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Original scientific paper

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FOREIGN DIRECT INVESTMENT AND ECONOMIC GROWTH: EMPIRICAL ANALYSIS

Abstract

Investments represent a factor of economic growth and development, regardless of their internal or external origin. Foreign Direct Investments (FDI) represent a constituent of the total investments, meaning that they have a certain impact on economic growth. The existence of a positive correlation between the level of incoming foreign direct investment and economic growth in the economy is evident in numerous studies that explore this subject, but also there are the opposing views. That implies the need for further research to assess the relationship between these two categories. Therefore main objective of this paper is to estimate and show the impact of FDI on economic growth.

This paper presents an empirical model (panel model with random effects) which analyzes the 84 countries in the forty-year period. The results suggest that there is statistically significant relationship between FDI inflows and economic growth rates, in conjunction with human capital, the trade openness and government consumption. The obtained findings suggest a lot of ideas for future research.

Key words: foreign direct investment, economic growth, panel regression analysis, trade openness, human capital, technology

JEL classification: F21, F30, F43, C01, C33

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Introduction

The modern economy has characterized the process of globalization, which abolishes barriers in international trade, intensify relations between individuals, organizations and institutions globally. This enables greater volume and quickness of transfer of goods from one place to another and greater movement of capital. In such circumstances no longer question whether to open the doors of the national economy for foreign investment, but which measures and strategies to be taken to attract foreign investors, and certainly with that to boost economic growth.

The role and importance of Foreign Direct Investments in the national economy is primarily visible in key macroeconomic moments, as explained by Todaro and Smith. They represent one of the most favorable forms of engaging foreign private savings in the financing of economic development, and reducing the gap between planned investment and local savings. Secondly, there is a significant contribution of FDI in overcoming the foreign trade gap of the country in which the investment is made. Thus, foreign investments effectively cover the discrepancy between the planned public revenue and tax collected, as well as other forms of revenue meant for public consumption. There are great benefits from Foreign Direct Investments through the transfer of managerial and entrepreneurial experience. Finally, today they represent a major channel for the transfer of modern technology between countries.[2]

Theoretical literature points out that FDI making a potentially large impact on the economic growth of the host country through various channels: the impact on the quality and quantity of capital formation, technology transfer, increase the level of development of human capital, expanding trade opportunities. But in practice still the question whether FDI stimulate economic growth and how to achieve it?

The theoretical and empirical literature suggest divided opinions and conclusions on the impact of FDI on economic growth. Because of that in order to make a more detailed examination of the flow of FDI and economic growth and their potential link to a certain group of countries, in this paper was developed certain empirical model.

[2] Popović, G., Savić M., *EU Economy, Macroeconomic Aspects and Common Policies*. Ekonomski fakultet u Banjoj Luci, 2009, p. 8-9

1. REVIEW OF EMPIRICAL RESEARCH ON THE EFFECT OF FDI ON ECONOMIC GROWTH

As mentioned above, in the empirical literature is divided opinion about the contribution of FDI to economic growth. Some authors have argued that FDI has encouraged growth in economies, while others determined that there is no positive effect of FDI on the rate of economic growth. Those who support the view that FDI has a positive impact on economic growth consider that there are different channels that produce positive externalities associated with FDI, such as: a) channel of competition, where increased competition will lead to increased productivity, efficiency and investment in human and/or physical capital. Increased competition can lead to changes in the industrial structure through more competitive and more export-oriented activities; b) channel of training, which increased workforce's training and management; c) channel of connection, where foreign investments are often accompanied by technology transfer, and d) channel through which domestic firms imitate advanced technologies used by foreign firms.

In this context, Borensztein, De Gregorio and Lee (1998)[3] found that FDI has a positive effect on economic growth, but the degree of the relationship depends on the quality of the human capital of the host country. To be able to produce higher quality products, the workforce must be skilled at using the new technologies, and then will be greater effects of FDI on economic growth. Shen (2010)[4] research confirms the conclusion of previous authors that FDI evidently has a significantly positive effect on growth when human capital is considered. Jyun-Yi, Wu and Hsu Chin-Chiang (2008) found that FDI have a positive and significant impact on growth when host countries have a better level of initial GDP and human capital. Bengoa and Sanchez-Robles (2003)[5] also conclude that FDI has a significant positive effect on host country economic growth, but similar to Borensztein, De Gregorio and Lee the magnitude depends on host country conditions.

