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The impact of FDI on economic growth: A Case Study of Kuwait

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Abstract

The primary Aim of this study is to assess the impact of Foreign Direct Investment (FDI) on Kuwait's economic development. FDI has demonstrated a positive influence on Kuwait's overall national performance. Given Kuwait's status as a developing nation, FDI holds strategic significance in driving the country's economic growth. A stronger emphasis on FDI is directly correlated with an accelerated pace of expansion for Kuwait. This study has employed primary quantitative research strategies, and to provide a more authentic and situation-specific analysis. The collected data offer insights into the practical dynamics of Kuwait's economy and the structure of its financial growth, with a specific focus on the efficacy of FDI. The data analysis reveals that FDI plays a pivotal role in Kuwait's economic growth by contributing to employment generation, infrastructure enhancement, technology transfer, innovation, and trade promotion.

Recognizing this, the Kuwaiti Government has undertaken economic reforms to attract greater FDI inflows into the country. These reforms aim to create a conducive environment for foreign investors and further boost Kuwait's economic development

Keywords: FDI , Economic growth, Kuwait

1.1 Introduction

Foreign Direct Investment (FDI) is a pivotal driver of economic growth, benefiting both the host country and the investing nation. Developing countries, as highlighted by Khan et al. (2023), prioritize FDI to fund infrastructure development and create local job opportunities. Multinational corporations also use FDI to expand their global presence. However, FDI is not without challenges, including increased political risks due to the involvement of multiple governments, as noted by Alshuwaiee et al., (2020).

Kuwait, as a developing country with substantial oil reserves, relies on FDI to enhance infrastructure and boost local employment. The country seeks to transform into a regional commercial and financial hub to diversify its oil-dependent economy, addressing the issue of limited economic growth (Rani et al., 2021). However, Kuwait faces challenges in achieving rapid diversification, as observed by Aljarallah and Angus (2020), potentially hindering FDI inflows.

Nevertheless, FDI remains crucial for promoting economic stability by bolstering anation's capital base, thereby facilitating the financing of new businesses and development projects, ultimately fostering economic growth.

1.2 Research problem

Foreign Direct Investment (FDI) significantly contributes to a country's economic growth by injecting a substantial volume of investment. FDI not only fosters infrastructure development but also enhances financial depth and human capital. Kuwait has ambitious goals to attract $200 billion in FDI by the end of 2023 (Wasti and Zaidi, 2020). However, Kuwait faces challenges due to its heavy reliance on domestic consumption, oil revenues, and the slow progress of diversification efforts, hindering the promotion of FDI.

The severe impact of the COVID-19 pandemic, as mentioned by Arman et al. (2022), has led to deteriorating financial conditions, rising inflation rates, and increased interest rates, all of which have slowed down Kuwait's economic growth Global economic disruptions, compounded by the crisis in Ukraine, have further exacerbated Kuwait's financial challenges. Consequently, foreign investors are becoming less interested in Kuwait due to these risks. To ensure future economic growth and expanded financial opportunities, Kuwait must prioritize FDI promotion within its borders.

1.3 research aim

Clearly outlining research objectives is crucial to provide a clear direction for this study's investigation. The objectives of the study are as follows:

- To comprehend the role of Foreign Direct Investment (FDI) in various countries.
- To examine the impact of FDI on Kuwait's economic growth.
- To identify the challenges that Kuwait encounters in relation to FDI, impeding the country's economic growth.

- To propose robust strategies for promoting FDI in Kuwait, ultimately leading to enhanced economic growth within the nation.

1.5 Research Questions

The questions of the study are as following:

- What is the function of foreign direct investment (FDI) in various nations?
- What exploration can be gathered regarding the impact of FDI on Kuwait's economic growth?
- What are the obstacles that Kuwait faces with regard to FDI and that are impeding the country's economic growth?
- What recommendation can be gathered regarding resilient strategies to promote FDI in Kuwait that will lead to improved economic growth in the nation?

2. literature review

Concept of FDI and Importance

FDI, as defined by Ding et al., (2019), refers to funds and investments received from other nations. It involves the acquisition of assets in different countries, granting the owner direct control over these assets, such as land, property, and organizations. FDI plays a significant role in a nation's growth and development, contributing to economic expansion and providing employment and job opportunities, as emphasized by Ullah et al. (2022).

