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THE IMPACT OF FOREIGN DIRECT INVESTMENT ON ECONOMIC GROWTH IN THE UNITED STATES

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ABSTRACT--*International investment is strategic step for country due to lack of capital and technology transfer and it is generally well known as Foreign Direct Investment (FDI). Many policy makers and academics contend that FDI can have important positive effects on a host country's development effort. This research examines the impact of Foreign Direct Investment on Economic Growth in the United States by multiple linear regression model and its estimation using ordinary least squares (OLS). This research classifies all the sectors to be 10 sectors. This research uses data for the period 2000 –2017 and suggests that not all forms of foreign investment seem to be beneficial to host economies. Some sectors provide positive correlation to economic growth and some provides negative effect. Nevertheless, it is significant yet, this is because there is different characteristic between developed and developing countries. Economic growth in the U.S is mostly driven by personal consumption.*

KEYWORDS-- *Economic Growth, FDI, Development Countries, United States.*

I. INTRODUCTION

The most important factors in the economic growth processing of any country are the commercial transactions and foreign direct investments (FDI). The market opening in economic growth is due mostly to the accumulation of natural capital and the technology transfer. The exporters would try through competition to enter foreign markets by using innovation and production technology. The FDIs increase the exporting capability in the host country and lead to profit increase at a foreign exchange mostly in developing countries. They also increase the provision of funds for domestic investments, encourage the creation of new jobs, reinforce the technology transfer, and increase in total economic growth (Dritsaki & Stiakakis, 2014).

The role of the foreign direct investment has been widely recognized as a growth-enhancing factor in the developing countries (Falki, 2009). FDI is one of the most famous sorts of investment in the world, and its impact on economic growth is positive (Younus, Sohail, & Azeem, 2014). For developing countries foreign direct investment (FDI) is considered to be a way to transfer technology and capital from other developing and especially developed countries (Melnyk, Kubatko, & Pysarenko, 2014). The economic rationale for offering special incentives to attract FDI frequently derives from the belief that foreign investment produces externalities in the form of technology transfers and spillovers (Carkovic & Levine, 2002).

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Do taxes affect circular economy? I think they do, but I do not think they do so significantly. I think the innumerable social, political, and economic factors that theoretically impact and interweave into the tapestry that is the economy, make it impossible to discern what if any effect taxes are having. I think there are too many variables we cannot control for, or even imagine, and that such imperfect information will skew the results. Consequently, I expect my regression to return data showing that many, if not most, of the tax variables I have chosen to include will either prove to be statistically significant, and therefore not predictive of economic growth. Evidence suggests that even when controlling for some of the most widely talked about factors in economic growth, like welfare spending and educational level, there is too much we do not know and cannot reduce into the form of a quantitative study.

Aim of the Study

The main objectives of the study are as follow:

To investigate the association between FDI and economic growth

To investigate the impact of FDI on economic growth in USA

To find out the current status of FDI and economic growth in USA

In response to the above objectives, the following key research questions were asked:

What is the association between FDI and economic growth?

How does foreign direct investment affect the economic growth in USA?

What is the current status of FDI and economic growth in USA?

II. LITERATURE REVIEW

Most of the studies have been done in the field of foreign direct investments and economic growth. Some of the major studies are reviewed as the following:

Silajdzic and Mehic (2015) found that FDI is assumed to directly affect economic growth by contributing to the gross fixed capital formation and indirectly by contributing to knowledge stock. More precisely, in the traditional framework, FDI is expected to directly affect economic growth since FDI is assumed to complement domestic investments, and considered to be an important supplement for capital and investment shortages. Further analysis showed that foreign direct investment has the positive impact on economic growth through knowledge spillovers in transition countries; technological and innovative efforts are suggested to be essential factor underpinning growth performance (Silajdzic & Mehic, 2015). Similarly, the study by Nistor (2014) found the positive impact of FDI on host economies, manifesting differently depending on the area and the region of the foreign investment; its impact depends largely on the quality and quantity of the inflow. The results show that the FDI inflows together with the human capital development contribute strongly to the host country's economic growth (Fadhil & Almsafir, 2015).

