

The Role of Foreign Investment in Fostering Economic Growth in Post War Countries

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Abstract : The significant contribution of foreign investment in promoting economic recovery, especially in countries recovering from conflict, is generally recognized. This study examines the influence of foreign investment on the economic development of countries that have had long-lasting internal conflicts. The study examines the complex correlation between foreign investment and economic progress using the production function framework based on endogenous growth theory. In addition to foreign investment, the research considers a range of factors that affect economic growth, such as trade dynamics, the spread of information, attempts to promote peace, changes in the labor market, and the accumulation of domestic capital. The study challenges common beliefs by revealing a statistically negligible negative association between GDP growth and foreign investment (FI) inflows in post-war economies. The existing literature highlights the positive impact of trade and foreign investment on economic growth. However, this study emphasizes that these impacts are complex and depend on various contextual factors such as trade policies, infrastructure development, domestic investment levels, human capital development, and macroeconomic stability. The results emphasize the crucial significance of foreign investment in stimulating development while also drawing attention to the intricacies of precisely assessing its economic consequences. Measuring the economic impact of foreign investment is a difficult task that requires detailed analysis considering many contextual elements and changing socioeconomic conditions.

Keywords : economic growths, foreign investment, trade policies, domestic investment

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