

THE INFLUENCE OF NON-FINANCIAL NATION BRAND IMAGE
DIMENSIONS ON FOREIGN DIRECT INVESTMENT INFLOWS IN
ZIMBABWE

By

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DECLARATION

I, Tafadzwa Matiza (215097424), hereby declare that the thesis, *The influence of non-financial nation brand image dimensions on foreign direct investment inflows in Zimbabwe*, for the qualification Doctor of Philosophy in Business Management, is my own work and that it has not previously been submitted for assessment or completion of any postgraduate qualification to another University or for another qualification.

.....

Tafadzwa Matiza

DEDICATION

This thesis is dedicated to:

- My parents Mr. James Mwaiyapo Matiza and Mrs. Tendai Jean Matiza, for their love, motivation and support, and
- The loving memory of my late grandfather Sekuru. Jonathan Muranganwa Mukurazhizha

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ABSTRACT

How a country is perceived by foreign investors is becoming increasingly significant to the ability of individual countries to attract foreign direct investment into their economies. In Africa, existing negative perceptions of the continent as an investment destination have been considered as an obstacle for foreign direct investment inflows to the continent in general. Although Zimbabwe offers foreign investors multiple lucrative investment opportunities, attracting foreign direct investment to the country presents a unique challenge due to the image of the country post the 1998-2008 economic crisis. Despite the vast research on the determinants of foreign direct inflows to particular countries, little is known about whether non-financial image-related factors influence the inflow of foreign direct investment to a particular country, especially a country with a unfavourable global image like Zimbabwe. The primary objective of this study was therefore to determine the perceived non-financial nation brand image factors considered to be influential for attracting specific foreign direct investment inflow opportunities in Zimbabwe.

A comprehensive literature review resulted in the identification of nine independent variables (tourism, governance, people, culture and heritage, exports, investment and immigration, factor endowments, infrastructure, and legal and regulation frameworks), as well as four dependent variables (market-, resource-, efficiency- and strategic asset-seeking foreign direct investment inflow opportunities in Zimbabwe). A hypothesised model was developed in order to examine whether the independent variables have an influence on the dependent variables, and as a result nine hypotheses were formulated to test the relationships between the nine independent variables and each of the four dependent variables.

A cross-sectional, quantitative deductive approach to research was employed in order to generate the data required for hypothesis testing. Purposive sampling techniques were employed to draw the sample frame for the study. A self-administered online survey was conducted, and generated empirical data from a final sample comprised of 305 investors who had applied to invest in Zimbabwe through the Zimbabwe Investment Authority between January 2009 and April 2015. Data was analysed using STATISTICA 12 software. Exploratory factor analysis was utilised to extract the

constructs and validate the measuring instrument. Cronbach's alpha coefficients were calculated in order to test the reliability and internal consistency of the measuring instrument. As a result, a total of six valid and reliable independent variables, and four dependent variables were retained for further analysis.

The results of the Pearson product-moment correlation coefficients revealed mostly moderate correlations. The Multi-Collinearity diagnostics test confirmed the absence of collinearity between the independent variables and dependent variables respectively. Subsequently, the results of the four sets of multiple regression analyses, disclosed thirteen statistically significant relationships between the six independent variables and the four categorical dependent variables. *Tourism* had significant relationships with market-, efficiency- and strategic asset-seeking FDI inflow opportunities. *Government actions* had significant relationships with resource- and strategic asset-seeking FDI inflow opportunities. *People* had significant relationships with resource- and efficiency- seeking FDI inflow opportunities. *Export* had significant relationships with market-, resource-, efficiency- and strategic asset-seeking FDI inflow opportunities. *Regulatory framework* had significant relationships with market- and resource-seeking FDI inflow opportunities.

The results of the Analysis of Variance revealed that investor status can be used to predict which non-financial nation brand image determinants played a role in the ultimate decision for taking up foreign direct investment opportunities in Zimbabwe. Further analysis of the role that the demographic profiles of the investors played in predicting which non-financial nation brand image determinants are considered influential in taking up foreign direct investment opportunities in Zimbabwe was confirmed in the Multivariate Analysis of Variance with thirty-four statically significant relationships identified. Further analysis by means of post-hoc Scheffé testing and Cohen's d-values calculations confirm that thirty-nine practically significant mean differences were evident.

This study makes a novel contribution to the empirical body of nation branding, foreign direct investment and investment promotion research by developing and testing a hypothetical model that synthesises facets of the three fields of study. This study represents a new discourse in the identification of the determinants of FDI (that being

non-financial determinants) and provides an explanatory framework for the non-financial nation brand image determinants influencing each type of FDI inflow opportunity sought in Zimbabwe. It is within this framework that recommendations, based on empirical evidence, are made for the Government of Zimbabwe and the Zimbabwe Investment Authority. Some of these recommendations could be implemented within the short-term, while others may be more strategic in the long term. Recommendations made include that the Government of Zimbabwe undertakes significant policy reviews, continues its engagement with key external stakeholders such as other governments, supra-national financial institutions, and foreign investors, as well as adhering to existing favourable FDI policies. It is also recommended that the Zimbabwe Investment Authority adopt an intermediary role, by linking the Government of Zimbabwe with potential foreign investors through investor targeting, as well as promoting Zimbabwe as an investment destination by engaging in image-building activities such as public diplomacy, investor relations, specialised advertising and hosting investor forums with multiple, distinct investor segments. These image-building activities should be centered on the non-financial nation brand image determinants that foreign investors consider to be influential to foreign direct investment in Zimbabwe, and should be geared towards improving and managing the perceived image of Zimbabwe as an investment destination.

Key words: Nation branding, investment promotion, foreign direct investment, Zimbabwe

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CHAPTER ONE

OVERVIEW OF THE STUDY

1.1 INTRODUCTION

The contemporary notion of nations actively competing for a finite pool of global resources by harnessing their competitive and comparative advantages as distinct 'locations' is no longer a novel concept, particularly due to globalisation. Globalisation has seen nations proactively strategizing to attract and host global events, attract tourism and investors, as well as build international relations (Adegoju, 2016:1; Knott, Fyall & Jones 2016:106). More significantly, nations seek to attract tourists, international students, skilled labour, consumers and more pertinently, foreign direct investment (Beloso, 2010:44; Dinnie, 2008:17). In order to be competitive in the attraction of foreign direct investment (FDI), Browning (2016:52-53) recognises that national governments are increasingly adopting marketing techniques to manage their reputations in order to augment their images and facilitate the active promotion of their countries as attractive, suitable and preferred destinations for various of socio-economic activities.

More importantly, globalisation coincides with the advent of the information age where nations, akin to corporate entities, are now more susceptible to negative perceptions and stereotypes (Girma, 2016:206). This implies that the potential adverse effects of negative media coverage present a tangible threat to the international reputations of national governments and their economies (Avraham & Ketter, 2008:xii). This relatively new susceptibility to global scrutiny has led governments to actively manage their images to counter these often inaccurate and/or negative perceptions and stereotypes, as a negative image renders the country increasingly uncompetitive within the contemporary globalised market (Cotirlea, 2015:44). To this end, Blair, Kung, Shieh and Chen (2014:13) determine that a nation with a positive image possesses a crucial competitive advantage within a highly competitive global context. With this in mind, country images may certainly have a significant influence on the selection of FDI destinations/locations and ultimately FDI inflows (Browning, 2016:51; Kalamova & Konrad, 2009:26), and should play a more significant role in the FDI promotion activities of governments.

The proactive management of the images of nations is referred to as nation branding (Dinnie, 2008:15; Papadopoulos, Hamzaoui-Essoussi & Elbana, 2016). The underlying assumption in nation branding theory is that every country has an individual reputation, a unique brand image, brand identity and brand value (Samouri & Kiazarmani, 2016:50). Hence, it is conceivable that the image a country projects may be deliberately manipulated by national governments in order to, in part, counteract negative perceptions held by external stakeholders (Adegoju, 2016:2; Girma, 2016:205). As a result, of this line of thought, some protagonists in the field of nation branding (Browning, 2016:54; Partzalis & Roderiguez, 1999:44), believe that the movement of international capital may be influenced by the perceptions investors have of foreign investment destination countries as brands. As such, developing nations are realising the value of a positive nation brand image in the facilitation of international business, public diplomacy, international relations and FDI (Adekokunbo-Edmund, 2016:3; Mzembi, 2014:4-5).

The significance of the nation brand image has increased in importance amongst international investors, particularly due to the inherent reputational (brand equity) implications for the investor. These reputational implications are based on the country's image (Samouri & Kiazarmani, 2016:52). In the FDI context, foreign investors, when considering different countries as investment destinations, now put an emphasis on the reputational risk associated with investing in a particular nation - particularly considering the impact the reputation and image of the country would have on their products or overall value as a corporate brand (Bray, 2010:6; Ecorys Netherlands, 2013:46).

Generally, the African continent and its inability to compete for and attract adequate FDI to its economies is the archetypical example of how negative perceptions and stereotypes, amongst other factors, can impede the competitiveness of regions and their individual countries in FDI attraction. The African region currently struggles to attract meaningful FDI to most of its individual economies despite being resource-rich and offering some of the world's highest rates of return on investment (Darley, 2012:62; Sichei & Kinyondo, 2012:85; World Bank, 2010:1). While, potential foreign investors may consider investing in African economies, there seems to be information asymmetry manifesting itself as a perception gap between the objective realities of

African countries as foreign investment destinations and existing investor perceptions of them, thereby distracting their investment intentions (Ernst and Young Africa Attractiveness Survey, 2013:2). According to various authors (Ernst & Young Africa Attractiveness Survey, 2013:9; Games, 2011:33; Mwilima, 2003:39), this inherent scepticism of African countries as investment destinations primarily results from the enduring negative historical and stereotypical beliefs of the continent as an unstable, corrupt, disease-infested, crime-ridden and politically volatile region.

