The Role of FDI in Increasing Employment for South-East European Countries

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Abstract According to neoclassical and liberal economic doctrines, foreign direct investments represent the best chance for developing countries to accelerate their economic growth. The attraction of foreign capital would not mean just the import of capital but the absorption of new working methods, manners, traditions, and technology too. Famous authors such as Moose (Foreign direct investment: theory, evidence, and practice. Palgrave, 2001) suggested that FDI plays a very important role in transforming countries, especially post-communist ones. Foreign investments change the economic structure of the host country and increase international trade exchange, orienting national products in each country toward comparative advantages or toward those products and services where each country is specialized.

Lall and Streeten (Foreign investment, transnational and developing countries. Macmillan, 1977) add that FDI enhances the wellness of the host country, under certain optimal features, creating the conditions in order to maximize the profits of international companies, investing in local specialized companies, and using a comparative advantage of the country. Beyond the theoretical thought, it should be clarified that FDI does not always have a positive effect on economic growth and even more questionable is their role in the employment growth, as regards the developing countries.

In the case of Eastern Europe countries, after the fall of Communism, numerous privatizations of former state-owned enterprises led to a reduction of jobs in favor of creating profit for the new private owners. In other cases those privatization processes ended with the bankruptcy of enterprises. Foreign direct investment in other cases intervened in open sectors inducing a higher level of competition but without creating new jobs or higher levels of GDP. High competition in certain sectors did not bring a higher production or more employment but higher uncertainty for the workplace as a result of a more pronounced competition. Last but not least, Jones affirms that FDI could cause negative externalities in other sectors of economy in the case connected to the environmental pollution and health damages.

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New investments can provoke contamination in water sources and in the air, compromising economic and health activities relating to them.

In this paper will be analyzed the effects of Foreign Direct Investment in countries of South-East Europe and will be shown whether FDI brought an economic growth and increased employment at the aggregate level during the years 2001–2014 or if for this region too, are confirmed concerns over collateral effects that FDI can have on the economy. Through the program e-views will analyze time series regressions between FDI, economic growth, and employment growth. In this paper it will be clear that in South-East Europe, FDI generally played a positive role not only in economic growth but also on employment growth, especially in those sectors where these investments were more concentrated. Finally, after having appreciated the effects of FDI, we will set up a recipe on how FDI may be channeled in order to give greater effects on GDP and employment.

Keywords Foreign direct investment • Employment • Economic growth • Gross domestic product • Externalities • South-East Europe

1 Introduction

Foreign direct investment (FDI) is the process whereby residence of one country acquires ownership of assets for the purpose of controlling the production distribution and other activities of a firm in another country. The definition of FDI is not only limited to a simple transfer of money but has now extended to being defined as a measure of foreign ownership of domestic productive assets such as factories, land and organizations, and other intangible assets like technologies, marketing skills, and managerial capabilities.

Economic literature has been dominated by FDI over the last 30 years, especially the developmental areas of economics due to the highly receivable potential benefits of a host country. The effects experienced spread over a wide range, from influencing production, generation of employment, change in income levels, import and exports, impact on economic growth, balance of payments, to the general welfare of the host country.

Historically speaking, FDI started to grow in the post Second World War period, causing the improvement in transport and communications and causing the need of western countries to finance reconstruction following the damage inflicted by the war. The surge in FDI in the 1980s is attributed to the globalization of business. It is also attributed by Aizenman (1992) to the growing concern over the emergence of managed trade. Total flows of FDI from industrial countries more than quadrupled between 1984 and 1990 in the USA. After the 1990s, FDI maintained high level of flows because the investments were no longer confined to large firms, as an increasing number of smaller enterprises became multinational. On the other hand, the number of countries that where outward investors of host of FDI grows considerably. During this period considerable improvements in the investment climate where made enhanced by deregulations and privatizations.

The rapid growth of FDI after the 1980s was caused by the growing of global competition as well as from the tendency to free up financial, goods and factor markets. It has been observed that FDI flows continue to expand even when world trade slows down (Jeon 1992; Moore 1993).

