

**DETERMINATES OF THE UNITED ARAB EMIRATES FOREIGN DIRECT
INVESTMENT INFLOWS**

By

WESAM I. H. BOLBOL

MASTER OF SCIENCE (FINANCE)

UNIVERSITI UTARA MALAYSIA

DECEMBER 2012

**DETERMINATES OF THE UNITED ARAB EMIRATES FOREIGN DIRECT
INVESTMENT INFLOWS**

A thesis submitted to the Othman Yeop Abdullah Graduate School of Business

(Department of Finance)

In partial fulfillment of the requirements for the degree

Master of Science (Finance)

Universiti Utara Malaysia

By

WESAM ISMAEL HAMDAN BOLBOL

UNIVERSITI UTARA MALAYSIA

DECEMBER 2012

WESAM, I. H. BOLBOL, 2012. All Rights Reserved

DECLARATION

I certify that the substance of this thesis has never been submitted for any degree and
for any other qualifications.

I certify that any assistance received in preparing this thesis and all sources used
have been acknowledged in this thesis.

WESAM ISMAEL HAMDAN BOLBOL

808914

Othman Yeop Abdullah Graduate School of Business

Universiti Utara Malaysia

06010 Sintok

Kedah

December, 2012

PERMISSION TO USE

In representing this thesis for requirement for Master of Science (Finance) (MSc Finance) from Universiti Utara Malaysia, I agree that the university library shall make it freely available for inspection. I further agree that permission of copying of this thesis in any manner, in whole or in part, for scholarly purposes may be granted by my supervisor Dr. Zaemah Zainuddin, or, in her absence, by the Dean of Othman Yeop Abdullah Graduate School of Business. It is understood that any copying or publication or use of this thesis or parts thereof for financial gain shall not be allowed without my written permission. It is also understood that due recognition shall be given to me and Universiti Utara Malaysia for any scholarly use which may be made of any material from my thesis.

Requests for permission to copy or to make other use of materials in this thesis, in whole or in part should be addressed to:

Dean

Othman Yeop Abdullah Graduate School of Business

Universiti Utara Malaysia

06010 UUM Sintok

Kedah Darul Aman

ABSTRACT

The growth of FDI in the world has been significant in recent years. Between 1990 and 2000, the world's FDI inflows increased more than five times, and after 2000, the world's FDI inflows have declined. During the period of FDI expansion, growth has been especially strong since 1997. However, most of the FDI transactions were between the developed countries. The distribution of FDI is unequal and less developing countries face difficulties in attracting FDI. Despite the fact that FDI is increasingly important to developing countries, over the past few years, the share of the developing countries in world's FDI inflows has been declining.

This study investigates the effect of some macroeconomic factors on net foreign direct investment (FDI) inflows in the United Arab Emirates between 2002 and 2011. Its theoretical framework is based on the concept of Adaptive Theory and Market Efficiency Theory. To achieve the objective of this study, time-series annually data are used. Four macroeconomic factors are chosen as FDI determinates in the UAE, which are government development expenditure, saving deposit, inflation rate and export goods and services.

By using regression and correlation analyses, this study found some results which are considered as empirical evidences for future researchers. This study found there is a positive and significant relationship between two of the factors with FDI inflow which are government development expenditure and inflation rate. On the other hand, the other two factors, saving deposit and export goods and services are to have no effect on FDI inflow into the UAE.

Key Words: UAE, FDI inflow, government development expenditure (GDE), saving deposit (SD), inflation rate (INFR) and export goods and services (EXP).

ACKNOWLEDGEMENT

In the name of Allah, the Most Gracious and Most Merciful

First of all, I praise the almighty Allah, who has given me the opportunity to study abroad, and finish a new stage of my life successfully by doing this research. I thank Allah for all his blessings and guidance, which have provided me with strength to face all the tribulations and trials in completing this part of my life. I therefore send my love and gratitude to the ones who really have cared for me, and never stopped supporting me until I reached to where I am now; my parents, all my thanks and love for you both.

I offer my sincere appreciation to my beloved father, mother, and family members for their patience, prayers and understanding over the entire period of my study. I am most indebted to **my father, Dr. Ismail Hamdan Mousa Bolbol**, for his care and love. He works industriously to support the family and spares no effort to provide the best possible environment for me to grow up and attend schools. My deepest gratitude goes to **Am Usama my mother**; she is simply perfect. I have no suitable words that can fully describe my everlasting love for her.

