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**Review of a doctoral thesis  
of mgr Pradeep Kumar**

**titled *The Determinants of Foreign Direct Investment in Emerging Economies: The Case of India and Poland*, written under supervision of dr hab. inż. Andrzej Dąbkowski, Prof. AFiBV**

Basis for the review: letter from prof. dr hab. Juliusz Kotyński, Council Chairman of the Department of Business and International Relations at AFiBV, dated 01.07.2015.

**1. Choice of research problem and bibliographical characteristics of the thesis**

Thesis academic area: Economics

The subject of the thesis is the role of foreign direct investment (FDI) in the development of emerging economies, with particular emphasis on mutual investments between India and Poland as well as the impact of these investments on the development of trade between the two countries. The analysis is carried out in the context of the factors and conditions underlying this form of international flows of capital transfer.

The problems of foreign direct investment from developing countries are widely represented in the world literature, especially in the area of international economics, international finance and development economics. The PhD candidate utilised the available academic knowledge in a satisfactory manner, both theoretical and empirical, including the work of international organizations, especially UNCTAD. He also took from Polish academic insights dealing with the developing countries, including the problems of capital inflows to emerging economies. Let us emphasize that at the turn of the century, following a series of developments in the global economy, there were many gaps and controversies in, than, well-established theoretical and empirical teachings in the area of international transfer of capital. One of them was the problem of direct investment in emerging economies, and more recently the outward investment from these economies.

The work under review complies well with these new phenomena of the world economy.

The case of India and Poland as emerging economies is a correct one. India, as a developing country, occupies a leading position among the emerging economies due to economic and technological potential and its population size. Its growing role in the processes of globalization, especially since the nineties as a result of the undertaken economic reforms, puts them today among the most important players in the world economy. Poland, in turn, as a former planned economy is in the process of transformation since end-1980's striving to build a market based economy. Both countries, beginning from that period, are characterised by an economic dynamism expressed in terms of GDP growth and structural changes. As a result, both countries are present in the, so-called, group of emerging economies. Although in terms of economic system transformation the way they each entered this group was different, they share, as Author rightly indicates some similarity in the strategy chosen for driving economic development, especially when the 1990s reform package is considered and in it the issue of the liberalisation of economic policy, in particular, the trade policy. Let us add, that similarities can also be found when we examine the very process of opening of these countries' economies. Process understood as tying the directions of the development of their economies with the direction of the development of the world economy, in order to, increase economic efficiency which eventually translates into the growth of GDP, growth of international competitiveness, the transformation process and, consequently, increased prosperity. It is this interdependencies that occur in, both, Indian and Polish economies, fact which is correctly pointed to in by the PhD student in his thesis.

The reviewed work has 260 pages, including cover pages. The table of contents is numbered using Roman numerals. Abstracts are in English and Polish. The text is well referenced with 190 references, sourced to the relevant bibliography. The work contains 40 well developed tables, and 20 figures, bulk of which constitute Author's own work. Tables and figures are transparent while their conceptual approach serves the interpretation of economic issues presented in the thesis well.

The bibliography includes 166 items, 59 of which are websites sources. The latter are "raw" often without giving specific topics (titles) concerned. A doctoral student, rarely provides the access date. If the work was to be published providing these dates should be provided.

Author placed 4 of his own publications in the bibliography. They relate to the core matter of the thesis. He quotes them several times in places where their use is warranted. He is an author of 15 publications written between 2012-2015. Their list is presented separately (p. 200).

## **2. Goal of thesis, title, thesis (hypothesis) research questions, method, formal requirements.**

According to the PhD candidate the objective of the thesis is, on the one hand, identification of the conditions and factors affecting foreign direct investment inflows to Poland and India compared to other emerging economies, and on the other, identification of barriers standing in the way of these investment flows between India and Poland, including methods of their elimination. Such stated goals are justified and correspond well with the title of the thesis.

PhD student does not clearly state the research proposal (hypothesis), which usually comes down to a concisely worded statement (assumption) and is positioned in the introduction. However, he forms the research questions around the goal of the thesis, which serves the accomplishment of the stated research problems well.

Descriptive- analytical writing is the main research method used by the student, who skilfully combines quantitative and qualitative tools. He uses a comparative method, especially when performing international comparisons. The usage of case studies is well balanced. The strength point of the work, in terms of the method, is question surveys to do with the inflow of FDI to Poland and India. The advantage here is the use of identical questionnaires in case of both economies in the third and the fourth chapter and presentation of the study results in a corresponding tabular form (Tables 9-12 pp. 91-94 and 29-32 tables pp. 124-126) including their comment. The construction of the questionnaire itself which allows for a comprehensive assessment of the factors affecting investment decision in both markets is beneficial as well.

