International Journal of Sustainable Development and Planning
Vol. 20, No. 2, February, 2025, pp. 855-865
Journal homepage: http://iieta.org/journals/ijsdp

Foreign Direct Investment and Long-Term Economic Development in Iraq: Governance's Role as Mediator

Sohaila Abdulzahra Mastor[1*], Salimah Hashim Jarallah[1], Eman Abdalkadhem Jabbar Al-Kuraity[2], Rusul Salahuddin Noori[3]

[1] Department of Economic, College of Administration and Economic, Mustansiriya University, Baghdad 10052, Iraq
[2] Department of Economics, College of Administration and Economic, University of Kerbala, Kerbala 56001, Iraq
[3] Department of Business Administration, College of Administration and Economic, Mustansiriya University, Baghdad 10052, Iraq

Corresponding Author Email: dr_sohayla1973@uomustansiriyah.edu.iq

https://doi.org/10.18280/ijsdp.200233

Received: 27 December 2024
Revised: 30 January 2025
Accepted: 11 February 2025
Available online: 28 February 2025

Keywords:
FDI, governance quality, sustainable economic development, HDI, Iraq

ABSTRACT

The present research examines the relationship between Foreign Direct Investment (FDI), governance, and economic development in Iraq, with a particular emphasis on how governance mediates the influence of FDI on human development. The issue raised in this study is the inconsistent consequences of FDI in developing nations, where even though significant FDI inflows, socioeconomic advancements such as increases in the HDI remain low. Thus, this study. Poor governance in Iraq could reduce the potential advantages of FDI, resulting in economic progress that does not transfer into overall human development. Thus, this study examined the impact of FDI on economic development in Iraq via mediation role of governance using a Vector Error Correction Model (VECM) method from 1995 until 2022. The study found that FDI inflows had a negative impact on HDI, implying that without effective governance, foreign investments may fail to help socioeconomic growth and potentially worsen current issues. However, the study discovered that governance quality greatly improves the positive association between FDI and HDI, emphasizing the need of an effective governance framework in ensuring that FDI contributes meaningfully to human development. This paper makes a theoretical and empirical contribution to understanding the function of governance as a mediator of FDI and economic growth in Iraq. Therefore, to maximize the benefits of FDI in Iraq, this study recommends enhancing governance through openness, accountability, and regulatory oversight, and aligning FDI with national objectives in infrastructure, education, healthcare, and technology would generate long-term growth. However, the specific situation of Iraq, as well as the reliance on aggregate governance measures, limit the generalizability of the study, so it is suggested that future research use comparative and sectoral analysis to deepen the understanding of the role of governance in FDI effectiveness.

1. INTRODUCTION

Foreign Direct Investment (FDI) is widely recognized as an important driver of growth in most emerging and developed countries [1]. It boosts productivity, creates jobs and contributes to economic growth through providing capital, technology and expertise. The impact of FDI on economic growth is not necessarily determined to be positive; rather it depends heavily on specific factors, such as quality and goodness of governance [2]. On the one hand, there is significant mediating role of governance quality (institutional strength; transparency and corruption control; rule of law) to make FDI contribute positively towards economic development in a country [3, 4]. This is particularly important in the case of Iraq, a country dealing with intricate governance problems regulating how good quality governance affects its relationship with FDI and economic development. Decades of conflict, political fragility and economic disruption have greatly affected the institutional frameworks and governance structures in existence today in Iraq. Iraq, though a difficult market in which to operate and invest, is one with a vast opportunity for economic development something FDI would play an important role [5, 6]. While FDIs can be very effective in terms of Iraq's development, the efficiency would depend on how well it is governed. The governance problems of the country such as corruption, inefficacy in institutions and unpredictable regulatory regimes also make it difficult for Myanmar to fully benefit from FDI. Hence, it is very crucial to comprehend the nature of governance quality in order to formulate policies that can improve developmental impact from FDI in Iraq.

The literature has heavily studied the relationship between governance quality and FDI. Agyemang et al. [7] argued that with a primary focus on African countries, the form of governance at country level and authority significantly affects FDI inflow into their economies. According to an MSCI study, for example, "strong corporate governance with emphasis on transparency and accountability acts as a catalyst in financial growth since it ultimately attracts FDIs; the benefits of which trickle down to strengthen the economy." The study by Ahmed and Anifowose [8] further reiterated the profound role of corporate governance in enabling Africa to achieve sustainable development goals, not least for prevention mission alongside strong institutions that enable corruption-free atmosphere complementary with FDI which is critical or else unattainable economic sustainability pursuits.

The article by Doytch and Ashraf [9] carried this forward by separating out the relationship institutional quality has with various types of FDI, e.g., greenfield investment vis-à-vis cross border mergers & acquisitions (MF). This research suggests that stronger institutions are associated with more greenfield, as opposed to M&A deals and the results of such FDI may be very different from one another for long-run benefits coming from economic development. Given the differences in these types of investment and their long-term implications, making a clear distinction between both categories is crucial. This significance becomes even more significant because FDI might lead to structural transformation while short-term capital inflow may not do so; this point being pivotal for countries like Iraq whose approach regarding FDI should be taken with caution given its peculiar institutional contexts.

Examine role of governance quality as a mediator in FDIs impact on economic development by Duan et al. [10] push these claims further by investigating the role of human capital, economic freedom and governance performance on BRICS countries' prospects for growth. They found evidence in favour of the proposition that an improvement and stability increase in governance quality, together with human capital as well as some factors connected to economic freedoms further boost positive FDI effects on growth. This means that for Iraq, higher quality governance could multiply the economic benefits of FDI boosting its path to development. Therefore, the major issue that is discussed in this paper is to investigate how FDI and governance quality impact on economic development of Iraq. More specifically, the article discusses how inadequate governance can dampen some of these potential gains from FDI and indeed have outcomes which may not dovetail with its broader developmental aims (such as improvements in Human Development Index – HDI). FDI can be a motor of economic growth or, on the contrary, may develop in division with socio-economic realities due to lack of proper governance. Iraq is a case in point where the requirement for economic development takes centrality but enabling governance structures soft.

As a result, the aims of this study are to explore the role of governance quality as a mediator of the FDI impact on economic development in Iraq. Thus, the current research would advance the current understanding of the potential for governance reforms as a tool for the improvement of FDI role in promoting economic growth in developing nations. Furthermore, the paper makes several theoretical and practical contributions to literature. Firstly, the current study provides a strong theoretical evidence-based model of the relationship using the VECM methodology on the time series from 1995 to 2022 of Iraq. It sheds light on the nuanced relationship of the governance quality as a mediator of the FDI influence on human development. Secondly, the loop of conceptual and empirical evidence suggests that governance reforms are pivotal for enhancing the FDI role. Finally, this paper contributes to the debate of the role of governance by showing that governance is not only an implied spillover from FDI but also a key determinant of the FDI and sustainable development equation across nations.