In all countries, especially developing, FDI plays a very important role, they are even considered as the engine of economic growth and development. Engaging in good conditions, foreign capital can help reduce the gap between the requirements of capital and national saving, raise skill levels in the host economy, and improve market access as well as contribute to technology transfer and good governance (Abbes, Mostéfa, Seghir, & Zakarya, 2015). Hong (2014) found that FDI exerts a positive impact on the economic development; furthermore, economies

of scale, human capital, infrastructure, and wage levels, and regional differences interact actively with FDI and promote economic growth in China, while the openness of trade does not significantly induce FDI. Chee and Nair (2010) showed empirical analysis that the development of financial sector enhances the contribution of FDI on economic growth in the region and the complementary role of FDI; meanwhile, it is most important for least developed economies in the region.

As like, FDI is an important vehicle for the transfer of technology, contributing relatively more to growth than domestic investment; however, the higher productivity of FDI holds only when the host country has a minimum threshold stock of human capital (Borensztein, De Gregorio, & Lee, 1998). On the other hand, a study by Gunby, Jin, and Robert Reed (2017) revealed that the effect of FDI on Chinese economic growth is much smaller than one would expect from a naive aggregation of existing estimates. FDI has a greater impact on per capita output growth than domestic investment for US states that meet a minimum human capital threshold (Ford, Rork, & Elmslie, 2008). Alvarado, Iñiguez, and Ponce (2017) explored that FDI has a positive and significant effect on the product in high-income countries, while in upper-middle-income countries the effect is uneven and non-significant. impact of foreign direct investment

A study conducted by Sakyi, Commodore, and Opoku (2015) suggested that an increase in FDI inflows triggers positive GDP growth in the long-run, an empirical investigation from Ghana during the period 1997-2011. Similar findings by Javaid (2016), the FDI has a significant positive impact on the GDP growth of Pakistan both in long-term and in short-term. Also, other factors such as the inflation and the population also show significant effects on the GDP in the long run (Javaid, 2016). Supporting this result, the study conducted by Younus et al. (2014) for the period 2000-2010 confirmed that there exists a positive relationship between economic growth, proxies by gross domestic product (GDP) and FDI in Pakistan. impact of foreign direct investment

Zhang (2001) provided an empirical assessment and found that FDI seems to help China's transition and promote income growth, and this positive growth effect seems to rise over time. As like, Liu, Burridge, and Sinclair (2002) found bi-directional causality between economic growth, FDI and exports. Also, economic development, exports, and FDI appear to be mutually reinforcing under the open-door policy. Based on the empirical analysis and findings, Tang, Selvanathan, and Selvanathan (2008) concluded that rather than crowding out domestic investment, FDI has a complementary relationship with domestic investment. FDI has not only assisted in overcoming shortages of capital, but it has also stimulated economic growth through complementing domestic investment in China (Tang et al., 2008). impact of foreign direct investment

An empirical analysis of Bangladesh conducted by Hussain and Haque (2016) reveals that there is a relationship between foreign direct investments, trade, and growth rate of per capita GDP. The further result showed that trade and foreign investment variables have a significant impact on the growth rate of GDP per capita (Hussain & Haque, 2016). The inflow of FDI to India indeed improves TFP growth through positive spillover effects (Choi & Baek, 2017). Another study found that for the Indian economy as a whole, FDI stocks and output are co-integrated in the long run (Chakraborty & Nunnenkamp, 2008). Pegkas (2015) found that FDI has a positive and significant impact on economic growth as economic theory predicts. Therefore, FDI plays a significant role in economic growth in Eurozone. FDI has been an important source of economic growth for Malaysia, bringing in capital investment, technology, and management knowledge. The study about the relationship between FDI and economic growth in Malaysia for the period 1970-2005 using time series data found that there is a significant

relationship between economic growth and foreign direct investment inflows; FDI has a direct positive impact on RGDP (Har, Teo, & Yee, 2008). The basic findings from the empirical studies can be summarized as follows: almost all of the studies have found a significant positive effect of FDI on economic growth.

