Marija Kaštelan Mrak, associate professor
Faculty of Economics, University of Rijeka, Croatia
kastelan@efri.hr**;** Tel: 00 385 51 355 163; Fax: 00 385 51 212 268

Danijela Sokolić
Faculty of Economics, University of Rijeka, Croatia
Recipient of the University's of Rijeka Foundation grant
dsokolic@efri.hr**;** Tel: 00 385 51 355 163; Fax: 00 385 51 212 268

Nenad Vretenar
Faculty of Economics, University of Rijeka, Croatia
vretenar@efri.hr**;** Tel: 00 385 51 355 163; Fax: 00 385 51 212 268

Paper title:

Internationalization of Croatian firms through foreign acquisitions - impact on employment

Paper prepared for the International Conference
L'EUROPE ELARGIE ET SES DEFIS
Ohrid – Republique de Macedonie 23-26 Mars 2006

Summary:

Some of the most important aspects of internationalization definitely refer to free capital flows and internationalization of firm ownership. This paper reports on some preliminary observations that correlate two important phenomena that will influence future Croatian economic development: trans-border M&As and employment. So far, in Croatia, trans-border M&As had attracted interest primarily as a source of fresh capital that would nurture future investments in technology, products and markets. Considering the shortage of capital and the slow rate of restructuring underwent by Croatian companies in the nineties, it was only natural that macroeconomic issues relating to capital flows (FDI), gross fixed capital formation and employment would dominate discussion. The issue of control transfers and long term consequence of the acquisition of ownership stakes of Croatian companies by foreign owners, even though debated in public, was less present in analytical research.

Without providing any final conclusion on the net benefits of trans-border M&As, in our analysis, we tried to raise some evidence on the behavior of foreign owners as compared to domicile owners. In this paper we focus on employment, first because we believe employment may serve as an indicator of "broad" social impact of trans-border M&As and second, because of methodological reasons. We analyzed company data provided by the Croatian Securities Exchange (CROSEC). We found that it is not so much the type (nationality) of owners that affects labor practices, but first and utmost, business performance in terms of profits and losses.

Key words: *trans-border M&As, foreign owners, employment, FDI, Croatia*

1. Employment issues related to cross-border M&As on the FDI receiving side

Trans-border M&As are one form of FDI.[1] Two other forms acquiring or rising ownership stakes are green field investments and reinvestment of profits.

From a micro-economic point of view, M&As represent a mean of market consolidation and a business strategy employed by the acquiring company in order to achieve synergies and raise profits. From the perspective of a firm being acquired, the acquisition may mean a new beginning or a route to liquidation, which make stakeholders (owners, managers and employees) either cooperative or reluctant of the acquisition, which in case of hostile takeovers produces additional economic costs. Trans border M&As are specific as they magnify issues present in the process of M&As: potential synergies increase, as does the size of the companies and markets involved, but so do power issues that tend to become more acute.[2]

One of the reasons why Croatia pursues a policy of attracting FDI is higher growth rates needed to provide jobs.[3] For Croatian firms and for the Croatian economy during the nineties, insufficient investment capacity represented a severe drawback in the attempts to adapt to the new political and economic landscape. So, one of the envisaged methods for raising new capital and restarting economic activity was by

[1] According to the definition provide by the World Investment Report (Methodological Notes, 2005) FDI is a long-term investment reflecting a lasting interest and control of a resident entity by a non-resident investor. FDI flows comprise equity capital, reinvested earnings and intra-company loans. Transnational corporations are incorporated or unincorporated enterprises comprising parent companies and their foreign affiliates.

[2] Organization theory treats those issues as power asymmetries which may appear in any bilateral relationship modified by the acquisition: between acquiring company and target company, between the new owners and managers and the incumbent owners-managers-employees, between national authorities and consumers as opposed to the foreign acquirer due to its markets power, etc. Power asymmetries, in a situation of bilateral monopoly, lead to inefficiencies, that is “hold up” problems and a redistribution of wealth in favor of the more powerful side.

[3] In Croatia, unemployment is generally high, but it is especially a problem for some parts of the population: the young (under 25), the above 40, lower skill workers; and in parts of the country further from the capital city, or from the coast, that at the same time the parts of the country that have been most heavily struck by the war.

However, it should be noticed that “Several factors seem to have weakened the association between aggregate output growth and labor market outcomes in Eastern Europe and the CIS” as has been pointed out recently by WESP (2006, p. 102-103). Among those are factors which we will not look into our research such as: time lags in business cycles, expansion in labor non-intensive sectors, low labor mobility, skill mismatches suggesting the need for more government effort to reduce labor market rigidities.

attracting FDI inflows, part of which came through acquisitions of Croatian companies by foreign owners.

