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Foreign Direct Investment & Its Contribution to Economic Growth: A GCC Perspective

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ABSTRACT

Foreign Direct Investment (FDI) serves as a primary indicator for the Gulf Cooperation Council (GCC) countries Kuwait, Bahrain, Qatar, Saudi Arabia, Oman, and the United Arab Emirates in their pursuit of sustainable economic growth. The GCC countries recognize the significance of foreign direct investment (FDI) in addressing the volatility of the oil market and fostering economic diversification. This is the rationale for its use in promoting development via foreign direct investment (FDI). This study aims to analyze the effects of foreign direct investment (FDI) on GDP growth, employment growth, and sectoral business expansion in the domestic economy. This study examines the impact of institutional advancements and regulatory frameworks on the ability of foreign direct investments (FDIs) to promote sustainable development. In 2023, the GCC attracted $47 billion in foreign direct investment (FDI); however, it continued to face challenges such as spillover effects, sluggish job growth, and barriers to private sector expansion. This research combines quantitative economic data with qualitative analysis of institutional policies to investigate the key factors affecting FDI effectiveness across the region. This study indicates that GCC states ought to implement investment promotion programs that are consistent with sustainable development goals and undertake specific policy reforms to enhance foreign direct investment strategies for developmental advantages.

Keywords: Foreign Direct Investment (FDI), Gulf Cooperation Council (GCC), Sustainable Economic Growth, Economic Diversity, GDP Growth, Employment, Institutional Policy Analysis, Investment Strategies.

1. INTRODUCTION

The global business environment is actively reshaping and pushing firms towards different novel tools, techniques, operations, and strategies (Abbas, 2026a, 2026b). Foreign Direct Investment (FDI) is generally regarded as an important determinant of economic development, especially in developing countries. Besides access to new funds, FDI opens access to the latest technologies, the latest techniques of

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management, and access to world markets (UNCTAD, 2023; OECD, 2022). FDI is a strategic instrument for countries that want to enhance their international position and guarantee sustained growth. It is mostly applied by governments that desire to get more competitive and lean towards the development of more sustainable economic systems.

In the Gulf Cooperation Council (GCC) countries, which consist of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates, FDI has been increasingly important as these countries have been shifting away from alternative and diversified economic policies to reduce dependency on oil. The high dependence on the export of oil has made the region vulnerable to changes in the international oil markets, but also to the increasing environmental issues. Such price fluctuations have hurt the economies of the nations, and they have urgently had to make changes (World Bank, 2021; IMF, 2023). To deal with these weaknesses, the GCC countries have initiated national visions, like The Vision of Saudi Arabia 2023, Vision 2040 for Oman, and the Centennial 2071 of the UAE. These efforts are aimed at empowering the role of the private sector, stimulating innovation, and channeling foreign capital towards the non-oil economy. Among the reforms, there has been a reduction in the barriers to foreign investment, strengthening of the rights of investors, and establishment of new economic zones to encourage the business environment in general (Arab Monetary Fund, 2022; EY, 2024).

These have resulted in significant changes in policy measures. The Ernst and Young report of 2023 lists that close to 47 billion of FDI entered the GCC region, to which Saudi Arabia and the UAE received the biggest share (Ernst & Young, 2024). Notably, these investments have become more strategic in terms of national diversification by improving their investments in energy sources like renewable energy, tourism, logistic and information and communication technologies as against the conventional oil sector.

However, not all the member states have developed in the same manner. Countries such as Saudi Arabia and the UAE have attracted FDI into many innovative industries, whereas others, such as Bahrain and Kuwait, still attract investment into oil fields, property, and the building sector. This inequality restricts the wider impacts like the creation of jobs, technological growth, and industry-wide cooperation (Dunning & Lundan, 2008; Al-Sadig, 2013).

The ability of the FDI to enhance development is also determined by a number of internal factors, including institutional performance, labor market flexibility, regulatory clarity, and human capital accumulation (Abbas, 2025; Abbas et al., 2026). When the mentioned aspects are not sufficiently strong or developed in a particular country, the beneficial effects of FDI usually are obsolete or show unequal distribution (Kalamova & Konrad, 2010; Khachoo & Sharma, 2016).

With all these differences in the GCC, it becomes necessary to evaluate the role of FDI more critically. In this paper, the period of analysis covers 2000-2023 to determine how far FDI activities have contributed towards economic growth in the region. Analysis of these forces can assist decision makers in formulating better policies capable of stimulating the exploitation of foreign investments towards sustainability. From a broader perspective, this research examines the impact of FDI on the economic growth of the GCC region.

GCC states have been very keen on promoting inflows of FDI in the past few years as they work on diversification plans. However, even with this development, a limited understanding is created of the contribution made by FDI to development, beyond the oil and gas sectors. FDI has boosted real estate and financial services in certain nations, whereas in others, it has continued to focus on oil, which is impossible to align with the objectives of Vision 2030 and the Centennial 2071 of the UAE. What is even more worrying, there is also no firm evidence that links FDI to local job creation, skill development, or opening up to foreign markets. FDI offers fewer long-term benefits when the inflow of FDI does not contribute to the development of domestic capacities.

This difference in results can be explained by the difference in government regulation, level of development, and quality of the institutions on the whole in the region. FDI is considered to be one of the cornerstones of economic transformation in most of the GCC countries, but it is still unclear whether these investments are providing inclusive growth and sustainable growth to all members.

It is not easy to get an accurate picture of what FDI achieves as data are scattered or not present at all. Not all countries provide clear data on the sectors being invested in, the amount of the inflows, and the developmental outcomes attained. This is especially true in the field of innovation and technology, which are major components of the national vision, but those parts are not statistically clear. Consequently, the connection between e-commerce or the technology sector and FDI is not always evident.

Moreover, the majority of the statistics on FDI are based on the amount of money inflowed, without estimating other outcomes, such as employment, skills development, or effects on the native business. Such insufficiency in reporting does not allow us to clearly estimate the idea of whether FDI leads to the kind of inclusive and sustainable development in the GCC at large. Despite the efforts of the governments to curb reliance on oil products, a big chunk of the FDI continues to be captured by the oil sector and real estate. Such inconsistency between policy intentions and actual investment decisions indicates that numerous countries still have issues with institutional and regulatory barriers that slow down any significant change.

Due to these complexities, most studies have been known to be based on generalizations where questions of motivation for the disparities in the results of FDI in the area are not addressed. This study aims to find out the ways through which FDI affects development in GCC and the main obstacles that hinder it from achieving its maximum potential.

