

-RESEARCH ARTICLE-

## FOREIGN DIRECT INVESTMENT (FDI) ROLE ON THE ECONOMIC GROWTH IN THE UNITED ARAB EMIRATES

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### —Abstract—

Due to the recent deterioration of the global economy, economic growth (EG) has become a worldwide interest; thus, scholars must focus on this issue. Hence, this study examines the effect of FDI on the EG of the United Arab Emirates (UAE). The researchers also employed inflation, employment rate, exchange rate, and industrialization as control variables. Using the secondary data gathering approach, the researchers used the World Development Indicators (WDI) database to extract data from 1986 to 2021. The researchers additionally examine the association between variables using the Non-linear Autoregressive Distributed Lag (NARDL) technique. Results indicated that FDI, inflation, employment rate, exchange rate, and industrialization positively correlate with the UAE's economy group. The research assists policymakers in formulating FDI and industrialization-related policies for achieving a high EG.

**Keywords:** Foreign direct investment, inflation, employment rate, exchange rate, industrialization, economic growth

### 1. INTRODUCTION

Typically, the EG of a nation is decided by the value of goods and services generated over a particular period, the size of the economy, the possible financial situation, and the diplomatic situation in the economic environment. EG has significant value for a state and its inhabitants. And because of its importance, EG has been a popular topic among intellectuals and scholars (Halliru et al., 2021). As time passes, countries become increasingly entangled in intense competition on the global market as their economies become increasingly rapid, sophisticated, and advanced. To remain in the global market,

Citation (APA): Hassan, A. A. (2023). Foreign Direct Investment (FDI) Role on The Economic Growth in The United Arab Emirates. *International Journal of Economics and Finance Studies*, 15 (01), 17-31. doi:10.34111/ijefs. 202315102

gain ground, and maintain their market position, all countries must urgently enhance their economic growth and strive to achieve sustainability to face the competition with courage (Hanif et al., 2019). A nation's EG depends on the performance of all economic entities and economic players who conduct their operations within the nation. The EG is expressed in monetary form by the rise in output level, employment rate, income level, living standard, and infrastructure development (Okwu et al., 2020).

FDI is acquiring interests and rights in domestic enterprises and economic development initiatives by foreign investors. By FDI, foreign investors get just 10% ownership of the business or project they are investing. This restricted foreign ownership is advantageous for the home country because it does not transfer all rights to investors, denying them complete control over firm interests. Rather, it positively impacts management, policies, strategies, and practices, raising investors' keen interest in the running of firms (Muhammad et al., 2021). Hence, FDI is not only the movement of funds for investment purposes. It is essential to achieve EG in developing nations where capital and talents are necessary for business expansion and sales growth. Substantial foreign investments in domestic commercial, environmentally–friendly, or other constructive initiatives such as infrastructure development, energy source management, water management, etc., act as an economic engine by boosting revenues, employment, and salaries. Owusu-Nantwi et al. (2019). It is extremely important for developing economies. It paves the door for various investment portfolios, enabling domestic firms to obtain long-term loans, and increases the amount of capital within the country's borders. FDI boosts technical awareness, introduces novel technology, provides new management tactics, and enhances environmental governance (EG) (Udemba et al., 2020).

The purpose of this study is to analyze EG in UAE. UAE is a developing, high-income nation. In 2022, the UAE will have the fifth largest economy in the Middle East, with a nominal GDP of US\$503 billion (Samour et al., 2022). In 2014, the UAE region was deemed the most developed state by the same specialized local and international businesses. According to these estimates, the UAE is among the world's happiest nations. With the state's high living standards, the residents of this state are content and contented. Several economic areas, including technology, information, industry, investment, and commerce, are experiencing rapid expansion. Thus, the business is successful within the borders of the UAE. The UAE has three economic sectors: agriculture, industry, and services, with corresponding GDP shares of 0.9%, 49.8%, and 49.2%. (Alam et al., 2022). UAE's EG in 2018 was \$427.05 billion, a growth of 9.35% from 2017. In the subsequent two years, the expansion rate will be substantially slower. The country's EG for 2019 was \$417.99 billion, a decrease of 2.13 percent from 2018. The EG for 2020 was \$349.47 billion, a 16.39% decline from 2019. Even though the economy produced a gross domestic product of \$415.02 billion in 2021, an increase of 18.76% from the previous year, the economy's growth rate was negative in 2021. (Mahmood et al., 2022). UAE is a prosperous state with a vast rising economy and

excellent chances for its citizens' advancement. Yet, the state's growth rate is still erratic and occasionally causes cause for alarm. Discovering a strategy to improve and standardize the UAE's EG is necessary. This article highlights methods for enhancing and maintaining a nation's EG. The study aimed to investigate the function of FDI in EG.

