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Foreign Direct Investment and it is Influence on International Trade of the Economic Growth of the Philippines

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Abstract
This research aims to investigate the relationship between Foreign Direct Investment (FDI) and international trade on Philippine economic growth. With economic growth being a major focus in the country's development, it is important to understand the contribution of FDI and international trade to achieving the Philippines' economic growth goals. The research method used is multiple linear regression to look at the economic growth of the Philippines from 2000-2022. There are two types of variables independent and dependent variables and economic growth in the relevant time period. The data used includes time series and cross-country data to strengthen the validity of the results. The analysis finds a substantial positive coefficient indicating a positive association between labor and GDP in the Philippines. For foreign direct investment (FDI), however, a negative inverse correlation was discovered, indicating the need for additional research. Additionally, the trade variable displayed a negative coefficient, suggesting that more investigation is required to fully comprehend its influence on economic growth. According to the report, to achieve sustainable growth, policies for maximizing the benefits of trade and foreign investment on the nation's development need to be reevaluated.

Keywords: *Foreign Direct Investment, Trade Openness, Economic Growth, Philippines, GDP, Labor Force*

Abstrak
Penelitian ini bertujuan untuk mengetahui hubungan Foreign Direct Investment (FDI) dan perdagangan internasional terhadap pertumbuhan ekonomi Filipina. Karena pertumbuhan ekonomi menjadi fokus utama pembangunan negara ini, penting untuk memahami kontribusi FDI dan perdagangan internasional dalam mencapai tujuan pertumbuhan ekonomi Filipina. Metode penelitian yang digunakan adalah regresi linier berganda untuk melihat pertumbuhan ekonomi Filipina pada tahun 2000-2022. Ada dua jenis variabel independen dan variabel dependen dan pertumbuhan ekonomi dalam periode waktu yang relevan. Data yang digunakan meliputi data time series dan lintas negara untuk memperkuat validitas hasil. Hasil penelitian ini diharapkan dapat memberikan pemahaman yang lebih baik mengenai bagaimana FDI dan perdagangan internasional berdampak pada pertumbuhan ekonomi Filipina. Implikasi kebijakan juga dibahas, dengan fokus pada upaya meningkatkan investasi asing dan perdagangan internasional sebagai strategi untuk meningkatkan pertumbuhan ekonomi negara. Penelitian ini diharapkan dapat memberikan kontribusi yang signifikan terhadap literatur mengenai pengaruh FDI dan perdagangan internasional terhadap pertumbuhan ekonomi di Filipina,

serta memberikan wawasan berharga bagi para pengambil kebijakan dan praktisi ekonomi di tingkat nasional dan internasional.

Kata kunci: Investasi Asing Langsung, Keterbukaan Perdagangan, Pertumbuhan Ekonomi, Filipina, PDB, Angkatan Kerja

1. INTRODUCTION

The primary objective of this study is to investigate the relationship between foreign direct investment (FDI), international trade, and economic growth in the Philippines. The specific themes or subjects of concern include comprehending how trade and foreign direct investment (FDI) support the Philippines' economic growth, which is an important aspect of the country's development, and examining the impact of labor, trade, and FDI on the GDP growth of the nation from 000 to 2022. The study tries to provide a thorough grasp of the state of the Philippine economy now.

Furthermore, investigating the potential connections between trade openness, foreign direct investment (FDI), and economic growth since research on the advantages of trade and FDI for economic growth in various nations has produced contradictory results. Significant changes in the Philippines' economic environment, notably the rise in FDI inflows and trade liberalization policies during the mid-1980s, served as the impetus for the research. The goal of the study is to objectively assess how these factors have affected the GDP growth of the nation over the previous 20 years. The issue is especially important since policymakers need to understand how trade, FDI, and economic growth are related to establish effective plans to support the Philippines' sustainable economic development. To fully understand the subtleties of these interactions, country-specific study is necessary, as indicated by the inconsistent results in the literature.

