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The impact of FDI on economic growth and unemployment in Morocco: causality test

L'impact des IDE sur la croissance économique et le chômage au Maroc : étude de causalité

EL MASSAOUDI EL MAHDI
Doctorant
Faculté d'Economie et de Gestion
Université Ibn Tofail, Maroc
Laboratoire des Sciences Economiques et Politiques Publiques
Elmahdi.elmassaoudi@uit.ac.ma

BADDIH HINDOU
Professeur de l'enseignement supérieur
Faculté d'économie et de gestion
Université Ibn Tofail, Maroc
Laboratoire des Sciences Economiques et Politiques Publiques
Baddih.hindou@uit.ac.ma

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Résumé

De nos jours, les IDE sont devenus l'un des principaux indicateurs de l'attractivité économique des pays. La mondialisation et globalisation ayant pris le pas sur notre siècle, nous pouvons considérer le monde aujourd'hui comme interconnecté en partie grâce aux IDE. Le cas marocain ne fait pas exception. Par ailleurs, l'impact de l'IDE sur la croissance économique et la situation d'emploi fait partie des débats théoriques dans la littérature, mais la nature et l'ampleur de ces effets sont différentes d'une étude à une autre. L'objet de cet article est d'étudier l'impact des IDE sur la croissance économique et le chômage au Maroc sur une période allant de 1991 à 2019. Sur le plan méthodologique, nous utilisons le modèle de régression multiple par la technique MCO. Les principaux résultats de l'étude démontrent que l'investissement direct étranger, et la croissance économique ont un effet positif sur la création d'emploi. A contrario, plus les IDE augmentent plus la croissance économique diminue.

Mots clés : Investissement direct étranger ; chômage ; emploi ; croissance ; PIB

Abstract

Nowadays, FDI has become one of the main indicators of a country's economic attractiveness. With globalization having taken over our century, we can consider the world today as interconnected in part thanks to FDI. Morocco is no exception. Moreover, the impact of FDI on economic growth and employment is a subject of theoretical debate in the literature, but the nature and extent of these effects vary from one study to another. The aim of this article is to study the impact of FDI on economic growth and unemployment in Morocco over the period from 1991 to 2019. Methodologically, we use the multiple regression model with the OLS technique. The main results of the study show that foreign direct investment and economic growth have a positive effect on job creation. Conversely, as FDI increases, economic growth decreases

Keywords : : Foreign direct investment, unemployment, employment, growth, GDP

Introduction

Foreign Direct Investment (FDI) has long been considered an engine of economic growth for many countries around the world. They represent capital flows abroad, designed to stimulate domestic economic activity.

The relationship between economic growth and foreign direct investment is captivatif insofar as FDI acts as a catalyst for growth and hence development in emerging and developing countries (Dunning, 1993; Graham and Krugman,1995; Caves, 1996; Eva Fouda, 2005). The endogenous growth model suggests that technology diffusion is a channel through which FDI promotes economic growth in host countries (De Mello, 1997).

However, it's important to recognize that FDI is not always beneficial to a country's economic growth. Indeed, one of the main reasons why FDI can have a negative impact on economic growth is the economic dependence it can create. Capital flight, increased economic inequality within a country, combined with a loss of economic sovereignty, are all factors that can explain the negative impact FDI can have on the economic growth of host countries.

On the other hand, debate persists as to their impact on unemployment. Indeed, while some argue that FDI creates jobs, others assert that it can contribute to rising unemployment.

FDI can have a positive impact on employment in a direct way. When a foreign company invests in a country, it often creates local jobs to manage its operations. These jobs can range from production and management to research and development. In addition, FDI can encourage the development of specific sectors, such as high-tech, which generally create highly-skilled jobs.

FDI can also have indirect effects on employment. When a foreign company invests in a country, it can stimulate the growth of the local supply chain, creating new employment opportunities for local suppliers. In addition, increased economic activity due to FDI can support job creation in related sectors, such as retail, services and logistics.