This study contributes to the research in three ways. First, it extends the discussion of FDI in the GCC to 2000- 2023, with recent reforms and changes towards diversification being considered. Second, it compares intra-regional variation and reveals the effects of institutional strength and regulatory clarity on the formation of FDI. Third, it underlines the incompleteness of the data and evaluation techniques, and more detailed ways of measuring the effectiveness of FDI other than capital inflows are required. Collectively, these contributions give a more detailed picture of the role of FDI in the GCC economic development.

Future studies beginning in 2025 must include three dimensions: (i) sector-specific studies of FDI in emerging sectors, including technology, renewable energy, and e-commerce; (ii) longitudinal studies of the social and employment effects of FDI; and (iii) policy-oriented studies that analyze the effects of institutional reforms on FDI effectiveness. This kind of research will be critical in harmonizing FDI and sustainable and inclusive growth in the GCC.

2. LITERATURE REVIEW

The Foreign Direct Investment (FDI) is defined as an investment of people or organizations in one country into business interests in another country. Compared to portfolio investments, which target financial assets, FDI contains a long-term interest and an immense level of control over a foreign business (OECD, 2022). Besides capital flow, FDI is associated with high technologies, managerial skills, and better access to foreign markets. In most of the developing and emerging economies, such as the GCC, FDI is perceived as a major driver of economic growth, which can stimulate industrialization and generate quality jobs (UNCTAD, 2023).

This FDI can be further classified into three types namely horizontal (investing in the same industry in foreign countries); vertical (investing in other phases of production), and conglomerate (investing where related business is unrelated to the home country). The impact of these forms of FDI on the hosting economy may vary based on the industry segments involved and the capacity of the country to incorporate such investments.

2.1 Theoretical Framework

The Eclectic Paradigm (OLI Model):

The OLI Model of Dunning (1980) presents the understanding of FDI by breaking it down into three elements, namely Ownership (O) advantages, location (L)

advantages, and the internalization (I) advantages. Among other location advantages of FDI, the countries have natural resources, liberal economic zones, and strategic connectivity in the GCC.

Endogenous Growth Theory**:**

Romer (1990) highlighted the contribution of knowledge, innovation, and human capital to growth. FDI is regarded as a means of technology spill, productivity enhancement, and skill improvement. FDI, once supplemented with a good policy, has the potential to raise long-run growth trajectories, especially in high resource endowment but diversification-seeking economies such as GCC ones.

2.2 Global Empirical Evidence on FDI and Economic Growth

Research across many parts of the world has indicated that Foreign Direct Investment (FDI) may be quite strong in supporting an economy. By way of illustration, as pointed out by Al-Sadi, Bouayn, & Abida (2025), FDI goes a long way in assisting a country that has a highly educated labor force. Similarly, Alfaro et al. (2004) observed that FDI is more effective in those countries that have good and open financial systems.

But the outcomes are not necessarily good. The benefits of FDI may be restrained by such issues as bad infrastructure, a poor institutional framework, or investing in the wrong areas in some developing countries. It implies that FDI can be useful, yet only when it is properly controlled and adjusted to a local context.

2.3 FDI and Economic Growth in GCC

The countries that are a part of the Gulf Cooperation Council (GCC), such as Saudi Arabia, the UAE, and Qatar, are now employing higher levels of FDI in order to decrease the heavy reliance that they place on oil. New industries like technology, tourism, and renewable energy will be developed as part of the plan: Saudi Arabia vision 2030 and the UAE Centennial 2071 plans.

Governments aiming at increasing FDI have been building free trade zones and giving foreign ownership more freedom and better infrastructure. However, it is not easy. Much of the foreign investment is also restricted to some regions or markets, thus the benefits do not trickle in entire economy. That is why nations now pay more attention to obtaining more FDI with the help of improved rules, qualified labor, and technology.

2.4 FDI in GCC patterns and trends

The volume of FDI that has been coming into the GCC in recent years has increased significantly, particularly into the Emirates and Saudi Arabia. Between 2016 and 2023 alone, the area received investments to the tune of more than 47 billion, largely in non-oil markets, such as clean energy, logistics, finance, and

tourism, IMF (2025). The NEOM project in Saudi Arabia and the Masdar City project in the UAE reveal how these countries are looking into the future.

Both countries within the GCC are not experiencing equal success, though. Some of the Bahrain and Kuwait, to name a few, continue to have these issues as there are more complex regulations and financial markets that serve as a challenge to this attraction of the foreign investors. Moreover, there is an influx of investment in special zones that are in a way separated from the economy, which makes them of little assistance to the local business and labor (Brahmia & Mannai, 2025; World Bank, 2023).

2.5 Sectoral Contribution and Employment Effects in the GCC.

The impact of FDI varies depending on the sector it is being targeted at. Investments in some fields, such as technology, tourism, and manufacturing, are likely to receive more employment opportunities, new ideas, and innovations. A typical case is that of Dubai Internet City, which has turned into a hub of digital companies and highly skilled occupations.

In contrast, investment in heavy industries such as oil, real estate, and large construction projects tends to bring fewer jobs since they do not require so many employees. Some policies, such as Saudization and Emiratization, have been put in place to increase local labor, but their outcome has been unclear. Some of the foreign firms are reluctant to invest due to issues such as shortages of skills, lack of alignment of education and job requirements, and stringent labor regulations (Anwar & Nguyen, 2011; Kalamova & Konrad.

2.5.1 FDI and trade openness:

Trade openness is strongly connected to higher flows of FDI. By opening its economy to international trade, a country becomes appealing to foreign investors who would like to get into wider markets and supply chains (Blonigen & Piger, 2014). In the GCC, a number of trade liberalization initiatives during the past 20 years have reinforced this connection.

Yet, the positive effects of openness can be attained completely only in combination with a solid infrastructure, transparent legal frameworks, and labor markets. In their absence, large amounts of FDI might not bring about positive results to the economy in the long run (Rodriguez & Rodrik, 2001).

2.6 Barriers and Challenges Barriers and Challenges to FDI Effectiveness in the GCC.

Despite the attraction efforts, the GCC region continues to witness numerous structural, regulatory, and institutional barriers that restrict the efficiency of FDI in producing long-term development outcomes.

1. Regulatory fragmentation and Inconsistency:

One of the greatest problems is no harmonization in laws and procedures of FDI in different countries in the GCC area. The region differs in its foreign ownership laws and investment regulations, and this confuses and discourages investors.

2. Labor Market Stiffnesses:

When there are dual labor systems, skill burdens, and inflexible employment regulations, the employment gains of FDI can be decreased.

