Modern American Journal of Business, Economics, and Entrepreneurship
ISSN (E): 3067-7203
Volume 01, Issue 03, June, 2025
Website: usajournals.org

ANALYSIS OF ASSESSING THE EFFICIENCY OF FOREIGN INVESTMENTS IN THE EXAMPLE OF DEVELOPED AND DEVELOPING COUNTRIES

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Abstract
This study examines the practices of assessing the efficiency of foreign investments in the example of Germany, South Korea, India and Turkey. The study analyzes how foreign direct investments (FDI) affect the economies of countries, in particular industrial development, inflation rate and foreign trade. Through graphical analysis, the relationships between FDI growth rates, changes in the inflation rate and the share of industry in GDP were studied, and specific conclusions were drawn for each country. The results of the study show that the efficiency of FDI is closely related not only to economic factors, but also to political stability, institutional environment and the level of technological development. In addition, high or low inflation directly affects FDI flows. The share of industry in GDP is considered one of the important indicators of investment attractiveness.

Keywords: Foreign investment, FDI, inflation, industry share, Germany, South Korea, India, Turkey, investment climate, economic stability, foreign trade.

RIVOJLANGAN VA RIVOJLANAYOTGAN MAMLAKATLAR MISOLIDA XORIJIY INVESTITSIYALAR SAMARADORLIGINI BAHOLASH TAHLILI

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Annotatsiya
Ushbu tadqiqotda Germaniya, Janubiy Koreya, Hindiston va Turkiya misolida xorijiy investitsiyalar samaradorligini baholash amaliyotlari o‘rganiladi. Tadqiqot xorijiy to‘g‘ridan-to‘g‘ri investitsiyalar (FDI)ning mamlakatlar iqtisodiyotiga, xususan sanoat rivoji, inflyatsiya darajasi va tashqi savdoga qanday ta’sir qilishini tahlil qiladi. Grafik tahlillar orqali FDI o‘sish sur’atlari, inflyatsiya darajasining o‘zgarishlari va sanoatning yalpi ichki mahsulotdagi ulushi o‘rtasidagi bog‘liqliklar o‘rganilib, har bir mamlakat uchun o‘ziga xos xulosalar chiqarilgan. Tadqiqot natijalari shuni ko‘rsatadiki, FDI samaradorligi nafaqat iqtisodiy omillar, balki siyosiy barqarorlik, institutsional muhit va texnologik rivojlanish darajasi bilan chambarchas bog‘liq. Bundan tashqari, inflyatsiyaning yuqoriligi yoki pastligi FDI oqimlariga bevosita ta’sir ko‘rsatadi. Sanoat ulushining YaIMdagi o‘rni esa investitsiyaviy jozibadorlikning muhim ko‘rsatkichlaridan biri sifatida qaraladi.

Kalit so‘zlar: Xorijiy investitsiyalar, FDI, inflyatsiya, sanoat ulushi, Germaniya, Janubiy Koreya, Hindiston, Turkiya, investitsiya muhit, iqtisodiy barqarorlik, tashqi savdo.

Introduction

In today's era of rapid globalization, foreign investment plays a crucial role in the economic development of any country. In particular, for developing countries, foreign investment is of particular importance not only as a source of financial resources, but also as a means of integration into international trade relations. Foreign direct investment (FDI) increases the production potential of countries, creates new jobs, modernizes infrastructure, and serves to ensure economic stability.

At the same time, the volume of FDI flows, their direction, and the real effectiveness they bring to the economy can differ significantly across countries. This is directly influenced by their economic policy, institutional structure, inflation rate, stage of industrial development, and foreign trade relations. Therefore, assessing the effectiveness of foreign investment remains one of the most pressing issues of modern economic analysis.

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This study examines the impact and effectiveness of foreign investment on economic indicators using the examples of Germany, South Korea, India, and Turkey. The selected countries differ sharply from each other in their level of economic development, differences in industrial structure and investment policies. Therefore, this analysis can serve as a basis for a deeper understanding of the relationship between foreign investment and economic indicators, as well as for developing effective strategies for developing countries like Uzbekistan. During the study, indicators such as foreign investment growth rates, inflation rates and the share of industry in GDP are analyzed graphically. The main factors affecting FDI flows are identified for each country and the economic results of these processes are assessed. This provides a scientific basis for developing optimal approaches and national strategies for attracting foreign investment.

Main Part

Evaluating the effectiveness of foreign investment is one of the important areas of modern economic policy, which directly affects the economic growth rates, industrial development, inflation rates and participation in international trade of countries. In particular, foreign direct investment (FDI) is an important factor in strengthening the country's economic stability, attracting modern technologies, creating jobs and increasing production efficiency. The mechanisms and methods for assessing the effectiveness of FDI in different countries are unique and have been formed depending on their economic, political and institutional systems. In this study, we study the practices of assessing the effectiveness of foreign investment using the examples of Germany, South Korea, India and Turkey and analyze their relationship with economic indicators in more depth (Figure 2.6).

