
The implications of IFRS adoption on foreign direct investment in poor countries

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Abstract

Globalisation has contributed to the acceleration of international capital transactions and has increased investors' need to access homogeneous, reliable and comparable financial reports. The objective of the study is to investigate the impact of International Financial Reporting Standards adoption on foreign direct investment flows in poor countries. In order to achieve this objective, the propensity score matching method was applied on a sample of 38 poor countries between 2008 and 2014. Results indicate that International Financial Reporting Standards adoption has a positive impact on foreign direct investment flows in poor countries.

Keywords: IFRS adoption, foreign direct investment, poor countries, propensity score matching

JEL Classification: F21, G11

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