

Торайғыров университетінің
ҒЫЛЫМИ ЖУРНАЛЫ
НАУЧНЫЙ ЖУРНАЛ
Торайғыров университета

ТОРАЙҒЫРОВ УНИВЕРСИТЕТІНІҢ ХАБАРШЫСЫ

Экономикалық сериясы
1997 жылдан бастап шығады



ВЕСТНИК ТОРАЙҒЫРОВ УНИВЕРСИТЕТА

Экономическая серия
Издается с 1997 года

ISSN 2710-3552

№ 3 (2026)

Павлодар

Экономическая серия
выходит 4 раза в год

о постановке на переучет периодического печатного издания,
информационного агентства и сетевого издания
№ KZ93VPY00029686

публикация материалов в области экономики, управления,
финансов, бухгалтерского учета и аудита

<https://doi.org/10.48081/BTOUEcon3.2026/ISSN2710-3552>

Гребнев Л. С., д.э.н., профессор
Шеримова Н. М., доктор PhD

Шмарловская Г. А., д.э.н., профессор (Беларусь);
 Кунязов Е. К., доктор PhD, доцент;
 Алмаз Толымбек, доктор PhD, профессор (США);
 Мукина Г. С., доктор PhD, ассоц. профессор, доцент;
 Дугалова Г. Н. д.э.н., профессор
 Алтайбаева Ж. К., к.э.н.
 Мусина А. Ж., к.э.н., ассоц. профессор, доцент;
 Титков А. А., к.э.н., доцент;
 Искакова З. С. технический редактор.

© Торайгыров университет

<https://doi.org/10.48081/BTOUEcon3.2026/26-44>

**M. M. Abutalipov¹, *D. O. Satybaldiyeva²,
A. A. Joldassov³, Ma Rui⁴, Xu Yan⁵**

^{1,2,3,4,5}Satbayev University,
Republic of Kazakhstan, Almaty.

¹ORCID: <https://orcid.org/0000-0002-2089-0026>

²ORCID: <https://orcid.org/0000-0001-6494-0681>

³ORCID: <https://orcid.org/0000-0002-4740-2352>

⁴ORCID: <https://orcid.org/0009-0009-4585-7271>

⁵ORCID: <https://orcid.org/0009-0003-5419-1631>

*e-mail: d.satybaldiyeva@satbayev.university

ECONOMIC FREEDOM AND FOREIGN DIRECT INVESTMENT IN DEVELOPING COUNTRIES

This study investigates the impact of economic freedom on foreign direct investment inflows in 17 developing countries over the period 1996–2024. The analysis also incorporates export diversification and economic growth to capture structural and macroeconomic dimensions influencing investment dynamics. Using panel data econometric techniques, including panel unit root tests, Pedroni and Kao cointegration tests, and the Panel ARDL (Pooled Mean Group) approach, the study examines both short-run and long-run relationships among the variables. The empirical results confirm the existence of a stable long-run equilibrium relationship. Economic freedom exerts a positive and statistically significant long-run effect on FDI inflows, indicating that improvements in institutional quality, regulatory efficiency, and market openness enhance investment attractiveness. The diversification index demonstrates a significant relationship with FDI, suggesting that structural transformation plays an important role in shaping investment flows. The error correction term confirms a relatively high speed of adjustment toward long-run equilibrium. Overall, the findings highlight the importance of institutional reforms and structural diversification strategies in attracting foreign capital and promoting sustainable economic development in developing economies.

Keywords: Foreign Direct Investment, Economic Freedom, Export Diversification, Economic Growth, Institutional Quality, Panel ARDL, Cointegration, SDGs.

Introduction

Since the 1980s, integration into the global economic system has accelerated, and countries participating in this process have demonstrated significant increases in economic growth (GDP) and welfare indicators. International financial institutions, primarily the International Monetary Fund (IMF) and the World Bank, played a significant role in shaping this development vector. Through credit mechanisms and structural adjustment programs, they promoted market reforms, particularly in least developed and developing economies. As a result, these countries focused on pursuing policies of economic, trade, and financial liberalization. Trade liberalization was viewed as a tool for expanding export potential and deepening the diversification of the product structure, while financial liberalization facilitated access to external sources of capital for financing investments and imports. At the same time, attracting foreign direct investment (FDI) through the integration of national production systems into global value chains became a priority. Taken together, these policy directions were interpreted as key components of a strategy for ensuring sustainable economic development and long-term growth of public welfare. This study also contributes to the achievement of the Sustainable Development Goals, particularly Goals 8, 9, and 16, by examining the role of economic freedom and structural factors in attracting foreign investment.

The objective of this study is to provide a quantitative assessment of the impact of economic freedom on foreign direct investment (FDI) inflows in developing countries, taking into account structural factors such as export diversification and economic growth.

The object of the study comprises 17 developing countries selected based on the World Bank classification, while the subject of the research is the influence of institutional and macroeconomic factors on the dynamics of FDI inflows.

In modern economics, increasing attention is being paid to the analysis of the relationship between FDI, the level of economic freedom (EF), and the degree of export diversification (DIV). Theoretical approaches suggest that expanding EF contributes to increased FDI inflows by reducing institutional and administrative restrictions, strengthening the protection of property rights, increasing the transparency and predictability of the business environment, and developing competitive market mechanisms [1]. In turn, FDI can act as a catalyst for structural transformation, facilitating the expansion of export options, the formation of a more complex and diversified production structure, and the integration of the national

economy into global value chains through the influx of capital, technology, and managerial experience [2].

