

**THE RELATIONSHIP BETWEEN FOREIGN DIRECT INVESTMENTS (FDIs)
AND ECONOMIC GROWTH IN KENYA**

BY

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Research project submitted in partial fulfillment of the requirement for the award of the degree of Master of Business Administration (MBA), School of Business, University of Nairobi.

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DECLARATION

This management research project is my original work and has not been presented for a degree in any other university.

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Date

This management research project has been submitted for examination with my approval as the university supervisor.

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EPILOGUE

When a piece of scholarly work can be read without effort, a lot of effort has gone in to its writing.

DEDICATION

This research is dedicated to my dear wife Dorcas and my lovely daughter Michelle Malaika.

ACKNOWLEDGEMENT

I would like to express my profound gratitude to my Lecturers, School of Business University of Nairobi, for their contribution in tackling my specific problems in the course of my entire study. In a more special way, I acknowledge my project supervisor, Kithinji Angela for her immense support given to me during my research. I equally owe gratitude to my wife Dorcas, my daughter Michelle Malaika and friends who willingly assisted me morally and with much love.

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ABSTRACT

The role of foreign direct investments in promoting economic growth has been the subject of much debate among development specialists, researchers, aid donors as well as recipients in general and Kenya in particular. In spite of this, there are only few empirical studies that investigate the contributions of foreign direct investments to economic growth in Kenya. This study explores the relationship between foreign direct investments and economic growth in Kenya using data that spans from 2000 to 2009 and establishing through causal study if changes in one variable cause changes in the other. The results show that foreign direct investments significantly contribute to the current level of economic growth. The findings imply that Kenya could enhance its economic growth by effectively managing funds from aid and by strategically strengthening investment plans.