III. METHODLOGY

The study on the impact of FDI on Economic Growth in USA was conducted using quantitative analysis. Quantitative method will be analyzed to give empirical findings, so the testing of the hypothesized predictors with FDI and Economic Growth is required. The empirical findings used to suggest some essential recommendations to the FDI as well as host country, thus they can identify the relationship between FDI and growth. The secondary data sources were used to assess the impact of FDI on the economic growth in USA. The study analyzes time series data throughout 2006 – 2016 for the following independent variables including Foreign Direct Investment (FDI), Inflation Rates (CPI), and Foreign Exchange Rate (EXR). The data were obtained from the World Development Indicators (WDI) database published by the World Bank.

Model Specification

To test the relationship between economic growth and FDI, Inflation Rates and Exports variables, we estimated a linear regression model of the following form by using the SPSS with Ordinary Least Squares (OLS) estimator. impact of foreign direct investment

$GDP = C+\beta 1FDI+ \beta 2CPI + \beta 3EXR+e$

Where:

C = Constant term, e = Error term

$\beta 1 \ldots \beta 3$ = Regression Coefficients

GDP=Gross Domestic Product (Dependent Variable)

FDI=Foreign Direct Investment

CPI=Consumer Price Index (Inflation Rates)

EXR=Foreign Exchange Rate

This research uses secondary data from The U.S. Chamber of Commerce to gain detail number of FDI value by sectors in US, the financial inflows has been minus with outflow without current-cost adjustment, so the data is based on historical cost. The type of data is quantitative data, the term quantitative data is used to describe a type of information that can be counted or expressed numerically. This type of data is often collected in experiments, manipulated and statistically analyzed. Author classify all data in 10 sectors following the classification from the U.S. chamber of commerce, this is to make US government easier to take advantage of this research as they already understood the characteristic of these sectors as they made it by themselves. It is taken from 2000 to 2011 to avoid bias and result in more convincing study. The data of real GDP growth of US is taken from US Department of Commerce: Bureau of Economic Analysis. The main advantage of using secondary data is assumption that the data is valid and reliable.

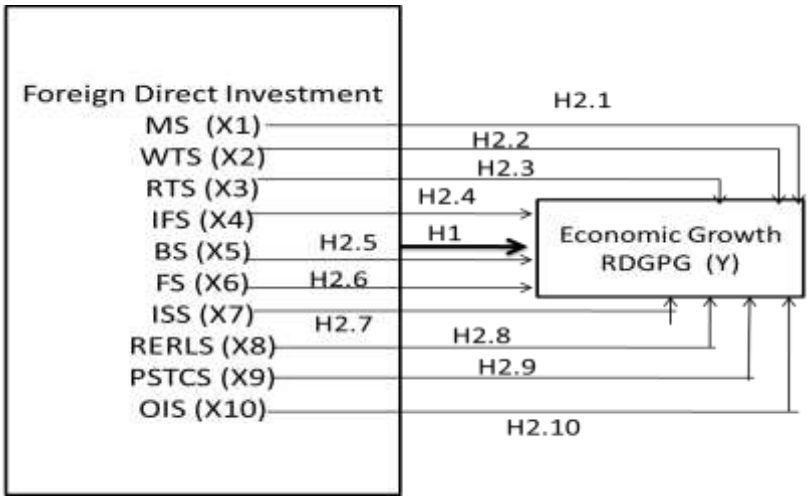

Figure 1: Research Framework

The data is collected by literature study and documentation, literature study is to find information about each variables used and what the correlation between independent and dependent variable. Documentation technique is used to find time series data about the related variables, author searches the data from government website so that reliability and validity of the data can be guaranteed, and this is to make a very convincing study and high value of the research that it can bring a lot of advantages to any parties (Santoso, 2000).