The innate negative image that exists of most African countries, is according to some authors (Adekokunbo-Edmund, 2016:2; Browning, 2016:54; Mnali, 2012:15), proliferated by the media. This view was previously expressed by the United Nations (UN) as far back as 1995 (UN, 1995). Osei and Gbadamosi (2010:291) identify the continent's adverse media and academic exposure as being the major driver of Africa's negative global image as a region. It is this image which then poses as a significant obstacle to investment promotion and the attraction of FDI for both the African continent as a region and its 54 individual and distinct economies. To date, African countries, such as South Africa, have established marketing-oriented agencies to monitor and manage their images to better counteract adverse media coverage and address global misconceptions of their countries (Dinnie, 2008:5).

Blancheton and Opimba (2010:5) suggest that the 'scepticism' of investors needs to be addressed by managing the risks, albeit perceived risks, associated with investing in African countries. To this end, the Ernst and Young Africa Attractiveness Survey (2013:9-10) determines that, although most African nations such as Botswana, Mozambique, Angola and Rwanda, have gone a long way to address factors that impeded FDI attraction to their economies, these positive aspects are eclipsed by the global media's fixation on the minority of exceptional cases of 'fragile' states, like the Central African Republic, the Sudan and more pertinently, Zimbabwe.

The consideration of reputation risk would imply that investment destinations with less than positive global images may pose a potential brand image risk to the investor and may represent a significant cost to FDI (Driffield, Jones & Crotty, 2013:140). Within the context of the present study, Zimbabwe may be considered to be one such destination. Games (2011:32) believes that, while Zimbabwe may not be the typical

conflict country, foreign firms operating in the country have faced censure from the international community and risked reputational damage since their investment in Zimbabwe may be construed to be tacit support for the prevailing socio-economic situation in the country.

The following section presents the statement of the problem.

1.2 PROBLEM STATEMENT

Once touted as 'Africa's Jewel' and one of Africa's most promising economies, Zimbabwe is a country that is reeling from the effects of a severe socio-economic crisis, brought on by a protracted political crisis between 1998 and 2008 (Besada & Werner, 2010:1). Based on these events, Zimbabwe has come to be characterised, by some, as an unstable pariah state (Moyo, 2013:323). According to the literature (Mlambo & Raftopoulos, 2010:1; Mzumara, 2012:123; Sena, 2012:27; Zimbabwe Ministry of Economic Planning and Investment Promotion, 2011:8-9), Zimbabwe faced a myriad of socio-economic challenges during the 1998-2008 period, and at its worst included austere macroeconomic volatility (the official annual inflation in 2008 was at an estimated 231,000,000% per annum), and the country experienced severe utility shortages of electricity, fuel, water and basic foodstuffs.

At the time of its crisis, Zimbabwe (1998-2008) was considered to be the world's fastest shrinking economy for a country not at war (Mlambo & Raftopoulos, 2010:3). More interestingly, although Zimbabwe did not experience a war, the after effects of the country's multiple crises mimic those of a post-conflict state. These after effects are similar to those described by Turner, Aginam and Popovski (2008:1) and include underdevelopment, utility services shortages (water, electricity, sewerage and transport services), endemic levels of corruption, weak institutions, capital flight and pronounced levels of brain drain. The literature consulted (Dinnie, 2008:3; Whyte & Griffin, 2014:6), does caution that in the case of nations with negative images predicated on deleterious events such as war, famine, poverty, general chaos and corruption account for the stigma associated with that nation has the potential to impinge on the inflow of foreign aid and investment even when these factors are no longer relevant to that nation.

This holds true for Zimbabwe, whose most pertinent challenge to date is the negative image created principally by the international media based on the 1998-2008 Zimbabwean crisis (Sena, 2012:101), that has contributed to the country's inability to attract sustainable FDI inflows. One of the major challenges in promoting Zimbabwe globally as an FDI destination is the generally accepted negative image of Zimbabwe as a place to do business that stifles the attraction of essential FDI into Zimbabwe due to its having a 'tainted' image (Games, 2011:34; Mufirakurewa, 2011:1; Multilateral Investment Guarantee Agency, 2010:33).

The government of Zimbabwe is cognisant of the importance of FDI to the country's competitive advantage (United States Department of State, 2014:1). However, while the Zimbabwean government seeks to market the country aggressively to potential investors, FDI figures relating to the country indicate the need for a more innovative and strategic approach for the attraction of FDI to Zimbabwe (United States Department of State, 2014:2). In the year 2000, Zimbabwe attracted an estimated US\$30m in FDI to its economy (Mwilima, 2003:40). According to more recent statistics from the Zimbabwe Investment Authority (ZIA), FDI-related project approvals for Zimbabwe amounted to US\$909m in 2012 and declined to US\$685.8m in 2013 (Monyau & Bandara, 2014:6), while in real terms FDI inflows into Zimbabwe amounted to US\$105m, from US\$852m worth of projects approved for 2009, and between 2010 and 2012 FDI inflows were only 10.3% of the total of US\$8.8bn in approved Zimbabwean-based FDI projects (Mzumara, 2012:117). More pointedly, Kahiya (2015:14) warns that Zimbabwe is increasingly becoming an 'after-thought' as an FDI location in the Southern African Development Community (SADC) region, illustrated by Zimbabwe attracting only one percent of the total US\$281bn of Greenfield FDI investments into Africa between 2009 and 2013.

Meanwhile, as Eminovic (2013:32) suggests, beyond creating a business-friendly environment, it is important for the potential foreign investment destination to promote foreign investment proactively to address information asymmetry and/or correct existing perceptions that may impede FDI inflows respectively. Zimbabwe's situation is unique and necessitates the pro-active management of its nation brand image (*nation branding*), while the country simultaneously promotes itself as an attractive destination for FDI (*investment promotion*). Since arresting its economic crisis and to

a larger extent, addressing its political challenges in 2009, the government of Zimbabwe has to date unsuccessfully launched a myriad of economic recovery programs aimed at creating a conducive business environment for investors and resuscitating the country's economy, and is still lurching from the effects of the 1998-2008 economic crisis. The 'golden thread' within all the policy interventions is their reliance on foreign investment to finance them. The key challenge to the success of these policies has been the lack of foreign capital to finance them and all these interventions planned, point to a need for more informed strategic investment promotion programmes in Zimbabwe. As Kahiya (2015:14) mentions, there is a recognised 'dire need' for FDI into Zimbabwe (at least US\$10bn), in order for Zimbabwe to recover economically. The purpose of the present study is to utilise the information obtained on the specific non-financial nation brand image FDI determinants driving each inflow opportunity to develop more informed investment promotion programmes for FDI attraction to Zimbabwe.

Muradzikwa (2002:20), in a study on FDI in the Southern African Development Community (SADC), found that it was becoming increasingly evident that simply liberalising trade, FDI and legal regimes, as well as providing financial and fiscal incentives and other specific FDI promotion-oriented measures, is increasingly becoming insignificant in FDI location selection. While these factors, according to Muradzikwa (2002:20), remain as FDI pre-conditions, it is the contention of the present study that Zimbabwe's inability to attract the foreign capital necessary to finance its economic recovery policies is more symptomatic of the non-financial factors such as Zimbabwe's negative global image and reputation both as a country and as a destination for FDI than any perceived fiscal inadequacies that may make the country uncompetitive in the global FDI market.

According to the Multilateral Investment Guarantee Agency (2006:1), investors have become more 'circumspect' in their foreign investment location selection process due to the growing market for FDI. The simultaneous need for nation branding and investment promotion in the case of Zimbabwe is certainly unique and presents an opportunity for research into how the image of a nation influences FDI inflows into its economy, by linking the distinct fields of nation branding, FDI and investment promotion. The realisation by national governments that they, much like corporate

entities, are becoming increasingly dependent on their reputation and image to be relevant to consumers (investors, skilled labour and tourists), has led to the prominence of nation branding as a commercial concept (Beloso, 2010:44; Dinnie, 2008:116; Rainisto, 2003:12).

Correspondingly, the need for pro-active and specialised investment promotion to attract FDI has motivated the majority of African governments to establish investment promotion agencies (IPAs), such as Zimbabwe's ZIA, and schemes corresponding with global trends to market their economies proactively as attractive foreign investment destinations and to facilitate the FDI process (Sichie & Kinyondo, 2012:85). Unfortunately, in the case of Zimbabwe, the country under the auspices of ZIA, currently only manages to attract up to one percent of the total inflows of FDI to Africa. The Zimbabwe situation presents a unique opportunity for important research that integrates the concepts of nation branding, FDI and investment promotion

Limited studies relating to Zimbabwe in the nation branding context have been conducted. One such study was conducted by Sena (2012), who sought to establish a general nation branding framework for Zimbabwe. Notably, the study does not relate nation branding to the ability of the country to attract foreign direct investment, nor does it explore the effect of Zimbabwe's brand image and factors thereof on FDI inflows. A previous study that contextualises Zimbabwe in the nation branding context and relates to FDI was conducted by Matiza (2013) as a qualitative study. No study has been previously conducted in the context of non-financial nation brand image determinants influencing FDI inflow opportunities in Zimbabwe.

With this in mind, the pivotal question would then be: *Which non-financial nation brand image determinants are perceived as influencing FDI inflow opportunities in Zimbabwe?*

An intended outcome of the study was to provide suggestions on how managing the identified non-financial nation brand image FDI determinants could provide Zimbabwean authorities with information to develop specific FDI interventions linked to each FDI inflow opportunity in Zimbabwe.

The following section presents the objectives of the present study.