3. Governance and institutional Weaknesses:

Limited transparency, uneven application of the rules, and poor protection of IP discourage investors.

4. Poor Data Openness and Evaluation:

Most of the FDIs are confined to restricted zones and have limited spillovers to the rest of the economy.

5. Economic and Geopolitical Instability:

Oil prices change, and political tensions contribute to the uncertainty of investors.

The most promising strategies that are necessary to overcome these challenges will involve successful regional reforms, increasing transparency, and also strengthening the future mechanisms of public-private dialogue in order to establish a base of trust and alignment of expectations between governments and investors.

2.7 Conceptual Framework

This paper takes a mixed conceptual approach based on the Eclectic Paradigm and the Endogenous Growth Theory. It does assume that FDI can be used as a driver of economic development since FDI can help in the growth of capital, technological transfer, and the creation of employment in the case of the host country being able to absorb and consolidate the inflows.

The effectiveness of FDI depends on Moderating Variables such as the strength of institutions, the level of education, and the stability of the policies. Here, a theoretical framework (Figure 1), the relationship between FDI and an increase in GDP, diversification in sectors, and job creation becomes the subject of analysis in this study.

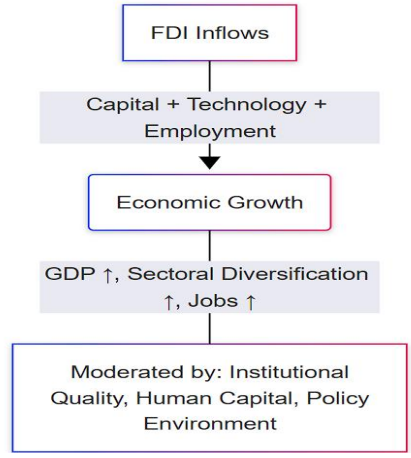

Figure 1 *Theoretical framework*

2.8 Hypotheses

Following the theory and the empirical evidence, it is suggested that the following hypotheses are proposed:

H_1: *There is a positive impact of FDI on the GDP growth of countries in the GCC.*

This rests on understanding that FDI enhances capital, productivity, and innovation, especially in economies that are faced with constraints of oil prices and a lack of sufficient national investment (Romer, 1990; IMF, 2023).

H_2: *FDI facilitates diversification of the economy.*

When targeted at the non-oil industries, FDI will assist in transitioning the GCC economies towards service and technology with less reliance on hydrocarbons (Lall, 2000; EY, 2024).

H_3: *FDI fosters employment among the host nations.*

Although not every industry will present equal employment opportunities, the FDI in the low labor-intensive firms, such as tourism and ICT, can be significant in job creation (especially the ones done in the private sector with the nationalization strategies) (UNCTAD, 2023).

H_4: *The quality of institutions and policies determines the effect of FDI.*

Even a large amount of FDI inflows can have minimal developmental effects in the absence of effective governance, education systems, and infrastructure (Khachoo & Sharma, 2016; Lee, 2005).

All these hypotheses together define the methodology and analysis in the coming chapters.

3. RESEARCH METHODOLOGY

3.1 Research Design

This study was quantitative research, and its timeline of study was more than a decade (2000- 2023), as a causal-comparative (ex post facto) design was used to examine the effect of the Foreign Direct Investment (FDI) on the economic growth in the GCC countries. The research does not involve any manipulation of variables, but instead the study draws solely on historical data to figure out how the FDI would impact the main economic indicators over time.

The length of time selected will enable the research to take into consideration long-term trends and the overall changes expected in FDI inflows, as well as the performance of the economy. Although global disruptors like the 2008 financial crisis and COVID-19 pandemic are not directly isolated in the methodology, their economic impacts can be observed in the analyzed data and are applied in the interpretation of results.

It uses panel data methods, that is, the techniques integrate time-series and cross-sectional data across the six member states of GCC. This will allow the study to monitor how each country has grown over the years as they are compared regionally. The panel regression models will be used to determine the impact of FDI on economic performance by considering numerous key factors such as levels of inflation, trade openness, import and export, and population.

The variables are collected in the database of World Development Indicators (WDI), which is supervised by the World Data Bank. This provides consistency, measurements, and reporting of data in all the countries included in the sample. The WDI is most reliable and frequently updated, making it an ideal source for carrying out econometric inquiries with macroeconomic indicators.

Overall, the research design is appropriate to the study objectives and questions. It presents a systematic approach to learning about the importance of FDI in creating economic growth, employment, and structural transformation of the GCC, and all rely on reliable, uniform sources.

3.2 Population of the Study

In classical scholarly studies, population usually means a specific number of people or things as a source of data. But in this macroeconomic analysis using a panel data structure, the conception of population is different. It has information about the economies of the six Gulf Cooperation Council (GCC) countries: Saudi Arabia, the United Arab Emirates, Qatar, Kuwait, Oman, and Bahrain.

The sample list entails two decades with a total of 144 country-years (6 countries over 24 years). These are data points representing a wide scope of economic states

and policies base along the region throughout time, which are the foundations of settling the connections between Foreign Direct Investment (FDI) and economic growth.

The panel data approach enables us to more subtly understand not only the changes over time, but also between nation-years. It is a method that contributes to the depth and quality of analysis by compressing changes over time (time-series) and between countries (cross-sectional) variations. Consequently, it leads to reduced variability and multicollinearity and increases the statistical strength of the model (Hsiao, 2014; Wooldridge, 2010).

Though the six GCC countries are regional and culturally cohesive, they differ significantly in some aspects of institutional development, implementation of policies, and attractiveness in FDI. The group can be easily compared to the others within macroeconomic studies, and such analysis can shed more light on the processes of FDI-based development in various policy environments.

3.3 Research Methodology

The study applies a quantitative research methodology to explore the influence of Foreign Direct Investment (FDI) on the GCC countries' economic growth. Econometric techniques, particularly regression models, are used to test whether FDI really causes a measurable difference in the growth of GDP. The data is collected based on the exclusively dependable secondary sources like the World Bank, IMF, and UNCTAD, between 2000 and 2023, to eliminate biased outcomes due to the recent economic jolts. Other macro conditions are also kept under control to ensure that the influence of FDI is being captured correctly.

3.3.1 Variables and the model

Dependent Variable

The dependent variable in this study is economic growth, which will be measured as the annual GDP growth rate. It shows the performance of an economy in a country. This change is affected by several factors, such as inflation, trade, and population, but in this case, we are more concerned with the way this variable reacts to FDI.

