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Investment attractiveness factors in the opinion of companies from Special Economic Zones in Poland

1. Introduction

International competitiveness and investment attractiveness are two concepts that are intimately associated with a nation. Specifically, a nation's strong international competitiveness is a prerequisite, but not a sufficient one, for the nation to draw in foreign direct investments from businesses. As a result, it is critical to take a nation's investment attractiveness into account when evaluating its competitiveness in relation to other global economies. An investment made by a foreign corporation or another entity founded by a nationally registered firm is referred to as foreign direct investment, or FDI. The United Nations Conference on Trade and Development (UNCTAD) states that foreign direct investment (FDI) may have several advantages for the host nation in addition to the influx of cash, including the transfer of skills and technology. Thus, the influx of FDI boosts the economy's competitiveness and creates more prospects for job creation. Results from theoretical and empirical analyses by Behrman (1972), Findlay (1978), Blomström and Kokko (2003), Alfaro et al. (2004), Blomkvist (2009), and Sabir et al. (2019) corroborate these benefits. One of the things affecting the nation's economic growth is said to be the strategy for drawing in foreign investment. A nation can offer a variety of inducements to attract foreign direct investment (FDI). These might include cyclical considerations (dynamic economic growth), demographic factors (access to an educated workforce), and geographical factors (access to the sales market).

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Furthermore, foreign investors consider institutional factors like the caliber of institutions in the host nation and financial factors like tax burdens when making investment decisions. The amount of taxes owed has an indirect impact on an organization's ability to compete and a direct impact on capital flows from investments. Bellak et al. (2009) demonstrate that the profitability of foreign direct investment (FDI) is adversely impacted by a high corporate income tax rate. Economically developing nations are viewed as desirable locations for foreign direct investment inflows because of their comparative advantage in the form of inexpensive labor, alluring pro-investment policies from their governments, abundant raw materials, and rich mineral resources. However, it makes sense that these nations' governments use high tax rates to ensure sufficient budget revenues given their limited financial resources and the heavy pressure on the budget deficit.

Poor institutional quality is becoming a global issue that affects many facets of the economy, not just in developing nations as a whole, but also in individual countries. Corruption is a result of low-quality institutions. In theory, corruption can be viewed as a "grabbing hand" since it makes transactions riskier and prevents foreign direct investment (FDI). But in nations where institutions are still inefficient and bureaucratic, corruption can be helpful because it "lubricates" the flywheel. As a result, businesses can obtain crucial information and benefits for a minimal financial investment, resulting in increased profits (Heckelman, Powell 2010).

Tax competition between nations attempting to draw in foreign direct investment is becoming a global issue in today's economy. Investors frequently contrast the tax burdens of nations with comparable markets in terms of size and location. Tax rate reductions in these nations are seen as inevitable, even as international tax competition tends to rise. Nevertheless, there is no hard proof that this tax cut will encourage foreign direct investment to flow into developing nations. Tax revenue reductions will lead to lower infrastructure investment, which will decrease public goods and services delivery and cause problems with public money distribution. It is unclear, therefore, if these nations are still the best places for foreign investors to invest.

Moreover, one of the primary obstacles to economic development and progress may be low-quality institutions that breed corruption. Specifically, data from the World Bank and Transparency International indicates that in certain developing nations, the corruption issue has grown more intricate and pervasive. Numerous international empirical studies have demonstrated that corruption and poor institutional quality tend to impede economic growth by decreasing the effectiveness of public investment and limiting private investment (Gupta et al. 2002; Knack, Keefer 1995; Mauro 1995; Tanzi, Davoodi 2001).

Ehrlich and Lui (1999), however, contend that corruption has a wide range of negative effects that have a big impact on the economy. Growth in the economy is severely constrained by corruption in many South American and African nations. Nonetheless, in many nations with notable regional disparities, such as China and India, widespread corruption does not seem to be impeding growth. Both the percentage of corporate foreign direct investment (FDI) in economic growth and the overall amount of capital flows in developing nations have increased dramatically in recent years.

2. Literature review

The amount of taxation in the host nation is one of the variables that determines the amount of foreign direct investment that enters a nation. Most empirical studies indicate that countries with high tax rates will not be as attractive to FDI inflows as those with low tax rates, although the exact type of tax has a significant influence on the impact on FDI inflows. But Hartman (1984) was the first to draw the conclusion that not all FDI inflows are equally tax sensitive. This indicates that the tax burden of the host nation does not apply to FDI investors in certain sectors.

Using a meta-analysis approach, de Mooij and Ederveen (2003) demonstrated that FDI has a tax elasticity of -3.3 , meaning that a 1% reduction in the tax rate in the host country will, on average, result in a 3.3% increase in FDI inflows to that nation. In the meantime, Bellak et al. (2009) carried out a comparable analysis, and their findings indicated that this elasticity is less than -1.45 . In addition, Stöwhase (2005) examined how FDI was affected by tax rates. He came to the conclusion that the region in which FDI flows considerably influences this sensitivity. Consequently, when compared to the average reported in earlier studies, this study finds that the FDI tax elasticity is either overestimated or underestimated. The study also implies that inaccurate conclusions from earlier research may have resulted from challenges with data access, measurement, and estimation techniques.

Another institutional component thought to influence the amount of foreign direct investment that enters the nation is corruption. The World Bank defines corruption as the misuse of official authority for one's own benefit. It is widely thought that corruption has a detrimental effect on FDI inflows. Nevertheless, there isn't much of a connection between FDI flows and corruption. Wheeler and Mody (1992) examined how corruption affected foreign direct investment (FDI) in the context of low-quality national institutions. This characteristic shows up as onerous administrative processes, an overabundance of bureaucracy, and an opaque legal system. The effects of corruption on foreign direct investment are not statistically significant, according to the study. To put it another way, weak

institutions in developing nations do not prevent corruption from impeding FDI inflows. Wei (2000), however, drew attention to the fact that Wheeler and Mody's (1992) study had certain shortcomings and influenced the research findings. Wheeler and Mody (1992) included twelve variables in the model analysis; Wei (2000) reports that they included only one corruption variable. As a result, it is difficult to determine how corruption affected FDI in this particular instance.

