
<https://doi.org/10.54318/eip.2023.am.350>

ALMA MURATOVIĆ¹

E-mail: alma.kamaric@untz.ba

AMERLINA MURATOVIĆ²

E-mail: horozic@outlook.com

ERNA HERIĆ³

E-mail: erna.heric@untz.ba

FOREIGN DIRECT INVESTMENT AS A DETERMINANT OF MARKETING PLANNING IN BOSNIAN AND HERZEGOVINIAN ENTERPRISES

JEL CLASSIFICATION: M31, L19, F21

ABSTRACT:

Considering that foreign investments represent a significant generator with which enterprises and host countries can achieve their economic growth and development, the aim of this research is to determine the impact that foreign investments had on individual marketing planning processes (research and development, procurement policy, distribution and sales and post-sales policies) in Bosnian and Herzegovinian enterprises. The research results show that foreign investments determine changes in the process of planning sales activities, procurement activities, distribution and post-sales activities, while the changes are not statistically significant when it comes to research and development activities. The contribution of this paper is reflected in the evaluation of the results

1 Univerzitet u Tuzli, Ekonomski fakultet, Urfeta Vejzagića 8, 75000 Tuzla, Bosna i Hercegovina

2 Master economist

3 Univerzitet u Tuzli, Ekonomski fakultet, Urfeta Vejzagića 8, 75000 Tuzla, Bosna i Hercegovina

achieved by Bosnia and Herzegovina in terms of the inflow of FDI, and the analysis of the effects that FDI, realized in Bosnia and Herzegovina in the last five years, had on the processes of research and development, procurement, distribution, sales and post-sales policy of the recipients.

**KEYWORDS:**

**FOREIGN DIRECT INVESTMENT, R&D, SALES AND POST-SALES ACTIVITIES,
MARKETING KNOW-HOW.**

1. INTRODUCTION

The process of globalization in the last few decades has left far-reaching consequences on all aspects of the economy and society as a whole. An important aspect of globalization is certainly the very pronounced growth of foreign direct investments (hereinafter referred to as FDI), especially in the period from 1980 to 2016, when their growth was recorded by as much as 86 times.

The increasing progress of globalization and internationalization, as well as the desire of enterprises to achieve the best possible market position, make FDI a necessary segment of business. FDI are not only a key driver of global economic growth and development, but also plays a key role in reducing the economic gap between countries. They represent the largest and most stable source of external financing for developing countries, and more importantly, they represent a significant source of advanced technology and modern know-how, which are of great importance for the structural transformation and improvement of enterprises and developing countries. Many enterprises are intensifying their activities to attract foreign capital because FDI represent one of the most important instruments for obtaining an integrated package of material and immaterial resources (technology, capital, management and marketing know-how, trained workforce, and such). FDI most often appear in their three basic forms, namely: greenfield investments, M&A (merger and acquisition) and joint ventures.

The reason why FDI are an important generator of economic development is not only the financing of projects (transfer of financial capital from abroad) but also the transfer of proven technologies, managerial and marketing know-how. The realization of FDI may significantly improve the competitiveness of domestic enterprises, precisely through the transfer of modern technologies and proven managerial and marketing knowledge, considering that these are development resources which are significantly lacking in transition and developing economies (Adapted from: Čivić, Muratović, Petrović, 2017, p. 7. About the impact of knowledge transfer on the performance of international acquisitions, see: Pokrajčić, Vavović, 2011, p. 26.).

The investment package, seen from the micro aspect, complements the available production factors of the recipient enterprise and creates conditions for improving the production process, increasing productivity, improving competitiveness, and such. Nevertheless, seen from the macro aspect, FDI through the transfer of tangible and intangible resources also affect growth and development of the host country.

Therefore, the goal of attracting foreign investments is reflected in building and improving an enterprise's competitive advantage, which will also achieve greater profitability and a sustainable position in relation to other competitors that also aim to attract foreign capital. An enterprise may achieve a competitive advantage through improvements, innovations and introduction of changes in its business processes, and these often occur as a result of foreign investment realizations. Foreign investments contribute to the development and improvement of the competitiveness of the enterprise and the host country in several ways, namely: through the transfer of capital - which directly expands the growth potential of the enterprise and the recipient country. Further, by transferring more modern technology, accepting more efficient organizational and marketing know-how of the for-

eign business partner, which improves the business processes of the recipient enterprise that results in strengthening their competitiveness on foreign markets. Foreign investments “open doors” for domestic enterprises to new markets, new lines or completely new (innovated) products, and such (according to Bucifal., 2008, p. 299.). Therefore, FDI transfer should improve the market performance of recipient enterprises, because foreign, among other, investments lead to the improvement of the marketing knowledge of capital recipients. By realizing FDI enterprises, recipients have the opportunity to improve the market research process, which includes the organization of research and analysis of the target market; to have the possibility of improving the planning process and introducing new, more innovative products; to improve the process of planning and realization of sales; to improve the process of organizing and realizing promotional activities; to have the possibility of improving distribution channels, and others (Adapted from Begtić, 1997, pp. 206-207).

Considering the benefits that enterprises realize from the inflow of FDI, the focus of this research will be on the improvement of marketing planning (research and development process, procurement and distribution process, sales and post-sales policies) of domestic Bosnian and Herzegovinian enterprises receiving foreign capital.

According to data from the Central Bank of B&H, from 2011 to 2021, 8.097 billion BAM was invested in Bosnia and Herzegovina through FDI. Bosnia and Herzegovina achieved the highest growth in the inflow of foreign investments in the observed period in 2021, when the amount of foreign investments amounted to 971 million BAM, which is 234 million BAM or 31.75% more than in 2020. The level of inflow of foreign investments in Bosnia and Herzegovina during the period of the COVID-19 pandemic was significantly lower, which was to be expected considering that the pandemic had a significant impact on the realization of business activities in countries around the world. According to published data from 2020 and 2019, we see that foreign investments in Bosnia and Herzegovina decreased by 62 million BAM and 164 million BAM, respectively, compared to 2019 and 2018. In the observed period, enterprises from Austria (BAM 2.88 billion), Croatia (BAM 2.71 billion), Serbia (BAM 2.25 billion), Slovenia (BAM 1.26 billion) invested the most in B&H, while the investments of other countries (Germany, Great Britain, Italy, Netherlands, Turkey) are below one billion BAM of invested capital in Bosnia and Herzegovina in the period 1994 - 2021. Based on data published by the Central Bank of Bosnia and Herzegovina, it is evident that investments from EU countries make up 63% of the total realized investments in our country (adapted from: www.fipa.gov.ba, accessed November, 2022).

