

EconWorld2019@Seville

FDI inflows and institutional quality in emerging markets.

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ABSTRACT

In this article we try to analyze the impact of corruption and political stability on foreign direct investment flows in emerging markets between 1996-2016. The results of the Dynamic Panel Model (GMM) prove that the control of corruption and political stability boost positively the attractiveness of foreign direct investment in emerging countries. The results of this study have several implications for policy makers to improve their attractiveness for foreign investors and subsequently stimulate their economic and financial development.

KEYWORDS FDI inflows; corruption; political stability; emerging markets