The rest of the paper is organized as follows: Section 2 presents a literature review on FDI-governance quality and economic Development interactions in developing economies. Section 3 of the paper details the method used in this analysis, which includes data collection procedures as well as variables and statistical techniques (such as VECM) adopted. Section 4 details the empirical results with cointegration tests and error correction models, analyzing their implications on Iraq's economic development. Section 5 concludes the paper by recapitulating the main references of interest, policy implications and future research suggestions.

2. LITERATURE REVIEW

The impact of FDI on economic development has been researched extensively, especially in developing countries. In this context, the section focuses on analyzing FDI-growth nexus and governance quality interplay with special attention to detail review of extant literature surrounding these intersecting themes. The discussion is organized into four main sections: the effect of FDI on economic growth, how this effect might be affected by governance quality, dynamics relevant to developing countries alone and some new concerns that need further research. Based on the theoretical framework that combines institutional theory with the theory of human development, this study seeks to explain the relationship between administration (GQ), direct foreign investments (FDI) and human development (HDI). For this reason, institutional theory focuses on the structures of administration and reflects transparency, regulatory quality and rule of law regarding the facilitating of economic activities, which also includes the attraction and management of direct foreign investments. Within this conceptual framework, the quality of administration of the effects of direct foreign investment on human results mediates. Without strong public affairs management, direct foreign investments may be ineffective in alleviating wider social and economic problems, often they can only serve the elite or create friction with other branches of society. The study combines these theoretical lenses and claims that better quality of administration would lead to a better quality of direct foreign investment, which is isolated by the priorities of national level development, which would increase the improvement of HDI. This conceptual framework in which empirical analysis was rooted to provide contextuality, indicates the need for well -established missing local institutions that could develop from direct foreign investments in intended sustainable development.

2.1 FDI and economic growth

FDI is widely regarded as a crucial driver of economic growth, particularly in economies that lack sufficient domestic capital to spur development. FDI also brings technology, management knowhow and access to global markets apart from financial resources which can help in increasing the productive capacity or competitiveness of an economy. Level of impact most studies suggest that FDI has a positive impact on economic growth, but the level of its effect may differ in relation to various factors like type and nature (economic conditions) into which it is intersected. The dual nature of FDI in the Bhutanese economy is study by Ansari and Khan [11] which mentioned that while FDI may contribute as a positive to economic growth, it also can lead towards risk particularly disinvestment. If the initial investments were sizeable, disinvestment or withdrawal of FDI also can be disruptive on economy. It also underscores the imperative of stability in FDI flows for continued economic expansion. The paper contemplates that the FDI will have a long-term beneficial effect only when followed by stabilization of investor confidence and economic stability.

In addition, Mssirhad and Jedidia [12] used regression models and econometric methods to analyze the impact of direct foreign investment on GDP growth in another economic and political context of Iraq. The results have shown a direct positive connection between direct foreign foreign and economic growth and emphasized the role of foreign investments in allowing the influx of capital, facilitating the transmission of technologies and creating job opportunities. However, studies have also identified challenges such as political instability and security concerns, which significantly prevents Iraq's ability to attract considerable foreign investments. This document also emphasized the importance of improving management and political reforms to optimize the benefits of direct foreign investments.

As well, Akinlo [13] dissected the impact of capital flight on economic growth in sub-Saharan Africa, providing that effect can be moderated by institutional quality. Capital flight, the swift and large-scale outflow of financial assets from a country can neutralize FDI effects by impacting negatively on available funding / inflow for investments in productive sectors. He shows that countries which have better quality institutions can lessen the detrimental impact of capital flight thus maintaining FDI- generated benefits for growth. This provides further proof that the role played by institutions is important in order to take full advantage of the economic aspects related to FDI. Akisik and Mangaliso's [14] study is also relevant in this discussion as they focused on the role of International Financial Reporting Standards (IFRS) to affect returns from different types of FDI due to two reasons for economic growth. According to their study, compliance with IFRS encourages more transparency and will comprise less information asymmetric in the market, attracting FDI inflow and it enhances economic growth. The results are potentially important for developing countries where there is much less transparency around financial reporting so foreign investors might be discouraged.

2.2 The role of governance quality

The quality of governance is being increasingly recognized as a fundamental determinant on how much FDI will be driven towards growth and development. Governance includes good governance indicators such as efficacy of institutions, rule of law, corruption etc. A stable and predictable investment climate for growth requires strong governance frameworks to be in place [7]. Recently, Nam and Ryu [15] provided evidence that strong governance institutions by country significantly affect FDI inflows into the continent in general for African countries. The study emphasizes that countries with good governance transparency, accountability and the rule of law are more likely to attract FDI. This makes a country less risky for foreign investors and therefore more attractive to them. The researchers claim that boosting FDI inflows leading to higher economic growth is, therefore, model attribute using a difference in differences methodology we find that better governance results into increased country-level rigidity if countries invest through the North.

Corporate governance among the plethora of literature that drives attention to fuels corporate governance, as has it been done by Ahmed and Anifowose [8] with regard designing limitless frontiers to sustainable development in Africa. The study emphasizes that good corporate governance, in the form of anti-corruption policies and strong institutions, is required to foster an enabling business environment for equitable expansion. However, according to the authors, weak governance such as corruption and poor institutions is likely to erode some of this benefit from foreign investment. Doytch and Ashraf [9] investigated how national institutional quality influences different types of FDI greenfield investments as well as cross-border mergers and acquisitions (M&As). Greenfield investments, or the creation of new operations in a country, promise to be more beneficial for long-term economic development but require stronger institutions. By contrast, under weaker institutions one might expect a greater number of M&As, which do not necessarily contribute similarly to economic growth. This difference is highly relevant to policy makers in developing countries, as it highlights the need for governance reform that will result in attracting FDI that contributes to long-term growth.

2.3 Governance and FDI in developing economies

On the relationship between governance quality and FDI, it is particularly crucial in developing economies that institutions are weak excluding any positive effects of FDI on economic growth. Poor governance, including widespread corruption and weak institutions in numerous developing countries can hamstring the attractiveness of these economies to FDI as well as limit its benefits. Consequently, FDI is likely to have a larger impact on economic development provided that achieving good governance will be improved. Tran and Dat Le [16] model the impact of governance quality on FDI growth in emerging markets as well showing that good governance can foster trade which is very important to attract FDI. These institutions should be put together to guarantee efficient transformation of FDI into economic growth otherwise, the benefits from inflow would only cumulate on paper as weak institutionalists and corruption can sabotage any positive effect investment. According to the authors, well-functioning governance mechanisms in FDI-destined markets are vital for realising maximum economic benefits of FDR and supporting sustainable development.

