ACADEMY OF ECONOMICS
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FOREIGN DIRECT INVESTMENTS – THE BASIS OF THE TRANSNATIONALIZATION OF THE ECONOMY

AUTHOR’S SUMMARY

of a dissertation paper
for the award of educational and scientific degree “doctor”
in doctoral program “Political Economy”

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Svishtov
2022

The dissertation paper has been discussed and approved for defence by the Department of "General Theory of Economics" at Dimitar A. Tsenov Academy of Economics – Svishtov in accordance with the Act on Development of Academic Staff and the Regulations for the Implementation of the Act on Development of Academic Staff in D. A. Tsenov Academy of Economics.

The dissertation has a total of 183 standard pages and it consists of: Introduction; main exposition structured in three chapters; Conclusion; Appendices; and Reference list – a total of 148 sources (48 in Cyrillic and 100 in Latin). There are 33 figures and 5 tables within the exposition.

The defence of the dissertation paper will take place on 15.12.2022, at 1:00 p.m., in the Conference Hall “Rectorate” at D. A. Tsenov Academy of Economics, Svishtov.

The materials, concerning the defence are available to those, who are interested in the Department of "Doctorate and Academic Development" at Dimitar A. Tsenov Academy of Economics – Svishtov.

I. GENERAL CHARACTERISTICS OF THE DISSERTATION

1. Relevance of the topic

The relevance of the topic is determined by the rapid growth rate of foreign direct investments in the world. As a result, their importance for global, regional and national economic processes rises.

Making foreign direct investments (FDI) finds expression in moving production processes across national borders. This process manifests itself in transnationalization and turns to be a leading trend in global economy. Transnational companies (TNCs) and their foreign affiliates are the main agents of direct investment, thus becoming a key player in the process of transnationalization.

When making direct investments, in addition to the financial capital, between the economies are also transferred resources, technologies, organizational and management practices, know-how, which influence the economies of both the countries from which the investments originate and the countries that receive the investments.

The multiple impact that FDI has on social and economic development provokes a certain dualism of the views, concerning the effects of them, but the opinion that they have a favourable impact on countries' economic development prevails in most cases. Foreign direct investments are of high importance in the period of economic transformation and for the implementation of structural changes, as they provide the financial resources needed for the transition process. Moreover, through the transfer of capital and strategic assets, good management practices, investments in human capital, they promote the enlargement of the economic potential. Favourable conditions for economic growth are also created due to the increase in efficiency and the technological progress. All this is a precondition for rising employment and income and for stimulating exports. That is why, attracting FDI is often a priority in government policy.

The FDI attractiveness of the country is directly related to its economic development. The more developed the economy, the more attractive it is to foreign investors, as it affords favourable conditions for investment. Accumulated capital in the form of direct investment, in turn, contributes to the further economic development by generating strategic assets in the enterprises and by increasing national investment. This improves economic competitiveness and stimulates outward FDI. These relations are an expression of the transnationalization of the economy, as a result of which it becomes an integral element of the global economic system.

2. Object and subject of the research

The object of the research are foreign direct investments.

The subject of the research is the role of foreign direct investments for the transnationalization of the economy and the investment development of Bulgaria.

3. Aim and objectives of the research

The aim of the dissertation paper is to study the main trends and factors of foreign direct investment and to identify the features and prospects for the investment development of Bulgaria as part of transnational processes. In order to achieve the aim, the author addresses the following research objectives:

1. To systematise the main theoretical ideas about transnationalization and to show the importance of foreign direct investments for economic development.

2. To state the main motives for foreign direct investment in the context of the main theories on the subject as well as to stress on the influence of new technologies.

3. To identify the main trends in foreign direct investment in the world and on the basis of this to analyse their specific development in Bulgaria.

4. To assess the opportunities for Bulgaria in the context of the investment development path theory and to provide guidelines for its improvement.

4. Thesis statement

The thesis statement of the dissertation is that FDI inflows and stocks are determined by the level of economic development, and that the accumulated FDI, in turn, create preconditions for economic growth and further investment development of the country. Therefore, Bulgaria needs to adopt a stimulating policy towards FDI.

5. Theoretical and empirical framework of the research

The dissertation paper has been built on the basis of general concepts of the cross-border capital movement of the neoclassical and neo institutional theory. The theoretical framework comprises the scientific achievements of foreign and Bulgarian authors on globalization, the development of world economy and international economic relations, foreign direct investments, as well as on the activity of multinational and transnational companies, namely V. Marinov, Z. Mladenova, L. Kirev, K. Kolev, M. Velushev, N. Natov, J. Dunning, R. Narula, L. Eden, A. Rugman, M. Blomström, S. Dolgov, P. Fischer, A. Movsesyan, et al.

A base of the research are also the following information and empirical sources: legislative and other regulatory legal acts, reference statistical data and analytical materials of Bulgarian National Bank (BNB), National Statistical Institute (NSI), Ministry of Economy, International Monetary Fund (IMF), World Bank, Statistical Office of the European Union (Eurostat), Organization for Economic Cooperation and Development (OECD), United Nations Conference on Trade and Development (UNCTAD) and other international organizations.

6. Methodology of the research

The theoretical aspects of the research are derived on the basis of theoretical and logical and empirical approaches such as historical and logical methods, methods of induction and deduction, analysis and synthesis, descriptive and comparative analysis.

Statistical and mathematical methods, and econometric models such as arithmetic mean, relative values, dynamic series, development analysis, correlation and regression analysis, etc. complement the scientific and research methodology. Tables and various graphs are used to visualise the results of the analysis.

7. Limitations of the research

In the course of the research, some limitations have been set, like:

1. Different economic agents that undertake FDI are not studied. Although, a large number of researchers (M. Blomström, B. Blonigen, A. Movsesyan, P. Fischer, etc.) identify foreign direct investment with the activity of transnational companies, the author refrains from such a position. Nevertheless, TNCs are considered in the research, as they are the major foreign direct investment agent and it is through FDI that companies organize their cross-border activities and thus become transnational economic entities.

2. The time span of the research is 1990-2020. The year in which Bulgaria started the transformation process to a market-based type of economic system was chosen as the first year to examine. That makes possible the free movement of capital in the form of foreign direct investment, which is the subject of the research paper. The year 2020 was chosen as the end of the period, as data for 2021 are preliminary and they are to be revised, which may create significant changes in the value of the variables under consideration. This may lead to a distortion of the research results.

3. The research does not consider the influence of the global Covid-19 pandemic and the war in Ukraine as of February 2022 on foreign direct investment. These circumstances led to a sharp decline in FDI and created disparities in economic activity by industry and country. The long-term effects of them are yet to be analysed and estimated.

