

PROMOTION, ENCOURAGEMENT AND LEGAL PROTECTION OF FOREIGN INVESTMENTS IN THE DEVELOPING COUNTRY

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Abstract

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The purpose of this research is to analyze and reveal the main issue of foreign direct investment (FDI) in theory and practice and the case of Kosovo. In this analysis, we used the case study research method. The results of the research show that different definitions have been given from different aspects of foreign investment, especially in financial theory. Investment promotion schemes have been successful in luring particular categories of investors, and they appear to have a statistically significant impact on foreign investment flows (Wells & Wint, 1990). The fact that developing countries, like Kosovo, may provide investors with a variety of “built-in” assets is one of the reasons why they are becoming more and more desirable investment locations (Mallampally & Sauvart, 1999). The use of the appropriate methodology to produce the required indicators necessitates that the relationship between the variables be examined in order to empirically validate and ascertain their impact on investments and investors, and the significance of investments. Despite the successes, this paper identifies a number of flaws that must be fixed if Kosovo is to boost transparency and draw more foreign investment. We conclude that this can be accomplished by the qualified bodies working more diligently in this regard.

Keywords: Legal Protection, FDI, Investors, Economic Development, Promotion

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1. INTRODUCTION

Foreign direct investment (FDI) is the most frequent name for direct investment. Investments made into foreign companies with the goal of gaining a controlling stake are referred to as FDI. Without the need to buy common stock, direct investments offer capital funding in exchange for an ownership position.

The study's goal is not to debate the topic of investment promotion in general or, more specifically, the subject of how many countries

should actively promote investment. That would cover a lot more ground. This study's goal is more constrained. It concerns the subject of what function International Investment Agreements (IIAs) can perform after nations have chosen to implement particular investment promotion strategies. In this situation, the question of how IIAs might be used to improve such promotional activities arises. Although up until now, active investment promotion that goes beyond the provision of investment protection and investment protection itself have typically had separate lives, the study makes it plausible too.

This paper aims to give a thorough summary of the benefits that FDI delivers to a host nation. The host country has a large number of benefits from FDI and this is especially related to the many debates that are taking place, especially recently, both in the academic world and in the public one.

Foreign investors will be encouraged to invest in the Republic of Kosovo if an atmosphere that is conducive to business and investment is created, but we also need to ensure that these investors have legal protection.

In times of economic recovery, FDI has a significant potential to aid economies, and this is true in the case of Kosovo. Foreign-owned subsidiaries, even small and medium-sized enterprises, have previously displayed higher resilience in the face of crises due to their linkages and access to the financial resources of their parent corporations (Borga et al., 2020).

Encouraging and increasing FDI and creating a more favorable business environment aims at sustainable economic development and financial and legal stability. In this direction, more work should be done by the country's government, providing foreign investors with facilities for doing business and legal protection for the invested capital. So, we will try to raise some of the most important issues for the construction of such an environment in the continuation of this work.

Promotional strategies include: a) supplying potential investors with information; b) presenting the nation as an alluring location for investment, and c) offering prospective investors' services. Promotion is simply one of many measures accessible to nations hoping to draw in foreign investment, though. Governments can: 1) offer tax breaks and grants; 2) build industrial parks, export processing zones, and other infrastructure; 3) make an effort to make the bureaucratic processes that prospective investors must go through simpler; 4) negotiate bilateral tax, trade, and investment treaties, and 5) make an effort to foster a favorable environment by ensuring the return of profits, providing access to imported components, and promising not to expropriate property without just compensation (Wells & Wint, 1990).

The purpose of the research is to achieve scientific, empirically verifiable knowledge, which will enable greater security for FDI, as well as the provision of their legal protection.

The results of the research with the institutions of the country will be received through questionnaires. We will try to issue recommendations to encourage foreign investors.

In order to find the essence of the problem for the promotion of FDI in the Republic of Kosovo, the following hypothesis is formulated:

H1: The reason for the loss of interest of foreign investors to invest in Kosovo is the unfavorable legal and political situation.

The primary research question of the study is:

RQ: What is the role of the nation's institutions in enhancing the legal system to affect the allure of foreign investments?

