action. In other way the value of human capital is determined based on human resource components for each company. So that HRMC will be a consequence of the importance of these resources for companies, geographic area and also for the countries.

2) HRMC may be divided into two parts: a part dedicated to the activity's control and another part representing outcomes activity control. In the French literature, HRMC focuses only on the activities identified in the area of HR. In our opinion, HRMC is more than the activities' control. For this reason, in this paper we presented indicators for two different parts of HRMC.

3) The economic environment along the social system has to propose a strategy at the HR level, taking into account the demographic evolution, but also the professional qualification.

4) The preparation of different reports for managers needs information about expenses, costs, number of employees, types of jobs, types of activities etc. Some information is obtained from HR department (employees, jobs, activities) and often from accounting department (expenses, costs, turnover etc).

5) We consider that indicators and reports that have been presented in our research represent our concept about what HRMC must be. Our model is based on a theoretical research (books, studies etc.) and on a practical documentation concerning the needs of companies in this area.

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THE IMPLICATIONS OF THE FDI FLOWS ON THE ECONOMICAL GROWTH IN THE CENTRAL AND EASTERN EUROPE COUNTRIES

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Abstract:
In contemporary economy foreign direct investment (FDI) have become significant component of global economic circuit because they have seen higher growth rates compared to world trade and the last two decades of XX century and the beginning of XXI was a source to climb in developing countries. Increasing global flows of foreign direct investment and international production reflected a significant economic performance for many countries of the world and was partly driven by increasing corporate profits around the world and the high prices of shares that have increased the value of mergers and acquisitions.

Key words: foreign direct investment, international production, multinational corporations, economic performance

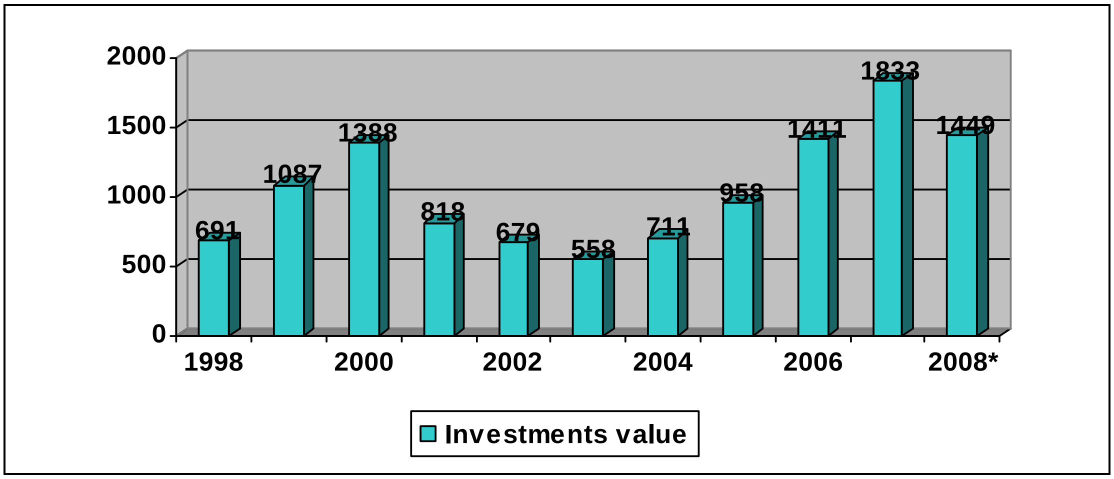
JEL Calssification: F02, F23, R21

INTRODUCTION

The capital, with all its forms, is probably the economical resource with the biggest amount of mobility in the economical context of the new millennium. The capital fluxes are today common presences also on the international circuits and also on the national tracks, inter-sector and intra-sector. Not only the volume of the capital fluxes and the speed of their movement are in a permanent ascendancy, but also the easiness which these are transformed (direct investments, portfolio investments, banking and un-banking credits, loans), according to the characteristics of the host-country environment and to the interest and profile of the holder.

According to the fact that in the contemporary economy the direct foreign investments have became a significant component of the global economical circuit, and in the last two decades of the XX century have represented a source in continuous ascension for the developing countries, in the forth chapter I've analyzed the evolution of the FDI fluxes on the global level between 1990 and 2005. From this perspective, in the World Rapport of Investments, elaborated by UNCTAD in 2002, is accentuated the fact that the direct foreign investments constitutes the biggest component of the capital fluxes to the developing countries, recording oscillations less than the portfolio investments and commercial-banking loans. To relieve the importance of FDI in the global contemporary economy, I've analyzed the global fluxes of direct foreign investments from the perspective of the volume, of the influence factors, of the economical development, according to the geographical distribution and sector distribution, and also in the relation with the internationality modalities and with their component elements.

