

## The effect of foreign investment on the economic growth with a special focus on Kosovo

**Msc.Valmir Zogaj**

*University of Peja "Haxhi Zeka", Kosovo*

**PhD (C.) Kestrim Avdimetaj**

*University College "Fama", Kosovo*

### Abstract

The main aim of this scientific work is to show in concrete way the role and impact of foreign direct investment on the economic development, where Kosovo will be analyzed with a special focus. Through this study, we will investigate the correlation between Foreign Direct Investment and the Economic Growth in Kosovo during the time spam from 2005-2016. To test the data and results, we will use different econometric models and methods in order that the results have a higher scientific significance, such as the Narrative Method, Comparative Method, as well as the Econometric Method. Testing of the data and the building of the econometric model will be realized by using the econometric method, concretely by using the method of Pooled OLS and the analysis of Correlation. The source of the data will be quite diversified and multifarious, based on data from the Central Bank of Kosovo, the Agency of Statistics, the International Monetary Fund, as well as the Macroeconomics Indicators of The World Bank. The main finding of this study is the existence of the positive relation between the Foreign Investment and the Economic Growth, more concretely, according to the results from the Econometric Model, we see that if the Foreign Direct Investment in Kosovo grows by 1%, it will affect positively the Economic Growth by (67.27%). Some of the limits of this study are that other countries of the West Balkans are not included, as other explanatory variables. Therefore, in future it must be supported by other specific studies that treat the connection between the Economic Growth and Foreign Investment. The data and results from this research could be used by different users and parties.

**Keywords:** Foreign Direct Investment (FDI), Gdp Per Capita, Economic Growth, Econometric Models.

Full Text: [PDF](#)



This work is licensed under [Creative Commons Attribution 3.0 License](#).

Academic Journal of Business, Administration, Law and Social Sciences ISSN 2410-3918 (print)

ISSN 2410-8693 (online)

Copyright © IIPCCCL-International Institute for Private, Commercial and Competition law