Policies encouraging foreign direct investment (FDI) have had a major impact on the Philippines' economic climate. This study looks at how FDI, labor, and trade are related to one other and how economic growth is impacted by them. With its empirical evaluation of the effects of trade dynamics, local labor, and foreign direct investment (FDI) on GDP growth from 2000 to 2022, the study offers a thorough insight of the state of the world economy. Prior to the Asian financial crisis, foreign direct investment (FDI) started to come into the Philippines. Foreign direct investment increased dramatically, from 4% of GDP in the mid-1980s to 19.5% of GDP in 1996 (IMF, 2007). In the research entitled "Foreign Direct Investment and Economic Growth: Some Empirical Evidence from the Philippines," According to the author, the Philippines is heavily dependent on the outside world, just like many other developing countries. The Philippines' economic progress has experienced sporadic ups and downs throughout the last 20 years or more. The Philippine government's policies have had a significant influence on this path of development. The government's approach was characterized by trade and economic liberalization in the Philippines by the mid-1980s. The private sector's initiative to construct railways and electrical production facilities coincided with this. Policies that promoted, fostered, and coordinated trade and other economic activity led to economic progress in the Philippines.

The Philippines' economy grew excessively in the 19th century because of major improvements in marketing brought about by an increase in both maritime and interior trade. One of the hottest subjects in modern economics is the relationship between trade openness and economic performance. Imports and exports are commonly used by

researchers to determine how open a country is to outside trade. However, the gross domestic product (GDP) or productivity in its different forms is usually employed to evaluate economic performance. The GDP per person in the Philippines was reportedly three times higher in 1960 than in Indonesia than and twice as high as in Thailand. Throughout the years, the Philippine economy has prospered despite ups and downs. Idris et al. (2016) state that trade openness was one of the key factors impacting economic growth when many countries opened their economies to development.

This study uses a conceptual framework to examine the relationship between the Philippines' GDP and key economic variables like labor, trade, and FDI, using a multiple linear regression model to guide theories, data collection, analysis, and interpretation of results.

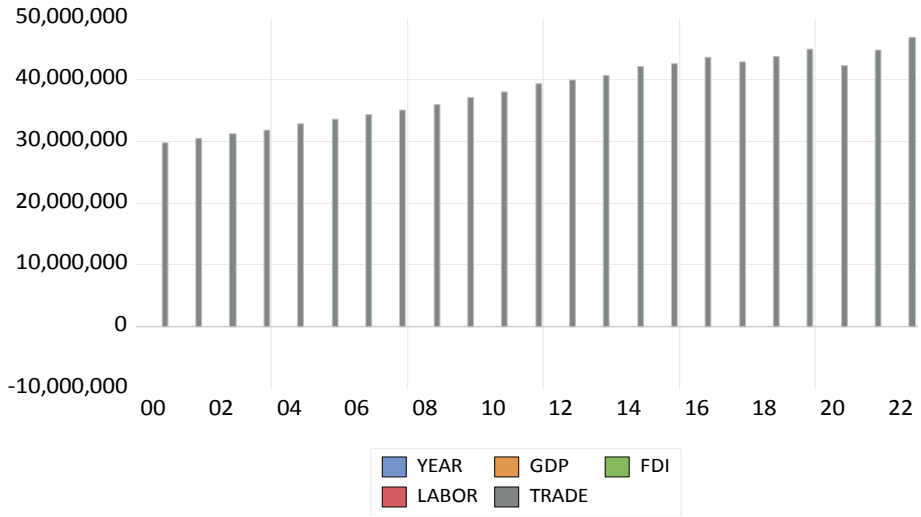


Figure 1. The Gross Domestic Product (GDP), labor, trade, and foreign direct investment (FDI) are the metrics shown in Philippines
Source: World Bank Data

These are typical measures for evaluating a nations or region's economic health and performance. The values for the economic indicators are probably represented by the figure on the left side of this graph (-10,000,000 to 50, 000, 000), either in dollars or another kind of money. The values show a range from negative values (which might indicate a deficit or outflow) to 50, 000,000, which could represent a significant positive amount (such as an influx or surplus). The years from "00" to "22", which most likely correlate to the years 2000 to 2022, are displayed on a timeline.