[3] Borensztein, E; De Gregorio,J; Lee,J.W, How does foreign direct investment affect economic growht?, Journal of International Economics , 45, 1998, p. 115-135

[4] Shen, C.H, Lee, C.C, & Lee, C.C., What Makes International Capital Flows Promote Economic Growth? An International Cross-Country Analysis. *Scottish journal of political economy,* 57(5), 2010, p.515-546.

[5] Bengoa, M.; Sanchez-Robles,B, Foreign direct investment, economy freedom and growth: new evidence from Latin America, European Journal of Political Economy, 19, 2003, p. 529-545.

Another research made by Olofsodotter (1998)[6] found that the FDI stock has a positive effect on the economic growth rate, due to technology spillovers. In addition, the effect is stronger for host countries with a higher level of institutional capability as measured by the degree of property rights protection and bureaucratic efficiency in the host country.

Many authors, including Alfaro and Charlton (2006)[7], also found that FDI has no direct impact on economic growth, but the impact is more significant when taking into account the variables of financial development. According to these authors, the successful functioning of financial markets is a precondition for foreign direct investment could stimulate growth in that economy.

Basu, Chakraborty and Reagle (2003)[8] found a co-integrated relationship between FDI and GDP growth. Trade openness was emphasized as a crucial determinant of the impact of FDI on growth. Trevino and Upadhyaya (2003)[9] find a similar result, that the positive impact of FDI on economic growth is greater in more open economies.

In addition, De Mello (1999)[10] estimates the impact of FDI on capital accumulation and output growth in the recipient economy. In contrast to previous studies, he found that FDI can lead to better technology and enhanced management in the host country; but the evidence was relatively weak on whether FDI essentially creates economic growth. Carkovic and Levine (2002) also found that there is no strong link running from inward FDI to host country economic growth.

But as we said there are also authors who confirm that the correlation between FDI and economic growth is negative. One of them is Joze Mencinger.[11] He explained its conclusions by the fact that in the surveyed countries in transition, the dominant form of foreign direct investment was the acquisition. Moreover, he points out that the acquisition can't be considered as investing

[6] Olofsdotter, K., Foreign direct investment, country capabilities and economic growth, Weltwirtschaftliches Archiv, 134 (3), 1998, p. 534-547.
[7] Laura Alfaro, Andrew Charlton, Growth and the Quality of Foreing Direct Investment: Is All FDI Equal", Working Paper, 2006, http://dor.hbs.edu/fit/fi
[8] Basu, P.; Chakraborty, C.; and Reagle, D., Liberalization, FDI and Growth in Developing Countries: A Panel Cointegration Approach. Economic Inquiry, 41 (3), 2003, p. 510-516.
[9] Trevino, Len. J. and Upadhyaya, K. P., Foreing aid, FDI and Economic growth: Evidence from Asian countries. Transnational Corporations, 16 (4), 2003, p. 119-135.
[10] De Mello, L., Foreign Direct Investment-led growth: evidence from time series and panal data, Oxford Economic Papers, 51, 1999, p. 133-151.
[11] Mencinger, J., "Does Foreing Investment Always Enhance Economic Growth?", Kyklos, International Review for Social Sciences, vol 56-2003-no4., 2003, p. 491-508

in real assets because the proceeds from the sale can be used for consumption or investment, and thus FDI can not affect economic growth. Also, Nuzhat Falki (2009) examined the impact of FDI on economic growth of Pakistan and concluded that FDI has negative statically insignificant relationship between GDP and FDI inflows. His econometric evidence also indicates that the growth effect of FDI is positive and significant in the group of developed countries, and positive, though insignificant in the developing ones.[12]

When analyzing all these studies, it can be clearly concluded that foreign direct investment in themselves do not necessarily have a positive impact on economic growth, but it is connected with the impact of a number of other variables such as: financial development i.e. development of the financial markets, the level of human capital, the quality of the bureaucracy and the like.

Debate is still going on about the magnitude of the impact of FDI on economic growth. Such results and divided views on the impact and contributions to FDI for economic growth is one of the reasons which prompted implementation of the research shown below in the paper.