1.3 OBJECTIVES OF THE STUDY AND RESEARCH QUESTIONS

The primary objective of the present study was to determine the perceived non-financial nation brand image FDI determinants that influence FDI inflow opportunities in Zimbabwe. Based on foreign investor perceptions, the aim of the study was therefore to, establish the relationship between Zimbabwe's non-financial nation brand image FDI determinants and FDI inflow opportunities in Zimbabwe. The intended outcome of the study was to identify which non-financial nation brand image determinants can be used to promote each FDI inflow opportunity in Zimbabwe as part of a competitive nation branding-based investment promotion approach.

From the primary objective, the following secondary objectives guided the study:

- To conduct a comprehensive analysis of existing literature on nation branding, FDI and investment promotion from secondary data sources;
- To propose and test a hypothesised model of the non-financial nation brand image determinants that influence specific FDI inflow opportunities in Zimbabwe;
- To determine the most appropriate research design, including the most appropriate research methodology, data collection approach and data analysis techniques for the study;
- To establish empirically which non-financial nation brand image determinants are distinct factors that may influence FDI inflow opportunities in Zimbabwe;
- To determine empirically which non-financial nation brand image determinants are specific to the purpose of the investment sought (market-; resource-; efficiency- and strategic-asset seeking FDI inflow opportunities) in Zimbabwe;
- To empirically establish whether there are differences in the perceptions of current investors in Zimbabwe, investors who had considered investing in Zimbabwe but did not do so, and investors who would consider investing in Zimbabwe in the future, regarding which specific non-financial nation brand image determinants influence FDI inflow opportunities in Zimbabwe, and
- To suggest practical recommendations on how Zimbabwe could 're-image' itself as an investment destination based on the perceived identified non-financial nation brand image determinants influencing FDI inflow opportunities and what should be

the focus of each strategic investment programme according to the purpose of the FDI inflow sought.

In order to achieve the primary and secondary objectives of the study, the researcher addresses the following research questions:

- Which non-financial nation brand image FDI determinants have an influence on the ability of Zimbabwe to attract FDI?
- Which non-financial nation brand image determinants are perceived as the most influential for FDI inflows in Zimbabwe?
- Which of the non-financial nation-brand image FDI determinants are significant to each FDI inflow opportunity (market-, resource-, efficiency- and strategic-asset seeking) in Zimbabwe?
- Are there differences in the perceptions of current investors in Zimbabwe, investors who had considered investing in Zimbabwe but did not do so, and investors who would consider investing in Zimbabwe in the future, regarding which specific non-financial nation brand image determinants influence FDI inflow opportunities in Zimbabwe?
- Can nation branding in the non-financial sense then be used as a potential FDI promotion approach for Zimbabwe?

The following section defines the key concepts of the study.

1.4 DEFINITIONS OF KEY CONCEPTS

The following are the working definitions of the key concepts of the study.

1.4.1 Nation branding

Nation branding is widely considered to be a management approach to building a nation's brand identity, image and reputation (Lee, 2009:2). Bellosso (2010a:48) defines nation branding as a strategic, integrated and systematic management process aimed at building a country's (nation's) brand identity, image and reputation as a unique and attractive place to live, work, visit and in which to do business.

Within the scope of the present study, nation branding are defined as *a government initiated brand-marketing communications strategy aimed at creating, proactively*

managing and projecting the positive identity of the nation in an attempt to manage its reputation and image, with the aim of positively influencing the perceptions of relevant key global stakeholders towards it.

1.4.2 Investment promotion

Promotion in the marketing context refers to the direct efforts by an organisation to communicate with its various stakeholders and target audiences in an attempt to influence their behaviour (Cuellar-Healey, 2013:4). It follows then that investment promotion becomes the marketing activities initiated by governments to link their economic development goals to the required resources - by focusing on understanding investor needs and providing a product that appeals to them (Djokoto, 2012:48; Ecorys Netherlands, 2013:x). According to Musila and Sique (2006:587), the promotion of investment opportunities by investment destinations (host countries), is the strategic marketing of a place focusing on its distinctive advantages and unique value proposition. Investment promotion may also be described as the highlighting of profitable investment opportunities and promoting a positive image of a country as an investment destination (Organisation for Economic Co-operation and Development, 2010:3), with the aim of increasing the quantity of FDI inflows, the quality of FDI and the attractiveness of a country by improving a nation's image as an investment destination (Wells & Wint, 2000:5).

Within the scope of the present study, investment promotion is defined as a government-driven marketing communications approach to the promotion of a country as an attractive destination for FDI, by highlighting to both internal and external stakeholders, the profitable investment opportunities the country possesses, as well as its unique competitive advantages, to improve both the quality and quantity of FDI inflows for the country.

1.4.3 Foreign direct investment

According to the Organisation for Economic Co-operation and Development (2014:7), FDI may be defined as investment reflecting the establishment of a long-term interest by a foreign-based entity in an enterprise located in an economy outside its own. A foreign direct investor may be an individual; a group of related individuals; a private or public business; a government body or a combination of all the aforementioned

(Organisation for Economic Co-operation and Development - OECD, 2014:8). FDI may be described as the establishment or purchase by residents of one country, of a substantial ownership and management share; usually measured by a minimum equity stake of 10% of a business in another country (Wells & Wint, 2000:8). Within the scope of the present study, foreign direct investment are defined as *the uptake of a significant (10% or more) primary or secondary interest (equity and/or management stake) by an individual; a group of related individuals; a private or public business; and/or a government body in a firm located in an economy outside their own country.*

The following section presents the concepts and models informing the theoretical model of the study.

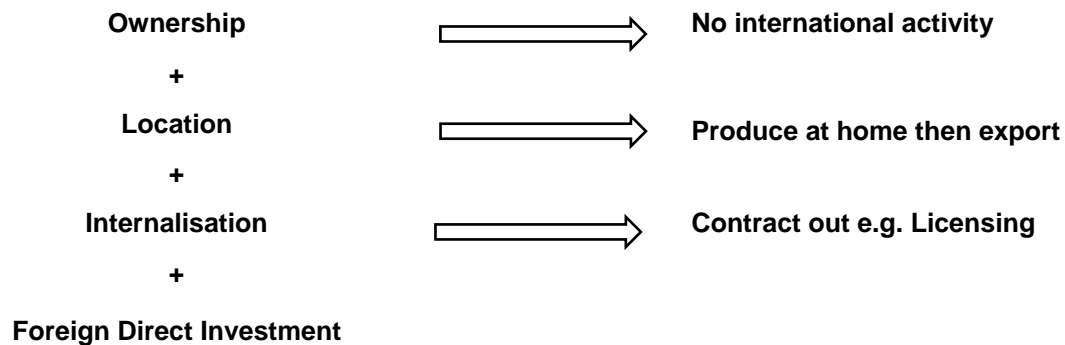
1.5 CONCEPTS INFORMING THE PROPOSED HYPOTHESISED MODEL

This section presents the existing models and frameworks informing the proposed hypothesised model. After a brief review of each of the concepts contributing to the formulation of the hypothesised model, the proposed hypothesised model will also be introduced.

1.5.1 Dunning's Ownership-Location-Internalisation Framework

The Ownership, Location and Internalisation (OLI) Framework is widely considered to be the underlying explanatory framework for the internationalisation of Multi-national enterprises (Andersen, Ahmad & Chan, 2014:52; Chiu, Lo & Susy, 2015:128). The OLI Framework is an explanatory framework on the internationalisation of business and conceives that internationalisation is predicated on a triad of advantages: *Ownership* – home country specific advantages of engaging in FDI; *Location* – country specific advantages of engaging in FDI and; *Internalisation* – firm specific advantages of engaging in FDI (Bartels, Eicher, Bachtrung & Rezanja, 2009:246-247; Chiu *et al.* 2015:129-133). Figure 1.1 illustrates the relationship between the OLI Framework and FDI.

Figure 1.1: The OLI Framework



Source: Adapted from Pekarek (2012:9)

FDI as an internationalisation strategy offers foreign investors the opportunity to exploit all the OLI advantages posited by Dunning's explanatory framework. *Ownership* advantages are the intangible assets that the foreign investor benefits from by keeping and then transferring them to the FDI enterprise; *Location* advantages are concerned with the location specific attributes of the FDI location that make internationalisation comparatively and competitively advantageous, and *Internalisation* advantages are the benefits that accrue from the foreign investor being able to absorb certain transaction costs or factors of production to retain competitiveness (Eminovic, 2013:9-10).

In its simplest form, Dunning's (1977, 1979, 1988) OLI model is premised on the assumption that for Multinational Enterprises (MNEs) to engage in international business, there is a triad of interdependent variables that interact and create advantages for the MNE (Dunning, 2000:163-164). These variables are, according to Dunning (2000:164) and a review by Nayak and Choudhury (2014:9), espoused in the:

- *Ownership sub-paradigm* whereby the MNE must be able to exercise some control over the foreign entity with regards to management and business-related processes in relation to the domestic competition. By doing so, the foreign enterprise, by exploiting these advantages in the foreign market, can engage in profitable FDI activities.
- *Location sub-paradigm* whereby the host country must offer the MNE certain comparative and competitive benefits over other potential FDI locations,

including the MNE's home location. The need to exploit immobile factor endowments which are critical to production, as well as certain market-related advantages, motivates foreign enterprises to exercise their ownership advantage and location in the foreign market.

- *Internalisation sub-paradigm* whereby the MNE should benefit from not transferring its advantages to a foreign enterprise through market structures but by internalising them. By doing so, the enterprise may exploit its core competencies within the foreign market, insulated from competitive forces by owning a foreign subsidiary and producing under licence or exporting directly to the foreign market.

