THE IMPACT OF FOREIGN DIRECT INVESTMENT ON ECONOMIC GROWTH IN JORDAN: A STUDY OF THE PERIOD 1978-2021

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ABSTRACT

Objective: This paper aims to measure the impact of foreign direct investment on economic growth in Jordan during the period (1978-2021), based on a set of standard tests that will help clarify the relation between the variables of the study.

Theoretical Framework: This paper proposes to examine the benefits of an open market economy based on trade and investment liberalization. The focus will be on factors that attract foreign direct investment, such as improving GDP, infrastructure, and political stability. These factors significantly impact employment rates, technology transfer, export development, and balance of payments.

Method: The study used Eviews-9 to estimate a suitable linear model. A unit root test using ADF methodology indicated stationary variables at I(0) level. The Johansen methodology was used to perform a joint integration test, which showed that the two variables were complementary according to the Trace Test and Maximum Eigenvalue.

Results and Discussion: After estimating the results of the equation using the Ordinary Least Squares regression (OLS), the results indicate that if the percentage of foreign direct investment increases by 1%, the GDP increases by 0.05%. All transactions are statistically significant at a level less than (0.01). R2 also indicates that FDI explains 18% of changes in GDP.

Research Implications: Foreign direct investment is crucial for developing countries like Jordan, as it helps increase cash flows. Jordan strives to create favorable laws to attract more investments.

Originality/Value: The study compared Jordan's case with previous studies and found similarities and differences. Jordan's political, security, and geographical situation, along with continuous development of investment-related legislation, made it more fortunate than others.

Keywords: Foreign Direct Investment, Economic Growth, Gross Domestic Product (GDP), Jordan.

O IMPACTO DO INVESTIMENTO ESTRANGEIRO DIRETO NO CRESCIMENTO ECONÓMICO NA JORDÂNIA: UM ESTUDO DO PERÍODO 1978-2021

RESUMO

Objetivo: Este artigo visa medir o impacto do investimento direto estrangeiro no crescimento econômico da Jordânia durante o período (1978-2021), com base num conjunto de testes padrão que ajudarão a esclarecer a relação entre as variáveis do estudo.

Enquadramento Teórico: Este artigo propõe examinar os benefícios de uma economia de mercado aberto baseada na liberalização do comércio e do investimento. O foco será nos factores que atraem o investimento directo estrangeiro, tais como a melhoria do PIB, das infra-estruturas e da estabilidade política. Estes factores têm um impacto significativo nas taxas de emprego, na transferência de tecnologia, no desenvolvimento das exportações e na balança de pagamentos.

Método: O estudo utilizou o Eviews-9 para estimar um modelo linear adequado. Um teste de raiz unitária utilizando a metodologia ADF indicou variáveis estacionárias no nível I(0). A metodologia de Johansen foi utilizada para realizar um teste de integração conjunta, que mostrou que as duas variáveis eram complementares de acordo com o Teste de Traço e Autovalor Máximo.

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Resultados e Discussão: Após estimar os resultados da equação utilizando a regressão dos Mínimos Quadrados Ordinários (MQO), os resultados indicam que se a percentagem de investimento direto estrangeiro aumentar em 1%, o PIB aumenta em 0,05%. Todas as transações são estatisticamente significativas em um nível inferior a (0,01). O R2 também indica que o IDE explica 18% das variações do PIB.

Implicações para a investigação: O investimento direto estrangeiro é crucial para países em desenvolvimento como a Jordânia, pois ajuda a aumentar os fluxos de caixa. A Jordânia se esforça para criar leis favoráveis para atrair mais investimentos.

Originalidade/Valor: O estudo comparou o caso de Jordan com estudos anteriores e encontrou semelhanças e diferenças. A situação política, de segurança e geográfica da Jordânia, juntamente com o desenvolvimento contínuo de legislação relacionada com o investimento, tornaram-na mais afortunada do que outras.