Wei (2000) mined data from 45 different nations, with the Tobit method used to estimate the model. The study's findings demonstrated that corruption has a detrimental impact on FDI flows. Abed and Davoodi (2002) examined the relationship between per capita FDI flows in transition economies and levels of corruption using panel and cross-sectional data. The findings demonstrate that nations with low levels of corruption draw more foreign direct investment (FDI). But when an institutional reform control variable was added to the model, the corruption variable lost its significance. Thus, this study clarifies the crucial finding that, in order to draw foreign direct investment (FDI) inflows to different nations, institutional reform is more crucial than lowering the level of corruption.

In a 2002 study, Habib and Zurawicki examined the effects of corruption on bilateral FDI flows by examining 89 countries that received direct investments and seven countries that provided financing. In this instance, the theory that FDI inflow will be less if corruption in the host nation is higher than in the home country was tested. Thus, the explanatory variable in the empirical model is the variation in the degree of corruption between the countries that make investments and the countries that receive them. Since FDI inflows are thought to be associated with unethical activity, it has been argued that they tend to avoid corruption. Furthermore, Voyer and Beamish (2004) employed solitary data for both the source nation, Japan, and the 59 developing nations that received these investments. The study's authors discovered evidence linking Japanese foreign direct investment inflows to host nation corruption.

In his investigation into foreign direct investment in Africa, Asiedu (2002) looked at the primary variables influencing FDI inflow to the continent. The findings demonstrate that FDI flow is negatively impacted by both political unrest and corruption. Foreign investors are more concerned with economic freedom than political freedom when it comes to making decisions about capital flows, as noted by Mathur and Singh (2013). The essay looks at what influences foreign direct investment inflows to 29 developing nations. The choice of destination made by investors is significantly impacted by corruption, according to empirical findings. FDI inflows to developing nations in particular are very dependent on one another. The influx of foreign direct investment into these nations is adversely impacted by the high level of corruption. According to some research, corruption has no detrimental effect on foreign direct investment. This is predicated on the idea that

corruption may occasionally serve as a helpful hand in cases where other facets of governance are deficient or when economic policies are thought to be ineffectual (Leff 1964). Corrupt practices can sometimes be advantageous to investors as they allow them to get past obstacles and take advantage of host nation incentives.

Over the years 1995–1999, Egger and Winner (2006) evaluated the correlation between FDI inflows and corruption in 73 developed and developing nations. According to empirical findings, corruption can encourage foreign direct investment (FDI) inflows by assisting entrepreneurs in evading onerous regulations and administrative processes. They maintained that by empowering entrepreneurs to rectify or do away with government mistakes, corruption could increase efficiency. Additionally, Lui (1985) demonstrated through the use of a queuing model how corruption can shield businesses from the negative effects of ineffectual policies. The findings indicated that bribing officials can create an incentive to expedite the administrative process.

According to Bayley (1966), corruption can help businesses find appropriate and constructive solutions by enhancing institutional quality and assisting them in avoiding governmental policies that impede their operations. The macroeconomic environment may also play a big role in influencing how much foreign direct investment enters the nation. Behrman (1972) carried out one of the first notable studies on the influence of these factors on FDI flows. A study of seventy-two American companies with a significant presence overseas revealed that foreign direct investment (FDI) fosters growth not just in capital but also in managerial and technical skills.

Findlay (1978) demonstrated through the use of the dynamic model that the diffusion of technology accelerates technological advancement in a comparatively “less developed” area, which in turn makes the region more appealing to foreign direct investment (FDI). These earlier results imply that FDI is drawn to nations experiencing rapid development. FDI inflows and economic growth, however, may not always be correlated and may differ for developed and developing nations.

Two major categories of factors, according to Nunnenkamp (2002) and Blonigen (2005), affect the FDI inflow. Efficiency and the market (conventional factors) are key. The population, tax burden, rate of economic growth, and other factors are market factors. In turn, the level and dynamics of operating expenses for businesses in the nation – such as taxes, salaries, employee non-wage costs, etc. – have an impact on the FDI inflow. These days, the analysis of the change in emphasis between the two sets of factors previously mentioned is central to the literature on the determinants of FDI inflow.

Mottaleb and Kalirajan (2010) and Kumari and Sharma (2017) examined the effect of the host nation’s market size on foreign direct investment flows in a recent publication. Although the results are not definitive, these studies offer

evidence regarding the macroeconomic factors influencing foreign direct investment inflows in both developed and developing nations. According to studies on the influence of efficiency on FDI flows, a key factor influencing FDI inflow to the nation is the degree of human capital development and associated expenses. The country's ability to attract foreign direct investments is positively impacted by lower labor costs, as noted by Noorbakhsh et al. (2001) and Braconier et al. (2005). One of the factors that drives FDI flows is human capital.

3. Research methods and results

While recognizing the importance of the discussed approaches, it is worth noting that they typically overlook the question of whether the indicators included in the analysis align with market requirements and the interests of the business community representatives. Meanwhile, it is the correctly selected factors that largely determine the quality, and, consequently, the relevance of each specific methodology. It should also be noted that comprehensive studies on the opinions of potential investors regarding which factors most significantly influence their decisions in planning foreign capital investments and, consequently, shape the investment climate, are lacking in economic literature. Therefore, this article can fill an existing gap in this area and serve as the foundation for the development of a new methodology that aligns with market demands. After a thorough examination of various methodologies for assessing the investment climate and approaches to their comparative analysis, we identified the need to survey potential investors to understand their opinions on the aforementioned issues.

In order to assess a set of determinants that exert the most significant influence on a country's investment climate was developed a questionnaire consisting of 25 questions of various orientations. These questions were designed to assess the opinions of potential investors regarding the degree of influence of various factors on their decision on capital allocation and the investment climate of a country. The survey was conducted among 506 enterprises and 14 management bodies of Special Economic Zones in Poland from June 10 to July 20, 2023.

The data from the Table 1 present the distribution of the number of employees employed in the surveyed companies. Companies with the smallest number of employees (from 1 to 9) accounted for 7.71% of the surveyed enterprises. Companies employing 10 to 49 employees accounted for a slightly smaller percentage, at 7.31%. A much larger group consisted of companies with the number of employees ranging from 50 to 249, which constituted 20.36% of the surveyed sample. However, the largest percentage of surveyed companies (64.62%) were companies employing over 250 employees.