Foreign owners, in particular strategic investors, were welcomed also because, aside from bringing in new investments, they were expected to be more knowledgeable up-to-date (western) management techniques, familiar with markets and therefore better prepared to conduct the needed restructuring of existing firms.[4]

One of the negative sides of strategic investors was that once control is acquired, there was a fear that profits would be realized primarily through cost-cuts, a business practice that my be beneficial to new owners but harmful to employees.[5] Second, even though empirical research in CEE countries suggests that multinational companies (MNCs) favor knowledge transfers and promote learning in the acquired company, they also tend to weaken trade unionism. (Aguilera and Dabu, 2003, p.15)

So far, public opinion tended to perceive certain types (nationalities) of owner as being less socially sensitive. In Croatia, the State is considered to be by far the most preferred (stable and fair) employer. High union activity that is most often directed towards the State as the employer might be misleading for an observer from abroad, but it should be read as a signal that the State is open to negotiating while private owners, including foreign owners, might not be. It is a public belief that companies owned by the state provide better labor security, while private owners, especially foreign investors pursuing profitable employment of capital may be less sensitive.

Our interest in future research is to establish whether there are specific differences in human resources policies, as we believe one of the most important (yet under-researched) impacts of foreign owners concerns the question of long run effects for the quality and competitiveness of the national labor force, especially professional workers. Three long term issues interrelate in this arena:

1. The social aspects of foreign ownership. This are coincidental with maintaining jobs and social security of a larger population of employees;

---

[4] See Čučković (2000) for an outline of privatization effects up to 2000 and for a list of strategic privatization goals for 2000-2005 and Žigman (2000) for policy and expectation from FDI. Both material are part of a Government's strategic document "Croatia in the 21st century", section on International Integrations. Both documents are illustrative of a rather benign treatment of foreign investments and foreign strategic investors.

[5] Attempts to look at " long-term" and "net" effects of large-scale privatization and FDI are generally more recent, but are becoming more common around the world.

2. Keeping and developing professional capacity of acquired companies. In the immediate post-acquisition period professional capacity would depend on the will and capability of owners and managers of the acquiring company to keep and cooperate with the already existing professional-managerial capacity in the acquired company;
3. Individual development (career) paths and the consequent long-terms competitiveness and mobility of individual professionals (but also less-skilled workers) in European labor markets.

At this stage of our research, concerning the available data and the early stage of research, we focus on the first item. The second stage would demand some in-field research that is more time (and financially) demanding.

2. Jobs related benefits and drawbacks from an international perspective

In a globalized world, FDIs and ownership in general, are crucial issues to future economic possibilities at national level (sustainable growth), firm level (future competitiveness) and individual level (long-term employability and earnings). However, there have been somewhat different perspectives and different analytical possibilities for different economies, especially when talking of gains/losses of jobs.

When looking at FDI, especially at cross-border sales and acquisitions of equity and the role of multinational companies (MNC), there are some concerns worldwide of M&As having both beneficial and harmful effects on national economies and their population. There has been recent work on FDI effects, and FDI “desirability” as treated by Enderwick (2005, p. 96-102) who argues that desirability of FDI was long regarded through “first round” economic impact, including “employment creation, capital inflows, the provision of technology and the transfer of new managerial and organizational practices.” neglecting secondary impacts (motives for FDI, spillover effects and influence of further development of linkages) and tertiary impacts (impacts on infrastructure, regulation and policy and on the utilization of natural resources). The concern of developing countries, but also of small countries, is that multinational companies limit economic sovereignty and serve as a weapon of recolonizing less developed economies, and of making asset control a basis of expropriation and redistribution of wealth.

In developed countries, such as the US, the main concern of analysts and policy makers often relates to size and impact of MNCs and intra-group trade in goods and services (Nephew et al, 2005), as well as cross-border financial flows.[6] Even in those economies the issue of statistical tracking remains unresolved[7] especially when related to intra-firm organizational restructuring of business flows in the case of "offshore outsourcing" and their employment impact. In the US there is much public concerns that while once employment by foreign affiliates tended to be concentrated in high-wage countries, the recent trend may be of shifting employment to low-wage countries, so that developed countries may be losing jobs.[8]

In Europe, across-border M&As have become significantly more important during the process of European economic integration and with the promotion of the idea of free movement of capital. The acceleration of European integration, seen as a mean to achieve global competitiveness at the level of the European economy, but it has implication on firm structure and inter-firm relationships. Changes needed in order to produce new economies of scale and other forms of synergies opened the issue of allocation of economic activity and its social consequences. This is a very probable reason why European middle classes might be reluctant towards European enlargement. Even in the "old" Europe, social issues remain as large-scale, high-value trans-border M&As have become more frequent and more visible to the general public.

