

Abstract

The paper studies the influence of the GDP per capita on foreign direct investments (FDI) in transitional economies of Central and Eastern European states. In the literature devoted to the influence of FDI on economies, the research about the determinants of the geographical pattern of FDI distribution usually focuses on the factors that determine why some states manage to draw FDI in higher levels than some other states. However, not many studies deal with the GDP per capita as a determinant why some states (i.e. their economies) are more attractive to the FDI than others. Our research focused on the transitional economies of Central and Eastern Europe. Among the states studied, we have equally studied the EU members from Central and Eastern Europe, as well as the non-EU members. By using two variables, FDI and GDP per capita, this research will determine how much FDI correlate to the standard of living represented through GDP per capita for each state surveyed. Research results will show if FDI and GDP per capita are positively correlated, which represents our research hypothesis no.1 and if that correlation is more significant in non-EU states, which represents our hypothesis no. 2. States surveyed in this research were put into three geopolitical groups: two groups of non-EU states compared to a group of more recent EU states. The methodology is based on the calculation of Pearson's correlation matrix of GDP per capita and FDI for each state and the comparison of median correlation results between the mentioned groups of states. The period surveyed was between 1994 and 2013. We have tried to find similarities and differences between these two groups of states in order to determine the influence of EU membership on the correlation between FDI and GDP per capita.

Keywords: Central and Eastern Europe, correlation, foreign direct investment (FDI), GDP per capita, transitional economies