Table 1
Number of employees in the companies

Number of employees	Frequencies	Percent	Percentage valid	Cumulative percentage
1-9	39	7.71	7.71	7.71
10-49	37	7.31	7.31	15.02
50-249	103	20.36	20.36	35.38
Over 250	327	64.62	64.62	100.00
All	506	100.00	-	-

The companies surveyed came from the United States, Sweden, and Germany. The data presented in the Table 2 shows that 181 companies, representing 35.77% of all surveyed enterprises, have branches abroad and have experience in foreign direct investment. However, the majority, 325 companies (64.23% of all respondents), do not have branches abroad. These data suggest that although a significant number of Polish companies have expanded their operations outside the country, the majority are still focused on the domestic market.

Table 2
Branches of companies abroad

Answers	Frequencies	Percent	Percentage valid	Cumulative percentage
Yes	181	35.77	35.77	35.77
No	325	64.23	64.23	100.00
All	506	100.00	-	-

The research conducted showed that among the surveyed companies, those that declared having foreign branches were located in Germany, Italy, Great Britain, Spain, Scandinavian countries, Bosnia and Herzegovina, Macedonia, Croatia, Romania, Ukraine, the Czech Republic, Slovakia, Bulgaria, United Arab Emirates (UAE), USA, Sweden and Greece.

The research shows that the vast majority of respondents (93.48%) believe that it is worth using the services of specialized rating agencies to obtain information about the country of planned investments. Only a small percentage of companies (6.52%) disagreed with this statement. This data suggests that companies value the professionalism and specialist knowledge that rating agencies can offer when planning their foreign investments (Tab. 3).

Table 3
Services of specialized rating agencies

Answers	Frequencies	Percent	Percentage valid	Cumulative percentage
Yes	473	93.48	93.48	93.48
No	33	6.52	6.52	100.00
All	506	100.00	-	-

The data in the Table 4 shows that the majority of respondents see the benefits of using rating agencies. The most popular reason, known by 91% of respondents, is that rating agencies offer a broader assessment of the risk and prospects for planned investments. Additionally, 40% of respondents believe that it is worth using rating agencies because they have access to difficult-to-access information that may be crucial for making business decisions. Moreover, 24% of respondents emphasized the possibility of obtaining high-quality expertise at a relatively low cost as an important reason for using the services of rating agencies. Finally, 23% of respondents stated that they use CRAs for other reasons not mentioned in the study.

Table 4
Reasons for using rating agencies

This provides a broader assessment of risks and prospects [%]	Specialized agencies have access to information that is difficult to access [%]	Possibility of obtaining high-quality expertise at a relatively low cost [%]	From a different [%]
91	40	24	23

Analysis of the responses of respondents who do not use the services of rating agencies revealed various reasons for this decision. The most common reason, indicated by 36% of respondents, was the high cost of obtaining the necessary data. Respondents may have felt that the costs of CRA services outweighed the potential benefits. 14% of respondents indicated that the information provided by rating agencies is incomplete. This could mean that agencies are not providing all the information that companies consider necessary to make investment decisions. 10% of respondents indicated other reasons for not using the services of rating agencies that were not specified in the study. Finally, 8% of respondents said their companies prefer to conduct their own analysis rather than relying on information provided by rating agencies (Tab. 5).

Table 5
Reasons for not using rating agencies

High cost of obtaining the necessary data [%]	Incomplete information [%]	Other [%]	Our company prefers its own analysis [%]
36	14	10	8

The results of analysis presented in the Table 6 indicate that the vast majority of companies did not use the services of specialized agencies or external experts to assess the investment attractiveness of the country (region) of planned investments. Only 2.57% of respondents indicated that their company used such services. In turn, as many as 97.43% of companies responded not to use such services.

Table 6
The use of services offered by specialized agencies

Answers	Frequencies	Percent	Percentage valid	Cumulative percentage
Yes	13	2.57	2.57	2.57
No	493	97.43	97.43	100.00
All	506	100.00	-	-

The analysis of the answers to the open question shows that the average assessment of companies' experience in using the services of specialized agencies or external experts is 6.6 points for 10 points. This result suggests that these companies have generally had a positive experience in this regard. However, it should be noted that the analysis is based on nine responses, which means that the sample is quite small and may not reflect the experiences of all companies.

Moreover, the data shown in the Table 7 suggests that 8.10% of companies consider hiring specialized rating agencies or external experts to obtain the necessary information about the host country (region) when they plan to make foreign direct investments. In turn, the vast majority of companies, as many as 91.90%, do not consider this option. These results suggest that companies often decide to obtain the necessary information on their own or use other methods to assess investment attractiveness.

Table 7
Hiring specialized rating agencies

Answers	Frequencies	Percent	Percentage valid	Cumulative percentage
Yes	41	8.10	8.18	8.18
No	460	91.90	91.82	100.00
All	506	100.00	-	-

3.1. Financial and economic factors

The analysis of the survey results presented in the Table 8 shows that the most important financial and economic factors when planning foreign direct investments for companies are: the level of taxation and non-tax burdens (71%) and the situation on the labor market (66%). GDP/GNP, including per capita, is a decisive factor for 34% of companies. The availability of loans (short, medium, and long-term) is important for 22% of respondents, and inflation for 18%. In turn, 11% of companies indicated "other" factors not mentioned in the survey. These results indicate that the priority for most companies is a favourable tax situation and a stable labor market in the target country.

Table 8
Determining financial and economic factors when making foreign direct investments

Level of taxation and non-tax burdens [%]	The situation on the labor market [%]	GDP/GNP (including per capita) [%]	Availability of loans (short, medium and long-term) [%]	Inflation [%]	Other [%]
71	66	34	22	18	11

3.2. Political factors

The survey results show that the most important political factors for companies planning foreign direct investments are political stability (90%) and favorable government policy towards business (80%). The level of corruption is important for 31% of respondents, and the availability, credibility and transparency of

information for 26%. About 19% of companies pay attention to government intervention in the economy, and 7% chose “other” factors not included in the survey (Tab. 9). Therefore, for most companies, the key factors are stable and pro-business political conditions in the country where they plan to invest.