The econometric method will be used in this research is multiple linear regression model with ordinary least square method. The general purpose of multiple regressions is to learn more about the relationship between several independent or predictor variables and a dependent or criterion variable. The analysis process will utilize SPSS to find the result easily. Multiple linear regression attempts to model the relationship between two or more explanatory variables and a response variable by fitting a linear equation to observed data.

The descriptive analysis from overall data result in the table below, this is result from SPSS 22 which shows number of data or n, minimum, maximum, mean, standard deviation and a little bit discuss about the skewers and kurtosis.

Table 1: Descriptive Statistics

Source: the secondary data is computed in SPSS 22

According to the data above, all variables use data in 12 years and from 12 data, the minimum number of FDI in manufacturing sector is 18.235 million dollars with maximum number of 105.119 million dollars. Standard deviation of manufacturing sector is higher than its mean. It indicates that there is extreme data which is usually known as outlier, however it is still proceed in regression because that is the original data of FDI which is definitely fluctuate from year to year depend on the business activity of companies. To read another sector, it is exactly the same way as manufacturing sector data read.

F-Test Finding

F-Test or Analysis of Variance (ANOVA) basically show whether all independent variables in the model do contribute significantly to dependent variable or not simultaneously. Here is the finding from SPSS 22 of F-test.

	N	Minimum	Maximum	Mean	Std. Deviation	Skewers		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Y-RGDPG	18	-3.1	4.1	1.792	1.9176	-1.635	.637	3.342	1.232
X1-MS	18	18235	105119	6.55E4	32299.465	-.271	.637	-1.486	1.232
X2-WTS	18	-5339	52501	2.18E4	15132.736	.160	.637	.653	1.232
X3-RTS	18	-2201	7203	2622.42	2708.602	-.072	.637	-.505	1.232
X4-IFS	18	-11929	51472	1.02E4	17639.078	1.168	.637	1.555	1.232
X5-BS	18	-804	24752	1.06E4	7632.211	.317	.637	-.697	1.232
X6-FS	18	-3541	67989	1.67E4	18839.248	1.953	.637	5.039	1.232
X7-ISS	18	-12105	37500	1.25E4	15125.579	.414	.637	-.311	1.232
X8-RERLS	18	-4753	7776	614.08	3348.534	.429	.637	.877	1.232
X9-PSTCS	18	1122	34136	7757.17	8717.909	2.901	.637	9.291	1.232
X10-OIS	18	12873	71510	3.26E4	19124.090	.945	.637	.014	1.232
Valid N (list wise)	18								

Table 2: Table of F-Test Finding

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	35.932	17	3.593	.796	.712[a]

Residual	4.517	1	4.517		
Total	40.449	18			

a. Predictors: (Constant), X10-OIS, X9-PSTCS, X3-RTS, X7-ISS, X4-IFS, X5-BS, X6-FS, X1-MS, X8-RERLS, X2-WTS

b. Dependent Variable: Y-RGDPG

Source: the secondary data is computed in SPSS 22

To test whether the model fit or not is from the comparison between sig. in the ANOVA table and alpha 0,05%. If sig. > 0,05 then model is rejected but if sig. < 0,05 then model is accepted. From the finding above, it can be concluded that model is rejected and all independent variables simultaneously don't provide significant impact on dependent variable, it can also be explained that Ho is accepted and H1 is rejected.

t-Test Finding

t-test basically show whether all independent variables in the model do contribute significantly to dependent variable partially. Here is the finding from SPSS 22 of t-test.