4. Data from UNCTAD's statistical centre was used with priority, since data published by NSI and BNB for inward and outward FDI are relatively limited both in terms of volume and a period of time. The first years with statistics on FDI in Bulgaria are 1996-97. Other, more detailed data on FDI by economic activity or type of FDI are even more incomplete. Data on FDI outflows and stocks is lacking, especially by economic sector and by country. However, data collected from these statistical sources (NSI and BNB) are long enough and allow deriving general principles and trends.

II. STRUCTURE AND CONTNET OF THE DISSERTATION PAPER

1. Structure of the dissertation paper

The dissertation paper has a total of 183 standard pages. Its structure is as follows:

First. Table of Contents – 1 standard page.

Second. List of abbreviations – 1 standard page.

Third. Introduction – 6 standard pages.

Fourth. Main body, composed of three chapters with a length of 153 standard pages.

Fifth. Conclusion with a length of 5 standard pages.

Sixth. Appendices – 3 pages.

Seventh. Reference list – 14 pages. It consists of 148 sources, of which 36 literature sources in Cyrillic and 59 in Latin. The Internet sources are 53 (in Latin are 41 and 12 in Cyrillic).

2. Table of contents

III. BRIEF PRESENTATION OF THE DISSERTATION PAPER

INTRODUCTION

The introduction of the dissertation explains the relevance of the topic, determined by the importance of foreign direct investment for development and transnationalization. The object and subject of the dissertation are formulated. The main aim and objectives of the research are outlined. The thesis statement is presented. Research limitations are set and the research methodology is defined.

Chapter one. THEORITICAL AND METODOLOGHICAL ASPECTS OF FOREIGN DIRECT INVESTMENT

The first chapter of the dissertation explains the character and conditions for the emergence and development of the processes of globalization and transnationalization of the economy. The role of foreign direct investment for transnationalization is highlighted. The impact of foreign direct investment on recipient and donor economies is explained. The main theoretical approaches and models for research and analysis of foreign direct investments are presented. Motives for foreign direct investment are systematised, paying attention to the impact of new technologies.

1.1. Economic globalisation and transnationalization

The beginning of paragraph 1 is devoted to the globalization of the economy, which is described as integration of national economies in terms of trade, production and financial markets. A **basic precondition** for the expansion of globalization processes is ***liberalisation of economic relations***. It proceeds to the intentional policy of countries towards opening their economies and strengthening the market-based models of development.

The economic policy of countries, aimed at open and market-oriented economic systems, is also presented as a driving force of the globalization process. In a similar way, the activity of TNCs is considered.

Using the achievements of science and technology, TNCs successfully carry out their activities in different parts of the world. In order to perform an activity or process abroad, it is no longer necessary to cross physically national borders – their meaning as a territorial dividing unit is blurred and weakened and they become an abstract notion or concept. Therefore, the development of science and technology turns globalization into an increasingly dynamic and comprehensive process, as it contributes to the integration of countries in the single economic space.

The theoretical analysis proceeds to the process of transnationalization, which is presented as related directly to the processes of globalization and liberalization of economic relations. Transnationalization is a function of the scale of operations that companies move and carry out abroad. It refers to changes in the way production is organised – from export-oriented national production to production on a global scale. Transnational companies are identified as the bearer of these changes, which is why they stand out as the main agents of foreign direct investment. Through their activity, national economic activity is moved outside national borders, which results in transnationalization of the economy itself.

The importance of transnational companies to world economic processes, and more specifically to the transnationalization of the economy, is illustrated by their significant presence in the global economy. In recent years, the number of TNCs has been around 60,000, and the number of their foreign affiliates worldwide has grown to around 500,000. Many of the companies have grown to such an extent that their annual turnover exceeds the gross national product of most countries. The wide impact of transnational companies is determined by the foreign direct investments they make.

1.2. Transnationalization and the role of foreign direct investment

In Paragraph 2 foreign direct investments are pointed out as the major factor for transnationalization. In the open economy, they appear an important instrument and an indicator of the degree of integration of the production process on a global scale. In connection with this, their increasing significance for the development of world production, distribution, exchange and consumption strengthens. Through them, sustainable and lasting relations between countries are built, which determines ***their role in accelerating the internationalization and transnationalization of economic relations and the globalization of economies***.

Further in this paragraph is ascertained that FDI outstrips the rate of growth of world output and world exports, pointing out that these large flows of capital moving between countries inevitably influence national and global economic development. This statement is verified by the fact that the share of FDI stock in world GDP has grown dramatically over the past thirty years, from 9% to 41%.

In addition, it has been emphasized that transnationalization, by means of FDI, has a significant impact on the economic and social development of both home and host countries.

First of all, the opinion that foreign direct investments create favourable conditions for accelerating economic growth, for expanding the technological and production potential of the host countries is supported. They also facilitate the restructuring of the enterprises and the economy of the recipient countries.

Foreign direct investments also have a positive effect on the balance of payments, and particularly, on its financial account. This is true not only for the host countries but also for the home countries, but in the long run.

FDI can also raise the technological level of the host country and increase its competitiveness. In addition, they can be used as a means of circumventing tariff and non-tariff barriers on imports. Thus, local companies gain the opportunity to expand their production and increase their sales.

Negative effects of FDI are also not omitted in the paragraph. In general, they arise from the lack of correspondence between the objectives of foreign direct investments and the objectives of government policy. In a more specific aspect, these unfavourable results come from the transfer of outdated technologies, the outflow of highly qualified personnel to the affiliate enterprises abroad, transfer pricing that companies use to manage tax burden and customs payments. Another negative influence of FDI for the recipient country may come from the economic power that TNCs concentrate.

Harmful effects on the environment and working conditions in the host country have not been neglected either.

The need for a good legal and normative framework and a selective approach towards foreign investors is reasoned bearing in mind the unfavourable influence of FDI.

Policy in relation to FDI in the donor country should take into account its specific characteristics. Thus, problems such as the outflow of qualified personnel, outflow of capital and deterioration of the balance of payments can be avoided.

1.3. **Research approaches and models for analysing foreign direct investments**

This paragraph provides a detailed overview and critical comments on the economic thoughts on foreign direct investment and transnationalization. Theories on the migration of capital have been systematised from macroeconomic and microeconomic point of view.

The macroeconomic approach explains FDI through the theories of foreign trade and comparative advantages of countries. They are based on the notion that FDI depends on the state of the balance of payments and especially on its current account.

In this respect, the Heckscher-Ohlin theorem and its modifications by P. Samuelson, V. Leontief, V. Stolper and R. Mundel are considered, and also K. Kojima's model and R. Vernon's theory.

Other determinants of capital migration are the rate of return, interest rate, and exchange rate differentials. In this connection, the views of R. Nurske, A. Razin, B. Blonigen were analysed.

The microeconomic approach to transnationalization focuses on the behaviour of the foreign investment enterprise and the imperfect competition as a beneficial ground for realising the competitive advantages of companies on foreign territory. That is why, the theories of St. Hymer, R. Caves, C.P. Kindleberger, F. Knickerbocker, E. Helpman are elucidated.