Relating to the Arabian Gulf, Ben Ali et al. [17] explore the role of governance quality on public debt; sharing insights into how this may impact wider economic developments such as FDI inflows. Their results lend weight to the idea that governance matters if FDI is going successfully promote economic stability and growth. The authors claimed that without good governance, FDI was likely to realize the worst fiscal challenges experienced by inflows in particular public debt if it seeks outweigh benefits own from its contribution of economic development. By examining the connection between corporate governance, FDI, and bank income smoothing in a few African nations broaden this discussion even more. The importance of corporate governance in reducing FDI risks and boosting positive externalities for economic growth through these investments is one takeaway from their research. The authors argue that strong corporate governance principles are essential for promoting FDI's beneficial effects on economic growth, particularly in less developed financial systems.

Moreover, Mahdi et al. [18] examined the effect of direct foreign investment (FDI) on sustainable development in Iraq. This article focused on Iraq from 2010 to 2018 and used the approach of mixed methods that include both qualitative and quantitative analysis. They found that Iraq's political instability, security issues and insufficient infrastructure are important obstacles that attract direct foreign investment, despite their efforts to motivate investments in sectors such as oil and telecommunications. The authors also concluded that while the FDI has the potential for sustainable development, its impact is undermined by the submission of the system and weaknesses of infrastructure. This document emphasized the indirect importance of public affairs indicators that optimize the contributions of direct foreign investment on economic development in Iraq.

2.4 Emerging issues and future directions

FDI, governance quality and economic development relationship is a highly challenging discipline further complicated by the number of intricate factors through which it might provide new avenues for consideration. And it has been investigated a long time ago how governance moderates FDI feedback whether they are averse to sustainability or positive sign for sustainable development. The importance of governance to the association between entrepreneurship, FDI and economic growth is also studied by Awwad [19] in relation with Palestine finding that a reform for good governance can support the increase on GDP due to more favorable political scenario. According to his research, there is substantial payoff in terms of not just FDI, but FDI that enhances broader development goals such as nurturing entrepreneurship and innovation from reinforcing governance structures. Lessons from this result are of substantive significance for countries such as Iraq to use governance reforms and FDI in full potential for higher development.

The nature of governance and the impact it would have on whether FDI affects carbon emissions or not is further studied by Limazie and Woni [20] in ECOWAS. This study provides a fresh lens on FDI and environmental implications, shedding light that good governance is key to facing the policy challenges if FDI is going to deliver sustainable development instead of causing more harm. These findings underscore the importance of policymakers thinking about and accounting for the environmental effects of FDI when they craft governance reforms or investment policy. Shittu et al. [21] explored how political governance conditions the effect of FDI and globalization on economic growth in West Africa. This is a wake-up call because the study implies that if TFP could have been higher, so should FDI inflow and outflow volumes to this potentially high-return country. However, these positive impacts of FDI on economic growth could be restricted if political governance is not strong enough due to a potentially negative impact of political instability that could hinder investment and mitigate the effect on economic development.

3. METHODOLOGY

This research uses a primary study design to examine the nexus of FDI, governance quality (GQ) and economic development in Iraq from 1995 until 2022. To address the determinants, we shall go on to examine; while also evaluating governance quality as a mediator between FDI and economic development, our estimation will be based upon time series analysis which endorses for consistency in these variables overtime. The data utilized in the examination comes from the World Bank database which offers reliable economic indicators that are consistent across time.

Table 1. Construct measurements

Variable	Description	Source
FDI	Net inflows of FDI as a percentage of GDP. Reflects the level of foreign investments entering Iraq's economy and serves as a proxy for international economic integration.	WDI
GQ	Composite governance index aggregating the following dimensions: - Voice and Accountability, - Political Stability and Absence of Violence, - Government Effectiveness, - Regulatory Quality, - Rule of Law, - Control of Corruption.	WGI
HDI	Composite index reflecting life expectancy, education levels, and per capita income.	United Nations Development Programme (UNDP)
BOT	Difference between a country’s exports and imports, reflecting trade performance.	WDI
GDP	Measure of overall economic activity and growth.	WDI

3.1 Data collection

The data used in this study contain essential covariates that are important to depict the mechanisms of FDI, regulatory quality and economic growth for Iraq. The model construct measurements illustrated as shown in Table 1, FDI is the net inflows of FDI as a percentage of GDP. But FDI means foreign direct investment which reflects the level of foreign investments in a domestic economy and is an essential measure to check on the international economic integration of any country. The FDI data is collected from the World Bank, World Development Indicators (WDI). The overall term for governance quality is the Governance Index from World Governance Indicators (WGI). This index combines several dimensions about governance, as follows: voice and accountability (VA), political stability; government effectiveness GE; regulatory quality (RQ); the rule of law (RL); and control of corruption (CC). For the study period, we employ a composite governance index as an encompassing indicator for quality of governance in Iraq. HDI is an index that measures economic development, it is collected from the World Bank as well. HDI is a composite index that classifies countries provisionally into three comparative areas based on their: life expectancy, education and per capita income which are also known as well-being & human development level.

Aggregated indicators (such as HDI and the quality of management) are simplified as indicators because they capture a full image of social, economic and administrative environment. HDI, a composed index based on measurement of life, education and income, is a good example of such a summary because it provides a simple way to compare the wide aspects of human development across countries and regions and over time. Similarly, the quality of the administration index captures various aspects of public administration, including political stability, rule of law and corruption control, which provides a broader view of the "quality of institutions". However, it is also acknowledged that these aggregated indicators can mask sectoral and geographical differences. For example, while HDI captures the national average, it does not capture access to education or local health care. Similarly, regional management failures that disproportionately affect certain regions or industries can be masked by the quality of the management index. However, due to the importance of the reform at national level and the improvement of human development in Iraq, the aggregation that indicates the most important trends and relationships is justified in this study. To emphasize these nuances, future studies could provide more accurate analyzes to a particular sector or region that would accompany this approach.

For robustness of the analysis, two control variables are added which is BOT: The balance of trade would be represented by net exports and fewer imports. This variable is crucial, since it shows us how well Iraq has been trading, and this can have a strong effect on both FDI itself as to economic development. In addition, when the value of a country's exports exceeds that of its imports there is said to be a positive balance (or surplus) of trade, and conversely negative balance and deficit. The data source of BOT, economic growth, and governance indicators is WDI from World Bank database. Using GDP growth as a control variable allows us to identify the unique contributions of FDI and combine with governance quality in addressing other potential explanations for an increase or decrease in any region's economic development.

