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Mico Apostolov

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The impact of FDI on the performance and entrepreneurship of domestic firms

Mico Apostolov^{1,2} 

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Abstract This paper examines how foreign direct investments influence the performance and entrepreneurship of domestic firms, a crucial question for economies driven by incursion of exogenous factors and especially transition economies. The intent is to investigate the way foreign direct investments shape the capabilities of domestic firms; hence, for this purpose, we take Macedonia, a Southeast European economy, as a case study. We find that (i) foreign ownership has helped restructure and enhance the productivity of domestic firms, (ii) FDI has positive influence in reinforcing the creation of new firms, and (iii) in line with the established literature, a foreign investment is likely to influence the job seeker to get employed rather than start their own business. Overall, the results confirm the influence of foreign firms in assisting entrepreneurial activity. The impact of foreign investment is, in general, positive and tends to influence the restructuring process of domestic enterprises.

Résumé Cet article examine comment les investissements directs étrangers influencent la performance et l'entrepreneuriat des entreprises nationales, question cruciale pour les économies entraînées par l'incursion de facteurs exogènes et surtout des économies en transition. L'objectif est d'enquêter comment les investissements étrangers directs façonnent les capacités des entreprises nationales; par conséquent, on prend la Macédoine, une économie de l'Europe du Sud-est, comme étude de cas. Partant, on trouve que: (i) la propriété étrangère a aidé à restructurer et à améliorer la productivité des entreprises nationales; (ii) l'IED a une influence positive sur le renforcement de la création de nouvelles entreprises, et (iii) conformément à la littérature établie, un investissement étranger est susceptible d'influencer le demandeur d'emploi à s'engager

The author is an alumnus of Scuola Superiore Sant'Anna (Normale di Pisa), Pisa, Italia, an alumnus of University of California, Berkeley - Haas School of Business, CA, USA and ancien du Collège d'Europe, Bruges/Natolin

 Mico Apostolov
mico.apostolov@ugd.edu.mk; mico.apostolov@unito.it; <http://www.micoapostolov.com/>; <http://scholar.ugd.edu.mk/micoapostolov>

¹ Present address: UGD, Krste Misirkov b.b, P.O. Box 201, 2000 Stip, Macedonia

² Dipartimento di Management, Università degli Studi di Torino, Corso Unione Sovietica 218-bis, 10134 Torino, Italy