Foreign direct investment and economic growth in Trinidad and Tobago: 2008-2017

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ABSTRACT

The purpose of this quantitative correlational research study was to examine the relationship between FDI and economic growth in Trinidad and Tobago from 2008 to 2017. Archival data were collected from the World Bank for FDI net inflows as a percentage of GDP and GDP per capita growth as an annual percentage for Trinidad and Tobago from 2008 to 2017. A Pearson correlation was used to determine the relationship among FDI, the predictor variable, and economic growth, the criterion variable. Results show that there was no correlation between FDI and economic growth ($r = 0.109$, $n = 10$, $p = 0.763$) for Trinidad and Tobago from 2008 to 2017. There was a weak relationship between the variables. Based on the results of the statistical tests, the null hypothesis was accepted. Future research that separates the data of the different sectors of FDI, such as technology, entertainment, manufacturing, and natural resources, is recommended to further investigate the nature of the relationship between FDI and economic growth.

Keywords: Foreign direct investment, economic growth, quantitative, correlation, Trinidad and Tobago

INTRODUCTION

Sustainable economic growth is an important factor for developing countries as this supports the decrease in poverty and assists in higher living standards (Latief et al., 2020). As developing countries do not have the domestic resources needed to fund development projects that can provide economic growth, developing countries rely on external sources of capital such as foreign direct investment (FDI), official development assistance, borrowing from foreign banks, and concessional loans (Onafowora & Owoye, 2019).

Foreign direct investment is an investment and not an international capital debt therefore, it has several advantages above the other forms of international capital (Das, 2018). One advantage is that FDI is the leading and consistent source of capital that is used to increase economic growth in developing countries (UNCTAD, 2017). Another advantage is that FDI is a major form of foreign capital and can bridge the gap between the capital that the country needs and the available capital the country has.

An influx of FDI can have mixed results in developing countries, as it can lead to an increase in productivity while the domestic competitiveness and industrial capacity decreases (Gajadhar, 2018). Developing countries that fail to create economic growth that exceeds the inflow of FDI can lead to the inability of developed countries to sustain the FDI inflow. Stunted economic growth can be the result of several different factors such as a transfer of technology that is not suited for a developing country, a lack of local investors, and imposing limitations on local conditions such as human capital, financial development, institutional quality, existing technology, economic development, political situation, and trade regulations (Mahate, 2018; Malikane & Chitambara, 2017).

Caribbean countries have different cultures, languages, levels of development, GDP per capita, and exports. Caribbean countries have small economies and rely mainly on tourism or agriculture (Onafowora & Owoye, 2019). The economic growth of Caribbean countries is dependent on external factors such as weather, changes in the prices of global trade, and commodities, therefore, these countries are willing to open borders for international trade and FDI for the chance of stable or increased economic growth. The reduction of import and export tariffs and non-tariff barriers, advantageous location and trade routes, English-speaking populations, and political stability in the Caribbean is an advantage as these conditions draw investors to the region and help integrate Caribbean countries into the global market and further economic growth (Keho, 2017).

PROBLEM STATEMENT

Historically, there was always a positive and stable inflow of FDI and a steady and stable economic growth in Trinidad and Tobago. The problem is that from 2008 to 2017 FDI was unstable, with inflows that went from positive to negative, to positive and back again to negative, resulting in a lack of economic growth in Trinidad and Tobago (World Bank, 2020). The 2008 global financial crisis was the impetus of the reduced FDI inflow, however, countries in the Latin American region rebounded after the crisis in a more efficient manner than before the crisis (Zhu et al., 2019). As of 2019, FDI inflows in Trinidad and Tobago still showed instability, making this a problem of great concern as FDI is needed to balance domestic investment, increase economic growth, create jobs, increase productivity gains, and increase the standard of living

within a country (Ross, 2019). Therefore, if FDI does not increase, the economy of Trinidad and Tobago could collapse.

