The role of market seeking, efficiency seeking and recourse seeking determinants of foreign direct investments: the case of OECD Countries

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Keywords
FDIs; MNEs; OECD countries; Advanced Economies;

Abstract
The paper examines the effects of market seeking, efficiency seeking and resource seeking determinants on FDI inflows in OECD countries. We used annual data from 22 OECD countries while the sample period runs from 1980 to 2013. Previous empirical research highlights the significant effect of economic growth on inward FDIs, while other determinants such as population growth, imports, inflation, exports and infrastructure have been included as significant parameters as well. The OLS method with fixed effects which is used in this paper demonstrates significant outcomes considering the effect of the selected variables. For instance, the findings of our study suggest that all resource seeking factors have positive and significant effect on the attraction of inward FDIs while population growth is also found to have positive and significant effect on the dependent variable. On the contrary, GDP growth, imports and inflation are found to have insignificant effect. Future empirical research may focus on countries participating in trade agreements, such as NAFTA, or economic unions, while policy makers should be more skeptical regarding the necessary measures which will promote the attractiveness of the economy to foreign investors.