The remainder of this paper is organized as follows. In the second section, we look at FDI and study the related literature. In this section, we looked at pertinent literature on investments that covers investing from multiple angles. In this regard,

we have examined a large body of literature as well as direct and indirect legal measures that support foreign investment. We discussed the approach for this study in the third section. The analysis and findings are provided in the fourth section. The conclusions are provided in the fifth section.

2. LITERATURE REVIEW

2.1. Foreign investment promotion and encouragement in Kosovo legislation

Kosovo's laws and regulations are in line with international standards for promoting and protecting investment, even though the judicial sector's enforcement is still slack. Kosovo has a flat business tax rate of 10%. In order to increase loan availability, the government of Kosovo established the Kosovo Credit Guarantee Fund in 2016 in collaboration with the United States Agency for International Development (USAID) and other international donors. With assistance from USAID, the Kosovo government implemented a series of reforms to the business environment, which over time improved Kosovo's ranking and score in the Doing Business Report by World Bank Group (WBG, 2020). In the Doing Business Report (WBG, 2020), Kosovo was ranked 57th out of 190 economies and ranked among the top 20 economies in the world for economic growth.

Organisation for Economic Co-operation and Development (OECD) nations have been the primary source of FDI in the area, accounting for more than 90% of FDI inflows to Bulgaria, Croatia, and Romania (Broadman et al., 2004), nearly even in Kosovo, they continue to maintain this flow.

Law enforcement plays an important role in encouraging and promoting investments in the Republic of Kosovo. The incompleteness of the legislation and the lack of power to implement the laws and the principles of the legal state have a very negative effect and go to the detriment of the country for the encouragement of investors. Therefore, taking into account that the state cannot function without a true legal framework and relevant laws, we as a society and institutions of the country must strive more in this direction, particularly in completing the legal framework and issuing the laws that are still absent.

The law's goals are to protect, promote, and encourage foreign investment in the Republic of Kosovo, to give foreign investors fundamental rights and protections, and to reassure them that their investments will be safeguarded and treated fairly in accordance with recognized international standards and practices.

International investors and their investments are treated the same as local investors and local investments under the law on foreign investments in the Republic of Kosovo. According to the current laws, foreign investors need complete and ongoing protection and security.

Kosovo provides a relatively accommodating legislative environment for international investment. The guiding principles of equity, non-discrimination, and investor protection are the cornerstones of the Law on Foreign Investments.

According to the Republic of Kosovo's Law on International Investments, Kosovo will regard foreign

investors and their investments the same as any local investor and local investment. In accordance with current legislation, the Republic of Kosovo guarantees complete and constant protection and security to international investors and their assets (Assembly of the Republic of Kosovo, 2014).

Foreign investors and their investments will be subject to and have obligations and rights under the applicable legislation in the Republic of Kosovo, just as local investors and their investments, according to Article 4, paragraph 2 of the Legislation on International Investments in the Republic of Kosovo.

The Convention on the Settlement of Investment Disputes between States and Nationals of Other States (International Centre for Settlement of Investment Disputes [ICSID], 1966) offers a framework for the resolution of disputes between host countries and foreign investors through arbitration and conciliation if they arise and cannot be resolved through the local court (Schreuer, 2011).

The most current estimates indicate that worldwide FDI flows have already decreased by 50% in the first half of 2020 compared to the second half of 2019 (OECD, 2020), suggesting that the yearly decline may be more than the predicted 30–40% expected.

Standard FDI figures are reported based on where the immediate investor is located. The OECD (2009) 4th Benchmark Definition of FDI (BD4) suggests that nations include the collection of inbound FDI stocks by the ultimate investing country to standard FDI statistics to improve understanding of complicated corporate structures (OECD, 2009). This presentation enables nations to examine intricate ownership structures in order to pinpoint the nation of the investor, who ultimately owns the investment and is responsible for both its risks and rewards.

For instance, a recent study reveals that one of the primary factors influencing foreign divestment, i.e., the selling of assets or business units previously owned by foreigners to locals, is high unit labor costs and inflexible labor market conditions. This study also demonstrates how such modifications to an affiliate's ownership structure may have a major impact on the success of the business that is being sold in the future, as well as broader effects on the host economy (Borga et al., 2020).

