employees, and could be worth as much as \$100 million by some industry estimates. Unhindered by many of the constraints of a large company, entrepreneurs investing in other markets often demonstrate an inspiring can-do spirit mixed with ingenuity and bravado.

2. Objectives

The main objective of bachelor work was to give integrated information about the global flows and their influence on the Slovak republic and about the condition and onward development of foreign direct investment in Slovakia. Work was focused at deeper look into single regions of Slovakia and condition of FDI in each region, branches of industry where FDI flow into, countries from which FDI comes from into Slovakia and last but not least bachelor work describes how FDI influence host country, in this case the Slovak republic.

In accordance with the main goal of the bachelor work was to formulate following partial goals:

In the first part, bachelor work focuses on the concept of globalization, influence of globalization on Slovak economy and characterizes its development in two waves.

In the second part, bachelor work provides integrated view about how did FDI develop from 2000 to the year 2007. Work numerically and graphically shows the development of FDI in the Slovak republic from 1993.

The third part describes three views of FDI in Slovakia. The first view is about contemporary condition of FDI in single regions of Slovakia. Another view compares the level of FDI according to single branches of industry, in which FDI flow to. The third part of this issue is analysis of FDI from country of origin.

The fourth and the last part aims at evaluation of influence of FDI on host country in various sectors of economy like employment, average month salary, national income and economic growth and account balance.

3. Materials and Methods

The methodology was chosen according to the goal of the work. It was necessary to gather information from various sources, like literature, internet or the press, to write bachelor work. By writing the work, information were gained mainly from material of the Statistical Office of the Slovak Republic, Ministry of Finance, Ministry of Economy, National bank of Slovakia and last but not least statistical agency SARIO.

The object of bachelor work was to characterize the concept of Globalization ant its influence on Slovakia and analysis of FDI, its condition and impact on the Slovak Republic.

In the work, view on the FDI is characterized according to single regions, branches of industry and also country of origin. From the view of time, work analyses statistic values from years 2000 to 2007 and describes impact of FDI on the host country and on single sectors of economy.

By elaborating the bachelor work, following process was chosen in accordance with the aim of the thesis:

- choice of the theme of bachelor work
- finding up sources and accessible information
- study of both Slovak and foreign literature
- analysis, comparison, synthesis and graphical representation of information about the inflows of FDI into the Slovak Republic
- chosen economic indicators were gathered and formed into graphs and tables

4. Results and Discussion

4.1 Global flows and their influence on Slovak economy

Global economy expects free trade by creating equal conditions, which in the area of trade exist within national economies. Inflow of foreign investment joined with technological development is one way of exposure of globalization. This phenomenon is often considered as tangible side of globalization. Commercial data confirms, that global economy makes itself felt through regionalization in three main commercial blocks- EU, ASEAN and NAFTA.

In the last decade in Europe, there were almost 60-70 % from all commercial flows made in the European Union. Foreign direct investment expresses also consolidation of these global regions. On the other side, “intangible” globalization is represented by internationalization of flows of information and knowledge.

We distinguish these intangible flows:

- Financial flows, flows of mediator services among companies strengthen by deregulation of markets all over the world
- Formal international cooperation in terms of common companies, strategic alliances and common research
- Flows of global knowledge in scientific communities and flows through media
- Transfer of knowledge through major mobility of persons and au pair intership in industry, politics, science and culture

Main premise of favorable economic growth is accumulation of capital, we can talk about new investments, growth of turn-over and volume of investment.

The most important form of international trade and investing are foreign direct investment, which contribute to the economic growth after II. World War. They became one of the most efficient tools of providing help and regeneration to destroyed economies after war to many countries.

International investments are one of the main tools, which influence mutual relationship among countries. The majority of investments are made by multi-national corporations in private ownership. Multi-national corporation raised their turn-over in last decades to such extensions, that they became dauntless multi-national economic giants. Big part of investments, marked as “foreign trade” is represented by flows of goods and

capital within global organized companies. The aim of these corporate strategies was to raise profit on the whole chain made from single parts.

Inflow of foreign direct investment into Slovakia has played crucial role in recent years. Positive aspects are represented both in trade and payment balance sheet in Slovakia, because organizations with foreign capital share are pro-exported oriented.

Important investors for Slovakia are mainly Holland, German and Austria. There are companies with German share of capital, e.g. Slovenské telekomunikácie, Volkswagen, Metro, Ikea, Matador, Slovak internacional and others, with Dutch capital share like U.S. Steel, Union, UPC, Nationale- Nederlanden, Heineken, Coca- Cola, Carefour, Alcatel and others and companies with Austria capital share Rajo, SCP Ružomberok, Siemens, Zentiva Hlohovec, Uniqua, Kooperativa, Billa and others.

The second wave of globalization is characterized by transfer of qualified labor force in service sector to low-costs countries. American, Japanese and Western Europe companies mainly from technological sector transform various service and development centers into regions with lower costs. Slovakia has a big chance to engage and profit from this process, which can be denoted as one of the most significant trend of actual global economy. First projects of this type already exist. Prominent global companies created commercial and development centers in Bratislava, which export their services into abroad. By these actions, hundreds of new job opportunities were created and these companies export services with valued added than industrial production companies. The inflow of these companies reposes due to good geographical location and accessible cheap but qualified labor force.(Valášek, 2003)