Lipsey (2000) suggests that if FDI flows represented mainly responses to differences among countries in the scarcity and price of capital, countries would tend mainly to be sources or recipients of FDI. It is a common belief that if the economy is in a boom, FDI inflows will increase and FDI outflows will decrease and vice versa. Lipsey (2000) shows that if FDI flows represent mainly an aftermath to differences in the price of capital among countries, these countries would tend mainly to be sources or recipients of FDI. FDI inflows in the European Union were 76.9 billion US dollars in 1994. FDI inflows, 5 years later, were almost five times higher with 305.1 billion US dollars in 1999 (UNCTAD 2000).

FDI involves the transfer of financial capital, technology, managerial skills, marketing, accounting skills, and so on. This process gives rise to costs and benefits for the countries involved. Kindleberger (1969) explains that one country's loses are not necessarily other countries' gains and the relationship rising from the FDI process is not a zero-sum game. The effects of FDI on the host country can be classified into economic, political, and social effects. Neoclassical economics argues that FDI raises income and social welfare in the host country if the market conditions are not distorted by protection, monopoly, and externalities (Lall and Streeten 1977).

If we assume that the markets are perfect, with constant returns to scale, the free capital would flow from a low-return country to a high-return country. This causes a consequent reduction of return of the second country and rise in the low-return country (Winters 1991). The economic effects of FDI include the implications for economic variables such as the output, balance of payments, and market structure. The political effects include the question of national sovereignty, and the social issues are concerned mainly with the creation of enclaves and foreign elite in the host country, as well as the cultural effects on the local population.

The critics look at FDIs as the biggest symbol of new colonialism or imperialism, and on the other extreme, the supporters look at FDI flows as the necessary fuel for the biggest part of world countries. FDI offers the possibility for channeling resources to developing countries according to Lipsey (1999). Moreover, FDI provides new technologies in managerial field and technical and marketing skills. FDI is one of several approaches that business enterprises can use to enter in foreign markets, allowing a firm to circumvent actual or anticipated barriers to trade.

FDI can also take the form of joint ventures, either with a host country firm or a government institution. One side normally provides the technical expertise and its ability to raise finance, while the other side provides the local knowledge of the bureaucracy, as well as of local lows and regulations.

One of the most important aspects of FDI is the economic growth effect in the host country. Theories of economic growth and development focus on the increase in real per capita income and relate this increase to the capital accumulation, population growth, technological progress, and discovery of natural resources. However capital accumulation is seen as the driving force behind faster growth. It is obvious that FDI

influences and boosts the capital accumulation. In contrast to the traditional Solow growth model, the recent literature highlights a link of economic growth on the state of domestic technology relative to the rest of the world. Borensztein et al. (1995) suggests that FDI is an important vehicle for the transfer of technology, contributing relatively more to growth than does domestic investment. FDI has the effect of increasing total investment in the economy more than proportionately.

In his *General Theory*, Keynes (1936) suggested the existence of the direct relationship between investment and employment. Baldwin (1995) categorizes the FDI in three cases. The first one treats FDI as substitutes for domestic investments, the second feature shows that FDI stimulates exports of intermediate goods, and the last one when FDI involves the construction of new plans or simply the acquisition of existing facilities. FDI is capable of increasing employment by directly setting up new facilities or stimulating employment in distribution. FDI can preserve employment by acquiring and restructuring ailing firms. FDI can also reduce employment through divestment and the closure of production facilities. Vaitsos (1976) suggests that the evidence of FDI effect in employment is low. Feldstein (1994) argues that the total employment in an economy with a well-functioning labor market will not be affected by the volume of FDI. Krugman (1991) concluded that the net impact of FDI on US employment is approximately zero.

Krugman noticed an almost inexistent net impact of FDI in creating new employment in developed countries because all sectors exists yet and are populated by different companies. FDIs do not create new sectors, but they intervene in existing sectors by improving technology and efficiency of management and substituting the existing jobs. On the other side, it would be reasonable to think that in developing countries or poor countries, not all the fields of production are being exploited, and as a consequence FDIs open new sectors importing not only technology and human resources but creating also new jobs; being the investment bearers, they are the first, and as a consequence, they do not enter in competition with other firms.

