

РОЗДІЛ 6. ГРОШІ, ФІНАНСИ І КРЕДИТ

THE RELATIONSHIP AND FACTORS THAT ENCOURAGE FDI IN THE UAE: A RESEARCH METHODOLOGY

ВЗАЄМОЗВ'ЯЗОК ТА ФАКТОРИ, ЩО СПРИЯЮТЬ ПРИРОСТУ ПРЯМИХ ІНОЗЕМНИХ ІНВЕСТИЦІЙ В ОАЕ: МЕТОДОЛОГІЯ ДОСЛІДЖЕННЯ

This paper deals with the methodology for the research of foreign direct investment. The author investigated the current situation with foreign direct investment in the developed economies and UAE. He determined five research designs, and the five basic research methods: experimental design, longitudinal design, case study research design, comparative design, and survey design. The author measured the effect of FDI on the economic growth through measuring the impact of FDI on the GDP, information technology transfer, and management skills and knowledge transfer.

Key words: foreign direct investment, economic growth, determinants of economic growth, research methodology, research design, hypothesis.

Стаття присвячена методології дослідження прямих іноземних інвестицій. Автор досліджував поточну ситуацію з прямими іноземними інвестиціями в розвинутих економіках та економіці ОАЕ. Він визначив п'ять дослідницьких конструкцій та основні п'ять дослідницьких методів: експериментальне проектування, часове проектування, дослідження прикладних ситуацій, порівняльний аналіз та аналіз дослідницького проекту. Автор вимірював вплив прямих іноземних інвестицій на

економічне зростання шляхом вимірювання їх впливу на ВВП, трансфер інформаційних технологій, навички управління та передачу знань.

Ключові слова: прямі іноземні інвестиції, економічне зростання, детермінанти економічного зростання, методологія дослідження, методи дослідження, гіпотеза.

Стаття посвящена методології дослідження прямих іноземних інвестицій. Автор досліджував поточну ситуацію з прямими іноземними інвестиціями в розвинутих економіках та економіці ОАЕ. Він визначив п'ять дослідницьких конструкцій та основні п'ять дослідницьких методів: експериментальне проектування, часове проектування, дослідження прикладних ситуацій, порівняльний аналіз та аналіз дослідницького проекту. Автор вимірював вплив прямих іноземних інвестицій на економічне зростання шляхом вимірювання їх впливу на ВВП, трансфер інформаційних технологій, навички управління та передачу знань.

Ключевые слова: прямые иностранные инвестиции, экономический рост, детерминанты экономического роста, методология исследования, методы исследования, гипотеза.

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Introduction. The quality of research result mainly depends on the research methodology used and the data gathered, so it can be clearly concluded that in order to understand the real relationship and factors encourage the FDI in UAE, the researchers developed and used many methods and statistical tools. The developed methods and tools aim to improve the quality, accuracy, and depth of data gathered. While the nature of data gathered depends on the research methodology used.

Moreover, the scientific researches rely on the variables that mean the relationship between the phenomena and its variables or component. As the phenomena and its variables and component are determined, the researcher should choose or develop statistical tools and tests that could test the phenomena and reach accurate results.

Research Objective. This paper discusses the research methodology, framework, hypothesis development, statistical tools, and nature of data gathered. It should be noted that the quantitative techniques used in this research in order to reach the result and achieve the research aims, all the theory and technical issues related to study design and methods will be

discussed and the use of design, methods, and data collection will be justified.

Research methodology. The research methodology term refers to the tools could be used to reach the results; Ghauri and Gronhaug [11] defined the scientific methodology as clear procedures and rules that conclude practical results, which could be established and communicated with the research users. This presupposes that the researcher is responsible for choosing the correct research method depending on the nature of his research and date, the responsibility is to apply the right rules and procedures and interpret results, so the finding could be clear and understood by the research readers.

Bryman [5] identifies two types of the social research method, the first is quantitative and the second is qualitative. The qualitative method used in the social research is considered as a method to collect numerical data, and deductive view the relationships between theoretical side and research of the actual practice. While according to Ritchie et al. [25], the qualitative data could be collected by many ways such as observational methods, in-depth interviewing, group discussions, narratives, and analysis

of documentary evidence. Moreover, the qualitative approach could have an advantage over quantitative one, through the ability of the researcher to attach his understanding and meaning from realities of the individual. Straus and Corbin [30] and Rudestam and Newton [27] added that the qualitative approach is more discovery and less hypothesis testing.