My special love and appreciation go to **my brothers Usama, Islam, and my sisters** for their support, tireless patience, and faith in me to complete this tedious task and my general love and appreciation go to my friends, whether in Malaysia or Palestine, who instill in me the value of hard work and dedication. The innumerable sacrifices which they have made for me are something for which I will always be grateful.

wish to express my deepest gratitude and heartfelt thanks to my supervisor, **Dr. Zaemah Zainuddin** and my examiners' **Dr Norhafiza** and **Dr Puan Sabariah Nordin** for their discerning guidance, positive criticisms and valuable advice throughout the undertaking of this study. She had spent a lot of her time patiently and painstakingly giving valuable information, correcting errors, just to ensure the best effort has been given in the completion and achievement of this study. Her excellent guidance and supervision have rendered me with minimum pressure and has made this learning process an extraordinary experience.

I would like to thank all M.Sc. (Finance) lecturers, for their outstanding finance knowledge. To the rest of my family members and friends, thank you all. You have been instrumental in this never-ending academic journey. I really appreciate your support, directly or indirectly. I love each one of you.

Sincerely,

Wesam I. H. Bolbol

Table of Contents

| | |
|--|------------|
| DECLARATION..... | I |
| PERMISSION TO USE..... | II |
| ABSTRACT | III |
| ACKNOWLEDGEMENT | IV |
| LIST OF TABLES | X |
| LIST OF FIGURES | XI |
| LIST OF ACRONYMS (ABBREVIATIONS) | XII |
| CHAPTER ONE | 1 |
| INTRODUCTION..... | 1 |
| 1.0 Introduction | 1 |
| 1.1 Foreign Direct Investment (FDI) | 2 |
| 1.2 Background on the Development of FDI in the UAE | 3 |
| 1.3 The impact of FDI on Gross Domestic Investment (GDI)..... | 6 |
| 1.4 Problem Statement..... | 8 |
| 1.5 Research Questions | 10 |
| 1.6 Research Objectives | 11 |
| 1.7 Significance of the Study | 11 |
| 1.8 Scope of the Study | 12 |

| | |
|---|-----------|
| 1.9 Organisation of the study | 12 |
| 1.10 Summary of the chapter | 13 |
| CHAPTER TWO | 14 |
| LITERATURE REVIEW..... | 14 |
| 2.0 Introduction | 14 |
| 2.1 Underpinning Theory | 14 |
| 2.2 Foreign Direct Investment (FDI) | 15 |
| 2.3 Government Development Expenditure | 20 |
| 2.4 Saving Deposit | 24 |
| 2.6 Inflation Rate | 26 |
| 2.7 Export Goods and Services | 29 |
| CHAPTER THREE | 33 |
| RESEARCH FRAMEWORK AND METHODOLOGY | 33 |
| 3.0 Introduction | 33 |
| 3.1 Data Collection | 33 |
| 3.2 Research Framework..... | 33 |
| 3.3 Model Specification and Multiple Liner Regressions | 34 |
| 3.3.1 The Regression Model..... | 35 |
| 3.4 Measurement of the Variables | 36 |
| 3.4.1 Dependent Variable | 37 |
| 3.4.2 Independent Variables | 37 |
| 3.4 Data Analysis | 38 |
| 3.4.1 Descriptive Analysis..... | 38 |

| | |
|--|-----------|
| 3.4.2 Correlation of Variables | 38 |
| 3.4.3 Multiple Linear Regression Analysis | 38 |
| 3.5 Hypotheses Development..... | 39 |
| CHAPTER FOUR..... | 40 |
| DATA AND RESEARCH METHODOLOGY | 40 |
| 4.0 Introduction | 40 |
| 4.1 Data Collection | 41 |
| 4.2 Variables Description | 41 |
| 4.2.1 UAE's foreign direct investment (FDI) inflow | 41 |
| 4.2.2 UAE's Government Development Expenditure..... | 42 |
| 4.2.3 UAE's Saving Deposit | 43 |
| 4.2.4 UAE's Inflation Rate..... | 43 |
| 4.2.5 UAE's Export Goods and Services | 44 |
| 4.3 Correlation Analysis | 46 |
| 4.4 Regression Analysis..... | 48 |
| 4.4 Discussion..... | 52 |
| 4.5 Summary | 54 |
| CHAPTER FIVE..... | 55 |
| CONCLUSION AND FUTURE RESEARCH | 55 |
| 5.0 Introduction | 55 |
| 5.1 Discussion and Summary of Research | 56 |
| 5.2 Contributions of the Study | 59 |
| 5.3 Limitations of the Study | 60 |
| 5.4 Recommendations for future Studies..... | 60 |

| | |
|------------------------|-----------|
| REFERENCES..... | 62 |
| APPENDIX | 73 |

LIST OF TABLES

| Table number | Description of table | Page |
|---------------------|------------------------------------|-------------|
| Table 3.1 | Research Variables | 37-38 |
| Table 4.1 | Summary of Descriptive Statistics | 45 |
| Table 4.2 | Summary of Correlation Coefficient | 47 |
| Table 4.3 | Model Goodness of Fit | 50 |
| Table 4.4 | Summary of Regression | 51 |
| Table 4.5 | Summary of Development Hypothesis | 51-52 |