The impact of FDI on unemployment also depends on contextual factors. For example, the type of industry in which FDI is directed can have a major influence. Labor-intensive sectors, such as manufacturing, tend to create more jobs that less labor-intensive sectors. In addition, government policy, the quality of the local workforce and labor market conditions can influence how FDI translates into jobs.

Although FDI can contribute to job creation, it's important to note that its impact is not necessarily always positive. In some cases, FDI can lead to precarious labor practices, such as subcontracting or non-compliance with labor standards, which can have negative consequences for working conditions and wages. In addition, increased economic activity due to FDI can support job creation in related sectors, such as retail, services and logistics.

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Although FDI can contribute to job creation, it is important to note that its impact is not necessarily always positive. In some cases, FDI can lead to precarious labor practices, such as subcontracting or non-compliance with labor standards, which can have negative consequences for working conditions and wages. In addition, over-reliance on FDI can make the economy vulnerable to international fluctuations, which could lead to job losses in the event of a global economic crisis.

The aim of this paper is to analyze the impact of FDI on economic growth and unemployment in Morocco, by examining the causality between FDI flows and economic growth as well as unemployment. To this end, the remainder of this paper will present a literature review followed by the methodology adopted, and finally an analysis of the empirical results.

1-Literature review

1.1 Economic growth and FDI

A number of studies have been carried out by various theorists on the impact of FDI on economic growth. These studies show that promoting FDI will have a positive impact on the economy by providing access to the international market, generating new jobs, and introducing new technologies and know-how.

According to Blomstrom et al (1992), the impact of FDI on economic growth is positive only in developed countries. Other studies, this time by Boyd and Smith (1992), show that FDI can have a negative impact on economic growth.

Borensztein et al (1998) studied the relationship between FDI and economic growth using a cross-country regression approach. According to these theorists, FDI enables the transfer of modern technology, but its effectiveness depends on the stock of human capital in the host country.

Nair-Reichert and Weinhold (2001) point out that the causal relationship between FDI and economic growth in developing countries is heterogeneous. Another study by Carkovic and Levine (2002) finds that the hypothesis of FDI-led growth is not verified.

A study carried out in Sri Lanka by Anthukorala (2003) shows that FDI has a positive impact on GDP. The latter shows that there is a unidirectional causality from FDI to GDP.

Several studies have examined the impact of FDI on economic growth in Central and Eastern Europe and the MENA region, notably by Darrat et al. (2005). The latter have shown that FDI boosts economic growth only in European Union countries, whereas in MENA countries, the impact is negative. Other theorists, such as Hisarciklilar et al (2006), found no causality between FDI and GDP for a multitude of Mediterranean countries over the period from 1979 to 2000.

In another study of Latin American countries, Alguacil et al. (2000) highlighted the positive impact of FDI on economic growth and foreign trade. According to Yao (2006), there is a relationship between FDI, exports and economic growth in China.

For the Moroccan case, the panel data study conducted by Alaya (2006) on the effect of FDI and exports on economic growth in Morocco, Tunisia and Turkey demonstrated that exports have a positive impact on economic growth, while FDI contributes negatively to economic growth in the host country. Baliamoune-Lutz (2004), for their part, found a positive impact of FDI on economic growth and a bidirectional relationship between exports and FDI in Morocco.

In order to determine the impact of FDI and trade openness on GDP per capita, Mansouri (2009) used a time series model for Morocco. The results of this study showed that the two variables, FDI and trade openness, have no impact on GDP per capita. Nevertheless, he indicated that if these two variables are put into the model in a combined manner as a single variable, they become significant and have a positive effect on economic growth.

According to Abdouni and Hanchane (2010), who used a panel data model for a sample of 30 developing countries, in a study covering the period from 1982 to 1997, FDI has a positive effect on economic growth.