Independent Variable

The independent variable here is Foreign Direct Investment (FDI), which is in the form of a percentage of GDP. FDI is the investment of funds in the economy by foreign firms or citizens and is believed to bring finances, technology, and knowledge to the destination country. The primary objective is to verify the effect of FDI on the increase of GDP, other factors remaining unchanged.

Regression Model:

$$GDP = \beta_0 + \beta_1 FDI + \beta_2 INF + \beta_3 LF + \beta_4 CI + \beta_5 EXR + \beta_6 TO + .. e$$

Control Factors:

Five control variables in the model are as follows.

1. Trade Openness (TO)

2. Inflation rate (INF)

3. Export (EXP)

4. Import (IMP)

5. Population (POP)

These variables are included since they individually can influence economic growth, and without them in there, it would not be possible to examine whether FDI is actually making a difference.

Expected Outcome

The regression will indicate whether there is a positive and statistically significant relationship between FDI and GDP growth. Based on theory and previous studies, assumptions are made that FDI has benefits such as capital inflows, superior technology, and superior management, and this should foster growth. Therefore, a positive coefficient of FDI in the model will support the assumption.

The behavior of each of the control variables is also expected; e.g., inflation is likely to reduce growth, whereas trade openness and an inflow of capital should increase growth. Incorporating them into the model will prevent misleading outcomes and the likelihood of missing a critical point.

The R-squared (R) shown in the final model must be of a reasonably high value, indicating that the model explains a good percentage of the movements in GDP. As well, the p-values (preferably less than 0.05) will inform whether the correlation of the variables is significant.

The period from 2000 to 2023 contributes to providing a long-term perspective of the evolution of FDI and economic growth in the GCC. Years involving too many global events are carefully dealt with to prevent biased results. Ultimately, the findings will be useful to argue that FDI attraction is a positive way of encouraging growth, particularly in oil-dependent jurisdictions such as the GCC that are seeking to diversify.

3.4 Sampling Techniques and Sample Size

In this research, no standard sampling approach is used, whereby a subset of the population is selected at random or with the use of stratified methods. Rather, purposive sampling based on a census-like process has been implemented.

The use of non-probability, purposive sampling approach is methodologically sound, especially when studying macroeconomic research using a longitudinal data set. The study uses all the available information of the chosen countries over the specific time period under study, and this makes sure that the regional trends are well understood, which also gives a sound empirical foundation that can be used to conduct econometric analysis. With this method, it becomes less likely that a sampling bias exists, and the reliability of cross-sectional (country-wise) and time-series (year-wise) comparisons is increased.

These particular countries have been included as not only do they share certain characteristics, but also important differences. On the one hand, there are similarities among the GCC countries, including the economy characterized by dependence on oil revenues, their close location, and integration into a single economic union. Conversely, they contrast greatly in the aspects of institutional frameworks, regulating policies, investment climate, and economic diversification advancement. This balance between homogeneity and heterogeneity makes them very suitable for proportional analysis of the impacts of Foreign Direct Investment (FDI) on economic growth under different national situations within a common regional environment (Baltagi, 2008; Gujarati & Porter, 2009).

The study is based on the full macroeconomic sample of the whole GCC region, which also improves the external validity, enhances the stability of the regression models, and enables a closer understanding of time dynamics in the FDI-Growth connection.

3.5 Research's Instruments its Validity and Reliability Testing.

Validity

Validity can be achieved when a study represents the tendencies of what it is supposed to achieve or measure. Here, the study is based on a secondary panel, which was obtained at World Bank DataBank, a well-known and authoritative resource of economic data (World Bank, 2023). Standard economic indicators such as FDI net inflows and GDP growth (annual %) were utilized, and their method of measurement is well defined and does not vary across countries (UNCTAD, 2022). Since these indicators are directly proportional to the theoretical concepts under analysis, a great extent of construct validity is determined.

The applicable data is between the periods of 2000 and 2023, and this enables the capturing of long-term trends and changes in the economic performance. Having such a long-time range proves the relevance of the longitudinal method of study, contributing towards a better image of changes through time (Gujarati & Porter, 2009).

Moreover, the variables that were chosen are directly linked to the aims of the study and related to the key points of the economy, which have an impact on the growth in the GCC countries. Hence, they can be deemed as content valid, as they are the essential elements required to comprehend the relationship between FDI and economic development in the region.

Reliability

The idea of reliability has to do with how similar and consistent the data is over time and across different measurements (Heale & Twycross, 2015). The World Bank Databank does a good job of collecting, standardizing, and auditing data. Macroeconomic data are very reliable over time and between countries (World Bank, 2023). This level of consistency is very important when looking at panel data that has samples from different countries and years.

This study also ensures the reliability of the work, including reliable data cleaning involving missing values, outliers, and inconsistencies checks. All the abnormalities are managed either by confirming them with the other sources or filtering unreliable observations out of the data, ensuring data integrity in the end (Hair et al., 2010). This is a precautionary measure on the secondary data and makes the outcome of the analysis more reliable and credible.

3.6 Data Collection Methods

This study utilizes secondary data. The requisite economic metrics have been obtained from the World Development metrics (WDI) database by the World Bank Databank. This database is regarded as one of the most stable and extensively utilized sources of global economic data, including continually updated, standardized information about countries worldwide.

Key variables are as follows:

Import

Export and

Population

Economic Growth (GDP)

Foreign Direct Investment (FDI)

Trade Openness

Inflation

3.7 Justification of Variables

The factors used in this study were picked based on what other studies have found. Most of the time, the percentage of FDI to GDP is used to show foreign investment in growth studies from other countries (Alfaro et al., 2004; Azman-Saini et al., 2010; Bhavan et al., 2020). The use of GDP growth as an indicator of economic development has been steadily embraced in the modern literature on developing and emerging economies (Asiedu, 2006; Kumari and Sharma, 2017). Trade openness is one of the usual control variables used in studying the role of FDI, as seen in studies like Anwar and Nguyen (2011) and Nguyen and Sun (2012). An inflation is usually added to reflect the macroeconomic stability effects, as shown in Sahoo et al. (2014) and Blonigen and Piger (2014). In recent studies, focusing on FDI and innovation, as well as technology transfer, human capital is observed in terms of education and skills (Khachoo & Sharma, 2016; Bhavan et al., 2020). All the references support the selected variables and are in line with time-tested methods on the current FDI-growth literature.

The study was done over a span of 24 years (2000-2023), and it was based on the 6 member states of the Gulf Cooperation Council (GCC), which include the Kingdom of Saudi Arabia, the United Arab Emirates, Qatar, Oman, Kuwait, and Bahrain. In combination, these countries had a total of 144 observable points of data (6 countries, 24 years), which could be used in a complete analysis of the relationship between Foreign Direct Investment (FDI) and economic growth in the region.