Investigating the relationship between FDI and economic growth illustrated, through statistical analysis, the impact that FDI had on economic productivity and performance in Trinidad and Tobago. The knowledge of this impact may assist Trinidad and Tobago, as well as other developing countries, to design new policies for improving their business environment and the quality or level of management needed to meet the requirements for multinational corporations to want to invest in developing countries.

RESEARCH QUESTION AND HYPOTHESES

The following question examined the relationship between FDI and economic growth in Trinidad and Tobago from 2008 to 2017.

Research Question: What was the correlation between foreign direct investment and economic growth in Trinidad and Tobago from 2008 to 2017?

Null Hypothesis: There was no correlation between foreign direct investment and economic growth in Trinidad and Tobago from 2008 to 2017.

Alternative Hypothesis: There was a correlation between foreign direct investment and economic growth in Trinidad and Tobago from 2008 to 2017.

SIGNIFICANCE OF THE STUDY

The findings of this study contributed to the existing literature on the relationship between FDI inflows and economic growth in several ways. This study was significant because it focused solely on FDI and economic growth in Trinidad and Tobago, unlike previous studies that included Trinidad and Tobago as part of Latin American and the Caribbean (Mahate, 2018; Onafowora & Owoye, 2019). Investigating the relationship between FDI and economic growth illustrated, through statistical analysis, how important FDI was for the economic growth of Trinidad and Tobago. This study was important to the leaders and policy makers of Trinidad and Tobago and other developing countries, as insight was provided into how FDI could be used more efficiently, and if any guidelines could be changed that would warrant stronger economic growth. The findings of this study showed that studying the FDI and economic growth of countries as separate entities rather than as part of a region or group may provide useful information for leaders, making this a subject for future research.

LITERATURE REVIEW

There is no universal factor that is specific to the relationship between FDI and economic growth. Research has shown that different factors have different influences in different regions. Good governance positively impacts FDI in the Arabian and African regions, while in Latin America and the Caribbean, poor governance is important (Gangi & Abdulrazak, 2012; Bannaga et al.,2013; Subasat & Bellos, 2013). Locations, where there are no remote geographic distances to obstruct the inflow of FDI, are preferred for investors (Feeny et al., 2014; Dunning, 2009; Mahate, 2018). Human capital has a positive relationship with economic growth and countries with higher education levels or higher levels of human capital contributed more significantly to

economic growth than countries with lower levels (Borensztein et al., 1998; Ramkissoon, 2002; Conrad, 2011).

Many researchers have documented that FDI is an important tool that is used to produce economic growth (Choe, 2003; Li & Liu, 2005; Chakraborty & Nunnenkamp, 2008). Research that focuses on Caribbean countries has also shown similar results (Thomas & Serju, 2009; Williams, 2015; Mahate, 2018; Onafowora & Owoye, 2019; ECLAC, 2019). Contradicting research has shown that even a high inflow of FDI could not prove economic growth in certain developing countries (De Groot & Pérez Ludeña, 2014; Malikane & Chitambara, 2017; Tsaurai, 2019).

FDI in the Caribbean Region

Caribbean countries have different political, economic, and social backgrounds. Caribbean countries differ in population, GDP and per-capita GDP, level of development, structure of public debt, manufacturing industries, production facilities, and export bases (Onafowora & Owoye, 2019). Countries in this region rely either on the tourism industry, the manufacturing sector, or the agriculture sector, or a combination of these sectors. In general, Caribbean countries have small economies, import most of their foods, raw materials, and petroleum products, and have open trade markets. Their economies are directly affected by weather patterns, global commodity prices, and the performance of their suppliers and trade partners.

In the Caribbean region, FDI inflows have increased in 2018, after five years of decline, with most of the investors entering from Europe and the United States (ECLAC, 2019). This occurred because of the free trade agreements and ending of restrictions on FDI during the 1980's and 1990's, together with the geographical location of the region, an educated and English-speaking labor force, political stability, and the host governments attractive incentives for the banking, utility, and telecommunications industries (Onafowora & Owoye, 2019). The relatively recent investment from China in the Latin American and Caribbean region is second only to its investments in the Asian region (Zhang, 2019). Prior to 2010, the presence of Chinese companies in this region was limited mainly to joint ventures, however, the abundance of raw materials and the expansion of the Belt and Road Initiative has attracted Chinese investors into the Latin American and Caribbean region.