2. THEORETICAL FRAMEWORK OF FDI INFLUENCE ON THE IMPROVEMENT OF MARKETING PLANNING PROCESS IN RECIPIENT ENTERPRISES

FDI represent a significant generator of growth and development of recipient enterprises, especially in current conditions that are characterized by rapid technical and technological progress and strong competitiveness. FDI have an impact on the improvement of

quality of enterprise's operations, due to the fact that, in addition to material transfers, foreign investors also bring in intangible capital that helps the enterprise in improving its marketing system, as well as in strengthening the enterprise's competitive advantage. Through the implementation of foreign investments, domestic business partners gain access to modern technology and knowledge (patents, inventions, licenses, and such), which improves their business processes (production, distribution, sales, and such.) and thereby strengthens their market competitiveness, which results in improvement business performance. The effects of FDI on enterprises performance were also addressed by Rajnoha et al., (2018), Charalampidou, Magoutas & Chountalas (2018), Akulava (2008), Škudar (2004), Jovančević (2007), Jovančević and Šimurina (2008), Jošić (2008), Pokrajčić & Vavović (2011) and others.

By transferring modern marketing knowledge, domestic business partners (recipients of foreign capital) have the opportunity to improve a series of marketing activities that will enable the growth and development of the overall business. These improvements are reflected, among other things, in the improvement of: market research, marketing operations planning, product and brand development, distribution channels, sales and after-sales activities, and so on.

Foreign investments, in addition to well-known social benefits such as capital transfer, technology transfer, and such, bring with them significant knowledge and skills that may help the recipient enterprise in increasing internal resources, productivity and creating a sustainable competitive advantage (adapted from: Aitken, Harrison 1999, p 607). The competitive advantage of domestic enterprises may be the result of a more efficient process of research and development carried out by recipient enterprises, a more efficient process of planning business activities, the adoption of a more modern policy of procurement, distribution and conducting a more effective sales and post-sales policy. Considering the above, we can conclude that the recipients essentially improve the value chain or its individual activities through the implementation of FDI (See: Castellani, Pieri, 2011 on the positive and negative effects of FDI on the value chain of recipient enterprises).

With the influx of foreign capital, both investors and recipients acquire new knowledge and skills related to the realization of the research and development process, since there is an overflow of knowledge between business partners (adapted from: Petit and Sanna-Randaccio, 2000). Domestic business partners are given the opportunity to use more modern databases and research methods of foreign business partners, which may contribute to a more successful implementation of the production process. Also, the knowledge of foreign business partners may be used by the recipient to achieve innovation regarding the product itself, but it may certainly also be used to improve their quality, increase the flexibility and productivity of the production process, increase production capacity and provide services, increase the level of security, and so on. For the creation of technological innovations, grand investments are necessary in research and development. Multinational enterprises have the necessary funds to cover such high research costs based on the significant turnover of goods and services at the global level and the profits that are realized. With the implementation of foreign investments, new organizational and technological solutions are adopted far more quickly and in simpler manner than through any other form of business cooperation. In addition to access to the complete know-how bases of the parent enterprise and capital recipient enterprises,

foreign enterprises have the parent enterprise's research and development centers at their disposal. In this way, they gain an additional advantage and have greater efficiency in their research processes compared to enterprises operating on the domestic market. Simpler and faster access to databases, more modern software for data collection and analysis, and a different approach to the interpretation of that data by marketing experts are just some of the benefits that a domestic enterprise gains by realizing FDI. Unlike most domestic enterprises, foreign enterprises carry out activities aimed at continuous monitoring of the market, where research is carried out at certain time intervals, and aims to collect information about changes in the market and respond to them in a timely manner (Muratović, 2021).

In addition to the positive impact that FDI have on the research and development process of the recipient enterprise, they also make a significant contribution to the procurement policy, which includes all activities related to the procurement of raw materials, materials, and the implementation of a number of other activities related to negotiation and communication with suppliers, keeping records of distributors and suppliers, as well as, monitoring the procurement process itself (adapted from: Aitken, Harrison, 1994). Through the implementation of this form of business cooperation, FDI recipients have the opportunity to acquire resources, necessary inputs, materials and semi-finished products from a large number of alternative sources, which facilitates the enterprise's negotiation process regarding the procurement of the same, but also ensures the smooth development of the production process in the enterprise. Also, the possibility of purchasing raw materials from a large number of sources gives the recipient the opportunity to procure them much more efficiently than before, with significantly lower procurement costs. If we consider that the investors are enterprises from more developed countries, the quality of the purchased raw materials is significantly higher compared to the raw materials available to domestic enterprises before the realization of FDI. As a result, the aforementioned may have a higher quality output, a finished product that will be more competitive than others on the market. Parežanin, in his publication "Foreign Direct Investments in the Energy Sector of the Republic of Serbia", indicates the positive effects that FDI have, in terms of technology transfer, on the creation of a competitive product that will result in a better position on the market (adapted from: Parežanin, 2016).