The quantitative approach could be used by the researcher according to the problem clarity and data availability, according to Given [10], there is defined quantitative research as an empirical investigation in regard a specific phenomenon by statistical tools. Moreover, the process starts with building theories, setting hypothesis, collecting data, and then using mathematical and statistical tools to reach the result and interpret the findings.

In this study, the quantitative approach will be used due to many reasons, the first is that the study sets hypotheses and tests them, the nature of data is numbers, and moreover, the data will be collected in many ways but mainly by means of open and ended questions. So, the study will benefit from this approach and will be efficient to serve the study aim.

Research Design. The research design provides a general theme and guideline for any researcher to reach the final results, starting from data collection, analysis, and reach results for a specific phenomenon, according to Bryman [5]. The research design is defined by Nachmias & Nachmias, [5, p. 75] as:

«The program that guides investigator in the process of collecting, analysing, and interpreting observations; It is a logical model of proof that allows the researcher to draw inferences concerning causal relations among the variables under investigation».

From the above definition, we can clearly state the importance of the research design, as it is considered the track and guidance of researcher to achieve the research results, starting from the way of collecting the data, analysis the data, and reading the analysis in proper way; in a way that contributes to the knowledge and scientific researches.

According to the Bryman [5], the researcher could use the suitable research design in order to reach the final outcome, moreover, he determined five research designs, and the main five types are experimental design, longitudinal design, case study research design, comparative design, and survey research design. The explanation of each design is as follows:

1. Experimental design:

This research design is used by researchers when they want to investigate the relationship between one dependent and independent variable. Moreover, this design is helpful when the research contain clear theoretical framework.

2. Longitudinal design:

This research design is helpful when the researcher studies an effect or development of phenomena over time of period, so the researcher

observes the needed event or phenomena over time of period to understand the development, trend, and changes occurring during the time of the study.

3. Case study research design:

This design is used by the researcher in a case of studying details in a specific case and specific community. This approach study and depth investigate aspects within a company, sector or any other category.

4. Comparative design

The comparative research is performed when the researcher studies two cases and compares the end results to reach the final conclusion or advance understanding of the variables and its effect or relation. The compression could be performed on many levels to observe the constraints.

5. Survey design:

The survey researches are common in the social sciences; it includes a process that helps the researcher to take a sample of response and, at the end, analyse the collected data according to the questionnaire or interview response.

This study design belong to the survey design research for many reasons; first, the research investigates many independent variables and its effect on the dependent variable, the independent variable is represented by the foreign direct investment in the United Arab Emirates, while the dependent is the economic growth, transfer management skills, and information technology transfer. Moreover, the research relies on the survey in the data collection. Also, this study could be considered as case study research design as it focuses on the United Arab Emirates' economy since this study collects data about the UAE economy, and the data is not available elsewhere, this study could be considered as a case study.

Population and sample:

1. Population:

The study population is referred to the companies, individuals or units that the researcher targeted; in this study, the researcher targeted the employees working in the multinational corporation subsidiaries in UAE. This part will analyse the nature of FDI population in UAE.

According to the UNCTAD in 2015, the following table considers the FDI in UAE according to the countries; it clearly shows that the United Kingdom has the most investments in UAE as FDI with 23.7%, followed by the United States with 12.1%, then India as hits 11% of the UAE FDI in 2015, and the least is Switzerland with 5.7%.

While the FDI in the United Arab Emirates are distributed in many sectors as shown in the table (2), the main investment inflow belongs to financial intermediation as more than half of FDI in financial sector, followed by real estate with the share of 13.4%, and the lowest is the transportation and storage sector with the share of 2.1%.