For the SEE region (transition economies or the "new" Europe) the issues connected to foreign ownership most often relate to the privatization process and its goals, dynamics and mechanisms.[9] A significant part of FDI directed towards transition

---

[6] Cross-border M&As fell, especially among developed countries after 2000, but were still above the average of 1996-1999.

[7] Not even the US is satisfied with data collection so far, despite the fact that very strong interest does exists for data on value added, capital expenditures and employment. (Whitchard, 2004, p. 8).

[8] Evidence is still not clear. For example, E. Nephew et. al. (2005, p. 25): report that for many years service exports through majority owned foreign affiliates made up for most of the services sold to foreign markets by US companies, but also of foreign services sold in the US. In the future, there is a tendency of further growth in numbers and share.

[9] Another line of interest deals with micro-level impact of M&As and provides theoretical and empirical research dealing with business impact of M&As, reasons of success/failure, arranging the bidding process and post-acquisition organizational adjustment-integration, especially cultural and managerial adjustment. A closely related approach deals with the M&A phenomenon by looking at

countries has been control seeking investment.[10] Still, in the case of transition economies, most theoretical literature dealt with M&As through the issue of ownership rights and the body of institutional infrastructure that will enhances or detracts from the attractiveness of an investment destination for FDI. This suggest that the upfront perception of the privatization process and incoming FDI, especially by the establishment, has been mostly benevolent.

Table 1 – Trans-border M&As (sales) for selected countries in million of dollars

Country	1999	2000	2001	2002	2003	2004
Bosnia and Herzegovina	-	45	25	19	-	110
Bulgaria	1133	582	11	138	383	2685
Croatia	**1164**	**146**	**676**	**875**	**613**	**51**
Czech Republic	2402	1924	1968	5204	1756	558
Hungary	537	1117	1370	1278	1109	453
Poland	3707	9316	3493	3131	802	1275
Romania	447	536	66	124	493	2200
Serbia and Montenegro	n.a.	n.a	2	268	863	38
Slovakia	41	1849	1194	3350	160	432
Slovenia	14	-	381	1502	1	168
TFYR of Macedonia	45	34	328	5	-	4

Source: World Investment Report 2005 (pp. 325,327), 2004 (p. 415) and 2003 (p. 292)

In CEE and SEE inward FDI was highest in 2000 and crucial to fostering economic recovery (Sohinger, 2004).[11] In fact, the success at attracting FDI by transition economies has even led the European Commission to require EU accession countries to harmonize their FDI regimes and lower incentives (tax holidays and corporate taxes in general) for foreign investors. (WIR, 2003, p. 64)

Crotty and Jobome in a review paper (2004) comment on the lack of theory (lots of ideology and luck of analysis that will create sound broader understanding) at the stage when transition was initiated in the European East and the need to build institutions that will strengthen ownership rights, contract enforcement mechanisms and make ownership and control structures. In terms of impact of foreign owners on

---

new sources of economic efficiency and profit flows: usually in terms of achieving the right economies of scale, implementing new superior technology, gaining access to previously un-served markets or, complementary, by examining changes in markets structures and motives behind M&As, such as market power and monopoly rents...

[10] As noted by Enderwick (2005), transnational corporations seeking control provoke a number of direct and indirect effects on the FDI receiving economy. One of the negative indirect effects is that "...in a number of transition economies many benefits of privatization have been lost where a private (foreign) monopoly simply replaces a state monopoly." (p. 106)

[11] As noted by the Sohinger, transition economies had generally low domestic savings

performance, research findings generally report better financial performance (Kaštelan-Mrak, Sokolić, Vretenar, 2005), while Brown, Earle and Teledgy (2004) find that in terms of productivity, even though higher in privatized firms compared to non-privatized, there is still the possibility of cross-sectional estimates to overstate the benefits of privatization.[12]

When it comes to Croatia, during the late nineties, Croatia was most eager to bring in FDI, most often in the form of acquisitions of Croatian firms by foreign owners. Still, a concern with ownership changes and Croatian privatization did remain even though enhancing investment capacity is among the most important facts to be examined in appraising growth potential and the possibilities of economic and organizational restructuring lying ahead of industries and firms.

Most questions concerning the total impact of FDI and foreign owners are still hanging to be investigated, but some general observations can be made on the scope of FDI compared to gross fixed capital formation and in terms to total employment by legal entities.