What is particularly important to emphasize, regarding the impact of FDI on the realization of procurement activities by the recipient enterprises, is that they lead to the establishment of longer-term business relationships with more reliable suppliers, lead to the establishment of an interactive procurement process with parent and sister enterprises, lead to a more advanced interaction of the procurement process with logistics and sales, which is extremely important to the entire production process. Foreign investments also contribute to increasing and improving the cooperation of the recipient enterprise with the domestic, local suppliers. In this way, benefits are realized for both, the local supplier and the entire economy of the recipient country. More modern knowledge of the foreign business partner will also contribute to the introduction of more advanced parameters for measuring the success of the procurement process of the recipient enterprise. Therefore, from all of the above mentioned, we may conclude that more modern, advanced knowledge transferred by a foreign business partner will result in the improvement of the domestic enterprise's procurement process and its improvement. The advantages of foreign investments are also reflected in the improvement of outbound logistics activities,

by which we consider all the necessary activities to deliver the finished product to the end customer (collection, storage, product distribution, and such). Through the realization of foreign investments, the capital recipient has at his disposal, in addition to the parent and distribution channels of investors. Considering that foreign investors mostly come from more advanced countries and have a more developed network of distribution channels, the recipient enterprise using the investor's distribution channels may influence the reduction of distribution costs, the reduction of delivery deadlines and the increase of efficiency in the delivery of its products. In addition, the transferred knowledge may enable the domestic business partner to improve the quality of the provided distribution services, which gives it an additional advantage when providing services to its customers compared to the competition. Business contacts that domestic enterprises make with foreign distributors very often result in the establishment of partnership relations, which may lead to the development of other forms of business cooperation. Furthermore, the transferred knowledge to domestic enterprises will enable the increased efficiency of the distribution system and lead to the improvement of the services themselves, which deal with the delivery of products and services. Foreign investments also contribute to the improvement of the entire sales process, which we may safely state that it represents one of the most important sub-processes within marketing. Through the implementation of FDI, the recipient enterprise may easily acquire new knowledge related to the planning process and the introduction of new sales methods, improve and advance its communication policy with customers, and improve monitoring of sales operations. With the help of modern technology and knowledge that they gain through foreign investments, the recipient enterprises now produce more affordable and better quality products, and they have the opportunity to market these same products to new markets where they did not operate before. Higher product quality will affect the reduction of the total number of services (especially services within the warranty period), which will lead to customer satisfaction and security in the product and the enterprise itself. On the other hand, an increase in the volume of sales, both on the domestic and on the foreign market, will also require an increase in the volume of production, which gives the recipient enterprise an additional opportunity to increase its profit and improve its overall market performance. Through the implementation of FDI, recipients improve their pricing policy, product range management policy, redefine and improve the existing brand management policy, increase sales profitability, increase the capital turnover ratio, improve the communication process in the enterprise, improve the sales infrastructure, and so on. Additionally, transferred marketing knowledge, related to the realization of sales activities, will influence the redefinition of customer selection methods, sales conditions and general cooperation of domestic enterprises with customers (Muratović, 2021).

Therefore, sales activities, which are improved through the realization of FDI, are: (adapted from: Čivić, 2011, p. 268.)

- Planning and selection of a market segment,
- Customer relations management,
- Planning of distribution channels,
- Activities relating to product positioning,
- Planning, preparation and realization of promotional activities,
- Public relations,
- Training sales staff,
- Planning of pricing policy, and so on.

In order for the management of the capital recipient enterprise to be able to attract and retain a larger number of potential customers, large investments in promotional activities are necessary. In an effort to respond to customers' needs and desires in the most adequate way possible, in addition to traditional enterprises, they are increasingly adopting and applying modern business methods and promoting their products on different platforms. Modern technology enables recipient enterprises to inform and familiarize potential customers with their products and services in a faster and easier way. Good organization of promotional activities and their timely orientation towards the target market and focusing on the target group of customers helps the recipient enterprise in attracting a larger number of potential customers, timely collection of feedback from them, while it may also affect the reduction of costs of additional employment of labor. Through foreign investment, the recipient enterprise acquires additional knowledge related to the more efficient implementation of post-sales activities (installation, maintenance, servicing, and such.), which directly affects the increase in the value of its products, as well as, their differentiation on the market. Also, the recipient enterprise is now able to offer a wider range of post-delivery services, improve the product servicing process after the expiry of the warranty period, by establishing a CRM system, employ additional workforce whose main task is to take care of customer satisfaction, and establish a long-term system for managing relations with them (Muratović, 2021).

From the above mentioned, we may see that foreign business partners, through the realization of investments, that is, the transfer of more modern technical-technological, managerial and marketing knowledge, and modern technology and capital, have the possibility of increasing productivity and creating additional value of domestic business partners (about the effects of foreign direct investments on the domestic business partner, see: Aitken, Harrison, (1999); Castellani, Pieri, (2011); Aitken, Harrison, (1994); Konings, (2001); Klimek A., (2017), Willmore L., (1986); Navaretti, Castellani, Disdier (2010); Lipsey (2002); Iwasaki, Tokunaga, (2016)). However, the improvement of the recipient's business activities is determined by the ability of the management of the domestic business entity to adopt and implement new and more modern knowledge, brought in by the foreign business partner.

The effects of FDI on the realization of the recipient's marketing activities primarily depend on the development of the capital recipient, as well as, the previously acquired knowledge and skills related to the realization of marketing activities. If the employees of the recipient enterprise have certain knowledge related to the realization of marketing activities (procurement, sales, post-sales activities, and such), the transferred knowledge through FDI will enable them to improve their existing knowledge and skills and acquire new, more modern ones, which will raise the realization of these activities to one higher level, and will ultimately enable the domestic enterprise to become more competitive, both on the domestic and foreign markets. On the other hand, if the level of knowledge related to the implementation of marketing activities is at a lower level, employees will primarily not be able to adequately accept and understand the more modern knowledge brought by foreign business partners, which will result in the spillover effect being insignificant, and the success of the enterprise's operations and its market position will be questioned.

3. RESEARCH METHODOLOGY AND HYPOTHESES

The data used in this work were collected using the survey method (written structured survey technique), where a survey questionnaire was used as a data collection form.

The questionnaire was structured in the form of closed-ended questions with the offered number of enumerations and closed-ended questions with the offered answers of measurement intensity. The first part of the questionnaire contained a group of questions related to the demographic data of an enterprise (respondent). The second part of the questionnaire was created in accordance with the elements of the research subject and contained indicators that measure constructs defined by hypotheses, that is, individual elements of the marketing planning process and FDI in Bosnian and Herzegovinian enterprises.