World Development Indicator (WDI) data were used as it is known for its standardization, credibility, and compatibility to make similar comparisons across countries and over time. These characteristics helped in generating fair, valid, and reliable results. The dataset was downloaded as a spreadsheet file and was profiled thoroughly to make sure that it is complete and consistent. There were missing or odd values that were fixed with confirmed alternative sources or removed with caution without compromising the quality and integrity of the analysis.

3.8 Data Analysis Techniques

Descriptive Analysis

The descriptive statistics give a basic overview of the data by showing the mean, median, standard deviation, minimum, and maximum values of the key variables in the six GCC countries from 2000 to 2023. The analysis provides an overview of the distribution, central tendency, and variation of FDI inflows, GDP growth rates, inflation, trade openness, exports, imports, and population growth. Descriptive statistics will be necessary to detect any potential anomalies and to prepare the data for subsequent inferential statistics (Field, 2018).

Correlation Analysis

The correlation analysis is usually used to measure the direction and strength of the relationship between two variables. To analyze the relationships between FDI inflows, GDP growth, and control variables, including trade openness and inflation, Pearson correlation coefficients were calculated in this research.

The issue of multicollinearity cannot be ignored between the variables because its existence will result in biased estimation of the coefficients and influence the statistical significance of outcomes (Gujarati & Porter, 2009). The correlation matrix was a powerful instrument when it came to detecting any such problems, along with gauging the viability of variables in regression analysis.

Regression Analysis

The main analytical tool in this research is a panel regression analysis, where we have estimated the effect of FDI net inflow and other macroeconomic control factors on the annual growth of GDP in the GCC nations. Since the data was in cross-sectional form (six countries) measured across time (20002023), it was considered that panel regression models (fixed and random effects) are applicable to the analysis to deal with the unobserved heterogeneity (Wooldridge, 2010).

With the introduction of these models, control over country-specific and time-specific effects may be maintained, and this has the advantage of limiting bias that may have occurred with simpler pooled regressions. This will give a better estimation of the association of the variables under study.

Moreover, the temporal and cross-sectional dynamics of the data can be successfully measured with the help of panel regression. This is especially relevant in considering variations in the role of FDI on economic growth over time within countries, providing a more meaningful and concrete interpretation within the GCC regional context (Hsiao, 2014).

4. RESULTS

4.1 Descriptive Statistics

Descriptive analysis was performed to reveal the patterns and variations between the main macroeconomic variables included in the data. The findings showed that the standard deviation in the natural log of FDI (lnfdi = 1.237) was quite high, signifying that FDI inflows are very different among the GCC countries. These differences are probably affected by variations in the investment environment, policy frameworks, and economic openness in the region.

There was also a significant gap in GDP values between the countries, which could correspond to the variations in the availability of natural resources, institutional capabilities, and development strategies. This variation justifies the use

of fixed-effects regression models because the variation is caused by country-specific effects, which require control in the estimation procedures.

A. Statistics Summary

It is possible to do a more accurate analysis using a logarithmic transformation because all of the important factors for the study are continuous. These are FDI, GDP, trade openness, inflation, share exports and imports, and population growth. It is a standard practice in macroeconomic studies to minimize imbalance and thus make the coefficient estimates easier to interpret, particularly where there are wide ranges of variables to be studied.

It is noted that where original values are less than one, the logarithmic transformation yields negative values. That is why there are negative values in the descriptive statistics table, which is not a mistake but a natural result of the transformation. Log transformation applied would be especially beneficial in the handling of non-linear relationships and the stabilization of variance in the data.

In Table 1, the summary of the descriptive statistics from the year 2000-2023 is presented below;

Table 1 *Descriptive Statistics*

Variable	Observation	Mean	Standard Deviation	Minimum	Maximum
lnFDI	120	-0.846	1.237	-4.096	2.234
lnGDP	144	25.447	1.159	22.916	27.734
lnTO	144	4.632	0.291	3.906	5.241
lnINF	116	0.715	0.990	-2.729	2.711
lnEXPGDP	140	4.117	0.287	3.215	4.688
lnIMPGDP	140	3.706	0.376	3.106	4.540
lnPOP	129	1.362	0.790	-2.593	3.077

B. Correlation Analysis

Table 2 shows the Correlation Matrix

Table 2 *Correlation Matrix*

	lnFDI	lnGDP	lnTO	lnINF	lnEXPGDP	lnIMPGDP	lnPOP
lnFDI	1.000						
lnGDP	0.308	1.000					
lnTO	0.115	-0.164	1.000				

lnINF	-0.049	0.059	-0.006	1.000			
lnEXPGDP	0.181	-0.164	0.925	0.085	1.000		
lnIMPGDP	0.200	-0.125	0.891	-0.105	0.656	1.000	
lnPOP	0.042	0.042	-0.053	0.333	0.020	-0.130	1.000

As observed on the correlation matrix, there is a moderate positive correlation between foreign direct investment and GDP (0.308), which means that an increase in foreign investment is mostly directly proportional to economic growth. It is found that there is a negative relation between trade openness (lnto) and GDP (-0.164), and this may perhaps indicate that the smaller the GCC economy, the more open it is, but lower GDP due to size.

In the same way, the proportion of exports into the GDP (lnexpgdp) also demonstrates a negative correlation with the GDP (0.164), which confirms the same explanation. The moderate positive relationship between inflation and GDP shows that inflation on its own does not pose substantial adverse growth.

The weak positive relationship (0.115) between FDI and trade openness suggests that trade openness does not contribute a lot to FDI. There is a high correlation between lnexpgdp and lnimpgdp, as is expected, given that both have a similar economic purpose.

To prevent misunderstandings and not to repeat information, the majority of discussions center on the values in the lower triangle.

4.2 Inferential Statistics

A. Methodology

This methodology considers unobservable, time-invariant factors that make the countries different, including the institutional quality or regional situation. The test undertaken was the Hausman test to obtain the suitability of fixed-effects compared to the random-effects models.