The concept of FDI is intricately linked to global economic and industrial growth. It encompasses the establishment of new production units within a country and the expansion of companies into foreign markets to increase profitability and market reach. However, it is crucial to note that FDI can also lead to environmental degradation, as it often involves the intensive use of resources in foreign lands (Xiao et al., 2021).

The Importance of Foreign Direct Investment (FDI) in Different Countries

Foreign Direct Investment (FDI) plays a pivotal role in the growth and development of nations. Arian et al. (2020) emphasize that FDI represents vital foreign funds that countries receive, enabling them to develop infrastructure and manage resources more efficiently. It also connects economies to the global market, creating job opportunitiesand attracting further investments.

Regulation within a country, as noted by Contractor et al. (2020), is crucial for FDI. A welcoming business environment ensures continued investment, impacting employment rates, inflation, and living standards. Opening borders to foreign investments promotes ease of trade and accelerates business development.

FDI helps bridge the gap between domestic savings and investments, preventing countries from falling into debt cycles, as highlighted by Sajilan et al. (2019). It provides the necessary funds for nation-building projects and is particularly crucial for resource- rich regions like South Asia, where funds are lacking.

In addition, FDI contributes to innovation and skill development within nations (Caglr , 2020). Foreign companies bring knowledge, technology, and training to local communities, enhancing a region's attractiveness for further investments. It also drives energy efficiency and green technology adoption, fostering sustainable growth (Pan et al.
,2020)

FDI standardizes wages based on skills, promotes adjacent industries, and encourages technological advancements, as Saucedo, Ozuna, and Zamora (2020) and Zameer et al. (2020) point out. This results in overall economic growth and development within countries, bringing in new economic perspectives and strategies.

Governments often welcome FDI due to its potential to stimulate growth and innovation within a country. It is considered a catalyst for high-quality economic development. Nonetheless, FDI can sometimes compromise environmental sustainability, leading to debates and blame between developed and developing nations over the implementation of regulatory measures.

The Significance of FDI in Creating Economic Opportunities

FDI, as highlighted by Hanh et al. (2020), plays a pivotal role in fostering the growth and development of a country's industrial sector. Notably, recent trends have shown an increasing emphasis on environmentally friendly businesses, which can be further promoted through FDI. The paper underscores the indirect connection between environmental pollution and the economy. Rising pollution levels can devalue a nation's resources, leading to economic decline. FDI, particularly in environmental initiatives, is viewed as a significant opportunity to drive economic growth.

In many instances, FDIs have transitioned from traditional business investments to environmental investments, as emphasized in the paper. Song et al. (2021) point out that FDI inflows generate gradual yet steady opportunities in the form of new businessventures and innovative ideas. FDIs introduce new product demands, encouraging other businesses to follow suit, thereby creating substantial opportunities within a country. Dixit and Rzgar (2019) highlight FDI's potential to diversify markets and spur market growth for both countries and companies..

Mallick, et al. (2020) underscore the interconnectedness of FDI and globalization. Nations receiving FDIs tend to perform well in the international market. Without FDI, countries may face limited domestic opportunities. The paper emphasizes that the potential of FDIs in economies is vast, especially in terms of promoting globalization andstability amid economic uncertainties.

FDIs also contribute to infrastructure development within a country, as indicated by Shah et al. (2020). Robust infrastructure not only supports future growth but also attracts other businesses seeking high-revenue regions. Infrastructure investments create lucrative opportunities for additional businesses to invest, as they perceive the area as a potential revenue generator.

Furthermore, FDIs enhance a country's economic dominance and business potential within the region, as suggested by Gusarova (2019). Initiatives supported by FDI-funded programs aid in workforce development and contribute to overall economic growth.

Challenges Impacting FDI and Hindering Economic Growth

FDI, as noted by Contractor et al. (2020), significantly influences a nation's financial well-being by facilitating the transfer of technology from developed to developing countries. While this approach offers numerous benefits, it also poses challenges thatmust be addressed to fully harness its potential (Opoku, et al., 2019).