The questionnaire consisted of 25 questions in total, where 11 of them (with a total of 102 statements) related to the realization of the marketing planning process (research and development, procurement, distribution and sales and post-sales policies) in Bosnian and Herzegovinian enterprises of FDI recipients. All questions in the survey were closed-ended and measured the views of the management of FDI recipient enterprises about the effects of FDI on the marketing planning process in their enterprises. The views to the observed elements of marketing planning were measured using the Likert scale in the interval from 1 to 5, where the written numbers had the following meanings: 1 = Strongly disagree, 2 = Disagree, 3 = Neither agree nor disagree, 4 = Agree, 5 = Strongly agree.

The sample includes enterprises from Bosnia and Herzegovina, recipients of foreign direct investments in the amount of more than 5 million BAM. Information on recipient enterprises was obtained from the register of foreign direct investments in Bosnia and Herzegovina, which is maintained by the Central Bank of B&H and the Foreign Investment Promotion Agency in B&H (FIPA), and the basic set of respondents consisted of the management in domestic enterprises. The research population was represented by 120 enterprises from Bosnia and Herzegovina that are recipients of foreign direct investments in the amount of more than 5 million BAM. 36 respondents (30%) responded to the invitation to participate in the research and submitted a completed questionnaire form.

For the purposes of testing the working hypotheses defined in the paper itself, that is, for examining the relationship between independent and dependent variables, the analysis of variance (ANOVA) was used as a statistical method that attempted to determine whether the level of realized FDI among respondents significantly determines changes in certain processes within the marketing framework.

The main research hypothesis is: "Foreign direct investments contribute to the improvement of marketing planning in Bosnian and Herzegovinian enterprises". In order to prove the main research hypothesis, the following working hypotheses have been defined:

- H1: FDI realized in B&H significantly determine changes in procurement policy in domestic Bosnian and Herzegovinian enterprises.
- H2: FDI realized in B&H significantly determine changes in research and development in domestic Bosnian and Herzegovinian enterprises.

- H3: FDI realized in B&H significantly determine changes in distribution process in domestic Bosnian and Herzegovinian enterprises.
- H4: FDI realized in B&H significantly determine changes in sales policy in domestic Bosnian and Herzegovinian enterprises.
- H5: FDI realized in B&H significantly determine changes in post-sales policy in domestic Bosnian and Herzegovinian enterprises.

Out of the total number of submitted questionnaires, the largest percentage of respondents was from the manufacturing sector (38.90%). The second place was taken by the services sector (22.22%), while the trade and financial sectors, with an equal percentage of participation, were in last place (19.44%).

4. RESEARCH RESULTS AND DISCUSSION

With the aim of determining whether the level of realized FDI significantly determines changes in certain processes within the framework of marketing, we conducted an ANOVA test, the results of which are presented in the following table.

► TABLE 1. ANOVA

		SUM OF SQUARES	df	MEAN SQUARE	F	Sig.
PROCUREMENT	Between Groups	6.943	27	.257	11.120	.001
	Within Groups	.185	8	.023		
	Total	7.128	35			
RESEARCH & DEVELOPMENT	Between Groups	8.530	27	.316	3.021	.054
	Within Groups	.837	8	.105		
	Total	9.367	35			
DISTRIBUTION	Between Groups	29.584	27	1.096	7978	.002
	Within Groups	1.099	8	.137		
	Total	30.683	35			
SALES ACTIVITIES	Between Groups	15.253	27	.565	36.156	.000
	Within Groups	.125	8	.016		
	Total	15.378	35			
POST-SALES ACTIVITIES	Between Groups	14.474	27	.536	3.588	.033
	Within Groups	1195	8	.149		
	Total	15.669	35			

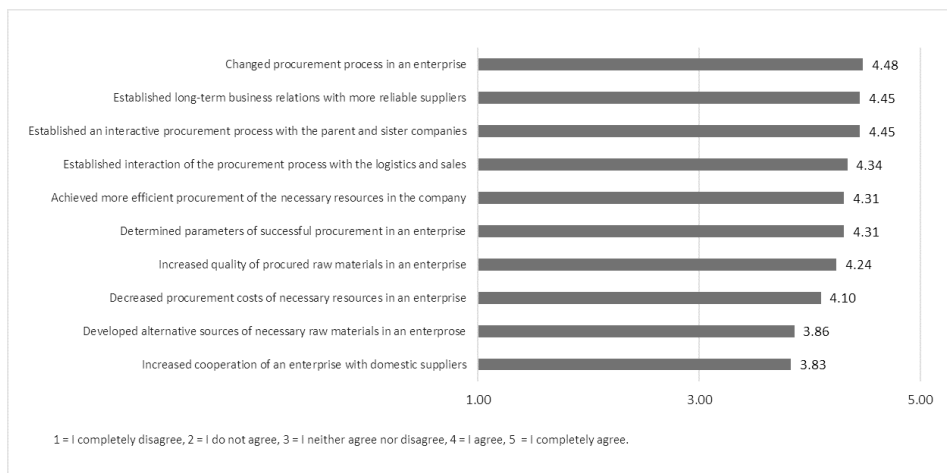
Source: Authors' creation based on primary research

The results of the ANOVA test show that the amount of FDI realized by domestic Bosnian and Herzegovinian enterprises significantly determines changes in the process of planning procurement activities (significance $0.001 < 0.05$), then, the process of planning distribution activities (significance $0.002 < 0.05$), the process of planning sales and post-sales activities (significance 0.000 and 0.033 respectively < 0.05). Changes are not statistically significant only in the process of planning research and development

activities (significance $0.054 > 0.05$). The effects of FDI on the recipient's purchasing policy are primarily reflected in the procurement of raw materials and materials from multiple sources, the establishment of an interactive procurement process with parent and sister enterprises, the management of a more comprehensive procurement policy, the introduction of more advanced parameters for measuring the success of the recipient enterprise's procurement process, and such.

