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.

September, 2010
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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This management research project has been submitted for examination with my approval as the university supervisor.

SUPERVISOR:

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University of Nairobi
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.

These people were a constant source of inspiration and encouragement.
LIST OF TABLES AND GRAPHS

Table 4.2.1: Foreign Direct Investment (FDI) figures, net disbursements to Kenya from all donors and Investors from 2000 to 2009………………………………………………………………………………..31

Table 4.2.2: The Gross Domestic Product (GDP) figures from Kenya from 2000 to 2009…………………………………………………………………………………………………32

Table 4.2.3: Shows the FDI and GDP figures for Kenya from 2000 to 2009 at current prices in millions of US$………………………………………..33

Table 4.3.1: Means, Standard Deviations, Kurtosis and skewness of the variables…………………………………………………………………………………………………….. 34

Table 4.3.2: Correlation coefficient for the variables …………………………………35

Table 4.3.3: Summary of hypothesis testing………………………………………………………….36

Graph 4.3.4: Graphical trend analysis for Gross Domestic Product and Foreign Direct Investment from 2000 to 2009…………………………………………………………37

Graph 4.3.5: FDI against GDP (line of fit for the period 2000 to 2009)….. ………..37

Table 7.1.1: Figures for GDP, FDI, Inflation, Real exchange rates, Terms of trade and Real Interest rates for the year 2000 to 2009 ………………………………..51

Table 7.1.2: Net FDI Inflows to Kenya and other Developing Countries (Billion US$)………………………………………………………………………………………………………………52
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Declaration</td>
<td>ii</td>
</tr>
<tr>
<td>Epilogue</td>
<td>iii</td>
</tr>
<tr>
<td>Dedication</td>
<td>iv</td>
</tr>
<tr>
<td>Acknowledgement</td>
<td>v</td>
</tr>
<tr>
<td>List of Tables and Graphs</td>
<td>vi</td>
</tr>
<tr>
<td>Table of Contents</td>
<td>vii</td>
</tr>
<tr>
<td>Abstract</td>
<td>ix</td>
</tr>
</tbody>
</table>

## CHAPTER ONE

**INTRODUCTION** ..........................................................................................................................1

1.1 Background to the Study .................................................................................................1
1.2 Statement of the Problem ..............................................................................................7
1.3 Objectives of the Study .................................................................................................8
1.4 Significance of the Study ............................................................................................9

## CHAPTER TWO

**LITERATURE REVIEW** ................................................................................................................11

2.1 Introduction ....................................................................................................................11
2.2 Theoretical Literature Review ........................................................................................11
  2.2.1 Neoclassical Theory ..................................................................................................11
  2.2.2 Industrial Organization and Internalization Theories ............................................12
  2.2.3 Keynesian Theory of Economics .............................................................................13
  2.2.4 MEI and Accelerator Theories ................................................................................13
2.3 Empirical Literature Review ..........................................................................................14
  2.3.1 Studies on Foreign Direct Investment ....................................................................14
  2.3.2 The Relationship between Economic Growth and FDI ........................................20
  2.3.3 Empirical review of Local Specific Studies ............................................................23
2.4 Conclusion of Literature Review ....................................................................................25
CHAPTER THREE

RESEARCH METHODOLOGY ........................................................................................................27
  3.1 Introduction ......................................................................................................................27
  3.2 Research Design .............................................................................................................27
  3.3 Population .....................................................................................................................27
  3.4 Sample ..........................................................................................................................28
  3.5 Data Collection .............................................................................................................28
  3.6 Data Analysis ...............................................................................................................28

CHAPTER FOUR

PRESENTATION OF FINDINGS AND INTERPRETATIONS ..................................................31
  4.1 Introduction ......................................................................................................................31
  4.2 Descriptive Analyses .....................................................................................................31
  4.3 Inferential Analyses and Normality Test .......................................................................33
  4.4 Hypothesis and Hypothesis Testing .............................................................................34

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS .....................39
  5.1 Summary of Findings and Conclusions .......................................................................39
  5.2 Conclusions and Recommendations ...........................................................................40
  5.3 Limitations of the Study ...............................................................................................41
  5.4 Suggestions for further Research ................................................................................42

REFERENCES ..................................................................................................................................43
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.