

Analysis of the Attractiveness of Foreign Direct Investments in Kosovo's Economic Development

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Abstract

This paper studies the effects of FDIs in a FDI Host Country. Various analysis in the paper indicate with great certainty that FDIs are highly preferred, particularly by developing countries, as many of the latter marked significant economic growth as a result of FDI, thus adding to local investments. Analysis of different levels show that developed countries have a higher level of FDI. The main analysis as far as FDI is concerned should be based on the form and the links of FDIs. Such analysis will allow us to better understand how FDIs affect local economies, how FDIs should be addressed by state policy, through various fiscal strategies and policies that states should undertake so that FDIs to fulfill their goal. Based on the econometric analysis, the OLS and VECM models, the growing FDI flows have a positive impact on the country's economic growth, specifically in the case of Kosovo. This research shows that Kosovo's institutions have made efforts to improve the applicable legislation and strengthen law enforcement in order to convey a message of security to foreign investors, of a safe investment environment. The growth of foreign investment would be an important source of economic growth for Kosovo, and their promotion residuals a political priority of the country. Therefore, improving the indexes of political stability, macroeconomic stability, and business and governance climate indicators would have an impact in the optimization of inflows of foreign direct investment in Kosovo.

Keywords: Investments, economy, business, management, variables.

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