Considering the procurement function of domestic Bosnian and Herzegovinian enterprises, that have a share of foreign capital in their structure, according to the results of the ANOVA analysis (Table 1), we found that the level of FDI significantly determines changes in this process. However, with the aim of determining which elements of the procurement process are improved most after the realization of foreign investments, we analyzed the views of respondents whose average ratings are presented in the following graph.

► **GRAPH 1. AVERAGE RATINGS OF RESPONDENTS' VIEWS ABOUT THE IMPROVEMENT OF CERTAIN ELEMENTS OF PROCUREMENT AFTER THE REALIZATION OF FDI**

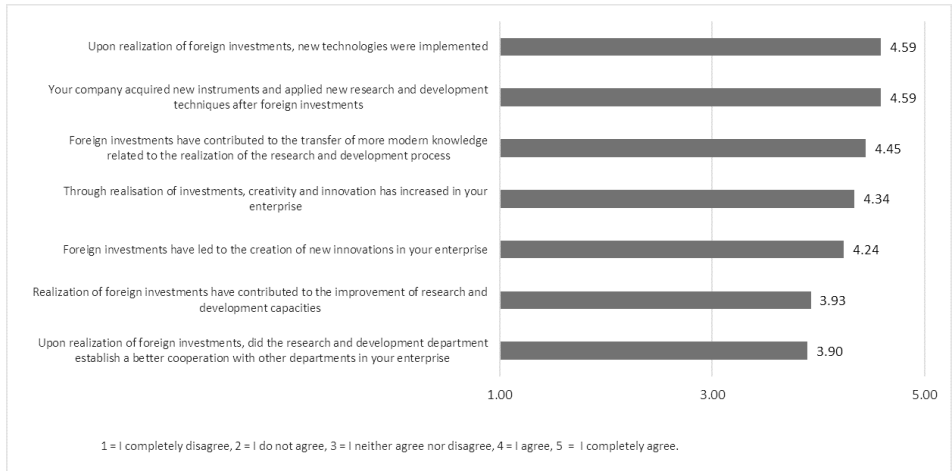


Source: Authors' creation based on primary research

From the Graph above, we may observe that, according to the average views of the respondents, FDI contributed the most to the improvement of certain aspects of the purchasing policy of domestic enterprises (with an average rating of the views of the respondents 4.48). This is followed by their positive influence on the establishment of long-term business relations with more reliable suppliers and the establishment of interaction of the procurement process with parent and sister enterprises (average score of the respondents for both elements 4.45). The attitude of respondents is also positive when considering the effect of FDI on the establishment of interaction between procurement processes and sales and logistics processes (average score of respondents' views 4.34). According to the average ratings of respondents' views, FDI contributed the least to the increase of cooperation of domestic enterprises with local suppliers (average rating of respondents' views 3.83), while the average ratings of respondents' views for other observed elements of the procurement process ranged from 3.86 to 4.34 (Graph 1).

Although the results of the ANOVA analysis (Table 1) showed that the amount of realized FDI does not statistically significantly determine changes in the research and development function of domestic Bosnian and Herzegovinian enterprises, this does not mean that they did not truly lead to changes in certain elements of the same.

► **GRAPH 2. AVERAGE RATINGS OF RESPONDENTS' VIEWS ABOUT THE IMPROVEMENT OF CERTAIN ELEMENTS OF REASERCH AND DEVELOPMENT AFTER THE REALIZATION OF FDI**

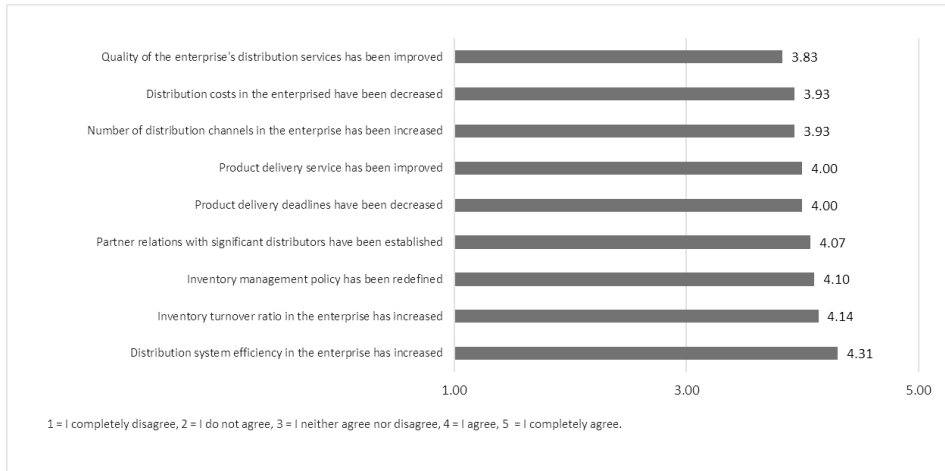


Source: Authors' creation based on primary research

Analyzing the results presented in Graph 2, we may observe that, according to the average views of the respondents, FDI contributed the most to the implementation of new technologies and the acquisition of new research and development instruments and techniques (the average score of the respondents in both cases was 4.59). The next higher effect of foreign investments was on the transfer of more modern knowledge related to the realization of the research and development process (average score 4.43), while the average score of respondents regarding the effects of FDI on increasing the creativity and innovation of the recipient enterprise is 4.34. According to the views of the respondents and the achieved average scores of 3.93 and 3.90, foreign investments contributed the least to the improvement of research and development capacities and to the establishment of better cooperation between the research and development department and other departments in the enterprise.

Foreign investments also have their effects on the recipient enterprise's distribution policy. Namely, modern transferred know-how often results in an increase in the number of distribution channels of host enterprises, which affects the reduction of total distribution costs, the reduction of product (service) delivery deadlines, the improvement of the distribution services quality provided to customers, and so on. Before we analyze the average views of respondents regarding of the effect of FDI on the improvement of certain elements of the distribution process, it is important to emphasize that the results of the ANOVA analysis (Table 1) showed that the level of FDI significantly determined the changes in this process.