4.2 Contemporary development and position of FDI in the Slovak Republic

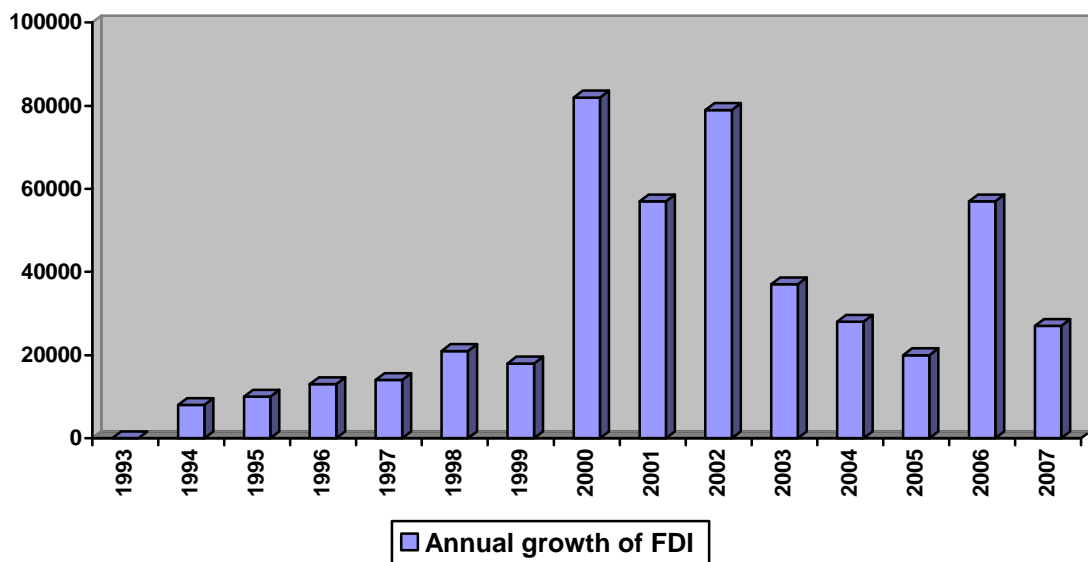
Since 1989, the Slovak republic as many other economics in central and eastern Europe has gone through the process of transformation to market economy. The Slovak republic is relatively small country and does not dispose with sufficient quantity of capital and so is dependent on flows of foreign direct investment.

The inflow of foreign investments into the Slovak republic started in the early 90ies in terms of foreign direct investment but the trend of growth was only very low.

Its dynamics has showed itself fully after year 2000. The main reasons for disinterest were considered mainly political instability, negative attitude of Slovakia towards abroad and too little active business environment. The perception of Slovakia has rapidly changed after entering NATO followed by entry to the EU.

Figure n.1 FDI in Slovakia 1993-2007

Foreign Direct investment in Slovakia 1993-2007



Source: SARIO, own work

As we can see in the graph n.1, the development of foreign direct investment in the Slovak republic to the year 2000 had only slight growth and Slovakia was behind all other surrounding countries.

After year 2000, the inflow started to get rapid growth. In accordance with the provisions and regulations of government, new agency called SAPARD was founded. The main goal of this institution was to support all pre-entering arrangements for the development of agriculture and country-side in candidate countries. Slovakia had in year 2000 inflow of foreign direct capital in total 81,10 mld Sk.

Important steps for achieving this result was mainly privatization of the Slovak telecommunications by the corporation Deutsche Telecom, sale of major share of refinery

Slovanft MOL GROUP, entry of Neusiedler to SCP Ružomberok and payment from US Steel Košice for metallurgy core VSŽ Košice.

In 2001 foreign direct investment presented 57,26 mld Sk. Majority of these investment were from privatization, concretely privatization of the Slovenská Sporiteľňa by austrian Erste Bank and VÚB by italian group Intesa Grupo Bci.

In year 2002, Slovakia noticed the highest inflow of foreign direct investment and its value was 185,594 mld Sk. The major part was again created mainly from privatization. In this year, privatization took place in Západoslovenská energetika, Slovenský plynárenský priemysel, Slovenská poisťovňa, Transpetrol and also sale of Stredoslovenská energetika. From other projects, there were investment into DELL Computers in Bratislava, SAMSUNG Electronics in Galanta, BACOU DALLOU in Partizánske, SIEMENS AUTOMOTIVE in Michalovce, HOLCIM in Rohožník and many others.

The year 2003 was presented by the end of big privatizations and this meant significant cut of foreign direct investment. On the other hand, in comparison of privatization and non-privatization investment, we noticed a growth of non-privatization ones. The biggest investment was PEUGEOUT CITROEN in Trnava. Till 2003, the entry of this concern represented the highest investment in the history of Slovakia. The agency SARIO contributed to realization of another 24 investment activities as e.g. OSRAM Slovakia in Nové Zámky, TESCO Stores in Bratislava, CONOCO PHILIPS in Bratislava, LEONI AUTOKABEL in Trenčín and many others. The total value of foreign direct investment achieved the high of 38,97 mld Sk.

In 2004, Slovakia gained foreign direct investment in total of 33,02 mld Sk. The most important investment in this year was the investment of west-korean automobile company KIA, which began to build its factory in Žilina(active since 2006).

Total gains from foreign direct investment in year 2005 represents sum of 20,12 mld Sk. Negative aspect in the field of foreign direct investment was, that Slovakia lost the producer of tyres Hankook Tire and also the producer of cargo truck from Germany MAN, and the investment of PSA into factory Peugeot Citroen in Trnava in total of 13,5 mld Sk was concerned as another negative aspect. The most project were realized in the machine industry. Concerned the country of origin, majority came from Germany. Among the most important foreign direct investment realized in this year were e.g. VISTEON in Nitra, VALEO in Košice, JOHNSON CONTROLS in Trenčín, DECODOM in Topoľčany, SCA Hygiene Holding in Gemerská Hôrka and others.

In 2006 the inflow of foreign direct investment into Slovakia achieved value of 57,703 mld Sk. In comparison with other years, we could observe 2,5 multiple growth. The major part which caused direct foreign investment to rise was corporate sector, which gained inflow of foreign direct investment in value of 58,159 mld. Sk. On the other side, banking sector showed up decline in volume of investment in value of 456mil. Sk.

In 2007, Slovakia gained foreign direct investment with value of 27, 359 mld. Sk. The major part which caused direct foreign investment to rise was again corporate sector, which gained inflow of foreign direct investment in value of 17,393 mld. Sk. Despite year 2006,in 2007 banking sector showed up rapid growth from decline of 456mil. SK to growth of 9, 966 mld. Sk.

The Biggest investor in the Slovak republic was Italy with investments of 31,724 mld. Sk . This success was achieved when at the end of April 2006, Italian Enel entered Slovenské elektrárne as 66% share holder. Enel payed 839mil. € for the majority pack of shares. The second largest investor was Austria, when in 2007 total inflow represented value of 8,820 mld.Sk and also in 2006 with investment of 7,973mld. Sk, third Korea with the volume of investment of 7,884 mld. Sk, followed by Germany, Cyprus and Czech republic.