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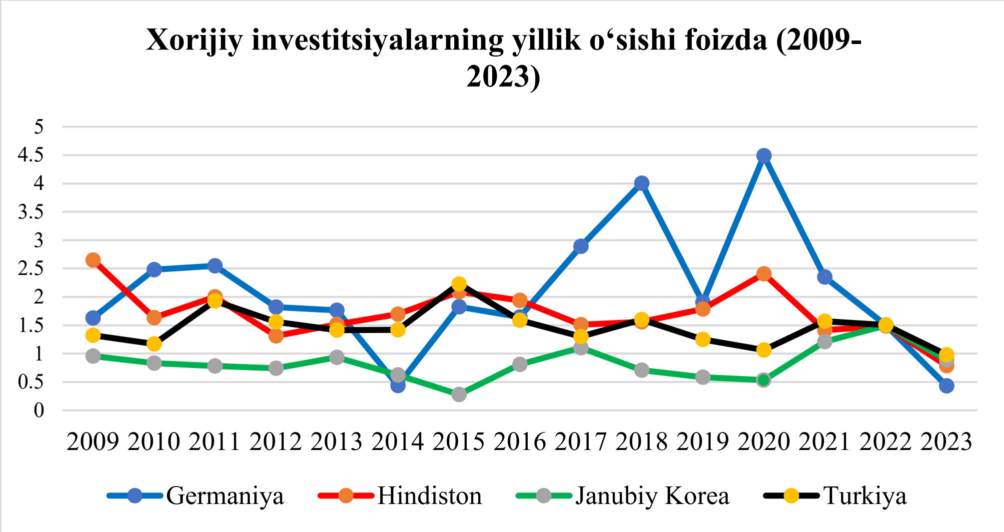

Figure 2.6. Annual growth of foreign investment[1]

This graph shows the dynamics of annual growth rates of foreign investment in Germany, India, South Korea and Turkey for the period from 2009 to 2023. As can be seen from the graph, each country has its own growth rates, and in some years there have been sharp changes. This clearly shows how the flow of foreign investment is affected by external and internal factors. First of all, Germany is characterized by the sharpest fluctuations in investment growth. In 2014, the growth rate in Germany decreased and was around 0.5%, but in 2018 and 2020 it rose sharply to 4.0% and 4.5%, respectively. The main reasons for such changes can be attributed to the achievement of economic stability in the Eurozone, the monetary and credit policies of the European Central Bank that stimulate investment, and industrial modernization programs. At the same time, it is worth noting that despite the onset of the COVID-19 pandemic in 2020, demand for Germany's high-tech industry increased and diversification in logistics chains began. However, this growth slowed sharply in 2023, remaining around 0.5%, which may be due to the energy crisis, political tensions in the European Union and the global economic slowdown.

India, on the other hand, is expected to grow more steadily, but with a sharp increase in 2020 to 2.4%. This period can be explained by the strengthening of

[1] Jahon Banki statistika ma'lumotlaridan foydalangan holda muallif ishlanmasi

the "Make in India" initiative in India, increased global demand for information technology, and the simultaneous activation of efforts by companies to move production bases from China to India. However, in recent years, this growth has slowed down - in 2023 it will fall below 1%, which is associated with currency fluctuations, infrastructure problems, bureaucratic obstacles and uncertainties in global markets. South Korea is the country with the lowest growth rates, where growth has been constantly below or around 1%. In particular, growth of 0.3% in 2015 indicates that investment in South Korea is being carried out at a more stable but slow rate. The main reasons for this are the export-oriented nature of the Korean economy, the small size of the domestic market, and the high level of regulation of its financial markets. In addition, barriers to new entry by foreign companies in a competitive technological environment also limit growth.

Turkey, on the other hand, has been characterized by moderate but uncertain fluctuations throughout the period. While investment growth was high around 2015 — around 2.2% — by 2019, this figure had decreased to 1.2%. The main reasons for such fluctuations in Turkey can be political instability, currency crises, increasing external debt, and rising inflation. Geopolitical factors, such as Turkey's geostrategic position in NATO, the European Union, and the Middle East, have also affected investment flows.

The general trends in the graph show that the growth of foreign investment between 2009 and 2023 fluctuated periodically due to global factors such as the global financial crisis (2008-2009), the euro area debt crisis (2011-2012), the COVID-19 pandemic (2020), and geopolitical tensions (2022-2023). This situation shows that foreign investment flows depend not only on economic factors, but also on political stability, the legal environment, technological infrastructure, and global trade networks. Based on the above analysis, we can say that as a general conclusion for each country, we have studied how FDI growth rates affect industrial production, inflation rates, and foreign trade volumes, or how they are related to these factors. In Germany, FDI flows are directed towards high-tech industries, especially mechanical engineering and automotive, which has further strengthened the country's industrial potential. At the same time, the inflation rate in Germany is relatively stable, and FDI flows

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do not significantly affect price increases, but the trade balance has positive indicators, contributing to an increase in export volumes.

Conclusion

The study provides an in-depth analysis of the approaches of Germany, South Korea, India and Turkey to attracting foreign investment and their relationship with economic indicators. In Germany, investment has grown rapidly against the backdrop of a stable industrial policy and low inflation. South Korea has actively attracted FDI due to technological development and high industrial potential. Although investment in the service and IT sectors played an important role in India, the decline in the share of industry in GDP has led to a slowdown in FDI inflows. In Turkey, the investment climate has been volatile against the backdrop of political and macroeconomic instability. In general, a stable political environment, low inflation, developed industrial infrastructure and an investor-friendly institutional system are necessary to ensure the effectiveness of FDI. The study shows that the positive impact of foreign investment for each country is manifested in accordance with their economic and political situation.

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