Palavras-chave: Investimento Estrangeiro Direto, Crescimento Económico, Produto Interno Bruto (PIB), Jordânia.

EL IMPACTO DE LA INVERSIÓN EXTRANJERA DIRECTA EN EL CRECIMIENTO ECONÓMICO DE JORDANIA: UN ESTUDIO DEL PERÍODO 1978-2021

RESUMEN

Objetivo: Este artículo tiene como objetivo medir el impacto de la inversión extranjera directa en el crecimiento económico de Jordania durante el período (1978-2021), basándose en un conjunto de pruebas estándar que ayudarán a aclarar la relación entre las variables del estudio.

Marco teórico: Este artículo propone examinar los beneficios de una economía de mercado abierta basada en la liberalización del comercio y la inversión. La atención se centrará en los factores que atraen la inversión extranjera directa, como la mejora del PIB, la infraestructura y la estabilidad política. Estos factores tienen un impacto significativo en las tasas de empleo, la transferencia de tecnología, el desarrollo de las exportaciones y la balanza de pagos.

Método: El estudio utilizó Eviews-9 para estimar un modelo lineal adecuado. Una prueba de raíz unitaria utilizando la metodología ADF indicó variables estacionarias en el nivel I(0). Se utilizó la metodología de Johansen para realizar una prueba de integración conjunta, la cual demostró que las dos variables eran complementarias según la Prueba de Traza y Valor Eigen Máximo.

Resultados y Discusión: Luego de estimar los resultados de la ecuación utilizando la regresión de Mínimos Cuadrados Ordinarios (MCO), los resultados indican que si el porcentaje de inversión extranjera directa aumenta un 1%, el PIB aumenta un 0,05%. Todas las transacciones son estadísticamente significativas a un nivel inferior a (0,01). R2 también indica que la IED explica el 18% de los cambios en el PIB.

Implicaciones para la investigación: La inversión extranjera directa es crucial para los países en desarrollo como Jordania, ya que ayuda a aumentar los flujos de efectivo. Jordania se esfuerza por crear leyes favorables para atraer más inversiones.

Originalidad/Valor: El estudio comparó el caso de Jordan con estudios anteriores y encontró similitudes y diferencias. La situación política, de seguridad y geográfica de Jordania, junto con el continuo desarrollo de la legislación relacionada con las inversiones, la hicieron más afortunada que otros.

Palabras clave: Inversión Extranjera Directa, Crecimiento Económico, Producto Interno Bruto (PIB), Jordania.

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1 INTRODUCTION

Foreign direct investment (FDI) has played an important role in supporting the economies of developing countries, as the past few decades have witnessed a significant increase in the volume of investment flows, due to the desire to shift towards an open market economy based on trade and investment liberalization. It must be said that the factors attracting FDI are multiple, and they constitute an important incentive to attract these investments, and one of the important factors to attract foreign investments is the high average per capita income of GDP in the receiving country, the high GDP, the availability of infrastructure and the degree of political stability, in addition to all this the expected rate of return on capital. Therefore, many developing countries have realized the importance of foreign investments as they may achieve many benefits for the economy of host countries, such as providing financing, technology transfer, providing job opportunities, developing exports and improving the balance of payments. But it cannot be said that all of these mentioned benefits that host countries can derive for FDI are cost-free. The investor, of course, has many goals in internationalizing his productive activity. Even the governments of investors that encourage them seek to achieve political and economic goals, in the sense that FDI is governed by common interests between the two parties, as the degree to which each party benefits largely depends on the policies and practices of the other party regarding the type and nature of investment that is the essence of the relation between the two parties.

