

SLOVENIA, COUNTRY RISK, AND FDI — THREE LEVELS OF ANALYSIS MIXED METHODOLOGIES OFFER FRESH INSIGHTS

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Slovenia is the first of the recent Accession countries to the EU to adopt the Euro as its currency. Its location at the top of the Balkan line and just under Austria and Italy makes it psychologically advantageous as a bridge for commercial and financial entry to other Balkan nations. Advances in Slovenia's steps to integration with the EU and other international organizations can be a model for further EU expansion and other current Accession countries in the process of adopting EU policies.

The purpose of this study is to discover relationships among FDI (Foreign Direct Investment), country risk, investor expectations, and certain financial variables in Slovenia, and to do this on three levels of analysis: standard statistical analysis, chart or graphical analysis, and a qualitative field study. The quantitative work displays relationships of the variables using cointegration and VAR analyses. The chart section imposes visually the variable of country risk on the same data source as the statistical analysis. And the field study incorporates aspects of international finance such as legal, historic, social, and political issues into the research. Each of the analyses is exploratory, thus creating the theory from the data (Strauss and Corbin 1998).

Therefore, the results of this research can be more accessible to those who know qualitative methodology but do not know international finance, and to those who know international finance but are not familiar with qualitative research, opening both fields to wider audiences.

Conclusions reached are that FDI is necessary for Slovenia's continued economic growth and continued freedom. By illustrating the connections of the variables to FDI, policymakers have a guide to the benefits of market-oriented principles in all areas of the economy, social programs, politics, and financial markets. The results of the research will help Slovenia improve liquidity and transparency of markets, decrease corruption, improve laws, and gain investment needed to pay for the activities and programs of EU membership.

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Statistics - Vector Autoregression (VAR) - Explanation

Vector autoregression (VAR) analysis helps find the best lag to explain the effects of the independent variables on the dependent. Lutkepohl (2005) explained that *Structural VAR* models were developed to identify impulse or lag responses to data. Engle (1982) was the pioneer of the model that explained how variations in past periods affect variations in current periods. He showed that large fluctuations are often followed by further large changes, and that small changes tend to be followed by further small changes. Volatility varies over time. And the variance of the random error in a certain time period systematically depends on previously realized random errors. This condition is termed autoregressive conditional heteroskedasticity, and the acronym is commonly termed ARCH.

The search in the VAR analysis is to find the best lag, or how many periods following an event, for the effect of one variable to be felt on another. Throughout the analysis here, four lags were run to see what effects on current periods might occur due to changes in data in periods from up to a year ago. Understanding that every lag takes away an order of freedom, the analysis did not use more than four lags. But four lags are reasonable due to the nature of the macrofinancial variables and the time it takes to observe the impact of them.

In this VAR analysis, all variables were regressed against each other. The variables, except FDI, explained themselves well (with an exceptionally high R2 – often at the .98 or .99 level). FDI showed a looser fit or connection to all the independent variables. In a way, this is logical. FDI, CA, and XR are the true “international” pieces of the analysis, so other factors, especially external factors, may have influences on these three variables.

VAR Results

In the tables and text, the following terms are used: CA - current account; XR - exchange rate; SM - stock market; Log CPI - consumer price index; LR - long-term lending rate; FDI - foreign direct investment; inc – inconclusive.

There is generally low robustness for Slovenia’s VAR analysis. FDI is mildly affected by a change in CA one period previous. A change in SM levels also mildly affects FDI, but with a four period lag. The low adjusted R2 indicates that FDI is therefore likely driven by external and not domestic factors. Some support exists for the CA and SM hypotheses.