LIST OF FIGURES

| Table number | Description of table | Page |
|---------------------|-----------------------------------|-------------|
| Figure 3.1 | Theoretical Framework | 34 |
| Figure 4.1 | Foreign Direct Investment Slope | 41 |
| Figure 4.2 | Government Development Exp. Slope | 42 |
| Figure 4.3 | Saving Deposit Slope | 43 |
| Figure 4.4 | Inflation Rate slope | 43 |
| Figure 4.5 | Export Goods & Services Slope | 44 |

LIST OF ACRONYMS (ABBREVIATIONS)

| Acronym | Description of Abbreviation |
|------------|------------------------------------|
| UAE | United Arab Emirates |
| CB | Central Bank |
| IMF | International Monetary Found |
| FDI | Foreign Direct Investment |
| JAFZA | Jubal Ali Free Zone Area |
| GDP | Gross domestic product |
| GNP | Gross national product |
| EMP | External market pressure |
| GDE | Government development expenditure |
| SD | Saving deposit |
| INFR | Inflation rate |
| EXP | Export goods and services |
| α_0 | Constant |
| RM | Malaysian Ringgit |
| ESOU | Economic Survey of Europe |

CHAPTER ONE

INTRODUCTION

1.0 Introduction

Foreign direct investment (FDI) has always been considered as an essential and critical factor for both private and public sectors particularly in the United Arab Emirates (UAE CB, 2008). The UAE consist of seven states controlled by a local federal government, as follows: Abu Dhabi the political capital of the country, Dubai which is considered as the economical capital, Sharjah, Ajman, Umm Al Qaiwain, Ras Al Khaimah and Fujairah. The UAE's federal government economic policy is focused more on how to increasing FDI in the country by giving foreign investors incentives, such as tax free rates in some trading zones and, improving and adjusting investment regulations to be more attractive for them (UAE CB, 2009). The UAE, as an oil producing country, has high growth rate compared to the other countries surrounding it in the Middle East, and it's trying to extend national income by not depending solely on oil (IMF, 2010). The several governmental efforts to developing infrastructure and enhance government development expenditures, have placed the UAE in good position to attract foreign capitals investment in many economic sectors such as tourism (IMF, 2011). For example Dubai currently considered as a very attractive city for tourists in the Middle East (IMF, 2011).

With increased investment in infrastructure, Dubai has managed to build world-class transportation and communications systems, and has one of the fastest growing airports and airlines (JAFZA, 2012). A hundred and forty square-kilometre (Dubai World Central) is being developed to meet the present and future needs of global

The contents of
the thesis is for
internal user
only

References

- Abd Ghani, M. B. (2007). The relationship between financial sector performance and foreign direct investment in Malaysia, Thailand and Indonesia. A thesis submitted to the Centre of Graduate Studies, in partial fulfillment of the requirement the degree Master of Science (Finance), Faculty of Finance and Banking, University Utara Malaysia.
- Abdulaziz, I., Sarah, H., Natasha, H. (2007). UAE Macroeconomic Report Data Management and Business Research Department, UAE Macroeconomic Report Series, 2, p.21- 40. Chamber of Commercial and Industry in Dubai, <http://www.arabruleoflaw.org>
- Agosin, M.R., Mayer, R. (2000). Foreign Investment in Developing Countries: Does it Crowd in Domestic Investment?, UNCTAD Discussion, 1-146. <http://unctad.org/en/Pages/Home.aspx>
- Ahmad, A. Z., Atique, M. H. (2004). The Impact of FDI on Economic Growth under Foreign Trade Regimes: A Case Study of Pakistan. Pakistan Development Review, 43(2), 680-707.
- Akhtar, M. H. (1995). The determinants of foreign direct investment in Pakistan: An econometric analysis. The Lahore Journal of Economics, 5(2), 25-55.
- Akinkugbe, O. (2003). Flow of Foreign Direct Investment to Hitherto Neglected Developing Countries, WIDER Discussion Paper No. 2003/02, Helsinki: United Nations University, 2(3), 1-28.
- Akinlo, A.E., (2004). Foreign Direct Investment and Growth in Nigeria: An Empirical Investigation, Journal of Policy Modelling, 26, 627-639.
- Amcham & Booz. (2009). Foreign Direct Investment in India. World Investment Report IHS Global Insight CIA DIPP Ministry of Finance World Economic Forum Media Reports Booz & Company Analysis Booz & Company AMCHAM, India 090324. <http://www.amchamindia.com/FDISummaryPresentation.pdf>.
- Anwara, S., Nguyenb, P. (2010). Foreign direct investment and trade: The case of Vietnam , Research in International Business and Finance, 3, 1-14.
- Aqeel, A., Nishat, M. (2005). The Determinants of Foreign Direct Investment in Pakistan. Journal of Economics and Finance, 109 (1), 149-82.

