

Impact of Foreign Direct Investment (FDI) on Economic Growth

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Resource provided by [Tirumala Parchuri](#)

31 December 2019 – Mumbai, India – Access to a new resource related to economic development has been added to the PM World Library (PMWL). The resource is a paper by Khun Sokang titled “The Impact of Foreign Direct Investment on the Economic Growth in Cambodia: Empirical Evidence” and published in the *International Journal of Innovation and Economic Development* in December 2018.

Foreign direct investment (FDI) inflows are often seen as an important catalyst for economic growth in developing countries. This study investigated the impact of FDI on the economic growth of Cambodia by utilizing time series data throughout 2006-2016. Correlation matrix and multiple regression analysis techniques were used to analyze the collected data. The results of the study revealed that FDI has a positive impact on the economic growth of Cambodia. The study recommended that government should bring reforms in the domestic market to attract more FDI in Cambodia.

The most important factors in the economic growth of any country are commercial transactions and FDI. Market opening is due mostly to the accumulation of natural capital and technology transfer. Exporters try through competition to enter foreign markets by using innovation and production technology. FDIs increase the exporting capability in the host country and lead to profit increases in foreign exchange. They also increase the provision of funds for domestic investments, encourage the creation of new jobs, reinforce technology transfer, and increase total economic growth.

FDI has emerged as the most important source of external resource flows and has become a significant part of capital formation in developing countries, despite their share of global FDI remaining small or even declining.

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For PMWL Post

Sokang, K. (2018). **The Impact of Foreign Direct Investment on the Economic Growth in Cambodia: Empirical Evidence**; *International Journal of Innovation and Economic Development*, Volume 4, Issue 5, December, Pages 31-38. Available online at <https://researchleap.com/impact-foreign-direct-investment-economic-growth-cambodia-empirical-evidence/> ([Parchuri](#))

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