From the territorial point of view, the majority of investments came to Bratislava region, where in 2006 investment from acquisition of major share of Slovenské elektrárne represented 42,525 mld. Sk. This trend was followed also next year 2007 when Bratislava region was again the most attractive and value of inflow of foreign direct investment was 18,529 mld.Sk. Next most attractive region for foreign investors was Trenčín region with value of 6,4 mld. Sk in 2007 and in 2006 2,493 mld. Sk. Žilina region was quite successful in 2006 when with investment of 7,711 mld.Sk and 3,015 mld. Sk in 2007, which meant the position of the third most attractive region in Slovakia. Next are Trnava region with 1,553 in 2006 and 632 mil. Sk in 2007, Košice region with 1,164 mld. Sk in 2006 and 632 mil. Sk in 2007. Next are Nitra region with amount of 987mil. Sk in 2006 and 425 mil.Sk in 2007, BanskáBystrica region showed up investments in amount of 845 mil. Sk in 2006 and outflow of 787 mil. Sk in 2007. Again the region with the lowest volume of investment was Prešov region where direct foreign investment in 2006 represented value of 435 mil. Sk and outflow of 1,499 mld. Sk in 2007.

To the end of year 2007 the volume of foreign direct investment into the Slovak republic achieved value of 782,092 mld. Sk. From this amount 674,500 mld. Sk aimed to corporate sector and 107,592 mld. Sk to Banking sector. The biggest investor in Slovakia is Holland with the amount of 225,656 mld. Sk followed by Germany with the amount of 127,700 mld. Sk and Austria with the amount of 125,214 mld. Sk. From the regional point of view, the biggest share of foreign direct investment aimed into Bratislava region with total amount of 529,129 mld. Sk. Next is Košice region with investment in volume of 68,659 mld. Sk and Trnava region with amount of 54,163 mld. Sk. From the total direct foreign investment, 318,555 mld. Sk aimed to the manufacturing industry, 153,378 mld. Sk into Electricity, gas and water supply and 144,841 mld. Sk into Financial intermediation.

In year 2007, 65 new investors came to Slovakia only through SARIO and they brought investment projects with total volume of 607 mil. € and created over 11000 new job opportunities. When it comes to the number of projects gained to each region, first 3 are Nitra region with 13 granted projects, Bratislava region and Trenčín region both with 11 and Žilina region with 9 granted projects. Among various industries, first place belongs to automobile industry with 14 granted projects, chemistry with 9 and IT technologies with 9 also. The majority of investors came from Germany- 29, USA 15 and 10 from Italy.

4.3 Comparison of particular regions of the Slovak Republic

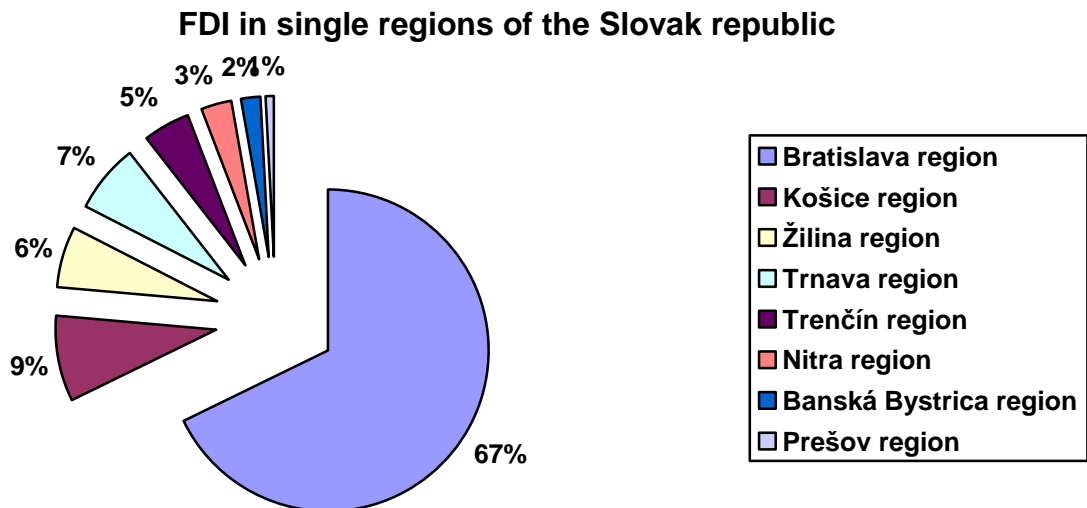
Differences among economical levels between single regions of Slovakia are higher and also lower. Direct Foreign Investment are one of the tools of the economy, which should equal these differences. In history, there did not exist any of the tools which could determine flow of investment into less developed regions with lower economical level. Basically, it was enough for state to gain an investment itself and allocation of these investment was not so important. From the investor point of view, it was sufficient to have investment close to industrial centers.

Table n.1 FDI in single regions of the Slovak republic to 31.12.2007

Development of FDI in Slovakia to 31.12.2007		
	mil. Sk	%
Distribution according to regions		
Bratislava region	529 129	67,7
Košice region	68 659	8,8
Trnava region	54 163	6,9
Žilina region	47 831	6,1
Trenčín region	36 238	4,6
Nitra region	24 205	3,1
Banská Bystrica region	15 203	1,9
Prešov region	6 664	0,9
Sum	782 092	100,0

Source: SARIO, own work

Figure n.2 FDI in single regions of the Slovak republic to 31.12.2007



Source: SARIO, own work

Bratislava region

The biggest share of direct foreign investment has in a long term Bratislava region in amount of 67,7% from total volume of direct foreign investment. Capital

cumulates there, where its valorization is the highest. Main reasons are relatively developed infrastructure, very good location with regard to abroad. Despite other regions, there is higher purchasing power of population which is also why new supermarkets and shopping malls are being built. On one side, there is sufficient qualified labour force also as results of the high number of universities and on the other side also for long term cumulation of labour force from whole Slovakia. From economical, science- technical and social point of view, Bratislava region belongs to the ones with the highest potential.