This study analyzes a sample of 17 developing countries, allowing us to assess the impact of EF on FDI inflows, taking into account the structural characteristics of these economies. The research is based on a detailed review of the empirical literature, defining the relevant methodological framework, and justifying the choice of variables and time period of analysis. A comprehensive examination of the relationship between FDI, EF and DIV allows us to deepen our understanding of the mechanisms of institutional influence on structural change in developing economies and enhances the scientific significance of our results.

Empirical studies examining the relationship between FDI, EF and DIV reveal a diversity of approaches and mixed findings.

A substantial body of research confirms that EF serves as an important determinant of FDI inflows. Naanwaab and Diarrassouba, analyzing 137 countries using a GMM framework, conclude that EF exerts a positive effect on FDI inflows, with human capital playing a particularly crucial role in low-income countries. Similar results are reported by Ghazalian and Amponsem, who demonstrate that the rule of law, market openness, and regulatory efficiency significantly enhance FDI inflows. Singh and Gal also confirm the positive impact of EF, emphasizing the role of trade liberalization, while high taxation and corruption are found to exert a discouraging effect on FDI [3; 4; 5].

Extending this line of inquiry, Paul and Jadhav argue that institutional quality, financial market development, and infrastructure strengthen FDI inflows. Lu et al. demonstrate that natural resources and the degree of economic openness affect FDI flows differently in transition economies, indicating that the impact of FDI determinants varies according to national economic structures [6; 7].

Another important strand of the literature explores the relationship between FDI and DIV. Fosu, using evidence from African countries, finds that the positive impact of FDI on DIV is more pronounced in economies with well-developed infrastructure. Gnangnon, employing ARDL and VECM approaches, confirms the existence of a long-run relationship between FDI and DIV [8; 9].

At the same time, the literature increasingly emphasizes the indirect role of EF through financial development and institutional quality channels. Lestari et al. argue that financial development amplifies the positive effect of FDI, whereas high levels of corruption may offset these gains. Kwabla and Adjasi demonstrate that EF promotes FDI inflows in African countries, although this effect weakens in the presence of macroeconomic instability. Shikur, applying a system GMM approach, confirms the significance of institutional factors and financial development

in attracting FDI, highlighting the nonlinear and region-specific nature of these effects [10; 11; 12].

Additional evidence supporting the contextual nature of EF's impact is provided by Dang and Anh, who show that its influence on FDI attractiveness and financial system stability depends critically on the degree of economic policy uncertainty. Under conditions of institutional stability and predictability, EF contributes to a favorable FDI climate, whereas high political and economic uncertainty may weaken or even reverse its effect [13].

A broader institutional perspective further underscores the importance of EF for long-term GDP and FDI activity. Gidage and Bhide, using a panel ARDL model, identify a robust long-run positive impact of institutional quality and EF, emphasizing the distinction between short-run and long-run effects [14].

However, Toms and Lin caution that expanding EF and financial liberalization without adequate institutional oversight may increase systemic risks and undermine investor confidence [15]. From a theoretical standpoint, Fatah et al. argue that EF should be accompanied by institutional resilience and social inclusiveness to ensure sustainable development [16].

In this study by Abutalipov et al. (2024), focusing on Central Asian countries, the impact of economic freedom on the inflow of foreign direct investment (FDI) is analyzed in the short and long term. The findings show that economic freedom is a significant factor in attracting investment, especially in the long term, and provides more stable investment flows. In contrast, it is stated that the effect is more limited in the short term, and this can be explained by the impact of macroeconomic and external shocks [17].

Overall, the existing literature points to a complex and multidimensional relationship among EF, institutional environment, FDI, and DIV. Recent studies (2024–2025) further confirm the importance of institutional factors, including regulatory quality and the level of economic freedom, in attracting FDI, particularly in transition economies and countries characterized by macroeconomic instability. Nevertheless, empirical findings vary depending on countries' levels of development, economic structures, and methodological approaches, highlighting the need for further research that integrates these factors within a unified empirical framework.

Analysis of the impact of economic freedom on the inflow of foreign direct investment

This section presents a preliminary visual analysis of the key variables, helping to identify main trends, patterns, and potential relationships.

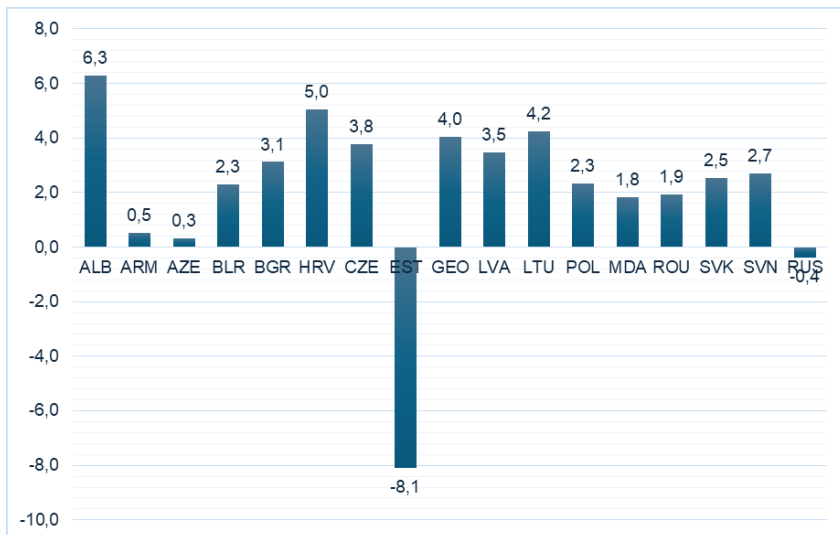


Figure 1 – Comparative analysis of foreign direct investment inflows (% of GDP) by country in 2024