Table 1

FDI inflows by country	
Main Investing Countries	2015, in%
United Kingdom	23.7
United States	12.1
India	11
France	9.9
Iran	8
Saudi Arabia	7.9
Kuwait	7.5
Austria	6.9
Japan	6.9
Switzerland	5.7

Source: UAE Bureau of Statistics – 2016

Table 2

FDI inflows by industry	
Main Invested Sectors	2015, in%
Financial intermediation	50.6
Real estate	13.4
Wholesale & retail trade; car repairs	13.2
Manufacturing sector	5.2
Information and communication	4.8
Construction	4.5
Mining	3.2
Professional, scientific, technical	3.1
Electricity, gas, steam, AC	2.9
Transportation and storage	2.1

Source: UAE Bureau of Statistics – 2016

From the above we can conclude that UAE is attractive for the UK, the USA, and India as they have about a half of FDI in the UAE economy, while the financial sector, real estate, and wholesale and retail sectors are the most attractive sectors in the UAE economy as the FDI investments in the mentioned sectors amount to about 77%.

The above statistics will help the researcher to determine the sample and how it could be distributed to the sectors and nationality of FDI in UAE. The following part will focus on the sample and the procedure to determine the sample.

Moreover, the number of forging companies operates in UAE, as of April 2016, there were 1941 companies.

2. Sample:

The sample plays a critical role in the study result, so the sample selection should be done in a careful manner and many factors should be considered; in this study, the following factors are considered:

Random sampling: in order to conduct fair and the accurate sampling, the researcher should choose a random sample from the population.

Representative sample: this study will choose a random sample, with taking into consideration a sample that represents all FDI nationality and sectors, no specific sample percentage for each nationality or sector but in the questionnaire distribution, the researcher will consider to cover all nationality and sectors in the sample.

Region sample: the sample will consider the FDI in all of UAE states, so the sample will be distributed in Abu Dhabi, Ajman, Fujairah, Sharjah, Dubai, Ras al-Khaimah and Umm al-Qaiwain. So, the sample will cover all the country states to represent the population better.

After considering the above factors, the researcher decides to assign a share of 15% of all the population to foreigner companies in UAE, as mentioned above, there are 1941 foreign companies in UAE and the sample will be selected to be 15% from 1941, so the sample will be 292 companies, this sample distributed to all FDI nationality, sectors, and all states. The respondents will be the employees who work in these companies.

At the same time, the other data will be covered by the economic reports regarding the volume of FDI in UAE and the country GDP, which is aimed at measuring the effect of FDI on the economic growth represented by the GDP.

Conceptual Framework. The study aims to identify the FDI impact on the economic growth in UAE and, according to the literature review section, many studies are conducted to determine the effect of FDI on the economic growth in the FDI hosting country, from that we measured the effect of FDI on the economic growth through measuring the impact of FDI on the GDP, information technology transfer, management skills, and knowledge transfer.

So the impact of FDI on the GDP will be measured as a direct effect, while other factors will be measured as an indirect effect. The following is the framework for the study.

Study Measurement:

Reliability: The researcher used Cronbach Alfa to indicate how well the items are positively correlated to one another.

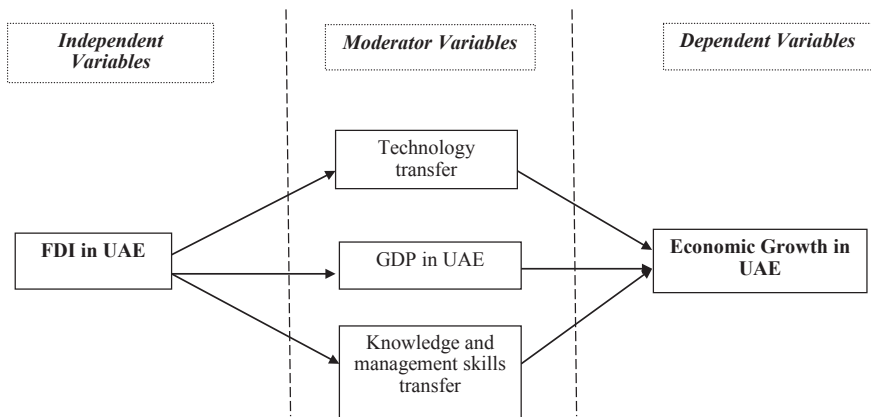


Fig. 1.