3.2 Data analysis

A time series analysis is used for this study to investigate the correlation between all these variables. Time series data analysis is perfect for analyzing time-series or sequences of related events, helping identify trends, cycles and possibly causal characteristics. The study is based on interpreting cointegration analysis to test the presence long-run equilibrium relationship between FDI, governance quality and economic development. Tests for cointegration, like the Joahenson cigarette testing and thus detecting long-term relationships between variables. A VECM will be used to look at both the short-run dynamics and long-term relationships between these variables if cointegration is found. VECM model allows us to identify short-term adjustments and long-run equilibrium relationships. It is important as we want to know how FDI and governance quality interact with each other in economic development aspect. Granger causality tests will be performed to investigate the direction of causation between variables. This will enable us to detect whether changes in FDI are affected by the variations in governance quality and economic development, or vice versa.

4. EMPIRICAL FINDINGS

As a way to demonstrate findings, the study used a dynamic approach to identify the relationship between FDI, quality of administration and other economic variables over time. The VECM errors model indicated short and long-term relationships between these variables. The model indicated that FDI without the quality of public administration was negligible and often ineffective contributing to human development; Once the quality of the administration has been included in the model, the positive results of these measures have improved significantly. For example, the improvement of administration has redirected foreign investments in sectors that are decisive for HDI, such as education and health care. It has been shown that good public administration plays a stabilizing role in terms of maximizing the benefits of FDI and adapting to development goals. The consequences of these findings emphasize an important role in managing economic growth in real changes in the quality of people's life.

The main variables that were taken into consideration were FDI, GQ, HDI, BOT and GDP. These summarize give a first glance of the distribution and central tendencies in data. Table 1: Global distribution of inward and outward FDI as a % about GDP around the world, both average (arithmetic mean) values are charted by record. The average of GQ is 128.259, with a standard deviation relatively on the low-level suggesting stability in governance indicators. The mean value of the HDI is 0.613, indicating that Iraq enjoys medium human development overall throughout this period; The bot was expected to show significant variability as the standard deviant is high enough, meaning that Iraq's trade performance varies considerably over time. The highest variability is for GDP with a standard deviation of 83 billion USD.

As for Skewness and kurtosis, as shown in Table 1, FDI and HDI are negatively skewed (i.e., followed a long-tailed distribution on the left side of both distributions) whereas BOT is positively skewed (i.e., followed a tail-distribution to the right for all countries). Vertical red lines hint at the standard significant value if a null hypothesis test has been implemented, and BOT turns out to be near normally distributed as indicated by failing-to-reject-the-null: The Jarque-Bera normality check suggests that all our variables are (mostly) well-behaved save for cash-flowing bot-s terrible mean rate being so low. There are also a couple of countries with very high trade imbalances in this time.

In the current study, exploratory factor analysis was applied ascertainment of relationships among FDI, GQ, HDI, BOT and GDP. Table 2 illustrates essential relationships between these variables in the case of Iraq economy. First, the relationship FDI–HDI is negative (-0.540), which means that a greater presence of foreign capital in an area shows poor human development conditions. The complex link between FDI, economic structures and social factors may explain the counterintuitive results observed in Iraq. FDI inflows may not directly generate improvements in human development (HDI dimensions) largely due to the quality of investments undertaken or inefficiencies associated with these investment utilizations. This finding is consistent with the general literature on FDI which suggests that, apparently to become beneficial from FDIs may need appropriate governance and strategic actions [11].

Table 2. Descriptive statistics

	FDI	GQ	HDI	BOT	GDP
Mean	-0.299	128.259	0.613	9125.926	115000000000
Median	0.000	128.000	0.612	8000.000	112000000000
Maximum	4.562	138.000	0.678	32000.000	235000000000
Minimum	-4.542	120.000	0.516	1000.000	10400000000
Std. Dev.	1.996	5.303	0.045	7523.174	83000000000
Skewness	-0.344	0.130	-0.269	1.527	0.148
Kurtosis	3.565	1.739	2.032	5.308	1.408
Jarque-Bera	0.891	1.864	1.380	16.483	2.949
Probability	0.641	0.394	0.502	0.000	0.229
Observations	27	27	27	27	27

HDI= human development index, FDI= foreign direct investment, BOT=balance of trade, GDP=gross domestic production

In Table 2, it is observed that this correlation value of FDI and governance quality index with a relation to each other was low (SP=0.082). This implies that good governance may not be a significant determinant of FDI inflow in Iraqi (although it does help attract some higher quality/knowledge-based production sharing/collaboration projects from politically stable countries.). In this respect our results will be in line with Agyemang et al. [7]; since governance affects FDI in other ways can be influenced by stability, as argued by Shittu et al. [21]. FDI and the BOT: country year negative correlation with FDI = -0.431 in 2013. Higher scores indicate worse support for a hypothesis (positive values concur with our hypothesis while negative values contradict it). This happens when FDI results in an increase in imports, either due to production inputs or consumption without a rise in exports. There is also a negative correlation between FDI and GDP, (-0.447) which implies that if FDI increases; this does not mean the level of economic growth in Iraq will increase as well just with increased investment outside of social reproduction growth or development. For example, it could suggest problems with governance or the types of FDI entering an economy that are not conducive to promote economic growth [14]. The analysis further demonstrates a positive link between HDI and governance quality), that is (which means the more proper management with human development higher, would be 0.251). Similarly, the study by Ahmed and Anifowose [8] supported these findings by stating the crucial part that good governance plays in promoting socio-economic development. Besides, the positive association between HDI and BOT (0.628) further highlights a need to have trade surplus, since countries that can maintain 3-17 months reserves equivalent in their overall subscriptions are seen as important for having favorable human development considering political influence; economic stability and natural resources from favorable trading surpluses contribute indirectly towards an improved HDI.

More importantly, we can see that GDP and HDI have a very strong positive correlation: 0.958. This probably reaffirms what many people already believe anyway; there is some overlap between economic growth (as measured by an economy's capacity to 'produce') and human development barriers. This is a pertinent illustration of the significant role that economic performance plays in stimulating positive changes to social indicators such as health, education and living standards even when these happen amidst conflict-plagued environments like Iraq. Table 3 reveals positive correlations of governance quality with the BOT (0.483) and GDP (0.458), suggesting that good governance results in improved trade capabilities along with overall economic development. Table 3 altogether, these findings suggest that FDI can yield some benefits; however, in terms of economic development for Iraq at least they are conditional on governance quality and macroeconomic conditions. Therefore, policies that lead to better governance and a more strategic management of FDI inflows could play an instrumental role in promoting economic growth as well as social development within Iraq.