This implies that the graph displays the trends of trade, labor, FDI, GDP, and labor over a 22- year span. The true trends cannot be seen because the graph is not displayed here. Though, GDP would display the entire economic production of a nations or region. FDI would monitor the investments made in commercial ventures in other countries by people or corporations from one nation. Labor can stand for productivity metrics, employment trends, or workforce expansion. Trade indicators point to robust economic growth, including FDI and GDP. Increased trading could be a sign of increased activity. These measures are also influenced by labor trends, such as employment rates and productivity. Increased FDI may result in higher GDP and more jobs, which would benefit labor. The exacts of the graph establish the relationship and conclusion.

FDI and trade growth exploded throughout the 1990s, especially in emerging countries. The expansion sparked a wave of research on how trade and FDI affect growth, according to Pourshahabi Farshid, Shirazi Ali, and Safdarian Gholamhosein's study, The Impact of Foreign Direct Investment and Trade on Economic Growth—Taking China, Korea, Malaysia, Philippines, & Thailand. While growth empirics has made significant progress as well, growth theory has seen significant theoretical developments recently (de Mello, Jr., 1999). According to De Mello Jr., it is now challenging to analyze the variables impacting economic growth due to the recent body of literature. The impact of foreign direct investment (FDI) on economic growth and development is determined by a variety of institutional factors, including the trade regime, laws, and political stability of the recipient economy; scale factors include balance of payments restrictions and the size of the domestic market for goods and services produced via FDI. These factors are in addition to the absorptive capacity of the recipient country, as noted by De Mello, Jr. (1999) and others. Romer (1989) and Romer (1994) have made a significant contribution to the field by offering strong evidence in favor of the examination of the connection between trade openness and economic growth.

As a result, trade and foreign direct investment are now seen as having a significant role in the process of economic growth. Most of the research on the relationship between trade and foreign direct investment (FDI) and growth (Kohpaiboon, A., 2004), as well as studies on the relationship between FDI and trade (Lipsey, R. E., 2000; Phallavani, M., E. Wilson & A.C. Worthington, 2005), have found that both FDI and trade stimulate economic growth. Although Balasubramanian (1996) came to the general conclusion that trade and foreign direct investment (FDI) both contribute to economic growth, there are signs that the benefits of trade and FDI on GDP differ among nations. The author noted that both "old" and "new" trade and growth theories have been applied to explain international commerce and economic growth, explaining why countries trade with one another. The effect of trade openness on economic growth is the main topic of this research. Neo-classical theories of trade, such comparative advantage, and Heckscher-Ohlin Samuelson models, seek to clarify the fundamental ideas of trade. According to the Ricardian model, welfare gains and trade benefits increase as trade opens. This is so that any nation can concentrate on manufacturing goods in which it has a comparative productivity advantage—a consequence more from variations in natural resources or technologies than from disparities in factor endowments.

The Heckscher-Ohlin Samuelson model, on the other hand, examines the welfare benefits of two countries and two variables: each country exports a good that makes the best use of its plentiful resource (labor or capital). Compared to autarky, both countries stand to gain more from international commerce because of the differences in their respective costs and terms of trade. Trade and the rate of economic expansion are not clearly correlated in models of economic growth. According to Srinivasan (1999), trade liberalization fosters growth in early growth models, where capital is the only factor of production (e.g., the Harrod-Domar model). This is feasible if there is a positive amount limiting the marginal product of capital (MPK). For closed economies, growth is exogenously determined by neo-classical models like the 1957 Solow model. The Solow model's assumption of diminishing returns to scale allows developing nations to eventually reach a stable GDP per capita level. The model is unique because of this. This suggests that two nations can eventually converge to comparable living standards if they have comparable rates of population growth, depreciation, and saving (Ray, 1998).

Moreover, Harrison (1994) contends that the Solow model of open international commerce produces inflows of money and technology that boost manufacturing trade, industrial activity, and economic growth. The article also states that foreign direct investment and the flow of capital, goods, and services to host countries or regions are facilitated by openness to international commerce. These are the avenues through which developing nations can grow economically. In recent years, scholars and researchers have explored and demonstrated the connection between trade openness and economic growth. Since the publications of David Ricardo (1973) and Adam Smith (1937), economists have recognized the benefits of trade openness for economic expansion.

When nations specialize in producing goods in which they have a competitive advantage, trade can directly increase per capita income. However, trade can also indirectly promote growth through other channels, such as communication with trading partners, knowledge sharing, scale economies, product diversity, and the effective use of resources within the economy.