Table 2- Employment in legal entities, FDI and Total Gross Investment in Croatia (legal entities 1998-2004)

Year	1998*	1999	2000	2001	2002	2003	2004
Aver. empl. in 000	1.071	1.058	1.053	1.056	1.060	1.088	1.103
FDI in mil $	934,8	1.463,7	1.085,3	1.337,7	1.212,8	2.132,9	1.247,7
GFCF in mil kunas	27.470	31.329	30.647	33.202	40.732	54.955	56.430
Exchange rate for $	6,362292	7,112441	8,276819	8,339074	7,863712	6,701390	6,035494
FDI/GFCF in %	**21,65%**	**33,23%**	**29,31%**	**33,60%**	**23,41%**	**26,01%**	**13,34%**

Source: CSB, adapted by the authors from Gospodarska kretanja, Croatian Chamber of Economy, no. 12, vol. 8 (2005), pp. 4 and 35.
*We start with the year 1998 since 1998 FDI and GFCF have been calculated by the same methodology. We converted kunas into dollars by dividing the amount in kunas by midpoint exchange rates of the Croatian National Bank (period average).

[12] A related issue concerns outsourcing, or contractual relations across borders, where not only production activities but also services (and higher skilled jobs) are being transferred to low-wage countries.

Inward FDI peaked from 1999-2003 when Croatia privatized its telecom, its press and the banking industries. And, as can be seen from table 2, FDI represents an important share of new investments, from 22 up to 34% in 2001. From macroeconomic statistic sources it is less evident how FDI activity reflected on jobs, so we proceeded our research by looking at a sample of company data.

3. Employment in Croatian firms floated on the stock market

In this part of the paper we examine "concrete data" that enables us to compare the effects of trans-border M&As on Croatian companies and employment. We are not aware of any existing statistics or analysis that reports on comparative employment practices by different types of owners, or at post-acquisition impacts on M&As on employment.

3.1. The sample

We constructed a random sample of a total of 109 firms from the Croatian Securities Exchange list of firms floated on official markets.[13] This provides us with a starting sample consisting of 40 firms with dominantly domestic private ownership, 39 firms dominantly owned by the State and 30 firms with dominantly foreign ownership.

The Croatian Securities Exchange Commission's database,[14] was chosen because it presents one of the rare publicly available data sources that offer data on 256 listed firms.[15] Also, the *crosec database* is rather complete, so that we could extract general indicators on firm performance (for most of the firms listed) for the **past five years.**

[13] Data refers to values on December 31, 2004

[14] On December 31, 2004, the *crosec* database included 256 firms (233 non-financial corporations, 19 financial institutions, mostly banks, and three insurance companies). In our research we included only non-financial companies. Banks were deliberately avoided even though they make a large share of the companies acquired by foreign industrial groups.

All largest Croatian banks were privatized beginning with Zagrebačka banka at the end of 1999. Banks report extremely high profits (Croatian National Bank – http:/www.hnb.hr/publikac/hbanking-sector.pdf), we believe as a results of their dominant market position, and have been expanding their activities (and capital) at a rather steep range. Since their size, employment, revenues and profit far outrank the average foreign owned firm we preferred to exclude them from the sample.

[15] Even in countries with more advanced corporate governance practices it is hard to get pertinent data on ownership distribution, voting power concentration and managerial discretion. See Becht (1997), The Separation of Ownership and Control: a Survey of 7 European Countries, European Corporate Governance Network.

Also, because this database offers data on companies listed on the stock market, we believe it does, partly at least, reduce a common methodological error of automatically interpreting substandard performance in non-privatized state owned enterprises as results of bad governance (inactive owners, ill-informed advisers and corrupted motives).

Firms in the *crosec* database were sorted according to three ownership categories:

1. Private domestic ownership – firms where private domicile owners hold over 50% stakes. The total number of firms in the *crosec* list was 126 and every fifth firm was included in our original sample of private domestic owners, making a total of 40 firms.

2. State owned – firms with State ownership above 50%. All firms from the *crosec* list that provided the needed data were included in our sample.

3. Firms with foreign ownership - firms where two of the largest owners held above 20 % of the equity and were not Croatian nationals. All firms from the *crosec* list that fitted this criteria were included in our sample.

In the second step data was extracted for each firm in the sample. We compared data on average number of employees, business revenues, after tax profits and capital. Firms that lacked data for three or more years were subtracted from the original sample so that we ended up with an average of 27-37 firms for each category of ownership and year. We also excluded one additional company from the foreign owners' sub-sample since it distorted extremely the results in the year it changed ownership and entered the foreign owned firm sub-sample (2003).[16] Final sample sizes are shown in table 3.