Table 9
Determining political factors when making foreign direct investments

Political stability [%]	Favorable government policy towards business [%]	Level of corruption [%]	Availability, reliability and transparency of information [%]	Government intervention in the economy [%]	Other
90	80	31	26	19	7

3.3. Legal factors

The study shows that companies attach great importance to legal factors when planning foreign direct investments. The most important factor is the independence of the judiciary, which was indicated by 77% of respondents. Next, 74% of companies pay attention to possible discriminatory measures and control of foreign capital in relation to domestic capital. The effectiveness of the legal environment is important for 67% of respondents. Protection of property rights is a decisive factor for 44% of companies. About 30% companies indicated other legal factors not included in the survey, and 16% of companies take into account the repatriation of capital, i.e. the possibility of withdrawing invested funds, paying particular attention to the threat of nationalization (Tab. 10). These results show that for most companies, a stable and effective legal environment in the target country is crucial.

Table 10
Determining legal factors when making foreign direct investments

Independence of the judiciary [%]	Discriminatory measures and control of foreign capital in relation to domestic capital [%]	Effectiveness of the legal environment [%]	Protection of property rights [%]	Other [%]	Repatriation of capital (threat of nationalization) [%]
77	74	67	44	30	16

3.4. Socio-demographic factors

When planning foreign direct investments, companies take into account various sociodemographic factors. According to research presented in the Table 11, 53% of respondents believe that the unemployment rate is an important factor determining investment. The development of social infrastructure, including services, education, medicine, etc., is taken into account by 48% of companies. The level of education of the population and the quality of human capital are decisive factors for 45% of respondents. The crime rate is important for 40% of companies, and the availability and structure of the working-age workforce – for 31%. Only 10% of companies indicated “other” sociodemographic factors not included in the survey as decisive when planning a foreign investment.

Table 11

Determining socio-demographic factors when making foreign direct investments

Unemployment rate [%]	Development of social infrastructure (services, education, medicine, etc.) [%]	The level of education of the population and the quality of human capital [%]	Crime rate [%]	Availability and structure of the working-age labor force [%]	Other [%]
53	48	45	40	31	10

3.5. Infrastructure factors

The results presented in the Table 12 show the decisive infrastructure factors when making foreign direct investments. Own research has shown that 81% of respondents consider the general development of infrastructure to be a key factor influencing such investments. In turn, 79% of respondents consider the development of telecommunications infrastructure to be important.

Next, the development of transport infrastructure (e.g. car, railway, air) is a key factor for 67% of respondents. The simplicity and cost of connecting to the power grid is of great importance to 37% of respondents, while the development of investment infrastructure (e.g. Special Economic Zones, Technoparks) was mentioned by 16% of respondents.

It is worth noting that there is also another, unspecified infrastructure factor, which also received 16% support from respondents. These results show that developed infrastructure, both in general and in a specific field, is a key factor in attracting foreign direct investment.

Table 12

Determining infrastructure factors when making foreign direct investments

General infrastructure development [%]	Development of telecommunications infrastructure [%]	Development of transport infrastructure (car, railway, air, etc.) [%]	Simplicity and cost of connecting to the power grid [%]	Development of investment infrastructure (SEZ, Technoparks, etc.) [%]	Other [%]
81	79	67	37	16	16

3.6. Technological factors

The results presented in the Table 13 show the decisive technological factors when making foreign direct investments. The authors' research has shown that corporate research and development is of key importance to 76% of respondents, which means that the ability to conduct own research and innovative activities is an important factor influencing decisions to invest abroad.

Access to technical knowledge was indicated as an important factor for 72% of respondents. This means that the ability to use existing technical knowledge and technology is an important advantage when making investments.

The level of innovation development is also a key factor for 47% of respondents, which means that a country's attractiveness as an investment destination is linked to its ability to innovate.

Research and development costs are also an important factor for 19% of respondents. This is understandable because lower research and development costs can attract investors.

Table 13

Determining technological factors when making foreign direct investments

Corporate research and development (access to technical knowledge) [%]	Level of innovation development [%]	Research and development costs [%]	Other [%]	Availability of mobile communication and Internet [%]	Number of patent applications (innovative activities) [%]
76	72	47	19	16	11

The availability of mobile communications and the Internet was mentioned by 16% of respondents, which indicates the importance of good telecommunications infrastructure for business.

The number of patent applications (innovative activity) was mentioned by 11% of respondents, which suggests that an innovative approach to business is a factor that attracts investors.

Overall, the results indicate that aspects related to research, innovation, technical knowledge and costs have a significant impact on foreign direct investment decision-making.

3.7. Natural and geographical factors

The results presented in the Table 14 show the decisive natural and geographical factors when making foreign direct investments. Our own research has shown that geographical location plays a key role, being the most important factor for as many as 90% of respondents. This means that the country's location and its accessibility to various markets and regions is the main advantage that attracts investors. The supply of minerals and other natural resources is also of great importance, indicated by 52% of respondents. Owning natural resources can be attractive to companies that engage in mining activities and resource-based industries. The level of raw material independence was mentioned by 42% of respondents, which indicates the importance of a country that has its own resources and does not have to rely on imports of raw materials. Climate affects 42% of respondents, which may mean that favorable climatic conditions may be beneficial for specific industries or economic sectors.

The level of environmental pollution such as water, air and soil is an important factor for 31% of respondents. Countries with lower levels of pollution may be seen as more attractive to investors concerned about social and environmental responsibility. There is also another, unspecified natural or geographical factor, which was mentioned by 6% of respondents.

In summary, the results indicate that geographical location, natural resources, resource independence and the state of the environment have a key impact on decisions about foreign direct investment.

Table 14

Determining natural and geographical factors when making foreign direct investments

Geographic location [%]	Resource of minerals and other natural resources [%]	Level of raw material independence [%]	Climate [%]	Environmental pollution level (water, air, soil, etc.) [%]	Other [%]
90	52	42	42	31	6

The most important factors in assessing the investment climate of the country receiving investments indicated by respondents are the country's innovation, country's GDP value, market demand for a products or services, the level of the country's overall economic development and the competitiveness of the sector, pollution level and caring for clean air, good communication infrastructure and the ability to handle matters in English, simplification of bureaucracy and transparency of regulations as well as the condition of the natural environment in investment areas.

The study shows that 85.38% of respondents know that there are various methods of assessing the investment climate (attractiveness) of countries or regions. However, 14.62% of respondents answered negatively, i.e. they do not know about the existence of such methods (Tab. 15).