Table 3: Table of t-Test Finding

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.892	1.972		.959	.513
	X1-MS	-.001	.000	-.446	-.507	.701
	X2-WTS	-.002	.001	-4.310	-1.031	.490
	X3-RTS	-.005	.003	-7.487	-1.739	.332
	X4-IFS	.000	.000	1.861	1.852	.315
	X5-BS	.000	.000	1.945	1.223	.436
	X6-FS	.000	.000	.533	.388	.765
	X7-ISS	.002	.000	.737	.759	.587
	X8-RERLS	-.002	.001	-4.287	-1.714	.336
	X9-PSTCS	.001	.001	5.507	1.532	.368
	X10-OIS	.000	.000	3.131	1.447	.385

a. Dependent Variable: Y-RGDPG

Source: the secondary data is computed in SPSS 22

To test whether each independent variables has significant impact or not on the dependent variable, we can observe it from the comparison between sig. in the table above and alpha 0,05%. If sig. > 0,05 then alternative hypotheses is rejected and null hypothesis is accepted but if sig. < 0,05 then alternative hypotheses is accepted and null hypothesis is rejected. From the table above, sig. of all independent variables show insignificant impact because those are more than 0,05 and therefore Ho is accepted and FDI in 10 sectors don't provide significant

impact on economic growth. Manufacturing, wholesale trade, retail trade and real estate, rental, leasing sector are even proven give negative impact on economic growth, it means that when FDI in those sector increase, the real GDP growth will decrease insignificantly.

Coefficient of Determination (R^2) Finding

R^2 is to determine the strength and power of the impact of independent variables on dependent variable, the table below will explain the finding from SPSS 22 in more detail.

Table 4: Table of R^2 Finding

Model	*R*	*R Square*	*Adjusted R Square*	*Std. Error of the Estimate*
1	*.943[a]*	*.888*	*828*	*2.1253*

a. Predictors: (Constant), X10-OIS, X9-PSTCS, X3-RTS, X7-ISS, X4-IFS, X5-BS, X6-FS, X1-MS, X8-RERLS, X2-WTS

Source: the secondary data is computed in SPSS 22

The value of R square is equal to 88,8%, it means that 88,8% of real GDP growth is influenced by FDI in 10 sectors and 11,2% is influenced by other variables out of the model. Adjusted R square is 82.8% which means that 82.8% of economic growth in the U.S is affected by foreign direct investment in those 10 sectors, while 17.2% is affected by other variables out of the research model.

Coefficient of Partial Determination (Partial r^2) Finding

Table 5: Table of Partial r^2 Finding

Model		Correlations				
		Zero-order	Partial	Part	Partial R^2	Ranking
1	(Constant)					
	X1-MS	.088	-.452	-.169	.028	9
	X2-WTS	.313	-.718	-.345	.119	7
	X3-RTS	-.406	-.867	-.581	.337	2
	X4-IFS	.214	.880	.619	.383	1
	X5-BS	-.372	.774	.409	.167	6
	X6-FS	-.314	.361	.130	.016	10

X7-ISS	.072	.605	.254	.064	8
X8-RERLS	.412	-.864	-.573	.328	3
X9-PSTCS	.438	.837	.512	.262	4
X10-OIS	-.309	.823	.484	.234	5

a. Dependent Variable: Y-RGDPG

Source: the secondary data is computed in SPSS 22 and author self-computation

The column "Part" refers to the semi-partial correlation coefficient. The squared semi- partial coefficient for variable X2 equals the R-square change value from the hierarchical regression when variable X2 is added to the model already including variable X1 and soon. It means that part value describe R^2 for each independent variables to the dependent variable or named partial R^2. After ranking process, the table of ranking result can be present as follow:

Table 6: Table of Contribution Ranking

Ranking	**Name of Sector**	**Contribution to real GDP growth (%)**
1	Information Sector	38,3%
2	Retail Trade Sector	33,7%
3	Real Estate, Rental and Leasing Sector	32,8%
4	Professional, Scientific and Technical Service Sector	26,2%
5	Other Industry Sector	23,4%
6	Banking Sector	16,7%
7	Wholesale Trade Sector	11,9%
8	Insurance Sector	6,4%
9	Manufacturing Sector	2,8%
10	Finance Sector	1,6%

Source: self-organized computation, 2012

Information sector seems to have the biggest contribution, real GDP growth is 38,3% explained by FDI in that sector. In contrast to information sector, finance sector can't explain real GDP growth as it has the least R^2 of 1,6%. This ranking is an essential step for a country to make priority and policy in increasing economic growth. Since the sectors are classified more in more detail, author can figure out that not all service sectors provide positive significant impact on economic growth, finance is recognize as service business but it is proven in the last rank of the table.