Table 3- Sample size per year and category of owners

Type of ownership	2000.	2001.	2002.	2003.	2004.	Starting sample
Private domestic	36	37	36	37	37	40
State-owned	29	30	31	31	31	39
Foreign-ownership	27	28	27	28	29	30

[16] The extracted firm alone would have made up for a third of total employment in the sub-sample, almost half of the revenues and profits and one fourth of the capital (equity).

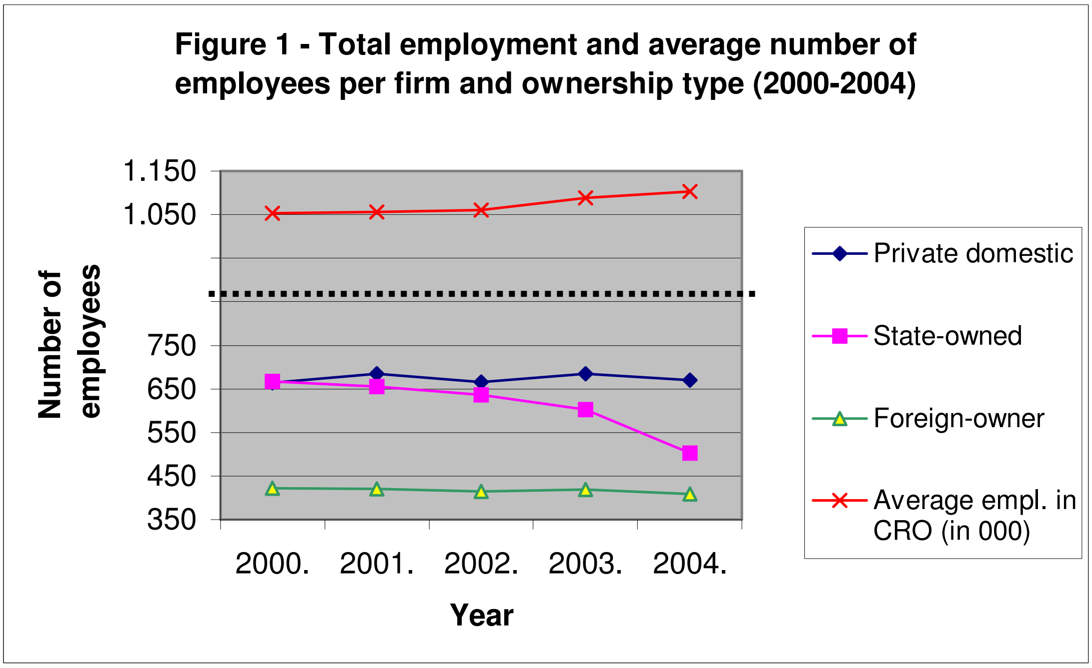
There are some problems with our sample. The sample, especially the sub-sample of firms controlled by foreign owners is rather small.

Additional drawbacks in using this sample derive from the fact that firms may vary very much in size (for which we tried to make some corrections by excluding those firms from the sample) and by industry, but also from the fact that the *crosec* database does not distinguish between firms that were privatized and therefore are representative for cross-border M&As and firms that were established as green-field investments.

However, for Croatia, there has been very little green-field investments and most inward FDI in the past years has been directed into buying equity. Previous research (Kaštelan Mrak, Sokolić, Vretenar; 2005) also showed that foreign owned Croatian companies tended to have high concentration of ownership suggesting that those owners were interested in attaining control and entrepreneurial profits. At the time, three types of foreign owners were identified in the sample: 1. industry groups buying into a company as a mean of market/product expansion, which included almost 40% of the firms in the foreign-owners sub-sample in which one largest foreign owner held an average of almost 80% of the equity; 2. single owners, or funds representing a single person who would act either similar to an industry group (active investor) or like an institutional owner or fund (inactive investor), which added up for another 17% of firms, where one largest foreign owner held an average of almost 60% of the equity; and 3. portfolio investors, or investment fund and other investors with a diversified portfolio satisfied to collect rent without exerting more influence in the acquired company, which made up for the remaining 43% of firms in the sub-sample where foreign owners held an average of 50% of the equity.

3.2. Observations concerning employment

Since we started out to research the impact of foreign owners on employment, our first task was to compare employment changes during the past five years which was also the period in which trans-border M&As were most active.