Of particular interest to the hypothesised model for this study is the location aspect of the OLI framework, where foreign investors seek to locate within the foreign market where certain country-specific advantages accrue from being based in the foreign market (Kotieno, 2013:125; Li & Gammelgaard, 2014:153). Dunning (2000:164-165) based on the eclectic paradigm (OLI model), explains the primary reasons for foreign location-based MNE activity primarily as;

- *Demand-oriented* FDI activity - intended to satisfy a specific foreign market, or collection of markets (market-seeking FDI);
- *Supply-oriented* FDI activity - intended to facilitate access to natural endowments such as mineral resources, primary and secondary agricultural outputs, human capital and other critical inputs (resource-seeking FDI);
- *Internalisation-oriented* FDI activity - intended to, for instance to divide labour, transfer technology, facilitate skills development and improved asset utility, and productivity (efficiency-seeking FDI) and;
- *Ownership-oriented* FDI activity - intended to protect and/or augment ownership advantages of the enterprise to increase competitiveness and/or dilute the advantages of the competition (strategic-asset seeking FDI).

It is these motives that influence the critical decisions of FDI entities in terms of foreign market entry. Dunning's OLI Model may be considered to assume the role of an evaluative framework for MNEs considering foreign market expansion, and the model is an explanatory framework for the increased flow of capital and resources across

borders in the form of FDI in an increasingly globalised world. Table 1.1 summarises Dunning's OLI framework, indicating the various advantages related to ownership, locational and internationalisation benefits in relation to specific FDI motives.

Table 1.1: OLI framework related to advantages of Foreign Direct Investment and motives

Motives for FDI	Ownership advantages	Internalization advantages	Location advantages
Market seeking	<ul style="list-style-type: none"> • Capital • Technology • Information • Management skills • Economies of scale • Branding skills • Research and Development 	<ul style="list-style-type: none"> • Reduction of transaction and information costs • Closer control over IPR issues 	<ul style="list-style-type: none"> • Material and labour costs • Market size and characteristics • Government policy (regulations, FDI policy/incentives, tolls/import quotas)
Resource seeking	<ul style="list-style-type: none"> • Capital • Technology transfer • Access to markets 	<ul style="list-style-type: none"> • Control of markets • Stability of supplies 	<ul style="list-style-type: none"> • Possession of natural resources • Transport and communication • Government policy (tax and FDI incentives)
Efficiency seeking	<ul style="list-style-type: none"> • Similar to market seeking • Access to markets • Economies of scope • Geographical diversification or clustering • International sourcing 	<ul style="list-style-type: none"> • Similar to market seeking • Gains from economies of common governance 	<ul style="list-style-type: none"> • Economies of product/process specialisation or concentration • Labour costs • Incentives for local production • Favourable business environment
Strategic asset seeking	<ul style="list-style-type: none"> • Similar to efficiency-seeking if creating synergy with existing assets 	<ul style="list-style-type: none"> • Economies of common governance • Enhanced competitive/strategic advantages • Risk reduction or diversification 	<ul style="list-style-type: none"> • Similar to efficiency seeking • That offer needed technology • Organizational assets

Source: Adapted from Lintunen (2011:26)

As is evident in Table 1.1, the advantages accruing to foreign investors may be dichotomised based on the pillars of the OLI framework. These advantages may further be sub-divided according to investor motives. The OLI Framework pillars most pertinent to the hypothesised model of the present study, are the locational advantages. The locational advantages such as natural resources; government policy (tax & FDI incentives); market size and characteristics; government policy (regulations,

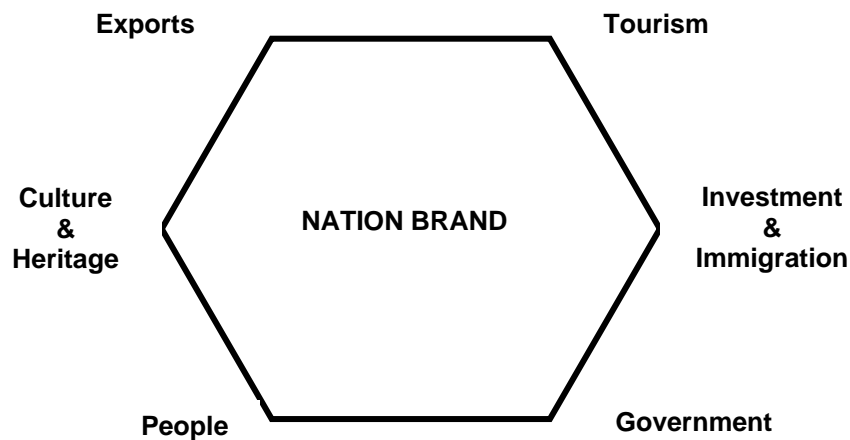
FDI policy/incentives, tolls/import quotas); economies of product/process specialisation or concentration; favourable business environment, and organizational assets are significant location-oriented non-financial factors.

The aforementioned advantages represent some of the factors influencing foreign investor-decision making and comprise some of the observed variables of the hypothesised model. The OLI Framework is significant to the hypothesised model of this study as it positions the hypothesised model as a location-oriented framework within the internationalisation context. However, in the absence of a sub-OLI Framework that assesses non-financial locational advantages in particular, the following sections present the nation brand concept and its associated models.

1.5.2 Anholt's Nation Brand Hexagon framework

The NBH framework was first posited by Simon Anholt, who is widely considered to be one of the leading minds in the field of nation branding. Much like enterprise and product brands, countries, regions and cities may develop and possess their own distinct brand identities and these identities and nation branding are an effort by national governments to 'communicate' with its stakeholders globally through six distinct channels (exports, tourism, investment and immigration, government, people, culture and heritage) the 'hexagon of communication' (Anholt, 2005a:296). The dimensions of the Nation Brand Hexagon (NBH), as the factors impacting on the nation brand image are illustrated in Figure 1.2.

Figure 1.2: The nation brand hexagon framework



Source: Adapted from: Anholt (2005b:186)

Belloso (2010b:231) briefly describes the six conventional dimensions of the NBH as follows:

- **Exports** – branded products and services that influence the public’s image of the nation and services the extent to which consumers proactively seek or avoid products from the country (country-of-origin effect).
- **Governance** – functioning of a nation’s government influences public opinion of national government competency and fairness, as well as its perceived commitment to global issues such as peace and security, justice, poverty and the environment.
- **Culture and Heritage** – the inherent characteristics of a nation projects certain information about the nation, which influences global perceptions of the nation’s heritage and appreciation for the contemporary culture, including film, music, art, sport and literature.
- **People** – the enduring perception of the citizens of a nation relating to their reputation for competence, openness and friendliness, and other qualities, such as tolerance, influence the global perception of the nation.
- **Tourism** – attractive natural and man-made tourist attractions, as well as positive experiential marketing, affect how external stakeholders (tourists, other governments) perceive the nation.

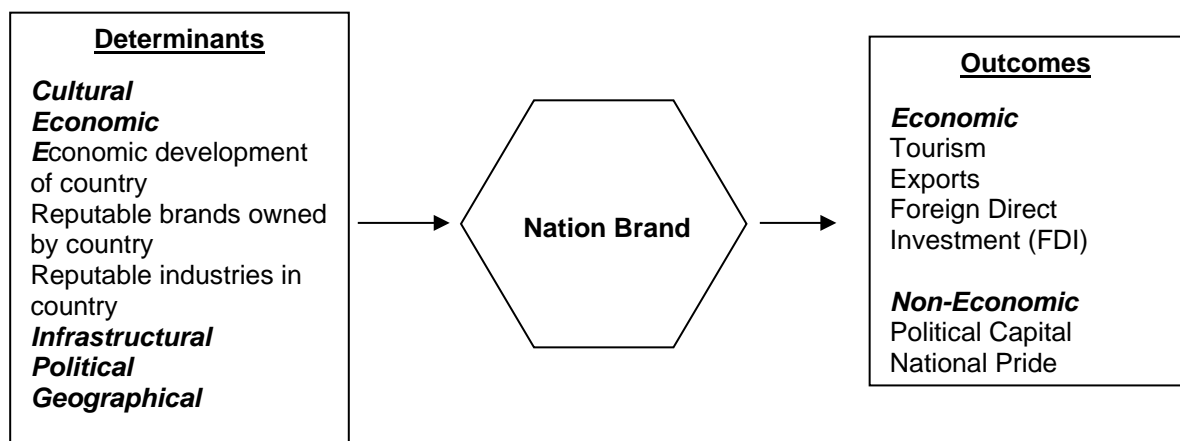
- **Investment and Immigration** – the nation as a place to live, work or study significantly informs how people perceive a country’s quality of life and business environment.

The aforementioned dimensions of the NBH of a country are hypothesised in the FDI attraction context as potential influencers of FDI inflow opportunities in Zimbabwe. That is each dimension, as an independent variable represents a non-financial nation brand image-related determinant of FDI. The assumption is that each or a combination of any of these NBH dimensions influences the image held of a country as an investment destination, much like how the NBH influences tourists within the destination image context. However, these dimensions are not comprehensive as a crossection of non-financial determinants therefore, other non-financial FDI-specific elements are added to the hypothesised model for the present study.

1.5.3 The determinants and outcomes of nation branding model

The analytical model by Sun (2009:4) positions the nation brand as a moderator in a nation competition-based context. As can be seen in Figure 1.3, the analytical model of the determinants and outcomes of nation branding posits cultural, economic, infrastructural, political and geographic factors as determinants (independent variables) of nation comparative advantage, moderated by the nation brand, and having a significant impact on a country’s economic outcomes (tourism, exports, FDI inflows).