It is known that the flows of foreign direct investment attracted by a country or region is influenced by local conditions and situation of economic, social and international policy.Thus, FDI flows received worldwide have registered an ascendant trend in the period 1998-2000, but was fallowed by a significant reduction in the period 2001-2003 based on the slowing pace of economic growth worldwide, the trend was changed since 2004, when it recorded anew trend of increasing international investment flows. In 2008 shows an inflexible point and this decrease in the volume of FDI flows is a consequence of the current economic and global financial crises.



** preliminary data*

Figure no. 1 – Annual FDI flows received worldwide in the period 1998 -2008 ($ billion)

Source: World Investments Report, UNCTAD, 2001 -2008

Comparative analyses of global trends show that the developed countries, developing countries and economies in Central and Eastern Europe have seen a different dynamic depending on the economic situation and domestic politics and the share held in total world. Thus, developed countries which hold the largest share in total flows of foreign capital have seen an evolution similar to that of the world while the states of Central and Eastern Europe (CEE) have followed a trend different from that.

Year 2000 was an important moment of development , as flows of foreign direct investment reached a record level, registering an increase of 18%, increase was almost entirely absorbed by developed countries, respectively Triad USA - Japan - EU had 80% share of total foreign direct investment received (Table no. 1). Therefore, international production was heavily concentrated in the triad, while flows received by CEE were maintained at the level record ed in the previous period.

Table no. 1 – FDI flows received worldwide in 2000 ($ billion)

Year	2000	
Total off	1.388	100%
Developed countries	1.108	80%
Developing countries	252	18%
Central and Eastern Europe	28	2%

Source: World Investments Report, UNCTAD, 2002

In the period 2001-2003 FDI flows recorded a significant decrease as a result of decreased growth recorded in 2001, but due the terrorist attacks in America. Thus, flows of foreign direct investment received in 2001 fell significantly which was intensified competitive pressures, stressing the need to seek out locations were costs were lower. We appreciate that this is the main cause that has generated an increase in the relative size of FDI flows received by economies of Central and Eastern Europe countries to 2% in 2000 to 5% in 2003, although in developing countries which has been increased from 18% in 2000 to 31% in 2003.

At the end of 2002, flows of foreign direct investment followed the same downward trend started in 2001 reaching $ 679 billion. This year, China recorded a record level of capital flows received ($ 53 billion), becoming the largest recipient of FDI. As regards the countries of Central and Eastern Europe they recorded an absolute growth of $ 4 billion to offset divergent evolution in the sense that there were higher flows in 10 countries, mainly in the case of the nominees integration into EU, while the other 9 countries, including Bulgaria, have received lower flows of foreign direct investment. In Romania, the level of FDI attracted a slight increase (with 0,6%) over the previous year.

Entries of foreign direct investment fell further in 2003, for the third consecutive year reaching the lowest level recorded since 1998.The most drastic decrease in inputs of capital registered in the US (53%) which totaled only $ 30 billion, being the lowest in the last 12 years. Compared with developing countries that have recorded a rising trend of FDI flows attracted with 9% (from $ 158$ billion to $ 172 billion), the CEE countries have experienced a decline in their from 31 billion to $ 21 billion (with 7%), which led to a reduction in total global share from 5% to 3 % (Table no. 2).

Table no. 2 –FDI flows received worldwide during 2001-2003 ($ billion)

Years	2001		2002		2003	
Total off	818	100%	679	100%	558	100%
Developed countries	571	69%	490	72%	365	66%
Developing countries	220	27%	158	23%	172	31%
Central and Eastern Europe	27	4%	31	5%	21	3%

Source: World Investments Report, UNCTAD, 2004

Following the analyses of investment flows towards Central and Eastern Europe in 2003, notes the most part of the inputs of foreign capital registered in the candidate countries to EU integration. Thus, the most significant flows were reported in Poland, which has posted the highest volume of entries of foreign capital ($ 4.6 billion) followed by Hungary and Romania ($ 2.2 billion) and Czech Republic and Bulgaria have recorded entries worth $ 2.1 billion.

Since 2004 is an amendment of the favorable trend of FDI flows received, resulted in increased to $ 711 billion. After three years of decline recorded a slight return of FDI flows received worldwide, particular in developed countries. the main receiver is the U. S. state, followed by Britain and China, and this increase is made in particular on enhancing the mergers and acquisitions operations.