In light of the above, foreign investments constitute an important focus of attention for many developing countries, especially Arab countries, and Jordan has sought to develop appropriate legislation that works to attract the largest possible amount of foreign investment by providing the appropriate environment for legislative reforms to remove restrictions on the movement of capital and achieve more economic freedom (Al-Sawaie, 2017). Therefore, it can be said that the problem of the study is summarized in the challenges facing Jordan at the present time with regard to increasing economic growth, as foreign investments constitute an important source that can be relied upon to support local investment, thus raising the growth of economic level, so it is necessary to measure the impact of FDI on the growth of the economy in Jordan, and so that the results are more realistic. Able to represent the situation over the years, the study adopted the period from 1976-2022 to highlight the importance of FDI on growth of economic, as this will constitute a major goal to come up with appropriate results and develop recommendations that are in line with the nature of this analysis. Therefore, the importance of the study lies in making it a way to introduce the importance of foreign direct investments, and
focus on the various ways that Jordan sought to provide to create an investment climate characterized by stability in an attempt to attract the largest possible amount of investments for the purposes of increasing growth of economic and because of its positive impact on the Jordanian economy (Abbas, 2020).

Over the past years, the Jordanian economy has attracted a large volume of FDI, and the amount that Jordan has succeeded in attracting is estimated at approximately 1.2 billion dinars annually. To compare the Jordanian experience in attracting FDI with the countries of the region, the Strategy Forum compared the ratio of FDI to GDP between Jordan and other Arab countries to appear in the data that during the period (2015-2016) attracting FDI to GDP during this period was (5.2%), which is the second place when compared with the Arab countries, but it returned and decreased to represent (2.6%) in the gross domestic product in the period (2016-2022). Therefore, it was necessary to study the impact of FDI on growth of economic and to show the importance and try to reach some results that help the economy in making these results recommendations that can be taken to restore the importance of this aspect.

1.1 THE RELATIONSHIP OF FOREIGN DIRECT INVESTMENT AND ECONOMIC GROWTH

Investment plays a great importance in supporting growth of economic in many countries, because it leaves an increase in production capacity in addition to being considered a means of changing the productive structure of countries, and the impact of FDI can be clarified about some economic variables.

1.1.1 The impact of Foreign Direct Investment on Foreign Exchange

It is noted that the percentage of the impact of FDI on foreign exchange flowing to host countries on several factors, the most important of which is the size of capital brought by foreign companies at the beginning of investment and bridging the impact of these companies on the transfer of local savings to and from the areas of use and effective production, as well as the number of loans granted by local banks to companies play a positive role in attracting more foreign capital, and the amount of profits transferred abroad compared to those The lower the volume of profits transferred, the greater the positive impact on the amount of cash (Ali, 2020).
1.1.2 The Impact of Foreign Direct Investment on the Balance of Payments

There are two views of the impact of FDI on the balance of payments, as the first opinion confirms that the flow and increase of capital positively affects the balance of payments, when foreign companies resort to selling their foreign currencies against the local currency to finance their local payments or invest in sectors that produce to replace imports, as they contribute to meeting part of the local market need, which leads to reducing imports and thus has a positive impact on the balance of payments, while the other opinion or re-export to the mother, as it is noted that foreign companies entering the export markets will achieve success because of the well-established reputation of their products for quality and reliable supply, as well as having knowledge of global markets, and it is noted at the beginning to increase imports of capital goods needed by foreign companies and when they start production, they will meet part of the needs of the local market of final goods g other goods that were imported by the host country and thus imports will decrease in exchange for increased exports This means improving the balance of payments (Saqr, Shareef, & Qazi, 2019).

1.1.3 Impact of FDI on Technology

The issue of technology transfer through FDI has become one of the priorities of decision-makers in the host countries, as these countries have worked to liberalize their own systems for technology transfer to become more suitable for their economic conditions, and have also worked to raise their absorptive capacities and increase links between foreign and local companies to localize the transferred technology, and some factors affect the transfer of technology and its quality to the host country, such as economic and social conditions, especially the level of human development and the availability of skilled labor and efficient management, and also the quality of investment has a role in technology transfer if the benefit of local companies is limited when FDI is a new project, but if it is an acquisition or merger, they have a greater role in the transfer of technology from the home country to the host country of this technology and its development (Baalouj, 2011).