The foremost challenge lies in the perception that FDI might obstruct domestic investments, as suggested by Martínez-Galán and Fontoura (2019). This concern can lead to government intervention, discouraging local organizations from investing domestically and complicating liquidity circulation among them. Consequently, governments may be hesitant to welcome FDI into their countries. Establishing FDI investments requires comprehensive negotiations and adherence to legal compliance between nations (Hong et al., 2019). Additionally, FDI can sometimes facilitate foreign debt, but complex terms and conditions imposed by lending nations may lead to financial and diplomatic repercussions for debtor nations (Joghee et al., 2020). Therefore, political changes play asignificant role in shaping these situations. For instance, alterations in a nation's political landscape can influence its stance on FDI (Doytch, 2020). Liberal democratic nationstend to support FDI, while conservative governments with autocratic leaders and strong nationalistic views may restrict FDI inflow (Becker et al., 2020). Consequently, nations need to assess their circumstances and potential consequences in the event of government changes when formulating FDI investment procedures, just as organizations participating in FDI must consider mutual benefits.

The impact of exchange rates is another noteworthy challenge, as revealed by Joghee, Alzoubi, and Dubey (2020). A negative exchange rate can significantly affect an organization's FDI investment in a foreign nation. When a developed nation invests in a developing nation with a weaker exchange rate, fluctuations in the value of the dollar can influence the investment outcome. Similarly, if both investing and receiving nations experience negative foreign exchange rates, it can have detrimental effects on theiroverall investments (Opoku, Ibrahim, & Sare, 2019).

High costs represent yet another challenge. Investing in countries with limited access to raw materials or extensive reliance on imports can be expensive. Costs associated with machinery, employee wages, and intellectual property rights can strain an organization's finances, potentially leading to negative economic consequences (Becker et al., 2020).

Lastly, FDI is capital-intensive from the investor's perspective, making it inherently risky and potentially economically unviable (Opoku, Ibrahim, & Sare, 2019). These challenges highlight the need for careful consideration and risk assessment when engaging in FDI activities.

Trends in Various Countries to Mitigate Negative Impacts

Adeel-Farooq, Riaz, and 'Ali (2021) have highlighted that countries are increasingly implementing robust policies to combat environmental exploitation resulting from FDI. These measures reflect a growing awareness of the environmental consequences of FDI inflows. Moreover, nations are proactively encouraging FDI initiatives that align with circular economy principles, aiming to reduce and mitigate environmental impacts (Wang et al., 2021).

Countries like China are diligently monitoring the environmental footprint of FDI-driven industries, particularly those with energy-intensive trade systems. They closely regulate carbon emissions within firms funded through FDI and intervene whenever resources are at risk or environmental threats emerge. Additionally, these countries are implementing trade barriers to bolster their domestic markets and reduce the influence of foreign companies (Wang et al., 2021).

Conditional funding of FDI is another emerging trend, Countries recognize that FDI can significantly impact their overall growth and development, and, therefore, they are imposing conditions on investments to safeguard their interests. These conditions enable countries to take proactive measures to protect their economies (Pata, et al., 2023).

3. Methodology

Data source

Sample size

To assess Kuwait's economy and the impact of FDI effectively, the researcher enlisted the insights of 100 experienced employees from various Kuwaiti companies, each offering a unique perspective. By employing a survey approach, the researcher obtained valuable firsthand knowledge from the participants, contributing to the development of a robust and authentic research study (Miller et al., 2021).

Datacollection

Primary data was gathered from 100 employees in Kuwaiti industries using a quantitative approach, ensuring that the data collected was objective, quantifiabl and logical. To maintain objectivity and minimize potential controversies or subjective responses, a questionnaire format with 10 closed-ended questions was employed, eliminating judgmental and psychological answers (Doyle et al., 2020). Responses were collected through Google Forms, and this approach facilitated straightforward data analysis and interpretation

Data analysis

Method of data analysis is determined based on the nature of the data collected. Various tools are available for data analysis, depending on whether it's a secondary or primary research study. Thematic analysis is commonly used in secondary research studies, while primary studies employ a range of scientific tools, such as SPSS and various logistic analytical techniques (Ball, 2019).