- Aschauer, D.A. (1989). Is Public Expenditure Productive?. *Journal of Monetary Economics*, 23, 177-200.
- Athukorala, P., J. Menon (1995). Developing with foreign investment Malaysia. *Australian Economic Review*, 109, 9-22.
- Azam, M. (2010). Economic determinants of foreign direct investment in Armenia, Kyrgyz Republic and Turkmenistan: Theory and evidence, *Eurasian Journal of Business and Economics*, 3(6), 27-40.
- Bandera, V.N., Whyte, J.T. (1968). US direct investment and domestic markets in Europe, *Economia Internazionale*, 21, 117-133.
- Barro, R. J. (1991). Economic Growth in a Cross Section of Countries. *Quarterly Journal of Economics*, 106, 407-443.
- Barry, F., Bradley J. (1997). FDI and Trade: The Irish Host-Country Experience. *The Economic Journal*, 107, 1798-1811.
- Bell, M. (1993). Technological accumulation and industrial growth: contrasts between developed world and developing countries. *Industrial and corporate change*, 2, 157-210.
- Blanton, S, L., Robert, B. (2007). What Attracts Foreign Investors? An Examination of Human Rights and Foreign Direct Investment. *Journal of Politics*, 69 (1), 143–155.
- Blonigen, B., Feenstra, Robert, C. (1996). Protectionist Threats and Foreign Direct Investment. NBER Working Paper No, w5475.
- Borensztein, E., J. Gregorio,D.,Lee, J,W. (1998). How does foreign direct investment affect economic growth?. *Journal of International Economics*, 45 (1), 115–135.
- Borensztein, E., Jose, D. G., Jong-Wha. L. (1995). How Does Foreign Direct Investment Affect Economic Growth?, *National Bureau of Economic Research* 5 (2), 37-49.
- Bouoiyour, J. (2003). The determining factors of foreign direct investment in Morocco. *Université de Pau et des Pays de l'Adour*, 64000. <http://www.univ-pau.fr/live/welcome/diversified-research-themes>.
- Brada, J. C., A. Kutan and T. Yigit (2004).The Effects of Transition and Political Instability on Foreign Direct Investment Inflows: Central Europe and the

Balkan, William, Davidson Working Paper No. 729.
<http://econpapers.repec.org/paper/wdipapers/2004-729.htm>

Campa., Jose, M. (1993). Entry by Foreign Firms in the U.S. Under Exchange Rate Uncertainty. *Review of Economics and Statistics*, 75 (4), 614-22.

Carroll, D., Weil, D. N. (1994). Saving and Growth: A Reinterpretation. *Carnegie-Rochester Conference Series on Public Policy*, 40: 133-92.

Chandrama, G., Karuna, K., Saikiab, P.(2012). The International Conference on Emerging Economies, India. *Social and Behavioral Sciences.*, 37, 123–132.

Clements, B., Herman, K. (2009). Are Capital Controls Effective in the 21st Century? The Recent Experience of Colombia: IMF.
<http://www.imf.org/external/pubs/ft/sdn/2009/sdn1114.pdf>.

Craigwell, R. (2006). Foreign Direct Investment and Employment in the English and Dutch-Speaking Caribbean. Project prepared for ILO, Trinidad and Tobago. http://www.ilocarib.org.tt/cef/background%20papers/FDI_.pdf.

De Gregorio, J. (1992). Economic growth in Latin America. *Journal of Development Economics*, 39, 58–84.

DeSanctis, G., Poole, M, S. (1994). Capturing the Complexity in Advanced Technology Use: Adaptive Structuration Theory, *Organization Science*, 2 (5), 121-147.

Devarajan, S., V. Swaroop, and H. Zou. (1996). The Composition of Public Expenditure and Economic Growth, *Journal of Monetary Economics* 37, 313-344.