In the economic part of work, Author's general analysis corresponds with the theory of macro- and microeconomics. When analysing the economy of India, His discussion gravitates toward the development economics, but when analysing the economy of Poland He refers to economics of transformation.

The interdisciplinary approach taken by the student is positively reflected in His assess of the phenomena relating to both the socio-economic development of India and Poland, as well as the non-economic considerations of the role of foreign direct investment in emerging economies, especially the social role. He refers in this case to demography and sociology adding also is also a competent discussion on the social impact of globalization.

In political matters, especially when assessing the role and policy of the state, the student makes use of political science's achievements, of both, India and Poland. What

weights somewhat adversely on the thesis is a modest use of the tools found in international economics which in places weakens Author's arguments on the international economic relations of India and Polish. The reviewer will elaborate on this in point 4 of the reviews.

The formal part of the thesis deserves a positive assessment. It is written in good economic language. It is concise and clear. The reviewer lists some editorial shortcoming in point 4 of the review to be corrected mainly before a possible publication of the work, or its fragments.

### **3. The structure and content of the thesis, results obtained.**

The work consists of an introduction, six chapters, bibliography, abstracts in English and Polish, a list of figures, tables and abbreviations and a list of Author's publications. The sixth chapter is treated as the end of work.

In the introduction the Author clearly described the structure of the thesis and the reasons behind the choice of the topic based on justifiable premises. He also pointed to the subjective reasons, based on his experience on the Indian and Polish markets. He coherently state the thesis goal, but did not formulate explicitly the research problem thesis itself (or hypothesis). He did so in part but only in Chapter 6 ("Findings, Conclusion and Recommendations") but not to fully satisfactory manner. It may be expected He does so during the defence debate. PhD student placed research questions in the introduction. Although they are competently phrased they do not substitute the research proposal (hypothesis).

When presenting the content of each chapter in the introduction the PhD student could have done it more depth. He does so in the summary, as well as in chapter six in the context of the conclusion, but the correct for this is the introduction which serves as a theoretical, methodological and cognitive opening of the thesis.

The thesis is made of logically related six coherent chapters. In the first one, titled. "Development of FDI in Developed and Developing Economies", introducing the undertaken research problem, the PhD candidate presented in a historical perspective, the role of foreign investment in the developed and developing economies. He then analysed the trends in the inflows of FDI to India and Poland after 1990, in other words, after the two countries commenced their fundamental economic reforms. The analysis was carried out against the background of the global FDI in the world economy, with particular emphasis on emerging markets.

In the second chapter, titled "Determinants of Foreign Direct Investment: Literature Review." Author discusses the theoretical assumptions of the research study. For this purpose, He uses a number of selected theories dealing with international transfer of capital and refers to the their elements in view of determinants shaping the international flows of direct investment, with emphasis on emerging economies.

In the third chapter, titled "Evaluation of Indian investors working in Poland", the student analysed the conditions and determinants of FDI in Poland based on His own research of the 'field study' type. For this purpose He created a questionnaire, which could serve as a model for similar studies relating to other countries.

In the fourth chapter, titled "Evaluation of Polish investors working in India", the PhD student analysed the conditions and determinants of FDI in India, using a similar method as in the third chapter.

In the fifth chapter, titled "Potential Partners: India, EU and Poland Perspective", the Author presented the factors and conditions for further development of economic relations of India with the European Union and Poland against past trends and conditions resulting from the development of the world economy. What is significant in this section is the attempt to construe the prospects of these relations.

In the sixth chapter, titled "Findings, Conclusion and Recommendations", the Author summarized the thesis, presented the conclusions emerging from the work and recommendations regarding the possibility of increasing the investment flows, as well as, trade between Poland and India.

In terms of content, individual chapters correspond well with each other, while the ratio between them is correct in the view of the objective of the research. Chapter titles are properly worded, reflecting the content well. In the possible publication a five-chapter structure should be considered with the Chapter Six serving an end (summary and conclusions), which at present practically takes place.

The abstract in English (p. VI-XX) conforms to the substantive and formal requirements. It contains basic information characterising the cognitive side of the thesis. The author clearly indicates the content of the work, its structure and method, and proposed research goals. He formulate relevant research questions.

Critical remarks on the abstract in Polish are presented in Section. 4.

#### 4. Detailed critical comments and polemic, and suggestions

p. XXI - XXXV – Abstract in Polish – contains unfortunately many factual errors. They concern mainly the choice of economic terms in Polish, but also on occasions the translation of the text itself. This requires correction and next delivery of the new version to the Faculty Council members before the defence procedure.