From the extent of area point of view, Bratislava region is the smallest in Slovakia. Despite this fact, industry includes all branches. Unemployment reaches 2,6%. Bratislava region is also first region, in which business and services industries exceeds manufacturing industry. Among most important foreign investment are mainly privatizations of strategic companies, as the majority has headquarters in Bratislava. The biggest investors, which contributed to the regional development of Bratislava region are German companies VOLKSWAGEN, HOLCIM, DEUTCHE TELECOM, HENKEL, ALLIANZ, MEGGLE AG, Hungarian MOL, French ORANGE, Dutch COCA-COLA and British TESCO.

Košice region

Košice region is the second most significant with regard to the inflow of direct foreign investment, export efficiency and production of GDP. The most dominant is metallurgy industry, which represents 60% of industrial production and 50% of export of this region. Important representation have also electrical, manufacturing, processing industry as well as extraction of natural gas. Characteristic is also agriculture. Eastern plains are with its fertility base for crops and cereal cultivation and one of its parts is also vineyard region. Unemployment in Košice region reaches 9.6% in spite of that this region is second with the inflow of foreign direct investment in amount of 8,8% from total inflow of foreign direct investment. The most significant foreign investors participating in this region are US STEEL and MOLEX from USA, SCA HYGIENE PRODUCTS from Sweden, EMBRACO EUROPE from Italy, BSH BOSH UND SIEMENS from Germany and MATSUSHITA from Japan.

Trnava region

Trnava region is on the 3rd place and it gained 6,9% of total foreign direct investment inflow in Slovakia. The success of foreign direct investment can be also compared with the level of unemployment, because Trnava region is also 3rd lowest in the rate of unemployment with total 5,8% of unemployment. All branches of industry are represented in this region like energy, manufacturing industry to food industry or glass production. Agriculture is developed mainly in southern districts, agriculture land is situated in $\frac{3}{4}$ of the area. There are the biggest sources of electricity in Trnava region with Nuclear power plant Jaslovské Bohunice and hydroelectric power plants Gabčíkovo and Madunice. In recent years, automobile industry is getting more important due to growth of foreign direct investments. The most significant investors in this regions are French PSA-PEUGEOT CITROEN, EASTERN SUGAR, Belgian SAMSONITE, BACKERT, PUNCH INTERNATIONAL, Dutch ZENTIVA, AMYUM GROUP and others.

Žilina region

From the point of view of total gained foreign direct investment, Žilina region is in the 4th place with the share of 6,1 %. All branches of industry are represented and the most important are industry and construction industry. Another important industries are automobile, metal processing, textile industry, chemicals and paper and pulp industry. Agriculture is not dominant, grass fields and green fields prevail. Unemployment is on the level of 7,5%. The most important foreign investors are HYUNDAI KIA from Korea, INA GRUPPE from Germany, AVENTIS PHARMA HOLDING, VOLKSWAGEN, SCHAFSTALL, ALCATEL and Austrian NEUSIEDLER and others.

Trenčín region

Trenčín region is on the 5th place in inflow of direct foreign investment represented by 4,6% from total foreign direct investment in Slovakia. On the total economic situation in this region, the most important are textile, food, chemicals, tyre and also extraction industry. Significant are also sources of natural mineral water and also spas. Forestry has also very important role, forests covers approximately 49% of whole area of Trenčín region. This region dispose with very well developed road and railroad

infrastructure. It is one of the economically most powerful regions of Slovakia. The rate of unemployment is 5,7%. The most important investors are companies like LEONI, SAUER-DANFOSS, CONTINENTAL, CONTITECH PROFILE from Germany, YAZAKI from Japan, NESTLÉ from Switzerland, EMERSON ELECTRIC from USA and others.

Nitra region

Total share of foreign direct investment in Nitra region reached level of 3,1%. It is region of agriculture-industrial character. The most important industries are manufacturing, chemicals and food industries. Food industry knots onto agricultural fabrication and it's the oldest and most extended branch in whole region. Nitra region has got the best conditions for agricultural production and it is famous for production of quality wines. Unemployment in this region is relatively on high level 9,6%. To the most important investors including VISTEON, German VOLKSWAGEN, SILFOX, SIEMENS, Dutch HEINEKEN, FRINT BEHEER, KAPPA PACKAGING GROUP, Austrian BRAMAC, REXEL AUSTRIA an others.

Banská Bystrica region

Banská Bystrica is on the 7th place with the share of 1,9% of total foreign direct investment. Thanks to mining history of this region, its northern area is characteristic for its high level of industrialization- metallurgy industry prevails. Another important branches are forestry, metallurgy, manufacturing, electric, textile, pharmaceutical, paper industry and others. Banská Bystrica region has the highest unemployment rate with the height of 16%. The most important investors are German WITZENMANN and DEGUSSA, Austrian DOKA INDUSTRIE, RADEX HERAKLITH, Norwegian Hydro ALUMINIUM.

Prešov region

Prešov region is on the 8th and last place in the ratio of gained foreign direct investment in amount only of 0,9%. Economy is characteristic for industry and agriculture.. Industry is represented by chemicals, food, textile, electric, forestry branches. In the future, region should profit from tourist traffic due to its geographical location, natural wonders and well developed road and railroad system. There is situated also airport

in Poprad and only 40 kilometers far international airport in Košice. Unemployment is relatively high with the amount of 13,8%. Major investors in Prešov region are WHIRLPOOL CORPORATION from USA, ZVL ITALIA, MEDICONF, ABITAL COFENZINI from Italy, SAB MILLER from Britain, LORENZ AG from Austria and others.