Meanwhile, Yarui Li, Joshua D. Woodard and David J. Leatham (2013) also studied the causality between FDI and economic growth for a sample of several countries. They concluded that FDI causes economic growth in developed countries, while economic growth causes FDI in developing countries.

More recently, Ibrahim and Acquah (2021) adopted a panel data approach covering 45 African countries over the period 1980 to 2016 to examine the causal links between Foreign Direct Investment (FDI), economic growth and financial sector development.

Using a Granger non-causality test, their study revealed that the causal relationship between FDI and economic growth is modulated by the economic growth indicator. In addition, they identified reverse causality between FDI and financial sector development, as well as between financial sector development and economic growth.

In an earlier study, Acquah and Ibrahim (2020) examined the relationship between FDI, economic growth and financial sector development using annual panel data from 45 African countries over the period 1980 to 2016. Their results, obtained using the two-system generalized method of moments, revealed an ambivalent effect of FDI on economic growth, with a general trend showing that higher FDI was associated with more robust growth.

They also highlighted that the financial sector could attenuate the positive impact of FDI on economic growth, independently of the financial sector indicator and economic growth.

In another study, Akisik, Gal and Mangaliso (2020) explored the relationships between International Financial Reporting Standards (IFRS), FDI, human development and economic growth in English- and French-speaking African countries over the period 1997 to 2017.

Their results showed that FDI, economic openness, school enrolment and the fight against corruption had a positive impact on countries' decision to adopt IFRS. They also found that FDI had a positive effect on economic growth, and that this effect was reinforced by the adoption of IFRS. Furthermore, they observed that English-speaking and common law African countries were more inclined to adopt IFRS than their French-speaking counterparts.

In sum, these empirical studies conducted by various researchers demonstrate that the impact of FDI on economic growth depends on various factors linked to the host countries, notably their stage of economic development.

1.2 Employment and FDI

A number of theoretical and empirical studies show that the major contribution of FDI to job creation lies in its positive effect on stimulating economic growth in the host country, which in turn accelerates job creation.

UNCTAD (1994) has estimated that at least one or two jobs are created indirectly for each worker employed by foreign companies. Several empirical studies carried out in developing countries have confirmed this "multiplier effect" on local employment. In the same vein, Lyanda (1999) has shown that, in Namibia, each job created indirectly generates 2 to 4 additional jobs in the country's economy. Aaron (1999) estimates that FDI in developing countries created some 26 million direct jobs and 41.6 million indirect jobs in 1997.

According to Mucchielli (1998), the net impact of FDI on employment depends on a multitude of factors, including the distinction between the direct and indirect effect on employment, the type of FDI (creation, acquisition or partnership), the company's strategy (market or export strategy), the sector of activity, and the competitive relationship between foreign and local firms.

BOISEMERY HERVÉ assert that "For the host economy to benefit from positive externalities in terms of employment, exported products must necessarily and exclusively be labor-intensive, which can only limit technology transfer and spillover effects "6 .

On the other hand, according to Ibi Ajayi (2006), FDI creates jobs in host countries in three different ways. In the first, jobs are created by directly employing the population for operations located within the national economy, while in the second, jobs are created by upstream and downstream links, notably via the creation of jobs serving as suppliers, subcontractors or service providers. The third mode of job creation is through economic growth, which generates new jobs on a national scale.

Abor and Harvey (2008) assert that FDI has a positive impact on employment in Ghana. An identical result is endorsed by Jayaraman and Singh (2007), who conducted their studies on the Fiji Islands between 1970 and 2003.

Another study of three Asian countries (China, Pakistan, India) from 1985 to 2008, by Rizvi and Nishat (2009), found no effect of FDI on job creation, with only the GDP variable having a significant impact on employment levels. In other words, FDI can have a positive effect on employment through economic growth.

Although FDI has many positive effects on job creation, it can also have a multitude of negative effects on a country's employment. This can be explained by the fact that some domestic companies suffer substitution effects as a result of the replacement of jobs in their home countries by the foreign employment of multinational firms.