4. Findings and discussion

Impact of FDI on National Performance

Options	Responses
Strongly Agree	29%
Agree	33%
Neutral	23%
Disagree	9%
Strongly Disagree	6%

Table (1) :Impact of FDI on National Performance

Table (1) illustrates the perspectives of survey respondents regarding the positive impact of FDI on Kuwait's national performance. Notably, approximately 33% of respondents expressed agreement with the positive effects of FDI, while an additional 29% shared this viewpoint. About 23% of participants provided neutral responses, whereas 9% expressed disagreement and 6% strongly disagreed. Analyzing the numerical data reveals that FDI is widely perceived as a positive contributor to Kuwait's national performance. Consequently, fostering the economy of Kuwait through FDI inflows appears promising.

Growth of Kuwait with FDI

Options	Responses
Strongly Agree	24%
Agree	34%
Neutral	20%
Disagree	15%
Strongly Disagree	7%

Table (2) : Kuwait's Contribution in attracting FDI

Respondents' perceptions regarding the impact of FDI on Kuwait's growth. Notably, the majority of participants, approximately 34%, responded positively, indicating that Kuwait indeed experiences growth as a result of FDI. Furthermore, 24% of participants held an extremely positive view on this matter. About 20% of respondents provided neutral responses. Conversely, 15% of participants expressed negative opinions regarding Kuwait's growth with FDI, with 7% holding extremely negative views. The data analysis highlights that FDI contributes significantly to Kuwait's growth across variousdimensions, including economic development, infrastructure expansion, employment generation, and overall economic advancement

Economic growth in Kuwait with the help of FDI

Options	Responses
Strongly Agree	26%
Agree	31%
Neutral	23%
Disagree	11%
Strongly Disagree	9%

Table (3) : Economic growth in Kuwait with the help of FDI

Table (3) presents participant opinions regarding the possibility of economic growth in Kuwait through FDI. It's evident that a majority, comprising 31%, agreed that FDI plays a positive role in economic growth, with an additional 26% expressing extremely positive sentiments. Neutral responses were received from 23% of the respondents. Conversely, 11% held negative views, while 9% had extremely negative opinions. These responses collectively underscore the significant contribution of FDI to Kuwait's economic growth. Existing literature also emphasizes Kuwait's objective of diversifying its export base and increasing FDI, with foreign investors being allowed 100% equity ownership in Kuwaiti companies.

Further Growth of FDI in Kuwait in upcoming years

Options	Responses
Strongly Agree	26%
Agree	37%
Neutral	24%
Disagree	8%
Strongly Disagree	5%

Table (4) : Further growth of FDI in Kuwait in upcoming years

Table (4) illustrates the anticipated growth of FDI in Kuwait in the coming years.Notably, the majority of respondents, comprising 37%, expressed optimism about FDI's future growth in Kuwait. Additionally, 26% of participants held extremely positive viewson this matter. Approximately 24% of the respondents offered neutral opinions. Conversely, negative responses were provided by 8% of the participants, with 5% expressing strong negativity regarding the prospect of FDI growth in Kuwait. It is noteworthy that an analysis of secondary sources aligns with these positive outlooks, with Kuwait's government economic reform policies supporting the expectation of increased FDI. This sentiment is further reinforced by the participants' views

FDI is also having a few negative impacts as well

Options	Responses
Strongly Agree	31%
Agree	35%
Neutral	17%
Disagree	9%
Strongly Disagre	8%

Table (5): Negative impact of FDI

Table (5) displays the opinions of 100 participants, with 31% strongly agreeing and 35% agreeing with the given statement. Furthermore, the accompanying graph illustrates that 9% and 8% of participants respectively disagreed and strongly disagreed with this statement. Significantly, 17% of respondents opted to remain neutral in this context. Based on this analysis, it can be concluded that FDI can indeed result in negativeconsequences, including the potential misuse of local resources, increased inequality due to an uneven distribution of benefits, the displacement of local businesses, and the risk of losing independence when foreign investors take control of critical industries and assets.

FDI is increasing more competition in the domestic market

Options	Responses
Strongly Agree	28%
Agree	29%
Neutral	28%
Disagree	7%
Strongly Disagre	8%

Table (6) FDI can increased competitions

FDI enhances competitiveness in the domestic market by introducing cutting-edge technologies, capital, and knowledge, thereby boosting production and efficiency. In line with this, the aforementioned table indicates that among 100 respondents, 28% agreed, and 29% strongly agreed with this statement. Furthermore, 28% of participants remained neutral in this context. The above table also suggests that, among the respondents, 7% disagreed, and 8% strongly disagreed with this assertion. However, this analysis supports the notion that FDI fosters the entry of new competitors, broadening customer choices and market opportunities. Additionally, foreign companies often possess extensive global networks, affording them access to global markets and a larger arena for competition.