The current study does not only summarize past research; rather, it contributes significantly to it. In the past, numerous scholars have documented the function of FDI in EG. However, these scholars have only briefly investigated the relationship between FDI and EG, and their theories are ambiguous. This essay provides extensive insight into the relationship between FDI and EG. Second, earlier research has investigated the role of employment rate, FDI, inflation, exchange rate, and industrialization in EG, but the writers have discussed these relationships separately. The study investigates the connection between inflation, unemployment, exchange rate, industrialization, and FDI with EG. Therefore, it contributes to the literature. Thirdly, researchers are less likely to address the UAE's EG. This study addresses the impact of FDI, inflation, employment rate, exchange rate, and industrialization on EG in the UAE, filling a vacuum in the literature.

The remainder of the paper consists of the following sections: In the second section, the relationship between FDI, inflation, employment rate, exchange rate, and industrialization is examined by examining prior research. In the third section, all methodologies and procedures used by the authors are detailed briefly. Following analysis, the relationship's results are extracted. The results are explained and backed by relevant studies in the discussion section. The study concludes with a conclusion, repercussions, and restrictions.

## 2. LITERATURE REVIEW

Governments must contend with competition in foreign markets, satisfy domestic wants and promote public welfare. The growth of the economy, as measured by the production of goods and services, the size of businesses, the availability of financial resources, and the creation of wealth, determines the country's position on the international market, the satisfaction of domestic demands, and the general welfare of the populace. FDI, the influx of investment from foreign governments or private entities into the home economy, is essential to achieving better EG and economic objectives (Saidi et al., 2020). The current study explores the relationship between FDI and macroeconomic variables like inflation, unemployment rate, exchange rate, and industrialization in EG. Much prior research has contested the relationship between FDI, inflation, employment rate, exchange rate, industrialization, and EG. This paper examines the relationship between FDI, inflation, employment rate, exchange rate, industrialisation, and economic growth (EG) in light of previous research.

FDI is the economic investment made by foreign investors. It generates capital to meet domestic economic needs, and as a result, the execution of economic strategies boosts the EG. [Cicea et al. \(2021\)](#) examine the relationship between FDI and EG. The 2281 documents were obtained from the database Scopus. The study suggests that managerial tactics improve when there are substantial investments from outside sources. Effective business management enables firms to increase efficiency, achieve their marketing objectives, and make more from regular sales. These organizations contribute to EG more effectively. [Adedoyin et al. \(2020\)](#) evaluate the effects of FDI, transportation, ICT, and energy on the economy of the European Union. Here, the writers' primary interest is tourism-driven EG. From 1981 to 2017, data on the growth of FDI, transportation, IT, energy, and tourism were collected. The analysis employed descriptive statistics and correlation, the ADF test, the Johansen co-integration test, Diks-causality Panchenko's tests, FMOLS, DOLS, and CCR econometric approaches. The study hypothesizes that when a nation successfully attracts substantial FDI, it is aware of novel technologies for manufacturing commodities, service production, organizational management, transportation, human capital, etc. The development in several areas of life contributes to EG. [Raza et al. \(2021\)](#) investigate the connection between FDI and EG. The data was collected from OECD countries between 1996 and 2013. Research findings show a positive relationship between FDI and EG, as FDI improves infrastructure quality and increases the output of products and services.

[Dinh et al. \(2019\)](#) explore the short- and long-term role of FDI in the EG of a country in a research piece. From 2000 to 2004, the authors gathered data from chosen developing countries with lower-middle-income economies. The study hypothesizes that if local enterprises have large amounts of FDI, they have substantial financial resources to invest in commercial transactions and achieve their business goals. Enhanced company performance will benefit EG. [X. Wang et al. \(2022\)](#) conducted a study to integrate the relationship between FDI and EG. Approximately 1075 documents about FDI and EG were collected from Web of Science articles published over the past thirty years. A thorough bibliometric analysis was conducted using Bibliometrics software and a review of methods. According to the report, foreigners interested in domestic enterprises through investment analyze the firms' activities and attempt to govern them for success. The success of these companies benefits EG. [Osei et al. \(2020\)](#) investigate the impact of FDI on EG. The data set consists of longitudinal data from 62 middle-income (MIC) and high-income nations from 1987 to 2016. The GMM linear system was used to examine the data for relevant findings. According to the author's views, when foreign entities make substantial investments in domestic ventures, they are entitled to their gains and liable for any losses. The consequent incorporation of foreign human capital helps the management of indigenous firms. It helps the company achieve its economic objectives and increase its share of EG.