4.4 FDI among individual branches of industry

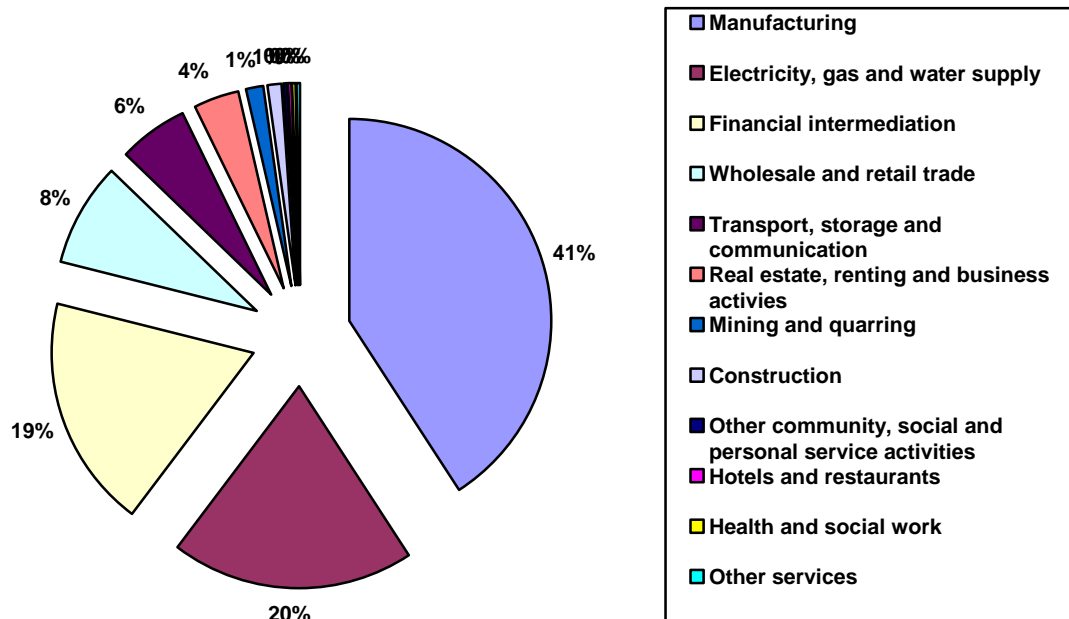
Table n.2 FDI among individual branches of industry in the Slovak republic to 31.12.2007

Development of FDI in Slovakia to 31.12.2007		
	mil. Sk	%
Distribution of FDI among branches of industry		
Manufacturing	318 555	40,7
Electricity, gas and water supply	153 378	19,6
Financial intermediation	144 841	18,5
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	65 325	8,4
Transport, storage and communication	43 293	5,5
Real estate, renting and business activities	29 643	3,8
Mining and quarrying Construction	10 407	1,3
Construction	9 019	1,2
Other community, social and personal service activities	2 135	0,3
Hotels and restaurants	2008	0,2
Health and social work	1 688	0,2
Other services	1800	0,3
Sum	782 092	100,0

Source: SARIO, own work

Figure n.3 Distribution of FDI among branches of industry in Slovakia to 31.12.2007

Distribution of FDI among branches of industry



Source: SARIO, own work

Difference in the height of direct foreign investment of individual sectors is massive. Majority of foreign direct investment is concentrated into five branches of economy:

- Industry
- Financial intermediation
- Electricity, gas and water supply
- Wholesale and retail trade
- Transport, storage and communication

In other branches, foreign direct investment are very low or negligible. The major share of investments got into the country by privatization. It was privatization which formed branch distribution of foreign direct investment, except trade.

The biggest share 40,7% of foreign direct investment gained **industrial manufacture**, concretely automobile industry. From 2002, the share of automobile industry of total industrial production close to 25% mainly thanks to Volkswagen. This number will even raise faster when PSA Peugeot in Trnava and KIA in Žilina will launch their production at full speed.

Next important branch is **electric industry**. Before 1989 it was relatively undeveloped. Then positive turnover occurred, which brought with itself new technologies and entries to new markets of developed countries. Dominant investor in this sector is Siemens and others like Hella, Osram, Samsung, Sony, NMB Minebea, Dell, HP, IBM are accumulating. Depending on three significant automobile factories, there are raising number of companies concerning with the production of electronics for automobiles and this number is expected to increase in future.

Financial intermediation gained 18,5% share thanks to banks and insurance institutions in states ownership e.g. Slovenská Sporiteľňa, Slovenská poisťovňa, VÚB bank. Actually, there is only one bank in Slovakia without foreign major share holder and it is Poštová banka. Insurance institutions are all under the control of foreign investors. Unfortunately, the major inflow into this sector has already passed away. It is very implausible, that other foreign bank group will enter our market in future.

Investment into the sector of **Electricity, gas and water supply** in height of 19,6% were gained only by privatization. It is expected no growth of direct foreign investment in this sector in future. Till privatization, these companies were in state ownership and in 2001 state sold minority share in markets that guarantee distribution of electricity. In year 2002, foreign investor bought minority share of SPP and in 2005 company Slovenské elektrárne was privatized by Enel.

Trade acquired 8,4% from total investment mainly due to fact, that it was considerably under-dimensioned. Business retails are contemporary building foreign companies in way of supermarkets, hypermarkets, logistic centers and big shopping malls.

Last but also important sector is **communication**, where share of total amount of foreign direct investment was 5,5%. In this sector, foreign direct investment were accumulated within privatization and investment on green fields. In 2000, company Slovenské elektrárne was privatized by Duetche Telecom. On the other hand, entry on the market of mobile operator (actually Orange, T-Mobile and Telefonica O2) are considered as investments on green fields.