Douglas R., Eric, M. (2012). Explaining the Variation in Empirical Estimates of Tax Elasticities of Foreign Direct Investment, *Tinbergen Institute Discussion Papers*, 05-108/3.

Drabek, Z., P. (1999). The Impact of Transparency on Foreign Direct Investment, Working Paper No. 99-02. Available at SSRN: <http://ssrn.com>.

Economic Commission for Latin America and the Caribbean (ECLAC) .(2003). The Impact of Foreign Direct Investment on Patterns of Specialisation in the Caribbean. General LC/CAR/G.718.
http://www.eclac.org/publicaciones/xml/0/43290/2006-138-LIEI_2005-WEB_INGLES.pdf.

- Elijah and Festus O. (2008) Exchange Rate Volatility, Inflation Uncertainty and Foreign Direct Investment in Nigeria, *Botswana Journal of Economics*, 5, 14-30.
- Faik, B., Nadide., Sevil, H., Tülücea. Brahim, D.(2012). Economic Modelling: The determinants of FDI in Turkey. A Markov Regime-Switching Approach. 29 (4), 236-252.
- Folster, S., M. Henrekson. (2001). Growth effects of government expenditure and taxation in rich countries, *European Economic Review*, 45, 1501-1520.
- Froot, K, A., Obstfeld, M. (1991). Exchange-rate dynamics under stochastic regime shifts : A unified approach, *Journal of International Economics*, Elsevier, 31 (3-4), 203-229.
- Froot, K.A., Stein, J. C. (1991). Exchange Rates and Foreign Direct Investment: An Imperfect Capital Markets Approach, *Quarterly Journal of Economics*, 106, 1.191-1,217.
- Fry, M. J. (1993). The impact of FDI on macroeconomic growth performance, Institute of Asian Studies, Singapore. *Social Science Quarterly*, 80 (3),539–555.
- Garrick,G., Paul, J ., David,G. (2004). Much ado about Nothing? Do Domestic Firms Really Bene. It from Foreign Direct Investment?, *World Bank Research Observer*, 19, 171-197.
- Geradine ., Poole,. Scott, M. (1994). Capturing the complexity in advanced technology use: Adaptive structuration theory. *Organization Science*, 5 (2), 121.
- Gibson, HD ., Tsakalotos, E. (1994). The scope and limits of financial liberalization in developing countries: A critical survey, *Journal of Development Studies*, 30 (2), 578-628.
- Gabel, I. (1995). Speculation-led economic development: A post-Keynesian interpretation of financial liberalization programs in the Third World, *International Review of Applied Economics*, 9, 127-149.
- Grosse, R., Trevino, L.J., (1996). Foreign direct investment in the United States: an analysis on country of origin. *Journal of International Business Studies*, 27 (1), 139–155.

- Gupta, S., B. Clements, E. Baldacci., C. Mulas-Granados. (2002). Expenditure Composition, Fiscal Adjustment, and Growth in Low-income Countries, IMF Working Paper No. 02/77.
- Hejaze W., Safarian, A. E. (2001). The Complementry Between U.S FDI Stock and Trade Balance , Journal Atlantic Economy, 29 (4), 420-437.
- Hemachandra, W. M. (2003). Financial Deepening and its Implications on Savings and Investments in Sri Lanka. Staff Studies, 1, 15-32.
- Herrero, G. A., Santabárbara, D. (2004). Does China have an impact on foreign direct investment to latin America? Presened at the 2004 laeba annual conference, Beijing, People 's Republic of China. December 3-4. <http://www.bde.es/f/webbde/SES/Secciones/Publicaciones/Publicaciones/Seriadas/DocumentosOcasionales/05/Fic/do0502e.pdf>.
- Hosseini, S, R & Maryam, M. (2012). The effect of forigen Direct Investment on Infra-structure. Proceedings of the ICE - Transport, 165 (2), 151 –155.
- Hsiao, C. and Y. Shen. (2003). Foreign Direct Investment and Economic Growth: The Importance of Institutions and Urbanization. Economic Development and Cultural Change, 51, 883-96.
- Hunya. (2004). FDI in small accession countries: the Baltic States .European Investment Bank (IEB) Papers, 9, 92–115.
- Idris Jajri.(2004). Foreign Direct Investment And Economic Growth: A Simultaneous Model, London economic Journal, 203, 1-11.
- IMF. (2009). Annual Report of the Executive Board for the Financial Issues Chapter 3: Restoring Global Financial Stability Lessons from the financial crisis, p.6. <http://www.imf.org>.
- IMF. (1993). Balance of Payments Manual, 5th edition (BPM5) Washington. <http://www.imf/1993.org>.
- IMF. (2010). Annual Report of the Executive Board for the Financial Issues Chapter 2: Developments in the Global Economy and Financial Markets p. 4 Chapter 3: Working to Support a Durable Global Recovery Financial support to foster recovery p.5. <http://www.imf/2010.org>.
- IMF. (2011). Annual Report of the Executive Board for the Financial Issues Pursuing Equitable and Balanced Growth, Chapter 2: Developments in the Global Economy and Financial Markets part 1: An Unbalanced Recovery p.4. <http://www.imf/2011.org>.