FDI is increasing the market for Kuwait brands and companies

Options	Responses
Strongly Agree	21%
Agree	27%
Neutral	35%
Disagree	9%
Strongly Disagre	8%

Table (7): FDI for Kuwait brands and companies

FDI is significantly expanding the market for Kuwaiti brands and businesses. Kuwaiti enterprises are now benefiting from increased access to new capital, technologies, and knowledge due to rising FDI inflows. Table (7) indicates that among the 100 participants, 21% agreed, and 27% strongly agreed with this statement. The accompanying graph also illustrates that 35% of respondents among those participants chose to remain neutral in this context. Additionally, 9% of respondents disagreed, and 8% strongly disagreed with this assertion. In analyzing this data, it can be concluded that the market for Kuwaiti brands and businesses is indeed expanding thanks to FDI.

Kuwaiti companies are prepared enough to deal with FDI

Options	Responses
Strongly Agree	29%
Agree	31%
Neutral	24%
Disagree	8%
Strongly Disagre	8%

Table (8): Kuwaiti companies with FDI

The capacity of Kuwaiti businesses to engage with FDI has made significant strides. In order to promote and foster a welcoming environment for investment, the government has implemented a series of rules and regulations. Table (8) reveals that among the 100 participants, 29% agreed, and 31% strongly agreed with this statement. It is worth noting that 24% of respondents in this group chose to remain neutral in this context. Additionally, the graph above indicates that 8% of respondents disagreed, and an equal number of respondents strongly disagreed with this assertion. Analyzing the data, it canbe inferred that Kuwaiti businesses have demonstrated their readiness to collaborate with FDI, underscoring their commitment to attracting and retaining foreign investment.

FDI will lead Kuwait to global influencing factors

Options	Responses
Strongly Agree	27%
Agree	34%
Neutral	22%
Disagree	10%
Strongly Disagre	7%

Table (9): **FDI for lead Kuwait to global influencing factors**

Kuwait has the potential to emerge as a major global player, thanks to FDI. By attracting substantial FDI inflows, Kuwait stands to benefit from increased economic growth, technological advancements, and the transfer of knowledge. Table (9) reveals that among the 100 participants, 27% agreed, and 34% strongly agreed with the statement depicted in the graph above. Additionally, the graph also shows that 22% of survey participants opted to remain neutral in this context. Furthermore, 10% and 7% of respondents respectively disagreed with this assertion. Based on this analysis, it can be concluded that

FDI has the potential to foster international collaboration, thereby enhancing Kuwait's political influence and strategic significance on the global stage.

Discussing the First Research Question

The primary objective of the first research question is to comprehend the role of FDI in countries. In this context, it is evident that FDI brings in capital inflows that play a pivotal role in addressing a nation's savings-to-investment imbalance. This additional capital can elevate investment levels, stimulate economic growth, and contribute tooverall economic expansion. Furthermore, FDI serves as a conduit for the transfer of technology and knowledge from foreign investors to the host country. Multinational corporations often bring valuable best practices, managerial expertise, and cutting-edge technologies that can enhance the productivity and competitiveness of domestic industries.

Additionally, FDI has the potential to generate employment in the host country. Foreign investors frequently establish new businesses or expand existing ones, thereby creating more job opportunities. Through the establishment of production facilities in host countries geared towards export-oriented activities, FDI can also foster global trade. This can result in increased exports, greater diversification of trade, and integration into global value chains, all of which can have positive economic implications.

Moreover, it has been observed that foreign investors often invest in the development or improvement of communication networks, transportation infrastructure, and other physical facilities. These investments can have a beneficial ripple effect on the broader economy, leading to improved economic prospects.

The findings of this study, within the scope of the first research question, offer a comprehensive understanding of the role of FDI in countries. Specifically, this research has revealed that FDI contributes significantly to the creation of employmentopportunities. This assertion is corroborated by Contractor et al. (2020), who argue that FDI's infusion of capital positively impacts a country's economic development.