Special attention is given to the eclectic theory of J. Dunning, which formulates the conditions for foreign direct investment by grouping them into ***ownership advantages*** *(O-advantages),* ***location advantages*** *(L-advantages)* and ***internalization advantages*** *(I-advantages).*

An accent is put on the conception that the **OLI-advantages** and their configuration change as the country develops. This hypothesis finds expression in the theory of the investment development path of J. Dunning. The main view is that the investment development of each country goes through different stages that outline its evolution from an importer to an exporter of capital in the form of direct investment. These stages are determined by the economic development of each country, which affects FDI inflows and outflows. The hypothesis that the accumulated foreign direct investments, in turn, influence the state of the economy and create conditions for economic growth is also accepted.

The examination of the main theories and thoughts on transnationalization shows that different approaches towards FDI can be applied. However, the question of why companies choose direct investment stands out as central, given that it is the riskier activity compared to export. The answer lies in market imperfections and the specific advantages that provide TNCs with economic and monopoly power in the foreign market. It is a means of protecting the company and guarantees its success in the competitive struggle, not only abroad, but also at home.

Specific advantages that ensure a monopoly position of the company are also the basis of the internalisation. Through them, the company manages tax burdens and customs payments and protect itself from cultivating a competitor.

However, the possession of some monopolistic advantage is not a sufficient condition for companies to choose FDI as a form of entering a foreign market. These advantages need to be complemented by political, economic, market and socio-cultural conditions in the host country, corresponding to the objectives of the investment.

Companies utilise these principles when developing their strategies. They can also be used as a starting point in the development and implementation of government policy for attracting FDI in accordance with the interests of the host country and the investing company. The interests of the enterprise find expression in the motives for making foreign direct investment.

1.4. Motives for foreign direct investment

Based on the review of the research literature on transnationalization, the main motives underlying foreign direct investment are displayed. As a summary of the paragraph, they are systematised according to the type and orientation of FDI.

1.4.1. FDI motivations

Capital outflows in the form of FDI depend on a number of circumstances related to the economic, political, legal and geographic conditions of both the home and host country. Also important is the nature of the production process and the specific characteristics (size, growth potential, etc.) of the firm that moves its capital abroad.

The liberalisation of economic relations allows the transfer of resources (labour and capital) to where the situation is more favourable and the rate of return is higher. Broadly speaking these conditions underlie the motives for exporting capital abroad in the form of FDI. In more specific terms the principal goal is to increase **profit**, which coincides with the main goal of any economic activity.

From this point of view, in this sub-paragraph a number of specific motives for moving production abroad are given, as they increase profits. These are reducing production costs by using cheaper resources, increasing productive efficiency and productivity by using better quality resources, optimising tax payments through transfer pricing, achieving economies of scale, etc.

Risk diversification is considered an additional motive for foreign direct investments. Through FDI, it is also possible to ***reduce some of the risks***, especially the commercial risk.

Based on the research literature review, four main groups of motives for moving production abroad through foreign direct investments are presented. They can be synthesised in the characteristics of the main types of FDI, namely:

- Market-seeking FDI;
- Resource-seeking FDI;
- Efficiency-seeking FDI;
- Strategic asset-seeking FDI (information, know-how).

The specific motivations that are pointed in connection to the **market-seeking FDI** are low absorption or saturation of domestic markets, higher potential of the foreign market (developing or large market, with high per capita income), circumvention of import barriers (tariff and non-tariff), access to neighbouring markets.

Another motive that is highlighted is the company's policy of adapting existing products and services to the tastes, preferences and requirements of consumers in the host country or the policy of following the competitor or getting ahead of it.

The second group of motives is related to the **resource-seeking foreign direct investments**. They are motivated by the company's desire to acquire and exploit resources (natural, labour) that are scarce or missing in its home country.

The third group of motives refers to production and defines **efficiency-seeking foreign direct investments**. They are aimed at increasing efficiency by allocating production according to the needs of each stage of the production process. Differences in the price and quality of resources between countries are cited as motivations here as they influence production costs and productivity.

Direct investments aimed at **acquiring strategic assets** may include the following specific motives: availability of research and development activities and results in the recipient country, innovations, good management and organizational practices. This explains their predominant presence in industrialised countries.

The goal of the investment or the investor's motive to transfer capital abroad through FDI is related to the choice of entry mode – greenfield investment or merger and acquisition.

When the goal of the investment is to realise its own competitive advantages abroad, it is generally considered that "greenfield" investment is undertaken. When the goal of the investment is related to the acquisition of existing assets in the host country, it is assumed that a merger or acquisition usually takes place.

1.4.2. **New technologies and FDI motivations**

In the last paragraph of chapter one, the attention is focused on the information economy and new technologies. They are said to transform the national and international environment within which companies operate and change their incentives and motivations for direct investment.

Under the conditions of the information economy, it is noted that the motives related to market-seeking FDI lose some of their importance. The causes given in this respect are the possibility of online trading and the use of digital platforms.

On the other hand, it is discussed that the dominance of the service sector can increase the importance of this group of motives, since the intangible nature of services requires them to be produced at the place of their realisation.

The second group of motives related to the higher productive efficiency weakens its importance if it results from lowering production costs. However, it is specified that if efficiency is a result of economies of scale and higher resource productivity, then the drive to move production abroad is more intense.

Regarding the group of motives related to the resource-seeking FDI, it is concluded that their importance is weakening. It is reasoned by the fact that intangible assets that dominate the information economy can be quickly moved to different parts of the world at minimal costs.

The fourth group of motives related to strategic asset-seeking FDI is said to attain importance under the conditions of the knowledge-based economy. The access to foreign technological advantages, knowledge, experience, skills is said to create a competitive advantage for companies and increase productive efficiency.

Chapter two. TRENDS IN FOREIGN DIRECT INVESTMENT FOR THE PERIOD 1990-2020 г.

Based on an empirical analysis, trends and special features in foreign direct investments in the world and in Bulgaria, in particular, are derived.

2.1. Structure and dynamics of foreign direct investment in the global economy

2.1.1. Foreign direct investments in the world

The paragraph traces the volume, structure and dynamics of FDI in the world economy. Empirical evidence shows that there has been a rapid and sustained increase in the volume of foreign direct investment over the past three decades, especially in comparison with world exports and world output.