Inflation is vital to a nation's economic growth and development. [Tien \(2021\)](#) examines the relationship between inflation and EG. Vietnam General Statistics Agency and World Bank provided the time series for Vietnam's consumer price index and gross domestic product for the forty years after 1975. The relationship was evaluated using the Augmented Dickey-Fuller Test for assessing unit roots, the Error Correction Model, and OLS. The study suggests that enterprises have better opportunities for promoting their products during an inflationary environment and can anticipate greater earnings. These companies increase business investment to enhance production procedures. Increasing output, therefore, accelerates EG. [Adaramola et al. \(2020\)](#) investigate the relationship between the inflation rate and GDP-based EG. Nigeria was surveyed between 1980 and 2018 to acquire the necessary data on variables. During periods of inflation, the government is typically in a better position to examine the operations of corporations and attempt to reduce their environmental impact. Greener Company practices result in increased productivity and a greater EG.

The stable exchange rate serves to stabilize the trade and payment balances. This enhances the nation's economic conditions and boosts GDP growth. [Vorlak et al. \(2019\)](#) investigate the currency rate effect on EG. Using an OLS regression model, the role of the exchange rate in EG was evaluated. According to research findings, the exchange rate affects GDP by 1% and positively correlates with GDP in Cambodia. Quarterly. [Check et al. \(2020\)](#), the relationship between a country's exchange rate and its exports, imports, and EG. The quarterly time series statistics for the South African economy were collected from 2008 to 2018. The study suggests that when a country's a favorable exchange rate, its exports can generate huge amounts of foreign currency, and imports may be less expensive. This results in a positive balance of payments and a quickening of EG.

A country's population subsists on its natural resources or the commodities and services its economy provides. If more people are employed, they will exploit the resources and continue to regenerate them. In this approach, resource availability is stable, and the economy may experience a higher growth rate. Hence, employment rate and EG positively correlate ([Han et al., 2020](#)). [Manzoor et al. \(2019\)](#) establish the association between the employment rate, tourism expansion, and EG. From 1990 to 2015, the economic statistics of Pakistan were utilized. The results demonstrated that a rise in the employment rate raises the standard of life of individuals, pushes them to boost demand for goods and services, and encourages them to start their businesses. Hence, the economy's productivity grows. The employment rate has a positive correlation with the unemployment rate. Without question, the industry is a big component of the economy. When industrialization expands, it significantly increases a nation's wealth, generates employment possibilities, gives a platform for investors to double their money, and fosters technological advancement. In this circumstance, the EG rate is greater ([Yang et al., 2021](#)). [Opoku et al. \(2019\)](#) establish a connection between industrialization and EG.

Pertinent data were retrieved using the statistics of 37 African nations between 1980 and 2014. The GMM technique was used to examine the data to investigate the association between variables. According to empirical data, there is a favorable relationship between industrialization and EG. Increasing industrialization leads to developing rural areas and using contemporary technical methods for domestic and business objectives. This raises output levels and enables the nation to achieve higher EG.

### 3. RESEARCH METHODS

This study examines the effects of FDI, inflation, unemployment, exchange rate, and industrialization on the UAE's economy. The researchers employed the secondary data gathering strategy and extracted data from 1986 to 2021 from the WDI database. The researchers produced the following equation for the study:

$$EG_t = \alpha_0 + \beta_1 FDI_t + \beta_2 INF_t + \beta_3 EMR_t + \beta_4 EXR_t + \beta_5 IND_t + e_t \quad (1)$$

Where;

- EG = Economic Growth
- t* = Time Period
- FDI = Foreign Direct Investment
- INF = Inflation
- EMR = Employment Rate
- EXR = Exchange Rate
- IND = Industrialization

The primary study concept and proxy for GDP growth were the EG (annual percentage). In addition, the research employed FDI as a proxy for the independent variable as FDI, net inflows (% of GDP). The researchers also employed four control variables, including inflation proxy as consumer prices (annual percentage), employment proxy as employment to population ratio 15+ total (percent), exchange proxy as real effective exchange rate index, and industrialization proxy as industry value added (percent of GDP). These measurable constructions are listed in Table 1.