The 2018 FDI inflow into the Caribbean was $5.623 billion U.S. dollars, with tourism attracting the largest amount of FDI (ECLAC, 2019). The Dominican Republic, Trinidad and Tobago, Jamaica, and the Bahamas have been the countries receiving the largest inflow of FDI in the Caribbean for the last three decades, with Haiti being the only country that did not have FDI as a contributing factor to economic growth (Onafowora & Owoye, 2019). The 2008 global financial crisis reduced FDI flows to the Caribbean region, and recovery, while steady, has been slow. As an oil-producing country, Trinidad and Tobago had a net outflow of FDI of $180 million, and this could increase in the next decade as British Petroleum has new projects planned.

FDI Impact on Economic Growth

The global financial crisis of 2008 and the higher risk aversion of foreign investors caused a drop in the rate of FDI during this period (Cherif & Dreger, 2018). While FDI

recovered, it was not distributed evenly throughout the globe. The majority of FDI went to developing countries, especially to the Southeast Asian and Latin American regions. Abdouli and Hammami's (2017) empirical study of FDI inflows in 17 Middle East and North African countries showed that an increase in FDI inflow leads to greater economic growth. On the other hand, Borda Reyes et al. (2019) study on 11 Latin American countries suggested that the impact of FDI on economic growth is not that straightforward. The authors suggested that globalization is under attack with recent national movements such as "Brexit" in the United Kingdom and the United States "Make America Great Again" which promoted protectionism and put up barriers to trade.

There is a significant positive relationship between economic growth and an open economy (Darku &Yeboah, 2018). Open trade allows an economy to specialize in its comparative advantage. When specialization occurs, there is now an efficient distribution of scarce resources, which can result in increased output, higher income, improved living conditions, increased market size, increased competition, and a means to facilitate technological and managerial expertise from developed countries to developing countries.

THEORETICAL FRAMEWORK

The theories used to guide the development and interpretation of the data were FDI theory, internalization theory of FDI, and neoclassical growth model. These theories can identify factors of FDI that contribute to economic growth, explain what drives outward FDI, and aid in understanding how FDI may contribute effectively to economic growth and development.

FDI theory was introduced by Steven Hymer in 1960 (Oehler-Şincai, 2011). Hymer showed that the main functions of FDI were to exploit monopolistic advantages, spread risks, and avoid the structural imperfections of the market. FDI theory can identify if the motivation for FDI is the level of control that a foreign investor can obtain through direct investment in a host country (Gupta & Ahmed, 2020). Trąpczyński (2013) showed that the determinants of FDI are unambiguously related to performance. However, there is a positive influence of FDI on product differentiation, host countries' experience, firm size, ethnic ties to foreign business partners, and marketing and technological knowledge. FDI theory can help with understanding the causes and effects of FDI that contribute to economic growth and should be used as a guide when policies are being made.

Internalization theory is a theory of FDI based on imperfect markets and was conceptualized by Buckly and Casson (1976) to analyze FDI (Gupta & Singh, 2017; Casson et al., 2016). It attempts to explain the explain how multinational companies expand and their motivations for FDI. Internalization theory can be used to explain what drives outward FDI and what will be gained when internal production occurs, and outside markets and operation costs are bypassed (Vélez Ocampo, 2013).

The neoclassical growth model is an economic model that attempts to understand what drives changes in GDP per capita. Pioneered by Solow (1956) and Swan (1956), this is an exogenous-growth theory (Mahembe & Odhiambo, 2014). The neoclassical growth model assumes that exogenous factors are what generate economic growth, and shows that FDI can promote economic growth, which makes this an appropriate theoretical framework for this study. The model stresses that there must be savings and accumulation of capital to determine economic growth while praising the growth of technology as being an impetus to long-term growth (Solow, 1956).