These strategic alliances, which entail non-equity (sometimes contractual) agreements between foreign multinational enterprises (MNEs) and domestic businesses, seem to be playing a more and bigger part in knowledge-seeking FDI, which is often employed by foreign businesses to quickly acquire technical skills (Andrenelli et al., 2019). The various connections between trade and investment are also reflected in this.

The net flow of FDI into Kosovo was predicted at USD 382 million in 2020, a significant increase from USD 302 million in 2019. In 2019, the stock of portfolio investments reached USD 2.05 billion, consisting of USD 1.67 billion in equity securities and USD 385 million in debt securities. The greatest recipients of FDI are the real estate and leasing industries, followed by the financial services and energy sectors. The infrastructure, energy, food, and IT industries are all-expanding and are likely to draw fresh FDI.

In order to draw in FDI, Kosovo, a nation in the Western Balkans with a burgeoning economy, has drafted a number of agreements. Foreign investment is regarded as a sizable boost to domestic savings for the countries of the Western Balkans, in general, and for Kosovo, in particular. The majority of foreign investments in the Balkan economies have been in non-tradable services, particularly in banking, telecommunications, trade, and real estate (Salihu & Murati, 2023).

2.2. Fair competition and market regulation

Many policymakers and researchers believe that FDI may have a significant positive impact on the development efforts of a host nation. In addition to providing direct money by funding its suppliers, FDI may provide vital technology and expertise by cultivating links with local enterprises, which can aid in the start-up of an economy. Based on these ideas, both developed and developing nations have given incentives to attract FDI into their respective economies (Alfaro, 2003).

Efforts are being made to achieve such a thing in our country. The establishment of a sound national policy is tied to the nation's economic growth, as well as to development goals, which include removing all potential barriers to market entry and fostering an atmosphere and climate favorable to FDI.

By increasing competitiveness in our country's economy, competition and its policies will produce development and have an influence on the improvement of macroeconomic indicators, such as the level of prices, the level of employment, and overall economic growth (Assembly of the Republic of Kosovo, 2014). The improvement of the country's economy is influenced by loyal competition, which enables greater economic growth. This is developed by practicing a policy that creates conditions and a reliable environment among foreign investors, especially for new investors who have entered the market.

Where loyalty exists, loyal competition clearly brings benefits that affect the development of the country's economy and enable the expansion of business sectors.

It should be mentioned that, in order to fulfill the major aims of the economy, such as survival and expansion, the country's government must explore ways to retain and attract foreign investors through its policies.

In case we have unfair competition between businesses that convey erroneous information about the quality of the competitor's products and services and lie to customers in order to defeat the competition, then it can determine the product that is not in accordance with some market demands; this usually brings crises, hyperproduction of material goods and prosperity, irrational production, duplication of capacities, and a host of other consequences (Prica, 1962).

If we have such competition, it will be difficult for new investors to enter and old ones to survive. As a consequence, loyalty should be supported in regard to competition; this way, everyone wins, since if the contrary occurs, there will be suffering, and it will all be the result of a lack of loyalty.

This type of competition hinders the entry of new investors and the survival of existing ones and in this context slows down the country's economic development.

2.3. Securing the rights of investors and their protection

FDI is typically seen as a valuable resource to support industrial growth in the host country, especially in developing countries (Brewer, 1993).

Looking at the region's countries, we can see that they fare far better than Kosovo in terms of foreign investment. In terms of FDI origin nations, Central and Eastern European and Southeast European countries have garnered the greatest investment, followed by their Western European counterparts. Over 90% of FDI inflows to Bulgaria, Croatia, and Romania have come from OECD countries, making them the area's main source of FDI (Broadman et al., 2004).

Therefore, every day the need to attract investors is becoming more necessary, and much more work must be done for this.

To attract as many international investors as possible, they must first be convinced that their investments are secure and that they will be treated equally, without prejudice, and that in the event of a disagreement, they will find a remedy comparable to local businesses. Providing all of this to international investors, and based on the reality that developed nations do the same, assures a more competitive climate.