**Table 1: Measurements of Variables**

S#	Variables	Measurement	Sources
01	Economic Growth	GDP growth (annual percentage)	WDI
02	Foreign Direct Investment	FDI, net inflows (% of GDP)	WDI
03	Inflation	Inflation, consumer prices (Annual percentage)	WDI
04	Employment Rate	Employment to pupation ratio 15+ total (Percentage)	WDI
05	Exchange Rate	Real effective exchange rate index	WDI
06	Industrialization	Industry value added (% of GDP)	WDI

The researchers examine the specifics of the variables using descriptive statistics. In addition, the researchers examine the association between variables using the correlation matrix. The researchers also examine the unit root among variables using augmented Dickey–Fuller (ADF) and Phillips–Perron (PP) tests. The equation is as follows:

$$d(Y_t) = \alpha_0 + \beta t + \gamma Y_{t-1} + d(Y_t(-1)) + \varepsilon_t \quad (2)$$

In addition, the researchers utilized the ARDL bound test to examine the model's co-integration. Because some structures are stationary at the level and others at the first difference, the researchers also utilized the ARDL method (Qamruzzaman et al., 2018). It corrects heteroscedasticity and autocorrelation issues (Sohail et al., 2021). The equation is as follows:

$$\begin{aligned} \Delta EG_t = & \alpha_0 + \sum \delta_1 \Delta EG_{t-1} + \sum \delta_2 \Delta FDI_{t-1} + \sum \delta_3 \Delta INF_{t-1} + \sum \delta_4 \Delta EMR_{t-1} + \\ & \sum \delta_5 \Delta EXR_{t-1} + \sum \delta_6 \Delta IND_{t-1} + \varphi_1 EG_{t-1} + \varphi_2 FDI_{t-1} + \varphi_3 INF_{t-1} + \varphi_4 EMR_{t-1} + \\ & \varphi_6 IND_{t-1} + \varepsilon_t \end{aligned} \quad (3)$$

The researchers also check the association among variables by applying the NARDL approach because the researchers' focus is to investigate the asymmetric linkage between exchange rate, IND, and EG. Hence, the non-linear functions are mentioned below:

$$EG = f(FDI, INF, EMR, EXR^+, EXR^-, IND^+, IND^-) \quad (4)$$

Therefore, the empirical frameworks are established as under:

$$EG_t = \alpha_0 + \beta_1 FDI_t + \beta_2 INF_t + \beta_3 EMR_t + \beta_4 EXR_t^+ + \beta_5 EXR_t^- + \beta_6 IND_t^+ + \beta_7 IND_t^- + e_t \quad (5)$$

Hence, the equations below show the partial sum of positive and negative alterations in the exchange rate and IND.

$$EXR^+ = \sum_{i=1}^t \Delta EXR_i^+ = \sum_{i=1}^t \max(\Delta EXR_i, 0) \quad (6)$$

$$EXR^- = \sum_{i=1}^t \Delta EXR_i^- = \sum_{i=1}^t \min(\Delta EXR_i, 0) \quad (7)$$

$$IND^- = \sum_{i=1}^t \Delta IND_i^- = \sum_{i=1}^t \min(\Delta IND_i, 0) \quad (8)$$

$$IND^+ = \sum_{i=1}^t \Delta IND_i^+ = \sum_{i=1}^t \max(\Delta IND_i, 0) \quad (9)$$

Hence, by adding these asymmetric linkages in the exchange rate and IND, the study established the non-linear ARDL equation mentioned below:

$$\begin{aligned} \Delta EG_t = & \alpha_0 + \sum \delta_1 \Delta EG_{t-1} + \sum \delta_2 \Delta FDI_{t-1} + \sum \delta_3 \Delta INF_{t-1} + \sum \delta_4 \Delta EMR_{t-1} + \\ & \sum \delta_5 \Delta EXR_{t-1}^+ + \sum \delta_6 \Delta EXR_{t-1}^- + \sum \delta_7 \Delta IND_{t-1}^+ + \sum \delta_8 \Delta IND_{t-1}^- + \varphi_1 EG_{t-1} + \\ & \varphi_2 FDI_{t-1} + \varphi_3 INF_{t-1} + \varphi_4 EMR_{t-1} + \varphi_5 EXR_{t-1}^+ + \varphi_6 EXR_{t-1}^- + \varphi_7 IND_{t-1}^+ + \\ & \varphi_8 IND_{t-1}^- + \varepsilon_t \end{aligned} \quad (10)$$