Table 1. Slovenia

Change in FDI affected by:	Lag	Coefficient	T Statistic	Diagnostic Tests
Change in prev periods FDI	inc	inc	inc	$\bar{R}^2 = 0.20$ AIC = 12.84 SC = 13.88 Log likelihood = -238.21
Change in CA	1	0.607	1.32	
Change in XR	inc	inc	inc	
Change in SM	4	-0.262	-1.45	
Change in log CPI	inc	inc	inc	
Change in LR	inc	inc	inc	

Cointegration Analysis - Explanation

Cointegration reveals long-term relationships among variables that would be hidden by short-term movements. It is similar to the communications problem of separating the message from the medium of transmission, or to the economic problem of differentiating between a random movement and a correction back to equilibrium. Cointegration allows regression analysis on non-stationary variables (variables that are stochastically trending) with statistically valid results.

Financial data often displays generally trending patterns called long-range persistence or long memory due to the presence of non-stationary components in the series (Gourieroux and Jasiak 2001). Empirical evidence of several series of data in this study would suggest that prices or indexes of consumer prices, interest rates, stock markets, and perhaps even national current account balances would display common non-stationary patterns in the long-run. The Royal Swedish Academy of Sciences (2003) describes concepts to which cointegration analysis can be usefully applied. Engle and Granger (1987) devised the cointegration process to account for both long-term and short-term volatility and the long-term persistence of trending data series. This modeling of both log prices and their differences is called the error correction model.

Johansen (1988, 1991, 1995) took cointegration to a next level by deriving sequential tests for determining the number of cointegrating vectors. He also derived a maximum likelihood estimator using reduced

rank regression. This is regarded as a second-generation approach to cointegration, building on maximum likelihood estimation instead of relying partly on least squares. We therefore use cointegration analysis to determine if our variables in this study are in equilibrium in the long run, and if they are, to determine if they are independently so or if they are cointegrated. The Trace Rank Test is used as it is the most popular, producing more robust results.

**Results of the Johansen Cointegration Trace Rank Test
FDI as cointegrated with Current Account, XR, Stock Market, CPI,**

Table 2. LR

Country	No. of Cointegration Equations	Trace Statistic	McKinnon .05 Critical Value	Prob.
Slovenia	1	143.16	95.75	.0000
	2	82.24	69.82	.0037
	3	52.36	42.86	.0178

All variables have been tested for stationarity using the ADF Test (Dickey and Fuller 1979, 1981) and the majority are non-stationary at their levels, thus suitable for cointegration testing, but not for least squares time series regression analysis.

The cointegration equation and results for Slovenia are:

$$\text{FDI} = +6.0946\text{CA} - 8.78 \text{XR} - 0.5259 \text{SM} + 3143.576 \log\text{CPI} - 59.61 \text{LR}$$

$$(0.6843) \quad (3.59) \quad (0.161) \quad (1436.41) \quad (14.27)$$

Results: FDI cointegrated with all variables very significantly, especially so with current account. All hypotheses are thus supported with cointegration analysis. Slovenia's open economy, its small size, and its aggressive pursuit of FDI may all be factors in explaining the high degree of cointegration here. Supporting theory could be inferred from Obstfeld and Rogoff (2005), where relationships between trade and finance among regions were shown using a CA balancing model. Further work by Gourinches and Rey (2005) shows that valuation effects caused by XRs explained CA changes in the United States and may have application to other economies.

Graphical (Chart) Results

As can be sensed in both the literature and the methodology of technical analysis, the chart picture and its analysis is the bridge between quantitative and qualitative analysis, yet this exposition also falls into each of these categories in their own domain. The data that supplies the raw material for the statistical section of this study also provides the data for the charts, so this is a quantitative setting. The analysis of these graphical depictions tends to be more interpretive, or of the qualitative realm, depending on the researcher's experience in their use. The author has great familiarity with this discipline, using and imparting technical analysis around the world. This statement is made only to show that this analysis is done with accuracy and expert application of the theory.

In each of these charts, the variable of country risk is introduced. Along the bottom of each chart are the country risk rating change indications. These signify, as the legend explains, a change in the risk rating itself or a change in the outlook, which often precedes an actual rating change.

Besides the country risk variable, FDI is plotted against each other financial variable in the analysis. So on each chart, two variables are the same (FDI and the risk ratings) and one is different so the visual analysis can be made clearly. Only three variables of the five showed support of the hypotheses and were thus graphed.