IV. DISCUSSION

The macroeconomic literature had focused on total FDI inflows or stocks, in part due to data limitations. This work suggests that not all forms of foreign investment seem to be beneficial to host economies. FDI in some sectors such as manufacturing, wholesale trade, retail trade and real estate, rental, leasing sector are found negatively correlated to the economic growth while the others like information, banking, finance, insurance, professional, scientific technical service sector and other industry has positive correlation to economic growth of the United States.

Nevertheless, it has not yet been established as a significant determining factor for the economic growth of the United States. When the coefficient is insignificant, no inference can be drawn from the result under the used data set and the model. Net foreign investment in information sector is the best one explains the economic growth in the U.S while finance sector has no relevance with economic growth. Since no previous study concerned to different characteristic of industry's influence to economic growth, this research has answered the curiosity above, the finding also leads author to object the previous time-series research that FDI provides significant contribution to economic growth is not applied to all countries equally. In this research, author find new contrast empirical finding to the previous research said that FDI contribute to economic growth significantly, foreign investment in all sectors definitely don't provide any significant impact on economic growth. The empirical finding of this research is not consistent with Borensztein, De Gregorio, and Lee (1998) research said that there is a positive relationship between FDI and economic growth, here FDI in 4 sectors are found to have negative effect to economic growth as it is broken down to be 10 groups, and moreover FDI doesn't not significantly influence economic growth. This empirical finding is in line with Frenkel et al (2004) and Ram and Zhang (2002) who confirmed that FDI does contribute to economic growth. Alfaro (2003) argued that total FDI exerts an ambiguous effect on growth but in this research, it is not proven. Sector really a matter for both researches, but this research classify in more detail compared to research of Laura Alfaro and others, Laura Alfaro's empirical finding also represent the impact on FDI in many countries with different characteristics that the result is ambiguous therefore it is not wise to compare that to this research which specifically discuss about the U.S as a developed country and most attractive destination for foreign direct investment.

All researches above didn't find answer about the impact of FDI on economic growth in the U.S only, the U.S is only one of the samples used in their researches, therefore there is a tendency that significant impact was not come from the U.S data of FDI but mostly influenced by other countries with their different characteristics to The U.S. Author argues that the both positive and negative significant empirical findings of researches above are mostly influenced by developing country samples. This argument stands in line with Johnson (2006) whose research found that there was a difference between the impacts of FDI on economic growth in the group of developing countries and developed countries. His paper contributes to the mixed results of earlier empirical studies by the finding that FDI inflows have a positive effect on host country economic growth for developing but not for developed economies. The analysis was not able to find any indications that FDI inflows affect host country economic growth in developed economies.

The empirical finding of this paper is logic because developed country like the U.S does not really need technology transfer from outer countries since the United States remains the world leader in scientific and technological innovation. One interesting fact that the U.S economic growth didn't depend on foreign investment, personal consumption has been dominating contribution to GDP since a long time ago. It leads author to argue that

actually the contribution of investment especially the foreign one, is relatively small to GDP in the U.S therefore, it definitely contribute insignificantly to economic growth. Rapidly growing developing countries tend have more investment than consumption, perhaps that behavior is influenced by awareness of the opportunity from high unemployment and easy competition in the market. It will lead to lower labor cost and higher market demand, therefore is absolutely logic that investments spring to the countries. Theory said that motive of foreign investor investing in a country because they seek market, resource and operation efficiency. Foreign investment will like to execute their portfolio and market development into developing countries more than developed countries because it is still rich of buried potential resource and labor need to welfare is still relatively simpler than people in developed countries. GDP in developed countries is not significantly contributed by foreign direct investment. Personal consumption is the driver of GDP in developed countries including the U.S then perhaps it is the reason why investment does not contribute significantly to real GDP growth.

