



## CAT-ference 2019 session proposal

**Title:** Foreign Direct Investment in the Successor States of Yugoslavia: A Comparative Economic Geography 25 Years Later

### **Description:**

Foreign Direct Investment (FDI) represents ownership in a business by an investor from another country for which the foreign investor has control over the company purchased, defined as owning 10% or more of the business (OECD 2008). This session examines comparatively the locational aspects of FDI in the Balkan states and regions of the former Yugoslavia: Bosnia & Herzegovina, Croatia, Kosovo, Macedonia, Montenegro, Serbia, and Slovenia. Each paper presentation will feature one of these geographic entities, paying particular attention to the role of cities in attracting FDI.

The purpose of this session is to advance scholarly knowledge about the location of FDI in the Western Balkan region 25 years after the dissolution of Yugoslavia. FDI in the region has been researched by many scholars, but little systematic research from a spatial perspective has been published comparing the successor states to one another. Moreover, scholarly research in the English language is limited to an assortment of country-specific studies that rely upon a variety of empirical approaches. Further justifying this discussion, John Dunning (2009) famously refers to location as “a neglected factor” in international business scholarship. The papers in this session therefore address FDI broadly guided by Dunning’s framework.

Dunning’s (1980) pioneering “eclectic” approach examines FDI in the context of its national origins (“O”), location (“L”), and internalization (“I”), and is thus known as the “OLI” paradigm. Dunning’s framework has led to a litany of scholarly contributions on the spatial aspects of FDI. Although some have focused expressly on the context of post-Communist states of Central and Eastern Europe (2008), few have included the territory of former Yugoslavia. This session provides an outlet for country-specific discussion of FDI in these states and regions, and invites specific reference to Balkan cities in their countries of interest that have been most successful at attracting FDI.

Dunning’s “O” dimension examines the reasons FDI originates from firms from certain countries. Typically, these explanations including “gravity” variables such as the size of the home economy and its proximity to the host country, measured in geographic or cultural distance. Other mainstream explanations include trade linkages, relative inflation, and the availability of capital in the origin country.

The “L” or Location aspect of Dunning’s framework allows for most of the robust analyses of subnational location-choice considerations. Here, we can pay special attention to urban centers as candidates for foreign firms’ location choices. For example, do specialized

industrial clusters exist in specific cities that have been successful in attracting foreign firms within those industries? Are certain workforce attractive characteristics present at the local level, such as specialized skills, special economic zones, or low wages? Does transportation or ICT infrastructure enable foreign investment in some localities but not in others?

Finally, Dunning's "I" or Internalization dimension examines the reasons firms choose FDI as a mode of entry, as opposed to a more cautious arms-length approach of trade through intermediaries. In the context of this discussion, we ask participants to contribute their insights on the level of ownership (wholly-owned versus joint venture), and the feasibility of FDI as a mode of entry rather than trade.

We look forward to receiving abstracts (300 words maximum) of empirical discussions of FDI based upon Dunning's (1980) framework and focusing upon a single state or region of the former Yugoslavia. Proposals should examine the subnational scale of analysis with emphasis upon cities that host foreign companies. We welcome full paper submissions of approximately 3000 words by August 10th, 2019. We are interested in submissions from scholars in all academic disciplines, based in all regions of the globe.

**Session Organiser:**

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**References:**

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- Dunning, John (2008). Institutional Reform, FDI and the Locational Competitiveness of European Transition Economies, in Dunning, J. and P. Gugler: *Progress in International Business Research Volume 2: Foreign Direct Investment, Location and Competitiveness* (pp. 175–201). Boston: Elsevier.
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