2. REGRESSION ANALYSIS OF THE IMPACT OF FOREIGN DIRECT INVESTMENT ON ECONOMIC GROWTH

2.1. Variables used in the model

Following Barro's pivotal research (1996), a significant number of variables in strong correlation with the economic growth rate have been identified in the modern empirical literature on this subject.

The basic approach comprises evaluation of panel regressions in the following form:

$$\gamma i,t = \alpha + ß1*X1 + ß2*X2 + ... + ßn*Xn + \varepsilon i,t \qquad (1)$$

where γ is the vector of the real economic growth rates and X1, ..., Xn are vectors of the predictor (independent) variables, which are used differently by different researchers and research papers, ßi marks the inclination of the vector coefficients of the explanatory variables and $\varepsilon i,t$ is a random error.

[12] Dimelis, S. P., & Papaioannou, S. K., FDI and ICT Effects on Productivity Growth: A Comparative Analysis of Developing and Developed Countries. *European Journal of Development Research*, 22(1), 2010, p. 79-96.

For instance, Sala-I-Martin, Doppelhofer and Miller (2000) conclude that the following variables are in very strong correlation with the economic growth: initial level of GDP per capita, investment rate (gross investments expressed as a percentage of GDP), a number of measures for the scope and quality of the population's education, certain political indicators etc.[13]

Taking into consideration the theoretical body of knowledge and the most frequently cited independent variables when analyzing foreign direct investment influence on the economic growth in the empirical literature (that were previously discussed), for the purposes of the econometric calculations in this paper are selected six variables:

- Initial GDP per capita
- The number of years spent in education by the population of over 25 years of age
- Natural population growth
- The inflow of foreign direct investment
- The level of trade openness
- The level of public expenditure

The initial level of GDP per capita (gdppc) tests the hypothesis for the (conditional) Beta (β) convergence. Beta-convergence directs to the fact that due to decreasing capital inflow, economies grow faster when they are far below their steady state. In the neoclassical model of growth the growth rate of GDP per capita is in inverse proportion to the initial level of income.[14] Considering the theoretical pointers and the strong empirical findings, this variable's expected coefficient value is negative.

Education levels of the population of over 25 years of age (edu), presented with the average number of years spent in education by that population, is a variable which determines the human capital of a country. It is far from being a perfect measure of a country's human capital. Namely, the indicator reveals changes neither in the quality of education nor in the capacity of the educational system. Notwithstanding, the value is forecast to

[13]Stancheva-Gigov, I., The impact of foreign trade on economic growth, Journal of Sustainable Development (1857-8519), Vol. 5 Issue 11, December, 2014, p.56

[14] Baddeley, M., Convergence or divergence? The impact of globalization on growth and inequality in less-developed countries, International Review of Applied Economics, 20 (3), 2006 and Dawson, J. W. and Sen, A. New evidence on the convergence of international income from a group of 29 countries, Empirical Economics, 33, 2007

be positive, since human capital development and reinforcement is expected to produce effects that will bring about a more rapid economic growth.[15]

The relationship between *population growth (popgr)* and economic growth continues to stir up controversy among the economists who address questions related to economic growth and development. Those with a pessimist view on population growth claim that the latter impedes development, inasmuch as a larger population requires additional capital output per worker and entails considerable public expenditures for the upkeep of future generations. On the other hand, those with the optimistic viewpoint on population growth assume that it improves long-term productivity by engendering new ideas, as well as by learning and doing practical work, made possible by the heightened production volume. Because of the different attitudes of the theorists, it is anticipated that the coefficient value of this variable could go in both directions (+/-).[16]

Foreign direct investment (invy) serve as both a direct capital financing method and as a way to bring about positive externalities. FDI is a medium of technology transfer, which contributes towards long-term growth, with high probability, much more so than domestic investments. Technology diffusion is possible through import of high-tech products, as well as acquiring human capital. FDI includes financial, technological, managerial and intellectual capital, which all together comprise the resources for production of goods and services. In fact, FDI is considered to be an additional channel enabling domestic economies accelerated growth.