- Iqbal, M.(2011). Macroeconomic Variables and FDI in Pakistan. *European Journal of Scientific Research* ISSN, 55, 388-393.
- Ishak, Y., Rahmah, I. (2002). Human Resource Competitiveness And Inflow Of Foreign Direct Investment To The Asean Region. *Asia-Pacific Development Journal*, 9 (1), 22-40.
- Issa, M. G. (2004). Measurement the foreign direct investment on develing and development countries. *Middle East Strategic Economic Studies*, 3, 45-67.
- J.W. & Sigué, S.P. (2006). Accelerating foreign direct investment flow to Africa: from policy statements to successful strategies. *Managerial Finance*, 32 (7), 577-593.
- JAFZA . (2012). Jebel Ali Free Zone Annually meeting for discuses about The Best Ways For Supporting FDI In Developing Countries, <http://www.jafza.ae/2012>
- JAFZA. (2012). JAFZA – Jebel Ali Free Zone Mian Website. <http://www.jafza.ae>.
- Jenkins ,C., Lynne T. (2002). Foreign Direct Investment in South Africa: Determinants, Characteristics and Implications for Economic Growth and Poverty Alleviation. Center for the Study of African Economies. University of Oxford. 45 (3), 76-112.
- Joshua, A., Ilan, N. (2006). FDI and trade. Two-way linkages?, Economics Department and the NBER.
- Kazmi., Shabbir. H. (1998). Declining foreign direct investment. *Pakistan Economist* 2002, 42, 136- 157.
- Kelly., Liu.(2011). Foreign Direct Investment in China Manufacturing Industry–Transformation from a Low Tech to High Tech Manufacturing. *International Journal of Business and Management*, 6 (7), 15-27.
- Kew, W.C. (1999). FDI, Exports and Macroeconomics Performance in Malaysia. A Causality Analysis, Master's Thesis Submitted to FEA, University Malaya, Kuala Lumpur.
- Klein, M., Rosengren, E. (1994). The Real Exchange Rate and Foreign Direct Investment in the United States: Relative Wealth versus Relative Wage Effects. *Journal of International Economics*, 36, 373-389.

- Kobrinm, S.J., Xun, W. (2005). The liberalization of FDI policy in developing countries 1992-2001. Department of Management, the Wharton School, University of Pennsylvania.
- Kokko, A., Blomstrom, Ms. (1995). Policies to encourage inflows of technology through foreign multinationals, *World Development*, Elsevier, 23(3), 459-468.
- Krugman, P, R., Obstfeld, M. (1994). International economic relations; International finance. *New York Economic Journal*, 4(2), 62-88.
- Kurian, N. J. (2000). Widening Regional Disparities in India. *Economic and Political Weekly* 1263(4), 5-9.
- Lall, S., S. Mohammad. (1983). —Multinationals in Indian Big Business: Industrial characteristic of foreign investment in a heavily regulated economy. *Journal of Development Economics*, 13(1-2), 143-157.
- Lapan, H., P. Bardhan. (1973). Localised Technical Progress and the Transfer of Technology and Economic Development. *Journal of Economic Theory*, 6, 585-595.
- Lee, B., Min, B. (2011). Exchange rates and FDI strategies of multinational enterprises *Pacific-Basin Finance Journal*, 19(5), 586-603.
- Leonard, K., Cheng, K., Kwan, Y.(2000). What are the determinants of the location of foreign direct investment?. The Chinese experience *Journal of International Economics*,51, 379–400.
- Levin, R.I., Rubin, D.S. (1998). *Statistics for Management*, 7th ed., Prentice Hall. 4
- Norusis, Marija J. (2000), *E-views 3.1 Guide to Data Analysis*, Engelwood Cliffs.
- Levis, M. (1979). Does Political Instability in Developing Countries Affect Foreign Direct Investment Flows? An Empirical Examination. *Management International Review*, 19, 59-68.
- Li, X., Liu, X., (2005). Foreign Direct Investment and Economic Growth: An Increasingly Endogenous Relationship, *World Development*, 33(3), 226-239.
- Ling Sun, L., E. Fulginiti., Yo-Chan ,C. (2010). Taiwanese industry competitiveness when outward FDI is defensive. *Journal of Asian Economics*, 21, 365–377.