The figure 1 above shows the inflow of foreign direct investment (FDI, % of GDP) for several countries for 2024. The analysis reveals significant differences between countries. The highest level of investment inflow is observed in Albania (6.3 % of GDP), followed by Croatia (5.0 %), Lithuania (4.2 %) and Georgia (4.0%). Moderate values are recorded in the Czech Republic (3.8 %), Latvia (3.5 %) and Bulgaria (3.1 %). In a few countries, the indicators are at a relatively low level: Armenia (0.5 %), Azerbaijan (0.3 %), Moldova (1.8 %) and Romania (1.9 %). Particularly noteworthy is the negative value in Estonia (-8.1 %), which indicates a significant capital outflow, as well as a slightly negative figure in Russia (-0.4 %).

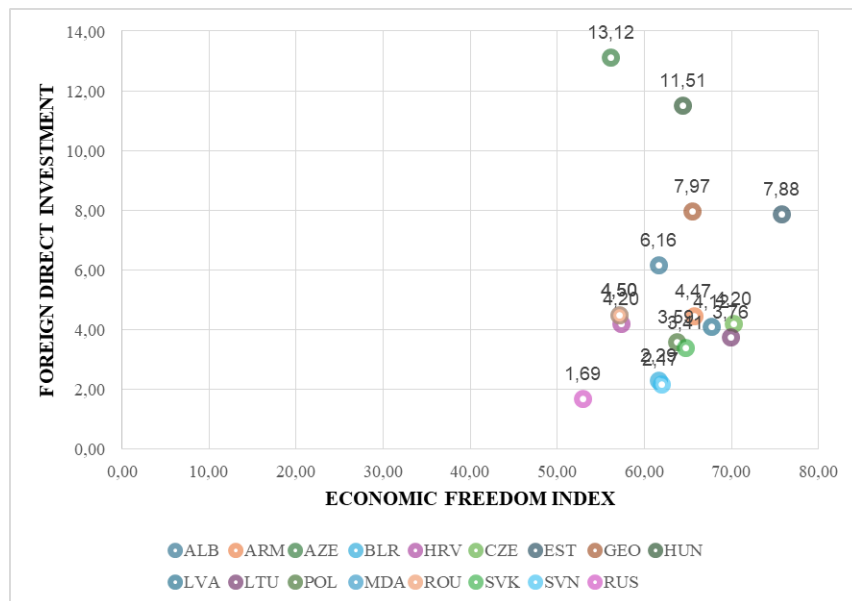


Figure 2 – The relationship between the index of economic freedom and the inflow of foreign direct investment

Figure 2 shows the relationship between the Index of Economic Freedom and FDI. Countries such as Lithuania (LTU), Estonia (EST), and Croatia (HRV) exhibit relatively high values for both indicators, consistent with theoretical expectations.

At the same time, several countries, including Poland (POL), Slovakia (SVK), and Slovenia (SVN), occupy intermediate positions, reflecting moderate levels of economic freedom and investment. However, some countries deviate from this general trend. For example, Hungary (HUN) and Georgia (GEO) exhibit relatively high FDI inflows with comparable EF values, while Romania (ROU) and Moldova (MDA), despite relatively high levels of economic freedom, attract lower investment volumes.

Figure 3 shows the dynamics of the EF and FDI in developing countries over the period 2010-2024. Analysis of the graph shows that the index of economic freedom in the period under review demonstrates relatively stable dynamics, ranging from about 50 to 75 points. Despite some periods of decline, in general, the indicator remains moderately stable, which indicates the preservation of institutional conditions for the functioning of a market economy. Unlike the economic freedom index, the dynamics of foreign direct investment inflows

is characterized by significantly higher volatility. The chart shows sharp fluctuations in the FDI index, including periods of significant growth and decline.

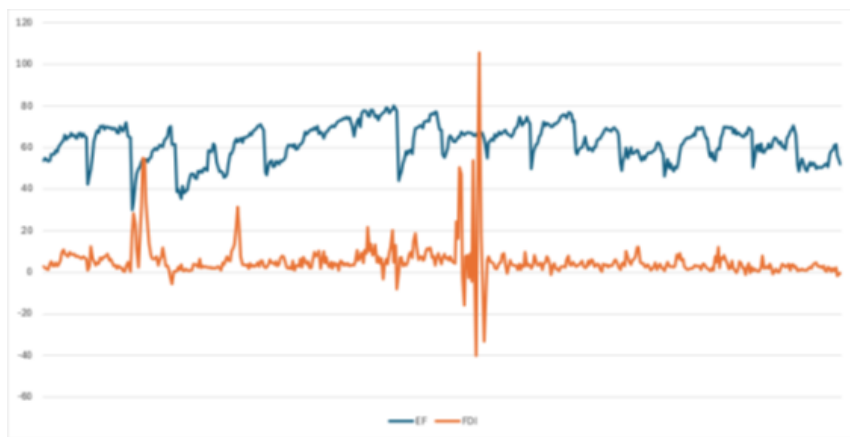


Figure 3 – Dynamics of economic freedom and foreign direct investment in developing countries

In this context, the presented data show that, despite relatively stable institutional conditions, the inflow of foreign direct investment can vary significantly under the influence of both domestic and external macroeconomic factors. This confirms the need for a comprehensive analysis of investment attractiveness factors when examining the impact of economic freedom on foreign investment inflow.