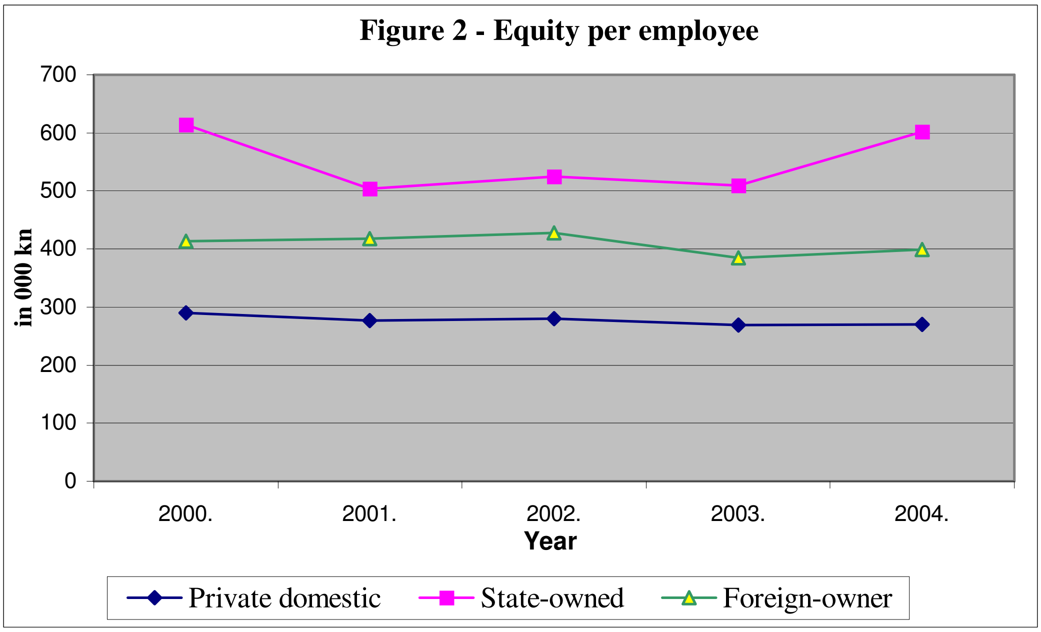


As can be seen from the above figure, average employment by foreign owners remained stable in the 2000-2004 period, and so did, to a point, employment in firms with domicile owners. Contrary to widespread public belief, firms owned by the State were the ones that decreased employment most steeply, from an average of 650 employees per firm in 2000 to an average of 470 employees per firm in 2004. It should also be noted that all categories of firms (average) listed on the *crosec* list did not increase employment, which is contrary to the general trend in the Croatian economy and contrary to employment by legal entities.[17]

As can be seen from figure 1, the average size of government owned companies, but also that of private companies owned by domestic owners, is almost a third larger than the average size of the company owned by foreign owners. Figure 2 shows that in terms of capital (equity per employee) foreign owned companies are somewhere in

[17] Employment by legal entities made up for 78% of total employment in Croatia in the Fall of 2005. (Gospodarska kretanja, December 2005, p. 9)

the middle between government owned and companies owned by private domestic owners.



Since the numbers for the five year period do not show significant layoffs, this might be interpreted as a sign that foreign owners are capable of achieving higher productivity, or that, on average, their firms might be technologically more intensive. This observation is relevant for establishing whether foreign owners did bring the much expected know-how and technological upgrades. However, looking at the total equity in foreign owned companies in our sample from 2000-2004, it did not change but remained around 4,9 billion kunas (even fall from 4,87 billion kunas to 4,57 billion kunas in the observed sample) suggesting that, at least for the companies in the sample, there has been no significant new investments for the entire period.[18] The issue definitely needs further investigation.

We also tried to make some comparisons between our sub-samples that will allow us to come up with some idea of how employment levels correlate with business expansion and performance since. Bellow are the comparisons relating revenues and employment and profits and employment.

[18] On the other hand, it is interesting that in the first nine months of 2005, 45% of FDI, almost half a million kunas or 580 mil euros, were reinvested earnings. (Gospodarska kretanja, December 2005, p. 12)