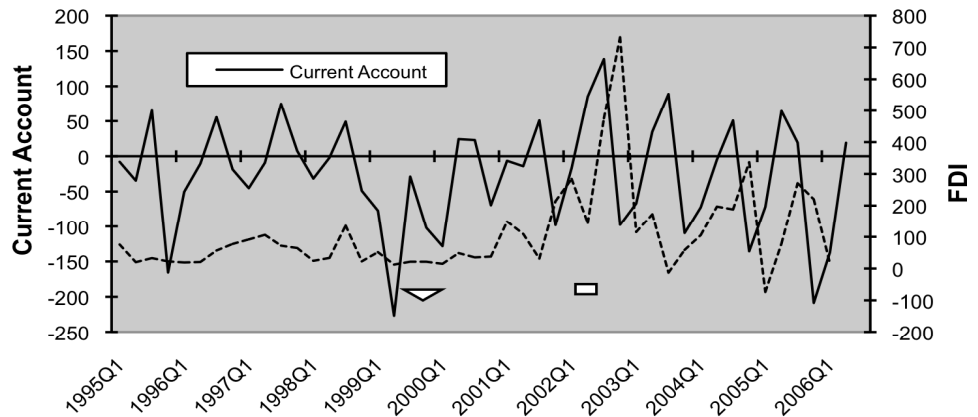
Within the chart analysis are intertwined results from the statistical analysis that coincide or contradict the visual deductions. This shows how the two methods work together to form stronger conclusions.

The legends used on each chart for risk rating changes are noted below:

- △ Indicates a positive risk rating change
- ▽ Indicates a negative risk rating change
- Indicates outlook changed to positive
- Indicates outlook changed to negative

Positive or negative risk rating changes are self-explanatory. An outlook change means that conditions in the country have shifted but do not yet justify an actual rating change. The effect is nearly always the same in the markets and variables, especially if the change is unexpected.

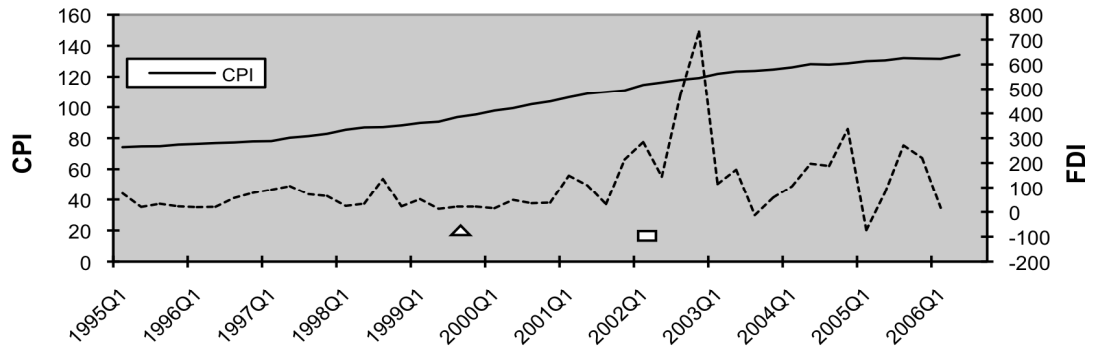
Figure 1. Slovenia Stock Market vs. FDI



After the two country risk rating changes for Slovenia, the SM variable seems to flatten out or decline, signaling possible regrouping or consolidation before continuing its move upward. There are no conclusions about FDI and country risk rating changes.

The relationship between SM and FDI looks clearly correlated, even when the variables widened apart in the chart picture. This supports the high level of cointegration found in the cointegration analysis.