FDI per capita, FDI as a percentage of GDP, FDI inflows and FDI net inflows are frequently used as indicators of the foreign capital inflow in a country. In this paper, we have employed the FDI-as-a-percentage-of-GDP indicator. The sign of this relationship could be ambivalent (+/-). Namely, opinions on FDI's contribution to economic growth are divided in the empirical literature. Some authors (Bloomstrom (1994), Khawar (2005), Alfaro (2007), Dimelis and Papaioannou (2010)) maintain that FDI encourages economic growth, while others (Tsai (1994), Carkovic and Levine (2002), Mencinger (2003), Durham (2004)) assert that there is no positive effect of FDI on the economic growth rate.

Trade openness (to) refer to the degree to which countries engage in trade with other countries or economies. Trade openness is one of the major

[15] Stojkov Aleksandar, Current Account Deficit and Economic Growth, Evidence from the South Eastern European Economies, Iustinianus Primus Faculty of Law, Skopje, 2009, p. 184
[16].Ibid. p. 185

determinant of growth in the literature on economic growth. The explanation for this is that trade increases the pressure imposed by international competition, which in turn impacts the economy's productivity. Through exporting activities, a country could face higher demands for its goods and services, thus increasing production levels. Similarly, importing goods and services from abroad is said to improve the efficiency and productivity of domestic companies, which again leads to economic growth. Also about this category exists divided opinion about that it promotes growth.[17] Therefore, in this case the value of the relationship between trade openness and growth is also expected to be ambivalent.

Table 1. Symbols, description and expected value of the explanatory variables

Symbol	*Description of the explanatory variables*	*Expected value**
$lngdppc_{i,t}$	Logarithm of the initial level of real GDP per capita in 1972 USA $**	–
$edu_{i,t}$	Education of the population over 25 years of age (average number of years spent in education)	+
$popgr_{i,t}$	Annual growth rate of the population in the country	+ / –
$invy_{i,t}$	Foreign direct investment (as a percentage of GDP)	+ / –
$to_{i,t}$	Trade openness (export+import as a percentage of GDP)	+ / –
$govcons_{i,t}$	Government consumption (as a percentage of GDP)	–
$bureau_{i,t}$	Bureaucracy quality	+
$corrupt_{i,t}$	Corruption	–
$reer_{i,t}$	Real effective exchange rate	–
$polity2_{i,t}$	Constitution	+

Note:* "+" denotes a positive relationship, "-" a negative one and zero indicates a theoretically ambivalent relationship with a dependent variable.

** A logarithm of the value is calculated at this point to level off the large differences of the GDP growth rates per capita among the countries analyzed.

Government consumption (govcons) is yet another predictor variable used in the panel regression analysis. Levine and Zervos (1993) have undertaken to measure the government's involvement in economic activity by way of using the government-spending-to-GDP-ratio. Their findings show a statistically insignificant though negative correlation between government consumption in relation to GDP and economic growth. In the same manner, Barro (1996), Fischer (1993), Levine and Renelt (1992), De Gregorio (1993) and Easterly and Rebelo (1993) in their research have found a significant negative impact on growth of government consumption relative to GDP. Hence, it is evident that the relationship between the government consumption

[17] The theoretical models of Grossman and Helpman (1991), Rivera-Batiz and Romer (1991) and the bulk of Edwards' empirical literature (1998), Frankel and Romer (1999), Wacziarg (2001), Greenaway et al. (2002), Foster (2008) and Wacziarg and Welch (2008) predict positive correlation, but the articles, such as Gabriel (2006) and Slaughter (1998)) show the opposite.

and the growth would be negative.

To further reinforce the empirical analysis and the results obtained, a few additional variables can be included, such as reducing corruption, improving the quality of state institutions, maintaining macroeconomic stability, ensuring efficient operation of the government, the legislation, the constitution etc.

2.2. Data and Methodology

The data used in this analysis have been taken from the World Development Indicators, published by the World Bank and refer to 84 countries for the period between 1972 and 2011, whereas for the transitional economies the relevant period is between 1994 and 2011. The countries included in the sample are as follows: nine advanced economies (other than EU-15)[18]; fourteen EU-15 (excluding Luxembourg)[19]; nineteen Latin America and the Caribbean countries[20]; seven East Asia economies[21]; thirteen Other emerging economies and middle-income countries[22]; two Low-income countries[23]; ten Central and Eastern Europe (EU10 minus Bulgaria)[24]; six EU candidate and potential candidate countries[25] and five EU neighborhood countries[26].