The governments of developing countries may inflict damages on the environment in attempt to attract FDI. FDI is a boon for the environment in a developed country and could be a bane for developing countries. The cost of pollution are nonlinear, as the initial increment of pollution probably has very low costs for developing countries, and there are lower levels of protests by civil society and environmental activists.

There have been many studies that link the presence and growth of FDI with the creation and increasing of the production. Evidences from different authors show that after the FDI flows, there has been also an increase in import and export in different countries. It is confirmed too that FDI flows contributed positively in the GDP growth, but not always there have been clear effects between FDI growth and employment growth. The reason why this connection remains unclear is because the FDI is normally performed by enterprises which have established accumulations of capital as a result of their good management and efficiency between the numbers of employees and the final output. The new enterprises bring to the host country's best practices not only in technological field but in managerial level too, by having a tendency to improve as much as it can the relationship between the employees and production.

Most likely FDI creates a reduced number of new employments, but the incomes for any new jobs are on average higher in comparison with the revenues of existing employment in the host country. The case of South-East European countries is unique because most of them came from a nearly 50-year experience of a planned economic system. The initial effect from the privatization was the reduction of the number of employees of the former public enterprises in the cases when privatizations have been successful too.

It's important to see that FDI in the Balkan region continued beyond privatization and different turbulences. The FDI created new sectors in host countries, with no tradition in production, employing and training people with new skills. In these cases FDIs brought an increase in employment, supported by international liberalization processes of markets in the South-East Europe countries. This processes allowed the growth of competitiveness in various sectors.

Our goal in this paper will be to clarify exactly whether FDI brought an increase in employment in the analyzed countries or the abovementioned effects have diluted the growth of new jobs. The analyzed period starts from 2002 to 2014. This period was chosen because until 2000–2001, Balkans has been concerned by the social irregularities and conflicts such as the one of Kosovo in 1999–2000 and that of FYROM in 2000–2001. At the same time, the Milosevic government falls in Serbia. By 2002 and beyond South-East Europe began a period of relative political tranquility which continues until today, and this situation constitutes a fundamental prerequisite for the development and growth of foreign direct investment. Countries that will be analyzed are Albania, Bulgaria, Greece, Croatia, Hungary, Montenegro, Serbia, and Slovenia. Countries that are not taken into analysis were Kosovo and Bosnia and Herzegovina; the first country is not analyzed because there is a short series of data collected only after independence in 2008, while Bosnia and Herzegovina has a quite fragmented system of data collection, divided between the Bosnian Serb Republic and the Muslim-Croat federation.

The analysis will not only bind together FDI and the number of employees but links in particular the number of nonagricultural private sector employees and FDI, for two reasons. The Government sector is exempted from the analysis because the number of civil servants does not depend on the amount of FDI but by the government structural policies. There is an exclusion from the analysis of the Agricultural Sector too because, as regards South-East Europe, the 98% of FDI flows are not concentrated on the agricultural sector. We should not forget that the FDI investment in agriculture reduces the number of employees because of the mechanization of agriculture.

The analysis relates FDI and the nonagricultural private sector employment at aggregated level between countries and in each country in particular. A particular attention will be given to Albania because the country, historically, had the majority employment engaged in the agricultural sector, while private activities in manufacturing and services had been at the stem in relation to other regional countries. In the case of Albania, we want to see if the attraction of every FDI dollar gave higher results in employment compared with other region countries or the translation coefficient between FDI and employment was similar to those obtained in the other countries.

2 Analysis

2.1 Analysis of the Evolution of the FDI and Employment Over the Years

The table below shows the relation between FDI and GDP in each year taken into account. The period analyzed here involves a first phase of high economic growth and a second phase by 2009 and after, where the economic crisis lowered the economic growth path in the South-East Europe countries. From the table we can see that during the time frame 2002–2004, FDI rates have been relatively low with the only exception of Bulgaria, a country which was experiencing approaching toward EU membership. The membership period of the country brought a considerable growth in FDI, reaching the highest value in 2007 where FDI was 31% of GDP.