Must point out that 2004 brought a change in integration of national economies classification on categories in statistical development achieved by UNCTAD. Thus, European countries that acceded to the EU in 2004 are included in the developed economies, while European countries were not members of European Union appear in the category of developing economies along with most countries in Asia, America and South Africa. As a result was defined a new region, namely South East Europe (SEE) and Community of Independent States (CIS).

New polarization of the world economies was reflected on the flows of foreign capitals. Thus, the main share in total FDI flows received worldwide (55.7%) was held by developed economies, represented by 35 countries (EU -25, USA, Japan, Canada, Switzerland, Gibraltar, Iceland, Norway, Israel, Australia an New Zeeland), while the majority states of the world, placed in a group of economies in developing, recording only 38.68 % of total global FDI flows.

Although, FDI flows received by South Eastern Europe and CIS has been a trend upward, only three villages received FDI flows higher than in 2003. Thus, foreign direct investment was concentrated in five states that have totaled 81% from foreign capital inflows: Azerbaijan, Bulgaria, Kazakhstan, Romania and Russian Federation. As regards the countries of South –Eastern Europe which drew 1.87% of global FDI flows as the main receiver is remarkable Romania ($ 6517 million) and Bulgaria ($ 3443 million) candidate states for EU integration at that time.

Table no. 3 – FDI flow received during 2004-2006 ($ billion)

Region \ Year	2004		2005		2006	
	mld.$	%	mld.$	%	mld.$	%
Total off:	711	100	916	100	1.411	100
Developed countries:	396	55,7	542	59,17	941	66,69
Developing countries:	275	38,68	334	36,47	413	29,27
South and Eastern Europe and CSI	39,6	5,57%	39,7	4,34	57,17	13,84

Source: World Investments Report, UNCTAD, 2007

Year 2005 is characterized by continuing upward trends of FDI flows received worldwide ($ 958 billion, compared with $ 711 billion in 2004) which brings a favorable change to the developed economies, whose shared in total input flows of foreign capital increased by about by 4 % (Table no. 3).

Evolution flows of foreign direct investment in 2006 was influenced by events that took place on the political and economic plan on intern and international level, but also the confidence of foreign partners in the development strategy of Romania. Improving the business environment, the effects of introduction of flat tax, have helped to attract a large volume of foreign investment.

Is notes that the reorientation of transnational companies activities in the countries of Central and Eastern Europe aimed, primarily, the nominees states to integration which has generated for the period 2001-2003 a significant increase in the input of foreign capital in the integrated states in 2004. The same upward trend was noted, during that period and in Romania and Bulgaria which were the main receivers of foreign direct investment in CEE.

Therefore, joining the European Union was an essential incentive for foreign investors interested in gaining a better position on regional market, generating an increased attraction of the countries of CEE candidate to integration, compared to other countries in the region.

The highest rates of FDI flows is achieved in 2007, with over $ 1833 billion (Table no. 4) year in which EU is extends by joining Romania and Bulgaria on January 1.Emphasize that this year our country is in UNCTAD analysis as developed country , with a volume of entries of FDI flows worth $ 9.2 billion and for 2008 to $ 10.6 billion.

Table no. 4- FDI flow received in 2007 and 2005 ($ billion)

Region \ Year	2007		2008*	
	mld.$	%	mld.$	%
Total of :	1.833	100	1.449	100
Developed countries	1.248	68,08	840	57,97
Developing countries, of:	499,7	27,26	518	35,75
South and Eastern Europe and CSI :	85,9	17,19	91,3	17,62

* preliminary data

Source: World Investments Report, UNCTAD, 2008

The volume of foreign direct investment attracted by a national economy is measured in terms of two major indicators, namely: the index of performance and potential index. The performance index shows the comparison between FDI inputs in each country, calculated as a share of total world economic power of each country's share that it holds in world GDP. It is preferable that the value of this indicator should be as close to 1, which shows that the countries performance in attracting FDI is better in the sense that attracts FDI over their economic power, occupying such a high position in the world hierarchy.

The potential index measures the potential of each country to attract FDI. Like the previous index, potential index take the values 0 and 1. According to UNCTAD methodology this index is determined by taking into account certain economic, political and social variables, such as the :the stock of input FDI as a percentage of the total world, GDP at purchasing power parity per capita, growth rate of real GDP, the level of total exports as a percentage of GDP, exports of natural resources as a percentage of the total exports, exports of services as a percentage of the total world, import of parts and accessories from electronic and auto industry as a percentage of total worldwide, energy consumption per capita, researching and developing costs as a percentage of GDP, the number of main telephone lines per 1000 inhabitants, the number of students in higher education as a percentage of total population, country risk.