Markusen and Venable (1998) have shown that FDI entering host countries can generate increased unemployment. These researchers explain this by the fact that local companies restructure in order to resist competition from foreign-owned firms, which can lead to bankruptcies and thus job destruction in host countries.

More recently, Khan et al (2022) used an ARDL model to assess the impact of Foreign Direct Investment (FDI) on employment in Pakistan. Their results indicate that increased FDI, gross capital formation and industrialization have a positive effect on both short-term and long-term employment opportunities in the country. In contrast, gross domestic income, economic growth and population growth have a negative relationship with both long-term and short-term employment in Pakistan.

In a study by Ergashev Rakhmatillo et al (2021), researchers analyzed annual data from 2000 to 2020 to examine the interaction between FDI, economic growth and employment in Uzbekistan. Their VAR model revealed that FDI has a positive effect on economic growth and employment, while economic growth has a positive effect on FDI and employment.

In addition, a bidirectional causality was observed between employment and economic growth. They also noted that FDI can help increase employment in Uzbekistan, and made recommendations for encouraging foreign investment in the country to boost employment and economic growth.

Osabohien et al (2020) studied the relationship between economic growth, employment and FDI in Nigeria between 1990 and 2009, focusing on the manufacturing and service sectors. Their results showed that FDI in services was positively related to economic growth, while FDI in manufacturing was negatively related.

Furthermore, FDI in manufacturing was positively related to employment rates, while FDI in services had a negative impact on employment. Granger causality relationships were also observed between these variables, indicating dynamic links.

Mishra and Palit (2020) analyzed the relationship between FDI flows and job creation in India from 1991 to 2018. Their results showed that FDI had both backward and forward linkages with job creation in India.

They noted that the growth rate of FDI in the services sector had increased considerably over the second decade of the study, and that this sector generated the largest number of job opportunities in India. However, they concluded that FDI could not be considered the main driver of job creation in India, and recommended policies to further stimulate job creation.

Finally, the study conducted by Saucedo et al (2020) in Mexico examined the impact of FDI on employment and wages in the manufacturing and service sectors. Their results showed that an increase in FDI flows in the manufacturing sector had a positive effect on low- and high-skilled employment.

In the service sector, however, the results were less conclusive for both categories of employment. In terms of wages, FDI in manufacturing had a marginal impact on low-skilled wages, while no statistically significant effect was observed on high-skilled wages. In the services sector, the effects of FDI on wages were also inconclusive for both job categories.

2. Research methodology

The aim of this study is to examine the relationship between foreign direct investment, economic growth and unemployment, using the OLS model approach and the Granger causality test.

The OLS model, which is a method for estimating the parameters of a linear regression model, is also a widely used technique for modeling the relationship between a dependent variable (Y) and one or more independent variables (X).

The model seeks to minimize the sum of squared deviations between the observed values of the dependent variable and those predicted by the model. The coefficients estimated in the OLS model make it possible to quantify the impact of the independent variables on the dependent variable, which is essential for understanding economic relationships.

The latter can be applied to non-stationary time series without the constraint of the same order of integration

$$\mathbf{LGrowtht = \alpha + \beta 1\ LFDIt + \beta 2\ LGFCFt + \beta 3\ LOCt + \varepsilon t}$$

$$\mathbf{LUnemploymentt = \alpha + \beta 1\ LFDIt + \beta 2\ LGFCFt + \beta 3\ LOCt + \varepsilon t}$$

Growth: GDP growth (annual %)
FDI: FOREING DIRECT INVESTMENT, net inflows (%GDP)
FCBC: gross fixed capital formation (%)
OC: openness to trade (%)

We have used the statistical data available on the World Bank website, and more specifically on the "World Development Indicator" platform. Our analysis will proceed as follows. The first step is to present our descriptive statistics and the evolution of our variables over the period studied.