- Lopez, P. P. (2002). Foreign direct investment, exports and imports in Mexico, Department of Economics. University of Kent. F14, F21, F23, O1.
- Love, J. H. Lage-Hidalgo, F. (2000). Analysing the determinants of US direct investment in Mexico. *Applied Economics*, 32, 1259-1267.
- Makki, S., A. Somwaru. (2004). Impact of Foreign Direct Investment and Trade on Economic Growth: Evidence from Developing Countries, *American Journal of Agricultural Economics*, 86, 795-801.
- Manh, Vu., Le Terukazu., Suruga. (2005). The Effects of FDI and Public Expenditure on Economic Growth: From Theoretical Model to Empirical Evidence. *GSICS Working Paper Series*, 3, 1-10.
- Marc Strickert. (2003). Time Series and Data Analysis, University of Osnabrück Department of Mathematics and Computer Science Script Applied Systems Science Lecture in SS 2003. Section, 2, 1-12.
- Maria, & Teng, N. (2009). Estimating the domestic determinants of foreign direct flows investment in Malaysia: Evidence from cointegration and error-correction model, *Jurnal Pengurusan*, 1, 3-22.
- McAleese, D. (2004). *Economics for business: competition, macro-stability and globalisation*. 3rd ed. Edinburgh Gate: Pearson Education Limited Musila, 6, 43-61.
- Mehmet., Emin., Erçakar.(2011). Growth, Foreign Direct Investment, Trade and Inflation: An Empirical Application on Turkey. *Middle Eastern Finance and Economics* ISSN: 1450-2889, 9, 137-147.
- Ming,L., Xinna, Z., Honghui, D., Keah,C. (2012). DEA analysis of FDI attractiveness for sustainable development: Evidence from Chinese provinces Decision Support Systems. *Journal of Multinational Financial Management*, 7, 159–173.
- Mishra, P. (2006). Emigration and Brain Drain: Evidence from the Caribbean. *IMF Working Paper*, <http://imf.org/WP/06/25>.
- Murray,Z., Frank., Vidhan K. Goyal . (2009). Capital Structure Decisions: Which Factors Are Reliably Important. *Financial Management*, 38(1), p 1–37.
- Musila, J.W., Sigue, P.S. (2006). Accelerating foreign direct investment flow to Africa: from policy statements to successful strategies. *Managerial Finance*, 32(7), 577-593.

- Noorbaksh, F., Paloni, A., Youssef, A. (2001). Human Capital and FDI Flows into Developing Countries: New Empirical Evidence, *World Development*, 29, 1593-1610.
- Özağ, F. E. (1994). Savings in the Host Country of the Open Form-Factor Affecting the Foreign Capital Investment purchases and Turkey Guests may r an Application, *Journal of Economic Approaches m*, 5 (12), 63-77.
- Paul, Collier ., David Dollar. (2001). The Development Effectiveness: What have we learnt? Development Research Group, the World Bank. <http://www.oecd.org>.
- Philippe., A., Diego, C., Peter, H. (2006). When Does Domestic Saving Matter for Economic Growth?1 master Thiess at Harvard, the Hebrew University and Stern .
- Ragaey, A. (2010). Malaysia: An overview of the legal framework for foreign direct investment. A thesis submitted to the Centre of Graduate Studies, in partial fulfillment of the requirement the degree Master of Science (Finance), Faculty of Finance and Banking, University Utara Malaysia.
- Raheem, A. (1998). Reassessing the Effectiveness of Industrial Policy in Indonesia: Can the Neoliberals be Wrong?. *World Development*, 27(4), 691-704.
- Sadik, A. T., Bolbol, A. A. (2001). Capital Flows, FDI, and Technology Spillovers: Evidence from Arab Countries. *Journal World Development*, 29, 2111-2125.
- Santiago, C.E. (1987). The Impact of Foreign Direct Investment On Export Structure And Employment Generation. *World Development Report*, 15(3), 317-328.
- Saskia, K., Wilhelms.(1998). foreign direct investment and its determinants in emerging economies African economic policy paper .discussion paper number 9 funded by united states agency for international development bureau for Africa office of sustainable development Washington, D.C. 20523-4600.
- Schneider, F., Frey, B. (1985). Economic and Political Determinants of Foreign Direct Investment, *World Development*, 13, 161-175.
- Sharma, K. (2000). Export Growth in India: Has FDI played a role. Yale University Economic Growth Center Discussion Paper, No. 816. accessed August 26, 2007.