Figure 1.3: The determinants and outcomes of nation branding model



Source: Sun (2009:4)

Based on the Hunt and Morgan Resource Advantage Theory, Sun (2009:25) determines that economic and non-economic outcomes (dependent variables) flow to efficient and effective markets due to their resource advantages. However, as Sun (2009:25) then suggests, these resources as a basis of comparative advantage in nation-based competition are moderated by the overall image of the nation. As a result of the study, Sun (2009) found that country images have varying degrees of influence on the relationship between determinant and outcome factors of nation branding (Sun, 2009:89). However, in cases where two countries have similar resource advantages, more foreign travellers preferred the destination with a more attractive image (Sun, 2009:89). More importantly, an existing nation brand image interacts with the individual resources factors identified by the study, significantly influencing the country's exports and tourism (Sun, 2009:93).

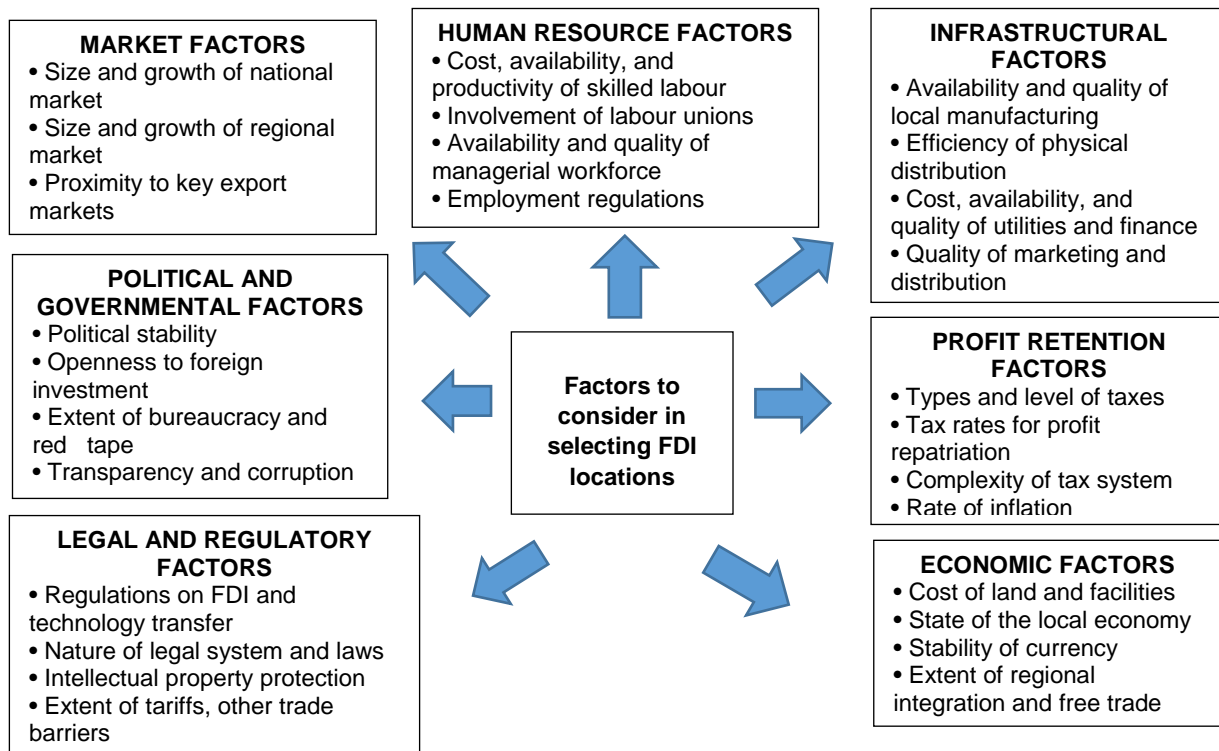
The analytical model for the determinants and outcomes of nation branding was found to be a predictive econometric model that underpinned the dynamics associated with the nation brand (Sun, 2009:7). The model addressed the paucity of organising mechanisms connecting factors of comparative advantage to outcomes for nations competing for a finite pool of global resources, which include FDI. The analytical model for the determinants and outcomes of nation branding, however, only focuses on the determinants of comparative advantage for nations, neglecting the competitive factors identified by Kalamova and Konrad (2010). According to Sun (2009:5), the model incorporates the Anholt-GfK Roper Nation Brand IndexSM as a moderating variable to test the impact of nation branding on the relationship between the independent variables (cultural, economic, infrastructural, geographical and political factors) and the dependent variables (economic & non-economic outcomes). Sun's (2009), model does however, decisively position the nation brand image as a moderator of comparative advantage in a *general* nation-based global resource competition context.

1.5.4 Investment destination selection model

In as much as nations may want to target and attract specific investors with their investment products, FDI is a high-control strategy for investors entering foreign markets (Cavusgil Knight & Reisenberger, 2012:423), hence nations proactively seek to influence investor decision-making. As Cavusgil *et al.* (2012:428), proceed to

outline, there are salient factors that investors traditionally consider in their evaluation of investment destinations for the success of their own global competitiveness strategies and these are illustrated in Figure 1.4.

Figure 1.4: Investment destination selection model



Source: Cavusgil *et al.* (2012:428)

As illustrated in Figure 1.4, evaluation of potential foreign investment locations based on a myriad of factors (economic, legal, political, market, human resource, infrastructural and profit retention) and these factors influence the investment destination selection process of investors. As Cavusgil *et al.* (2012:427-428) suggest:

- Economic factors that foreign investors are mostly macro-economic issues such as currency stability, monetary policies and the overall economic climate of the potential investment destination;
- The legal and regulatory factors considered by the majority of foreign investors include FDI related regulations and issues of intellectual property protection, law and tariff regimes;
- The general governance and political climate of the potential investment destination are also considered by most investors in location selection, where

transparency and corruption, political stability and business friendliness are issue of concern for potential foreign investors;

- Market and profit retention are considered by foreign investors in their location selection process, where the size and growth of domestic, regional and international markets and taxation, repatriation and inflation are considered respectively;
- Human resource factors may be a key consideration for labour intensive industries and more often than not for skilled labour dependent location investment decisions, where factors such as labour cost, productivity and competence, as well as labour regulations may be taken into, and
- Lastly, the infrastructure, the cost and availability of utilities, distribution channels and manufacturing capacity available in the potential investment location may be a key consideration in investment destination selection of market-seeking investors.

The model by Cavusgil *et al.* (2012) in essence outlines a multitude of factors that motivate foreign investors to select potential foreign investment locations on a primarily comparative basis. However, it is important to note that in the nation branding context, these factors are identified by Sun (2009) as factors of comparative advantage, which do not interact to form the nation brand, but are moderated by the nation brand as a catalyst for the outcomes of nation-based competition.

1.5.5 Investor foreign direct investment motives framework

Cui, Meyer and Hu (2014:490) in Table 1.2, relate the FDI motives of the different foreign direct investors to their main objectives for engaging in FDI activity, to their targets in the host country and finally to the managerial challenges they encounter when engaging in FDI activity.

Table 1.2: Investor foreign direct investment motives framework

FDI Intents	Main Objectives	Targets in host country	Managerial challenges
Resource-seeking	<ul style="list-style-type: none"> To secure stable, low cost and high quality natural resource supply 	<ul style="list-style-type: none"> Supply of natural resources such as commodities Internal production inputs 	<ul style="list-style-type: none"> Overcoming institutional barriers to legitimize resource seeking activities
Market-seeking	<ul style="list-style-type: none"> To sustain or protect existing markets (by circumventing trade barriers) To exploit or promote new markets 	<ul style="list-style-type: none"> Host country market condition - market size Market growth prospects 	<ul style="list-style-type: none"> Simultaneously exploiting existing core competencies and achieving local responsiveness to develop host market based capabilities
Efficiency-seeking	<ul style="list-style-type: none"> To achieve economy of scale and scope Risk diversification 	<ul style="list-style-type: none"> Low-cost and availability of labour, natural resources and capital 	<ul style="list-style-type: none"> Protecting and extending existing core competencies by global integration of foreign operations
Strategic-asset seeking	<ul style="list-style-type: none"> To pursue long-term strategic objectives – especially that of sustaining or advancing global competitiveness 	<ul style="list-style-type: none"> Unique, intangible and organisationally embedded assets Access to advanced technology, brand assets, managerial know-how 	<ul style="list-style-type: none"> Transforming and upgrading core competencies Identifying, acquiring and reverse-transferring intangible strategic assets

Source: Adapted from Cui *et al.* (2014:490)

As Cui *et al.* (2014:490) suggest in Table 1.2, direct investors typically fall into the four distinct categories depending on the distinct intent that the foreign investor has for engaging in FDI, the unique objectives, the targets in the host country and managerial challenges. For instance, as illustrated in Table 1.2, a resource-seeking investment entity may want to have access to key a natural resource or production input (objective), and in order for the investment entity to overcome the barriers (laws, quotas) managerial challenges to the access to the input or resource (managerial challenges), the investor directly invests in a new or existing firm in the host country(target in host country) in order to access legally and profitably the resource and at times, simultaneously, exploit local incentives relating to the resource or input. Hence, the FDI entity engages in resource-seeking FDI.

