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FOREIGN DIRECT INVESTMENT AS A DETERMINANT OF INVESTMENT DEVELOPMENT PATH OF SLOVAKIA ¹

***Abstract:** Slovakia's economy has shown consistent and strong growth, especially since the early 2000s. Foreign investors, attracted by business-friendly government policies, favourable geographical location, and a skilled yet relatively low-cost labour force, have contributed significantly to this Slovakia's economic boom. Indeed, foreign direct investment has been one of the major factors in the growth of the economy, particularly in the automotive and electronic sectors as well as in services. Accordingly, as the economy has been expanding, domestic firms have been investing outside Slovakia, as well, furthering the country's economic development. The authors in the article show the development paths of Slovakia and discuss the stage in which Slovakia is positioned based on investment development path theory.*

***Keywords:** foreign direct investment, investment development path*

JEL: F 21, F 43

1 Introduction

Since the fall of communism in 1989 and its creation as an independent state in 1993, Slovakia has been continuing to develop a modern market economy and integrate into the global economic landscape. In May 2004, Slovakia became a member state of the European Union (EU), further integrating into Europe. As of January 2009, this integration took another major step when Slovakia joined the eurozone and adopted the euro as the country's official currency, becoming the second former Eastern Bloc country to do so, following Slovenia. Slovakia's economy has shown consistent and strong growth, especially since the early 2000s (that was stopped at the end of the decade in 2009 by the consequences of the global

¹ The paper has been written under research project VEGA 01/0668/08 Direct and indirect effects of foreign direct investment in Central and Eastern Europe, VEGA 1/0016/09 Human Resource Management in FDI-Invested Companies in Slovakia: Selected Issues and Spillovers and International Visegrad Fund grant 20910320 The role of outward FDI from Visegrad countries in strengthening regional cooperation.