METHOD DESIGN

A quantitative correlational research design was used in this study to identify if there was a relationship between FDI and economic growth in Trinidad and Tobago from 2008 to 2017. Correlation was an appropriate design for this study as it determines a relationship between variables and does not imply causality between variables. When used in conjunction with quantitative research, correlation can provide inferences and predictions, and determine the probability of associations between two or more non-manipulated variables or datasets (Connelly, 2012; Field, 2018). The purpose of this study was not to determine cause and effect, therefore experimental and quasi-experimental designs were not appropriate. Even though there was the attempt to answer a "what is" research question in this study, correlation was more appropriate than descriptive as there was the need to determine the strength of the relationships between variables that can be established by the correlation coefficient Pearson's correlation.

SETTING, POPULATION, SAMPLE SIZE AND SAMPLING METHOD

This study did not include human participants. The population and sample for this study was FDI net inflows as a percentage of GDP and GDP per capita growth as an annual percentage for Trinidad and Tobago from 2008 to 2017. Archival data collected from the World Bank Data provided complete data suitable to respond to the purpose of this study. The archival data were screened for missing data, outliers and evaluated for test assumption, linearity, normality, and homoscedasticity before analysis. The archival data were used to statistically examine the relationship between FDI and economic growth for this specific period.

MATERIALS AND INSTRUMENTS, VALIDITY AND RELIABILITY OF THE INSTRUMENT

To give this study internal validity, the results answered the research question: What was the relationship between FDI and economic growth in Trinidad and Tobago from 2008 to 2017? A Pearson correlation was used to identify the relationship between FDI and economic growth. Pearson's correlation ensured that the relationship between the variables which was supposed to be measured, was measured. Pearson's correlation was also used as a consistent and reliable measurement. Pearson's correlation allows researchers to know if there is a slight, low, moderate, or high correlation between the variables (Connelly, 2012). A correlation of <0.20 should be considered a slight, almost negligible relationship, 0.20-0.40 should be considered a low correlation, with a definite but small relationship, 0.40-0.90 should be considered a moderate correlation, with a substantial relationship, and >0.90 should be considered a high correlation, with a dependable relationship.

DATA COLLECTION AND ANALYSIS PROCEDURE

The data for this study were archival data publicly available from the World Bank database to anyone with internet access. Express permission was not required to gather the data. The archival data were collected from https://data.worldbank.org/indicator/BX.KLT.DINV.WD.GD.ZS?view=chart&locations=TT for FDI net inflows as a percentage of GDP and

https://data.worldbank.org/indicator/NY.GDP.PCAP.KD.ZG?locations=TT&view=chart for GDP per capita growth as an annual percentage for Trinidad and Tobago from 2008 to 2017.

The data were analyzed in alignment with the purpose of this study: to examine the relationship between FDI and economic growth in Trinidad and Tobago from 2008 to 2017. Pearson's correlation was used to examine the relationship between the variables.
Before the analysis was conducted, the data were screened for missing data, outliers, and were evaluated for test assumption, linearity, normality, and homoscedasticity. Pearson's correlation was used to analyze the correlation between the variables. The null hypothesis was tested by calculating the value of the statistic *t* (Edgell & Noon, 1984).

Pearson's correlation operates on the premise that the analysis is valid when several assumptions are met. For this study, the variables were measured at the interval level, the variables had paired data points, and the data points were independent of each other (Edgell & Noon, 1984). Pearson's correlation was used to measure the strength of a linear relationship between the variables, FDI and economic growth, as there must be a linear relationship between the variables. Before Equation 1 was used, the variables were checked to make sure that they followed a bivariate normal distribution. If the distribution was not normal, there could be a violation of the bivariate normality or normality/independence assumptions beyond acceptable limits. The data were checked against the assumptions that the variances in the data showed homoscedasticity and that all univariate or multivariate outliers were met.