Bulgaria returned to relatively low values of FDI, around 3%, showing that the country was not able to create the right environment to carry on attracting FDI at high levels. A special case was Greece, a country which in the analyzed period absorbed very low levels of FDI; this is due to the bureaucratic environment with relatively high taxes. From the beginning of the period analyzed, Slovenia achieved a good level of wellness, but the levels of FDI were not satisfying. Albania was a positive surprise for constantly increasing the FDI flows. The country was able to make the necessary reform to lower the level of bureaucracy, tax cuts, and improvement of the infrastructural situation during 2007–2013.

Albania positive results are more valuable, particularly if we consider the global economic crisis, and FDI allowed the country to create a countercyclical economic trend which didn't let Albania to experience the economic recession. Serbia has also experienced positive results over the period 2005–2011 because of the opening of markets to FDIs. After 2011, the FDI flows decreased because of the increasing tax level. Hungary has been the country which has experienced a pronounced volatility in FDI by having very high flows (50.8% of GDPs in 2008 and −16.1% in 2010).

Negative results of Hungary from 2010 and beyond are justified by diffident and suspicious policies against FDI by Victor Orban's government, which has all the characteristics of a right nationalist and authoritarian party. Montenegro since independence in 2007 had great levels of FDI which are concentrated in the tourism sector by numerous investors, in particular from Eastern Europe and Russia. Although these investments were reduced after 2010, they continue to remain at high levels, and they are crucial to economic and employment growth. Croatia recently has middle levels of FDI, because the government philosophy stayed at intermediate levels between the liberal and neoliberal ideology with low taxes and a country with etatiste traditions with higher taxes. FDI flows decreased during the economic crisis of 2009–2013 not supporting the economic growth of the country (Table 1, Figs. 1 and 2).

Table 1 FDI/GDP in percentage

Country name	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Albania	3.0	3.1	4.7	3.2	3.6	6.1	9.6	11.2	9.1	8.1	7.5	9.8	8.7
Bulgaria	5.5	9.9	10.2	13.7	23.0	31.0	18.8	7.5	2.5	3.7	3.3	3.6	3.5
Greece	0.0	0.7	0.9	0.3	2.0	0.6	1.6	0.8	0.2	0.4	0.7	1.2	0.7
Croatia	4.1	5.9	2.6	4.0	6.5	7.6	7.4	5.1	2.4	2.3	2.6	1.6	6.9
Hungary	4.5	2.6	4.1	7.6	16.3	50.8	47.8	−2.3	−16.1	7.5	8.3	−2.9	9.0
Montenegro	0.0	0.0	0.0	0.0	0.0	25.6	21.6	37.4	18.3	12.3	15.1	10.0	10.8
Serbia	3.5	6.6	4.1	7.8	16.2	11.0	8.2	6.9	4.3	10.6	3.1	4.5	4.6
Slovenia	7.0	1.0	2.4	2.7	1.7	3.9	1.9	−0.7	0.7	1.7	0.1	0.2	2.1

