

FDI and labor productivity: evidences for Italian regions

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In this paper we study the relationship between FDI and Italian regions growth in the period between 2004 and 2018. While the impact of FDI on economic growth of countries has been extensively analyzed in recent years, a limited number of authors explored the issue on a regional basis. This scarce attention is probably due to the lack of data; however, spillovers mainly occur at a local level and analysis conducted at national one, that miss to capture regional effects, may lead to misrepresenting results (Hamida, 2013).

This work focuses on the impact of FDI on labor productivity growth since FDI spillovers determine an increase in productivity in the first place and may stimulate economic growth as a consequence (see Barro and Sala-i- Martin, 2003; Coe, Helpman, and Hoffmaister, 1997; Grossman and Helpman, 1991; Romer, 1990, 1992 among others). Moreover, inward FDI impact receiving economy through changes in physical capital, human capital and technology, and those are also the main determinants of labor productivity growth. Thus, the connection between FDI and labor productivity is stronger than that between FDI and per capita GDP since the latter can also be influenced by other elements (i.e. employment rate and demographic change).