Table 15
Methods of assessing the investment climate

Answers	Frequencies	Percent	Percentage valid	Cumulative percentage
Yes	432	85.38	85.38	85.38
No	74	14.62	14.62	100.00
All	506	100.00	-	-

These results suggest that most respondents are aware of the existence of various tools and techniques for assessing the investment climate that can be used to analyze the attractiveness of investments in different places around the world. This may mean that these respondents have more extensive knowledge of markets and investment decision-making. However, a smaller group of people who lack this awareness may need more support or information in assessing potential investment locations (Tab. 16).

Table 16
Respondents' knowledge about the existence of various methods for assessing the investment climate (attractiveness) of countries (regions)

Number of employees	Data	Yes	No	All
1-9	Numbers	34.00	5.00	39.00
	%	87.18	12.82	100.00

Table 16 cont.

Number of employees	Data	Yes	No	All
10-49	Numbers	27.00	10.00	37.00
	%	72.97	27.03	100.00
50-249	Numbers	82.00	21.00	103.00
	%	79.61	20.39	100.00
Over 250	Numbers	289.00	38.00	327.00
	%	88.38	11.62	100.00
All	Numbers	432.00	74.00	506.00
	%	85.38	14.62	100.00

Chi-squared test result = 9.76; $p = 0.02$ indicate that there is a statistically significant relationship between the size of the company and the respondents' knowledge about the existence of various methods of assessing the investment climate (attractiveness) of countries (regions). Larger and micro companies had this knowledge to a greater extent than small and medium-sized companies. However, the strength of the relationship was not very high: Cramér's $V = 0.14$.

3.8. Knowledge of various approaches to assessing the investment climate (attractiveness)

The study presented in the Table 17 took into account various methods of assessing the investment climate used by respondents. The most popular method is the "Country Attractiveness Index", preferred by 38% of respondents, which is an indicator comparing different countries in terms of attractiveness for investment. Second in line is the approach based on "Venture Capital and Private Equity", chosen by 32% of respondents, which often provides information on potentially attractive places to invest. The methodology developed by Harvard Business School is popular and was indicated by 31% of respondents. The "BERI Index", used to assess political and economic risk, received 13% preference. Forbes magazine's methodology is chosen by 12% of respondents.

Other methods, such as "Methodology of the International Financial Corporation", "Methodology of Euromoney Magazine", "Methodology of RSP and KPMG", "Methodology of the Bank of Austria (Regional Risk Assessment in

Russia)" and "Methodology of RAEX-Analytics", scored lower preference numbers of between 10% and 5% of respondents.

The results indicate a diversity of preferred methods for assessing the investment climate, which may result from the diversity of needs and specifications of the respondents. The choice of specific methods may depend on data availability, investment goals, type of industry and risks associated with specific investment destinations. This study may be a valuable indication for investors and enterprises who make decisions about foreign investments and need reliable tools to assess the attractiveness of a given country or region.

Table 17
Approaches to assessing the investment climate

Venture Capital and Private Equity country attractiveness index [%]	Harvard Business School methodology [%]	BERI Index [%]	Forbes magazine methodology [%]	Business Enabling Environment (BEE) of the World Bank Group [%]
38	32	31	13	12
Methodology of the International Financial Corporation [%]	Euromoney magazine methodology [%]	RSPP and KPMG methodology [%]	Bank of Austria methodology ("Regional risk assessment in Russia") [%]	Methodology of the company "RAEX-Analytics" [%]
10	7	7	5	0

The study shows that 38.54% of respondents indicated that their company uses investment attractiveness assessment methodologies when planning investment activities. However, 61.46% of respondents responded negatively, i.e. their company does not use such methods (Tab. 18).

These results show that the use of investment attractiveness assessment methodologies in companies is not common and the vast majority of respondents indicated that their company does not use such tools. It is possible that these companies base their investment decisions on other criteria or do not consider such analysis to be crucial in undertaking investment activities. However, for those companies that use investment attractiveness assessment methodologies, this analysis may be an important tool supporting decision-making processes and allowing for a more precise assessment of the risk and potential associated with given investments.

Table 18
Application of the investment attractiveness assessment methodology

Answers	Frequencies	Percent	Percentage valid	Cumulative percentage
Yes	195	38.54	38.54	38.54
No	311	61.46	61.46	100.00
All	506	100.00	-	-

The study presented in the Table 19 concerned respondents' preferences and the importance of various criteria when choosing a methodology for examining the investment attractiveness of the host country. The results indicate that the diversity of methods used and the availability of information are important factors for most respondents, obtaining high average values (8.66 and 7.49, respectively). Access to a wide range of information and international recognition of the methodology are also valued, with average values of 7.49 and 7.47.

The simplicity of the algorithm was considered less important, with an average value of 5.21, suggesting that it is not a key factor in the choice of methodology. Evidence of the effectiveness of the methodology was also important to respondents, with an average value of 7.94. This means that respondents want to prove that the selected methodology is reliable and effective.

The conclusions from this study may be valuable for companies and investors who make decisions about foreign investments and need tools to assess the attractiveness of potential investment locations. Preferred criteria may vary depending on the individual needs and specifications of respondents, therefore the choice of the appropriate methodology should be well thought out, taking into account the purpose and nature of the investment.

Table 19
Criteria of the methodology (approach)
for examining the investment attractiveness (climate) of the host country

Determinants	Important	Mean	Standard deviation	Minimum	Maximum
Information coverage	506	7.49	2.26	1.00	10.00
Simplicity of the algorithm	506	5.21	3.31	1.00	10.00

Table 19 cont.

Determinants	Important	Mean	Standard deviation	Minimum	Maximum
Availability of information	506	7.49	2/13	3.00	10.00
International recognition of the methodology	506	7.47	2.53	1.00	10.00
Variety of methods used	506	8.66	1.83	3.00	10.00
Proof of effectiveness of the methodology	506	7/94	2.16	4.00	10.00

The Table 20 presents the results of the Pearson correlation analysis between various criteria of the methodology for assessing the investment attractiveness of the host country. Information coverage and algorithm simplicity have a slight positive correlation ($r = 0.08, p = 0.09$). This means that the greater the information coverage, the simpler the algorithm is, but this relationship is not strong and is not statistically significant ($p > 0.05$).

The scope of information has a small negative correlation with the availability of information ($r = -0.13, p = 0.00312$) and the variety of methods used ($r = -0.13, p = 0.00309$). This suggests that the greater the information coverage, the less information availability and the less variety of methods used, but these relationships are weak. Information coverage has a small positive correlation with international recognition of the methodology ($r = 0.09, p = 0.05$) and evidence of effectiveness ($r = 0.16, p < 0.001$). This means that the greater the coverage, the greater the international recognition of the methodology and the evidence of effectiveness, but these relationships are weak.