In addition, there are some researches who found consistence result with this research, Hanson (2001) argues that evidence that FDI generates positive spillovers for host countries is weak. Surveying the macro empirical research led Lipsey (2004) to conclude that there is no consistent relation between the size of inward FDI stocks or flows relative to GDP and its growth. He further argues that there is need for more consideration of the different circumstances that obstruct or promote spillovers. Manufacturing and trading foreign companies are negatively correlated to reap GDP growth in the U.S probably because manufacturing foreign companies after stand in the land if the U.S imports a very large amount of material and work-in-process good even more than the investment value itself, while foreign wholesaler and retailer also build a branch in the U.S so that they can easily distribute the competitive product from their home country in the

U. S market. The negative relationship could also be as a result of insufficient FDI fund invested into the American economy which has not been able to exert enough impact to make it positive or growth enhancing, it may applicable to real estate, rental and leasing sector.

V. CONCLUSION

The research found that FDI in 10 sectors used simultaneously provide a significant impact on economic growth, real GDP growth is explained 90,4% by FDI growth while 9,6% is explained by other variables out of the model. However there are some differences occur in the result manufacturing, wholesale trade, retail trade, information, real estate, rental, leasing and other industries contribute significantly and positively to the economic growth in the U.S, it is stand in line with previous studies while insurance, professional, scientific and technical service sector contribute significantly and negatively to the economic growth. Two industries: banking and finance sector don't provide significant impact in confidence level of 95%.

Insurance sector contribute significantly and negatively because the disability of insurance companies to pay claim had lower the productivity in the U.S. FDI in professional, scientific and technical service sector also contribute significantly and negatively as it just makes the expense and productivity of companies become lower as the worse quality of foreign professionals. The U.S. manufacturing has help to increase GDP since a long time ago from export and investment. Manufacturing represents nearly 60% of total U.S. exports in 2017. it provides

positive and significant impact on economic growth. The foreign investment in both wholesaler and retail trade sector has increased consumption in the U.S. Personal consumption historically represents 70% of our nation's GDP therefore it provides positive and significant impact on economic growth. The U.S. continues to be the largest telecom market in the world and is expected to grow faster than most other developed countries to a total of $721 billion by 2015, or 3.7 percent every year, therefore foreign investment in this sector will provide positive and significant impact on economic growth.

The stability of U.S. property markets still make them attractive destinations for FDI and it provides positive and significant impact on economic growth. Growing consumer demand and world class innovation – combined with a competitive workforce and supply chain capable of building, installing and servicing all energy technologies – makes the United States the world's most attractive market in the $6 trillion global energy market. It attracts more FDI to come and provide positive and significant impact on economic growth. Finance sector does not provide significant impact on economic growth in the U.S because finance sector are dominated by local investors and banking sector also does not provide significant impact on economic growth as people in U.S tend to spend their money for investment than saving.

However this research had some limitations 1) This research uses only one source to seek for data, it is from the U.S. Chamber of Commerce because there is tendency that ratio data from different sources cannot be exactly the same when the objective is macroeconomic data in which survey must be conduct to cover very large area, 2) This research only uses real GDP growth to represent economic growth and there is no externality or other relevant explanatory variables involved in this research and 3) This research does not provide detail information about the reason of each sector impact on economic growth.Future researchers is suggested to collect more data about foreign direct investment in each industry from more than one source so that they can obtain more observation and prevent bias better than this research did. The measurement welfare of a country can also be observed from another indicator instead of GDP such as income equality, GDP per capita and so forth. The next researcher is also expected to conduct a research for one specific sector by using the result of this research as their hypothesis, this is important to know what factors make that sector contribute like this empirical finding say and it can be conducted in the United States again.

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