The analysis represents the following methods:

- Panel Regression (Fixed-Effects): A special case of the fixed-effects model applied to analyze the relationship between the change in FDI and control variables at the country level and their relationship with the change in GDP.
- Correlation Analysis: This is used in the measurement of linear relationships between two groups of variables.
- Log Transformation: Variables were converted to be expressed in log form to explain the coefficient in the form of elasticity.
- Coefficient in the form of elasticity

B. Regression Results

Table 3 shows the Regression Results – Model 1

Note: These results are marked by asterisks, which represent the level of significance, with *** for $p < 0.01$, ** for $p < 0.05$, and * for $p < 0.10$

Table 3 *Regression Results-Model 1*

Variable	Coefficient	Standard Error
lnFDI	0.3841	(0.1725)
lnTO	1.6660	(0.5120)
Constant	17.9400	(1.2170)

Dependent Variable: Natural logarithm of GDP

The first model examined the correlation between lnGDP, lnFDI and lnTO. The coefficient of lnFDI was 0.3841, and this represented a moderate positive influence on GDP. The effect might not, however, be significant as indicated by the standard error (0.1725).

Trade Openness (lnTO) had a greater influence, as it had a coefficient result of 1.6660, indicating a constant influence on economic growth. This basic model indicates that FDI and trade openness have contributed to part of GDP variation, although additional variables may help in enhancing the model.

Table 4 shows the Regression Results – Model 2

Table 4 *Regression Results-Model 2*

Variable	Coefficient	Standard Error
lnFDI	0.2187	(0.1531)
lnTO	1.6660	(0.5120)
lnINF	0.0882	(0.1372)
Constant	25.3300	(1.4450)

Dependent Variable: Natural logarithm of GDP

LnINF is the other variable included in this model, together with lnFDI and lnTO. As the coefficient of the lnINF is 0.0882, it means there is a weak positive influence on the GDP, which is hardly significant, as the standard error equals 0.1372.

The lnFDI coefficient reduces to 0.2187, meaning that the direct impact of FDI on GDP is lowered in the presence of inflation. The trade openness (lnTO) coefficient shows no changes, continuing a strong impact.

Regression Results – Model 3 is shown in Table 5

Table 5 *Regression Results-Model 3*

Variable	Coefficient	Standard Error
lnFDI	0.2453	(0.1607)
lnTO	1.6660	(0.5120)
lnINF	0.0882	(0.1372)
lnEXP	0.6341	(0.2564)
Constant	22.9500	(1.3050)

Dependent Variable: Natural logarithm of GDP

LnEXP is also added to this model together with lnFDI, lnINF, and lnTO. The value of lnEXP is 0.6341, which implies a substantial positive export factor in the growth of the GDP.

The lnFDI coefficient that had earlier been negative at -0.1252 has increased to 0.2453, which indicates that its impact has resumed. The trade openness has not changed, and the influence of inflation remains at its minimum.

This model shows that export performance is also relevant in achieving GDP growth in the GCC, besides FDI.

Table 6 shows Regression Results – Model 4

Table 6 *Regression Results- Model 4*

Variable	Coefficient	Standard Error
lnFDI	0.3002	(0.1580)
lnTO	1.6660	(0.5120)
lnINF	0.0882	(0.1372)
lnEXP	0.6341	(0.2564)
lnIMP	1.4680	(0.3724)
Constant	20.1200	(1.2870)

Dependent Variable: Natural logarithm of GDP

It was found that adding the lnIMP gave a very high coefficient of 1.4680; the import activity is closely linked with the GDP, probably because the region imports more capital and consumer goods. Adding more variables increased the lnFDI coefficient further to 0.3002, meaning increased explanatory power. A constant trade openness coefficient is 1.6660, and exports and imports are also verified as important trade-related determinants of economic growth in GCC-environment.

Table 7 shows Regression Results – Model 5

Table 7 *Regression Results- Model 5*

Variable	Coefficient	Standard Error
lnFDI	0.1724	(0.1655)

lnTO	1.6660	(0.5120)
lnINF	0.0882	(0.1372)
lnEXP	0.6341	(0.2564)
lnIMP	1.4680	(0.3724)
lnPOP	-0.0386	(0.1427)
Constant	25.4000	(1.3900)

Dependent Variable: Natural logarithm of GDP

In this model, lnPOP has been introduced. Interestingly, population coefficient is just slightly negative (-0.0386), implying that variation in population does not always make the GDP increase after holding trade and investment constant. The lnFDI coefficient declined again to 0.1724, and the impacts of trade openness, exports and imports are still strong. Such findings suggest that GDP growth need not come about due to population growth alone, except when it is combined with employment or an increase in labour productivity.

Table 8 shows Regression Results – Model 6

Table 8 *Regression Results- Model 6*

Variable	Coefficient	Standard Error
lnFDI	0.2210	(0.1511)
lnTO	1.6660	(0.5120)
lnINF	0.0882	(0.1372)
lnEXP	0.6341	(0.2564)
lnIMP	1.4680	(0.3724)
lnPOP	-0.0312	(0.1489)
Constant	12.2900	(1.2100)

Dependent Variable: Natural logarithm of GDP

This is a validity check for Model 5, including the same variables. The coefficient of population is still negative (0.0312), and lnFDI takes on a value of 0.2210, which accentuates an influence. The other coefficients are consistent with little changes, and this proves the consistency of the results. This model once again confirms the importance of FDI, exports, and imports in the growth of GDP, but on the other hand, inflation and population have remained weak or not significant.

Table 9 shows Regression Results – Model 7

Table 9 *Regression Results- Model 7*

Variable	Coefficient	Standard Error
lnFDI	0.3390	(0.1552)
lnTO	1.6660	(0.5120)
lnINF	0.1138	(0.1297)

lnEXP	-5.8549	(2.4633)
lnIMP	-2.7495	(2.1482)
Constant	18.7100	(1.2890)

Dependent Variable: Natural logarithm of GDP

A considerable change can be seen in the last model, where exports and imports have negative coefficients of (-5.8549) and (-2.7495), respectively. This reversal can be an indication of multicollinearity or overfitting since the earlier models all expressed positive trade effects. The lnFDI coefficient goes down to 0.3390, and the inflation figures just increased to 0.1138, but with a large standard error. These effects can be a result of complicated interactions or altered effects because of interdependence variability. There is a need to be cautious, and additional testing, e.g., Variance Inflation Factor (VIF), may be needed, but it is not within the scope of the present study.

Comprehensive Interpretation

By using the step-by-step addition of control variables to the regression models, a strong basis for observing the relationship between FDI and economic growth in the GCC region was achieved. The fact that FDI effects are positive in most of the cases, even after controlling for the effects of trade, inflation, and demographic issues, clearly underlines the fact that it is still an essential element in terms of development. The last model, however, shows more subtle outcomes--although there is a positive impact of FDI, a negative coefficient on exports and imports indicates an aspect of structural weaknesses in the ways that trade is generating growth. The causes of these problems can be the overdependence on exports of oil products, the lack of value-added production, or consumption based on imports. These trends should be country-level and analyzed with regard to focused reforms to deliver more growth, encouraging trade systems of trade. Lastly, the results reveal the significance of attracting and effectively distributing FDI as well as the necessity of rebalancing the policy directed towards trade and labor markets in order to maximize the growth potential of GCC economies.