We then examine the stationary properties of each variable, in order to define the order of integration of our time series, using the Augmented Dickey Fuller (ADF) stationarity tests.

We then present our results for the OLS model and the Granger causality test.

Finally, we test the statistical robustness of the model, using the WHITE test, and the autocorrelation of errors, using the BREUSCH AND PAGAN test.

3. Results and discussion

3.1 Results

Figure 1: Trends in GDP growth over the period studied

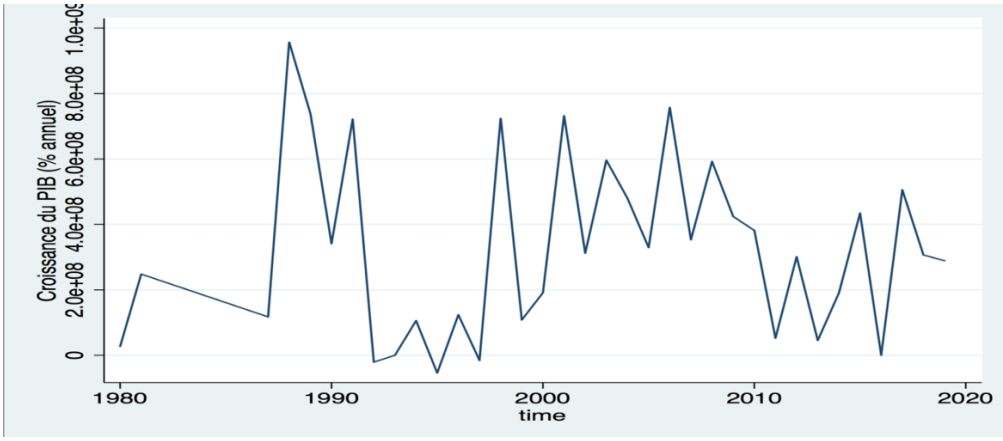

Figure 2: Foreign direct investment inflows over the period under review

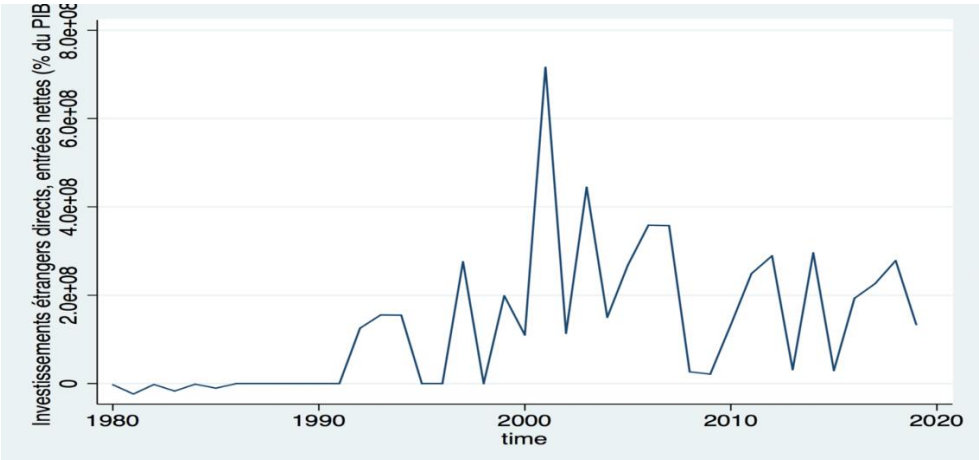

Figure 3: Trends in unemployment over the period studied

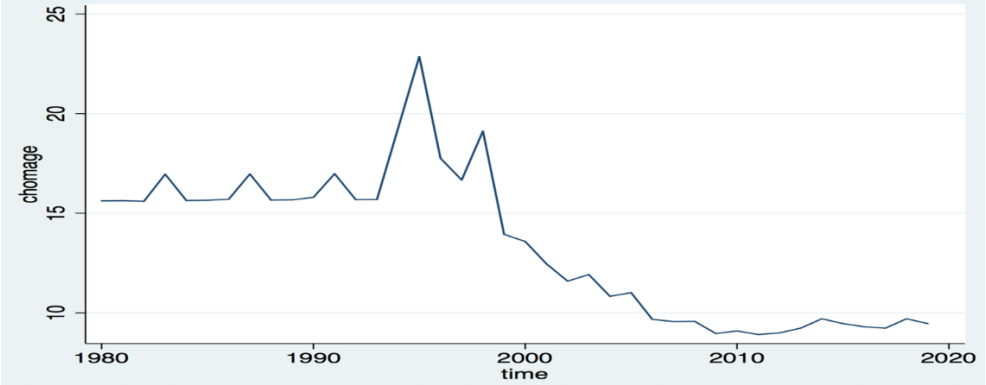

Table 1: Results of ADF stationarity test.

	ADF (% 5)	
Variable	**Niveau (Intercept)**	**Niveau**
LGROWTH	-5,451***	**I (0)**
LCO2	-1.956 `	**I (1)**
LFDI	-4.995***	**I (0)**
LOC	-2.877**	**I (0)**
LGFCF	-4.814***	**I (0)**
LHDI	3.034	**I(1)**
LUNEMPLOYMENT	-2.711*	**I(0)**

Source: author

To determine the order of integration of our time series, our study uses Augmented Dickey Fuller (ADF) stationarity tests, the results of which are presented in the table below. The results indicate that most variables are stationary in difference 0, and their evolution fluctuates around their means.

Some are therefore integrated of order (1), others of order 0. However, none are integrated of order 2.

Table 2: OLS model results for economic growth

Source	SS	df	MS	Number of obs	=	31
				F(3, 27)	=	1.15