1.1.4 Impact of FDI on Employment

FDI leads to the creation of job opportunities for local labor through the horizontal expansion of large-scale projects carried out by foreign investors that need skilled and unskilled
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labor and thus contributes to reducing unemployment rates in host countries, as well as foreign companies carry out programs to train and develop the skills and capabilities of the workforce and thus develop human capital. FDI positively affects production and employment, as local companies may Do not realize the opportunities available for investment or may realize that, but they cannot implement them because of the weakness of the technical and technical capabilities, while foreign companies or foreign investors have the ability and previous experience in the implementation of projects and the arts of production and marketing and thus be the largest ability to implement investment projects, which leads to the creation of job opportunities and new incomes in the host countries, and thus employment increases and the export of relatively labor-intensive products increases. The impact of FDI in production and employment is shown through the added value resulting from the use of local and not foreign production elements, as well as taking into account the source of inputs used in foreign companies implementing the investment from the export of the investment contribution to production and employment (Al-Jubouri, 2016).

2 PREVIOUS STUDIES

Many researchers have been interested in studying the impact of FDI on the growth of the economy of countries, because of its great importance in the continuity of economic activity in many sectors. Several studies that have been carried out to raise this topic can be highlighted as a study by (Salami, Ben Tafat, & Sahel, 2018), which aimed to reveal the FDI and growth of the economy in Turkey, so the researcher relied on his study on the use of standard treatment through the use of joint integration, based on which it was found that there is no equilibrium relation between FDI and growth of economic, specifically during the period analyzed, due to the fluctuation of foreign investment coming to Turkey, which leads to no clear impact on GDP. The study recommended the need to find policies that attract investments, especially those that depend on the establishment of new projects. The study (Dahmani, 2019) referred to the relationship between FDI and the growth of the economy in Algeria for the period (2000-2012), where the study found that investment flows in this period were small in Algeria, and the concentration of these investments was in the oil sector in particular, and it was found that there is no causal relationship between the two variables during the study so it is necessary to provide what works to stimulate FDI to help growth of economic in Algeria.

In addition, the study of (Al-Fawaz, 2016), it recommended working to encourage the flow of foreign investments because of its clear importance on the growth of the economy in
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Jordan, by identifying the most important causes and obstacles that prevent the flow and working to develop appropriate solutions, with a focus on the need to adhere to a clear and supportive policy on encouraging foreign investment in order to confront any kind of fluctuations that occurred to attract FDI in previous periods.

Moreover, in a study of (Al-Lahibi & Al-Rawi, 2018), the researcher found that the political, security and economic crises, internal and external, had a clear impact on the flow of FDI, and the results of statistical tests showed the positive impact of FDI on growth of economic on the Kurdistan Region of Iraq, and the researcher recommended the need to develop policies that would direct FDI towards the productive sectors for the purposes of promoting growth of economic, and work to reduce administrative and bureaucratic restrictions and urge the investor to bring advanced technology and train local cadres. In addition to encouraging local industries to become competitive with other imported products, they have the advantage of reducing unemployment. While the study of (Saadi, 2017) aimed to measure the impact of FDI on growth of economic in the Arab countries for the period (1980-2014), where the study found that FDI has a weak positive impact on growth of economic, especially in the oil countries, but it appeared clear that the impact was stronger in non-oil-producing countries.

Furthermore, the study (DOGAN, 2013) tried to reveal the causal relation between FDI and the growth of the economy in Turkey for the period (1979-2011), and the results of the study indicated a positive long-term relation between FDI and growth of economic, in addition to a two-way causal relation between the two variables. Also, the study of (Rahman, 2014) aimed to discover the relation between FDI and growth of economic in Pakistan, and time series data for the period (1981-2010) were used. The results of the study indicate a positive relation between FDI and growth of economic, and a negative relation between GDP and consumer price index.