Another factor is that the services industry has many restrictions on foreign investment and foreign affiliate activities, including foreign equity caps, discriminatory licensing requirements, and the rejection of credentials obtained overseas (Andrenelli et al., 2018).

Foreign direct investors should have tight relationships with the host government. On the one hand, they must assess the various contributions, particularly those brought about by FDI (Kristo, 2004).

More crucial is the promotion of more lawful administrative practices that are in the general interest of the host country's population (Yannaca-Small, 2010).

Investors should therefore be given guarantees of complete protection and security, protection from arbitrary and discriminatory treatment, national treatment, protection in the event of expropriation, protection for the free transfer of payments, and arbitration between contracting states, arbitration between the host state and the investor, including arbitrator (Schreuer, 2011).

Investors demand the following assurances and protections, which are incorporated in these principles:

1. Regarding the payment of debts to the state and the implementation of contracts, non-discriminatory and equal treatment with local investors.
2. Investment under all business structures, in all sectors, as well as under any form that is regulated and permitted by law.
3. Fair compensation in the event of privatization, expropriation, or other comparable acts.
4. Land ownership rights.
5. Protection of intellectual and industrial property.

6. Settlement of disputes in domestic courts that are fair and independent, or to require domestic or international arbitration.

Legal security for investors is primary, in order to direct their investments to our country. In this direction, many agreements must be drawn up that guarantee security and protection for investments and the drafting of specific laws that regulate expropriation measures, for this compensation right in case of expropriation.

The terms for a long-term lease or purchase of land also play a vital role in attracting investors.

For economic development in Kosovo, FDI are constantly considered necessary, taking into account the resources that Kosovo possesses, as well as the impossibility of local investments. But regardless of this, if we compare the investments in the first years after the war in Kosovo, their value has been decreasing from year to year.

Economic experts in Kosovo have often raised concerns that excessive bureaucracy in institutions is also impacting this area.

The enhancement of the judicial system, specifically the strengthening of the rule of law, is another significant conclusion. Although Kosovo has made significant strides in business development and in completing the Legal Framework for Foreign Direct Investment (legal infrastructure regulated and in line with EU standards), one of the issues for which the government of Kosovo should act more quickly is the improvement of the legal environment, specifically the strengthening of the rule of law, according to the research findings. Courts must function properly and impartially.

It is well recognized that FDI cannot by itself speed up investment activity, and Kosovo's unique characteristics make promoting FDI more challenging than in many other competitive locations. For these reasons, it is necessary to combine the promotion of FDI with the supply of alternative financing tools and guarantees, where the FDI component may take on a greater role. Even while FDI cannot by itself stimulate investment activities, it is very much required. To supplement other financial sources, FDI should grow into a significant source (Rinvest, 2002).

2.4. Reasons to invest in Kosovo

This country has many advantages that attract and entice foreign investors, such as a superior tax system, an abundance of natural resources, quick and easy business registration procedures, a clear law on foreign investments, and the Law on Strategic Investments.

Foreign investment promotion will require not only a favorable environmental regulator but also such steps to actively entice business as special economic zones (UN Millennium Project, 2005).

In Kosovo, there are numerous opportunities for foreign investors to make investments in addition to economic, political, and legal ones.

Additionally, there are no limitations on foreign investors in the privatization process; for instance, the Act on privatization treats both domestic and foreign investors equally.

The following are some of the reasons why foreign investors should invest in Kosovo:

1. New population.
2. Profit at a high rate.
3. Lower taxes compared to countries in the region.

The Law on Foreign Investment guarantees non-discrimination, ongoing protection, and security, compensation in the event of nationalization and expropriation, including the payment of interest, compensation in the event of a violation of the applicable law and international law attributable to Kosovo, the freedom to transfer and otherwise unrestricted use of income, and protection against the application of every sector of the economy, with the exception of those that are constrained by law, is open to DFI. Investments in the production of pharmaceuticals and weapons require government approval. In several sectors, like banking, financial services, and insurance, the license requirements are identical for both domestic and foreign investors (Institute for Free Market Economy [IFME], 2019).