It is desirable that the index of potential to be as close to 1, which shows that the country's potential is larger, occupying a better place in the global hierarchy. According to the data from UNCTAD, between the Central and Eastern Europe Countries are significant gaps both in terms of performance and potential for attracting FDI.

Table no. 5 – The performance index of FDI for the countries of Central and Eastern Europe (global position)

Country	Performance index							
	1995	2000	2002	2003	2004	2005	2006	2007
Bulgaria	96	30	23	14	9	7	3	2
Czech	31	17	13	19	29	31	34	41
Estonia	15	19	22	13	15	6	9	8
Poland	45	49	59	76	61	56	51	60
Romania	**82**	**65**	**76**	**60**	**31**	**25**	**21**	**32**
Slovakia	64	43	8	12	21	30	28	49
Slovenia	86	114	60	53	57	95	98	94
Hungary	3	26	28	39	43	52	48	50

Source: World Investments Report, UNCTAD, 2000,2006, 2008

From the analysis of performance index is observed that the changes in the performance of states and the gap between them are significant. Regarding the evolution of performa nce index is an apparent reversal of the situation. Thus, in the year 1995 Hungary, Estonia and the Czech Republic attracts a large volume of FDI, While Romania, Bulgaria and Slovenia receive the share of foreign capital under the power of GDP world. In 2005, Estonia ranks first place at the regional level, while Bulgaria and Romania occupying two sets in the hierarchy of CEE states analyzed attracting FDI over their economic power, while Hungary and Czech Republic recording foreign direct investment appropriately the weighting that hold in world GDP. Slovenia is notable, in that throughout the period analyzed, attracted foreign investment under its economic power. A similar event is recorded in Poland.

Table no. 6 – The performance index of FDI for the countries of Central and Eastern Europe (global position)

Country	Potential index						
	1995	2000	2002	2003	2004	2005	2006
Bulgaria	39	66	62	63	64	60	59
Czech	38	38	38	38	39	39	39
Estonia	67	37	34	34	34	35	34
Poland	56	41	43	42	43	44	43
Romania	**83**	**96**	**79**	**78**	**78**	**74**	**69**
Slovakia	47	47	45	47	47	54	53
Slovenia	42	29	27	28	29	33	33
hungary	54	42	36	37	37	89	89

Source: World Investmentrs Report, UNCTAD, 2000, 2006, 2008

I've started from the premise that drawing foreign capital under the direct foreign investments shape is a specific activity, well defined on the international level, initiated and perfected in the developed countries, that aren't only the main global investors, but also the mains receivers of the direct foreign investments fluxes. In these cond itions, the success in drawing direct foreign investments supposes the alignment to the international practices in the domain, considering the participation in competition conditions to the global offer of investment projects.

The strategically objectives to draw the foreign direct investments aims for building an real external credibility of our countries as potential investment market, and also the promotion of the Romania as potential foreign investor, in the context of the competition with countries with developing economy from Central and East Europe. In these conditions, the politics for drawing foreign direct investments must be actively sustained, generating investments, and the business initiative must start nut only by offering opportunities of internal investments but also by supporting and keeping a stabile and profit generator business climate

CONCLUSIONS

In conclusion, this analysis highlights and completes the observations on the attractive states of the CEE for foreign investors. Thus, the most attractive countries were the Czech Republic, Estonia and Slovenia which had great potential and have attracted the most part of foreign direct investment over their economic power. Latest positions were occupied by Romania and Bulgaria, countries that were characterized by a low potential and appropriate attractiveness of their economic power.

Should be note that our country had made an improvement on the potential of attracting FDI flows, so that from 2000 to 2007, climbing 27 positions compared with Bulgaria which only goes up 7 positions. This situation is explained if we consider the positive developments of the economic, institutional and legal climate, registered in Romania in the European Union pre-accession.

If we analyse the evolution of FDI presented in accordance with theories on the types of foreign direct investments, we appreciate that foreign investors in CEE have watched especially:

- potential market capitalization as a result of foreign investors preference for trade activities ;
- abundand and cheap labor, investors are attracted by industrial activities that do not require highly skilled labor ;
- Exploitation of natural resources in countries that have such resources.

Following the evolution process of globalization in recent decades have been recorded significant changes in the global economy and the most eloquent change consists of increasing the share of services to the detriment of other sectors. This change is due, mostly unprecendented progress in technology, particularly in communications technology, with the main source transnational corporation (CTN). CTN exported this trend throughout the global economy, so in the countries of Central and Eastern Europe through foreign direct investment made in this region.

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