Regarding the transfer of technology and innovation, it is evident that FDI plays a pivotal role in introducing innovative technologies to a host country. As emphasized by Sajilan et al. (2019), this technology spillover effect can foster the development of new industries and the enhancement of existing ones.

Moreover, this study underscores the positive influence of FDI on employment. In alignment with this, Pan et al. (2020) have identified that FDI exerts a positive influence on the labor market, leading to reductions in unemployment rates and improvements in the living standards of the local population. Saucedo, Ozuna, and Zamora (2020) have also highlighted FDI's significant role in enhancing a country's physical infrastructure.

Explanations for Discrepancies or Correspondences in the Initial Finding

Differences or similarities in the outcomes of this study concerning the first research question can be attributed to several factors. Firstly, variations may arise from differences in industry sectors, geographic locations, and the specific research methodologies employed. Additionally, any alterations in government policies and shifts in macroeconomic conditions can also impact the findings of this study.

Discussing the Second Research Question

The primary aim of the second research question is to delve into the impact of FDI on Kuwait's economic growth. Within this context, it becomes evident that FDI inflows have made substantial contributions to Kuwait's overall economic development. The establishment of foreign businesses and investments across various sectors has served as a catalyst for economic activities, employment generation, and the expansion of production capacities. These dynamics, in turn, have contributed to positive GDP growth.

Furthermore, FDI has played a significant role in specific sectors of Kuwait's economy. Quantitative analysis indicates that FDI introduces innovative technologies, managerial expertise, and best practices to Kuwait. This technology transfer has the potential to result in increased productivity, innovation, and the modernization of regional industries.

Moreover, the quantitative analysis highlights the positive spillover effects generated by FDI, benefiting Kuwait's domestic economy. Notably, FDI supports initiatives geared towards exports and advanced trade integration. Foreign investors often establish industrial facilities in Kuwait for export-oriented purposes, contributing to economic diversification and increased participation in global value chains.

The findings concerning the second research question indicate that FDI contributes to the acceleration of Kuwait's economic growth. This observation aligns with the views of Song et al. (2021), who assert that FDI has a positive impact on a country's economy. However, it's worth noting that Dixit and Rzgar (2019) argue that FDI inflows can pose challenges for small-scale organizations, as local businesses may face increased competition due to FDI inflows. Nevertheless, this study reveals that different sectors of Kuwait have benefited from FDI inflows, ultimately contributing positively to overall performance. For instance, in the oil and gas sector, as highlighted by Mallick, Mahalick, and Padhan (2020), FDI and technological expertise have played a crucial role in enhancing production capabilities and increasing oil exports.

Furthermore, this study suggests the potential for further growth in FDI in Kuwait in the coming years. This perspective aligns with the idea put forth by Shah et al. (2020), which emphasizes that the Kuwaiti government has focused on reforms to accelerate economic development through FDI.

Explanations for Differences or Similarities in the Second Finding

Differences or similarities in the outcomes of this study related to the second research question can be attributed to various factors. These include the size of the host country's market and its integration into global value chains. Additionally, variations may arise due to differences in sample size, participant demographics, research methodology, and the study's time frame.

Discussing the Third Research Question

The primary focus of the third research question is to investigate the factors that hinder Kuwait's economic growth in terms of FDI. The key findings point to various issues, including complex regulations, protracted bureaucratic processes, limited diversification, inadequate infrastructure, and the need for improved investor protection. These barriers act as impediments to FDI inflows and hinder the overall economic development of the nation.

Despite Kuwait's abundance of natural resources, the country faces several challenges that constrain its economic expansion, especially in terms of attracting foreign direct investment. These challenges make it more difficult for the nation to diversify its economy and reduce its reliance on oil revenues. Contractor et al. (2020) have identified that Kuwait's stringent regulatory framework for controlling foreign investment serves as a significant barrier. Lengthy, intricate legal and administrative procedures associated with starting and operating businesses can deter potential investors. Similarly, the analysis of the quantitative study in this research highlights the absence of comprehensive foreign investment laws and clear FDI regulations, leading to reduced transparency and creating uncertainty, which discourages foreign firms from making long-term commitments.