A Pearson correlation was used to determine the relationship between FDI, the predictor variable, and economic growth, the criterion variable in this study. The first step in the data analysis was to specify the significance level, the null hypothesis, and the alternative hypothesis.

Significance level: $\alpha = 0.05$.

Null hypothesis: $p = > 0.05$

Alternative hypothesis: $p = < 0.05$

The second step was to calculate the value for the test statistic using the formula for *t*.

$$t = r\sqrt{(N-2)/(1-r2)} \quad \text{(Eq.1)}$$

The third step was to use the t value to calculate the p-value. This was determined by using *n-2* degrees of freedom in the *t*-distribution.

The fourth step was to make a decision based on the results of a Pearson correlation in IBM SPSS. If the value of *p* was less than .05, the null hypothesis, there was no statistically significant relationship between FDI and economic growth in Trinidad and Tobago, was rejected, and the alternative hypothesis, there was a statistically significant relationship between FDI and economic growth in Trinidad and Tobago, was accepted. These relationships were statistically measured from -1.00 (negative correlation) to +1.00 (positive correlation), with a statistical measure of 0 which indicated that there was no relationship between the variables (Emerson, 2015). An independent samples *t*-test was used to compare the means between FDI and economic growth. The *t*-test was conducted to evaluate the one-tailed hypothesis that there was a relationship between FDI and economic growth in Trinidad and Tobago. The results of the *t*-test determined if there was statistical evidence that the means of the variables were significantly different.

FINDINGS

The purpose of this study was to examine the relationship between FDI and economic growth in Trinidad and Tobago from 2008 to 2017. The following research question and hypotheses guided this quantitative study.

Research Question: What was the correlation between foreign direct investment and economic growth in Trinidad and Tobago from 2008 to 2017?

Null Hypothesis: There was no correlation between foreign direct investment and economic growth in Trinidad and Tobago from 2008 to 2017.

Alternative Hypothesis: There was a correlation between foreign direct investment and economic growth in Trinidad and Tobago from 2008 to 2017.

Tests for Linearity

A linear relationship between the variables determined that the dataset fulfilled the assumption of a bivariate normal distribution. Evidence of a linear relationship was proved by Q-Q plots, which showed the curvature among the points for each variable as indicated in Figure 1 and Figure 2 (Appendix). On a normal Q-Q plot, the points will fall approximately on or close to the straight line. The Q-Q graphical representation indicated a normal distribution of data.

Normality of Data and Outliers

FDI and economic growth were assessed for normality and outliers using Shapiro-Wilk test, histograms, and box plots. The Shapiro-Wilk test of normality showed that the significance value was greater than 0.05 (FDI $p = 0.844$, and economic growth $p = 0.461$) as indicated in Table 1 (Appendix). This p value indicated that the data were normally distributed, that a parametric test such as Pearson's correlation was the appropriate statistical tool to be used for analysis, and that the null hypothesis could be retained.

Skewness measures the degree and direction of asymmetry, which is reflected in the descriptive statistics in Table 2 (Appendix). Both FDI and economic growth were skewed to the right. Kurtosis is a reflection of outliers within the distribution. For FDI, the distribution was tall, or leptokurtic, as the value was > +1.0. For economic growth, the distribution was slightly flatter as it had a negative, or platykurtic, kurtosis.

The mean and standard deviation of each variable is found in Table 3 (Appendix). For FDI, the mean value was 0.581 and the standard deviation was 4.710. This indicated that the data were relatively distributed near the mean value. For economic growth, the mean value was -0.777 and the standard deviation was 3.249. This indicated that the data were also relatively distributed near the mean value. The descriptive statistics also indicated that both variables had 10 valid observations. Therefore, there were no missing values within the datasets for both variables.

Foreign Direct Investment (Net Inflows, % of GDP)

Inflow of FDI into Trinidad and Tobago was highest in 2008 (+10.0%), declining sharply in 2009 to +3.7%, which was the second-highest inflow for this period as indicated in Figure 3 (Appendix). FDI inflows continued to decline, and in 2012 Trinidad and Tobago received the

lowest FDI inflow which was -7.4%. Slowly, FDI inflows increased to +2.4% in 2014 before declining in the following years, reaching -2.0% in 2017.