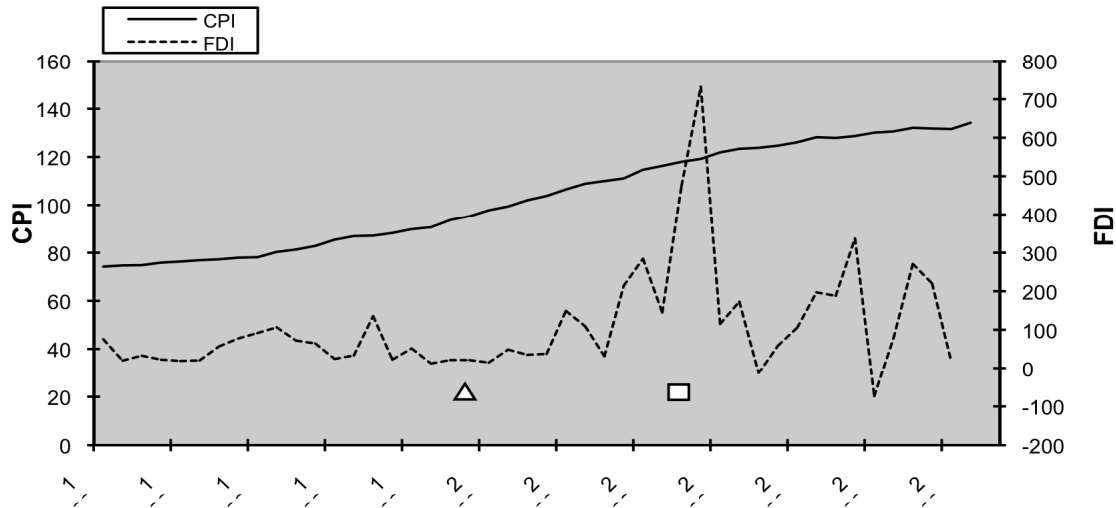
Figure 2. Slovenia Current Account vs. FDI



The positive change and positive outlook both are made just before CA peaks, and CA then increases its deficit in the following periods. The

effect on FDI is also rather inconclusive in this chart. The relationship between FDI and CA is much tighter in the last four years than previously, and that picture lends support to the cointegration analysis from the statistical section.

Figure 3. Slovenia Exchange Rate vs. FDI



Country risk rating change effects on both FDI and XR are inconclusive. But the chart picture of the trends of the variables shows clear divergence and convergence throughout the time period examined, indicating an inverse relationship and supporting the cointegration results for XR.

Qualitative field study - explanation

Qualitative studies are narrative and organized within a contextual framework, and the case study in this section reflects a broad and “flavorful” view of the conditions and factors in Slovenia. The study opens with a general economic, political, and social picture of the current environment. Historic information that adds perspective is described. Things that cannot be gleaned from statistics alone, and that would add value or depth to the country analysis, are found in a qualitative study. The entire idea of the field studies here is explanatory, using inductive reasoning.

The design of the mixed methods research (qualitative and quantitative) used for the analysis as a whole is a multilevel model of triangulation design (Creswell and Clark 2007). The purpose of this dual approach is to compare and contrast the results of the statistical study with the qualitative findings of the field study data and expand understanding from one method to another. The three segments of the research (statistical, graphical, and qualitative) are brought together to validate the results of the other segments.

A great deal of time was spent in the field in order to verify the trustworthiness and authenticity of the data. The closeness of the researcher to those interviewed also helps to authenticate the information. Every effort is made to bring the field information to a point of convergence where it can be coordinated or seen to be accurate due to the multiple source approach. This methodological approach builds theory from the ground up using open literature and interviews. Coding is then used to identify concepts and discover properties and dimensions in the data (Strauss and Corbin 1998). In-depth data from one country can be used to project concepts in further research.

Table 3. Summary Table of Qualitative Field Study Terminology

Explanatory
Contextual Framework
Inductive Reasoning
Field Study
Minimal Interference
Non-contrived
Purposeful Sampling
Data Collection Instruments: Questionnaires, Interviews, Documents, Govt. & Private Reports, Observations

Sources include the use of written and audiovisual documents, reports from banks and brokerages, data from international credit rating agencies, written and oral interviews, and information from national and international governmental and private agencies. Interviewees are identified by title or office and not by personal name to allow the sources more freedom in their responses. This is especially productive when interviewing government ministers and former officials. Interviewing these certain elites has given valuable and unique information and an overall view to the analysis. Consensual validation is also employed, using the opinions of competent others. All questions are non-contrived (no particular answer is sought) and open-ended to allow minimal interference in the flow of ideas

and responses to the interviewer. The interviewer's experience spans thirty years at different levels and purposes of interviewing, giving him expert status in this function. While expressed in narrative form, all information reflects the interviewees' (sources') points of view.