Source: World Bank

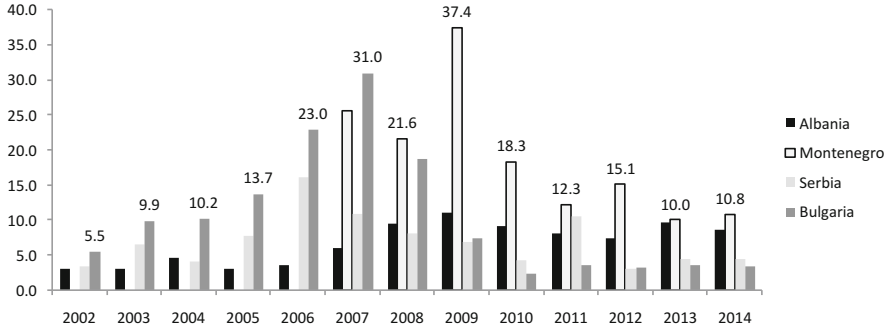

Fig. 1 FDI/GDP in percentage over the years. Source: World Bank

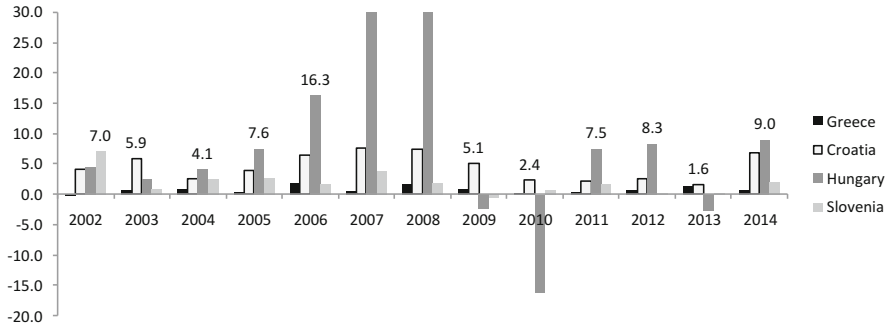

Fig. 2 FDI/GDP in percentage over the years. Source: World Bank

Albania experienced a more pronounced growth in employment from 2002 to 2014. These data belongs to nonagricultural private sector only, leaving out the agricultural sector and the civil servants. The reasons why Albania had the best performance in relation to other countries are because industrial activity and services occupied a very small weight in relation to employees in total. Only 22.6% of total employees were part of the private nonagricultural sector. The share of agricultural sector was more than 60%. In 2014, the share of private nonagricultural employees increased to 34.4% of total employees because of FDI concentration in industry and service sector. Montenegro had very positive results that increased the number of employees by 33%, especially in the tourism sector. A positive situation by 2002 and so on was created in Croatia, Bulgaria, and Hungary too. The results were quite negative in Slovenia, Greece, and Serbia, where the number of employees in the nonagricultural private sector has suffered a constant decline, especially after the economic crisis (Table 2 and Fig. 3).

Table 2 Employment growth starting from 2002

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Albania	100	101.6	102.5	103.5	107.9	110.7	115.0	114.2	116.4	123.4	129.3	140.0	153.3
Bulgaria	100	104.8	109.9	114.8	120.9	127.4	133.1	129.9	125.1	122.5	119.6	118.2	118.3
Greece	100	102.2	105.2	107.0	108.7	110.4	112.8	111.6	107.5	99.1	91.9	87.6	88.0
Croatia	100	103.5	106.4	107.7	113.5	119.7	123.8	118.1	112.5	111.3	110.3	107.4	124.7
Hungary	100	100.9	100.2	101.2	102.2	102.7	101.7	97.3	95.9	96.7	98.0	99.4	104.6
Montenegro	100	102.7	103.3	104.4	109.3	113.4	122.0	129.3	119.0	120.7	124.1	129.1	133.1
Slovenia	100	98.5	97.8	96.9	99.7	105.3	109.7	106.1	102.7	100.3	98.0	95.5	96.8
Serbia	100	98.0	97.7	98.4	96.4	95.1	94.8	89.1	84.5	82.8	82.9	83.1	82.2

Source: National Statistical Office (Al, Bu, Gr, Hr, Hu, Mn, Sl, Sr)

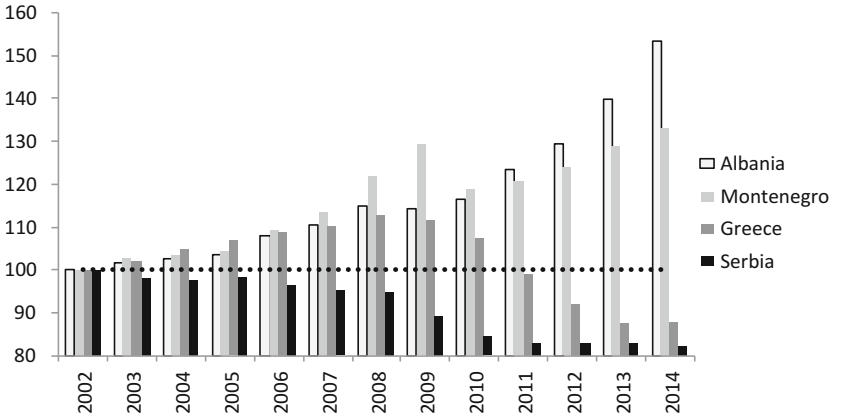

Fig. 3 Employment growth in comparison between different countries. Source: National Statistical Office (Al, Gr, Mn, Sr)

2.2 Regression Model and Results

The data for the regression model on FDI and employment will be obtained on an annual-based frequency from the year 2002 to 2014. The data of FDI are collected from the database of World Bank and the data of employment from the statistical institute of each country of South-East Europe analyzed in this paper. The sample period has been limited only to 2014 due to the unavailability of data for employment and FDI for the next few years up to 2016.