The simplicity of the algorithm has a slight positive correlation with the availability of information ($r = 0.14, p = 0.00189$), but there is no significant correlation with the diversity of methods used ($r = -0.00377, p = 0.93$), international recognition of the methodology ($r = -0.03, p = 0.54$) and evidence of effectiveness ($r = 0.03, p = 0.53$).

Availability of information has a small positive correlation with the diversity of methods used ($r = 0.10, p = 0.03$), but a small negative correlation with international recognition of the methodology ($r = -0.09, p = 0.04$) and no significant correlation with evidence of effectiveness ($r = -0.04, p = 0.35$). The variety of methods used has a small positive correlation with evidence of effectiveness

($r = 0.12, p = 0.00773$), but no significant correlation with international recognition of the methodology ($r = -0.05, p = 0.25$). International recognition of the methodology has no significant correlation with evidence of effectiveness ($r = -0.07, p = 0.09$). All of these results should be interpreted taking into account the fact that correlations are general measures of the relationship between variables and do not indicate causal relationships.

Table 20

Pearson r correlations for variables: criteria of the methodology (approach) for examining the investment attractiveness (climate) of the host country

Determinant 1	Determinant 2	r	p
Information coverage	Simplicity of the algorithm	0.08	0.09
Information coverage	Availability of information	-0.13	$3.12 \cdot 10^{-3}$
Information coverage	Variety of methods used	-0.13	$3.09 \cdot 10^{-3}$
Information coverage	International recognition of the methodology	0.09	0.05
Information coverage	Proof of effectiveness of the methodology	0.16	< .001
Simplicity of the algorithm	Availability of information	0.14	$1.89 \cdot 10^{-3}$
Simplicity of the algorithm	Variety of methods used	$-3.77 \cdot 10^{-3}$	0.93
Simplicity of the algorithm	International recognition of the methodology	-0.03	0.54
Simplicity of the algorithm	Proof of effectiveness of the methodology	0.03	0.53
Availability of information	Variety of methods used	0.10	0.03
Availability of information	International recognition of the methodology	-0.09	0.04
Availability of information	Proof of effectiveness of the methodology	-0.04	0.35
Variety of methods used	International recognition of the methodology	-0.05	0.25
Variety of methods used	Proof of effectiveness of the methodology	0.12	$7.73 \cdot 10^{-3}$
International recognition of the methodology	Proof of effectiveness of the methodology	-0.07	0.09

The study shows that only 16.21% of respondents believe that it is possible to fully assess the investment climate of a country (region) solely on the basis of expert opinions. However, the vast majority, 83.79% of respondents, answered negatively that a full assessment of the investment climate is not possible only on the basis of expert opinions (Tab. 21).

These results suggest that most respondents recognize that assessing the investment climate of a country or region requires taking into account a broader range of factors than just expert opinions. There is a belief that a full assessment should be based on a variety of information sources, such as macroeconomic data, market analyses, economic indicators, statistics, support from financial and research institutions, as well as consultations with local entrepreneurs and experts.

A complete assessment of the investment climate is a complex task that requires a holistic approach and the consideration of many factors, not just one source of information. Respondents' responses suggest that investment researchers and entrepreneurs recognize the need to collect and analyze a wide range of data and perspectives to make well-informed investment decisions.

Table 21
Full assessment of the investment climate

Answers	Frequencies	Percent	Percentage valid	Cumulative percentage
Yes	82	16.21	16.21	16.21
No	424	83.79	83.79	100.00
All	506	100.00	-	-

The study shows that a qualitative methodology for assessing the investment climate should be based on a variety of analytical tools to provide a more complete and objective picture of the attractiveness of a given country or region for investment. The most frequently mentioned tool is relying on expert assessments, which are valued by 94% of respondents for their knowledge and experience in the field of investments. Statistical analysis of the dynamics of quantitative indicators was indicated as a key tool by 80% of respondents, which highlights the importance of numerical data and economic measures in assessing potential investments. Specialized stakeholder questionnaires were selected by 56% of respondents, suggesting that the views of various stakeholder groups, such as entrepreneurs, investors and government representatives, are also crucial in the analysis of investment attractiveness (Tab. 22).

Overall, the survey results show that a qualitative assessment of the investment climate requires a holistic approach and taking into account various sources of information. The use of expert assessments, statistical data, and stakeholder opinions allows for a better understanding of the investment context, risk and return potential. This study has important implications for businesses and investors who are looking for reliable tools to assess the attractiveness of potential investment locations and make well-informed investment decisions.

Table 22

What tools should the qualitative methodology for assessing the investment climate be based on?

Expert ratings [%]	Statistical analysis of the dynamics of quantitative indicators [%]	Specialized stakeholder questionnaires [%]	Other [%]
94	80	56	16

4. A survey conducted among the management boards of Special Economic Zones

In a survey conducted among members of the management boards of special economic zones in Poland regarding the use of the services of specialized rating agencies, 85.71% of respondents believe that it is worth using these services to obtain information about the country of planned investments. However, 14.29% of respondents expressed the opposite opinion. These results indicate that rating agencies are perceived as a valuable source of information for most decision-makers in special economic zones in Poland (Tab. 23).

Table 23

Services of specialized rating agencies

Answers	Frequencies	Percent	Percentage valid	Cumulative percentage
Yes	12	85.71	85.71	85.71
No	2	14.29	14.29	100.00
All	14	100.00	-	-

In a survey conducted among members of the management boards of special economic zones in Poland regarding the use of the services of specialized agencies or external experts to assess the investment attractiveness of a country or region, all SEZs (100%) replied that they had not used such services in the past (Tab. 24).

Table 24
Services of specialized agencies

Answers	Frequencies	Percent	Percentage valid	Cumulative percentage
No	14	100.00	100.00	100.00
All	14	100.00	-	-

In response to a question addressed to members of the management boards of special economic zones in Poland regarding planning foreign direct investments and possible hiring of specialized rating agencies or external experts, the majority of SEZs (92.86%) declared that they were not considering such a step. Only one SEZ (7.14%) expressed interest in such support (Tab. 25).