Materials and methods

This study is based on a panel analysis of data for 17 developing countries for the period 1996–2024, as presented in Table 1. The sample included countries for which the maximum number of available and comparable observations were available within the dataset. To ensure the integrity and consistency of the panel structure, countries with incomplete, incomparable, or insufficiently reliable statistical data were excluded from the analysis. The data sources, definitions, and designations of the variables used are presented in detail in Table 2.

Table 1 – Countries Included in the Study

Armenia	Croatia	Hungary	Poland	Slovakia
Azerbaijan	Czechia	Latvia	Republic of Moldova	Slovenia
Bulgaria	Estonia	Lithuania	Romania	Russian Federation
Georgia				

To ensure a balanced panel dataset, the study selected the period 1996–2024, for which complete and comparable statistical data were available for all included countries. The following variables were used in the empirical model: FDI, EF, DIV, and GDP. These indicators were obtained from official international sources, primarily the World Bank, United Nations, and The Heritage Foundation databases for the relevant analyzed period [18; 19].

Table 2 – Variables Used in the Study

Abbreviation	Definition	Unit of Measurement	Source
FDI	Foreign Direct Investment	FDI inflows (% of GDP)	World Bank (2024)
EF	Economic Freedom Index	Economic Freedom Index (score)	The Heritage Foundation (2024)
DIV	Diversification Index	Index value	UNCTADstat (2024)
GDP	Economic Growth	Log of real GDP	World Bank (2024)

The diversification index used in the analysis measures the degree to which a country's trade structure deviates from the global structure of world trade, thereby serving as an indirect indicator of diversification. This index is an alternative form of the Finger-Kreinin trade similarity index and is calculated as half the sum of the absolute differences between the share of each commodity in a specific country's total trade (h_{ij}) and the share of the same commodity in total world trade (h_i). Formally, the index is defined as follows:

$$D_j = \frac{\sum_i |h_{ij} - h_i|}{2} \quad (1)$$

The index value ranges from 0 to 1. As the index approaches 1, it indicates a significant divergence of the country's commodity structure from the global structure, indicating a relatively low level of trade diversification. Conversely, values

close to 0 reflect a high degree of similarity to the global trade structure, which is interpreted as a more diversified and balanced commodity structure [20].

Another variable used in the study is the EF, published annually by The Heritage Foundation. This indicator is used as a comprehensive measure of the institutional and political environment that supports EF in a country. The index is calculated based on 12 quantitative and qualitative components grouped into four main areas: rule of law, government size, regulatory effectiveness, and market openness. Each component takes a value from 0 to 100, and the resulting index is a weighted average of these components. Higher index values indicate more favorable conditions for free choice, voluntary exchange, and open competition, which are theoretically associated with higher levels of economic dynamism, FDI, and long-term GDP growth.

Table 3 – Descriptive Statistics

Statistic	FDI	EF	DIV	GDP
Mean	5.543	63.031	0.542	3.864
Median	3.940	64.750	0.483	3.925
Maximum	105.635	80.000	0.836	4.420
Minimum	-40.108	30.000	0.362	3.000
Standard Deviation	8.900	6.836	0.130	0.338
Skewness	4.627	-0.694	0.667	-0.554
Kurtosis	46.449	3.457	2.059	2.380
Jarque–Bera	40455.81	43.83	54.61	33.09
Probability	0.000	0.000	0.000	0.000
Observations	493	493	493	493

Note: Compiled by the authors based on their own calculations

Results and discussion

The descriptive statistics indicate substantial variation across the selected developing countries. The analysis of FDI dynamics shows that over the past three years, the selected countries have experienced high volatility in investment flows, driven by both global economic shocks and internal institutional changes. In a number of countries, an increase in investment activity has been observed against the backdrop of improved economic freedom and a more favorable business environment. The mean value of FDI is 5.54, with a relatively high standard deviation (8.90), suggesting considerable volatility in FDI across countries and over time. EF has a mean of 63.03 and shows moderate dispersion (Std. Dev. = 6.84), reflecting differences in institutional quality among the sample countries. The DIV presents a mean of 0.54 with relatively

low variability, while GDP (in logarithmic form) exhibits stable dispersion across the panel. The Jarque–Bera statistics are significant at the 1 % level for all variables, indicating deviations from normal distribution. This non-normality is common in macroeconomic panel data and further justifies the use of panel estimation techniques robust to heterogeneity and cross-sectional dependence.

Table 4 – Correlation Matrix

Variable	EF	DIV	GDP
EF	1.000	0.015	-0.030
DIV	0.015	1.000	-0.920
GDP	-0.030	-0.920	1.000

Note: Compiled by the authors based on their own calculations

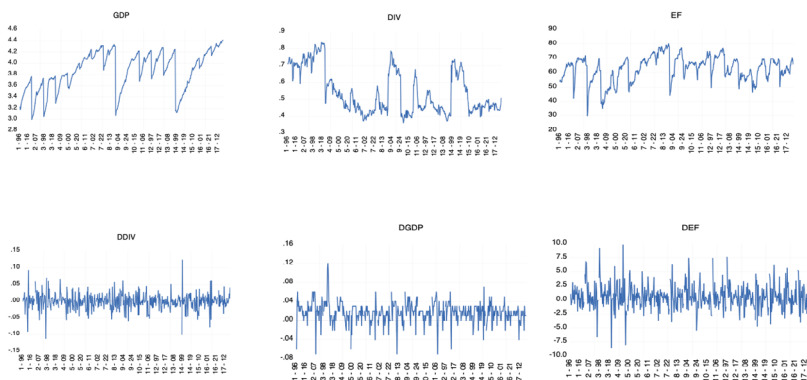
The correlation matrix reveals a strong negative association between DIV and GDP (-0.92), reflecting a close inverse relationship between economic structure and income dynamics within the sampled countries. At the same time, EF demonstrates very weak correlations with both DIV and GDP, suggesting that institutional quality operates relatively independently from structural and macroeconomic characteristics. Overall, the correlation pattern indicates meaningful economic linkages among structural variables, while institutional factors remain conceptually and empirically distinct within the model framework.