Economic Growth (GDP per Capita, Annual Growth in %)

Figure 3 (Appendix) indicated the economic growth of Trinidad and Tobago from 2008 to 2017. In 2009, the economic growth sharply decreased from +2.9% to -4.9%. The economic growth dramatically increased to similar 2008 percentages in 2010 (+2.8%), and from 2011 to 2015 fluctuated between negative and positive economic growth. In 2016, the economic growth dropped significantly to a low value of -6.8%. 2017 improved slightly but continued the negative economic growth with a value of -2.8%.

Testing the Null and Alternative Hypotheses

A Pearson correlation was performed to assess the relationship between FDI and economic growth in Trinidad and Tobago, and to address the research question and hypotheses. The strength of the correlation was represented as the correlation coefficient. The range of the correlation coefficient was between -1.00 to +1.00.

The Pearson correlation coefficient between FDI and economic growth was $r = 0.109$ as indicated in Table 4 (Appendix). This indicated that FDI and economic growth had a statistically small or weak relationship. The significance value was $p = 0.763$. This indicated that there was no correlation between the variables since p was > 0.05. Therefore, there was no specific direction of the relationship either positive or negative. Overall, there was a weak relationship between FDI and economic growth. Increases in the inflow of FDI were not correlated with increases in economic growth for Trinidad and Tobago from 2008 to 2017. Therefore, the null hypothesis was accepted.

DISCUSSIONS

The findings from this study allowed a comparison and contrast with the results against existing literature. Findings indicated that there was no correlation between FDI and economic growth in Trinidad and Tobago from 2008 to 2017. The null hypothesis was accepted; therefore, the alternative hypothesis was rejected. Macro-level studies suggest that the impact of FDI on economic growth can either be positive or inconclusive (Makiela & Ouattara, 2018). However, when similar micro-level studies, such as this study, are conducted, results suggest that FDI does not stimulate, or does not have a relationship with, economic growth. This micro-level study suggests that FDI is not an important factor for economic growth in Trinidad and Tobago, as increases in the inflow of FDI were not correlated with increases in economic growth, even when specific conditions such as open trade markets and high level of human capital were met.

The results of this study were aligned with the results of Sokhanvar's (2019) study of FDI, tourism, and economic growth in seven European countries. These findings suggested that using FDI to increase economic growth amounts to wishful thinking and that FDI could lead to negative economic growth, and that dependence on FDI for a long-term growth strategy is not always helpful for the economy of the country. A Granger causality relationship study of Ecuador, Peru, and Colombia found that from 1996 to 2016 revealed there was no causal relationship between FDI and economic growth (Camacho & Bajaña, 2020). However, the

results of this study did not align with the macro-study study of Makiela and Ouattara (2018). Their study consisted of 108 countries using data from 1970 to 2007, in which the results demonstrated a strong positive correlation between FDI and economic growth.

The findings from this study supported Hymer's FDI theory. FDI theory states that certain situations will limit how FDI affects the market. These are the four imperfect situations for FDI presented by Kindleberger: departures from perfect competition in the goods market, departures from perfect competition in the factor markets, internal and external economies of scale, and limitations that the government imposes on output or entry (Rayome & Baker, 1995). The imperfect situation for FDI is unknown in this correlational study, as correlation, not cause, was the purpose.

Limitations

Some limitations were acknowledged in this study. The study was limited to data from two variables, FDI and economic growth. Factors that may have influenced the variables, such as government stability, human capital, and protection policies for customs and tariffs, were not explored. The data were also limited to a period after the 2008 global financial crisis, from 2008 to 2017, in which surrounding countries in the Latin American region rebounded more efficiently than before the crisis (Zhu et al., 2019). The relationship between FDI and economic growth prior to this period is not taken into consideration.