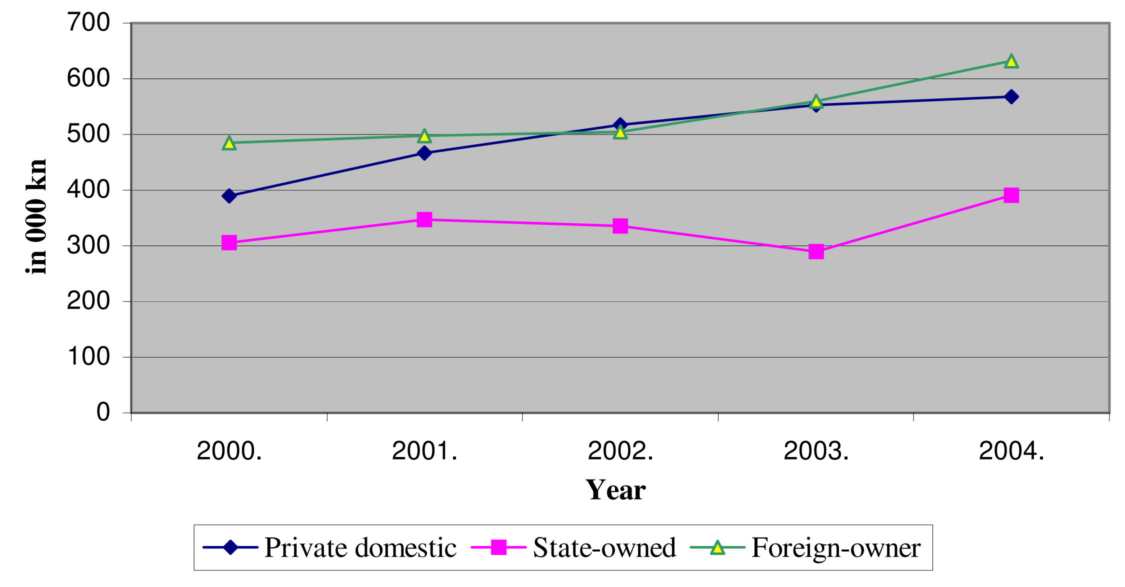


Figure 3 - Business revenues per employee

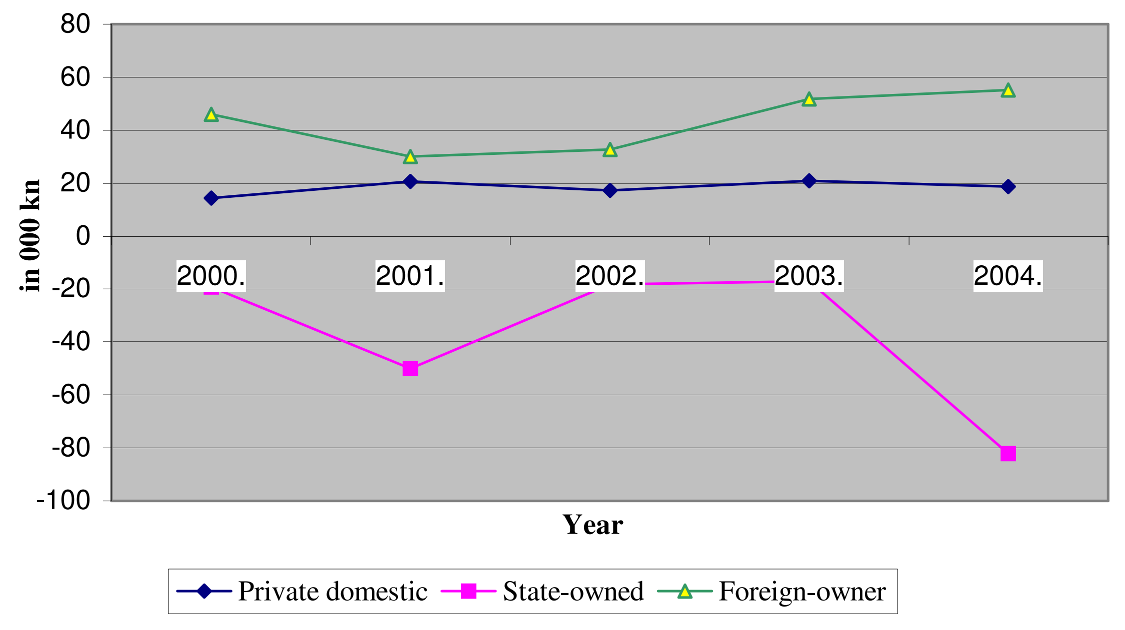


Figure 4 - Profits per employee

Assuming that companies would not be laying-off in periods of business expansion and while performing well, we note that in terms of revenues (an indicator of expansion or contraction) all categories of firms, independent of ownership showed an average increase in revenues in the 2000-2004 period. Nonetheless, on average, state owned firms did shed employees since most of them (two thirds or more) reported losses during entire period. On the other hand, less than one third of the privately domestic and foreign owned companies reported losses at the end of the year, signifying that business performance may be treated as the most important factor that prevents lay-offs.

4. Conclusion

In Fall of 2005, Croatia has received the status of a EU candidate country, an event that raises the visibility of Croatian companies (resources in general) to the international investment community. Compared to other transition countries, especially in the South-East European Region, Croatia has been successful in drawing FDI, most of which was related to the privatization process. In spite of the importance of FDI for the national economy, there has been little available research on the long-term impacts of trans-border M&As.