The conducted analysis allows to highlight some important points, namely:

- The growth of FDI in the 1990s is the most remarkable – on average it is more than 4 times compared to the previous ten-year period. This increase is due to the collapse of the socialist bloc and the economic transition of the countries of Central and Eastern Europe towards the market-based type of economic system. Last but not least, the mass implementation and use of the Internet, which is a characteristic of this period, also played a role in the increase of foreign direct investments.
- The growth of FDI at the beginning of the XX century was slower, despite the peak values that were reached initially in 2000 (1356.6 billion dollars) and subsequently in 2007 (1891.7 billion dollars). This is due to the significant reduction of FDI flows after 2000 as a result of the "Internet (dot-com) bubble burst", which led to bankruptcy and loss of market capitalization of a number of large companies in the IT sector.
- The last eleven years of the research period are characterised by serious fluctuations in foreign direct investment. For the period 2010-2019, there was again an increase in the average value of FDI inflows and outflows, but it was significantly weaker compared to the previous period – by 47.5% and 29%, respectively. This trend is present despite reaching, in 2015 and 2016, an absolute peak in FDI inflows (more than 2 trillion dollars) for the entire period under consideration. However, FDI outflows are growing much slower and have not reached pre-crisis levels. This is due to the slow recovery of economies and the weak investment activity, especially in developed countries, where FDI remains well below pre-2008 levels.

- In 2020, both FDI inflows and outflows marked a significant decrease – by 34.7% and 39.4% respectively, compared to 2019. This is due to the uncertainty in the political and economic environment caused by the Covid pandemic and the losses, which companies suffered from the contraction in demand and the disrupted supplies as a result of transportation restrictions.
- As regards the sectoral structure, significant changes have been identified during the research period. There is a shift of foreign investment activity from the manufacturing sector to the service sector. At the end of the XX century, slightly more than half of the world's direct investments were directed to the tertiary sector, while at the beginning of the XXI century, this share increased to almost two thirds. This increase is at the expense of the secondary sector. In the early 1990s about 1/3 of the world's direct investments were in manufacturing, and in recent years their share has decreased to about ¼.

This trend is considered to be objectively determined given the changes in the sectoral structure of economies worldwide. The intangible nature of the service and the fact that it cannot be stored and is inseparable from its producer requires that it is produced where it is supplied. Therefore, the production has moved to the places for market realisation of services.

2.1.2. Geographic structure of FDI

Regarding the geographic structure of FDI, the following features have been identified:

- The advantageous position that developed countries have in terms of **FDI inflows** at the beginning of the research period is weakening. This is due to small reinvested earnings, serious fluctuations in the intra-company capital flows of companies from these countries and their restructuring as a result of the global financial and economic crisis of 2008-2009.

In the last 10 years, the largest decrease in the FDI share to developed European countries, especially to Great Britain, Germany, France, Sweden and Spain is identified. This is a consequence of the slow recovery of these economies after the global crisis of 2008-2009 (this is especially true for Spain) and after the crisis in the Eurozone, the uncertain political situation in the EU in relation to Brexit, the higher tax rates in Germany and France, which do not coincide with the companies' drive to reduce costs.

- The share of developing economies as recipients of FDI is increasing. This trend is mainly due to Asian countries, which have already established themselves as the largest importers of direct investment in the world. This comes as a result of the presence of foreign capital in most of the industries of the economy, the scientific developments in the field of electronics and electrical engineering, the development of ICT and the highly qualified and relatively cheap labour force in these countries.

A remarkable point is that only four of the countries in Asia (China, Hong Kong (China), Singapore and India) attract half of the world's investments to developing countries. Another over 25% of FDI to developing countries goes to four countries in the Americas, namely Brazil, the British Virgin Islands, the Cayman Islands and Mexico.

The attractiveness for FDI is largely due to the accelerated economic development they have registered in recent years. It, in turn, is a consequence of the well-developed infrastructure, which for decades was an obstacle both to the enlargement of industrial production and to the attraction of FDI.

The other two developing countries that predominantly attract FDI – the Cayman Islands and the British Virgin Islands are characterised as offshore zones that often act as tax havens. That is why, they receive a significant portion of the capital of countries where there are strong government restrictions and regulations, as well as high tax rates and heavy bureaucratic procedures.

As a result of the accumulated capital that promotes the process of internationalization and transnationalization and the acquired corporate skills and management competencies, part of the developing economies are becoming global investors not only in the region but also in the world. The data show that at the beginning of the research period (1990-1999), on average 90% of direct investment outflows originated from developed economies and only 10% were from developing countries.

For the thirty-year period of analysis, direct investment by developing countries and transition economies has grown on average more than 10 times. In recent years, developing economies have accounted for an average of 29% of global foreign direct investment. As stated, these are mainly developing countries from Asia (91%), such as Hong Kong (China), South Korea, Singapore, the United Arab Emirates, Thailand, Taiwan, where the huge amount of accumulated capital encourages technological development and competitiveness and provides easier access to foreign markets.

On the account of the increasing share of Asian developing and developed countries (Japan, Israel) as foreign investors, that of developed economies in Europe is falling significantly. The most noticeable is the reduction of FDI from Great Britain, Spain, France and Belgium.

This is a combined consequence of the global financial and economic crisis of 2008-2009, which deeply affected some European countries, and the debt crisis in the Eurozone of late 2008 and early 2009, which created additional uncertainty for foreign investors and made investment projects riskier.

More volatile is the growth of FDI from developed economies in the Americas. In recent years, FDI from the US has been growing, but at a much slower pace – the average increase for the period 2010-2020 compared to the previous ten-year period was 10%. In comparison, direct investment made by the US in the period 2000-2009 grew by 136% compared to 1990-1999. The cause for the weaker growth of FDI from the US in the last period is the tax reform of the end of 2017.

2.1.3. FDI and modes of investment

Entering a foreign market can be done in two ways – through greenfield investment or merger and acquisition. A brief analysis of the data for the two modes of investment shows that greenfield investments dominate both nowadays and at the beginning of the XXI century. For the entire research period, less than 1/3 (28%) of the investment transactions are mergers and acquisitions, and more than 2/3 are greenfield investments. This tendency is also observed for foreign direct investments by sector of the economy. On average, 82% of FDI transactions in the manufacturing sector, for the period 2003-2020, are greenfield investments. In the service sector, they averaged 66% for the same period (see Figure 15). In the primary sector, mergers and acquisitions dominate (65%), but their share in the structure of FDI by sector of the economy is too small to influence the overall situation.

The larger number of greenfield investment projects compared to mergers and acquisitions can be explained by the fact that the investor is relatively more protected in terms of "growing a competitor" and has more freedom in determining the company's short-term and long-term goals. This compensates for the fact that greenfield investments are the more expensive mode of foreign direct investment.

To date, investment deals of both types have reached pre-crisis levels, with greenfield investments even surpassing pre-crisis levels and reaching over 18,000 deals in 2018 and 2019. This is not the case when accounting for greenfield investments and mergers and acquisitions in value terms. Not only have they not reached the peak levels, registered before the global financial and economic crisis, but they are also half of what they were in 2007 and 2008.

