

The Determinants of Internationalisation – A Panel Gravity Model Approach

John Smith, Diana Evans

ABSTRACT

Objective: The objective of this paper is to evaluate determinants of the general FDI flow to Visegrad countries and the effect of participation in EMU and EU. The objective of this paper is to evaluate determinants of the general FDI flow to Visegrad countries and the effect of participation in EMU and EU.

Research Design & Methods: It was decided to investigate how augmented gravity model of trade allows identifying and evaluating the significance of pull and push factors of FDI. In an empirical analysis of panel data Hausman-Taylor estimator was used because of the time-invariant variables presence.

Findings: While investment decisions regarding the choice of country are determined by the size of the target market, the distance is still a negative factor in creation of FDI volume. Additionally

Implications & Recommendations: It is necessary to develop an “FDI attracting mechanism” using existing resources. Business regulations and taxation policy as well as main macroeconomic variables which are responsible for the economy standing are also examined as attracting the FDI flow.

Contribution & Value Added: The originality of this work lies in studying some aspects of FDI inflow into the group of both similar and different countries in economic... The originality of this work lies in studying some aspects of FDI inflow into the group of both similar and different countries in economic...

Article type: research paper

Keywords: Internationalisation; Visegrad countries (V4); FDI; gravity theory; panel;

JEL codes: C33, F21

Received: 11 February 2014

Revised: 18 March 2014

Accepted: 16 June 2014

Suggested citation:

Smith, J., & Evans, D. (2013). The Determinants of Internationalisation – A Panel Gravity Model Approach. *Entrepreneurial Business and Economics Review*, X(X), XX-XX, DOI: <http://dx.doi.org/10.15678/EBER.201X.0X0XXX>.

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Author(s) [Calibri 9pt, bold]

[For co-authored articles, provide with the detailed contribution of co-authors]

OPTIONALLY: The contribution of co-authors is equal and can be expressed as 50% each of the authors: J. Smith prepared the literature review, while D. Evans prepared the statistical calculations.

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Acknowledgement and Financial Disclosure [Calibri 9pt, bold]

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The article came into being within the project no. entitled '.....' financed by conducted by in the years

[If you want, you may give thanks – this is advised by good practices in scholarly publishing]:

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The authors would like to thank the anonymous referees for their useful comments, which allowed to increase the value of this article.

The authors would like to express their gratitude to prof. Adam Ginger for his valuable comments of the draft version of this paper and his inspiration to further research study.

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