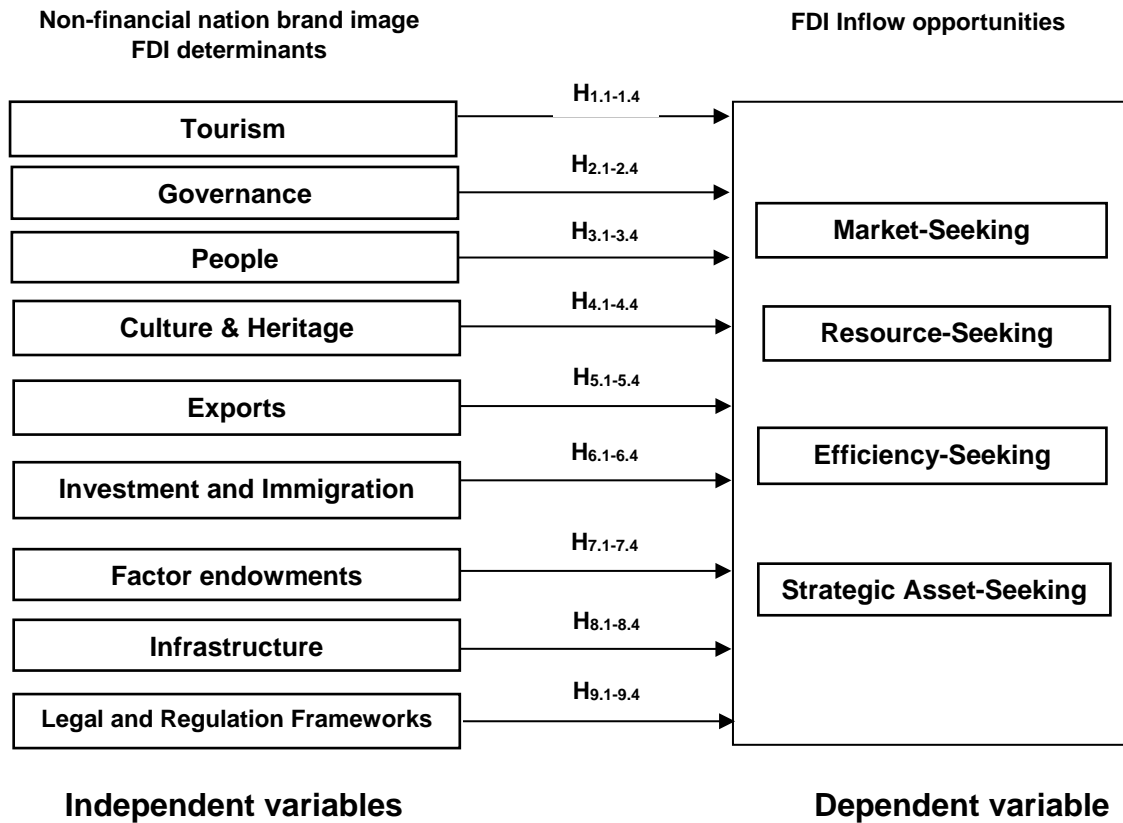
Table 1.2 shows that each of the four FDI motives; resource-, market-, efficiency- or strategic asset seeking represents a unique target market segment for investment promotion practitioners, where the nation, based on its current FDI needs may target a specific investor segment with the purpose of meeting the country's FDI

requirements, thereby improving the quality of FDI attracted to the host economy. According to Cavusgil *et al.* (2012:422-23), investors essentially seek to exploit the competitive and comparative advantages inherent to particular investment destinations, such as government incentives, economies of scale and other locational advantages such as market access and reduced transaction or sourcing costs. For instance, a landlocked country such as Zimbabwe may target efficiency and market seeking foreign direct investors who would benefit from exploiting the country's access to the Southern African Development Community (SADC) based on Zimbabwe's strategic geographical location, with direct access to South Africa, Botswana, Malawi, Mozambique, Namibia and Zambia as export markets.

Within the context of the hypothesised model, the categorical differences based on FDI motive, are a critical consideration for the overall dependent variable. To the best of the researcher's knowledge, this is the first study to seek to determine simultaneously the influence of non-financial determinants on FDI, and also examine this influence on a multi-categorical level.

Based on the preceding concepts presented in section 1.5, Figure 1.5 illustrates the hypothesised model of the nation brand image dimensions that represent non-financial nation brand image determinants that can possibly influence foreign investors to invest in Zimbabwe.

Figure 1.5: The proposed hypothesised model of the non-financial nation brand image determinants influencing foreign direct investment inflow opportunities in Zimbabwe



Source: Own construction

The hypothesised model in Figure 1.5 is positioned within the location pillar of the seminal OLI Framework originally formulated by Dunning (1977, 1979, 1988), with the independent variables of the hypothesised model representing the advantages foreign investors seek to exploit by locating in a particular country as part of FDI activity. Based on Sun’s (2009:4) determinants and outcomes of nation branding model, the hypothesised model assumes that a nation communicates with potential investors via nation brand image determinants (latent variables representing location advantages), either positively or negatively influencing the investment location market entry opportunity decision-making process.

Importantly, nation brand image determinants were examined by Anholt (2005a:296), who identified that the nation brand hexagon elements – tourism, people, investment

and immigration, governance, culture and heritage, and exports - were critical subjective variables in the assessment of the images held of countries. These determinants in the context of the present study, are the posited non-financial nation brand image determinants (independent variables) influencing FDI inflow opportunities in Zimbabwe (dependent variable). The aforementioned elements represent the Nation Brand Hexagon-based independent variables in the hypothesised model.

Cavusgil *et al.* (2012:428) model the factors investors consider in their selection of FDI locations. These factors are broadly identified as economic; legal and regulatory; governance and political climate; market and profit retention; human resource, and; infrastructure. However, while a significant proportion of factors are encapsulated within the NBH factors, country-specific factors such as legal and regulatory framework and infrastructure - with the addition of factor endowments - are included as distinct country-specific independent variables in the hypothesised model for the study. Lastly, the hypothesised model becomes novel because the hypothesised model tests FDI inflows based on FDI opportunities as a dependent variable. These opportunities are identified by (Cavusgil *et al.* 2012:422-423; Cui *et al.* 2014:490; Lintunen, 2011:26) as market-seeking, resource-seeking, efficiency-seeking and strategic asset-seeking.

According to Eminovic (2013:22) the image of a country (nation brand image) is a synopsis of all the descriptive, inferential and informational tenets that inform the perceptions of external stakeholders. With this context in mind, the elements of the nation brand image were examined as the non-financial determinants of FDI and are considered to be the descriptive, inferential and informational tenets influencing investor perceptions of Zimbabwe as an FDI destination. To the best of the researcher's knowledge, this hypothesised model is the first ever attempt at modelling subjective (non-financial) variables as influencers of the FDI location decision-making process within the African context. With this in mind, the study sought to test the following hypotheses with particular reference to the primary research objective, to determine the non-financial nation brand image determinants that are influential to FDI inflows to Zimbabwe:

- H_{1.1-1.4}: The perception of foreign direct investors regarding *tourism* in Zimbabwe influences the FDI inflow opportunities considered (*market-, resource-, efficiency-, strategic asset-seeking*).
- H_{2.1-2.4}: The perception of foreign direct investors regarding Zimbabwe's *governance* influences the FDI inflow opportunities considered (*market-, resource-, efficiency-, strategic asset-seeking*).
- H_{3.1-3.4}: The perception of foreign direct investors regarding *people* residing in Zimbabwe influences the FDI inflow opportunities considered (*market-, resource-, efficiency-, strategic asset seeking*).
- H_{4.1-4.4}: The perception of foreign direct investors regarding Zimbabwe's *culture and heritage* influences the FDI inflow opportunities considered (*market-, resource-, efficiency-, strategic asset-seeking*).
- H_{5.1-5.4}: The perception of foreign direct investors regarding Zimbabwe's *exports* influences the FDI inflow opportunities considered (*market-, resource-, efficiency-, strategic asset-seeking*).
- H_{6.1-6.4}: The perception of foreign direct investors regarding Zimbabwe's *investment and immigration conditions* influences the FDI inflow opportunities considered (*market-, resource-, efficiency-, strategic asset-seeking*).
- H_{7.1-7.4}: The perception of foreign direct investors regarding Zimbabwe's *factor endowments* influences the FDI inflow opportunities considered (*market-, resource-, efficiency-, strategic asset-seeking*).
- H_{8.1-8.4}: The perception of foreign direct investors regarding Zimbabwe's *infrastructure* influences the FDI inflow opportunities considered (*market-, resource-, efficiency-, strategic asset-seeking*).
- H_{9.1-9.4}: The perception of foreign direct investors regarding Zimbabwe's *legal and regulation framework* influences the FDI inflow opportunities considered (*market-, resource-, efficiency-, strategic asset-seeking*).

The following section synopsis the research methodology for the study.

1.6 RESEARCH METHODOLOGY OF THE STUDY

The study seeks to establish the non-financial nation brand image determinants that foreign investors perceive as influential in selecting Zimbabwe as an FDI location. The

following section briefly discusses the research methodology followed by the present study.

1.6.1 Research design

The present study adopted the cross-sectional design that is suitable for studies examining the relationships between variables and/or hypothesis testing (Welman, Kruger & Mitchell *et al.* 2005:95). The quantitative research paradigm was selected and the study was deductive by nature (Morgan, 2014:9). The researcher followed the three phases that characterise quantitative research – the identification of variables, followed by their operationalisation and ultimately the measurement and analysis of the identified variables (Grix, 2010:117). The quantitative research paradigm allowed the researcher to quantify the perceptions of foreign investors based on operationalised variables which were measured and utilised to test the hypotheses formulated in order to determine the relationship between non-financial nation brand image FDI determinants and FDI inflow opportunities in Zimbabwe.

1.6.2 Population and sample

For the purposes of the present study, the universal (total) population was all foreign investors with a past, current, or potential interest in investing in Zimbabwe (post-2008 crisis) from between January 2009 and April 2015. From this population, a purposive sample was drawn (Mathers, Fox & Hunn, 2007:13) of 751 respondents with contact details from a ZIA database of foreign investors. An effective population of 640 foreign investors with valid e-mail addresses were invited via e-mail to participate in the online survey.