2.2. Specific character and challenges of foreign direct investment in the Bulgarian economy

On the background of world trends in FDI, this paragraph examines the place of Bulgaria in the process of transnationalization of the economy, both as a host and as a home country.

First of all, the environment and the specific conditions in which the outgoing and the incoming flows of direct investments in Bulgaria take place are outlined. The deep impact of the political and economic changes in the early 90s of the XX century, both in Bulgaria and in Europe, is highlighted. The challenges of the transition are outlined and a critical analysis of the government policy, regarding FDI is made.

2.2.1. FDI dynamics in Bulgaria

The analysis in this subsection begins with the **inflow** of foreign direct investment capital. It is pointed out that in the first years of the transition process, FDI are mainly in the privatisation of state-owned enterprises, which, however, goes slowly, which maintains the high inefficiency of the economy.

Irregularities in the regulatory framework and the uncertainty coming from the possibility of denationalising enterprises in the country are cited as additional factors deterring the intentions of foreign economic agents to invest in our country.

Based on the analysis, it is concluded that until 1996, FDI inflows to Bulgaria were insignificant and did not show serious growth on an annual basis. As a result of the financial stabilisation achieved through the introduction of the Currency Board, as well as due to the prospects of

Bulgaria's membership in the European Union, after 1997 a more substantial increase in FDI was identified.

It has been complemented that in the next years, significant changes occur, which have a favourable impact on the inflow of FDI to Bulgaria. The accelerated privatisation, the improved business environment and the prospects for economic growth, new legal framework for FDI, reform of the tax system, lighter administrative procedures and the upcoming membership of the country in the EU are the reasons for the substantial increase in FDI. In 2007, a record value of FDI inflow was registered for the entire research period (1990-2020), amounting to 12.4 billion dollars.

The analysis continues with the impact of the World Economic and Financial Crisis of 2008, which interrupted this upward trend in FDI inflows to the country. FDI decreased by 20.5% compared to 2007. In 2009, foreign direct investment flows to Bulgaria decreased even more – by 65.6% on an annual basis. The reason for this serious decrease in direct investments inflows is mainly sought in their sectoral structure. FDI in Bulgaria is mainly in the real estate industries, financial services, trade and manufacturing, and these are some of the industries that were most affected by the global crisis in 2008-2009.

In the last years of the research period, FDI inflow fluctuated around the levels of the beginning of the XXI century (the period before the global financial and economic crisis). Based on this, it is concluded that the flow of FDI is at a relatively unsatisfactory level, especially taking into account the low corporate tax rate, low wages and the proximity of our country to the EU market. However, the **inward stock of FDI** in the country for the entire research period is defined as significant, as it is worth 59.7 billion dollars, which represents 88% of the GDP value for the same year. This is evidence of the significant presence of foreign capital in the form of FDI in the Bulgarian economy and represents the process of transnationalization in our country. It is also indicative of the strong potential of FDI to influence social and economic processes in the country.

However, the accumulated outward foreign direct investment of our country is very small. As of 2020, the **outward stock of FDI** amounted to only 3.4 billion dollars, which is equivalent to 5.08% of GDP. Based on this, our country emerges as a net importer of FDI.

These insignificant levels of the outward FDI stock are explained by the low **FDI outflow**, which our country makes on an annual basis throughout the research period.

By 2005, FDI outflows were almost non-existent. Despite the absence of restrictions on investing abroad, the only more significant increase in FDI was in 2008. On these grounds the reasons for these positions of Bulgaria are formulated, namely: weak institutional and legal framework, political uncertainty, slow economic reform, negative economic growth. The lack of competitive advantages of Bulgarian companies does not allow compensating the higher degree of risk of cross-border capital investments in the form of FDI and guaranteeing, at least to a certain extent, the success of the investment project.

2.2.2. Industrial structure of FDI

The sectoral structure of FDI in Bulgaria is seen as a reflection of the ongoing processes both in the national and in the world economy. The factors influencing the structural changes at national level are related to the country's transition from a planned to a free-market economy. Of particular importance are the processes of liberalisation of industries and of privatisation of state-owned enterprises. In parallel with this, the impact of the process of globalization and the information revolution is also analysed.

On the basis of this, it is concluded that at present ***inward FDI*** in the service sector prevails in Bulgaria. Until the mid-1990s, the leading sector was manufacturing. Since then, its share has been progressively decreasing, and in recent years it has been more than three times less – an average of 10.9%. On the other hand, the share of the service sector increased, reaching almost 70% in the post-crisis period.

The growth in financial and insurance services stands out as the greatest. These industries have actually roused at the end of the 1990s with bank privatization and the purchase of state-owned banks by large foreign banking groups.

An increase was also identified in the share of real estate operations and business services, and more specifically in professional activities such as legal, accounting and consulting services, advertising, research and development.

The traditional for Bulgaria trade sphere retains its importance and still has a significant portion of FDI inflows – 20.2%. FDI inflows to the hotel and restaurant industry, however, marked an enduring downward trend (on annual average by about 30%) in the period after the financial and economic crisis of 2008-2009. As a result, their relative share decreased to below 0.5%.

However, the importance of infrastructure industries is increasing. An increase in the relative share of FDI inflows is observed in industries such as "production and distribution of electrical energy", "telecommunications" and information technology activities.

The increase of foreign direct investments in electricity generation, especially from renewable sources is the most significant. This trend is a reflection of the transformation of the electricity sector in Europe and the the transition to green energy generation.

There is a permanent increase in FDI inflows in information and communication technologies, computer programming, software and consulting activities.

An interesting point is the increasing share of foreign direct investments in the primary sector and more specifically in the mining industry – their share in FDI inflows has grown to 2.6%. This is a fourfold increase compared to the period before the global financial and economic crisis of 2008-2009.

The industrial structure of ***outward foreign direct investments*** is presented as non-equivalent. The investments that Bulgarian companies have made in the mining industry are no more than 0.3% on an average annual basis for the entire research period.

Over the past ten years, manufacturing has accounted for 19.8% of FDI outflows. Its share decreased more than twice – in the first decade of the XXI century more than half (on average 55.7%) of the outgoing FDI was in this sector. On the other hand, there has been a significant increase in outgoing FDI in the service sector – from about 1/3 to 3/4.

The most significant increase in outflows is in the sphere of professional activities and scientific research. Real estate operations and trade also marked a significant increase and today comprise almost 1/5 of FDI outflows.

Financial and insurance industries have a modest share of 3.3% over the last ten years. However, this is a huge increase given that before this period their share was only 0.1%. It can be explained by the fact that a large portion of outward FDI is directed to offshore financial centres.

It is noteworthy that, although construction has a small relative share in FDI outflows, it has a tendency to increase. This is a reflection of the expansion of this activity worldwide. However, transport industry has seen a significant decrease and in recent years the proportion it has in outward FDI flows is an average of 3.3%. For comparison, at the beginning of the XXI century, it was 27.2%.