The effect of trade and foreign direct investment on economic growth. The authors of this study pointed out that there are theoretical ways in which foreign direct investment (FDI) could boost economic growth, using China, Korea, Malaysia, the Philippines, and Thailand as examples. For example, the Solow type standard neo-classical growth and model suggests that FDI increases the capital stock and, as a result, growth in the host country by funding capital formation (Brems, H., 1970).

Foreign direct investment (FDI) would provide new managerial and organizational practices, labor training, and skill transfers to the host country, all of which would contribute to the current knowledge base. It can also promote capital accumulation and the use of cutting-edge technologies in the host nations. Therefore, by offsetting the effects of diminishing returns on capital, FDI linked to technical spillovers maintains the economy's long-term development trajectory. Labor and economic growth have a favorable correlation, according to Chidoko's (2014) research. In addition, Sari & Saputra (2020) assert that investment and labor have a major role in economic growth. Keho's (2017) research confirmed the long-term correlation between labor, capital stock, trade openness, and economic growth. to look at the connection between international trade, foreign direct investment (FDI), and the Philippines' economic expansion. to investigate how trade, FDI, and labor affect the Philippines' GDP growth between 2000 and 2022. to give a comprehensive understanding of the Philippine economy from 2000 to 2022. Since there are conflicting results in the literature about the advantages of trade and FDI for economic growth in various nations, the study investigates the theoretical relationships between trade openness, FDI, and economic growth. It empirically assesses the impact of local labor, foreign direct investment (FDI), and trade dynamics on GDP growth in the Philippines using multiple linear regression analysis. The results add to the body of knowledge on these subjects by shedding light on the subtleties of the connections between trade, FDI, and economic growth in the Philippines. To improve the nation's economic trajectory and guarantee that trade, labour, and foreign direct investment are balanced to achieve sustainable growth, the findings provide stakeholders and policymakers with essential insights.The study highlights the necessity of intricate economic plans that consider the subtleties of foreign direct investment and the effects of trade on the Philippines' economic growth.

Given the importance of understanding the relationship between FDI, trade, and economic growth for the Philippines' development goals, the findings can assist policymakers in developing effective ways to support sustainable economic development in the

nation. With an emphasis on foreign trade and foreign direct investment (FDI), the overall goal of this research is to present a thorough examination of the variables driving economic growth in the Philippines. The results have the potential to enhance theoretical comprehension and facilitate pragmatic policy formulation about the economic advancement of the Philippines. Additionally, a study conducted in 2015 by Pelinescu discovered a significant relationship between GDPs per capita and human capital. Fedulova et al. (2019) state that high labor productivity is necessary to sustain economic growth.

2. METHOD

This study's descriptions of the data and variables deal with the collection and definition of variables used in the multiple linear regression model to look at the Philippines' economic growth. There are two types of variables: independent and dependent variables. The dependent variable is GDP***:*** This primary dependent variable represents the total monetary value of all goods and services produced in the Philippines during a specific period. Usually measured once a year, the change from the previous year is given as a percentage. Independent Variables: Foreign corporations that make direct investments into Philippine businesses are referred to as foreign direct investors, or FDI. This refers to the inflow of foreign money intended to launch new ventures or expand already established ones.

FDI is thought of as an independent variable that can affect GDP in several ways, such as job creation, capital accumulation, and technology transfer. Labor: The labor variable captures the human capital component of economic growth. It can contain several measures that demonstrate the extent to which the labor force supports the economy, including the total size of the labor force, employment rates, average pay, and labor productivity. Trade: The trade variable, which is the total value of the Philippines' imports and exports to other nations, is included. It demonstrates the country's willingness to engage in international markets and trade. To examine the trade variable in more detail, one can look at the value of imports and exports or the trade balance.

The study uses historical data from 2000 to 2022 to assess the Philippines' economic patterns. It aims to determine trade, labor, and foreign direct investment's contribution to economic growth. The research can identify factors affecting GDP and guide policy decisions for long-term economic growth.