4.5 An overview of FDI from country of origin

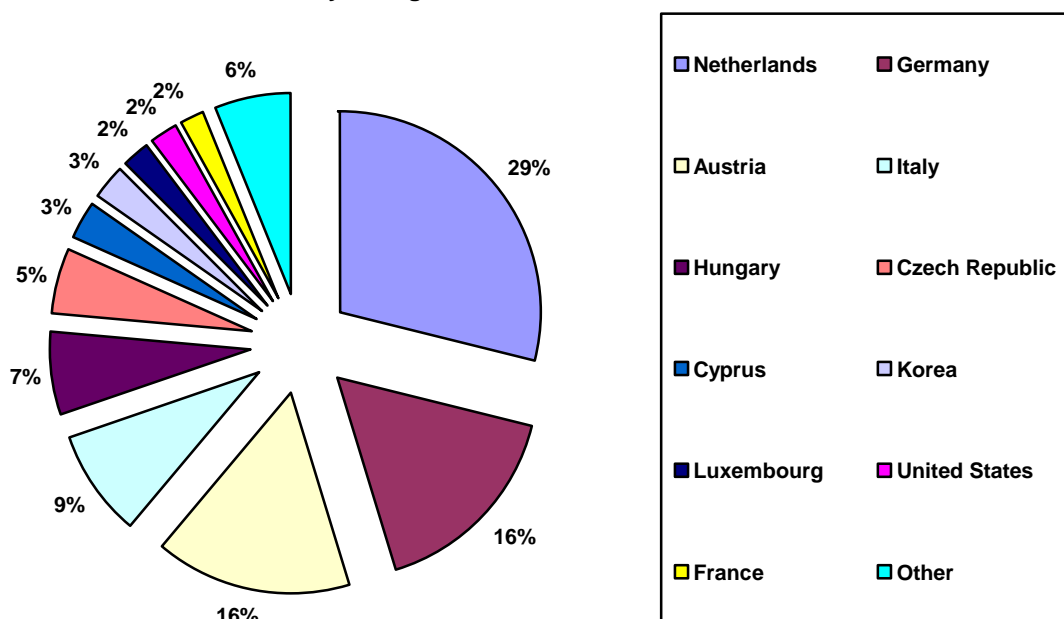
Table n.3 Development of FDI from country of origin in the Slovak republic to 31.12.2007

Development of FDI in Slovakia to 31.12.2007		
	mil. Sk	%
Distribution of FDI from country of origin		
Netherlands	225 656	28,9
Germany	127 700	16,3
Austria	125 214	16,0
Italy	66 206	8,5
Hungary	51 917	6,6
Czech Republic	41 229	5,3
Cyprus	24 557	3,1
Korea, Republic of (South Korea)	21 928	2,8
Luxembourg	18 146	2,3
United States	16 615	2,1
France	14 563	1,9
Other countries	45 066	6,2
Sum	782 092	100,0

Source: SARIO, own work

Figure n.4 Development of FDI from country of origin in Slovakia to 31.12.2007

Distribution of FDI from country of origin



Source: SARIO, own work

The development of inflow of foreign direct investment from single countries is relatively stable according to their share of total inflow. In recent years, important differences were foreign direct investments into banking sector, concretely from Austria and Italy (VUB, Unibanka, Slovenská Sporiteľňa).

The biggest share from all countries has Holland followed by Germany. Next year were successful due to the expected investments from KIA automobile and PSA Peugeot-Citroen together with investors, which are lured by these automobile corporations.

The most important long term investors in total volume of direct foreign investment are:

Holland

Dutch economy has got big investment potential, but not enough of labor force. On the other hand, Slovak economy dispose with considerable reserves on the labor market and lacks financial means. Together, these two economies make complementary entity. Investments from Holland are focused mainly in brewing industry and food industry (Heineken, Unilever, Amylus), in financial and insurance spheres (ING Baring Securities) and also in industry (AAF International).

Germany

Germany is actually the second biggest foreign direct investor in Slovakia. Main part of financial means from German investors goes to corporate sphere. It is only 1,3% of total German investment, which goes to banking sector.

There is more than 400 German companies all over Slovakia and majority is settled in Bratislava region. The biggest German investors are in automobile industry Volkswagen, Hella, Siemens, telecommunication company T-com, energetic firms EON and RWE, insurance company Allianz, bank company HVB Bank, manufacturing company INA and others.

Austria

The height of the investments in Slovakia is mainly influenced by its geographical position. Dominant role of Austria is within Slovak banking sector, where Austrian foreign direct investment comprise of 50% share. In corporate sector, Austria is in 3rd place with 9,2% share. Austrian companies are focused mainly at small and intermediate enterprises in various branches of industry. There is approximately 1700 Austrian companies with Austrian share of capital in Slovakia. Among most Austrian important investor are Erste Bank(in 2005, it became 100% share holder of Slovenská Sporiteľňa), insurance company Generali, Gabor represents shoemaking industry, Bramac represents construction material, commercial chain Billa, paper industry represented by Neusiedler SCP and digital technologies by Haan Global.

4.6 The influence of FDI on host country

Direct foreign investment are in general considered as one of the most important external sources of economical growth. The importance and volume of direct foreign investment is mainly influenced, whether the investment is going into already existing company, then it is so called **brownfield investment** or the investment is so called “**investment on green field**”. In brownfield type of investment, there can occur also negative effect, in some cases even outflow of capital in terms of drawing-off profits, interest rates, incomes and various fees.

Investments on “green fields” are relatively more synoptical. In host country, e.g. in our case in Slovakia, we can observe the advantages of foreign direct investment in various branches of industry.

Employment

If the host country has enough qualified labor force and at the same time lack of domestic capital, it is highly probable, that investor will exploit these advantages. However, the main factor for decision making can not be the price of the labor force. Then, there is high chance that with time a firm will strive for the zone with lower labor cost, in other words firm will try to make business more eastern.

The form of foreign direct investment is also very important. By investing on so called “green fields”, influence on the growth of employment is bigger than by investing into existing corporations. Here, we can also observe beginning of decline in employment. This originates from automation of production. It is expected from the long term point of view, that foreign investor will have interest in expanding its activities, which will contribute also to the growth of employment. Companies also raise their proficiency of their employees, provide training, support staff in further and higher education and language skills which all contributes to versatility of staff. “Multiple effects” are also famous when talking about cooperation relationships, when company of foreign investor influences employees of subsupplier companies. If these companies want to stay firm against competition, they create new job opportunities and improve skill of their staff.

Overall, we can observe positive influence of foreign direct investors in to Slovakia.

Average month salary

Entry of foreign direct investment into country is expressed not only in economical development but also in the growth of month salaries. We can allege, that also by influence of foreign direct investment, average month salary grew in 5 year period for more than 5 thousand Sk from 13 511,-Sk in the year 2003 to more than 19 000 Sk in 2007. From the long term point of view, it is very important to lure foreign investment not only on the low labor costs. The development of gross month salary from 1998 to 2007 is shown I the graph below.

