

FOREIGN DIRECT INVESTMENT AS A COMPLEX FORM OF INTERNATIONAL BUSINESS

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Nowadays numbers of firms with foreign investment are increasing that's why foreign direct investment has been one of the most studied aspect multinational enterprises activities.

Foreign direct investment involves ownership of a company in a foreign country. In exchange for ownership the investing company usually transfers some of its financial, technical, brand or other resources to the foreign country. Such investment may be financed in many ways and the main purpose of it is to reduce the variability of firms' earnings. There are different advantages and reasons of foreign direct investment for home and host country. Foreign disinvestment may be as final step in a firm's strategy in a particular country, though it is by no means the logical completion of foreign direct investment. Such investment should be viewed as one among several alternatives for serving host country market or for obtaining necessary factors of production.