Slovenia Field Study

Context

Slovenia has borders with Italy, Austria, Hungary, and Croatia. Whether as an independent nation, a Former Yugoslav Republic (FYR), part of the Kingdom of Serbs, Croats, and Slovenes, or part of the Austrian part of the Habsburg Empire, Slovenia has been Western-oriented and cosmopolitan due to its strategic geographic location and commercial position between the open Adriatic and the Julian Alps. This "Slavic Switzerland" (Feig 2006) is a natural hub at the crossroads of European trade routes. It is a small, clean, and successful nation of about two million highly educated people. Its location has also kept it safe from the strife and destruction of war. Croatia was its buffer zone during the recent breakup of Yugoslavia and the ensuing war with Bosnia-Herzegovina and Serbia. In summary of its atmosphere and feeling, Slovenia has old world grace and beauty with all the standing of a nation transitioning to modern statehood and democracy.

Slovenia's economy is small but well diversified, and the political environment is stable. A change of governments from center left to center right in 2004 has formally changed priorities to increasing privatization and FDI inflows and reducing the already low deficit (about 1.8% of GDP) using more fiscal restraint. The major export markets are Germany (22%), Italy (13%), Croatia (9%), and Austria (8%), with FYRs comprising about 17% of total foreign demand from Slovenia. Concentrations of imports to Slovenia come from Germany (20%), Italy (19%), Austria (13%), and France (8%). Large FDI inflows come from Austria (28%), Switzerland (17%), Netherlands (11%), and France (8%) (EIU and IMF 2006).

Slovenia is a full member of the European Union (EU) and European Monetary Union (EMU), adopting the Euro at the start of 2007, complete with their own Slovenian Euro coinage. For the small economy, greatly dependent on trade, adopting the Euro is expected to augment growth since using the Euro can serve as a lessening of pricing competition within the EU. Slovenia assumes the presidency of the EU in 2008. The status of Slovenia relative to the EU, EMS, NATO, and other supranational organizations is noted because of the stability that those memberships imply and not because of any favor, promotion, or endorsement of them by the research.

Purpose and Methods of Study

The purpose of this field study is to describe and explain the relationships between country or business risk in Slovenia and FDI inflows using multiple sources. An overall investment picture of Slovenia is created. The process of transition to a market economy has progressed fairly easily and without major hurdles. Slovenia is investor friendly yet seems to be gaining FDI only slowly. Trade unions have opposed the flat tax proposals, and certain large government privatizations have been postponed, bogged down in special interest groups' searches for options to privatizations. These issues are discussed by several of the sources. Other sources touch upon legal, social, and political factors.

The richness of this case is derived from the variety of source types and viewpoints. It is also notable that each source, depending on expertise, emphasizes different aspects of country risk and themes for policy consideration. Issues particular to Slovenia and those about the region in general are compared and contrasted. So the distinctions from each source can be more clearly described, each interview is related in its own paragraphs with a summary and comparison section inserted at the end of the case.

Description of the Information Obtained and Sources

This first perspective comes from a member of the governing board of the central bank of Slovenia who is also a professor at the University of Maribor and has been associated with high-level economic and political activities for many years in Slovenia. Country risk has significantly decreased over the past decade, as reflected in Dun and Bradstreet (D&B) ratings and in Fitch ratings of commercial banks. In the Balkan region the entire situation has improved after peace was reached in Bosnia-Herzegovina, but country risk for the region is considerably higher than that for Slovenia alone.