▶ **GRAPH 3. AVERAGE RATINGS OF RESPONDENTS' VIEWS ABOUT THE IMPROVEMENT OF CERTAIN DISTRIBUTION ELEMENTS AFTER THE REALIZATION OF FDI**



Source: Authors' creation based on primary research

However, if we observe the average ratings of respondents' views regarding the effects of FDI on the improvement of certain elements of distribution policy, we may conclude from the Graph above that FDI contributed the most to increasing the efficiency of the distribution system at the recipient enterprise (average rating of respondents' view 4.31). After that, FDI had a positive effect, according to the respondents' views, on increasing the inventory turnover ratio (average rating 4.14), then, redefining the inventory management process (average rating 4.10). According to respondents, foreign investments resulted in the establishment of partnership relations with foreign distributors (average score of respondents 4.07), reduction of delivery deadlines and improvement of service for product delivery (average score of respondents in both cases 4). The average ratings of respondents' views regarding the effects of FDI on the improvement of other elements of the distribution process are presented in Graph 3.

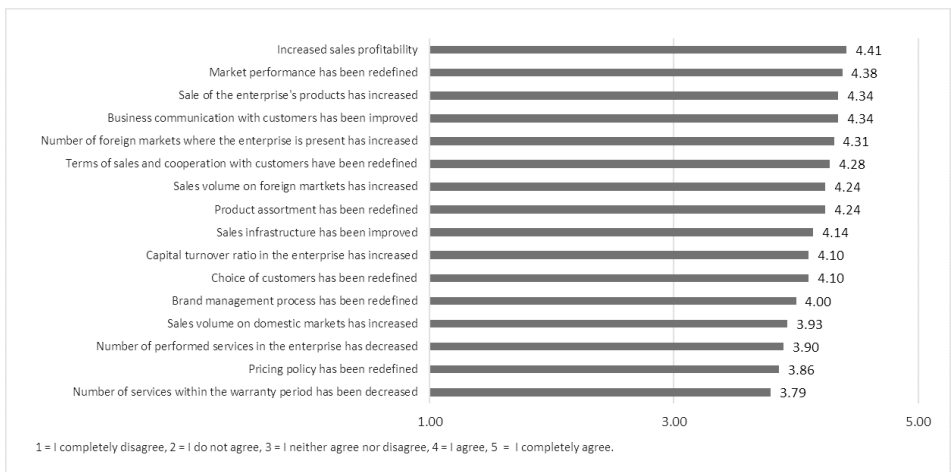
Foreign investments with transferred knowledge affect, among the other, the recipient's sales policy, which we may say represents one of the most important sub-processes within marketing. The knowledge that domestic enterprises acquire through the implementation of FDI may have an effect on the planning and introduction of new sales methods, the improvement and improvement of existing communication policies, better implementation of monitoring of sales activities, and such. They also affect the creation and management of pricing policy, the creation and management of the production program, branding policy, sales profitability, capital turnover ratio, and so on.

In addition, more modern marketing knowledge transferred to the recipient enterprises, and related to the realization of sales activities, will influence the redefinition of the way of choosing customers, sales conditions and general cooperation of domestic enterprises with customers. The results of the ANOVA analysis presented in Table 1 showed that the level of FDI statistically significantly determines changes in the sales function of domestic

Bosnian and Herzegovinian enterprises. However, as we observed the effect of FDI on over fifteen elements of the sales policy, in the continuation of this paper, through the analysis of the average ratings of the respondents' views, we will emphasize the effects that foreign investments had on the improvement of certain elements of the respondents' sales process.

According to the respondents' views, FDI had the greatest effect on increasing the profitability of the respondents' sales (average rating of the respondents' views 4.41), then, on redefining the policy of the respondents' market performance (average rating of the respondents' views 4.38), improving business communication with customers and increasing the sales of domestic enterprises (average rating of respondents' views 4.34). The number of markets where domestic enterprises realize sales after foreign investments has also increased (average rating of respondents' views 4.31). In addition to the effects on sales conditions and the establishment of cooperation with customers, according to the opinions of respondents, FDI led to an increase in the volume of sales on foreign markets and a redefinition of the range of their offer (average rating of respondents' views 4.24). The level of the average rating of the respondents' views was less than four, for only four observed elements of the sales process, out of a total of 16. Foreign investments had a slightly smaller, but still positive effect (average rating greater than 3) on increasing the volume of sales on the domestic market (3.93), reduction in the number of performed services (3.90), especially those within the warranty period (3.79), and redefinition of the price policy (3.86). A more detailed presentation of the respondents' views on all observed elements of sales is presented in the following Graph.

▶ GRAPH 4. AVERAGE RATING OF RESPONDENTS' VIEWS ABOUT THE IMPROVEMENT OF CERTAIN SALES ELEMENTS AFTER THE REALIZATION OF FDI



Source: Authors' creation based on primary research

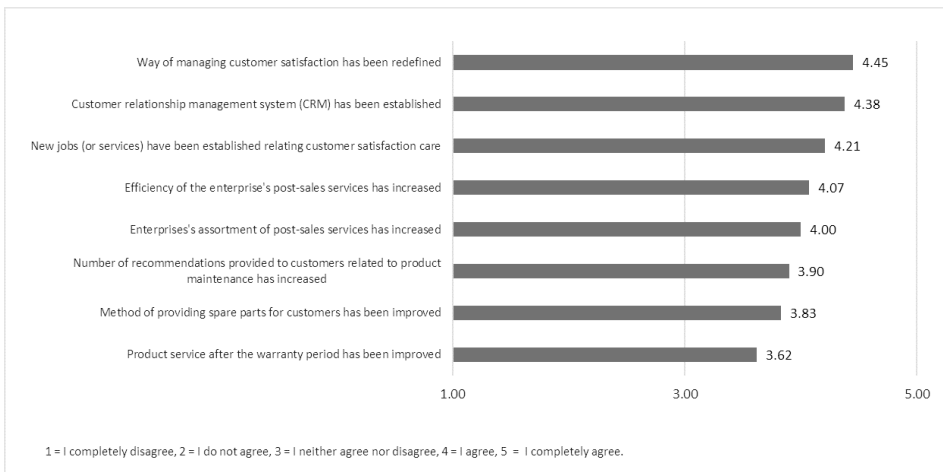
Growing globalization and great competition “force” enterprises to invest a lot of effort in creating additional value that will grab interest and attract customers. Therefore, there is an increasing number of enterprises that attach a significant role to post-sales activities

in their business, considering that they play a significant role in modern business conditions. Today, enterprises make great efforts to deliver additional value to their customers, even after the sale, through various support systems, free servicing, provision of spare parts, and such. Considering that adequately managed post-sales policies may result in improving the enterprise's image, and therefore increasing its competitiveness.