The panel regression analysis models are suitable for examination of the influence of foreign direct investment on economic growth. The Hausman specification test has demonstrated that it is more appropriate to use the panel model with random effects.

18. Australia, Canada, Israel, Japan, New Zealand, Norway, Singapore, Switzerland, United States
19. Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Portugal, Spain, Sweden, United Kingdom.
20.Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Mexico, Nicaragua, Panama, Peru, Trinidad and Tobago, Uruguay, Venezuela.
21.China, People's Republic of, India, Indonesia, Korea, Republic of, Malaysia, Philippines, Thailand.
22. Algeria, Botswana, Egypt, Arab Republic of, Gabon, Iran, Islamic Republic of, Jordan, Libya, Mauritius, Morocco, Pakistan, South Africa, Syria, Tunisia.
23. Tajikistan, Namibia.
24. Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovak Republic, Slovenia.
25. Albania, Bosnia and Herzegovina, Croatia, Macedonia, FYR, Montenegro, Turkey.
26. Armenia, Belarus, Moldova, Kazakhstan, Ukraine.

The panel model with random effects looks like this:

$$y_{i,t} = \mu + \alpha_i + x_{i,t}\beta + e_{i,t} \quad (2)$$

To empirically assess whether foreign trade contributes to the discrepancies in the economic growth worldwide, in compliance with the elaborated analytical framework, the basic equation of economic growth is formulated in the following way:

$$gr_{i,t}=\alpha_1+\alpha_2 gr_{i,t-1}+\beta_1 ln(gdppc_{i,t})+\beta_2 edu_{i,t}+\beta_3 popgr_{i,t}+\beta_4 invy_{i,t}+\beta_5 to_{i,t}+\beta_6 govcons_{i,t}+\beta_7 bureau_{i,t}+\beta_8 corrupt_{i,t}+\beta_9 reer_{i,t}+\beta_{10} polity2_{i,t}+\varepsilon_{i,t} \quad (3)$$

Where i indicates the countries included in the analysis (i=1, ..., 84), whose data are available throughout the period of the analysis, t denotes the time period (1972-2011), or more specifically the years included in the analysis, $gr_{i,t}$ is the average rate of real GDP per capita, $gr_{i,t-1}$ is the growth rate of real GDP per capita from the previous year,[27] α_1 is the common intercept, α_2 is a coefficient of the previous values of the dependent variable, $ß_i$ marks the inclination of the vector coefficients of the explanatory variables (Table 1), whereas $\varepsilon_{i,t}$ is a random error, which is individually and equally distributed over the time and the units.

The previously outlined regression equation is estimated by using the STATA 11.0 statistical software.

2.3. Results from the panel regression analysis

The results from the regression analysis are shown in Table 2. It consists of three regressions outlining the estimated coefficients of the appropriate independent variables and their levels of statistical significance assessed by the t-values. The first column portrays the estimated coefficients for all basic explanatory variables.

Generally, the coefficient of determination denoted by the value R^2 indicates that around 78.0% of the variations of the dependent variable could be accounted for by the variations of all independent variables included in the model, which points to the relative success of the model in explaining economic growth. The findings are statistically significant to a large degree

[27] The inclusion of the growth rate of real GDP per capita from the previous year is justified by the slow change in or rather the persistent conduct of the growth rate. Namely, it has been confirmed that as with a great deal of other phenomena, the economic growth continues to move in a state of inertia here as well in a relatively stable ambiance, i.e. in the greater part it emulates growth from previous years.

and the coefficient values are consistent with economic theory.

The ***initial GDP per capita*** coefficient for the given period is statistically irrelevant in the explanation of the economic growth in the countries from the sample, which is somewhat understandable, considering the use of annual data instead of average values for specified time periods.