Model	2.2436e+17	3	7.4785e+16	Prob > F	=	0.3481
Residual	1.7608e+18	27	6.5216e+16	R-squared	=	0.1130
				Adj R-squared	=	0.0145
Total	1.9852e+18	30	6.6173e+16	Root MSE	=	2.6e+08

croiss	Coef.	Std. Err.	t	P>|t|	[95% Conf.	Interval]
lide	-1.09e+07	7141478	-1.53	0.138	-2.56e+07	3747862
lfbcf	6.44e+07	1.18e+08	0.54	0.590	-1.78e+08	3.07e+08
louv_comm	3.16e+08	3.12e+08	1.01	0.321	-3.25e+08	9.57e+08
_cons	-7.16e+09	5.71e+09	-1.25	0.220	-1.89e+10	4.55e+09

Source: author

The FDI coefficient is -1.09: a negative impact. As FDI increases, economic growth decreases. Nevertheless, the coefficient values for GFCF and trade openness are not statistically significant, as they are above the three thresholds of 1%, 5% and 10%.

Table 3: OLS model results for unemployment

Source	SS	df	MS	Number of obs	=	30
				F(3, 26)	=	50.90
Model	347.86565	3	115.955217	Prob > F	=	0.0000
Residual	59.2250082	26	2.27788493	R-squared	=	0.8545
				Adj R-squared	=	0.8377
Total	407.090658	29	14.0376089	Root MSE	=	1.5093

chomage	Coef.	Std. Err.	t	P>|t|	[95% Conf.	Interval]
lide	-.1722716	.0443756	-3.88	0.001	-.2634868	-.0810563
lfbcf	-.030192	.7068513	-0.04	0.966	-1.483146	1.422762
louv_comm	-13.33644	2.020048	-6.60	0.000	-17.4887	-9.184167
_cons	285.9586	36.66382	7.80	0.000	210.595	361.3221

Source: author

The FDI coefficient is -0.1722. This is a negative impact. FDI has a negative impact on the unemployment rate, and the result is significant at the 1% level. We can therefore deduce that FDI reduces the unemployment rate in Morocco, given that investment generates jobs.