Examples of errors (emphasis K.S.):

p. XXI: jest „W przypadku Indii i Polski – obydwu kraje rozumieć można jako rynki wschodzące, stwarzające specjalne okazje do rozwoju krajowego jak i zagranicznego;

English text (p. VI.) “In case of India and Poland, both emerging markets are providing enormous opportunities for domestic as well as for foreign markets;

p. XXI - jest „W studiach tych nie poświęcono dostatecznie dużej uwagi dylematom stałego ekonomicznego wzrostu i efektywnej kontynuacji FDI”

English text (p. VI.) “However, these studies have not paid much attention to the economic sustainable growth and continuation flow of FDI to these destinations”

p. XXII – jest „Tego typu rozwiązania pozwolą zbudować prawidłowe mosty nad lukami, które badano już wcześniej, a które mogą posłużyć do zmiany nastawienia obu krajów, które, jak wspomniano wcześniej nadal traktujemy jako rynki wschodzące”

English text (p. VII) – is “Such types of solutions will help bridge the gaps that were studied earlier and which can be used to change the attitude of the two countries, which, as mentioned earlier we continue to treat as emerging markets”

p. XXII - jest „Studia które podjąłem w latach 1991-2015 pozwoliły mi na zidentyfikowanie następujących tematów”:

The English text (p. VII.) “This study has been taken up for the period 1991-2015 with the Following Objectives”;

p. 2. To do with TTIP – is “existing Transatlantic Free trade Area could not play a wider role to fill-up the increasing gap between USA and UE trade relations, and they adopted newly modified agreement as TTIP-transatlantic Trade and Investment Partnership, from 2013” – The TTIP has not be ratified yet. It is expected this may happen in 2016.

Question to the PhD candidate: What theoretical effects can TTIP have on international trade of India with USA and Western Europe (in terms of Trade Creation and Trade Diversion Effect).

p. 13, par. 2 - is: ”The first phase of migration explicitly took place during the 20th century (after WWII) – First migration wave happened much earlier already in 19<sup>th</sup> century.

p. 14, par. 2 – is "In developing countries like Poland, India, UAR ...", incorrect Poland is not classified as a developing country but as a transition economy. This is also what the student points to when in another part of the thesis he writes: "... the global flow of FDI during the economic crisis was directed towards developing countries and transition economies" (p. 10, par. 2.);

p. 25 and onwards - author clearly describes elements of the reforms of 1990's, including these in the area of foreign capital flows. To complete the picture it is worth to analyse the problem of special economic zones. This analysis is also missing in Chapter 2, where the Author examines the determinants of FDI in India and the government's policy towards FDI (p. 65 and onwards);

p. 33, ak. 1. - "The Asian Countries like China and India and in EU Poland have not been suffered by the global financial crisis" – Did these countries really not suffered from the global financial crisis?

Question to the PhD candidate: What do you think of the problem of the emerging economies' shared responsibility for the global financial crisis 2007/8 +?

eg. p. 137 - is "Polish Agency for Foreign Investment (PAIZ)" –error in several places - should be (PAIIZ).

## **5. Final comments and conclusion**

The doctoral dissertation of Mr Pradeep Kumar MA. "The Determinants of Foreign Direct Investment in Emerging Economies: The Case of India and Poland", is a competent economic analysis, of both theoretical and empirical perspective. It is, undoubtedly, of a great research value. The PhD student gathered, selected and competently analysed a rich source material for an important but poorly recognised, in the Polish economic literature, research problem. This work also serves as a valuable source of general economic, social and political information on India and the prospects of Polish-Indian economic relations.

The PhD candidate has shown appropriate analytical skills. His identification of the research problem, its interpretation and provided own solutions allows to conclude that the reviewed work constitutes an original and methodologically sound analysis of an important research topic. At the same time he demonstrates skills required for analysis of economic problems from an interdisciplinary perspective. Critical and polemical remarks do not diminish an overall positive evaluation of the work, but serve to show some of its shortcomings, which should be removed prior to a possible publication.

**Conclusion:** The doctoral thesis of Mr. Pradeep Kumar MA., titled: "The Determinants of Foreign Direct Investment in Emerging Economies: The Case of India and Poland", fulfils the statutory requirements of PhD dissertations laid down by the Act "Ustawa o stopniach naukowych i tytule naukowym oraz o stopniach i tytule w zakresie sztuki z dnia 14 marca 2003 r. (wraz ze zmianami: Ustawa z dnia 27.07.2005 r. – Prawo o Szkolnictwie Wyższym). Accordingly, It is my opinion the above doctoral thesis may be accepted for public defence examination.



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Warsaw, 21.09.2015