The study uses a multivariate linear regression model to examine the relationship between the Philippines' GDP and trade, labor, and FDI. It uses historical data from 2000-2022 to quantify the impact of these independent factors on GDP, accounting for GDP swings. The general form of the multiple linear regression equation is as follows:

$$\mathbf{GDP_t = \beta_0 + \beta_1\ FDI + \beta_2\ Labor + \beta_3\ Trade + \mu_t}$$

The time series data is denoted by t, the independent variable coefficients that require estimation are β0, β1, β2, and β3, and the random error term, also referred to as the disturbance error term, is μt. This term indicates the missing variable or factors that are not part of the model. The primary methods of data analysis employed in this study are:

1. Multiple Linear Regression: To investigate the link between the GDP of the Philippines and the independent variables of trade, labor, and foreign direct investment, the study used a multivariate linear regression model. The multiple linear regression equation takes the following general form: GDP_t =

$\beta_0 + \beta_1 FDI + \beta_2 Labor + \beta_3 Trade + \mu_t$.
This enables the researchers to calculate the contribution of these independent components to GDP while taking fluctuations in GDP across the time period under study into consideration.

2. Testing for Multicollinearity Assumptions: Variance inflation factors (VIFs) were used by the researchers to test for multicollinearity among the independent variables. Given that the VIF values for commerce, labor, and FDI are all less than 10, multicollinearity is not a significant concern for the model.
3. Testing for Heteroskedasticity: To determine if the regression model included heteroskedasticity, the Breusch Pagan-Godfrey test was employed. Since the test's p-values were higher than 0.05, it is likely that the model's standard errors are accurate and the homoskedasticity requirement is not broken.
4. Examination of Normalcy We tested the residuals from the regression model for normality. With a p-value of 0.828215 above the 0.05 cutoff, the null hypothesis—that the data has a normal distribution—cannot be rejected due to inadequate evidence.

The researchers were able to comprehensively evaluate the correlations between the GDP of the Philippines and the important economic variables of FDI, labour, and trade thanks to these statistical tools. The findings shed light on the variables affecting the Philippines' economic growth from 2000 and 2022.

3. RESULTS AND DISCUSSION

3.1.Result

The elements influencing economic growth are clarified by the multiple linear regression analysis results, which can assist stakeholders and policymakers in making well-informed decisions on investments and economic policies. Multiple linear regression is a statistical technique for modelling the connection between a dependent variable and two or more independent variables. In this study, regression analysis is the methodology used.

The GDP of the Philippines is the dependent variable in this scenario, whereas labor, trade, and foreign direct investment (FDI) are the independent factors.

Table 1. Multiple Linear Regression Results

R-squared	0.981485	Mean dependent var	2285.509
Adjusted R-squared	0.978562	S.D dependent var	912.3902
S. E. of regression	133.5912	Akaike info criterion	12.78422
Sum square resid	339085.5	Schwarz criterion	12.98169
Log-likelihood	-143.0185	Hannan -Quinn criter.	12.83388
F-statistic	335.7304	Durbin- Watson stat	1.291877
Prob (F-statistic)	0.000000		

Three independent variables—FDI, labor, and trade—were analyzed in connection to GDP using a multiple linear regression model. With a coefficient of 0.000157, the model indicated that labor had a statistically significant positive impact on GDP. Nevertheless, with values of -46.48877 and -10.40251, respectively, FDI and trade had less of an effect on GDP. With an R-squared of 0.981485, the whole model is highly predictive at explaining most of the variation in GDP.

Table 2. Multicollinearity Asssumption

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	316430.9	407.8036	NA
FDI	1731.683	3.698715	1.310884
LABOR	6.34E11	123.3708	2.168385
TRADE	17.11464	111.6491	2.534503