Table 5 – Panel Unit Root Test Results

Variable	LLC	IPS	ADF-Fisher	PP-Fisher	Conclusion
EF	-5.06***	-3.59***	71.48***	97.59***	Stationary (Level)
FDI	-5.66***	-5.99***	98.71***	133.03***	Stationary (Level)
DIV	-2.03**	-1.89**	50.51**	69.31***	Stationary (Level)
GDP	-4.14***	1.20 (ns)	24.99 (ns)	36.56 (ns)	Mixed
ΔEF	-7.77***	-9.25***	149.51***	280.67***	Stationary
ΔFDI	-10.76***	-15.44***	260.70***	426.24***	Stationary
ΔDIV	-7.78***	-11.52***	190.59***	374.34***	Stationary
ΔGDP	-5.87***	-8.18***	131.79***	234.44***	Stationary

Note: Compiled by the authors based on their own calculations

The panel unit root results indicate that most variables are stationary at levels, except GDP which shows mixed evidence and becomes stationary after first differencing. The presence of both I(0) and I(1) variables justifies the application of the Panel ARDL approach.



Note: Compiled by the authors based on their own calculations

Figure 4 – Level and first-difference series of GDP-DIV-EF

Figure 4 illustrates the dynamics of GDP, DIV, and EF in both levels and first differences over the analyzed period. In levels, the variables exhibit clear trend components and structural fluctuations: GDP demonstrates a steady upward trajectory reflecting long-term GDP growth, while EF shows gradual improvement accompanied by moderate volatility associated with institutional changes. The DIV displays more pronounced fluctuations, likely driven by shifts in the trade structure of the countries. In first differences (DGDP, DDIV, and DEF), the series fluctuate around zero without a visible trend, indicating their stationary nature and supporting the appropriateness of econometric models that account for the integration properties of the variables.

Table 6 – Cross-Section Dependence Test Results

Test	EF	GDP	FDI	DIV
Breusch–Pagan LM	2061.117***	3678.772***	406.395***	800.044***
Pesaran scaled LM	116.727***	214.812***	16.395***	40.264***

Bias-corrected scaled LM	116.424***	214.509***	16.092***	39.960***
Pesaran CD	44.419***	60.635***	11.835***	5.461***

Note: *** denotes statistical significance at the 1 % level. The null hypothesis for all tests is no cross-sectional dependence.

Note: Compiled by the authors based on their own calculations

The results of the cross-section dependence tests presented in Table 6 indicate the presence of statistically significant cross-sectional dependence for all examined variables EF, GDP, FDI, and DIV. In all cases, the Breusch–Pagan LM, Pesaran scaled LM, bias-corrected scaled LM, and Pesaran CD statistics are significant at the 1% level, which allows the rejection of the null hypothesis of no cross-sectional correlation. This indicates the existence of common shocks, structural interconnections, or cross-border effects among the countries in the sample. The obtained results confirm the necessity of applying econometric methods that account for cross-sectional dependence, such as second-generation panel data models, in order to obtain more accurate and reliable parameter estimates.

Table 7 – Panel Cointegration Test Results (Pedroni and Kao) Dependent variable: FDI

Test	Statistic	p-value	Conclusion
Pedroni (within-dimension)			
Panel v-statistic	-2.142	0.984	No cointegration
Panel rho-statistic	1.404	0.920	No cointegration
Panel PP-statistic	-6.323	0.000***	Cointegration
Panel ADF-statistic	-9.693	0.000***	Cointegration
Pedroni (between-dimension)			
Group rho-statistic	-0.416	0.339	No cointegration
Group PP-statistic	-6.849	0.000***	Cointegration
Group ADF-statistic	-4.927	0.000***	Cointegration
Kao ADF test	-3.005	0.001***	Cointegration

Note: *, **, *** denote statistical significance at the 10 %, 5 %, and 1 % levels, respectively. The null hypothesis for all tests is no cointegration.

Note: Compiled by the authors based on their own calculations

The results of the Pedroni panel cointegration test show that the majority of the PP and ADF statistics are statistically significant at the 1 % level, providing strong evidence of a long-run equilibrium relationship among the variables.

The Kao residual cointegration test further confirms this finding, indicating the presence of cointegration between FDI, EF, the DIV and GDP. Therefore, the null hypothesis of no cointegration is rejected, implying that these variables share a stable long-run relationship across the panel of countries.

Table 8 – PMG-Panel ARDL Estimation Results

Variable	Coefficient	Std. Error	t-statistic	p-value
Long-run relationship				
EF	0.0791	0.0360	2.197	0.029**
DIV	-32.2365	4.3087	-7.482	0.000***
GDP	-7.0162	1.0987	-6.386	0.000***
Short-run dynamics				
Δ EF	-0.0909	0.1090	-0.834	0.405
Δ DIV	46.3365	25.2554	1.835	0.068*
Δ GDP	-6.0842	59.6793	-0.102	0.919
ECM (COINTEQ01)	-0.7431	0.1924	-3.862	0.000***

Note: *, **, *** denote statistical significance at the 10 %, 5 %, and 1 % levels, respectively.