2.5. New population

With 70% of the population under 35 years old, Kosovo has the youngest population in all of Europe. English has been classified as the third official language in Kosovo due to the significant international population there. Albanian and Serbian are the other two official languages. As a result, a higher than the average percentage of Kosovars in the region speak English. About 25% of Kosovars live in the European Union, primarily in countries that speak German.

For many international enterprises, the youthful people in Kosovo are unimportant because they believe they lack qualifying abilities and hence are not at the needed level.

In this regard, Hungary and Slovenia are comparable to our nation. In Hungary, in addition to a strong technological foundation, the labor force constitutes a competitive advantage for local

businesses. This fact enabled the American multinational conglomerate General Electric, which was the first substantial investment in the local firm Tunggram in the sum of USD 550 million, to boost production efficiency (Jashari, 2007).

2.6. Profit on a high scale

The high rate of profit motivates foreign investors to invest in our country, their goal is to transfer the profit they can make to the country from which the capital is invested. The interest of investors appears more in the production sector and this has shown that investing in this sector can ensure a monopolistic position in the local markets.

Profit realization by foreign investors was preceded by some preliminary acts, so first and foremost the market is secured, and only after the realization of the dominating position in the market does the desire for long-term profit develop (Jashari, 2007).

The realization of long-term profit is the goal for foreign investors, not the realization of short-term profit.

2.7. The lowest taxes compared to the countries of the region

High taxes reduce the incentive to invest in a nation and the ability to create jobs. With the lowest tax rates in the region for value-added tax (VAT), personal income tax (PIT), and corporate income tax (CIT), Kosovo has a low tax burden compared to other countries in the region.

This has a positive effect on the attraction of foreign investments, considering that the avoidance of high taxes that they may have in their countries enables a higher profit in the countries where they invest where taxes are lower.

Table 1. Comparison of the tax rates of Kosovo with the countries of the region

State	VAT	CIT	PIT
Kosovo	Standard rate 18%	10%	0%-4%
	Reduced rate 8%		8%
			10%
Albania	Standard rate 20%	15%	23%
	Reduced rate 10%		
Montenegro	Standard rate 19-21%	9%	9%
	Reduced rate 7%		
Croatia	Standard rate 25%	18%	36%
	Reduced rate 13%		
North Macedonia	Standard rate 18%	10%	10%
	Reduced rate 5%		
Bosnia and Herzegovina	Standard rate 17%	10%	10%
	Has no reduced rate		
Serbia	Standard rate 20%	15%	10%
	Reduced rate 10%		

Source: Tax administration websites of Kosovo and the countries of the region.

3. RESEARCH METHODOLOGY

The use of techniques connected to the achievement of objectives is necessary for the scientific treatment of all FDI.

The term "method" in science refers to the recovery and demonstration of scientific truth, which directs one toward the achievement of a predetermined goal (aspects of civil law and foreign direct investment). The use of the following

is required in our case: theoretical methodology (methods such as legal, historical, comparative, sociological, psychological, and logical); it is also permissible to utilize tools connected to methodological research, such as surveys, evidence, questionnaires, etc.

In particular, it must be emphasized that precisely the contradictions in the thought on the principles of logical exemption must be observed (definition and distribution of the right, etc.,

the terms and conclusion extracted), and with this single objective — achieving the correct results of the scientific survey.

The research will be based on information provided by the authors who is qualified and who has dealt with the foreign investment issue directly. We will also be based on decorative information from the websites, as well as more advanced literature, scholarly journals, and international publications.

The study was preceded by other inquiries to the institutions. We were able to get information about how to encourage foreign investment in Kosovo thanks to our study of the institutions of the Republic of Kosovo.

The conducted questionnaire addresses the following primary concerns: Investment motivations, the operation of Kosovo’s legal system for investing, the protection of foreign investments, the treatment of domestic and foreign investors equally, the legislative environment, and the political climate in Kosovo are all factors.

4. ANALYSIS OF QUESTIONNAIRES ADDRESSED TO INSTITUTIONS RELATED TO FOREIGN INVESTMENTS IN KOSOVO

Based on the questionnaires used during the investigation, this study is descriptive.