2.2.3. Geographic structure of FDI

The geographic distribution of FDI in Bulgaria is considered a result of the country's policy towards opening the economy and the membership in the EU.

EU countries are presented as the main source of capital in the form of FDI both before and after the membership of our county in the union. In addition, it is noted that there has been no significant increase in investment flows to Bulgaria from the participant countries after the accession of our country in 2007.

In the period before the entry of Bulgaria into the EU, the largest average annual share in ***FDI inflows*** has Austria, followed by the Netherlands and Greece, Belgium and Luxembourg, Cyprus, Germany, Italy and the United States. These nine countries comprise two thirds of direct investment inflows to Bulgaria.

After the accession into the European Union, the structure of investment flows by country became more uneven. Almost 1/3 (29%) of FDI inflows on an average annual basis belong just to one country – the Netherlands. Then Belgium and Luxembourg, Germany, Hungary and Russia come.

It is noteworthy that most of the countries along the Baltic Sea such as Lithuania, Latvia, Estonia, Poland, Finland are very weak investment partners of Bulgaria both in the period before our country's accession into the EU and after that.

Another interesting point is the significant decrease in FDI inflows from the USA – from 6.1% to 1.3%. American direct investments remain mainly in the service sector, and more specifically in software developing, outsourcing, telecommunications.

It is emphasized that Bulgaria maintains lasting investment relations with several countries such as Austria, the Netherlands, Germany, Greece, Cyprus and Great Britain. These countries have been major sources of FDI into the country since the opening of its economy. So, it can be concluded that there is no significant change in the geographical structure of FDI inflows after the accession of our country in the European Union. However, attention is drawn to the fact that there is some change in the geographical structure, which, however, is justified by other factors such as geographical, cultural, legal and political proximity.

With regard to ***FDI outflows***, it is noted that our country has unenviable position. Only after 2005 was there a more substantial increase in FDI outflows, and outward stocks began to form after 2007. What is striking is that the geographical distribution of outflows is relatively even.

A little more than half (56%) of the capital that leaves our country in the form of FDI is directed to the EU member states – Italy, the Netherlands, Romania, Germany and Greece.

In addition to EU member states, during the research period, our country sent capital in the form of FDI to neighbouring and nearby countries such as Serbia (4.1%), Turkey (3.2%), North Macedonia (2.5%). Another 3.2% of the capital was sent to the USA, and 2.9% to Russia.

It should be noted that more than 10% of the capital that leaves our country is directed to offshore zones. One of the most popular is the Marshall Islands.

2.2.4. FDI structure by balance of payments elements

Reinvested earnings, equity capital and intra-company loans are pointed as an indicator of the short-term and long-term intentions of foreign investors and of the state of the foreign investor company and its affiliates.

On the grounds of that, it has been noticed a weaker interest of foreign investors in new projects, which is evidenced by the significant decrease in equity capital. In 2017 and 2019, the equity capital was even a negative value. That is why it is claimed that there is a withdrawal of investments (disinvestment) by foreign investors.

The opposite trend is indicated for reinvested earnings – they increase significantly, reaching an average of 80%. Based on this, the long-term intentions of foreign investors are discussed.

At the end of this sub-paragraph, it is stated that the third component of FDI – intra-company loans, has a relatively constant share. They are on average about 20-25% of the structure of FDI, although there has been an increasing trend in recent years. This, combined with the reduction of equity capital and the increase in the share of reinvested earnings, substantiates the claim that foreign investors do not make new investments, but finance their current operations through internal sources (retained earnings and intra-company loans).

Chapter three. INVESTMENT DEVELOPMENT OF BULGARIA

In the third chapter of the dissertation paper, the investment development path of Bulgaria is outlined, within which three stages are identified. In connection with it, the conditions of the environment for foreign direct investment are derived and the factors of greatest importance for the investment development of our country are highlighted. Based on this, guidelines are proposed for improving the investment development of Bulgaria.

3.1. Investment development path of Bulgaria (based on J. Dunning's theorem)

The theoretical and empirical analysis of foreign direct investment trends allows to claim that foreign direct investment has a significant role in the development of the Bulgarian economy and its transnationalization in the conditions of dynamic changes at home and in the world. So, the current paragraph examines the investment development path of Bulgaria, dependent on foreign direct investments.

With this purpose, the investment development path theorem presented in the first chapter was used. It relates the economic conditions and the mobility of FDI capital. It is based on the assumption that each country, in its investment development, moves from the position of net importer to the position of net exporter of capital in the form of FDI. The movement in question is determined by economic development.

Therefore, it has been stated that a country attracts more FDI, the more developed its economy is (or the higher economic growth it has achieved). In addition, the thesis that **the accumulated FDI capital contributes to transnationalization and the economic development of the host country** is grounded. Through foreign direct investment, the economy becomes a transnational system of relations between producers, consumers and owners of resources from different countries.

Based on data on the net outward investment position and on the real GDP of Bulgaria, the investment development path of our country is outlined. It illustrates the relationship between Bulgaria's economic development, measured by real GDP per capita, and the net value of FDI stock, represented by the net outward investment position (NOIP), again per capita.

Three stages are distinguished in Bulgaria's investment development – the first stage (in the period 1990-1996), the second stage (in the period 1997-2013) and the third stage (in the period 2014-at present).

The first stage of Bulgaria's investment development was ascertained in the period 1990-1996. Then both inward and outward FDI were insignificant, and the net outward investment position of the country (the net export of direct investments) was negative. This is a result of the absence of competitive and strategic assets among Bulgarian companies, the lack of a purposefully designed government policy and clear legal norms, serious fluctuations in macroeconomic indicators and severe political upheavals. All this is complemented by the poor state of the telecommunication and transport infrastructures and the low qualified workforce.

The second stage of the investment development of our country began in 1997. In connection with this, it is emphasized that Bulgaria entered the second stage of its investment development path quickly. The main reason is the spread of the privatization process, the growing domestic market and the stabilisation of the economy, which is a precondition for attracting more *market-seeking FDI*.

Bulgaria entered the **third stage** of its investment development in 2014. This is due to the increase in outward FDI. This fact is reasoned by the accumulated competitive advantages of local companies. They are a result of their participation in the international production networks, which encourage outward FDI. The most important motive in this regard is realisation of the products – *market-seeking FDI*, usually in neighbouring countries.

At the same time, it is stated that the inflow of FDI is significantly decreasing. This is justified by the increase in labour costs, which leads to withdrawal of some investments, seeking cheap labour. However, at the expense of this, FDI, which is aimed at *improving productive efficiency*, and also those looking for highly qualified labour increase. As a proof of this is the significant increase in investment in high-tech industries or knowledge-based services.