A correlation design was used to explore the relationship between FDI and economic growth. Although a correlation design determined the correlation between the predictor variable and the criterion variable, it did not determine the cause of that correlation. Therefore, the findings of this study were limited to finding the correlation, without knowing the cause and effect or why such a relationship exists.

Recommendations

The results of this study showed that the relationship between FDI and economic growth in Trinidad and Tobago from 2008 to 2017 was weak. However, FDI was examined as a complete entity, rather than different sectors. It is recommended that data from the different sectors of FDI, such as technology, entertainment, manufacturing, and natural resources, be analyzed to further investigate the nature of the relationship between FDI and economic growth in Trinidad and Tobago.

This study was the first to focus exclusively on FDI and economic growth in Trinidad and Tobago. Other studies have included Trinidad and Tobago as part of Latin America and the Caribbean, but not as a separate country. It is recommended that studies be conducted separately on other Caribbean countries to discover if other Caribbean countries have a similar relationship between FDI and economic growth as Trinidad and Tobago. A micro-study may present a more accurate portrayal of singular Caribbean countries since a macro-study of the Latin American region showed that both FDI and economic growth increased after the 2008 global financial crisis (Zhu et al., 2019).

CONCLUSIONS

The purpose of this study was to examine the relationship between FDI and economic growth in Trinidad and Tobago from 2008 to 2017 using a quantitative correlational approach. The research question used for this study was: What was the correlation between FDI and economic growth in Trinidad and Tobago from 2008 to 2017? The null hypothesis was: There was no correlation between FDI and economic growth in Trinidad and Tobago from 2008 to 2017. The results from the Pearson correlation supported this hypothesis and indicated that there was no correlation between FDI and economic growth in Trinidad and Tobago from 2008 to 2017, as p was > 0.05. The statistical strength of the relationship between the variables was weak as r was 0.109.

This study was significant because it focused on Trinidad and Tobago as a singular entity and not part of the Latin American and Caribbean region. By focusing on a country at a micro-level, leaders and investors can comprehend if FDI has a relationship or if FDI does not have a relationship with economic growth. Through this understanding, leaders will be able to implement strategies such as diversifying the economic and financial systems and implement policies to protect investments that are tailored to a specific country, rather than relying on the one-size FDI policy.