Validity: After the preparation of a measurement tool for the study, as initial verification of its reliability, the researcher presented it to a number of experts, with a view to ascertaining the veracity of the content of questionnaire paragraphs and relevance of objectives of the study.

Statistical Tools:

A. This is a descriptive study, which consists of the mean and standard deviation.

B. Linear regression: The least square method of linear multiple regressions was used in order to predict the effect of ERP system on the usefulness of accounting information.

C. F-test: Is used to test for differences among sample variance.

D. T-test: Is used to compare means on the subject in differing circumstances, which is using FDI and its effects on the economic growth.

E. Then the researcher explored the FDI subsidiaries and Multinational Corporation in UAE, opinions by collecting data from different resources and analysed it.

Hypothesis:

Foreign direct investment and trade inflows are very important factors in the growth of the economy in every kind of scenario. Trade plays the most important factors in the development of skills through the importation and superior production technology and innovation. To sustain in the international market, exporters generally use innovation and developed production technique that is to be defined in a very specific manner. The capital-intensive production manner is mostly followed to face the hard competition in all the developing countries.

Inward FDI is specific in some manner and can play a very important role by increasing the augmented part of funds for domestic investments in hosting countries. Some kinds of production chain are as follows when foreign investors buy locally made inputs and sell some of the inputs are generated in the form of mid-way [21].

FDI is responsible for new technology transfer, generation of new job opportunities, and boosting up economic growth with some specific agenda. It also determines the main channels for the technology transfer onsite to the local firms by the form of labour mobility and skills that are the main perspective for the employer. Imitation to a particular part of the technology that can grow the country and its economy could be a very important and specific chapter we can add in this content. It is the process of learning by watching effect.

As for example, we can say that a local company imitates the perspective of a multinational company and got some improvement in their particular output that is most appreciable in nature. There is much other cause that can grow the manufacturing production of a company like a spillover effect, in which out-

side employee from a multinational company comes to work in a local company that will definitely improve the quality of its desired output. There are various types of spillover like horizontal and vertical where the knowledge transfer can be from the top down methodology or may bottom up depending on the category of the candidate.

From the above, we can set the following hypotheses:

H₁: There is a statistically significant relationship between the FDI and GDP.

H₀: There is no statistically significant relationship between the FDI and GDP.

H₂: There is a statistically significant relationship between the FDI and technology transfer.

H₀: There is no statistically significant relationship between the FDI and technology transfer.

H₃: There is a statistically significant relationship between the FDI and Knowledge and management skills transfer.

H₀: There is statistically no significant relationship between the FDI and Knowledge and management skills transfer.

Questionnaire:

One of the data collection methods is the questionnaire, and it is built and designed to gather the data about the hypothesis, moreover, it consists of many questions, should be aligned with the research hypotheses and topic, and to be more effective, a question should be clear and understandable for the respondents. In addition, the questionnaire should be distributed to the right population.

The questionnaire could be conducted in many ways, through the mail, telephone, by hand, and by the internet as emails and websites [5].

This study questionnaire is designed to answer the three hypotheses stating the effect of FDI and economic growth, so it is designed to serve the research questions. After building, the questionnaire has been sent to three professors to review, and the feedback has been taken into the consideration, and the questionnaire updated to reach the final draft, which is distributed to the respondents. The questionnaire includes three parts, as following:

Part I: General information:

This part aims to collect general information about respondents as their experience, position, gender, age, nationality, education, sector, and location in UAE.

These demographic variables help to understand the population and the sample better and will be helpful in the research interpretation.

Part II: Technology transfer:

This part is designed to collect data related to the impact of FDI on the technology transfer, this serves hypothesis number two.

Part III: Knowledge and management skills transfer:

The aim of this part is to collect the data related to the relationship between the FDI and Knowledge and management skills transfer; which is related to hypothesis number three.

Conclusions and further research perspective.

This research argues that the development of economic growth in host country is associated with and affected by the volume of FDI inflows, in particular, more FDI inflows could mean more economic growth, this positive effect could be direct as increase in the Gross Domestic Product (GDP) or indirect as technology transfer, improvement of management and labour skills.

