

# The Impact of Foreign Direct Investments on the Employment in Albania

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## Abstract

One of the most worrying problems in Albania as in all developing countries is the level of employment. Having a weak economy, foreign capital is considered as an important source for economic recovery. FDI are an important source of capital, necessary to cover internal shortcomings but also an important factor that brings technological transformation in the country, creates new jobs, influences the development of the workforce, helps to enter international markets by diversifying basket of products we export. The purpose of this paper is to examine the relationship between foreign direct investment and employment generation in Albania using multiple linear regression model for data which covers the period from 1992 to 2019. The variables that are incorporated in the econometric model are employment level (100 – published unemployment level for the year review) as the dependent variable while the explanatory variables are FDI (percentage of nominal value of FDI), GDP (annual GDP growth rate) and the nominal interest rate. Through this paper we want to show how FDI contributes to the Albanian economy and especially if they have helped create new jobs. Based on our findings, these may be recommendations that should be considered by the government to become more attractive to foreign investors.

**Keyword:** Foreign Direct Investment, Employment, GDP, Interest rate, Albania.