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APPENDIX

Figure 1: Foreign Direct Investment Normal Q-Q Plot

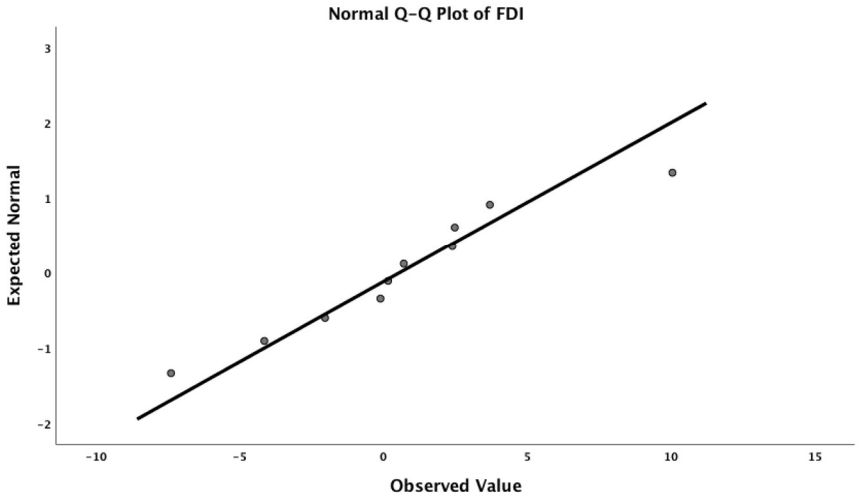

Figure 2: Economic Growth Normal Q-Q Plot

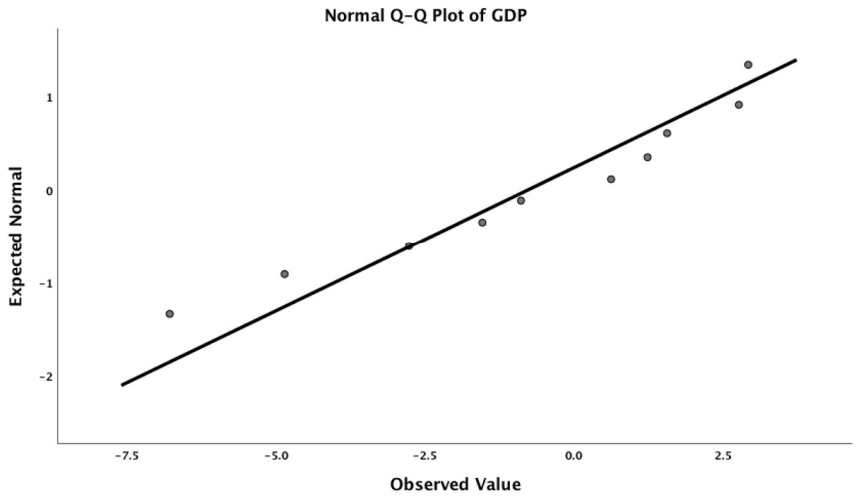

Table 1: Shapiro-Wilk Test of Normality

	Statistic	Df	Sig
FDI	0.965	10	0.844
Economic Growth	0.931	10	0.461

Table 2: Descriptive Statistics for Skewness and Kurtosis

		Statistic	Std. Error
FDI	Skewness	0.347	0.687
	Kurtosis	1.311	1.334
Economic Growth	Skewness	-0.710	0.687
	Kurtosis	-0.435	1.334

Table 3: Descriptive Statistics for Mean and Standard Deviation

	Mean	Std. Deviation	N
FDI	0.581	4.710	10
Economic Growth	-0.777	3.249	10

Figure 3: Comparative Histogram of Foreign Direct Investment and Economic Growth

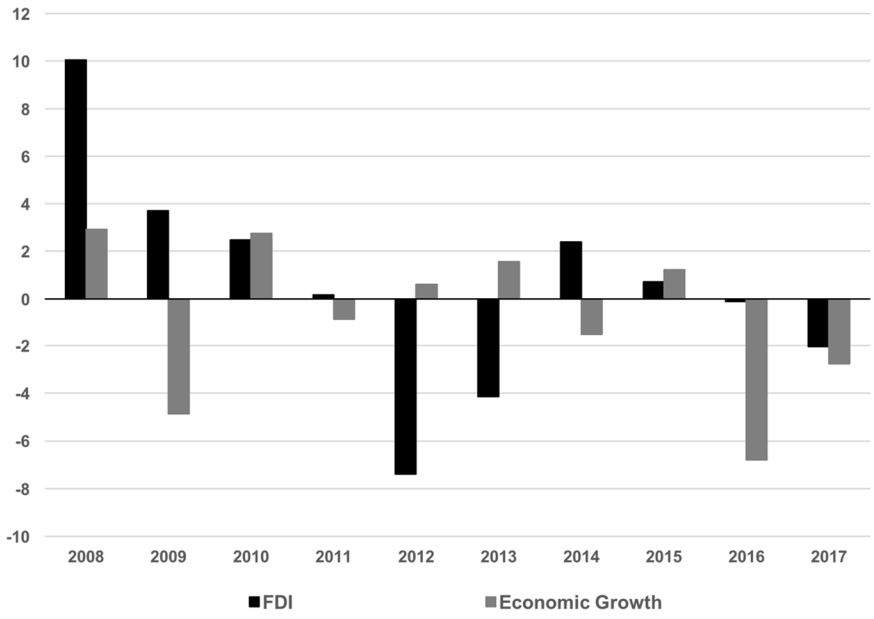

Table 4: Correlation for Research Question

		FDI	Economic Growth
FDI	Pearson Correlation	1	0.109
	Sig. (2-tailed)		0.763
	N	10	10
Economic Growth	Pearson Correlation	0.109	1
	Sig. (2-tailed)	0.763	
	N	10	10