1.6.3 Data collection method and measuring instrument

Kolb (2008:24) views research methodology as a process of data generation. Primary and secondary data were utilised by the present study. Secondary data was crucial for the study as the survey of existing literature explored existing models, concepts and theories - aiding the formulation of the hypotheses, the hypothesised model for the study and the operationalisation of the independent variables of the study.

Primary data was collected by a online survey administered on the Google Forms platform. A survey is an established primary research data collection strategy for

generating solicited information from a specific population of interest (Hox & Boeijs, 2005:594-595). The structured questionnaire contained primarily a 5-point Likert scale. Responses were submitted and catalogued electronically, before being transferred to STATISTICA 12 software for analysis.

1.6.4 Data analysis approach for the study

The data generated by the online survey was exported from Google Drive and analysed using STATISTICA 12 software for data analysis. The general perceptions of investors relating to the attractiveness of Zimbabwe were analysed to provide basic descriptive statistics. Exploratory Factor Analysis (EFA) was then employed to extract and validate the factors in conjunction with Cronbach's alpha coefficients to test the reliability and internal consistency of the measuring instrument. The next phase of data analysis involved the calculation of Pearson product-movement correlation coefficients to determine the correlations between the independent and respective dependent variables. Multi-collinearity diagnostics testing was conducted to identify any collinearity problems within the data. The next phase of the data analysis process involved the Multiple Regression analysis to measure the relationships between the valid and reliable non-financial nation brand image FDI determinants and the FDI inflow opportunities.

A secondary objective of the study was to empirically establish whether there are differences in the perceptions of investors based on their investor status (current investors in Zimbabwe, investors who had considered investing in Zimbabwe but did not do so, and investors who would consider investing in Zimbabwe in the future) on which non-financial nation brand image determinants play a role in the ultimate decision for taking up FDI inflow opportunities in Zimbabwe. An Analysis of variance was conducted to establish whether these differences. Where relationships were found, post-hoc Scheffe's tests were done and Cohen d-values were calculated to determine whether there were specific mean differences in the relationships determined by the ANOVA, and whether these differences were of practical significance.

The following section discusses the scope and delimitation of the study.

1.7 SCOPE AND DELIMITATION OF THE STUDY

The present study focuses on empirically establishing the non-financial nation brand image FDI determinants that are perceived as influencing FDI inflow opportunities in Zimbabwe. The focus on Zimbabwe is precipitated by the underlying view that, much like most African nations, the country is subject to negative stereotypes and perceptions both politically and socio-economically, which in turn may be impeding foreign investment inflows and the competitiveness of the country in the global FDI market. As such, empirical data was generated only within the specified population of foreign investors on the ZIA database only as these were regarded as the most informed respondents for this study. The determinants tested by the present study are by no means expected to be exhaustive. Other non-financial determinants may exist, and may be the focus of future studies.

1.8 CHAPTERS OUTLINE

The chapters of the study are as follows:

- Chapter one serves as an introduction to the study and focuses on the background and orientation of the study, including the objectives, the hypothesis to be tested, a synopsis of the methodology utilised and, the scope and significance of the study.
- Chapter two presents an overview of Zimbabwe's business environment, based on a PEST Analysis of Zimbabwe's business environment and a synopsis of Zimbabwe as an investment destination.
- Chapter three provides an in-depth analysis of existing literature on nation branding, particularly the theory, construct and practice of nation branding. Importantly, this chapter explores the evaluative framework of nation brand image and ultimately juxtaposes the elements of the nation brand image within the investment promotion context.
- Chapter four focuses on the concept of investment promotion, its salient theory and practice. This chapter also explores the image building concept in the investment promotion context with particular focus on contemporary image-building practice and activities.
- Chapter five is a review of the related literature, primarily focusing on FDI theory, its role and effects on national economies, investor motives for engaging in FDI and the determinants of FDI location.

- Chapter six critically examines the key tenants of the hypothesised model and operationalizes these tenants of the construct for empirical verification.
- Chapter seven outlines the research methodology of the study, particularly the research paradigm, population, sampling, data collection approach of the study and the instruments utilised by the study. The chapter also outlines the data analysis approaches implemented by the researcher, as well as the validity and reliability of the research instrument.
- Chapter eight presents the quantitative findings of the study, specifically the testing of the hypothesis. Lastly, the chapter presents the final hypothesised model.
- Chapter nine presents a summary of the findings of the present study and draws the relevant conclusions based on the hypothesis and research objectives before outlining the contribution of the study and offering recommendations.

The next chapter therefore presents an environmental analysis of Zimbabwe's business environment from both a historical and contemporary perspective in relation to Zimbabwe's recent political and socio-economic history, and provides a synopsis of Zimbabwe's FDI profile.

CHAPTER TWO

OVERVIEW OF THE ZIMBAWEAN BUSINESS ENVIRONMENT

2.1 INTRODUCTION

The previous chapter serves to introduce the study by providing the background of the study, the relevant introductory literature to contextualise the case of Zimbabwe, before presenting the statement of the problem. Chapter one also presents the primary and secondary objective and poses the research questions guiding this study. Ultimately, chapter one synthesises the research methodology of the study, its scope and anticipated contributions. Lastly the chapter outlined the structure of this thesis.

Chapter two presents an overview of Zimbabwe's business environment. This chapter primarily analyses Zimbabwe's contemporary business environment and seeks to provide a basis for the discussion of the *dynamics* particularly influencing the competitiveness of Zimbabwe as a destination for foreign investment. Firstly, this chapter abstracts the 1998-2008 Zimbabwe crisis as the defining period in Zimbabwe's socio-economic history and the precursor to Zimbabwe's contemporary business environment. Secondly, this chapter synthesises Zimbabwe's contemporary business environment utilising the PEST analysis framework to profile Zimbabwe's macro-environment – its political/legal; economic; social and; technological environments respectively. Lastly, Chapter two profiles Zimbabwe in the FDI context, particularly the global competitiveness of Zimbabwe, the country's FDI trends and finally the FDI prospects available in the country.

2.2 THE 1998-2008 ZIMBABWE CRISIS

The socio-economic challenges that Zimbabwe has faced in its recent history have brought the country unprecedented media attention and academic interest respectively. As Musunungure and Badza (2010:207) observed, in the decade up to the year 2010, Zimbabwe attracted a disproportionate amount of international attention for a country of its size and global relevance, albeit for all the wrong reasons. The 'Zimbabwe Crisis' as it was widely referred to as by the mainstream media (Coomer, 2011:5), refers to a particularly deleterious decade in the recent history of Zimbabwe (1998-2008), that resulted in the country's infamy in the early twenty-first century. Zimbabwe is the country with the highest recorded inflationary rate (hyperinflation) in

this millennium, and in recent history, is the country with the world's fastest recorded economic contraction for a country not at war (Kaminski & Ng, 2011:18). To put the Zimbabwean crisis into perspective, Kaminski and Ng (2011:18) point out that between 1998 and 2008 Zimbabwe experienced a more severe economic decline than when the Ivory Coast, the Democratic Republic of Congo (DRC) and Sierra Leone experienced their respective periods of civil war.

During the 1998-2008 period, Zimbabwe faced numerous socio-economic challenges which were precipitated by a protracted political crisis. Chiumbu and Musemwa (2012:x) believe that the socio-economic crises in Zimbabwe were 'engendered' by the political instability in the country, which then exacerbated the underlying socio-economic challenges the country had faced since its independence in 1980. Correspondingly, Raftopoulos (2009:201) suggests that the Zimbabwe crisis was rooted in the preceding structural economic and political challenges the country faced as a result of colonial rule. The roots and multifaceted nature of the Zimbabwean crisis have been widely researched (African Development Bank, 2011a:10; Chiumbu & Musemwa, 2012:ix; Dombo, 2014:138; Musunungure & Badza, 2010:214; Richardson, 2013: 5; Sena, 2012:43-44) and in the context of this study, the focus is on the effect that these structural challenges Zimbabwe faced during this period had on the country's business environment, as these challenges specifically relate to the non-financial determinants that influence the perceptions of foreign investors.

As part of its Africa news service, the British Broadcasting Corporation (BBC-2015), profiles African countries and constructs timelines on each country based on the country's major news events. Table 2.1 is a summary of the chronology of the key events during the 1998-2008 crisis in Zimbabwe as profiled by the BBC (2015).

Table 2.1: Zimbabwe Profile – Timeline of events

Year	Event
1998	Economic crisis accompanied by riots and strikes
1999	Economic crisis persists, military involvement in the DRC war becomes unpopular
2000	Farm seizures begin
2001	Zimbabwe publicly acknowledges economic crisis, foreign reserves run out, food shortages start and Western donors (World Bank, International Monetary Fund) cut aid to Zimbabwe
2002	Laws passed limiting media freedom, European Union imposes sanctions on Zimbabwe; State of disaster declared by Zimbabwean government as food shortages threaten famine
2003	Zimbabwe withdraws from the Commonwealth after the country is suspended indefinitely by the organisation
2005	The United States of America labels Zimbabwe as one of the “six outposts of tyranny” in the world; United Nations official determines that Zimbabwe is in a “meltdown”
2006	Zimbabwe’s year on year inflation exceeds 1000%; Zimbabwe introduces new banknotes with 3 noughts deleted from their values
2007	Warnings of power cuts of up to 20 hours a day while electricity is diverted to agriculture
2008	Russia, China veto a Western-backed UN security council resolution to impose sanctions on Zimbabwe; EU & USA widen sanctions against Zimbabwe’s leaders

Source: British Broadcasting Corporation News (2015)

As the timeline in Table 2.1 summarises, Zimbabwe’s economic crisis started in 1998 and the country’s economic situation deteriorated further in 1999 and 2000 as a result of Zimbabwe’s military involvement in the DRC war and the forced appropriation of agricultural land from white commercial farmers in Zimbabwe. By 2001, Zimbabwe had formally declared an economic crisis, which was further exacerbated by the cutting of foreign aid by international donors and targeted economic sanctions by western nations in protest against the human and property rights abuses by the Zimbabwe Government. By 2006, Zimbabwe had withdrawn from the Commonwealth and had come to be characterised as a tyrannical state in economic meltdown, and with an estimated 1000% rate of inflation, Zimbabwe’s economy further deteriorated. In 2007 Zimbabwe started experiencing crippling resource shortages including power, water, petroleum and food shortages, which further exacerbated the economic crisis to its peak in 2008.

