

EVALUATION ON THE LABOUR COST AND FDI RELATION

*Author**

Maria POENARU

Abstract

Foreign direct investments (FDI) represent one of the important factors of economic development and of augmenting foreign economic relations. FDI have been for Romania during the entire transition period a “hope”, the fulfilment of which was meant to attenuate the lack of autochthonous capital required for economic restructuring and to contribute to the economic and competitiveness growth. Attracting FDI is a complicated process, determined by several factors, among which production costs, respectively labour force costs are counted to the most important. This article contains an assessment of the relationship between labour force cost and volume of entries, respectively the FDI stock, and it attempts to give an answer to the question regarding the extent in which and/or the conditions under which low wages represent a means of stimulating FDI entries.

Key words: foreign direct investments, labour force cost, transition economies, Romania.

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* Maria POENARU, Ph. D.in economics, senior researcher, Institute of National Economy, Romanian Academy, e-mail: poenarum@rdslink.ro; maria_poenaru2005@yahoo.com