Additionally, A study of (Sarbu, 2015) showed that FDI has a positive impact on growth of economic in Romania, specifically for the period taken into account in the study (2000-2013). Moreover, the study (John, 2016) aimed to test the impact of FDI on growth of economic in Nigeria, and the study covered the period (1981 – 2015), and the results showed that FDI had a positive and significant impact on GDP, while the exchange rate had a positive impact but did not have a significant impact on GDP. A study of (Haque, Patnaik, & Hashmi, 2017) examined the role of FDI in the renaissance of the Kuwaiti economy, and the study found a positive relation between FDI and gross domestic product in Kuwait. A study of (Habibi & Karimi, 2017) focused on knowing the impact of FDI on growth of economic in the Gulf Cooperation Council countries during the period (1980-2018), and it was found in the results of the study
that FDI is the main engine in growth of economic, and the result of the border test indicated the existence of a stable relationship in the long run between the two variables, in addition to a two-way causal relation from FDI to real GDP in Qatar, Saudi Arabia and the United Arab Emirates, and to a one-way relationship in FDI to real GDP growth rate in Iran and Bahrain, there is no causal relationship between FDI and real GDP growth rate in Kuwait and Oman.

In addition, the study of (Mukhtarov et al., 2019) examines the impact of FDI on exports in the case of Jordan, through the use of the joint integration methodology for the distributed self-regression test (ARDL BT) for the period (1980-2018). The results of the study showed that there is a positive and statistically significant impact of FDI on exports in the long run. The results of the estimate also showed that a 1% increase in FDI explains the increase in exports by 0.13%. In a study of (Al-Sawai & Al-Zu'bi, 2011), the researcher sought to obtain empirical evidence about the impact of FDI on the overall variables of the Jordanian economy during the period (1980-2013), using time series analysis and the Vector Error Correction Model (VECM) to show the direction of the causal relationship between the variables. The results of the study found evidence of a positive trend for Granger's causality from FDI flows to GDP, and exports and short-term and long-term imports.

Finally, a study of (Mohamed & Isak, 2017) examined the impact of FDI on the growth of the economy in Somalia using detailed sectoral data for FDI flows during the period (1980-2015) and the results of the study indicated a negative relation between FDI and growth of economic during the period studied.

3 STUDY METHODOLOGY

The Eviews-9 econometric program was used and applied to estimate and test the most appropriate model, where the linear model was tested because of its accurate statistical indicators. The study assumes that foreign direct investment has a positive impact on the growth of the economy in Jordan, and accordingly it will be assumed that the function will take the following form:

\[ \text{GDP} = f(\text{FDI}) \]  \hspace{1cm} (1)

where:

GDP represents Jordan's GDP and FDI represents foreign direct investment in Jordan.
The model can be expressed in the following form:

\[ GDP = b_0 + b_1 \text{ FDI} + \epsilon \quad (2) \]

where:

(a) represents the limit of random errors.

To ascertain the nature of the relation between FDI and the growth of economy in Jordan, a set of standard tests will be conducted that will help clarify the relationship between the study variables for the period (1978-2021), and the unit root tests are accurate tests that determine the stillness of the time series and know its time characteristics in terms of the degree of its integration, although the method of self-regression with periods of slowdown distributed to test the limits is applicable regardless of whether the basic variables are static in its original levels I(0) i.e. integrated from the zero degree, or to reach dormancy after its first teams I(1) are taken i.e. integrated first order, or a mixture of the two, it is still necessary to ensure that there is no integral variable of the second order I(2). To verify the degree of integration of variables, the Fuller Augmented Dickey (ADF) test will be used. Because this test provides good results that help explain the relationship between the variables of the study. After conducting the unit root test using the ADF methodology on the standard data for the period studied, it was found that all variables are static at level I(0) as shown in Table (1).