Through the realization of foreign investments, domestic enterprises acquire, among other things, more advanced knowledge related to the creation and implementation of post-sales policy, that is, its activities (maintenance, servicing, installation, management of customer relations, and such.), which increases the value of the product placed on the market. Considering the benefits, which the host enterprises receive from the implementation of FDI and which are linked to the post-sales policy, we will emphasize, through the average ratings of the respondents' view, the effects that the FDI implemented in Bosnian and Herzegovinian enterprises had on the improvement of the observed elements of the post-sales process (Graph 5)

However, before we go into the elaboration of the obtained results, it is necessary to emphasize that the results of the ANOVA analysis presented in Table 1 showed that the level of FDI statistically significantly determines the changes regarding post-sales activities (achieved significance level $0.033 < 0.05$).

▶ GRAPH 5. AVERAGE RATINGS OF RESPONDENTS' VIEWS ABOUT THE IMPROVEMENT OF CERTAIN ELEMENTS OF POST-SALES AFTER THE REALIZATION OF FDI



Source: Authors' creation based on primary research

By analyzing the average ratings of the mentioned elements of the post-sales policy (Graph 1-5), it may be concluded that FDI had the greatest effect on redefining the way of managing customer satisfaction (average rating of respondents' views 4.45), establishing a customer relationship management system (CRM) (average rating of the respondents' views 4.38), establishment of new jobs, departments that take care of customer satisfaction (average rating of the respondents' views 4.21), increasing the

efficiency of post-sales services (average rating of the respondents' views 4.07). In addition, the respondents are of the opinion that FDI have contributed to the expansion of the assortment of post-sales services (average rating of the respondents' views 4.0), while the number of recommendations provided by the enterprises to customers related to product maintenance has increased (average rating of the respondents' views 3,90). Although FDI had a positive effect on other observed elements of the post-sales function of the respondents, according to the views of the respondents, they contributed the least to the improvement of the way of providing spare parts for customers and the improvement of product service after expiry of the warranty (the average ratings of the views of the respondents were 3.83 and 3.62 respectively).

CONCLUSION

Although the literature, relating to the issue of FDI as a modality of business cooperation, analyzes it through the prism of their effect on the macroeconomic indicators of the recipient country, it is important to emphasize that their effect is also reflected in the improvement of the business performance of the recipient enterprise. FDI are not only an important generator of capital, but they also provide transfer of proven technologies, managerial and marketing know-how. Through the implementation of FDI, recipient enterprises significantly improve their competitive position through the transfer of modern technologies and proven managerial and marketing knowledge. Thus, the investment package complements the available production factors of the recipient enterprise and creates conditions for improving the production process, increasing productivity, improving competitiveness, and such. The results achieved through this research have shown that, among other things, FDI have led to the improvement of the marketing planning process of Bosnian and Herzegovinian enterprises which were included in this research.

By applying the ANOVA test, it was established that the level of FDI statistically significantly determines changes in the planning of procurement, distribution, sales and post-sales activities, while the same did not statistically significantly determine changes in research and development activities. According to the afore mentioned, we state that the first (H1), the third (H3), the fourth (H4), and the fifth (H5) working hypotheses have been proven, however, the second working hypothesis (H2) has not been proven. Considering the afore mentioned, we conclude that FDI contribute to the improvement of marketing planning processes in domestic Bosnian and Herzegovinian enterprises that are FDI recipients.

However, regardless of the fact that the level of FDI did not significantly determine changes in the research and development process, foreign investments contributed to the implementation of new technologies, techniques and instruments related to research and development among the respondents, the adoption of more modern knowledge related to the realization of the research and development process, increased creativity and innovation, and similar.

The effects of FDI on the recipient's purchasing policy are primarily reflected in the procurement of raw materials and materials from multiple sources, the establishment of an

interactive procurement process with parent and sister enterprises, the management of a more comprehensive procurement policy, the introduction of more advanced parameters for measuring the success of the recipient enterprise's procurement process, and such. The results of the ANOVA analysis showed that the level of foreign direct investments realized in Bosnia and Herzegovina significantly determines changes in the respondents' purchasing policy (sig. 0.001).

Foreign investments also had their effects on the distribution process of the domestic markets in Bosnia and Herzegovina. The ANOVA analysis found that the level of FDI significantly determines changes in the distribution policy of domestic enterprises (sig. 0.002). The aspects of the distribution policy that have been improved the most after the realization of FDI are: the efficiency of the distribution system, the inventory turnover ratio, relations with foreign distributors, delivery terms, as well as, the product delivery service itself, and such. The aspects of the distribution process that have changed the least due to the realization of foreign investments are related to the reduction of distribution costs and improving the quality of the distribution services provided.

The ANOVA test determined that the level of FDI statistically significantly determines the changes in the sales process among respondents (sig. 0.000). The aspects of the sales policy that have been most improved by the realization of foreign investments are related to increasing the profitability of the respondents' sales, redefining the policy of the respondents' market performance, improving business communication with customers and increasing the sales of domestic enterprises. The effect of FDI, although above average, was the smallest on the volume of sales on domestic markets, the number of performed services and the number of performed services within the warranty period.

