

Abstract

The thesis analyses the investment development path (IDP) of CEE countries and discusses their movement to its later stages, which is conditioned by increase in outward foreign direct investment (FDI). Providing evidence on data until 2012, it enables to test the impact of global financial crisis on the validity of IDP and the stages reached by particular CEE countries. Moreover, the thesis explores the effect of inward reinvestment of earnings on the ability to move to later stages through the relationship with outward FDI, which has not been tested in the literature yet. The thesis on a cross-sectional basis shows that: a) CEE countries follow IDP; however, when using subsamples, it holds only for more developed ones; b) contrary to literature before crisis, CEE countries did not reach the third stage of IDP, which suggests that crisis could have caused movement back along their IDP; c) reinvestment of earnings positively influences outward FDI. According to the latter, countries with high reinvestment of earnings and inward FDI stock are identified and is concluded that they are likely to enter the third stage of IDP. However, further research is needed as also other determinants are relevant for outward FDI, not only reinvestment of earnings.