Note: Compiled by the authors based on their own calculations

The results of the PMG-ARDL model estimation confirm the presence of a stable long-run relationship between FDI inflows and the selected explanatory variables. EF has a positive and statistically significant long-run effect on FDI ($p < 0.05$), indicating that improvements in institutional quality, regulatory efficiency, and market openness contribute to strengthening FDI confidence and stimulate capital inflows into developing countries.

The DIV takes values in the range from 0 to 1: higher values reflect a greater deviation of a country's trade structure from the global structure, that is, a lower level of DIV, whereas values close to zero indicate a higher degree of diversification. The negative and statistically significant coefficient on DIV suggests that a decrease in the index value (that is, an increase in diversification) is associated with an increase in FDI inflows. In other words, a more diversified trade structure creates more favorable conditions for attracting foreign capital.

The coefficient on GDP in the long run is negative and statistically significant ($p < 0.01$). This result may reflect structural changes in the economy, a reduced dependence on external capital as domestic capacity increases, or sectoral shifts that are not primarily oriented toward attracting FDI. The negative coefficient of GDP in the long run may indicate that, as economies grow, their dependence

on external sources of financing decreases, while domestic investment capacity increases. Furthermore, this result may reflect structural shifts toward less capital-intensive sectors that are not primarily oriented toward attracting FDI.

The error correction term (ECM) is negative and highly significant ($p < 0.01$), confirming the existence of a long-run equilibrium relationship among the variables. The coefficient of -0.743 indicates that approximately 74 % of short-run deviations from the long-run equilibrium are corrected within one period, suggesting a relatively high speed of adjustment toward equilibrium.

Conclusions

This study was aimed at analyzing the impact of EF on FDI in 17 developing countries over the period 1996–2024, taking into account the role of DIV and GDP growth as structural determinants of FDI dynamics. Using panel econometric methods, including unit root tests, Pedroni and Kao cointegration tests, as well as the Panel ARDL (PMG) model, both short-run and long-run relationships among the variables were assessed.

The obtained results confirm the existence of a stable long-run equilibrium relationship between FDI, EF, DIV and GDP. EF has a positive and statistically significant long-run effect on FDI inflows, which indicates the importance of institutional quality, regulatory efficiency, and market openness in shaping a country's FDI attractiveness. It was also found that an increase in DIV contributes to an increase in FDI inflows, which highlights the importance of structural transformation of the economy and the reduction of dependence on narrow export specialization. At the same time, the negative long-run coefficient on the GDP variable may reflect structural changes, growth of domestic FDI potential, or sectoral shifts that reduce relative dependence on external capital.

The negative and statistically significant coefficient of the error correction term confirms the presence of a mechanism of return to long-run equilibrium and indicates a sufficiently high speed of adjustment of short-run deviations.

The results of the study are generally consistent with the findings of a number of empirical works confirming the positive impact of EF on FDI inflows, including studies by Naanwaab and Diarrassouba, Ghazalian and Amponsem, Singh and Gal, as well as Kwablah and Amoah, which emphasize the role of institutional quality and market openness [3; 4; 5; 11]. The identified relationship between FDI and DIV also corresponds to the results of Fosu and Gnanon, indicating the importance of structural transformations for attracting FDI. In addition, the obtained conclusions partially correlate with the results of Gidage and Bhide, who emphasize the distinction between short-run and long-run institutional effects [8; 9; 14].

At the same time, the negative effect of GDP does not fully correspond to traditional neoclassical models that assume a positive relationship between market

size and FDI inflows. This result may be interpreted in the context of the studies by Dang and Anh, which emphasize the contextual nature of the influence of institutional factors, as well as works indicating the dependence of the FDI effect on the structure of the economy and the level of institutional stability [13]. Thus, the results of the study largely confirm the institutional approach to the analysis of FDI, while simultaneously demonstrating the ambiguity of the influence of macroeconomic factors.

Based on the findings, it is recommended that policymakers in developing countries focus on enhancing economic freedom by improving institutional quality, increasing regulatory effectiveness, and strengthening market openness, as these factors play a significant role in attracting stable long-term foreign direct investment (FDI) inflows. At the same time, special emphasis should be placed on promoting export diversification, which contributes to reducing structural vulnerabilities and increasing investment attractiveness. Given the uncertain impact of GDP growth, economic policies should also consider the structural characteristics of the economy, supporting sectoral diversification and the development of domestic investment capacity.

Despite the significant results obtained, the study has several limitations. First, the analysis covers 17 developing countries, which ensures panel balance, but limits the generalizability of the conclusions. Second, the use of aggregated indices of EF and DIV does not allow for assessing the impact of individual components of the institutional environment. Third, although the Panel ARDL model takes into account different orders of integration and long-run relationships, the possible influence of nonlinear effects and structural breaks requires additional analysis.

REFERENCES

1 **Hall, J. C., Lawson, R. A.** Economic freedom of the world: An accounting of the literature // *Contemporary Economic Policy*. – 2013. – Vol. 32. – № 1. – P. 1–19. – <https://doi.org/10.1111/coep.12010>.

2 **Fonchamnyo, D. C.** The export-diversifying effect of foreign direct investment in the CEMAC Region // *Journal of Economics and International Finance*. – 2015. – Vol.7. – № 7. – P. 157–166. – <https://doi.org/10.5897/JEIF2015.0678>.