**Table 1**

*Unit root test*

<table>
<thead>
<tr>
<th>Variable</th>
<th>Level ADF</th>
<th>Degree of integration</th>
</tr>
</thead>
<tbody>
<tr>
<td>LGDP</td>
<td>- 6.2209</td>
<td>I(0)</td>
</tr>
<tr>
<td>FDI/GDP</td>
<td>- 7.0353</td>
<td>I(0)</td>
</tr>
</tbody>
</table>

Source: Prepared by the researcher I will use the outputs of the Eviews program

Since all variables are static at level I(0) as shown in Table 1, the next step is to test the cointegration of the variables using the Johansen methodology. By conducting the test, it was found that the results indicate that the two variables are complementary according to the Trace Test and Maximum Eigenvalue, as seen in tables (2) and (3).
Table 2

Results of the impact test for joint integration

<table>
<thead>
<tr>
<th>Hypothesized</th>
<th>Self-esteem Statistic</th>
<th>Critical Value</th>
<th>Prob.**</th>
</tr>
</thead>
<tbody>
<tr>
<td>None *</td>
<td>0.638796</td>
<td>37.44372</td>
<td>15.49471</td>
</tr>
<tr>
<td>At most 1</td>
<td>0.079624</td>
<td>2.821072</td>
<td>3.841465</td>
</tr>
</tbody>
</table>

Trace test indicates 1 cointegrating eqn(s) at the 0.05 level
* denotes rejection of the hypothesis at the 0.05 level
**MacKinnon-Haug-Michelis (1999) p-values

Source: Prepared by the researcher I will use the outputs of the Eviews program

Table 3

Test Results of Maximum Eigenvalue

<table>
<thead>
<tr>
<th>Hypothesized</th>
<th>Self-esteem Statistic</th>
<th>Critical Value</th>
<th>Prob.**</th>
</tr>
</thead>
<tbody>
<tr>
<td>None *</td>
<td>0.638796</td>
<td>34.62265</td>
<td>14.26460</td>
</tr>
<tr>
<td>At most 1</td>
<td>0.079624</td>
<td>2.821072</td>
<td>3.841465</td>
</tr>
</tbody>
</table>

Max-eigenvalue test indicates 1 cointegrating eqn(s) at the 0.05 level
* denotes rejection of the hypothesis at the 0.05 level
**MacKinnon-Haug-Michelis (1999) p-values

Source: Prepared by the researcher I will use the outputs of the Eviews program

Since the results have shown that the two variables are complementary of the first order I (0) and there is a common complementarity between them, it is possible to estimate the equation by least squares or any other methodology. To ensure the nature of the results, the researcher will work on testing two methods to estimate the results of the equation, where the results of the first method that has been mentioned will be shown, which is the least squares method (OLS), as well as the results will be indicated by the method (DOLS) Dynamic Least Squares The results of the analysis are shown in both ways and then these results are interpreted in Table (4) and Table (5).
Table 4

Least Squares Estimation of the Equation

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>FDIY</td>
<td>0.050796</td>
<td>0.014736</td>
<td>3.446998</td>
<td>0.0012</td>
</tr>
<tr>
<td>C</td>
<td>23.14874</td>
<td>0.101098</td>
<td>228.9726</td>
<td>0.0000</td>
</tr>
<tr>
<td>R-squared</td>
<td>0.189524</td>
<td>Mean dependent var</td>
<td>23.34468</td>
<td></td>
</tr>
<tr>
<td>Adjusted R-squared</td>
<td>0.171513</td>
<td>S.D. dependent var</td>
<td>0.574005</td>
<td></td>
</tr>
<tr>
<td>S.E. of regression</td>
<td>0.522467</td>
<td>Akaike info criterion</td>
<td>1.581110</td>
<td></td>
</tr>
<tr>
<td>Sum squared resid</td>
<td>12.28372</td>
<td>Black criterion</td>
<td>1.659840</td>
<td></td>
</tr>
<tr>
<td>Log likelihood</td>
<td>-35.15609</td>
<td>Hannan-Quinn criter.</td>
<td>1.610737</td>
<td></td>
</tr>
<tr>
<td>F-statistic</td>
<td>10.52291</td>
<td>Durbin-Watson stat</td>
<td>0.114347</td>
<td></td>
</tr>
<tr>
<td>Prob(F-statistic)</td>
<td>0.002226</td>
<td>Wald F-statistic</td>
<td>11.88179</td>
<td></td>
</tr>
<tr>
<td>Prob(Wald F-statistic)</td>
<td>0.001240</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Prepared by the researcher I will use the outputs of the Eviews program