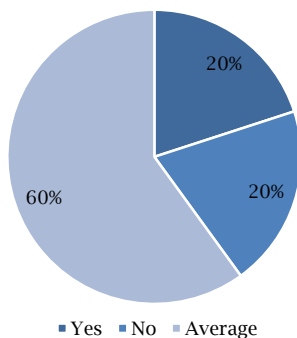
Tables and graphs are used to present the findings along with the interpretation of the FDI law.

The study’s findings are presented in this section. Can econometric analysis as a substitute technique be used to evaluate the effects of FDI? — Unfortunately, this is not the case in our analysis.

Theory helps us organize our ideas on how people respond to changes in their economic environment. The theory is the way the study is arranged, what questions are answered, and how the results are interpreted (Rosen & Gayer, 2016).

We have created a questionnaire with an average of 10 questions, the majority of which are concerning the institutions, to determine how FDI is encouraged and promoted in Kosovo. We distributed this questionnaire, and after getting the responses, we generated the data. After gathering the surveys, we built the framework for the qualitative and quantitative investigation.

Figure 1. Political security for investors

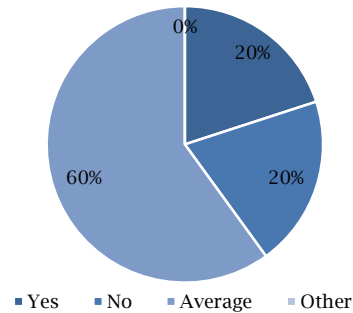


Because of the political problems in our nation, investors believe that Kosovo is not a secure place to make investments.

Sixty (60) percent of individuals surveyed within Kosovo’s institutions think that the country gives ordinary political security for foreign investments, 20% think that it does offer political security to investors from outside, and 20% think that it does not offer any political security at all.

Figure 2. Investments in Kosovo

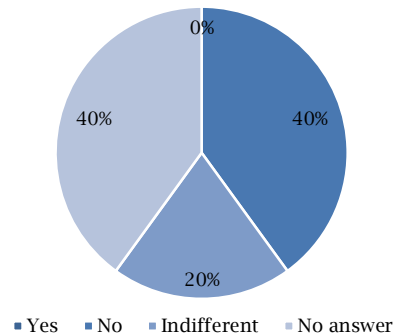
How much do you agree with the investments being made in Kosovo?



The majority of the respondents indicated some agreement with the investments being made in Kosovo in response to the question, while a small percentage expressed complete agreement and a few expressed no agreement at all.

Figure 3. The functioning of the legal order

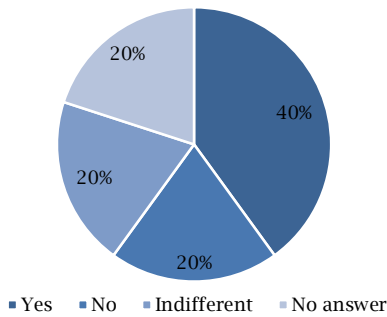
Does the legal system in Kosovo work properly in the protection of foreign investments?



The topic we set and, especially, getting responses from the respondents were crucial because the entire study project is specifically focused on the legal protection of FDI. A portion of the interviewees do not want to respond to this issue; specifically, 40% of the respondents do not want to respond, 40% think the legal system is functioning properly, and 20% are undecided.

Figure 4. Ease of investing

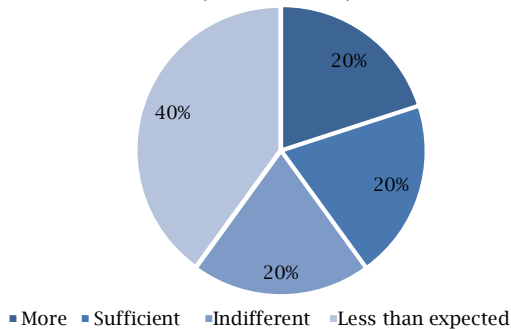
Are there facilities for foreign investors to invest?



Kosovo, like the rest of the region, is a desirable location for foreign investors in a variety of business and economic sectors. While 40% of respondents have a positive outlook, 20% do not receive investment facilities, 20% are uninterested in the topic, and 20% think it does not provide them any investment facilities at all.

Figure 5. Guarantee of investments and investors

Do we have guarantees for investors foreign investments from the state of Kosovo?