Nevertheless, the GFCF results are not statistically significant, as they are above the three thresholds of 1%, 5% and 10%.

On the other hand, the coefficient for trade openness is -13.33644. This is a negative impact. This implies that as trade increases, unemployment decreases. This result is statistically significant at the 1% level.

This result can be explained by the fact that the greater the external demand, the greater the need to produce, which also leads to job creation.

Table 4: Granger test results

Granger causality Wald tests

Equation	Excluded	chi2	df	Prob > chi2
croiss	lide	.7148	2	0.699
croiss	lfbcf	7.6867	2	0.021
croiss	louv_comm	1.4073	2	0.495
croiss	ALL	12.348	6	0.055
lide	croiss	4.1125	2	0.128
lide	lfbcf	3.1074	2	0.211
lide	louv_comm	4.9521	2	0.084
lide	ALL	11.04	6	0.087
lfbcf	croiss	.	0	.
lfbcf	lide	9.5144	2	0.009
lfbcf	louv_comm	2.9869	2	0.225
lfbcf	ALL	16.553	4	0.002
louv_comm	croiss	.	0	.
louv_comm	lide	3.5469	2	0.170
louv_comm	lfbcf	.90297	2	0.637
louv_comm	ALL	4.7754	4	0.311

Source: author

Our results show that FDI does not cause economic growth in the Granger sense. Indeed, the probability value is 0.69, which is greater than 0.05. Nevertheless, gross fixed capital

formation causes economic growth in the Granger sense, while trade openness does not cause economic growth in the Granger sense.

Our results also show that economic growth can cause FDI in the Granger sense. Indeed, the probability value is 0.12, which is close to 0.1 and can therefore be accepted at the 10% threshold. However, gross fixed capital formation does not cause FDI in the Granger sense, while trade openness causes FDI in the Granger sense.

FDI causes gross fixed capital formation in the Granger sense. Trade openness does not cause GFCF in the Granger sense. FDI can cause trade openness in the Granger sense. Gross fixed capital formation does not cause trade openness in the Granger sense.

3.2 Discussion of results :

The results of our model show that FDI has a negative impact on Moroccan economic growth over the period studied. These results concur with those of Blomstrom et al (1992), who asserted that the impact of FDI on economic growth is positive only in developed countries, but also with those of Darrat et al (2005), who emphasized that FDI boosts economic growth only in European Union countries, while specifying that, in MENA countries, the impact is negative.

Yarui Li, Joshua D. Woodard and David J. Leatham (2013) also studied the causality between FDI and economic growth for a sample of several countries. They concluded that FDI causes economic growth in developed countries, while economic growth causes FDI in developing countries.

Similarly, Hisarciklilar et al (2006) found no causality between FDI and GDP for a multitude of Mediterranean countries over the period 1979-2000.

But these results are also in line with those of Alaya (2006), who studied the effect of FDI and exports on economic growth in Morocco, Tunisia and Turkey.

Indeed, the researcher has shown that exports have a positive impact on economic growth, while FDI contributes negatively to the economic growth of the host country.

Indeed, in addition to the level of development of the host country, one of the main reasons why FDI can have a negative impact on economic growth is the economic dependence it can create. When a country becomes heavily dependent on foreign investment to finance its economic activities, it becomes vulnerable to fluctuations in international markets. In the

event of a sudden withdrawal of foreign investment, the country could face a major economic crisis.

Another negative consequence of FDI is capital flight. When foreign companies invest in a country, part of their profits may be repatriated to their home country in the form of dividends or royalties. This means that money that could have been reinvested in the domestic economy is sent abroad, reducing the country's ability to stimulate its own economic growth. Capital flight can also exacerbate trade imbalances and balance of payments deficits.

FDI can also contribute to increasing economic inequalities within a country. Foreign investment is often concentrated in high value-added sectors, such as high-tech or extractive industries. This means that the economic benefits of FDI are not evenly distributed across society. Regions and social groups that do not benefit directly from FDI can find themselves economically marginalized, fuelling wealth disparities.