Table 3. Correlation test

	FDI	HDI	GQ	BOT	GDP
FDI	1.000				
HDI	-0.540	1.000			
GQ	0.082	0.251	1.000		
BOT	-0.431	0.628	0.483	1.000	
GDP	-0.447	0.958	0.458	0.707	1.000

HDI= human development index, FDI= foreign direct investment, BOT=balance of trade, GDP=gross domestic production

Table 4. Johansen cointegration test

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	Critical Value at 0.05	Prob[b]
None[a]	0.656	48.423	47.856	0.044
At most 1	0.380	21.771	29.797	0.311
At most 2	0.203	9.828	15.495	0.294
At most 3	0.153	4.145	3.841	0.052

Table 4 illustrates the stationary test, ADF: Equal to the Augmented Dickey-Fuller (ADF) test for key variables regarding FDI, GQ, HDI, BOT and GDP. The results indicate that all variables are non-stationary at their levels and stationery after taking first differences. Example: FDI is non-stationary at the level, with an ADF statistic of -1.936 and a p-value of 0.312 but it becomes stationary after differencing; D(FDI) has an ADF statistic equal to -5.567 with no intercept term and whose associated probability value may be assumed as zero for all practical purposes command similar to that earlier all the four-time series have become stationary after differencing (GQ, HDI 9VBOT and GDP). The VECM was found to be a suitable methodology for conducting long run and short run analysis on the series of Iraq's economic development [13, 14] get application context, the results evidenced twitter trends about that these variables are integrated of order one.

4.1 Estimation without mediation of governance quality

For this, Johansen cointegration test and VECM were also used to identify the direct impact path of FDI, economic development in term HDI, BOT with GDP without mediation of governance quality. These results allow to infer on the long-term (equilibrium) and short-term (dynamic) interaction among these variables. The Johansen cointegration test was used to determine the number of cointegrating equations, which explain long-run relationships among variables. Results of the tests (see Table 5) reveal that at both levels of significance trace test suggest existence of cointegrating equation one. The eigenvalue and critical value for the first cointegrating equation are 0.656 → trace statistic =48.423 >47.meaning at 5% level. This implies the existence of a long- term relationship among HDI, FDI, BOT and GDP in Iraq even with the absence of quality governance as mediating factor [22].

Table 5. Johansen cointegration test

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	Critical Value at 0.05	Prob[b]
None[a]	0.656	48.423	47.856	0.044
At most 1	0.380	21.771	29.797	0.311
At most 2	0.203	9.828	15.495	0.294
At most 3	0.153	4.145	3.841	0.052

Note: [a] denotes rejection of the hypothesis at the 0.05 level, [b] MacKinnon-Haug-Michelis (1999) p-values

4.2 VECM

In the following VECM analysis we will have some more details about how this long-run relationship that was singled out by the cointegration test works. The cointegrating equation in the long run is given as:

$$HDI = -189.5743 - 0.004FDIt + 0.001BOTt - 122GDPt + et$$

This can be seen from this equation stating that FDI has a very small coefficient but negative (-0.004) looks at the long-term negative association with HDI for any 1unit change in FDI value only grow by -0.4% it may not have much significant economic implication (looked from an economical aspect). In the long-run equilibrium, BOT positively influences HDI (0.182), but GDP's impact on HDI is found to be negative (-0.122).

The normalized long-run cointegrating equation reveals the following relationships, as shown in Table 6. A coefficient of FDI shows that it has a minor negative impact on HDI with the value -0.00371. Despite being small, the positive coefficient of 0.00002 for BOT indicates that they assist in improving HDI. This proves that GDP still has a relatively large adverse impact on human development, as its coefficient of -0.12211 does confirm; the t-statistics in the equation tell us about the statistical significance of these coefficients, with GDP having primarily a negative effect.

Table 6. Long-run normalized cointegrating equation

Cointegrating Eq	HDI (-1)	FDI (-1)	BOT (-1)	GDP (-1)	C
CointEq1	-	-0.00371	0.00002	-0.12211	2.29815
	1.00000	-0.00661	0.00000	-0.01783	-
		[-0.56032]	[6.03276]	[-6.84873]	-

Standard errors in ( ) and t-statistics in [ ].
HDI= human development index, FDI= foreign direct investment, BOT=balance of trade, GDP=gross domestic production

Table 7. Error correction estimates from VECM

Error Correction	D (HDI)	D (FDI)	D (BOT)	D (GDP)
CointEq1	0.038	-2.097	-78527.610	-0.036
	(-0.031)	(-5.352)	(-17210.300)	(-0.990)
	[1.207]	[-0.392]	[-4.562]	[-0.036]

Standard errors in ( ) and t-statistics in [ ].
HDI= human development index, FDI= foreign direct investment, BOT=balance of trade, GDP=gross domestic production

Table 6 shows that short-term dynamics are captured via the error correction model. Table 6 reports the coefficient of the error correction term (CointEq1) for HDI, which is found to be equal to 0.038 that indicates a slow adjustment process towards long-run equilibrium after any short-term shocks. The negative coefficients for FDI (-2.097) and BT (-78527.610) presented in Table 7 reveal that these variables act as adjustment mechanisms since they contribute to restoring any kind of difference from the long-run equilibrium, which prove stage by step convergence mechanism. Fiscal balance has a significant impact on the role indirect channel adjusts external imbalances at subsequent level. But the t-statistic proves BOT rate comes out as statistically significant having an impact, and other adjustments on FDI & GDP are not so much strong as seen from short term low coefficient of very sleepy influence about 0.036 for GDP alone and this is good to just consider when we notice a small size effect downstream impacting it in its Structure (training/fines) though applied flags prework up justification (EIF/NISI). The results of this study indicate that low quality governance cannot mediate on the way from FDI and GDP to HDI in Iraq, which both short-run and long run significance level except some values are limited or sometimes negative. The results imply that gains in human development indicators from FDI and economic growth can be sub-optimal if not complemented by robust governance structures, hence policy makers should consider quality of governance together with other factors to fully understand what drives economic development [13, 14].

4.3 Estimation with mediation

For this, Johansen cointegration test and VECM have been used to investigate the proportion of governance quality effect as a mediating variable between FDI, HDI, BOT and GDP. Within these methods, we inspect long-term equilibrium and short-run dynamics adding governance quality (GQ) as a mediating variable. Table 8 shows the results of Johansen cointegration test, indicating long-term cointegrating relationships between variables. The test results at the 0.05 significance level shows one cointegrating equation with a trace statistic of 77.764 is higher than its critical value (69.819). This proves that there is a constant long-run relationship between HDI, FDI, BOT GDP and GQ when governance quality is added. The presence of GQ seems to reinforce the cointegrating relationship, supporting a relevant role from governance quality in such long-run dynamics for these variables.