In this study, two different regression equations will be required. First, the impact FDI has on the total employment generated in the nonagricultural private sector on aggregate level. It used panel data through least-squares method with the help of the EViews software to empirically analyze the correlation of the data sets of FDI and employment for each country. Second, the impact that FDI has on the employment generated in the nonagricultural private sector for each countries of South-East Europe.

The next step is focused on the interpretation of statistical results referred to the valuation of the parameters analyzed by EViews program.

The first model proposed in this paper is represented by the following equation:

$$\mathrm{EMP}_t = \alpha_0 + \alpha_1 \mathrm{FDI}_t + \alpha_3 u_{t-1} + \alpha_4 u_{t-2}$$

We denote with $\mathbf{EMP}_t$ (dependent variable) the number of employees in the nonagricultural private sector in period t while with $\mathbf{FDI}_t$ (independent variable) the value of foreign direct investment in the period t, for each country of Eastern Europe analyzed in the paper separately. $\boldsymbol{\alpha_0}$ represents the basic factor noninfluenced by FDI. With u_{t-1} and u_{t-2}, we intend residuals of one and two lags.

Dependent variable: EMP				
Method: panel least squares				
Variable	Coefficient	Std. error	*t*-Statistic	Prob.
C	1425539	18258.58	78.07499	0.0000
FDI	1.12E-06	2.99E-07	3.733833	0.0004
AR(1)	1.662777	0.071081	23.39266	0.0000
AR(2)	−0.876033	0.074781	−11.71466	0.0000
Effect specification				
Cross section fixed (dummy variables)				
R^2	0.999072	Mean dependent var		1.434771
Adjusted R^2	0.998952	S.D. dependent var		1093977
S.E. of regression	35415.40	Akaike info criterion		23.90415
Sum of squared resid	9.66E+10	Schwarz criterion		24.21382
Log likelihood	−1040.783	Hannan–Quinn criter		24.02891
F-statistic	8293.702	Durbin–Watson stat		1.650635
Prob (*F*-statistic)	0.000000			

Estimation equation:

$$\text{EMPJ} = \text{C}(1) + \text{C}(2)^{*}\text{FDI} + [\text{CX} = F] + [\text{AR}(1) = \text{C}(3), \text{AR}(2) = \text{C}(4)]$$

Substituted coefficients:

$$\text{EMPJ} = 1425538.73193 + 1.11655791252\text{e} - 06^{*}\text{FDI} + [\text{CX} = F] + [\text{AR}(1) = 1.66277720763, \text{AR}(2) = -0.876033105219]$$

The analysis shows that the probability of the independent variable (FDI) is $0.0004 < 5\%$ (significance level $\alpha = 0.05$); we reject the null hypothesis, which means that this variable is significant; so FDI in the case of Albania is an important variable in order to explain the dependent variable, who in our case is employment in the nonagricultural private sector. In addition, the value of *F*-statistic is (8293.702) with Prob (*F*-statistic) = 0.000000; since the *p*-value $< 5\%$, it means that we reject the null hypothesis that all slope coefficients are equal to zero, proving the significance of the regression model.

The R^2 is typically read as the "percent of variance explained." It is a measure of the overall fit of the model. The adjusted R^2 is 0.998952; this is a value closer to 1 indicating that a greater proportion of variance is accounted for by the model. This means that the fit explains 99.89% of the total variation in the data about the average.

The Durbin-Watson is a number that tests for autocorrelation in the residuals from a statistical regression analysis. The Durbin-Watson statistic in the case of Albania which is 1.65 that is quite near to the value of 2 means that there is not a big risk of autocorrelation in the sample.