3 **Naanwaab, C., Diarrassouba, M.** Economic freedom, human capital, and foreign direct investment // *The Journal of Developing Areas*. – 2016. – Vol.50. – № 1. – P. 407–424. – <https://doi.org/10.1353/jda.2016.0011>

4 **Singh, D., Gal, Z.** Economic freedom and its impact on foreign direct investment: Global overview // Review of Economic Perspectives. – 2020. – Vol. 20. – № 1. – P. 73–90. – <https://doi.org/10.2478/revecp-2020-0004>.

5 **Ghazalian, P. L., Amponsem, F.** The effects of economic freedom on FDI inflows: an empirical analysis // Applied Economics. – 2019. – Vol. 51. – № 11. – P. 1111–1132. – <https://doi.org/10.1080/00036846.2018.1524979>.

6 **Paul, J., Jadhav, P.** Institutional determinants of foreign direct investment inflows : Evidence from emerging markets // International Journal of Emerging Markets. – 2020. – Vol. 15. – № 2. – P. 245–261. – <https://doi.org/10.1108/IJOEM-11-2018-0590>.

7 **Lu, W., Kasimov, I., Karimov, I., Abdullaev, Y.** Foreign direct investment, natural resources, economic freedom, and sea-access : Evidence from CIS // Sustainability. – 2020. – Vol. 12. – № 8. – P. 1–18. – <https://doi.org/10.3390/su12083135>.

8 **Fosu, A. K.** Infrastructure and the impact of foreign direct investment (FDI) on export diversification: Evidence from Africa // Journal of African Development. – 2021. – Vol. 22. – № 1. – P. 102–123.

9 **Gnangnon, S. K.** Aid for Trade, export product diversification, and foreign direct investment // Review of Development Economics. – 2022. – Vol. 26. – № 1. – P. 534–561. – <https://doi.org/10.1111/rode.12845>.

10 **Lestari, D., Lesmana, D., Yudaruddin, Y.A., Yudaruddin, R.** The impact of financial development and corruption on foreign direct investment in developing countries // IMFI Journal. – 2022. – Vol. 2. – № 2. – P. 47–61. – [http://dx.doi.org/10.21511/imfi.19\(2\).2022.18](http://dx.doi.org/10.21511/imfi.19(2).2022.18).

11 **Kwablah, E., Amoah, A.** Foreign direct investment and economic growth in Sub-Saharan Africa: the complementary role of economic freedom and financial market fragility // Transnational Corporations Review. – 2022. – Vol. 14. – № 2. – P. 127–139. – <https://doi.org/10.1080/19186444.2022.2041159>.

12 **Shikur, Z. H.** Economic freedom, institutional quality, and manufacturing development in African countries // Journal of Applied Economics. – 2024. – Vol. 27. – № 1. – P. 1–21. – <https://doi.org/10.1080/15140326.2024.2321084>.

13 **Dang, B. K., Anh, H. N., Pham, T. V.** The impact of policy uncertainty and economic freedom on bank stability : Global evidence // Journal of International Commerce, Economics and Policy. – 2025. – Vol. 16. – № 1. – P. 1–29. – <https://doi.org/10.1142/S179399332550005X>.

14 **Gidage, M., Bhide, S.** ESG and economic growth: Catalysts for achieving sustainable development goals in developing economies // Sustainable Development. – 2025. – Vol. 33. – № 2. – P. 2060–2077. – <https://doi.org/10.1002/sd.3199>.

15 **Toms, S., Lin, C.** Economic freedom, financial development and the determinants of fraud and scandal: The United Kingdom, 1900–2010 // *Business History*. – 2025. – Vol. 67. – № 1. – P. 268–295. – <https://doi.org/10.1080/00076791.2023.2264215>.

16 **Fatah, N.A. et al.** Beyond economic growth: neo-liberalism, alternative theories, and the future of economic development // *British Journal of Interdisciplinary Research*. – 2025. – Vol. 2. – № 4. – P. 1–15. – <https://doi.org/10.31039/bjir.v2i4.24>.

17 **Abutalipov, M., Kamysbayev, M., Zhunusbekova, N., & Satybaldiyeva, D.** Economic freedom and foreign direct investment in Central Asia: short-run and long-run evidence // *Eurasian Journal of Economic and Business Studies*. – 2026. – Vol. 70. – № 1. – P. 56–72. – <https://doi.org/10.47703/2789-8253-2026-1-56-72>.

18 2025 Index of Economic Freedom. – Washington: The Heritage Foundation, 2025. [Electronic resource]. – https://static.heritage.org/index/pdf/2025/2025_indexofeconomicfreedom_highlights.pdf.

19 UNCTAD. World Investment Report 2024. – New York; Geneva : United Nations, 2024. [Electronic resource]. – https://unctad.org/system/files/official-document/wir2024_overview_ru.pdf

20 **Abutalipov, M., Değer, M. K.** İhracatta ürün çeşitliliği ve ekonomik büyüme: Geçiş ekonomileri üzerine panel veri analizleri [Product diversification in exports and economic growth: Panel data analysis on transition economies] // *Sosyoekonomi*. – 2024. – Vol. 32. – № 61. – P. 341–367. – <https://doi.org/10.17233/sosyoekonomi>

Received 06.02.26.

Received in revised form 21.04.26.

Accepted for publication 15.08.26.

*М. М. Абуталипов¹, *Д. О. Сатыбалдиева²,*

А. А. Джолдасов³, Ма Руй⁴, Сюй Янь⁵

^{1,2,3,4,5}Сәтбаев университеті,

Қазақстан Республикасы, Алматы қ.

06.02.26 ж. баспаға түсті.

21.04.26 ж. түзетулерімен түсті.

15.08.26 ж. басып шығаруға қабылданды.