Regression	**The dependent variable is the average growth rate of real GDP per capita**					
Independent variables	**[1]**		**[2]**		**[3]**	
Natural logarithm if initial GDP per capita	-0.271		-0.230		-0.257	
	[1.23]		[1.05]		[1.15]	
Education of the population aged over 25	**0.186**		**0.151**		**0.121**	
	[2.51]	**	**[2.66]**	***	**[2.02]**	**
Population growth rate	-0.174		**-0.290**		**-0.295**	
	[1.05]		**[1.81]**	*	**[1.73]**	*
Foreign direct investment (FDI)	**0.069**		**0.081**		**0.077**	
	[3.09]	***	**[3.55]**	***	**[3.21]**	***
Trade openness	**0.006**		**0.005**		**0.004**	
	[2.75]	***	**[2.38]**	**	**[2.28]**	**
Government consumption	**-0.077**		**-0.071**			
	[3.10]	***	**[2.99]**	***		
Quality of bureaucracy	0.273		0.175		0.146	
	[1.56]		[1.01]		[0.85]	
Corruption	**-0.256**		**-0.207**		**-0.288**	
	[2.09]	**	**[1.82]**	*	**[2.55]**	**
Real effective exchange rate			**-0.003**		**-0.003**	
			[1.81]	*	**[1.89]**	*
Constitution (polity2)					-0.005	
					[0.17]	
Number of observations	1829		1829		1829	
Number of countries	84		84		84	
R^2	0.74		0.76		0.78	

Table 2. The influence of foreign trade on average GDP growth

Note: The asterisks indicate statistical significance of *** 1, ** 5 and * 10 percentage level

The coefficient for the human capital influence represented by the ***number of years spent in education by the population of over 25 years of age*** is in positive correlation with the economic growth and has a significance level of 5% in all regressions (except for the regression in column [2] with significance of 1%). This refers to the fact that each additional year in education is likely to increase the average annual GDP growth rate by 0.18 percentage points, which further confirms the fact that the human capital and knowledge employed to

generate new ideas and innovations lead to productivity improvement, increased investment rates and overall to heightened economic growth.

The coefficient of the ***population growth rate*** is statistically significant (with significance of 10%) in the second and third columns. The sign in all three equationc is consistent with the neoclassical theory projections, according to which a higher natural population growth (by 1%) is related to a lower economic growth rate (by around 0.29 percentage points).

The estimated coefficient of ***foreign direct investment*** is also stable in all growth equations, it is furthermore, statistically significant at a level of 1% and is in accordance with studies predicting a positive value of this relationship. Specifically, an increase in foreign direct investment (as a percentage of GDP) by 1% is related to a higher growth rate by 0.70 percentage points. Foreign direct investment has the role of a diffuser, facilitating the transfer of knowledge and technology, as drivers of economic growth. The transfer of technological and business know-how by means of foreign direct investment helps to close the gap among countries and can have spillover effects on the whole national economy. Their productivity levels and subsequently their impact on economic growth are contingent on the human capital disposable in the host-country which enables exploitation of the spillover effects on foreign direct investment. The findings are in favor of the hypothesis that trade openness influences and increases the likelihood of economic growth.

The estimated coefficient for ***trade openness*** (expressed as a trade-to-GDP-ratio) is statistically significant with a level of significance of 1% in the first column and 5% in the second and third columns. Hence, it can be concluded that trade openness encourage economic growth, but with a moderate overall effect.

The coefficient of ***government consumption*** indicates that the volume of government consumption has a negative impact on economic growth, i.e. the coefficient has the theoretically predicted value and is statistically significant at a level of 1%.

The additional variables that have been included in the model show that ***the quality of bureaucracy and the constitution*** are statistically insignificant in the determination of countries' economic growth, while ***the level of corruption and the real effective exchange rate*** are statistically significant standing at 5% and 10%, respectively. Both ***corruption and the real effective exchange rate*** have an inverse relationship with economic growth.

Conclusion

The results arising from the research indicate that foreign direct investment influences and increases the likelihood of economic growth. The panel regression analysis carried out has verified the fact that foreign direct investment rate is one of the key determinants of economic growth, in conjunction with human capital, the trade openness and government consumption. The former indicates that countries which are successful in international trade are open to foreign direct investment, attract foreign workers and achieve higher economic growth than countries which fail to integrate into the global economy.

As was presented the increase in FDI in the host county by itself doesn't mean a positive impact on economic growth, but it depends on many factors such as human capital, financial structure development, macroeconomic stability and another institutional factors. Some of them are not included in this research. Hence, in the future research it is important to include some of these variables which on indirect way trough FDI will encourage economic growth.

Furthermore, it would be especially interesting to analyze the contribution of FDI on economic growth only in developing countries because according to their degree of development and features, they have a different environment and conditions for the realization of this relation, hence the results would be different.

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