Table 8. Johansen cointegration test

Hypothesized No. of CE(s)	Eigenvalue	Trace Statistic	Critical Value at 0.05	Prob[b]
None[a]	0.741	77.764	69.819	0.010
At most 1	0.545	43.971	47.856	0.111
At most 2	0.451	24.296	29.797	0.188
At most 3	0.242	9.289	15.495	0.339
At most 4	0.091	2.376	3.841	0.123

Trace test indicates 1 cointegrating eqn(s) at the 0.05 level

Table 9. Long-run normalized cointegrating equation

Cointegrating Eq	HDI (-1)	FDI (-1)	BOT (-1)	GDP (-1)	GQ (-1)	C
CointEq1	-	-0.00334	-0.00001	-0.03676	0.00564	-0.35747
	1.0000	-0.00281	0.00000	-0.00616	-0.00098	-
		[-1.18514]	[-6.31880]	[-5.96975]	[5.74213]	-

Standard errors in ( ) and t-statistics in [ ].

HDI= human development index, FDI= foreign direct investment, BOT=balance of trade, GDP=gross domestic production

Table 10. Error correction estimates from VECM

Error Correction	D (HDI)	D (FDI)	D (BOT)	D (GDP)	D (GQ)
CointEq1	-0.012783	14.97215	159538.1	3.182197	-35.65681
	(-0.08481)	(-13.0443)	(-52369.1)	(-2.44763)	(-25.5242)
	[-0.15072]	[1.14779]	[3.04642]	[1.30011]	[-1.39698]

Standard errors in ( ) and t-statistics in [ ].

HDI= index of human development, FDI= foreign direct investment, BOT= trade balance, GDP=gross domestic product

4.4 Vector Error Correction Model

This analysis gives further insight into the long-term relationship as characterized by our VECM. The cointegrating equation in the previous sentence is what economists call a long-run relationship.

$$HDI= -235.317 - 0.003FDIt – 0.0006BOTt – 0.037GDPt + et$$

This equation shows that the FDI, BOT and GDP have negative coefficients which means long run reverse relationship of these variables with HDI. Some of its sociodemographic variables seem to have driven the correlation change; as noted, part could be due to changing income elasticities and some by governance quality (GQ), which in our analysis we discovered had a positive coefficient (0.006) such that one unit increase can effectively soften the negative impacts from FDI, BOT or GDP on HDI but very positively affect overall human development. These relationships are also confirmed by Table 9, which shows the long-run normalized cointegrating equation. FDI also shows a negative but very small impact on HDI with the coefficient of -0.00334 and BOT: −0.00001, which are not strong compared to GDP (−0.03676). On the one hand, it has a positive coefficient (0.00564) with GQ and therefore promotes development; however, that is much less than what we see elsewhere, taking their estimated coefficients to 4 significant figures just by way for example. The t-statistics emphasize the significance of these associations, most notably with governance quality contributing positively to HDI.

The error correction model (described in Table 10) captures the short-term dynamics. After short-term aberrations, the error correction term (CointEq1) for HDI is -0.012783, indicating a rather slow rate of adjustment toward the long-term equilibrium. Although to differing degrees, the short-term positive coefficients for FDI (14.97215) and BOT (159538.1) show that these factors help with the adjustment toward the long-term equilibrium. Crucially, the error correction estimates are strongly impacted by the addition of GQ to the model. The negative coefficient for GQ (-35.65681) indicates that, following shocks, the system returns to a stable path, indicating that the quality of governance is crucial in reversing departures from the long-term equilibrium. The adjustment effects, however, do not always appear statistically significant, according to the t-statistics, with GQ demonstrating a modest degree of importance in impacting short-term dynamics. To sum up, the estimate findings utilizing governance quality as a mediator show that GQ plays a critical role in amplifying the favorable effects of FDI and other economic factors on human development. According to the findings, improving governance quality may be able to mitigate some of the negative effects that are evident when governance is disregarded, improving long-term outcomes for human development. For Iraq's sustainable development, this highlighted how important strong governance frameworks are to maximizing the benefits of foreign investment and economic growth [13, 14].

5. DISCUSSION

The outcomes of the present research shed light on the link between FDI, governance, and the HDI in Iraq. The findings indicated that FDI, when evaluated without the mediating influence of governance quality, has a negative impact on human development, as evidenced by the FDI coefficient (-0.004) in the long term. This shows that, in the absence of efficient governance, FDI is frequently steered into sectors such as extractive industries, which may raise GDP but do not necessarily contribute to broader socioeconomic benefits, resulting in a decline in HDI. The link between FDI and HDI is significantly altered when governance quality is added as a mediating element. The VECM analysis's governance quality coefficient (0.006) demonstrates that effective governance greatly amplifies the favorable effect of FDI on HDI. The positive relationship suggested that a one-unit increase in governance may successfully counteract the detrimental effects of FDI on HDI, guaranteeing that foreign investments support industries like infrastructure, healthcare, and education that are in line with national development objectives. Furthermore, the study found that when governance is excluded, the GDP and BOT have negative coefficients over the long term (-0.037 and -0.00001, respectively). This emphasizes the necessity of robust governance frameworks to guarantee that these economic factors have a positive impact on human development. However, the inclusion of governance quality as a mediator helps reverse these negative impacts, as shown by the improved coefficient values, reinforcing the idea that governance plays a crucial role in harnessing the benefits of FDI for sustainable human development.

Most people agree that FDI plays a significant role in economic growth, particularly in developing countries like Iraq. The foreign capital, technology, and expertise brought in by FDI may provide countries with the impetus they need to invest in infrastructure, modernize, and generate employment. However, the study's findings challenge the simplistic notion that FDI always leads to positive development outcomes. In the absence of capable governance, the relationship between FDI and the HDI is complex. First, FDI in Iraq may be directed toward industries that do not immediately benefit humanity as a whole. For example, if FDI is mostly focused toward extractive sectors such as oil and gas, the economic advantages may only benefit a small portion of the population and have little to no impact on employment, healthcare, or education. These investments may boost GDP, but they may not have a favorable influence on the HDI, which considers a broader variety of socioeconomic characteristics. This is consistent with the concerns expressed by Ansari and Khan [11], who argued that FDI might occasionally result in development that is neither inclusive nor sustainable.