At the end, we can conclude that many countries are greatly affected by foreign direct investment. Host countries have effectively taken part in the process of giving a great environment to business and outside venture. They additionally have widened their imports and market with expansion in the number of nations. This additionally helped them to develop a framework of the nation. Some monetary methods like outsourcing, insourcing and offshoring helped them to grow great business relations with different nations, which by implication are impacted by the FDI. Foreign direct investment likewise prompts openness of the nation, which can have a negative effect on society and custom.

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ПРОБЛЕМИ ВИЗНАЧЕННЯ СУТНОСТІ ПОНЯТТЯ СИСТЕМА УПРАВЛІННЯ БЮДЖЕТОМ

THE PROBLEMS OF DEFINING THE ESSENCE OF BUDGET MANAGEMENT SYSTEM

У статті розглядаються ключові поняття, які формують підвалини визначення сутності поняття «система управління бюджетом». Також досліджено наявні підходи до визначення сутності поняття бюджетного менеджменту та поняття «система управління бюджетом» за умов відсутності чітко виробленого і законодавчо закріпленого визначення останнього. З метою розуміння сутності поняття «система управління бюджетом» розглянуто також такі поняття, як бюджетна система та бюджетний процес. Визначено, що різноманіття підходів спричиняє децю викривлене розуміння сутності поняття системи управління бюджетом.

Ключові слова: бюджетний менеджмент, бюджетна система, бюджетна політика, бюджетний процес, бюджетне управління.

В статье рассматриваются ключевые понятия, которые формируют основы определения сущности понятия «система управления бюджетом». Также исследованы существующие подходы к определению сущности понятия бюджетного менеджмента и понятие «система управления бюджетом» в условиях отсутствия четко выработанного и законодательно закрепленного определения последнего. С целью понима-

ния сущности понятия «система управления бюджетом» рассмотрены также такие понятия как бюджетная система и бюджетный процесс. Определено, что многообразие подходов приводит несколько искаженное понимание сущности понятия системы управления бюджетом.

Ключевые слова: бюджетный менеджмент, бюджетная система, бюджетная политика, бюджетный процесс, бюджетное управление.

The article deals with the key concepts that form the basis for determining the essence of the concept of «budget management system». Existing approaches to the definition of the essence of the notion of budget management and the notion of «budget management system» are also researched in the absence of a clearly elaborate and legally established definition of the latter. In order to understand the essence of the concept of «budget management system», such concepts as budget system and budget process are also considered. It is determined that diversity of approaches causes somewhat distorted understanding of the essence of the notion of a budget management system.

Key words: budget management, budget system, fiscal policy, budget process, budget management.

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Постановка проблеми. Роль управлінських рішень у сучасних реаліях зростає на всіх рівнях влади та на всіх рівнях господарювання. За умов інтеграції України до Європейського співтовариства ключовими напрямками залишається подолання корупції, підвищення транспарентності публічних фінансів та підвищення ефективності управління ними. А тому процес управління бюджетом посідає особливе місце в економічному розвитку, у забезпеченні фінансової стабільності та можливості досягнення високих темпів зростання. Система управління бюджетом є складовою частиною загальної системи державного фінансового менеджменту.

Аналіз останніх досліджень і публікацій. Важливість побудови ефективної системи управління бюджетними потоками потребує достатнього

аналізу у роботах вітчизняних науковців як понятійно-категоріального апарату, так і безпосередньо концептуальних засад її функціонування. У сучасній науці України деякі вчені-економісти роблять спроби теоретичного і методологічного обґрунтування і розкриття даного напрямку, але останнім часом більшість вітчизняних вчених уникають вивчення даного розділу. В економічній літературі розкриваються окремі питання так, зокрема, теоретичні аспекти бюджетування висвітлені в роботах М.М. Артуса, С.І. Юрія, В.Г. Дем'янишина, О.П. Кириленка, В.М. Федосова, М. Опаріна, В.І. Малькао, С.Я. Кондратюка, Г.Б. Коломійця, В.Г. Баранова, О.Ю. Дубовика, В.П. Хомутенка; технічні сторони бюджетних відносин: особливості формування доходів, специфіка витрат, міжбюджетні відносини та їх форми, стадії бюджетного