Furthermore, Grekou and Owound (2020) have noted that the small market size and lack of regional coordination represent another significant challenge. The relatively modest size of Kuwait's domestic market limits the potential for scalability and profitability for foreign investment. Additionally, the current study identifies that Kuwait struggles to attract businesses seeking access to larger markets due to the absence of robust regional trade agreements or financial integration initiatives.

On the other hand, Doytch (2020) argues that the labor market in Kuwait presents another obstacle for FDI. The reliance on expatriate labor, coupled with employment restrictions and a rigid labor market, poses challenges for international companies seeking to recruit and retain skilled personnel. The lack of a skilled local workforce hampers knowledge-intensive enterprises.

Explanations for Differences or Similarities in the Third Finding

Differences or similarities in the conclusions regarding Kuwait's barriers to FDI and economic growth can be attributed to variations in research methodology, data sources, and analytical frameworks employed by different scholars. However, there may be commonalities in identifying factors such as political instability, limited diversification, regulatory constraints, and bureaucratic hurdles as impediments to both FDI and economic progress in Kuwait.

Discussing the Fourth Research Question

The primary focus of the fourth research question is to explore strategies for boosting FDI in Kuwait, ultimately promoting economic growth. The key findings suggest adaptable tactics aimed at accelerating economic development. These recommendations include streamlining administrative processes, offering attractive incentives for investment, establishing institutional frameworks, fostering collaboration between the public and private sectors, and diversifying the economy to reduce reliance on oil.

The research on strategies for promoting FDI in Kuwait and achieving enhanced economic growth underscores the importance of adopting resilient tactics. As suggested by Becker et al. (2020), Kuwait should prioritize improving its business climate by reducing administrative bureaucracy, simplifying regulations, and enhancing transparency. Quantitative data analysis also indicates that creating a one-stop shop for business registration and permit acquisition, coupled with investor-friendly legal reforms, could attract FDI.

Furthermore, Wang et al. (2021) emphasize the significance of developing robust infrastructure, including digital connectivity, ports, logistics centers, and transportation networks. Infrastructure development not only facilitates smoother business operations but also enhances Kuwait's overall attractiveness as an investment destination.

Additionally, Pata et al., (2023) point out the vulnerability of Kuwait's economy due to excessive reliance on oil revenues. Therefore, diversifying the economy by fostering industries such as manufacturing, hospitality, technology advancements, and renewable energy can attract FDI and reduce susceptibility to fluctuations in oil prices.

Moreover, the current study identifies that an educated and skilled workforce is crucial for encouraging FDI and promoting economic progress. Kuwait should focus on enhancing its educational and vocational institutions to meet the demands of emerging industries and foster innovation.

Explanations for Differences or Similarities in the Fourth Finding

Differences or similarities in the conclusions regarding effective strategies to attract FDI in Kuwait can be attributed to variations in research methodology, data sources, and analytical frameworks employed by different scholars. However, commonalities may emerge when focusing on shared objectives such as legislative reforms, infrastructure development, investment incentives, and the cultivation of a favorable business environment.

Recommendations

- The recommendations to Kuwait such that it can improve FDI to experience better economic growth:
- Trade Policy Revision: Kuwait should consider revising its trade policy to encourage more international trade. Increased trade can foster economic

diversification, promote technology adoption, facilitate skills enhancement, and enhance competitiveness, all of which contribute to economic growth.

- Enhanced Trade Facilitation and Logistics: Improving trade facilitation and logistics operations is crucial. This would enhance Kuwait's connectivity to international markets, making it more attractive for foreign investors and businesses.
- Investment Promotion with Regulatory Clarity: Kuwait should actively promote investments, especially those that provide regulatory clarity. Efforts should bemade to minimize political uncertainties that could deter foreign investors and hinder the country's economic growth.
- Fostering Innovation: Kuwait should focus on fostering innovation within its business environment. Encouraging a competitive market driven by innovation can attract global production networks and address existing economic gaps.
- Labor Market Reforms and Gender Equality: Addressing labor-related issues is essential. Promoting women's safety and participation in the workforce can help bridge the gap between labor supply and demand in Kuwait's marketplace.
- Infrastructure Development: Investment in infrastructure, including logistics operations, should be a priority. Improving the overall infrastructure will support economic development by creating a more conducive environment for businesses and investors.

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