ДАМУШЫ ЕЛДЕРДЕГІ ЭКОНОМИКАЛЫҚ ЕРКІНДІК ЖӘНЕ ТІКЕЛЕЙ ШЕТЕЛДІК ИНВЕСТИЦИЯЛАР

Бұл зерттеу 1996–2024 жылдар аралығында 17 дамушы елдегі тікелей шетелдік инвестициялар (FDI) ағындарына экономикалық еркіндіктің әсерін зерттейді. Талдау сондай-ақ инвестициялық динамикаға ықпал ететін құрылымдық және макроэкономикалық өлшемдерді қамту үшін экспортты әртараптандыру мен экономикалық өсуді енгізеді. Панельдік деректердің эконометрикалық әдістерін, соның ішінде панельдік бірлік түбір тесттерін, Pedroni және Као коинтеграция тесттерін, сондай-ақ Panel ARDL (Pooled Mean Group) тәсілін қолдана отырып, зерттеу айнымалылар арасындағы қысқа мерзімді және ұзақ мерзімді өзара байланыстарды қарастырады. Эмпирикалық нәтижелер тұрақты ұзақ мерзімді тепе-теңдік қатынастың бар екенін растайды. Экономикалық еркіндік FDI ағындарына оң және статистикалық тұрғыдан мәнді ұзақ мерзімді әсер етеді, бұл институционалдық сапаның, реттеудің тиімділігінің және нарықтың ашықтығының жақсаруы инвестициялық тартымдылықты арттыратынын көрсетеді. Әртараптандыру индексі FDI-мен мәнді байланысты көрсетеді, бұл құрылымдық трансформация инвестициялық ағындарды қалыптастыруда маңызды рөл атқаратынын білдіреді. Қателіктерді түзету мүшесі ұзақ мерзімді тепе-теңдікке қарай бейімделудің салыстырмалы түрде жоғары жылдамдығын растайды. Жалпы алғанда, нәтижелер дамушы экономикаларда шетелдік капиталды тарту және тұрақты экономикалық дамуды ілгерілету үшін институционалдық реформалар мен құрылымдық әртараптандыру стратегияларының маңыздылығын көрсетеді.

Кілтті сөздер: тікелей шетелдік инвестициялар (FDI), экономикалық еркіндік, экспортты әртараптандыру, экономикалық өсу, институционалдық сапа, панельдік ARDL моделі, коинтеграция, тұрақты даму мақсаттары.

М. М. Абуталипов¹, *Д. О. Сатыбалдиева²,

А. А. Джолдасов³, Ма Руи⁴, Сюй Янь⁵

^{1,2,3,4,5}Сатпаев университет,

Республика Казахстан, г. Алматы.

Поступило в редакцию 06.02.26.

Поступило с исправлениями 21.04.26.

Принято в печать 15.08.26.

ЭКОНОМИЧЕСКАЯ СВОБОДА И ПРЯМЫЕ ИНОСТРАННЫЕ ИНВЕСТИЦИИ В РАЗВИВАЮЩИХСЯ СТРАНАХ

Настоящее исследование анализирует влияние экономической свободы на приток прямых иностранных инвестиций (FDI) в 17 развивающихся странах за период 1996–2024 гг. В анализ также включены диверсификация экспорта и экономический рост для учета структурных и макроэкономических аспектов, влияющих на инвестиционную динамику. С использованием панельных эконометрических методов, включая панельные тесты на единичный корень, тесты коинтеграции Pedroni и Kao, а также подход Panel ARDL (Pooled Mean Group), в исследовании рассматриваются как краткосрочные, так и долгосрочные взаимосвязи между переменными. Эмпирические результаты подтверждают наличие устойчивого долгосрочного равновесного отношения. Экономическая свобода оказывает положительное и статистически значимое долгосрочное влияние на приток FDI, что указывает на то, что улучшение институционального качества, эффективности регулирования и открытости рынков повышает инвестиционную привлекательность. Индекс диверсификации демонстрирует значимую взаимосвязь с FDI, что свидетельствует о важной роли структурной трансформации в формировании инвестиционных потоков. Член коррекции ошибок подтверждает относительно высокую скорость корректировки к долгосрочному равновесию. В целом полученные результаты подчеркивают важность институциональных реформ и стратегий структурной диверсификации для привлечения иностранного капитала и обеспечения устойчивого экономического развития в развивающихся экономиках.

Ключевые слова: прямые иностранные инвестиции (FDI), экономическая свобода, диверсификация экспорта, экономический рост, институциональное качество, панельная ARDL-модель, коинтеграция, ЦУР.

Теруге 07.09.2026 ж. жіберілді. Басуға 30.09.2026 ж. қол қойылды.

Электронды баспа

3,25 Mb RAM

Шартты баспа табағы 30,2

Компьютерде беттеген: З. С. Исакова

Корректоры: А. Р. Омарова, Д. А. Кожас

Тапсырыс № 4598

Сдано в набор 07.09.2026 г. Подписано в печать 30.09.2026 г.

Электронное издание

3,25 Mb RAM

Усл.п.л. 30,2

Компьютерная верстка: З. С. Исакова

Корректорлар: А. Р. Омарова, Д. А. Кожас

Заказ № 4598

«Toraighyrov University» баспасынан басылып шығарылған

Торайғыров университеті

140008, Павлодар қ., Ломов к., 64, 137 каб.

«Toraighyrov University» баспасы

Торайғыров университеті

140008, Павлодар қ., Ломов к., 64, 137 каб.

8 (7182) 67-36-69

e-mail: kereku@tou.edu.kz

www.vestnik.tou.edu.kz

www.vestnik-economic.tou.edu.kz