Since 2017, the net outward investment position has started to increase again, which is due to the enlargement of inward foreign direct investments. However, the growth rate of outward foreign direct investment remains the same and it cannot compensate for the acceleration in inward FDI. An explanation for this trend is sought in the improved location advantages of our country. This stimulates a greater inflow of FDI, while at the same time probably keeps some of the direct investment at home. However, this course of development is not typical of the model, described by J. Dunning. Bulgaria entered the third stage of its investment development 7 years ago and is still at its very beginning. Outward foreign direct investment has not increased as expected during that time and if this trend continues, our country may move back to the second stage of the path.

With the view to explain the diversion of Bulgaria's investment development path from the traditional one, statistical methods are used. The latter helped in examining the relationship between economic growth and NOIP of our country.

The strength of the relationship between GDP per capita and NOIP stock per capita was measured by the Pearson correlation coefficient. It was calculated using Excel's built-in package of statistical formulas and is equal to -0.97. This indicates a very strong inverse relationship between the considered variables.

Therefore, it is asserted that as real GDP increases, the net outward investment position of our country decreases. Since it is a result value, which is obtained as a difference between the outward and inward stock of FDI, its decrease is due to the increase of inward FDI. Therefore, it is considered that as Bulgaria's GDP increases, inward FDI also increases. This proves that economic development, measured by real GDP, is a factor that affects the attractiveness of our country to foreign direct investment. However, this statement is undoubtedly valid for the first two stages of the investment development path. These stages have already been passed by Bulgaria. Then, within the third stage, a decrease in the inward FDI stock and an increase in the outward FDI stock is expected. This would lead to an increase in the value of NOIP, whereby the relationship between GDP and NOIP would become positive.

Given the outlined dependencies, the relationship between the economic development and NOIP of Bulgaria is expressed through a non-linear model, which is represented by the following cubic regression equation[1]:

$$(1)\, y = -27080 + 17{,}8x - 0{,}004x^2 + 0{,}0000002x^3$$

Using the statistical package Data Analyzes in Excel, the parameters necessary for the analysis of the correlation between real GDP and NOIP of our country were calculated.

The adequacy of the model[2] was confirmed by the empirical value of the F-criterion (278.5) and by the level of significance measured by the *Significance F* indicator, which practically tended to zero.

The correlation coefficient indicates a very strong, almost functional relationship between the variables considered. From the coefficient of determination, it is clear that almost 97% of the changes in Bulgaria's NOIP can be explained by changes in real GDP. Therefore, only about 3% of the changes in the stock of inward and outward foreign direct investment are due to other factors. This certainly shows that GDP, as a measure of the state of the economy, is the main determinant of NOIP.

In more specific terms, this relationship was found to be both direct and inverse. This means that as real GDP increases, the net outward investment position decreases, but at a slower rate. This proves that the investment development path of our country is described by a curved line

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[1] The original model of J. Dunning used a quadratic function to analyse the relationship under consideration, but data for Bulgaria show that the cubic model is more appropriate, as it better illustrates the relationship between these two variables. Moreover, it was statistically more significant due to the lower value of the standard error and the root mean square error compared to the quadratic model.

[2] The adequacy of the model was also tested by means of the average error of approximation, which again proved that the model was appropriate. Although the average error of approximation for the considered model was well above the accepted 10%, it was the lowest compared to the average error of approximation for the other tested models – linear and quadratic (parabola)

with inflection points corresponding to the stages of investment development that our country has already passed.

The non-linear model is complemented by a correlation analysis of the relationship between GDP/capita and inward FDI, on the one hand, and GDP/capita and outward FDI, on the other.

The conducted correlation analysis shows that these three variables are positively interrelated as the highest degree of dependence being between real GDP and inward FDI stock. Real GDP also significantly affects outward foreign direct investment. Foreign direct investments turn out to be significantly influenced by the inward FDI stock.

The last two statements are a proof that the stock of FDI in our country contributed to the accumulation of (organizational, management, production) experience among Bulgarian companies as a result of their participation in international production networks. These circumstances stimulate outward foreign direct investments, and contribute to the transnationalization of our economy.

The effect of FDI on economic development and more specifically on economic growth is analysed using a linear regression model[3]. The correlation coefficient (0.97) shows a very strong linear relationship between these two variables, which is represented by the following equation:

$$(2)\, y = 3827{,}335 + 0{,}48005x$$

The chosen linear model is adequate, as evidenced by the empirical significance of the *F-criterion* (421.5) and the level of significance measured by the *Significance F* metric. Data is normally distributed.

[3] The linear regression model was chosen as a result of the conducted adequacy test of the non-linear regression models – the null hypothesis of statistical non-significance was confirmed for the parameters of the regression equation. In addition, a linear model with time lags of up to 5 years was analysed, but it was confirmed as inappropriate due to statistical insignificance of the regression parameters.

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Based on this, it is asserted that the stock of FDI in our country affects the value of real GDP, as the results are significant (i.e., not due to chance) and support the research thesis.

The results of the analysis in the present paragraph show that our country is at the very beginning of the third stage of its investment development and it delays too long its progress ahead. It means that certain obstacles exist that impede its progressive movement, deriving the benefits of transnationalization. The time that Bulgaria needs to move to the next stage of its investment development depends on the investment climate in our country.

3.2. Environment for foreign direct investment in Bulgaria

Based on the analysis of Bulgaria's investment development, some key conditions are identified that determine its attractiveness as a host country. Some of them also determine the intentions of Bulgarian investors to make direct investments abroad.

Given that foreign direct investments that dominate in the second stage of the nation's investment development are market-seeking, and that our country has already passed through that stage, it is assumed that some of its location advantages are already well developed. These are ***size and condition of the domestic market and that of neighbouring countries, size of population and level of income in the country***. Other factors influencing market-seeking FDI are ***infrastructure and foreign trade policy***.

Due to the fact that at the end of the second stage, and especially during the third stage of the investment development, resource-seeking FDI tend to decrease, our country can no longer rely on cheap labour and natural resources to attract FDI.

During the third stage of the investment development, direct investments aimed at achieving efficiency usually dominate. Therefore, at the current stage, decisive factors for the attractiveness of Bulgaria for foreign direct investments are ***well-functioning labour market, education of the workforce and its qualifications, labour productivity, innovations, state of financial markets and well-developed infrastructure***. ***Tax and social security policy*** is also important.

In addition to these specific conditions, other more general characteristics of the investment environment in Bulgaria are noted, such as ***macroeconomic and political stability, corruption and regulatory framework***. All of these are cited as factors that stimulate foreign direct investment regardless of its direction.

Based on the systematisation of the conditions for foreign direct investment, some weak points were identified in our country, namely: small domestic market; labour market imbalances, due to the shortage of personnel with a certain qualification and an excess of personnel with another, usually lower qualification; low labour productivity; weak innovative capacity; poor road infrastructure; corruption.