The problem of autocorrelation (autoregressive) is eliminated; we can see the AR(1) and AR(2) problem is 0.0000.

By these data we can see that in the eight South-East European countries analyzed, generally speaking FDI played a positive role in the sense of creating new jobs. This would mean that investments didn't arrive in host countries simply because of privatizations, reducing the number of employees, but investments were spread in different sectors. The effect in creating employment has been quite positive.

Referred to the analysis, we can see that for every UD dollar of FDI in South-East Europe, 0.0000112 new employments are created. *Otherwise for each $1 million FDI invested, 11.2 people found a new job on average in nonagricultural private sector*.

In the following table, there are data for each country. The result suggests big differences as regards the FDI coefficient. By the table we can notice that the most pronounced and evident positive result belongs to Albania where for every 1 million dollars invested, more than 94 new jobs were created. Other countries like Bulgaria and Croatia had good results with more than 10 new employees created for every 1 million dollars of FDI. The results are quite moderate for countries like Greece and Montenegro. As regards Greece the result needs to be taken with the benefit of the doubt because of the high significant error (0.447). The results are not clear or neutral in the case of Slovenia and Hungary. On the contrary Serbia represents the case where the FDI inflows were concentrated in economic fields populated previously by Serbian enterprises. These investments increased GDP and improved the technology of production, but on the other hand, these processes brought reduction of employees engaged in these different sectors (Table 3).

3 Conclusion

- The results suggest that FDI flows in South-East European countries had a positive impact on employment growth. On average it turns out that for every million dollar FDI, there are 11.2 people employed in nonagricultural private sector.
- The countries with positive results in employment for each million dollar FDI were Albania with 94 employees, Croatia with about 31 employees, and Bulgaria with more than 16 employees.
- In Serbia FDI flows intervened in sectors where many companies were privatized and that provoked, as a result of their recovery, a decrease in number of employees.

The limitations of this model consist in the fact that the period of analysis may be quite short. In this case we analyzed those sectors of private economy not related with agriculture. We decide that because FDI flows in the agricultural sector have been around 1% of total FDI. The FDI involvement in the analysis, together with the number of the employees in agriculture, would impede finding clear and reliable results. The last but not the least limit is about the fact that the increase of the

Table 3 Summary of regression results

	Albania	Bulgaria	Greece	Croatia	Hungary	Montenegro	Serbia	Slovenia
FDI coef.	9.43E-05	1.63E-05	2.48E-06	3.06E-05	9.81E-07	9.75E-06	−5.44E-12	9.99E-07
Prob.	0.0000	0.0181	0.4470	0.0002	0.0241	0.0000	0.0025	0.1401
AR(1) prob.	0.0129	0.0000	0.0000	0.0107	0.0036	–	–	0.0004
AR(2) prob.	–	–	0.0001	–	0.0221	–	–	0.0048
R^2	0.997523	0.849244	0.981748	0.876512	0.806754	0.871017	0.553850	0.875071
Adjusted R^2	0.996973	0.815742	0.973926	0.849070	0.723935	0.859291	0.513291	0.821530
Prob.	0.000000	0.000201	0.000002	0.000082	0.006807	0.000003	0.003530	0.001524
Durbin–Watson stat	1.157.165	0.956341	1.958.083	2.082.188	2.255.321	1.580.786	0.629642	2.204.417
1 million $ FDI	94.3 emp	16.3 emp	2.5 emp	30.6 emp	0.98 emp	9.8 emp	−0.000009 emp	0.99 emp

Source: Author

employees is attributed exclusively to FDI and not to public and private inward investment. We considered in our model the domestic investment as similar or constant in the eight analyzed countries.

FDIs can create in most cases two alternative effects. The first one regards an increase in GDP accompanied by a low growth or no growth in employment which is due to a higher efficiency between output and labor factor. On the other hand, FDI could bring an increase in employment, not always accompanied by an increase in GDP. Policy makers could choose to address FDIs in relation to their contingency needs or according to their perspective plans in favor of employment growth or increasing the productivity and the modernization of their economies.

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