National income and economic growth

Economy seeks for foreign direct investment mainly in case, when domestic investment and saving are not satisfactory. Foreign investor contribute to the creation of national income of host country in such way, that it adds value to inputs, creates profit and pays tax from it. Foreign investors also bring its know-how, technology, new inputs, experienced management and it helps to the development of education of its employees. Concerning these positive factors, foreign investors positively influence GDP of a host country. Foreign Direct investment is also considered as a tool, which raises competition between companies and also positively effect company enterprise culture.

Account Balance

Foreign direct investment has both positive and negative effects according, whether the country note its inflow or outflow. It is said, that positive influence on the host country means negative influence on investing country.

Inflows represents foreign direct investment, outflow represents fees and charges for provided technology, patents, know-how, dividends and others. Strive of investor to find new suppliers in other countries as also in host country has negative impact, which also means growth of import. If we want to guarantee long term growth of export, deficit needs to be covered by quality technologies and know-how.

Conclusions

For Slovak economy, foreign direct investments mean irreplaceable source. However, the extent of foreign direct investments in Slovakia still does not meet expectations.

On the other hand, foreign direct investments which have already entered Slovak economy can be evaluated positively. In most cases, there was massive improvement in efficiency of production in those organizations, in which foreign direct investments participate or those organizations, which are 100% ownership of foreign investors. As a result of foreign direct investments, we can observe modernization of technological machinery, massive growth of quality of products and thus growth of prices of products and growth of economical efficiency in production, improvement of management and better organizing of production, growth of qualified labor force, partial growth of salaries, productivity of labor and mainly growth of total volume of manufacturing. This became real due to upkeeping of domestic market and broadening it with foreign markets in many cases with contribution from foreign partners.

Big importance is also related to so called multiplication effects, which are created as additional supply of domestic products. We are talking about companies that can not exist alone, they essentially need to cooperate with other companies. When multinational company as foreign direct investor enters Slovak domestic market, it offers other opportunities for other companies, which production is closely connected with production of this multinational company (e.g. Volkswagen and 15 smaller Slovak companies, which produce various components in big amounts for central company). By this relationship, internal as well as cooperation with foreign investors continuously improve.

From the view of employment in Slovakia, foreign direct investments have important influence to retain or even improve domestic employment, growth of qualified labor force and growth of salaries. Concerning settlement of foreign investments, a significant factor, which is factor of labor force, need to be taken into account. Among most important factors which lure even more investors into Slovakia are highly qualified labor force and contemporary very low level salaries.

Localization of foreign capital is mainly focused into those regions, which are relatively better equipped in the spheres of technological and social infrastructure. These regions have enough qualified labor force and options to develop production-trade relationships. On the other side, regions with high rate of unemployment are the least

attractive for foreign investors. Those regions are mainly in the center and in the eastern part of Slovakia.

The Slovak republic has to ensure inflow of foreign direct investments also into those regions, which are economically at the bottom and underdeveloped and thus cut down trend of permanent inflow of foreign investments only into developed regions. Otherwise differences in standard of living will deepen even more. Furthermore, it is important for whole economy to be stable in whole area of country and inevitable for investments to be aimed into regions with high rate of unemployment and therefore avoid migration of people from east to western parts of country. Development of infrastructure in single regions is also crucial feature, which plays very important role.

Typically, majority of foreign direct investment flows to the sector of industry, concretely to automobile sector. Possible decline or stagnation of this sector would have colossal impact on the Slovak economy. Because of this threat, it is important to support small and medial businesses and businesses in various branches of economy. To be more attractive for foreign investors, Slovakia has to support educational system, science and education itself.

The inflow of foreign direct investments is positive step, which helps in improvement of economy and it is very important to support it continuously. Investments create new job opportunities, contribute to the growth of salaries, bring new technologies and practices and thus contribute into growth of education and standard of living. It is essential to do everything possible to lure more investors, but not only by low cost of labor force but by talent and flexibility of people, ability to work and willingness to educate.

On the other hand, there is an opinion that argues that domestic smaller and medial firms will not be able to stand a chance against large multinational corporations and they will perish. "Global" and "local" continuously converge. Who decides whether a pineapple on a shop counter is local or global phenomenon? In recent years, producers of vegetable from Zimbabwe export their commodities to the destinations throughout world. Vegetable is gathered and taken to an airport and next day is available to buy it in Tesco stores.

The process of globalization is inevitable and irreversible. Dangers brought by it are topical indeed, but failure is particularly in us, because people tend to copy ideas from others and they do not create their own ideas and values.

Mainly young people can feel the interconnection of this world on the areas of environment, way of dressing, modern culture, spread of drugs or electronic media.

Acid rains, catastrophe in Chernobyl, deforestation and the Twins disasters in New York have shown that country boundaries cannot stop such events, neither the problem of desertification or spread of various diseases.

In modern world everything is starting to be understood in global context and times of problems and troubles of isolated societies, countries and regions are long forgotten. Everything is globally connected and the system functioning consist of several mutually dependent proceedings. The whole system is always more than its single parts. If everything is understood in global meaning, than a new question arises, whether there is still place for something like national culture, interest of single nation, national history and therefore even the single state.

Resumé

Globalizácia je fenomén, ktorý je v dnešnej modernej spoločnosti považovaný za nezvratiteľný a nevyhnutný. Ovplyvňuje všetky formy medzinárodných vzťahov od suverénit štátov až po vývoj a rozmach ekonomík a trhov po celom svete. Výnimkou nie je ani Slovensko, ktoré sa stalo aj vďaka procesu globalizácie významným partnerom pre zahraničných investorov a tak prepísalo svoj ekonomický vývoj úplne od základov. Globalizácia teda môže v tomto prípade predstavovať aj voľný pohyb a výmenu kapitálu, hmotných aktív, peňazí, služieb alebo dokonca aj manažmentu.

Ako už bolo spomenuté, proces globalizácie je úzko spojený s problematikou priamych zahraničných investícií, ktoré sú výsledkom ekonomickej aktivity nadnárodných spoločností a zahraničných investorov. V Slovenskej republike bariéry pre vstup takýchto investorov a medzinárodných spoločností neustále klesajú a tak sa stávame svedkami rastu zahraničného prílevu kapitálu.