#### 4. RESEARCH FINDINGS

The researchers examine the specifics of the variables using descriptive statistics. The results revealed that the average values for EG are 3.849%, the average figures for FDI are 1.954%, and the average data for INF is 3.320%. In addition, the results revealed that the average EMR statistics are 73.777 percent, the average EXR figures are 102.457%, and the average IND figures are 49.982%. These results are shown in [Table 2](#).

**Table 2: Descriptive Statistics**

Variable	Obs	Mean	Std. Dev.	Min	Max
EG	36	3.849	5.635	-14.958	18.328
FDI	36	1.954	2.142	-1.167	6.767
INF	36	3.320	2.536	-2.079	7.608
EMR	36	73.777	2.114	69.350	79.200
EXR	36	102.457	1.691	99.093	105.255
IND	36	49.982	5.435	40.024	58.902

In addition, the researchers examine the association between variables using the correlation matrix. Results indicated that FDI, inflation, employment rate, exchange rate, and industrialization positively correlate with the UAE's economy group. These results are shown in [Table 3](#).

**Table 3: Correlations Matrix**

Variables	EG	FDI	INF	EMR	EXR	IND
EG	1.000					
FDI	0.028	1.000				
INF	0.072	-0.682	1.000			
EMR	0.071	0.278	-0.120	1.000		
EXR	0.078	0.638	-0.910	0.149	1.000	
IND	0.225	0.105	0.124	-0.359	-0.235	1.000

The researchers additionally examine the unit root among variables using ADF and PP tests. The results revealed that EG, FDI, EXR, and IND are stationary at the level, whereas INF and EMR are stationary at the initial difference. These results are shown in [Table 4](#).

In addition, the researchers utilized the ARDL bound test to examine the model's co-integration. The results indicated that the calculated f-statistics (4,655) is greater than the crucial values. These results demonstrated that co-integration exists. These results are shown in [Table 5](#).

**Table 4: Unit Root Test**

Series	ADF		PP	
	Level	First difference	Level	First difference
EG	-2.019***	---	-2.783***	---
FDI	-2.114***	---	-2.322***	---
INF	---	-4.784***	---	-4.322**
EMR	---	-4.765***	---	-5.232***
EXR	-2.019***	---	-2.102***	---
IND	-3.009***	----	-2.389***	---

**Table 5: Bound Test of Non-linear ARDL**

	F-statistics	Lower Bound	Upper Bound	Decision
Linear ARDL	0.459	2.452	2.762	No Co-integration
Asymmetric ARDL	4.655	2.561	2.901	Co-integration

The researchers additionally examine the connection between factors using the NARDL method. Results indicated that FDI, inflation, employment rate, exchange rate, and industrialization positively correlate with the UAE's economy group. These relationships between variables are shown in [Table 6](#).

## 5. DISCUSSIONS

The findings demonstrated a positive relationship between FDI and EG. The findings are corroborated by the research of [Malik et al. \(2020\)](#), which indicates that a rise in FDI inflows enables governments and businesses to plan and implement programs such as infrastructure enhancement, advanced technology, green legislation, etc. The execution of these initiatives enhances the operation of business enterprises, increasing the EG rate. These findings concur with the findings of [Chaudhury et al. \(2020\)](#), who found that rising FDI inflows offer resources for human capital development, and that enhanced human capital accelerates economic growth.

The results demonstrated a favorable relationship between inflation and EG. The results are corroborated by the research of [Olamide et al. \(2022\)](#), which indicates that infrastructure development, including road and building construction, transport network systems, and energy sources, occurs during an inflationary time. Under this circumstance, the manufacturing and service sectors are anticipated to contribute to the country's EG. These findings are consistent with [Karki et al.'s \(2020\)](#) research, which suggests that the inflationary phase promotes stability within the nation and enables businesses to attain long-term economic objectives. The expansion of business results helps EG.