Table (4) shows a set of results that can be illustrated as follows:

1 - The results indicate that if the proportion of FDI increases by 1%, the GDP increases by 0.05%;
2 – All transactions are statistically significant at a level less than (0.01);
3 - $R^2$ indicates that FDI explains 18% of changes in GDP.

Table 5

Estimation of the equation by DOLS (Dynamic Least Squares)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>FDIY</td>
<td>0.064962</td>
<td>0.028288</td>
<td>2.296434</td>
<td>0.0271</td>
</tr>
<tr>
<td>C</td>
<td>23.11871</td>
<td>0.166882</td>
<td>138.6997</td>
<td>0.0000</td>
</tr>
<tr>
<td>R-squared</td>
<td>0.328989</td>
<td>Mean dependent var</td>
<td>23.37955</td>
<td></td>
</tr>
<tr>
<td>Adjusted R-squared</td>
<td>0.260167</td>
<td>S.D. dependent var</td>
<td>0.517408</td>
<td></td>
</tr>
<tr>
<td>S.E. of regression</td>
<td>0.445041</td>
<td>Sum squared resid</td>
<td>7.724403</td>
<td></td>
</tr>
<tr>
<td>Long-run variance</td>
<td>0.648651</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Prepared by the researcher I will use the outputs of the Eviews program

Table (5) shows a set of results that can be illustrated as follows:

1 - The results indicate that if the proportion of FDI increases by 1%, the GDP increases by 0.06%;
2 – All transactions are statistically significant at a level less than (0.05);
3 - $R^2$ indicates that FDI explains 33% of changes in GDP.

Finally, it can be said that diagnostic tests were carried out for the equation and it was found that the distribution was normal, but the equation suffers from chain correlation.
4 CONCLUSIONS AND RECOMMENDATIONS

From a theoretical and empirical point of view, many studies have been interested in studying the impact of FDI on growth of economic, and the result was that a large number of studies were able to confirm the existence of a positive and strong relation between FDI and growth of economic, and some of these other studies did not support this trend with the same impulse in the first case, and this may be due to certain circumstances related to the period or situation studied and the nature of economic activity in it. Therefore, the researcher tried in this paper Revealing the nature of the impact faced by growth of economic due to FDI, and this result is consistent with the results of previous studies that dealt with the case of Jordan, which is a study of (Dahmani, 2019) and (Al-Sawai & Al-Zu'bi, 2011), while a study of (Al-Fawaz, 2016) did not correspond sufficiently with the results that the researcher was able to obtain. In light of the conclusion reached by the researcher, which is based on the fact that FDI has a clear impact on the growth of the economy during the study period extending from (1978 to 2021), and to improve the investment climate and bring more of it to drive growth of economic, the researcher recommended the following:

1 – Investing in the political, security and geographical situation of Jordan at the present time to attract and maintain more Investments;

2 – Work to continue to update and develop legislation related to attracting the largest possible amount of FDI;

3 – Finding integration between the economic sectors and working to direct these investments to contribute to the development of various economic sectors;

4 – Attracting capital-intensive investments characterized by high technology, and training local manpower to increase productivity rates;

5 - Simulating the experiences of other countries with conditions similar to the case of Jordan, which was able to attract a large volume of FDI;

6 – Appropriate promotion by the competent authorities of Jordan as an attractive and safe home for investment while ensuring the continuous development of the investment climate and rapid response to international changes and developments.

REFERENCES