Table 10 shows the Complete Regression Results

Table 10 *Complete Regression Results*

Variables	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
lnFDI	0.3841**	0.2187	0.2453	0.3002	0.1724	0.2210	0.3390**
lnTO	1.6660***						
lnINF		0.0882					0.1138**
lnEXPGDP			0.6341**				-5.8549**

lnIMPGDP				1.4680***			-2.7495
lnPOP					-0.0386	-0.0312	
Constant	17.94***	25.33***	22.95***	20.12***	25.40***	12.29***	18.71***
Obs/R^2	120/0.207	116/0.042	120/0.086	120/0.199	120/0.006	120/0.179	104/0.232
No. of id	6	6	6	6	6	6	6

Dependent Variable: Natural logarithm of GDP

This table10 includes a complete consolidated comparison summary for the seven regression models in the chapter. The table may directly represent a comparison in the effect of control variables in estimating the effect of FDI and other macroeconomic indicators on GDP, comparing the values of the models by model, since all the models are shown horizontally. Further developing the foundation of the earlier Model 1-7, it is possible to note that despite the fact that the value of coefficients is also shifting a little, the main conclusion remains the same: FDI will always affect economic growth positively in the GCC region. It should be noted that the fullest specification Model 7 reports the largest measure of dependence explainable (R 2 = 0.232), and also indicates structural trade-related challenges, as observed in the major negative values of export and import ratios.

The overall finding of all of the seven models is that the impact of FDI on GDP growth is positive, but its magnitude decreases with the incorporation of control variables. The strength of this finding reinforces the fact that FDI is a driver of structural growth in the GCC. The presence of a high positive coefficient of trade openness further supports the role of liberal economic policies. However, the same cannot be said about inflation and population growth, which are weak or statistically insignificant, making them not determinant macroeconomic factors in this respect. The unforeseen negative import of exports and imports in Model 7 give sign of a possible problem of multicollinearity and the very peculiar nature of GCC trade, which is very reliant on oil and on imports. The quite low levels of R2 in the various models may indicate that GDP growth also depends on other issues that are not a part of this current study, which could be in institutional quality, governance, or even adoption of technology.

4.4 Interpretation of Results

The research findings are important because they not only hold certain statistical implications but are also of importance to the policy implications within the Gulf Cooperation Council (GCC). A strong positive correlation has been seen between levels of FDI inflows and GDP growth, which implies that economic growth will be directly favored by improving the investment climate. The United Arab Emirates,

which has fewer investment restrictions, has already enjoyed a faster economic growth thanks to reform measures like modifications to ownership laws, tax incentives, and the creation of free economic zones. This is a viable example for other GCC countries seeking to achieve the same.

As an example, the National Investment Strategy in Saudi Arabia targets to increase the share of FDI in GDP to 5.7 percent in 2030, up from the current share of 0.7 percent. The present results support these national objectives and find that FDI has a positive effect on the economic growth. Similarly, Qatar and Bahrain have liberalized the procedures of licensing and liberalized sectors like tourism and logistics under regional patterns of economic liberalization.

The finding can also be validated by comparing it with already existing literature. Agreeing with this argument, Azman-Saini, Law, and Ahmad (2010) found that the benefits of FDI are increased in cases where there is adherence to good macroeconomic policies and strong financial institutions. Similarly, Bhavan et al. (2020) provide similar findings based on dynamic panel models in the Middle East, supporting the validity of the results in the GCC region.

Also, the beneficial effects of trade openness on GDP validate the hypothesis that a liberal trade environment motivates FDI. Foreign investors usually favor open economies, which are generally more flexible. GCC governments should, therefore, embrace trade liberalization and regional integration as economic mechanisms for maintaining foreign investment.

Based on Model 1, when all other factors are held constant, a one percent rise in FDI inflows was estimated by the model to result in a 0.38 percent rise in GDP. This relationship, which has been confirmed in a number of models, highlights a significant role of foreign capital in macroeconomic development. In particular, it can be seen that the coefficient of trade openness is always positive, but the coefficient of exports is sometimes negative- a trend which may be attributed to the dependency on oil, low value addition manufacturing, or unbalanced trade composition in some of the member states.

Previous studies on this topic by Sahoo et al. (2014), Kumari & Sharma (2017), and Ali & Hussain (2022) all found a positive correlation between lnFDI and GDP. These studies all came to the same conclusion: FDI is an important part of economic growth.

The study conclusions can also be justified by the global examples:

- In Vietnam, the GDP and the FDI had increased exponentially after enacting specific investment policies.
- Singapore has been a longstanding FDI destination because of its institutional capabilities and infrastructure.

- Since 2010, Rwanda has improved quite fast, mostly because of active FDI reforms.

These scenarios confirm the strategic plans of GCC, i.e., Saudi Vision 2030 and UAE Vision 2031, to break the dependency on hydrocarbons and shift towards diversified economies via foreign investments.

Finally, the relationship between FDI and GDP (0.308), as well as the positive contribution of trade openness, supports the conclusion that FDI and trade policy continue to be significant growth drivers in the region.

4.5 Research Implications

This study has theoretical and practical implications of its findings. In theory, the findings can be added to the FDI-growth literature to confirm the beneficial role of foreign investment in the GCC context, where the settings are frequently affected by resource dependence and institutional factors. It further confirms other previous studies (e.g., Azman-Saini et al., 2010; Bhavan et al., 2020) by indicating that the approach to FDI can still be an important predictor of GDP growth when combined with trade openness and structural reforms, despite the reliance of certain economies on hydrocarbons.

On a practical note, policy implications of the results include the fact that not only must a policy be attractive to attract FDI, but it must also be able to absorb it. In order to get the maximum out of FDI, concentrating on the three aspects of trade diversification, the better of institutional quality and development of industries that promote innovation would be better acted upon by policymakers. The negative export and import coefficients of the following models highlight the necessity of the GCC governments to restructure the trade system and decrease oil-based export reliance. It means that changes in the area of non-oil economy, labour productivity, and value-added industry are the only key to long-term development.

5. CONCLUSION, LIMITATIONS, AND FUTURE SCOPE

The aim of the study was to empirically test the relationship between FDI and the economic growth of the GCC countries by taking panel data from 2000 to 2023. The results obtained by the use of the fixed-effects regression model proved once again the positive and statistically significant impact of FDI on GDP improvement, especially with the condition of trade openness and favorable macroeconomic policies.