Avšak nielen zahraničné investície, ktoré predstavujú značnú časť HDP, ale investície ako také vo všeobecnosti predstavujú jeden z najdôležitejších faktorov ekonomického rastu. Priame zahraničné investície tvoria dodatočný externý zdroj, ktorý môže byť pridaný k domácim investíciám a tak zabezpečiť rast HDP. Priame zahraničné investície značne ovplyvňujú aj iné sektory hospodárstva štátu ako tvorbu infraštruktúry, zlepšenie a obnovu trhu, vývoj priemyslu a poľnohospodárstva, tvorbu nových pracovných miest a v neposlednom rade rast stability ekonomiky.

Pre slovenskú ekonomiku, priame zahraničné investície predstavujú nezastupiteľné zdroje. Avšak rozsah priamych zahraničných investícií nespĺňa očakávanie hospodársko-politických orgánov.

Na druhej strane zahraniční investori a s nimi prichádzajúce priame zahraničné investície, ktoré už vstúpili do slovenskej ekonomiky možno hodnotiť pozitívne. Vo väčšine prípadov sme mohli zaregistrovať značné zlepšenie efektivity výroby v takých organizáciách, ktoré sú 100%-ným podielom vlastníctva zahraničných investorov. Ako výsledok priamych zahraničných investícií sme mohli tiež pozorovať modernizáciu technologických zariadení, značný rast kvality produktov a výrobkov a tak aj rast cien týchto tovarov a rast ekonomického zefektívnenia, zlepšenia manažmentu a organizácie výroby, rast kvalifikovanej pracovnej sily, čiastkové zvýšenie miezd, produktivity práce ale hlavne zvýšenie celkového objemu výroby. Pozitívny vývoj jeho ekonomických

ukazovateľov sa stal reálnym udržaním domáceho trhu a rozširovaním o zahraničné trhy s príspevom zahraničných investoroch.

Vstup veľkých medzinárodných spoločností pomáha k vytváraniu a zlepšovaniu aj menších a stredných podnikov, či už domácich alebo zahraničných, ktorých existencia je úzko spätá a naväzuje k produkcii nadnárodných spoločností. Pri vstupe týchto spoločností na slovenský trh sa otvárajú možnosti aj pre iné podniky, ktoré prispievajú celkovej výrobe produkciou súčiastok alebo iných dopĺňajúcich dielov pre centrálny podnik. Takáto forma výroby na Slovensku sa vyskytuje prevažne v automobilovom priemysle a považujeme ju za veľmi pozitívnu, pretože veľkou mierou prispieva k zlepšovaniu zahranično-obchodných vzťahov medzi domácimi a zahraničnými partnermi.

Z pohľadu zamestnanosti, priame zahraničné investície zohrávajú kľúčovú úlohu vo vývine zamestnanosti, rastu kvalifikovanej pracovnej sily a rastu miezd v Slovenskej republike. Pri hodnotení usídľovania sa priamych zahraničných investícií na slovenský trh musíme brať do úvahy faktor pracovných síl, ktorý predstavuje kľúčové postavenie pri lákaní zahraničných investorov. Ďalšími významnými faktormi, ktoré ovplyvňujú atraktivitu krajiny pre zahraničných investorov sú kvalifikovaná pracovná sila súčasná nízka úroveň miezd.

Lokalizovanie zahraničného kapitálu a zahraničných investícií sa sústreďuje predovšetkým do regiónov, ktoré sú relatívne lepšie zabezpečené vo sférach technologickej a sociálnej infraštruktúry. Tieto regióny, ako napríklad Bratislavský kraj, majú dostatok kvalifikovanej pracovnej sily a možnosť zlepšovať výrobnú-obchodné vzťahy. Na druhej strane, regióny s vyššou mierou nezamestnanosti ako Prešovský kraj patria medzi najmenej atraktívne pre zahraničných investorov. Tieto regióny sú situované na východe a v strede Slovenska. Vláda Slovenskej republiky musí zabezpečiť prílev zahraničných investícií aj do tých regiónov, ktoré sú ekonomicky najmenej vyvinuté a tak odvrátiť trend neustáleho prílevu zahraničných investícií len do rozvinutých regiónov. V opačnom prípade sa bude prehĺbovanie životnej úrovne naďalej zväčšovať. Pretože je dôležité aby fungovala stabilná ekonomika na celom území Slovenskej republiky, je dôležité aby sa prílev zahraničných investícií zameril na regióny s vyššou mierou nezamestnanosti a tak sa zabránilo migrácií obyvateľstva z východnej a strednej časti do západnej časti Slovenska.

V súčasnosti prevažná časť priamych zahraničných investícií smeruje do priemyselného sektoru, prevažne do automobilového priemyslu. Prípadný pokles by mohol mať na vývoj ekonomiky veľký dopad. Aby sa minimalizoval dopad možného prepadu automobilového priemyslu, vláda Slovenskej republiky sa snaží podporovať menšie

a stredné podniky aj v iných sektoroch ekonomiky. Pre vyššiu atraktivitu krajiny, Slovensko musí podporovať hlavne školstvo, vzdelávanie a vývoj vied.

Prílev priamych zahraničných investícií je pozitívnym krokom, ktorý pomáha v raste a vývoji Slovenskej ekonomiky. Je veľmi dôležité aby ho slovenská vláda naďalej podporovala, pretože takéto investície zabezpečujú vytváranie nových pracovných príležitostí, prispievajú k rastu miezd, prinášajú nové technológie a postupy a tak prispievajú k celkovému zvyšovaniu životnej úrovne a vzdelanosti.

V bakalárskej práci boli prezentované komplexné informácie o stave a vývoji priamych zahraničných investícií na Slovensku z rôznych pohľadov s poukázaním aj nato, že Slovensko je aj vďaka svojej strategickej polohe v Európe a lacnej kvalifikovanej pracovnej sile jedným z najatraktívnejších krajín pre zahraničných investorov.

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