**Table 6: Non-linear ARDL Results**

Variables	Coefficients	Std. Err.	t-statistics
C	0.537	0.031	17.323
EG (-1)	1.902	0.271	7.018
FDI (-1)	2.882	0.736	3.916
INF (-1)	0.756	0.210	3.600
EMR (-1)	1.289	0.430	2.998
EXR-P (-1)	0.894	0.129	6.930
EXR-N (-1)	0.664	0.102	6.509
IND-P (-1)	1.253	0.290	4.321
IND-N (-1)	0.674	0.210	3.209
Adj. R Square	0.556		
F-statistics	47.674		
Prob.(F-statistics)	0.003		

The results demonstrated a positive correlation between the employment rate and EG. The results are supported by Meyer et al.'s (2019) investigation. The study says that when a government conducts campaigns to determine the number of employed individuals and creates jobs to boost the employment rate, it can effectively utilize the country's human resources. The optimal productivity of human capital enhances EG. These findings are consistent with the research of Khuong et al. (2021), which examines the effects of the employment rate on EG. The study demonstrates that a rise in the employment rate stimulates the industrial sector of an economy and boosts working and production levels. This enhances the country's EG.

The results demonstrated a positive correlation between the exchange rate and EG. The results are corroborated by Hoang et al.'s (2020) study, which demonstrates that the rising value of the domestic currency attracts foreign investors since their investments can yield more profits and growth. The ensuing increase in FDI boosts EG. These results are consistent with Seraj et al.'s (2021) investigation. The stability of the exchange rate facilitates economic management and the achievement of a sustainable EG.

According to the findings, industrialization has a positive relationship with EG. The results are confirmed by the research of Shah et al. (2023), which argues that the country's expanding industrialization enables it to adopt technological advancements or accept and implement novel technologies. Using innovative technologies increases available resources' efficiency, contributing to a greater EG. These findings are consistent with Q. Wang et al.'s (2019) research, which demonstrates that industrialization offers new, more reliable, and productive commercial products. Hence, it forms a path leading to greater EG.

## 6. IMPLICATIONS

The study instructs researchers on conducting themselves when producing a new study due to its contribution to the body of knowledge. The study evaluates the effects of FDI on EG in conjunction with several control variables, including inflation, unemployment rate, exchange rate, and industrialization. Concerned and proactive, the writers examine the impact of FDI, inflation, employment rate, exchange rate, and industrialization on the EG in the UAE.

The recent study is relevant to grow economies such as the UAE, which strive for better EG and success. The study enlightens national regulators on how to achieve a high EG level. It directs authorities to develop channels for attracting foreign direct investment and increasing FDI to promote the country's economic growth (EG). The research assists policymakers in formulating FDI and industrialization-related policies for achieving a high EG. There is also a recommendation that inflationary periods should be preferred, and authorities must take advantage of this circumstance to hasten EG. It instructs policymakers that to increase the EG rate; economists must strive to increase the employment rate. The report also indicates that favorable exchange rates are necessary for improving the country's EG. In addition, the report suggests that industrialization should be encouraged to increase EG.

## 7. CONCLUSION

The study aimed to investigate the function of FDI in EG. In addition, the authors sought to evaluate the impact of inflation, employment rate, exchange rate, and industrialization on EG. The association between FDI, inflation, employment rate, exchange rate, and industrialization in EG was inferred using UAE statistics. According to the data, inflation, employment rate, exchange rate, industrialization, and EG were shown to have a positive relationship. According to the study's conclusions, big FDI boosts the country's financial resources and supports physical, human, and infrastructure development. Such an economy enjoys extraordinary growth.

Moreover, the data demonstrated that during the inflationary time, there is a surplus of funds, and development initiatives are underway. So, the economy is poised for increased growth. The study also determined that an increase in the employment rate enables the country to use its human capital efficiently and decreases the strain on its natural resources. Hence, the nation may have improved EG. According to the results, a stable and advantageous exchange rate increases investment, production, and trade balance. Hence, there may be increased EG. Industrialization, which boosts economic activity and the production of products and services, increased the EG rate.

## 8. LIMITATIONS

The current study evaluates the effects of FDI with macroeconomic variables such as inflation, unemployment rate, exchange rate, and industrialization to calculate EG. Green finance, technical innovation, and the human capital index can also contribute to a higher EG. However, they are absent. Future authors should examine these factors' effects on EG. In addition, the UAE is a highly developed and rich nation with conditions distinct from those of other developing countries. The research conducted in UAE was unable to provide valid findings for all countries generally. Future academics should investigate the association between these variables using data from both established and emerging economies.

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