The acceptance of massive FDI can also lead to a loss of economic sovereignty for a country. Foreign companies can exert significant influence over a country's economic policies and decisions, which can compromise its ability to pursue its own long-term interests. In addition, clauses in FDI agreements can sometimes include provisions that limit the government's ability to regulate or control the activities of foreign companies, which can have negative consequences for the environment, workers and society as a whole.

At the same time, our results showed that FDI had a positive impact on reducing unemployment in Morocco, for the period studied. Thus, our results concur with those of Ibi Ajayi (2006) and Abor and Harvey (2008), who found that FDI had a positive impact on employment in Ghana. An identical result was endorsed by the study of Jayaraman and Singh (2007), who examined the case of Fiji, for the period from 1970 to 2003.

Our results also concur with those of Khan et al (2022), who used an ARDL model to assess the impact of Foreign Direct Investment (FDI) on employment in Pakistan, and Ergashev Rakhmatillo et al (2021), who analyzed the interaction between FDI, economic growth and employment in Uzbekistan. Their VAR model revealed that FDI had a positive effect on economic growth and employment, while economic growth had a positive effect on FDI and employment.

Indeed, Foreign Direct Investment (FDI) is often seen as a positive factor in reducing unemployment in many countries. This perspective is based on a number of mechanisms by which FDI can contribute to job creation and, ultimately, to reducing unemployment.

One of the most obvious benefits of FDI is the creation of local businesses or the expansion of existing ones thanks to foreign investment. These companies need local labor to operate, which generally leads to an increase in employment in the region.

Foreign companies also bring technical skills and advanced technologies to the host country. This can help train the local workforce, improve productivity and create skilled jobs. At the same time, FDI can stimulate the development of the local supply chain. Foreign companies need local suppliers to obtain raw materials and components, which can lead to the growth of local businesses and job creation in these sectors.

At the same time, the establishment of foreign companies can increase demand for local goods and services, such as housing, catering services, transport, etc. This increased demand can support the growth of other economic sectors and, consequently, job creation. This increased demand can support growth in other economic sectors and, consequently, job creation.

Finally, FDI can have a knock-on effect on other sectors of the economy, such as tourism and related services, by raising the host country's international profile. This economic diversification can create employment opportunities in a variety of fields.

Conclusion :

In conclusion, our study has highlighted a contrasting result regarding the impact of Foreign Direct Investment (FDI) on economic growth and unemployment in Morocco.

Contrary to the widely held view that FDI is an engine of positive economic growth, our results indicated a negative relationship between FDI and economic growth over the period studied.

These results are in line with similar findings in the economic literature, notably those of Blomstrom et al. (1992) and Darrat et al. (2005), who suggested that the impact of FDI on economic growth may be positive only in developed or European Union countries.

There may be several reasons for this, including the potential economic dependence that FDI generates, as well as the possibility of capital flight to foreign investors' home countries.

Moreover, FDI can sometimes lead to economic inequalities by concentrating its activities in high value-added sectors, leaving certain segments of the population economically marginalized.

On the other hand, our study also showed a positive impact of FDI on reducing unemployment in Morocco over the period studied. These results are consistent with other studies, such as those by Ibi Ajayi (2006), Abor and Harvey (2008) and Jayaraman and Singh (2007), which have suggested that FDI can play a positive role in job creation, particularly in developing countries.

Ultimately, it is essential to recognize that the impact of FDI is complex and depends on many factors, including the specific economic context of the host country. Governments and policy-makers must therefore take these nuances into account when considering attracting FDI, and develop policies aimed at maximizing the benefits while minimizing the potential drawbacks.

A balanced, well-considered approach is needed to ensure that FDI makes a positive contribution to economic growth and job creation, while preserving economic stability and national sovereignty.

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