



## Special Session Proposal

### **The role of foreign-owned companies in regional development: opportunities and challenges in a double-edged relationship**

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#### **Abstract**

Foreign-owned companies generally play a crucial role in the economic landscape, significantly influencing various sectors while also being shaped by many factors. These companies bring in foreign direct investment, which can lead to job creation, technology transfer, and improved business practices. Their presence often enhances competitiveness within local markets by introducing new products and services, thereby driving innovation and efficiency among domestic firms. However, foreign companies' influence is not solely positive; it is also essential to understand the challenges they present. Market regulations, cultural differences, and economic stability can significantly affect their operations and long-term success.

Considering this relationship from a broader perspective, dependence on global value chains (GVCs) in double-edged models promotes economic growth but also consolidates low-value-added activities. This situation restricts opportunities for technological advancement and productivity improvement. Additionally, it makes economies vulnerable to external shocks, especially as trends in offshoring and backshoring alter global production dynamics. To reduce these vulnerabilities, it is essential to diversify roles within GVCs, boost domestic innovation, and improve preparedness for Industry 4.0.

The session is structured around the results of the project “Micro, Macro-economic and Territorial Differentiating Effects of Foreign Direct Investment in Visegrad Countries—Challenges of FDI-driven Economic Policy Models,” which investigated the role of foreign-owned companies in the national and regional economic development of the Central and Eastern European regions.

In addition to the project results, the session also invites presentations that cut across the following areas:

- Double-Edged Impact of Foreign-Owned Companies: Benefits vs. risks in regional development.
- GVC Dependence and Low-Value-Added Traps: Challenges in technological and productivity upgrading.
- Resilience of FDI-Driven Models: Impacts of external shocks, offshoring, and backshoring.
- FDI and Regional Innovation Systems: Role of foreign firms in fostering or hindering innovation.
- Industry 4.0 Readiness: Labor shortages, digitalization, and productivity challenges.
- Mitigating External Dependence: Policies for fostering domestic enterprise and reducing reliance.
- Emerging Multinationals in CEE: Roles in global production networks and challenges.