Table 25
Hiring specialized rating agencies

Answers	Frequencies	Percent	Percentage valid	Cumulative percentage
Yes	1	7/14	7/14	7/14
No	13	92.86	92.86	100.00
All	14	100.00	-	-

4.1. Financial and economic factors

According to a survey conducted among members of the management boards of special economic zones in Poland, the most important financial and economic factors when planning foreign direct investments are the situation on the labor market (78.57% of respondents consider it decisive) and GDP/GNP (including per capita) and the level taxation and non-tax burdens, which were indicated by 64.29% of respondents each. Inflation was important to 28.57% of respondents and credit availability to 14.29%. Only 7.14% indicated another decisive factor (Tab. 26).

Table 26

Determining financial and economic factors when making foreign direct investments

Determinants	Frequency	Percent
Other	1	7.14
Availability of loans (short, medium and long-term)	2	14.29
Inflation	4	28.57
GDP/GNP (including per capita)	9	64.29
Level of taxation and non-tax burdens	9	64.29
The situation on the labor market	11	78.57

4.2. Political factors

In a survey conducted among members of the management boards of special economic zones in Poland on the decisive political factors when making foreign direct investments, as many as 85.71% of respondents indicated the favorable government policy towards business as a key factor. Not much less, 78.57%, consider political stability to be decisive. The importance of the availability, reliability and transparency of information and government intervention in the economy was emphasized by 28.57% of respondents. Meanwhile, only 21.43% of respondents indicated the level of corruption as an important factor, and only 7.14% indicated another decisive factor (Tab. 27).

Table 27

Decisive political factors when making foreign direct investments

Determinants	Frequency	Percent
Political stability	11	78.57
Level of corruption	3	21.43
Government intervention in the economy	4	28.57
Availability, reliability and transparency of information	4	28.57
Favorable government policy towards business	12	85.71
Other	1	7.14

4.3. Legal factors

In response to the question regarding key legal factors when making foreign direct investments in a survey conducted among members of the management boards of special economic zones in Poland, as many as 85.71% of respondents indicated discriminatory measures and control of foreign capital in relation to domestic capital and the effectiveness of the legal environment as decisive. An almost equally high percentage, 78.57%, considers the independence of the judiciary to be a key element. About 57.14% of respondents indicated other legal factors as important. However, the protection of property rights was important for 35.71% of study participants, while the repatriation of capital and the threat of nationalization were considered important by 14.29% of respondents (Tab. 28).

Table 28
Decisive legal factors when making foreign direct investments

Determinants	Frequency	Percent
Repatriation of capital (threat of nationalization)	2	14.29
Protection of property rights	5	35.71
Other	8	57.14
Independence of the judiciary	11	78.57
Discriminatory measures and control of foreign capital in relation to domestic capital	12	85.71
Effectiveness of the legal environment	12	85.71

4.4. Socio-demographic factors

In a survey conducted among members of the management boards of special economic zones in Poland regarding decisive sociodemographic factors when making foreign direct investments, the level of education of the population and the quality of human capital as well as the crime rate were considered crucial by 50% of respondents. Moreover, 42.86% of survey participants emphasized the importance of developing social infrastructure, such as services, education and medicine. The availability and structure of the working-age labor force were important for 35.71% of respondents. Only 7.14% of respondents indicated other sociodemographic factors as important for the investment process (Tab. 29).

Table 29

Determining sociodemographic factors when making foreign direct investments

Determinants	Frequency	Percent
Other	1	7.14
Availability and structure of the working-age labor force	5	35.71
Development of social infrastructure (services, education, medicine, etc.)	6	42.86
The level of education of the population and the quality of human capital	7	50
Crime rate	7	50

4.5. Infrastructural factors

In a survey conducted among members of the management boards of special economic zones in Poland on the decisive infrastructure factors when making foreign direct investments, the development of telecommunications infrastructure was considered crucial by 85.71% of respondents. For 64.29% of respondents, the development of transport infrastructure was also important, including, among others: road, rail or air transport. Half of the survey participants emphasized the importance of the overall development of infrastructure and the simplicity and cost of connecting to the power grid. In turn, 28.57% of respondents paid attention to the development of specific investment infrastructure, such as special economic zones or technoparks. Only 7.14% indicated other infrastructure factors as important for the investment process (Tab. 30).

Table 30

Decisive infrastructure factors when making foreign direct investments

Determinants	Frequency	Percent
Other	1	7.14
Development of investment infrastructure (SEZ, Technoparks, etc.)	4	28.57
General infrastructure development	7	50
Simplicity and cost of connecting to the power grid	7	50
Development of transport infrastructure (car, railway, air, etc.)	9	64.29
Development of telecommunications infrastructure	12	85.71

4.6. Technological factors

In a survey conducted among members of the management boards of special economic zones in Poland regarding the decisive technological factors when making foreign direct investments, the most important factors were the level of innovation development and corporate research and development (concerning access to technical knowledge) – both of these aspects were indicated by 78.57% respondents. More than half of the survey participants (57.14%) also emphasized the importance of research and development costs. The number of patent applications proving innovative activity and other technical factors were important for 28.57% of respondents. However, the availability of mobile communication and the Internet was crucial for 21.43% of respondents (Tab. 31).

Table 31
Decisive technological factors when making foreign direct investments

Determinants	Frequency	Percent
Availability of mobile communication and Internet	3	21.43
Number of patent applications (innovative activities)	4	28.57
Other	4	28.57
Research and development costs	8	57.14
Level of innovation development	11	78.57
Corporate R&D (Access to technical knowledge)	11	78.57

4.7. Natural and geographical factors

In response to a question addressed to members of the management boards of special economic zones in Poland regarding decisive natural and geographical factors when making foreign direct investments, all respondents (100%) emphasized the importance of geographical location. Another important factor, indicated by 64.29% of survey participants, is the level of raw material independence of the country hosting the investment. Half of the respondents (50%) attached importance to the level of environmental pollution (including water, air, soil), mineral resources and the climate of the destination country. Only 14.29% of respondents indicated other natural and geographical factors that were not mentioned in the survey (Tab. 32).