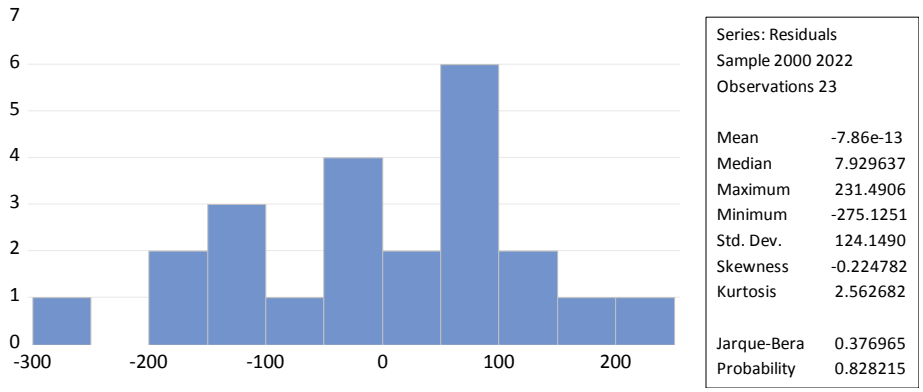
Multicollinearity asssumption met because all variable are below 10. Using VIFs, or variance inflation factors, the variance inflation factor (VIF) quantifies the degree to which correlation exists between predictor variables and inflates the variance of a regression coefficient. Higher values indicate a higher degree of multicollinearity. The VIF values for the test variables are given. The test's variables are FDI, labor, trade, and a constant term (C). The regression model appears to have some multicollinearity based on the VIF values for FDI, labor, and trade.

Table 3. Breusch-Godfrey Serial Correlation LM Test.

F- statistic	1.318661	Prob. F (2.19)	0.2976
Obs*R-squared	03.963569	Prob. Chi-Square (3)	0.2654
Scaled explained SS	2.113385	Prob. Chi-Square (3)	0.5492

P-values greater than 0.05 from the Breusch-Pagan-Godfrey test, which contrasts a model with and without predictor variables, show that the regression model's heteroskedasticity is not statistically supported. In statistical hypothesis testing, the threshold for significance is usually set at a p-value of less than 0.05. The results are shown using three different statistics: scaled explained SS, Obs*R-squared, and F-statistic. These findings suggest that the homoskedasticity condition is not violated and that the model's standard errors are probably accurate.

Figure 4. Normality Test



The normality test yields a p-value of 0.828215, over the alpha threshold of 0.05. This suggests that there is insufficient evidence to support the null hypothesis that the data follow a normal distribution. The median and mean of the data are both close to zero, indicating a symmetric distribution. The highest and lowest values of the residuals show their range, and the standard deviation shows how widely distributed they are around the mean. The residuals' distribution appears to be typical because the skewness and kurtosis data show that it is neither excessively flat nor significantly peaked.

3.2. Discussion

Key outcomes from the regression study were as follows:

Labor: With a value of 0.000157, the labor coefficient was found to be positive and statistically significant, indicating that increases in labor metrics (such as productivity or employment rates) are linked to an increase in the Philippines' GDP. This is in line with research by Mankiw, Romer, and Weil (1992) is one important example that highlights how investment in labor quality improvement can accelerate a country's economic growth. They show that improving the education and skills of the workforce has a significant positive impact on productivity and long-run growth. Therefore, cultivating a quality workforce is a strategic investment that can support sustainable and inclusive economic development. In addition, a highly skilled and productive labor force also contributes positively to economic growth. Research conducted by Mankiw, Romer, and Weil (1992) shows that investment in improving the quality of labor can accelerate a country's economic growth.

Foreign Direct Investment (FDI): The FDI variable showed an inverse association with GDP, with a negative coefficient of -46.48877. To ascertain whether the negative association is significant enough to merit consideration in economic policy, the study would need to address the statistical significance of this finding. The study by Alfaro, Chanda, Kalemli-Ozcan, and Sayek (2004) investigated the relationship between FDI and economic growth, highlighting the role of local financial markets in facilitating the positive effect of FDI on growth. Their results showed that FDI has a significant effect on a country's economic growth, especially when matched by infrastructure development and strong domestic financial markets. Therefore, FDI can be considered an important factor in promoting sustainable and global market-oriented economic growth. Foreign Direct Investment (FDI) can promote domestic investment and economic growth. According to research by Alfaro, Chanda, Kalemli-Ozcan, and Sayek (2004), FDI can accelerate economic growth by increasing direct investment and introducing new technology into the domestic economy.

Trade: With a value of -10.40251, the coefficient for trade was likewise negative. Analyzing the relationship's importance would be necessary, much like with FDI, to determine whether trade dynamics have a detrimental effect on the Philippines' economic expansion. Large trade imbalances, especially sustained trade deficits (exports less than imports), can pose an economic burden to a country. High trade deficits can affect currency exchange rates, cause inflation, and potentially negatively affect economic growth. Baldwin, R. (2016).