The cumulative effect of the noted unfavourable conditions does not allow our country to progress in the third stage of its investment development. Except for being unable to concentrate a sufficiently large volume of inward FDI, it also fails to increase outward FDI.

3.3. Guidelines for improving the investment development of Bulgaria

At this stage of Bulgaria's development, inward FDI is usually oriented towards increasing efficiency and partly towards the acquisition of strategic assets, which makes government policy in this direction decisive for achieving competitiveness. In this regard, the increase in labour productivity and the building of a good innovative capacity of the Bulgarian economy are of the greatest importance for the further investment development of our country.

The specific measures to overcome the negative aspects of the environment for foreign direct investments are grouped as follows:

- **Overcoming unbalances in labour demand and supply** through government initiatives aimed at increasing digital competence and creating digital skills in the workforce so that its training corresponds to the requirements of business in today's environment, including lifelong learning.

- **Increasing labour productivity through the improvement of educational level and qualification.** In this regard, it is necessary to hasten and increase the effectiveness of the activity of the Career Centres at higher education institutions, since productive connections with business are limited.

- **Technological development and building the innovative potential of the country through government support for R&D** of enterprises by means of seeking and providing financing for their investment projects and the creation of technology and innovation centres.

- **Improving transport infrastructure** to ensure security and timeliness of supplies of raw materials and finished products. In addition, the access to the markets of neighbouring countries would be facilitated.

- **Ensuring a favourable economic and financial environment for foreign investments** by creating a well-functioning internal commodity and financial market.

- **Building lasting connections between national companies and foreign companies.** It can be done by including legislative requirements for the use of local components in the production of foreign companies.

- **Ensuring political stability, clear legal and administrative regulations, elimination of corruption**

In order to stimulate investments in all spheres, it is necessary to create conditions for accelerating the realisation of investment projects. It can happen by shortening registration time and easing regulatory regimes in the country.

In order to achieve a higher degree of transparency and flexibility and to reduce the bureaucratic burden that limits private initiative, it is necessary to implement more actively the concept of e-government.

- **Promotion of activities, policies and initiatives of the government**

It is necessary to organise information campaigns that provide information about the government's policy in relation to FDI (subsidies, tax and insurance preferences and conditions for their receipt). The improved access to information will stimulate the investment interest of foreign investors. It can be done through various communication channels – paper guides, through the medium of media and online.

- **Adoption and implementation of policy towards expanding the presence of Bulgarian capital abroad**

Government policy should be aimed not only at stimulating the inflow of FDI, but also at building strategies for the outflow of foreign direct investments, since positive results for the Bulgarian economy can also be obtained through them.

CONCLUSION

In the conclusion of the dissertation, the results of the theoretical and empirical study of foreign direct investment and transnationalization are presented in a synthesized form. The achievement of the set aim and research objectives and the proof of the thesis statement is demonstrated.

Based on the research results, the author confirms her statement that economic development affects the inflow and stock of FDI, and they, in turn, are a precondition for promoting economic growth.

IV. LIST OF THE SCIENTIFIC CONTRIBUTIONS OF THE DISSERTATION PAPER

Based on the results achieved within the research, four main contributing points can be formulated, namely:

1. Theoretical knowledge on transnationalization and the importance of foreign direct investments for economic development has been enriched. The motives for making direct investments have been classified according to the main types of FDI.
2. A comprehensive analysis of the dynamics and structure of FDI in the world and in Bulgaria has been made, and given that, three stages in the investment development of our country have been outlined.
3. The relation between economic growth and net outward investment position was studied, as the investment development path model of J. Danning has been modified, according to the distinguishing characteristics of development in Bulgaria. The positive impact of FDI on economic growth has been proven using econometric models.
4. The main factors, determining foreign direct investment climate are deduced, and their development in Bulgaria is interpreted. On the basis of that guidelines for improving the investment development of our country are formulated.

V. LIST OF PUBLICATIONS ON THE TOPIC OF THE DISSERTATION PAPER

1. *Foreign direct investments in Bulgarian economy,* published in proceedings from the Scientific and Practical Conference "The Economy of Bulgaria - 30 years after the beginning of changes", Tsenov Publishing House, Svishtov, 2020, ISBN: 978-954-23-1815-6.
2. *Foreign direct investments – factor in the development of the new member states of the European Union*, published in a collection of proceedings from the International Scientific and Practical Conference "Modern Challenges to the Financial Science in a Changing Europe", Tsenov Publishing House, Svishtov, 2017, ISBN: 978-954-23-1239-0
3. *Competitive advantages of companies and imperfect competition in microeconomic theories of foreign direct investment*, published in a collection of proceedings from the International Scientific Conference "Economic Welfare through Knowledge Sharing", Tsenov Publishing House, Svishtov, 2016, ISBN: 978-954-23-1185-0.

VI. REFERENCE FOR THE FULFILLMENT OF THE MINIMUM NATIONAL REQUIREMENTS UNDER THE REGULATIONS FOR THE IMPLEMENTATION OF THE ACT ON THE DEVELOPMENT OF THE ACADEMIC STAFF IN THE REPUBLIC OF BULGARIA

Publication	Points
1. Petkova, E., *Foreign direct investments in Bulgarian economy*, published in conference proceedings from the Scientific and Practical Conference "The Economy of Bulgaria - 30 years after the beginning of changes", Tsenov Publishing House, Svishtov, 2020, ISBN: 978-954-23-1815-6.	10 p.
2. Petkova, E., *Foreign direct investments – factor in the development of the new member states of the European Union*, published in conference proceedings from the International Scientific and Practical Conference "Modern Challenges to the Financial Science in a Changing Europe", Tsenov Publishing House, Svishtov, 2017, ISBN: 978-954-23-1239-0	10 p.
3. Petkova, E., *Competitive advantages of companies and imperfect competition in microeconomic theories of foreign direct investment*, published in conference proceedings from the International Scientific Conference "Economic Welfare through Knowledge Sharing", Tsenov Publishing House, Svishtov, 2016, ISBN: 978-954-23-1185-0.	10 p.
Total:	**30 т.**

VII. STATEMENT OF ORIGINALITY

In relation to the procedure for awarding the educational and scientific degree "doctor" in the scientific specialty "Political Economy", I truthfully declare that:

1. The dissertation is authentic and is my own research paper. Texts and visualisations by means of graphs, tables and formulas are of the author.
2. Materials, previously presented and/or published by other authors, are duly cited.
3. Results achieved and contributions formulated in the dissertation paper on the topic "Foreign direct investments – the basis of the transnationalization of the economy" are original and are not borrowed from research works and publications in which the author has no participation.
4. The information presented by the author in the form of copies of documents and publications, personally compiled references, etc. corresponds to objective truth.

27.09.2022 Declarer: ……………….........

Svishtov /Elitsa Petkova/