



# Kolegji AAB

FACULTY OF ECONOMICS - MASTER STUDIES

MARKETING AND BUSINESS MANAGEMENT

MASTER THESIS

**FOREIGN DIRECT INVESTMENTS**

**ZINKUNIE**

**DUTCH COMPANY IN KOSOVO BASED IN PRIZREN**

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Pristinë, 2014

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## **ABSTRACT**

Foreign Direct Investment is a new economic concept, and had a rapid increasing development during the time. Driven by technological change, global competition and market liberalization, foreign direct investment can play a key role in the process of global economic integration.

They create effects in the host countries as well as in the investing economies. Effects on host countries are important for the diversity and for the economic, political and social importance that they generate. The benefit of these effects does not come automatically but is affected by the implementation of some specific conditions.

FDI bring the necessary capital, increase the productivity of the economy through the transfer of knowledge and technology, affect the opening of new markets for trade, increase the competitiveness of the economy, reducing the impact on the current account deficit, increase employment and above all affect the welfare of the population.

Increase of foreign investment is a key objective for the economic development of a country and the strategic priorities of governments. Collecting these investments requires policies and strategies well defined continuous improvements in the legal and institutional framework, economic stability and sustainable growth, improvement and modernization of infrastructure and improvement in the climate for the environment of business and investments.



## CONCLUSION

The main and only foreign direct investment is profit, foreign direct investment occurs when a firm invests directly in production or other equipment in a foreign country and has effective control over that investment. Developing countries mostly prefer greenfield investments because these investments build new facilities, open new jobs, bring new technology.

But, investing companies prefer to invest their greenfield investments in developed countries because infrastructure, economic and political situation is much better in these countries than in transitional countries. Also acquisition of new knowledge and skills abroad play an important role in the decision of companies for their presence outside the state borders.

FDI benefits are on employment growth in the country where they invest, technology transfer is estimated to be among the best benefits, employee training, technical assistance and professional skills enhancement.

Foreign Direct Investments in Kosovo are undoubtedly a strong base and of vital importance for economic development and for raising the standard of living. Of course, for an investor, whether domestic or foreign, before investing there are two main requirements, first of all is legal certainty, the rule of law and the safe business environment, without organized crime and corruption, but also favorable fiscal policies. Today local institutions in cooperation with international institutions are making constant efforts to attract as many foreign investors as possible and to create a climate suitable for them. Kosovo has a lot of potential to attract foreign direct investment, energy resources, mineral resources, agriculture and food processing sector, tourism sector, in the good geographic position in the region. Then, the human resources, the young population and the very good working conditions, the fiscal policies applied in Kosovo, are very suitable for business development, but the main obstacle to foreign investors is the non-regular supply with electricity. Foreign Direct Investments are almost the smallest in the region, but we hope that with the final status settlement we will have a huge influence on foreign investors who will not hesitate to invest and find their market in Kosovo.