Table 32

Determining natural and geographical factors when making foreign direct investments

Determinants	Frequency	Percent
Other	2	14.29
Environmental pollution level (water, air, soil, etc.)	7	50
Resource of minerals and other natural resources	7	50
Climate	7	50
Level of raw material independence	9	64.29
Geographic location	14	100

In response to a question addressed to members of the management boards of special economic zones in Poland regarding their knowledge of various methods for assessing the investment climate (attractiveness) of countries (regions), the vast majority of respondents (92.86%) confirmed that they were aware of the existence of such methods. Only one management board member (7.14%) did not have this knowledge (Tab. 33).

Table 33

Methods of assessing the investment climate

Answers	Frequencies	Percent	Percentage valid	Cumulative percentage
Yes	13	92.86	92.86	92.86
No	1	7.14	7.14	100.00
All	14	100.00	-	-

Research conducted among members of the management boards of special economic zones in Poland concerned approaches to assessing the investment climate of countries and regions. The results indicated that the most popular methodology among respondents is the BERI Index, which was chosen by 64.29% of respondents. The second most popular methodology, with a 50% popularity rate, is the approach developed by Harvard Business School. The Venture Capital and Private Equity country attractiveness index was supported by 35.71% of respondents.

Moreover, the Bank of Austria's methodology for assessing regional risk in Russia was recognizable to 21.43% of respondents. The same percentages, i.e. 14.29%, were achieved by the methodology of Forbes magazine and the Business Enabling Environment (BEE) of the World Bank Group (Tab. 34).

Table 34
Approaches to assessing the investment climate

Methodologies	Frequency	Percent
Forbes magazine methodology	2	14.29
Business Enabling Environment (BEE) of the World Bank Group	2	14.29
Bank of Austria methodology ("Regional risk assessment in Russia")	3	21.43
Venture Capital and Private Equity country attractiveness index	5	35.71
Harvard Business School methodology	7	50
BERI Index	9	64.29

Research conducted among members of the management boards of special economic zones in Poland concerned whether their SEZs use investment attractiveness assessment methodologies when planning investment activities.

The analysis of the research results shows that the majority of SEZs (71.43%) do not use such methodologies in the process of planning investment activities. Only 28.57% of SEZs used investment attractiveness assessment methodologies in their investment activities. It can therefore be concluded that despite the existence of various methodologies for assessing investment attractiveness, many SEZs in Poland do not use them in practice (Tab. 35). It is worth adding that the lack of use of these tools does not necessarily mean that these SEZs do not analyze the risk and investment potential in a different way. They may use their own internal assessment methods or rely on the experience and intuition of the management board.

Table 35
Application of the investment attractiveness assessment methodology

Answers	Frequencies	Percent	Percentage valid	Cumulative percentage
Yes	4	28.57	28.57	28.57
No	10	71.43	71.43	100.00
All	14	100.00	-	-

The research was aimed at determining whether, in the respondents' opinion, it is possible to fully assess the investment climate of the country (or region) based solely on the opinion of experts. The presented research results in the table 36 show that the vast majority of respondents (78.57%) believe that it is not possible to fully assess the investment climate of a country (or region) based only on the opinion of experts. Only 21.43% of respondents believe that such an assessment is possible.

These results suggest that the majority of management board members believe that additional tools, data, or analyses are necessary to accurately assess the investment climate, and that expert opinion is only a component of a comprehensive assessment. This may also indicate that decision-makers consider practical experience, specific data and analyses to be a more reliable source of information than expert opinions, which may be subjective.

Table 36
Full assessment of the investment climate

Answers	Frequencies	Percent	Percentage valid	Cumulative percentage
Yes	3	21.43	21.43	21.43
No	11	78.57	78.57	100.00
All	14	100.00	-	-

The research conducted among members of the management boards of special economic zones in Poland was aimed at understanding what analytical tools the respondents consider necessary for a qualitative methodology for assessing the investment climate. The research results show that expert assessment is most important to them, with 85.71% of respondents indicating it as a key tool. Nearly equally important is the statistical analysis of the dynamics of quantitative indicators, the importance of which was emphasized by 78.57% of respondents. About one third of respondents (35.71%) believe that specialized questionnaires addressed to stakeholders are an important element of the assessment. In turn, 14.29% of survey participants paid attention to other tools not included in the survey, which suggests a variety of approaches to assessing the investment climate (Tab. 37).

Table 37
What tools should the qualitative methodology
for assessing the investment climate be based on?

Tools	Frequency	Percent [%]
Other	2	14.29
Specialized stakeholder questionnaires	5	35.71
Statistical analysis of the dynamics of quantitative indicators	11	78.57
Expert ratings	12	85.71

5. Conclusions

Based on the research conducted, we have compiled a list of the most significant factors shaping the investment climate of a country, as perceived by potential investors. The selected determinants were categorized (grouped) into respective clusters. Leading positions among the group of financial and economic factors are held by: the level of taxation and non-tax payments, labour market stability, and GDP/GNP (including per capita).

Among the legal factors, respondents noted the independence of the judicial authority, potential discriminatory measures, foreign capital control compared to domestic capital, and the effectiveness of the legal environment. The most important determinants in the group of political factors, as indicated by the survey participants, include the overall political stability in the host country, the favourability of government policies toward business, and the level of corruption.

The most significant socio-demographic indicators of the investment environment's development are the unemployment rate, the development of soft infrastructure, the level of education, and the quality of human capital. Opinions on infrastructure factors leaned in favour of the development of general physical infrastructure (energy, housing, offices, etc.), as well as communication and transportation infrastructure. The determining technological determinants were identified as corporate research and development, the level of overall innovation development, and the cost of conducting research and development activities.

Among the climatic and geographical factors, the potential investors express the greatest interest in the country's geographical location, the balance of various natural resources, including valuable minerals, climate conditions, and the level of resource independence. The obtained results will be further used by us in the development of the author's methodology for evaluating the investment climate.

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Summary

The purpose of the research is the identification of important determinants shaping the investment attractiveness of the country (region) from the point of view of potential investors and an assessment of the degree of stakeholder satisfaction with existing methods of examining the investment climate and their availability for practical use. In order to assess a set of determinants that exert the most significant influence on a country's investment climate, a questionnaire was developed consisting of 25 questions of various orientations. These questions were designed to assess the opinions of potential investors regarding the degree of influence of various factors on their decision on capital allocation and the investment climate of a country. The survey was conducted among 506 enterprises and 14 management bodies of Special Economic Zones in Poland from June 10 to July 20, 2023. The final step involved the analysis of the survey results using statistical methods.

JEL codes: F21, O16

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