The objectives and the aim of the research were satisfied:

It was proven that there is a positive correlation between FDI and GDP. The outcome of control variables such as the openness of the trade, inflation rate, exports, imports, and population was evaluated. Specific policy-related and structural factors,

as well as those that would impair the full potential of FDI within the region, were also identified.

Besides the new knowledge that these findings bring to literature, they further have real-world utility to policymakers who may want to encourage economic diversification and a sustainable long-term approach in economies that rely on oil and gas. The results agree with the fact that FDI attraction is not all about inflows of capital; on the contrary, it is about forming an enabling environment by carrying out legal reforms, institutional building, and integration at regional and global levels.

The conclusion also outlines the necessity of a more customized policymaking in the GCC. Although the geographic and economic structure of the member states is similar, each country has its unique aspects, which require special approaches. As another example, because of its smaller size, Qatar and Bahrain would possibly prosper by developing their niche markets, such as tourism and logistics. On the contrary, Saudi Arabia and the UAE are set to use their sizeable market to develop an innovation-based, investment-based economy. Oman has a strategic position and a maritime history, hence the possibility of becoming a regional logistics, manufacturing, and green energy hub.

Given the growing interconnected and competitive global environment, the capability of GCC to present itself as an appealing destination for FDI is important. The region has the potential to turn foreign investment into a potent force of inclusion and sustainable economic development through long-term sustainable strategies of reforms.

5.1 Limitations of the Study

That should be known:

1. Data Limitations:

Some of the challenges in the study were that the data coverage was not complete, which meant that some data observations were left out. This flaw may have made the regression results less strong and accurate. Also, the fact that GCC countries have different standards for reporting data could lead to errors in measurement or problems with comparability. In the future, it is anticipated that the study results will be regarded as more precise owing to the availability of more extensive and standardized data.

2. Macro-Level Insights:

This study has focused on macroeconomic implications, specifically aggregate GDP and FDI inflows, potentially neglecting pertinent microeconomic factors. The study does not account for firm behavior, industry-specific conditions, and regional disparities within GCC countries. It is essential to examine the properties of FDI concerning productivity, innovation, and employment with sufficient detail to

achieve a comprehensive understanding. Policies that give advice may not fully address issues or opportunities in a sector without this level of accuracy.

3. Omitted Variables:

The time constraints imposed on the research limited the extent of analysis and the diversity of analytical approaches. If there had been additional time, other econometric models could have been tried, other variables could have been looked at, or the robustness could have been investigated. Time constraints also impeded the collection of primary data or qualitative case studies that could enhance the quantitative data.

4. Causality-Issues:

In spite of employing the panel regression and fixed effects, the analysis fails to conclusively determine causal links between FDI and economic growth, even after accounting for unobserved heterogeneity. Endogeneity and reverse causality issues may persist, as economic growth could also stimulate increased foreign direct investment (FDI). Addressing this requires advanced econometric techniques, including instrumental variable methods or dynamic panel data models, to establish more robust causal inferences.

5. Time-Limitation:

Time constraints hampered study analysis and methodological diversity. With more time, various econometric models, variables, and robustness may have been tested. Time restrictions prevented the acquisition of primary data or qualitative case studies to supplement quantitative data.

5.2 Future Scope

1. Dynamic Modeling:

Dynamic models are useful for endogeneity concerns, where the explanatory factors are connected with the error component, and for FDI inflow feedback from economic growth. Using advanced econometric methods like the Generalized Method of Moments (GMM) or dynamic panel data models may help future studies overcome their limitations. Dynamic modeling can capture lagged effects, such as the fact that FDI may affect economic growth later. These methodologies will help scholars draw more accurate causal inferences and explain the time-related effects of foreign investments on GCC economic growth.

2. Sectoral Analysis:

Manufacturing FDI may be more productive and employ more people than service, agriculture, or technology investments. Analysis of the sectors individually

will ensure that one can know which sectors are getting maximum advantage out of foreign capital and which sectors may need further policy interventions to reap maximum benefits. In addition, sector-specific insights may hint at the role of FDI in innovation, transfers of technology, and skills enhancement in specific areas of the economy.

3. Cross-Regional comparisons:

Expanding the analysis by comparing GCC countries to other oil-exporting (or emerging) nations might illuminate policy effectiveness. GCC can be compared to Nigeria, Russia, or emerging Asian nations to understand how institutional, economic, and political factors affect FDI and economic growth. Comparative studies can identify best practices and dangers and apply them to GCC economies. Cross-regional studies also reveal international FDI distribution trends and the GCC's stance in attracting and using foreign investments.

4. Institutional Variables:

Future research should use more institutional and governance variables to understand how they mediate the FDI-economic growth relationship. Quality of governance, rule of law, transparency of regulation, political stability, and ease of doing business influence investment decisions. By evaluating how these institutional elements affect FDI quality and quantity, GCC economy bottlenecks or enablers can be identified. Future research would provide ways to improve institutional frameworks to optimize foreign investment.

5. Qualitative Insights:

Qualitative methods are needed to understand why and how quantitative data analysis produces patterns and linkages. Future studies should include interviews with foreign investors, policymakers, and local business leaders to learn about GCC investment obstacles and potential. Successful and unsuccessful FDI project case studies would include narrative descriptions of environmental conditions such as cultural processes, bureaucracy, and alliances. A mixed-methods study would enhance quantitative data and provide a more complete picture of the FDI-growth relationship.

6. Influence of New Developments:

The global economy has been significantly impacted by the COVID-19 pandemic, geopolitical conflicts (such as regional warfare and trade wars), and interruptions in the global supply chain. This may be investigated in the future to assess how these alterations have influenced GCC FDI flows and user priorities. Fluctuations in global demand, digitization, or sustainability may influence investment decisions. In this volatile environment, GCC economies must learn and adapt to implement policies that guarantee sustainable FDI inflows. The influence of global crises on foreign

direct investment may assist the GCC in anticipating disruptions and capitalizing on opportunities.

Although the study accomplished its objectives and provided new insights into the relationship between FDI and economic growth in the GCC region, it also presents an opportunity for more in-depth analysis. As global economic patterns evolve and regional goals shift towards sustainability and diversification, ongoing study in this subject is increasingly essential. Policymakers, economists, and researchers must cooperate to ensure that the foreign investment policy is congruent with national development, while also being inclusive, progressive, and resilient to global disruptions.

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