Second, the potential for adverse externalities linked to specific FDI types and resource misallocation may account for the negative impact on HDI. Even while they temporarily increase economic production, investments that damage the environment, uproot local populations, or worsen inequality, for instance, may be detrimental to human development. The importance of both the quantity and quality of FDI is therefore underscored. FDI may have more detrimental impacts than beneficial ones in the absence of robust institutions and regulatory frameworks. These negative implications might include greater inequality, environmental damage, or even political instability. Furthermore, because of the poor governance, the problem of reliance may also be connected to the detrimental effects of FDI on HDI. An economy that relies too heavily on foreign investment may be more susceptible to outside shocks, such as shifts in the state of the world economy or the exodus of foreign capital. The potential for this dependency to lead to economic instability might be detrimental to long-term development goals. Thus, the study's findings suggest that while FDI may accelerate economic growth, its impact on human development is nuanced and contingent on various factors, including the degree to which governance is executed and the degree to which FDI is in line with broader development objectives. Included as a mediating element in study, governance significantly alters the relationship between FDI and human development. This demonstrates how important strong governance frameworks are to optimize the positive developmental effects of foreign investment. The long-run cointegrating equation shows that improvements in governance have the capacity to both mitigate and even reverse the negative effects of FDI, BOT, and GDP on HDI. This is shown by the positive coefficient of governance quality. The idea of governance quality encompasses many different aspects, including the effectiveness of institutions, the rules of law, accountability, openness, and the battle against corruption. A number of prerequisites need to be met by the environment in order to effectively use FDI to promote sustainable development. Strong governance practices ensure that FDI goes to national development goals-aligned sectors such as innovation, infrastructure, healthcare, and education. This strategic alignment contributes to an increase in the HDI by guaranteeing that the benefits of FDI are distributed more fairly across the population.

The composition of the FDI branch is one of the most important variables that determine the impact of flows on economic development and human well. Historically, most direct foreign investments in Iraq were directed to the oil and gas sector in accordance with most of the wealth of natural resources in the country. These investments contribute to the growth of GDP and foreign exchange reserves, but do not have significant effects of spilling on wider socially -economic development, whether through jobs, infrastructure or technology developed elsewhere. The structure of the economy is deeper rooted in relationships, and in particular this excessive reliance on FDI based on sources can deepen the structural imbalance in the economy and tend to increase inequality and prevent the diversification process necessary for sustainable development. However, FDI focused on oil -free sectors such as production, agriculture or services are likely to contribute directly and widely to improve the human development index by providing jobs, training and access to basic goods and services. Future studies of direct foreign investment in Iraq should focus on the sector, as this could bring more detailed information and proposals for policy that are more suitable for achieving the relevant components of national development objectives in accordance with sectoral priorities.

Agyemang et al. [7] argued that strong governance frameworks are required to maximize the developmental advantages of FDI. Effective regulatory control, for example, may guarantee that foreign investments follow domestic laws, benefit the local economy, and minimize the negative externalities associated with FDI, such as environmental damage and labor abuse. Furthermore, effective governance may improve the economy's ability to absorb new ideas and adapt to foreign technology and practices, supporting long-term economic growth and innovation in local businesses and organizations. Effective governance is also required to mitigate the risks associated with FDI, which include capital flight, unstable economies, and volatile political environments. FDI has the potential to exacerbate existing weak countries with poor governance, increasing social discontent, inequality, and reliance on foreign money for economic growth. Strong governance, on the other hand, may aid in risk management by providing a predictable and stable economic climate that attracts longer-term, more sustainable investments. This is consistent with research undertaken by Duan et al. [10], which emphasizes the role of governance in ensuring that FDI fosters stability and long-term economic growth. The favorable effects of excellent governance on GDP and the BOT highlight the policy's relevance in fostering an environment conducive to economic development. Good governance has the ability to boost trade and economic policy effectiveness by ensuring that the benefits of economic growth and FDI are reinvested in the economy in ways that fulfill broader development goals. By lowering administrative obstacles, enhancing infrastructure, and making sure that trade policies align with national development goals, for instance, good governance may promote trade. Similar to this, good governance may help fiscal and monetary policies work better by making sure that the money generated by GDP growth and FDI is used for social programs, infrastructure development, and the enhancement of public services.

6. CONCLUSION

The problem raised in this paper is the inconsistent consequences of FDI in developing nations, where socioeconomic advancements such as gains in the Human Development Index remain unsatisfactory or even negative despite huge inflows. Weak governance systems in Iraq may limit the potential advantages of FDI, resulting in economic progress that may not convert into wider human development. This study investigates the complicated link between FDI, government quality, and economic progress in Iraq. Where governance structures are weak, investment may even reduce the HDI, such that poorly managed or inappropriate foreign investments actually fail to translate into broader socio-economic gains. However, accounting for governance quality enhances the positive relationship between FDI and HDI reinforcing that good governance is instrumental in leveraging FDI to benefit development.

The findings carry considerable political implications. The most basic thing is for Iraq to improve its governance frameworks in order that FDI can deliver the largest benefits. This includes transparency, accountability and rule of law and better regulatory oversight to ensure that foreign investments are in line with national development goals. Governance is highly crucial to prevent FDI risks as environmental degradation, inequality and economic dependency will increase but the Company cannot control it alone because if that company wants to be successful then benefits of foreign investment need distribute amply among citizens. Furthermore, the significant focus on harnessing FDI to implement wider socio-economic objectives of the extended national market should also guide policymakers towards strategic alignment in certain sectors that are critical for long-term nation building including infrastructure, education, healthcare and technology. Adequate design of investment incentive policies can facilitate its developmental function and build an institutional capacity for managing FDI from a regulatory point of view so as to make these investments effectively complement the national economy in support of sustainable development.

The contribution of this study lies in its theoretical and empirical advancements in understanding the role of governance as a mediator between FDI and economic development in a post-conflict nation like Iraq. The research provides a robust, evidence-based model using VECM methodology, which not only highlights the nuanced relationship between governance quality and FDI but also offers practical insights for policymakers. These insights emphasize the necessity for strategic alignment of FDI with national development objectives and the strengthening of domestic institutional capacities to better govern foreign investments, ultimately promoting sustainable economic growth and human development.

This study is not without limitations. The findings may be influenced by Iraq’s unique economic and political context. The analysis relies on overall governance quality, which, while aiming to provide a holistic interpretation of institutional effectiveness, falls short of capturing the nuances and multiple dimensions that are crucial for understanding the relationship between FDI and economic development.

Moreover, using aggregate macroeconomic indicators such as GDP and HDI to evaluate the impact of FDI in Iraq may overlook important regional or sectoral disparities. A more disaggregated approach would be better suited for obtaining detailed insights into how different economic sectors within Iraq are affected by foreign investment inflows.