Key themes regarding country and business risk and their effects on FDI in Slovenia over the past decade are: taxation of profits and tax incentives for FDI; level of wages, which lag behind productivity; social benefits, level of personal taxes and contributions; market size as one of the determinants to attract FDI.

Slovenia is a safe country for foreign investors. Its membership in the EU requires public, commercial, and civil law to be harmonized with the EU legal system. Slovenia is also a member of NATO. And Slovenia has adopted the Euro as its currency, eliminating exchange rate and monetary risk. D&B rates Slovenia as the leading country of the Central European region, yet Hungary and Czech Republic have bigger local

markets (consumers, labor force, and faster privatization of state owned enterprises).

Following are factors that make Slovenia friendly and inviting to FDI. Slovenia is a parliamentary democracy, member of NATO, EU, IMF, and the UN. So there is no political risk, although there are natural tensions between business owners and unions. Leading political parties are oriented toward entrepreneurship and seek to stimulate both private domestic and foreign investment. Economic characteristics include a relatively high GDP per capita, good infrastructure, skilled labor, good education system and health care, low taxes on profits, and a good geopolitical location. Further, Slovenes understand the languages and cultures of other Balkan nations and with their history and character can act as a bridge or conduit to enter other Balkan markets. Slovenes, on average, also speak English, German, and Italian, rounding out a highly valued package for conducting business and offering quality employees to companies.

Internally, Slovenia has a need to get access to new markets, create new employment opportunities, and increase federal budget income. All these factors make Slovenia friendly as a host country for FDI.

The aspects of Slovenia that may be vulnerable to changes in investor confidence are changes in the tax system (which changes relatively frequently already). There are changing taxation rules on capital gains, interest, and dividends, and discussions of introducing a uniform VAT for all products and services. (This is not likely to be approved.) There are also discussions about changes in personal income taxes.

While FDI is stagnant at the moment, country and business risk is low and the country is well integrated with the EU. Outward investment of Slovenian firms is increasing as the natural part of their internationalization process.

The next set of data comes from a senior US-based commercial banker who has responsibilities for relationships with MNCs operating in South Central Europe. Major themes of the past decade regarding country risk in Slovenia and its effects on FDI include a very low level of FDI, especially compared to its peers in Central Europe. This is due to a protective economy that favors local companies. Also, the tax burden is among the highest among new EU member states, although gradual reduction to twenty percent is expected by 2010. Wages are highest among new EU member states, generating the highest labor costs among its peers. Privatization of major industries (oil/gas, electrical, financial sector) has been only partially conducted with very limited involvement of foreign companies. Large-scale privatization and institutional reforms are still a challenge. A last major theme noted is that FDI outflows totaled USD 55

million during 2006, with more than half of that going to FYR countries where Slovenian companies play an important role.

Riskiness to foreign investors is low. Slovenia is the most advanced country among new EU member states. It has solid growth and low inflation. It is the first among new EU members to fulfill Maastricht criteria and introduce the Euro, effective 1 January 2007. Favorable factors unique to Slovenia are the political and economic stability, good quality workforce, well-developed infrastructure, and low level of corruption. Negative points for foreign investors are the protectionist economy, high level of state involvement in the economy, high taxes, and high labor costs.

Factors that make Slovenia vulnerable to changes in investor confidence include an inward looking political culture, relationships with neighbors (especially Croatia), the high taxes and labor costs, and a lack of political will to tackle international issues and domestic challenges like institutional reforms, large scale privatizations, and pension reform.

Other concepts to consider about country risk, business risk, and the importance of FDI to Slovenia are the improving competitiveness and economic growth the country shows, the need to reform public administration, the need for tax reform, and the need to enhance labor market flexibility.

The following responses are from the director of a financial sector development project focusing on Bosnia-Herzegovina and Central and Southeastern Europe, which is partially funded by the US Agency for International Development.

Major themes about country risk in Slovenia and effects on FDI include the level of state ownership in the economy; Slovenia's GDP compared to old EU member states like Greece, Portugal, and Spain, as well as the eleven other new member states; the relatively small size of the country and economy; the proximity to and familiarity with other Balkan countries and markets.