Considering post-sales activities, the results of the ANOVA test showed that the level of FDI statistically significantly determines the changes in the post-sales process of the respondents (significance level $0.033 < 0.05$). The aspects of the post-sales policy, that have changed the most due to the realization of foreign investments, are related to the management of customer satisfaction, the establishment of a customer relationship management system (CRM), the establishment of new customer satisfaction jobs and services, increasing the efficiency of post-sales services, and such. Although FDI had an effect on other aspects of the post-sales process and, according to the respondents, they contributed the least to changes regarding the improvement of the way of providing spare parts for customers and the improvement of product service after expiry of the warranty period.

The research results may assist enterprise managers to see, in addition to the financial effects, the contribution that FDI have on the improvement of individual marketing planning processes. Nonetheless, the results indicate the necessity to pay due attention to the research and development process, given that the inflow of foreign capital determines certain changes (improvements), however, they are not statistically significant. The views of the management of FDI recipient enterprises are that FDI first lead to the improvement of certain activities within the research and development process, followed by procurement, sales and post-sales activities, while according to managements' views, FDI contributed the least to the improvement of distribution activities within enterprises.

The research results provide a number of useful inputs for enterprise management in terms of improving the marketing planning process. However, this research also contains certain limitations that are primarily reflected in the observation of only those enterprises whose participation of foreign capital is over 5 million BAM. Nevertheless, this research did not look at the influence of certain FDI modalities (mergers, acquisitions, greenfield investments, and others) on certain elements of the marketing planning process. Additionally, the research did not check whether foreign investments realized in enterprises from different sectors determine different effects on their marketing planning process. This is why it is recommended that subsequent research investigate the impact of FDI on the improvement of the technical-technological and organizational knowledge of domestic Bosnian and Herzegovinian enterprises receiving foreign capital. Then, the effects of individual FDI modalities on improving the marketing knowledge of the recipient enterprise, the intensity of the influence of individual FDI modalities on individual elements of the respondent's marketing know-how (research and development policy, purchasing policy, distribution policy, sales and post-sales policy) and observations how different modalities of FDI implemented in individual sectors of activity, affect the improvement of the recipient's technical-technological, organizational and marketing knowledge.

LITERATURE

Aitken, B. J. and Harrison, A.E. (1999), *Do Domestic Firms Benefit from Direct Foreign Investment? Evidence from Panel Data*, The World Bank, Policy Research Department, str. 1-44.

Aitken, B. J. and Harrison, A.E., (1999), *Do Domestic Firms Benefit from Direct Foreign Investment? Evidence from Venezuela*, *The American Economic Review*, Vol. 89, No. 3, str. 605-618. <https://doi.org/10.1257/aer.89.3.605>

Barba, Navaretti, G. D. Castellani, and Disdier, A.C. (2010), *How Does Investing in Cheap Labour Countries Affect Performance at Home? France and Italy*, *Oxford Economic Papers*, <https://doi.org/10.1093/oenp/gpp010>

Begtić, R. (1997), *Upravljanje poslovnim marketingom*, Ekonomski fakultet Univerziteta u Tuzli, Tuzla.

Bucifal, S. and other., (2008), *Chinalco-Rio Tinto deal: A case study of foreign direct investment from China to Australia, Sydney*, Australian National University. <https://doi.org/10.2139/ssrn.1487362>

Castellani, D. and Pieri, F. (2011), *Foreign Investments and Productivity Evidence from European Regions*, *Quaderni del Dipartimento di Economia, Finanza e Statistica*.

Čivić, B. Muratović, A. and Petrović, A., (2017), *Ograničenja ekonomsko-pravnog ambijenta u Bosni i Hercegovini za realizaciju stranih direktnih investicija*, *Zbornik radova Pravnog fakulteta u Tuzli*, god, 3., br. 1., str. 6-28., Indexing: Central and Eastern European Online Library (CEEOL) UDK/UDC: 330.322:34(497.6),

Iwasaki, I. and Tokunaga, M. (2016), *Technology transfer and spillovers from FDI in transition economies: A meta-analysis*, Journal of Comparative Economics, Vol. 44, Issue 4, pp. 1086-1114. <https://doi.org/10.1016/j.jce.2016.10.005>

Klimek, A. (2017), *Effects of Foreign direct investment in Business services in Poland*, Research papers of Wroclaw University of Economics, no.498, str. 141-148. <https://doi.org/10.15611/pn.2017.498.13>

Konings, J. (2001), *The effects of foreign direct investment on domestic firms – Evidence from firm - level panel data in emerging economies*, Economics os Transition, vol.9(3), str. 619-633. <https://doi.org/10.1111/1468-0351.00091>

Lipsej, R.E., (2002), *Home and host-country effects of foreign direct investment*, NBER Working Papers, No. 9293. <https://doi.org/10.3386/w9293>

Muratović, A., (2021), *Uticaoj stranih direktnih investicija na unapređenje marketinškog znanja bosanskohercegovačkih kompanija*, završni magistarski rad, Ekonomski fakultet Univerziteta u Tuzli, Tuzla.

Parežanin, M., (2016), *Strane direktne investicije u energetsom sektoru Republike Srbije*, Ekonomske ideje i praksa, broj 23., pp. 85-95.

Petit, M.L. and Sanna-Randaccio, F. (2000), *Endogenous R&D and foreign direct investment in international oligopolies*, International Journal of Industrial Organization, 18(2), str. 339-367. [https://doi.org/10.1016/S0167-7187\(98\)00028-9](https://doi.org/10.1016/S0167-7187(98)00028-9)

Pokrajčić, D. Savović, A., (2011), *Uticaoj transfera znanja na performance internacionalnih akvizicija*, Ekonomske ideje i praksa, broj 1., pp. 26-43.

Willmore, L. (1986), *The Comparative Performance of Foreign and Domestic firms in Brazil*, World Development, Vol. 14, no. 4., str. 489-502. [https://doi.org/10.1016/0305-750X\(86\)90065-3](https://doi.org/10.1016/0305-750X(86)90065-3)

www.fipa.gov.ba (pristupljeno April 2023)