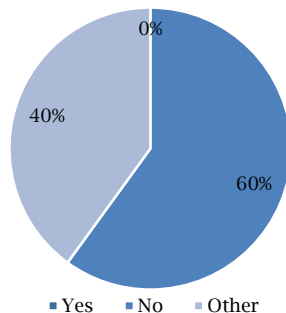
Foreign investments should not only be welcomed but security and protection should be established in order to draw in as many as feasible.

Courts must be incredibly adept at resolving disputes in order to foster an environment that is more favorable for investors and their interests.

In response to the statement that we have guarantees for international investors from the state of Kosovo, 60% of respondents agreed less than anticipated, 20% definitely agreed, and 20% did not agree at all.

Figure 6. Equal treatment of FDI and local ones

Do we have equal treatment of foreign and domestic investors?



Foreign investors need to be assured that their investments are secure and that they will be treated equitably alongside domestic investors.

Developed nations treat foreign investors and domestic businesses equally, which promotes greater competition.

In response to this question, 60% of respondents believe that international investors are not treated equally with local investors, which discourages investment, while 40% believe that they are.

5. CONCLUSION

Our research is heavily focused on how to enforce the rule of law and respect for foreign investors and investments since legal protection is a significant issue that influences the choice to withhold investment. By presenting one access theory for FDI, we are able to better understand the beneficial effects of FDI on the development of the host nation.

Foreign investments have a direct impact on economic growth in Kosovo before withdrawal, and the biggest of them will be beneficial for Kosovo.

The environment, politics, and law all have a significant effect on how we treat foreign investors since a country's conduct state will adversely affect how investors are treated.

Foreign direct investments must be protected and legal rights must be given under the current framework of the law regarding such investments; nevertheless, we cannot state that this framework applies in the same way as local institutions must.

Free power workers are one of the main factors that entice international investors to invest in Kosovo. It is also known that the average wage in Kosovo is not at a satisfactory level and that one of the main reasons why investors are sufficiently interested is tax evasion.

Three concerns serve as the primary focus of this work: the promotion and encouragement of investment, the effect of FDI on Kosovo's economy, and a realistic assessment of the level of legal protection offered to investments and investors.

This study intends to draw attention to the challenges experienced by foreign investors in Kosovo and, in this case, provide suggestions on how the government should work harder to overcome these challenges and draw in as many investors as it can. In order to increase their investments as much as feasible, existing investors must still be taken into consideration.

The suggestions came from a survey in a few Republic of Kosovo's entities that are essential to luring investors. Using the survey, we have made an effort to convey enough information through this project about the possibilities and reasons why it should be invested in.

Initially, the central institutions, but also the local ones, should work more in terms of administrative obstacles, which include: obtaining permits for construction and very long procedures regarding the use of the municipal property.

Another important recommendation is to prevent difficulties with the legal environment; while Kosovo has worked hard in this area, more specific actions addressing the strengthening of the rule of

law, i.e., improved law execution, should be adopted. The commercial court's ability to render fair and unbiased judgements is also critical.

It is advised to fight corruption at all levels in order to achieve results and the rule of law since international investors believe that it is at a very high level.

As many foreign investors have stated that when hiring young people, they run into inexperience and lack of qualifications, and the government of the country needs to take very substantial steps regarding human capital investment.

An essential suggestion to the Kosovo government is to encourage the diaspora to invest in the nation. This would benefit both foreign and domestic investors by allowing for more information on the most promising investment sectors.

More needs to be done to stimulate FDI in Kosovo's less-invested regions.

Future research will be very interesting since, in order to successfully encourage investment, such legislation must be supported by significant changes to the corporate climate and high standards of workforce education. This is because investors have needs for political and legal security, a skilled workforce, and generally a suitable business environment, in addition to technical facilities, a reduction in bureaucratic procedures, and financial incentives.

These reforms are more challenging to implement since they demand more time, political will, financial resources, and deeper improvements. The key limitation of this study is the measurement of the influence of the law on FDI trends was rethought at the time of analysis, thus, is extremely important for future research in order to evaluate and measure how the law on FDI affects the FDI trend following the pandemic crisis.

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