



To read this content please select one of the options below:

Add to cart



34.00€ (excl. tax)
30 days to view and
download



Access through your institution



Access and purchase options 

FDI, economic decline and recovery: lessons from the Asian financial crisis

[Hwy-Chang Moon, Joseph L.C. Cheng, Min-Young Kim, Jin-Uk Kim](#) 

[Multinational Business Review](#)

DOWNLOADS

ISSN: 1525-383X

Article publication date: 17 June 2011

Standard

Serial

[Permissions](#) 

Number.)



3008

Abstract

Purpose

While many studies have investigated the impact of foreign direct investment (FDI) on a host country's economic development, little research has been done on the role of FDI as related to economic decline and recovery. This paper aims to fill this gap by investigating the economic effects of inward and outward FDI during turbulent times.

Design/methodology/approach

This paper develops a theoretical argument postulating that FDI will have a stabilizing effect on a nation's economic growth during crisis and also at times of recovery.

Hypotheses were advanced and tested with data collected from affected economies during the Asian financial crisis using a fixed-effect panel regression analysis.

Findings

Results confirm that both inward and outward FDI stabilizes a country's economic growth during times of a financial crisis. Countries that had higher levels of FDI prior to the crisis experienced a milder recession and a more gradual recovery. This stabilizing effect, however, is found to be more robust for FDI-stock than for FDI-flow.

Social implications

This paper reveals that FDI has a stabilizing rather than an accelerating effect on a country's economy growth during both periods of crisis and recovery. It contradicts the

We are using cookies to give you the best experience on our website, but you are free to manage these at any time. To continue with our standard settings click "Accept". To find out more and manage your cookies, click "Manage cookies".

Accept



[Manage cookies](#)



Originality/value

This paper makes original contributions by uncovering the complex and unexpected role of FDI as related to a nation's economic decline and recovery during a financial crisis. The findings have important implications for both international business scholars and public-policy decision makers.

Keywords

Foreign direct investment Financial crisis Economic recession
Economic recovery International business
Multinational corporations

Citation

Moon, H., Cheng, J.L.C., Kim, M. and Kim, J. (2011), "FDI, economic decline and recovery: lessons from the Asian financial crisis", Multinational Business Review, Vol. 19 No. 2, pp. 120-132.

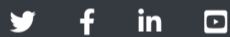
<https://doi.org/10.1108/152538311111149762>

 [Download as .RIS](#)

Publisher: Emerald Group Publishing Limited
Copyright © 2011, Emerald Group Publishing Limited

Support & Feedback ▲ [Manage cookies](#)

 Emerald logo



© 2024 Emerald Publishing Limited. All rights reserved, including rights for text and data mining, artificial intelligence training and similar technologies.

Services

[Authors](#)
[Editors](#)
[Librarians](#)
[Researchers](#)
[Reviewers](#)

About

[About Emerald](#)
[Working for Emerald](#)
[Contact us](#)
[Publication sitemap](#)

Policies and information

[Privacy notice](#)
[Site policies](#)
[Modern Slavery Act](#)
[Chair of Trustees governance statement](#)
[Accessibility](#)