Building on these findings, several directions for future research are proposed. Comparative studies across countries or regions are needed to provide a broader perspective on how the effects of FDI are either strengthened or mitigated by governance and other contextual factors under different socio-institutional backgrounds. Additionally, sector-specific analyses can offer deeper insights into how FDI influences industries such as manufacturing, services, or technology, and what governance quality means in these scenarios.

Furthermore, breaking down governance quality into distinct dimensions—such as political stability and absence of violence, regulatory quality, commitment to the rule of law, and control of corruption—could provide a clearer understanding of how each element contributes to overall economic performance under different FDI-policy-development frameworks.

Finally, longitudinal studies that track specific FDI projects over time are essential to assessing the long-term impacts of foreign investment on macroeconomic performance and human development. These studies would help illustrate how shifting governance quality influences the outcomes of FDI in a dynamic economic environment.

ACKNOWLEDGMENT

We would like to thankful Mustansiriya University for supporting this work.

REFERENCES

[1] Yi, J., Hou, Y., Zhang, Z.Z. (2023). The impact of foreign direct investment (FDI) on China’s

manufacturing carbon emissions. Innovation and Green Development, 2(4): 100086. https://doi.org/10.1016/j.igd.2023.100086
[2] Dossou, T.A.M., Kambaye, E.N., Asongu, S.A., Alinsato, A.S., Berhe, M.W., Dossou, K.P. (2023). Foreign direct investment and renewable energy development in sub-Saharan Africa: Does governance quality matter? Renewable Energy, 219: 119403. https://doi.org/10.1016/j.renene.2023.119403
[3] Elorabi, K., Ishak, S., Maher, M. (2024). Does the inflow of remittances diminish unemployment? The role of political stability in MENA countries. Journal of Economic Studies, 51(8): 1571-1585. https://doi.org/10.1108/JES-08-2023-0453
[4] Shamsub, H. (2023). The impact of FDI on innovation in developing countries: The mediating role of governance. International Journal of Finance, Economics and Business, 2(3): 178-194. https://doi.org/10.56225/ijfeb.v2i3.141
[5] Asaad, Z.A., Marane, B.M. (2020). The influence of human development, institutional quality and ISIS emergence on foreign direct investment in Iraq. Technium Social Sciences Journal, 10: 318.
[6] Sami, D.I.S. (2023). The role of corporate governance in attracting foreign direct investment study the case of Iraq. Master’s thesis, İstanbul Gelişim Üniversitesi Lisansüstü Eğitim Enstitüsü.
[7] Agyemang, O.S., Gbettey, C., Gatsi, J.G., Acquah, I.S.K. (2019). Country-level corporate governance and foreign direct investment in Africa. Corporate Governance: The International Journal of Business in Society, 19(5): 1133-1152. https://doi.org/10.1108/CG-07-2018-0259
[8] Ahmed, A., Anifowose, M. (2024). Corruption, corporate governance, and sustainable development goals in Africa. Corporate Governance: The International Journal of Business in Society, 24(1): 119-138. https://doi.org/10.1108/CG-07-2022-0311
[9] Doytch, N., Ashraf, A. (2023). Do institutions impact differently inward greenfield FDI and cross-border M&A sales? A study of five institutional quality indicators in developed and developing countries. Journal of Financial Economic Policy, 15(6): 501-529. https://doi.org/10.1108/JFEP-06-2023-0161
[10] Duan, C., Zhou, Y., Cai, Y., Gong, W., Zhao, C., Ai, J. (2022). Investigate the impact of human capital, economic freedom and governance performance on the economic growth of the BRICS. Journal of Enterprise Information Management, 35(4/5): 1323-1347. https://doi.org/10.1108/JEIM-04-2021-0179
[11] Ansari, M.S.A., Khan, S.A. (2023). FDI, disinvestment and growth: An appraisal of Bhutanese economy. Journal of Chinese Economic and Foreign Trade Studies, 16(1): 64-82. https://doi.org/10.1108/JCEFTS-05-2022-0031
[12] Mssirhad, A.T., Jedidia, K.B. (2023). The impact of foreign direct investment on economic growth in Iraq. Migration Letters, 20(S5): 473-484.
[13] Akinlo, T. (2024). Does institutional quality modulate the effect of capital flight on economic growth in sub-Saharan Africa? Journal of Money Laundering Control, 27(1): 60-75. https://doi.org/10.1108/JMLC-02-2023-0026
[14] Akisik, O., Mangaliso, M.P. (2019). How IFRS influence the relationship between the types of FDI and economic growth: An empirical analysis on African countries. Journal of Applied Accounting Research, 21(1): 60-76. https://doi.org/10.1108/JAAR-02-2018-0025
[15] Nam, H.J., Ryu, D. (2023). FDI and human development: The role of governance, ODA, and national competitiveness. Journal of International Financial Markets, Institutions and Money, 85: 101769. https://doi.org/10.1016/j.intfin.2023.101769
[16] Tran, N.H., Dat Le, C. (2019). Governance quality, foreign direct investment, and entrepreneurship in emerging markets. Journal of Asian Business and Economic Studies, 26(2): 238-264. https://doi.org/10.1108/JABES-09-2018-0063
[17] Ben Ali, T., Ben Abdul Aziz Al Yahya, B. (2019). The effect of governance on public debt: An empirical investigation for the Arabian Gulf countries. Journal of Economic Studies, 46(4): 812-841. https://doi.org/10.1108/JES-07-2017-0168
[18] Mahdi, H.K., Hamza, A.R., Sabti, Y.M. (2021). The role of foreign direct investment in achieving sustainable development in Iraq: An analytical study for the period of 2010-2018. South Asian Journal of Social Sciences and Humanities, 2(6): 1-13. https://doi.org/10.48165/sajssh.2021.2601%20
[19] Awwad, B.S.A.L. (2024). Governance with relationship between entrepreneurship and economic growth in Palestine. International Journal of Law and Management, 66(2): 259-287. https://doi.org/10.1108/IJLMA-06-2023-0142
[20] Limazie, M.S., Woni, S. (2024). Foreign direct investment and carbon emissions in ECOWAS: Does good governance matter? Journal of Economics and Development, 26(2): 139-153. https://doi.org/10.1108/JED-08-2023-0158
[21] Shittu, W.O., Ismail, N.A., Abdul Latiff, A.R., Musibau, H.O. (2020). Modelling external debt-growth nexus: How relevant is governance? Journal of Financial Crime, 27(4): 1323-1340. https://doi.org/10.1108/JFC-05-2020-0078
[22] MacKinnon, D. (2000). Managerialism, governmentality and the state: A neo-Foucauldian approach to local economic governance. Political Geography, 19(3): 293-314. https://doi.org/10.1016/S0962-6298(99)00086-4