- Shinji,T, Zongying,S. (2011). Exchange rate movements and foreign direct investment (FDI): Japanese investment in Asia, 1987–2008 Japan and the World Economy, 23 (4), 265-272.
- Sun, H. (2001). Foreign Direct Investment and Regional Export Performance in China, *Journal of Regional Science*, 41(2), 317-336.
- Sun, HS., Tipton, F.B. (1998). A Comparative Analysis of the Characteristics of Direct Foreign Investment in China, 1979-1995. *The Journal of Developing Areas*, 32, 159-186.
- Tsai, P. L. (2004). Foreign direct investment and international labor migration in economic development: Indonesia, Malaysia, Philippines and Thailand. In: Ananta A., Arifin E.N. (eds), *International Migration in Southeast Asia*. Singapore: Institute of Southeast Asian Studies, 94–136.
- Tuman, John P., & Craig, F. Emmert .(1999). Explaining Japanese Foreign Direct Investment in Latin America, 1979–1992. *Social Science Quarterly* 80(3), 539–55.
- Turnovsky, S. J. (2004). The Transitional Dynamics of Fiscal Policy: Long-Run Capital Accumulation and Growth, *Journal of Money, Credit, and Banking* 36, 883-910.
- UAE CB .(2006). United Arab Emirates Central Bank Annual reports, 2006. <http://www.centralbanking.com/central-banking/official-record/1431668/central-bank-uae-annual-report-2006>.
- UAE CB .(2008). United Arab Emirates Central Bank Annual report, 2008. <http://www.centralbanking.com/central-banking/official-record/1426860/central-bank-uae-annual-report-2008>.
- UAE CB .(2010). United Arab Emirates Central Bank Annual report, 2010 <http://www.centralbanking.com/central-banking/official-record/1447463/central-bank-uae-annual-report-2010>.
- UN/ECE .(2001). Economic Survey of Europe, No. 1, chart 5.3.1. <http://www.unece.org/fileadmin/DAM/ead/pub/041/041c0.pdf>.
- UNCTAD. (2000). *The Competitiveness Challenge: Transnational Corporations and Industrial Restructuring in Developing Countries*. UNCTAD. Geneva. <http://unctad.org/en/Pages/Home.aspx>.
- UNCTAD. (2001). *World Investment Report 2001, Promoting Linkages* (Internet edition). Geneva: UNCTAD. <http://unctad.org/en/Pages/Home.aspx>

- United Nations Conference on Trade and Development (UNCTAD). (1999). World Investment Report 1999: Transnational Corporations, Extractive Industries and Development, (accessed August 11, 2000). <http://unctad.org/en/Pages/Home.aspx>
- Uzma, T., Munazah, N., Afaq, A. S. (2012). Impact of FDI on Import Demand and Export Supply Functions of Pakistan: An Econometric Approach, *Journal of Basic & Applied Sciences*, 8, 151-159.
- Venkataramany, S. (2004). Determinants of foreign direct investment in India. An empirical analysis of source countries and target industries. Toro, E. (1999). Exchange rates and foreign direct investment: the role of mobility. Working paper series in economics and finance, 59, Department of Economics, Stockholm School of Economics.
- World Bank. (1993). The East Asian Miracle-Economic Growth and Public Policy. <http://files.dcp2.org/pdf/WorldDevelopmentReport1993.pdf>.
- Xiaohong, Ma. (2009). An Empirical Analysis on the Impact of FDI on China's Economic Growth, *International Journal of Business and Management*, 4 (6), 71-89.
- Yan, Z. J. (2007). Audit committee quality, auditor independence, and internal control weaknesses. *Journal of Accounting and Public Policy*, 27, 300-327.
- Yue He, H., Zhenglin, M., Haixia. (2008). Appraisal of the efficiency in absorbing FDI in China based on GMDH and DEA. *East China Economic Management*, 22, 42-49.
- Zhang, K.H., Song, S. (2001). Promoting Exports: The Role of Inward FDI in China, *China Economic Review*, 11 (4), 385-396.
- Zhang, K.H. (2005). How Does FDI Affect a Host Country's Export Performance? The Case of China. Paper presented at the International Conference of WTO, China, and the Asian Economies, III. In Xi'an, China, June 25-26, 2005. <http://www.jceps.com/index.php?articleID=93&pageID=article>.