Political riskiness to foreign investors is regarded as low, and with the adoption of the Euro on 1 January 2007, currency risk is nonexistent. Unique to Slovenia is this low risk and the proximity to and familiarity with other Balkan countries and markets. Possible negative factors are the relatively small size of the country and its economy, and the relatively high wage levels.

Other concepts to consider about country risk, business risk, and the importance of FDI to Slovenia are that Slovenia is a small country in which everyone knows everyone. It is smaller than many of its neighbors that would seem to be competitors for FDI. These factors should be

considered when conducting due diligence about the attractiveness of Slovenia versus its peers.

This respondent conducts a survey about companies' disclosures in the English language on corporate governance, environmental policy and social policy. The latest survey is the ninth annual one for Slovenia. In Slovenia, the ten companies surveyed all have an English language website. 94 % of CEE companies have an English language website. Nine Slovenian companies have disclosure of a corporate governance code in their annual report (PFS Program 2007). This information puts Slovenia high on the list regarding transparency issues.

The next set of answers is from a retired engineer and former secretary of a minor political party. His overall attitude is that if too much FDI comes into Slovenia, Slovenia will lose control over its own economy and become subject to outside influence. There is a fear of losing a national identity. Yet he sees FDI as a solution for many Slovenian companies to grow, especially large infrastructure projects like power plants on the Drava River. Risk is low for foreign investors due to Slovenia's integration into the EU. Existing infrastructure is good and expanding, the workforce is highly educated, and the small towns across the country provide a steady and well-diversified economic base of mining, textiles, banking, and agriculture. Electrical equipment and engine manufacturing industries are large exporters who would welcome FDI to grow and expand.

The biggest business risk to Slovenia is the possibility of weakening Western economies and a slowing of demand that would affect Slovenia's export markets. Slovenia needs to develop policies that attract FDI and lessen its vulnerability to external economic conditions, yet maintain majority control over its assets. From the grassroots level, Slovenia has a strong desire to harmonize with Western economies and welcomes knowledge transfers and FDI.

The next and last interview reflects the ideas of the director of sovereign ratings at a major international credit ratings agency. Overall themes of country and business risk and their effects on FDI in Slovenia are: attractive in terms of location, infrastructure, overall political and business risk, but unattractive in terms of high cost compared to other new EU members, a very small internal market, and generally slow progress in privatization compared to other CEE countries with low levels of FDI.

Therefore, risks are relatively low on all levels—political, social, and regulatory—but there are not too many opportunities due to the reasons named above. Although FDI/GDP at the end of 2004 was less than twenty percent in Slovenia versus fifty percent in Czech Republic and Hungary, indicating opportunity for increased FDI, the slow rate of privatization in Slovenia is the main reason this ratio will likely not increase soon. Nor

would an investor favor Slovenia over Croatia, Czech Republic, or Hungary, with similar political, business, and governance risks. Corruption risk is lowest in Slovenia but wages are highest.

One recent shift worth noting is that while traditional FDI flows have been export and efficiency driven, newer FDI flows are becoming market seeking. In Poland, for example, FDI to retail industries has been an important source of productivity growth, resulting in lower prices and higher consumption. Therefore, other services like health, education, and transportation that have traditionally been provided by domestic firms could become more open to FDI in the decade to come.

Personal Assertions and Changes in Naturalistic Generalizations

“From a history of self-contained villages to a country of villages going global.” This seems to be the overarching theme of Slovenia’s emergence into the EU and the world arena. Especially over the past fifteen years, the calm, self confident, cosmopolitan atmosphere of Ljubljana and Slovenia as a whole has evolved toward a more intense effort to preserve its identity yet incorporate itself into a larger political and economic whole.