Model Fit: With an R-squared of 0.981485, the regression's high value suggests that the model accounts for a sizable amount of the variation in GDP. Even after accounting for the number of predictors in the model, the adjusted R-squared of 0.978562 still shows an excellent match.

The following discussion section would explore the possible explanations and ramifications of these findings:

Labor: Economic theory suggests that a productive workforce leads to economic progress, which is consistent with the positive association seen between labor metrics and GDP. This finding emphasizes how crucial it is to fund initiatives that generate human capital, such education and training, to raise labor productivity.

Foreign Direct Investment (FDI): Given that FDI is generally anticipated to have a positive impact on economic growth, its negative coefficient is a little surprising. The conversation could focus on the possibility that the negative indicator results from things like foreign companies repatriating their earnings, domestic investment being driven out, or the nature of FDI being short-term and speculative rather than long-term and constructive.

Trade: The Trade coefficient's negative sign indicates that, at least during the study period, more trade activity may not have benefited the Philippines' GDP. The conversation could focus on whether this is because of structural problems in the economy that keep it from fully utilizing trade possibilities or trade imbalances, where imports exceed exports.

Policy Implications: Decision-makers should take note of these findings. For instance, measures emphasizing skill development and job creation may result from labor's beneficial GDP impact. To identify the underlying problems and create suitable trade and investment policies, a more thorough examination of the unexpectedly negative indicators for FDI and Trade would be necessary.

Limitations: The study would also go over any restrictions, like the possibility of bias from missing variables, data measurement problems, or the incapacity to assess the caliber of trade and foreign direct investment.

The debate suggests future research on trade sectors for GDP growth and FDI types. Results and discussion section provides interpretation, connection to theories, and suggestions for policies supporting Philippines' economic growth.

4. CONCLUSION

According to the study's findings, labor and economic growth in the Philippines are positively correlated, which means that rises in employment and labor productivity have a significant effect on GDP growth in the nation. Contrary to popular assumption, trade, and foreign direct investment (FDI) showed a negative association with GDP over the studied period, suggesting that not all trade and investment operations have aided in the country's economic growth. The robust predictive capacity of the regression model emphasizes the necessity for complex economic strategies that consider the nuances of FDI and trade consequences. The findings demand that strategies for maximizing the positive effects of foreign investment and trade on the development of the Philippines be reevaluated. The research's shortcomings include the possibility of bias from missing variables that could affect the Philippines' GDP growth. There is a chance the model leaves out some important variables influencing economic growth. Problems with Data Measurement The study points out that there might be issues with how the data is measured or the quality of the statistics used to account for labor, trade, and foreign direct investment. This might have an impact on how reliable the results are.

FDI and trade quality evaluations are impossible. According to the study, it was unable to assess the kind and standard of trade and foreign direct investment in the Philippines. The negative correlations seen can result from problems with the different

kinds of FDI and trade trends. Expanding the variable set for further research is advised. Subsequent research endeavors ought to contemplate the integration of pertinent variables beyond labor, foreign direct investment, and commerce to furnish a more all-encompassing evaluation of the elements propelling GDP expansion in the Philippines. Researchers should look at the various forms of FDI (such as greenfield, mergers, and acquisitions) and trade flows (such as exports vs. imports, by sector) to comprehend the subtleties of how these factors affect economic growth. They should also dissect FDI and trade data.

Perform an analysis by sector. Examining the connections among FDI, trade, and GDP growth at the sectoral or industry level may yield more detailed information to help direct policy decisions. Examine temporal dynamics: Time-series or panel data approaches, for example, can be used to analyses how relationships change over time and uncover dynamics that are otherwise overlooked in the current cross-sectional approach. Include institutional and policy considerations such that the importance of governmental regulations, institutional quality, and other contextual elements that can moderate the relationships between FDI, trade, and economic growth in the Philippines should all be taken into account in future studies. Future research can offer a more thorough knowledge of the intricate links between foreign investment, international commerce, and economic development in the Philippines by addressing these constraints and broadening the study focus. The research offers stakeholders and policymakers fundamental insights to enhance the country's economic trajectory and ensure that trade, labor, and foreign direct investment are balanced to achieve sustainable growth.

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