In the paper we presented the results of an early stage of a broader research of impact of in-coming trans-border M&As on national firms and economy through their impact on employment. We start out with an overview of present concerns expressed worldwide about the impact of incoming FDI on national economies, motives of multinationals' and power issues that arise once they attain control over national firms. Foreign experience, from developed and developing countries is valuable as a source of methodological models for researching the net impact of FDI.

For the time being, and when looking at a sample of tradable firms, we find no evidence that foreign owners are less socially sensitive than domestic owners, or even the State, usually considered as more open to social consideration, if for nothing else, than for political reasons.

References:

Aguilera, Ruth V. and Dabu, Adina (2003): The transformation of Employment Relations Systems in Central and Eastern Europe, working paper, European Union Center, University of Illinois at Urbana-Champaign (http://www.ips.uiuc.edu/eu/aguileraworkingpaper.pdf)

Ayadi, Rym and Lanoo, Karel (2006): Towards further Consolidation in the Financial Services Industry, Note prepared for the hearing of the ECON, European Parliament, Centre for European Policy Studies (CEPS) (http://www.europarl.eu.int/comparl/econ/hearings/20060131/lannoo.pdf)

Becht, Marco (1997): The Separation of Ownership and Control: a Survey of 7 European Countries, European Corporate Governance Network, Executive Report, European Corporate Governance Network, Brussels

Brown, J. David and Earle, John S. and Telegdy, Álmos (2004): Does Privatization Raise Productivity? Evidence from Comprehensive Panel Data on Manufacturing Firms in Hungary, Romania, Russia, and Ukraine, Upjohn Institute Staff Working Paper 04-107, W.E. Upjohn Institute for Employment Research (http://ideas.repec.org/p/upj/weupjo/04-107.html)

Crotty, J. and Jobome, G. (2004): Corporate governance in transition economies: a synthesis of the evidence, Aston Academy for Research in Management, Aston Business School, Aston University, UK

Čučković, Nevenka: Proces privatizacije i restrukturiranja poduzeća, Strategija razvitka Republike Hrvatske, «Croatia in the 21st century» - a strategic document on national development of the Goverment of Republic of Croatia (http://www.hrvatska21.hr/testuale/prezentacija.pdf)

Enderwick, Peter (2005): Attracting «desirable» FDI: theory and evidence, Transnational Corporations, vol. 14, no. 2, United Nations, New York and Geneva

Kaštelan Mrak, Marija and Sokolić, Danijela and Vretenar, Nenad (2005): Trans-border M&As: some early observations on post-acquisition developments involving Croatian companies acquired by foreign company groups**,** International Conference "Economic integrations, competition and cooperation", Lovran , Conference Proceedings, April 2005

Nephew, Erin and Koncz, Jenifer and Mann, Michael (2005): Cross-Border Trade in 2004 and Sales Through Affiliates in 2003, U.S. International Services (http://www.bea.gov/bea/ARTICLES/2005/10 October/1005_xborder.pdf)

Sohinger, Jasminka (2004): Transforming Competitiveness in European Transition Economies- The Role of Foreign Direct Investment, Institute of European Studies Visiting Scholar, University of California, Berkley, USA

Whitchard, Obie G. (2004): Multiple Indicators For Multiple Uses- United States Statistics on Foreign Direct Investment, Bureau of Economic Analysis, U.S. Department of Commerce (http://www.oecd/orgoecdworldforum)

Žigman, Ante (2000): Strategija prema prihvaćanju izravnih inozemnih investicija u kontekstu prilagođavanja kriterijima EU, Strategija razvitka Republike Hrvatske, «Croatia in the 21st century» - a strategic document on national development of the Government of Republic of Croatia (http://www.hrvatska21.hr/testuale/prezentacija.pdf)

... Gospodarska kretanja (2005), Croatian Chamber of Economy, Zagreb, Vol. 8, No. 12

...http://www.crosec.hr/jik/default.asp, March 20, 2006

... http:/www.hnb.hr/publikac/hbanking-sector.pdf , Croatian National Bank

…World Economic Situation and Prospects (2006), United Nations, New York (http://www.un.org/esa/policy/wess/wesp2006files/wesp2006.pdf)

…World Investment Report (2005): Transnational Corporations and the Internalization of R&D, United Nations, New York and Geneva (http://www.unctad.org)

…World Investment Report (2004): The Shift Toward Services, United Nations, New York and Geneva (http://www.unctad.org)

…World Investment Report (2003): FDI Policies for Development: National and International Perspectives, United Nations, New York and Geneva, 2003 (http://www.unctad.org)