The Slovenian economy is export oriented (exports comprise nearly sixty percent of GDP (EIU 2006)), so Slovenes know how to deal with outsiders. Alpine conservatism keeps politics stable and predictable. The recent president, Milan Kucan, held the office for ten years, until 2003, and Janez Drnovsek had been prime minister for ten years and then became president. Voters prefer the familiar and the known. From the author’s personal knowledge of Slovenia and from family letters and telephone calls from there, there is an attitude of interest in the world, as long as not too much has to change in the old neighborhood. This is deeply rooted in the character of the Slovene. Progress is welcome, as long as it can be managed and integrated into the current system. As another central bank governor mentions, by giving up control of monetary policy to Frankfurt, vulnerability to disequilibrium increases.

Although Slovenia is in good shape economically, socially, and politically coming into the EU and EMU, there is always a degree of distrust, even fear, of foreign control over any aspect of life. The prime minister himself reflects this in a way when he says that Slovenia will indeed move forward with privatization in banking, telecommunications, and energy, but does not believe Slovenia will be successful by selling everything. If the process [of privatization] stops at this point, he adds, no harm has been done, and the companies will continue to do well (*Financial Times* 2007).

It is a goal of Slovenia during its tenure of the presidency of the EU to keep the enlargement idea active for the rest of the Balkans. The

prime minister mentions in several interviews and press releases that this is a first political priority. And with the rest of the Balkans as a major export market for Slovenia and that territory politically fragile, it is a worthy goal for the entire EU to consider.

Closing Notes, Conclusions, and Lessons

A summary of all sources would include the following conclusions: country risk is low to nonexistent; Slovenia is a safe investment for foreigners but the small economy does not allow many opportunities; taxes are high; education and other social services are above average; the workforce is highly skilled and can serve as a bridge to the rest of the Balkans; the geopolitical location is excellent; current FDI is low; there is a protective economy and an inward looking political culture. Most notably, Slovenia is advanced by nearly all standards. With circumstances as they are, it would be profitable for foreign investors to await the right timing to enter Slovenia, especially with the advancing concept of FDI flows becoming market seeking, as FDI begins to replace services that traditionally have been provided by domestic firms.

A summary question for this field study is: Have there been any naturalistic generalizations that have changed due to the input of information since the setting and context of this case? The answer to this question is no, there are no surprises or startling revelations about Slovenia that have surfaced during the study. The statistics point to CA as a common effect on FDI from both studies, yet the cointegration analysis shows all variables highly cointegrated with FDI. This also is a conclusion of a well-diversified and strong economy. Perhaps the researcher is all too familiar with the country and region. Or perhaps the whole story is just as predictable as is the country.

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POVZETEK

SLOVENIJA, TVEGANJE DRŽAVE IN TUJE NEPOSREDNE NALOŽBE: TRI STOPNJE ANALIZE

Namen pričujoče razprave je odkriti razmerje med tujimi neposrednimi naložbami, tveganjem države, pričakovanjem investitorjev in določenimi finančnimi spremenljivkami v Sloveniji. Koraki, ki jih je naredila Slovenija na poti integracije z EU in drugimi mednarodnimi organizacijami, so lahko model za druge države pristopnice pri njihovem sprejemanju politike EU. Kvantitativna analiza, preglednica ali vizualni del in kvalitativna terenska študija nudijo tri metode raziskave, od katerih vsaka podpira rezultate drugih dveh. Tri metode tudi omogočajo, da so rezultati naše raziskave dostopni tako tistim, ki poznajo kvalitativno metodologijo, a niso seznanjeni z mednarodnimi financami, kot tudi tistim, ki poznajo mednarodne finance, ne pa kvalitativnih raziskav; tako obe področji odpirajo več uporabnikom. Ponazoritev zveze med spremenljivkami in tujimi neposrednimi naložbami lahko služi načrtovalcem politike kot vodnik koristi, ki jih prinašajo tržno usmerjena načela na vseh področjih gospodarstva, socialnih programov,

politike in finančnih trgov. Rezultati te raziskave bodo Sloveniji pomagali izboljšati likvidnost in preglednost tržišč, zmanjšati korupcijo, izboljšati zakone in pridobiti investicije, potrebne za dejavnosti in programe, ki so del članstva v EU.