Once a beacon of the ‘African Renaissance’, Zimbabwe’s once diverse and ‘vibrant’ economy was set back over half a century by the 1998-2008 crisis, as gross domestic product (GDP) per capita declined to levels last recorded in 1953 (Chitiyo & Kibble, 2014:8; Clemens & Moss, 2005). Zimbabwe, according to Kaminski and Ng (2011:18), was the fastest growing African economy between 1996 and 1998, but conversely became the most rapidly contracting economy in the world between 1999 and 2008,

and as a result of the crisis, recorded a 48% cumulative decline in GDP during this period. In 2005, an estimated 80% of Zimbabwe's population was surviving on less than US\$2 a day and by 2007, 90% of Zimbabwe's productive population was unemployed, with a GDP per capita of US\$200, significantly lower than the US\$900 GDP per capita recorded in 1990 (Mlambo & Raftopoulos, 2010:3).

Between March 2007 and November 2008, Zimbabwe experienced the second highest hyperinflationary environment in global economic history, with a daily inflation rate of up to 98.0%, and prices doubling every 24.7 hours (Hanke & Krus, 2012:12-13). The 1998-2008 Zimbabwe crisis is the most recent recorded episode of hyperinflation in this millennium (Coomer, 2011:5), and historically, only second highest to Hungary (August 1945-July 1946), that experienced a daily inflation rate of 207% and price doubling every 15 hours (Hanke & Krus, 2012:12). In the case of Zimbabwe, inflation is estimated to have peaked at a range of between a conservative 231,000,000% per annum (Coomer, 2011:40), to 500 billion% per annum (African Development Bank, 2011a:10) - compared to an internationally accepted inflation rate of 7.6x10,000,000,000 % per annum (Hanke & Krus, 2012:12; Richardson, 2013:5).

During the 1998-2008 crisis, the Zimbabwean macro-environment rapidly became characterised by increasing levels of corruption; hyperinflation; foreign currency constraints; fuel shortages; electricity shortages (up to 20 hour power cuts); poor water reticulation; chronic food shortages, and a near collapse of the health and education systems due to a limited supply of medicine and brain drain respectively (Chiumbu & Musemwa, 2012:x; Dombo, 2014:138; Makumbe, 2009:4; Sena, 2012:27). As Chiumbu and Musemwa (2012:ix) supposed, the Zimbabwe crisis literally, "...pushed the country to the edge of total collapse."

As indicated in the previous chapter, Zimbabwe became a very hostile socio-economic environment for both Zimbabweans and any foreign nationals or businesses with existing or potential business interests in Zimbabwe. It is this crisis that has shaped global opinions of Zimbabwe, as the negative effects of the crisis were projected to the rest of the world by the global mainstream media, influencing global perceptions of the country and its image. The socio-economic challenges faced by Zimbabwe, compounded by the country's increasingly souring international political relations

therefore, contributed significantly to the further economic isolation of Zimbabwe as an international business destination. The following section presents an overview of the post-crisis business environment of Zimbabwe based on a PEST analysis of the country.

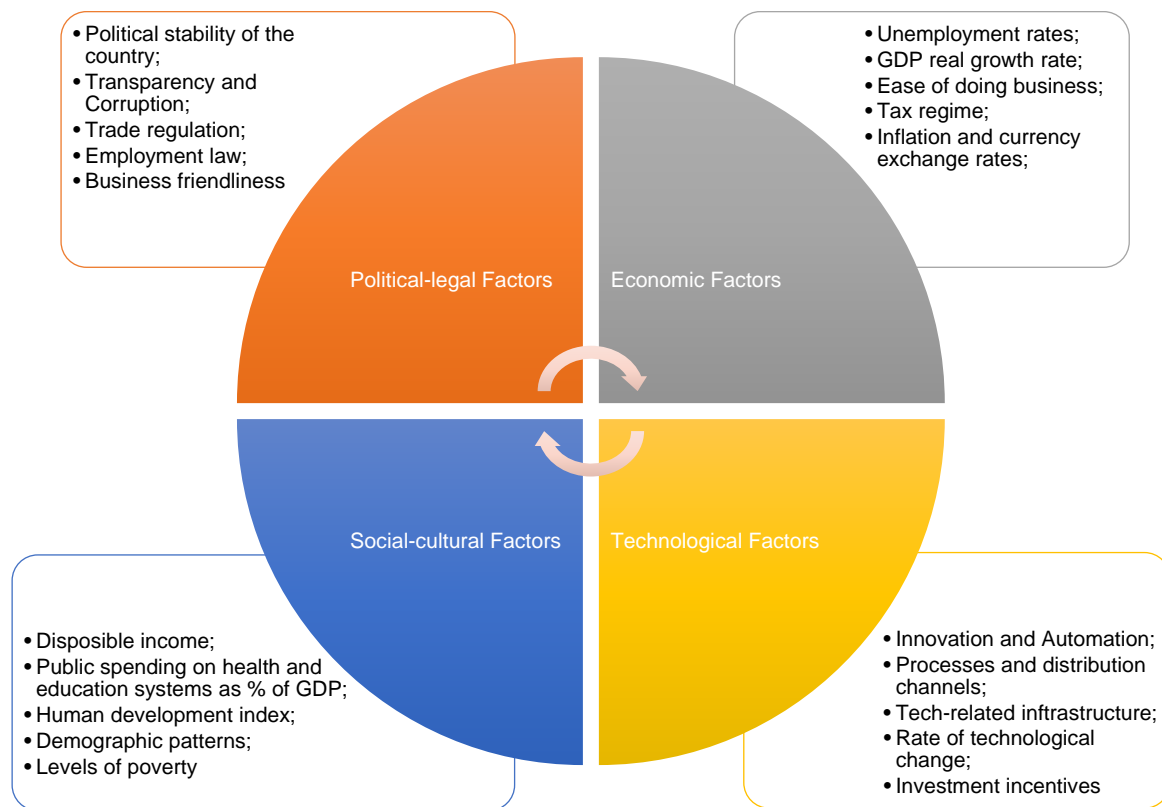
2.3 THE ZIMBABWEAN BUSINESS ENVIRONMENT

The crisis Zimbabwe experienced between 1998 and 2008 severely denigrated the Zimbabwean business environment and damaged the global image of Zimbabwe as a business destination. This section of the literature review presents the contemporary Zimbabwean business environment based on the PEST analysis framework.

The PEST framework is one of the most widely utilised strategic environmental analysis tools in business, more-so in the international business context. The macro environment in business may be described as the overall climate in which businesses operate, influenced by a combination of exogenous factors that are beyond the control of individual, local and foreign corporate entities (Birnlleitner, 2014:30-31; Karjalainen, 2011:15). In the FDI context, scanning the macro-environment of a potential foreign investment destination is critical, as the information gathered on a destination's macro environment has significant strategic implications for investors, and influences their strategic business decisions, including their FDI location decisions (Gupta, 2013:16; Kotov, 2008:547). Ultimately, the more favourable the macro environment of a country is for business, the more attractive the country is to FDI entities (Birnlleitner, 2014:36; Obradovic, Fedajev & Nikolic, 2012:37; Kotov, 2008:547).

According to Huang, Ruangkajanases and Chen (2014:464), the PEST analysis is arguably the most prudent analysis tool for scanning the macro environment of a country as it provides an overview of a cross section of macro environment factors. These factors are the political/legal, economic, social and technological environment related factors of the macro environment (Chartered Institute of Management Accountants, 2007:6; Gupta, 2013:13-14). Figure 2.1 illustrates the interaction of these factors and outlines some of the sub-factors within the main factors,

Figure 2.1: PEST Analysis Factors



Source: Adapted from Babatunde & Adebisi (2012: 27-28); Birnleitner (2014:33); CIMA (2007:6); Gupta (2013:13-14)

As Figure 2.1 illustrates, the PEST analysis may be utilised to assess and provide an overview of multiple of macro environmental factors as they interact as a part of a country’s macro environment. As the Chartered Institute of Management Accountants - CIMA (2007:6) concludes, the PEST analysis can be utilised to evaluate and predict key variables such as potential growth/decline in markets and other key business-related environmental trends. With this in mind, the following sections present an overview of the key aspects of the contemporary Zimbabwean macro environment.

2.3.1 The contemporary political-legal environment of Zimbabwe

According to Babatunde and Adebisi (2012:27), the political-legal factors as elements of the macro environment, are particularly concerned with the influence and extent thereof, of a particular government’s intervention in its macro environment. These political-legal factors may include trade regulation, labour laws and the prevailing political situation. The year 2009 marked a significant turning point in the history of

Zimbabwean politics. The formation of the Government of National Unity (GNU) based on a global political agreement, arrested the protracted political crisis that had triggered the socio-economic crises that crippled the country (Sena, 2012:49; United Nations Educational Scientific Cultural Organisation – UNESCO, 2013:1). As a result of the decade long crisis preceding the formation of the new government, Zimbabwe's political macro environment became characterised by both reactive and proactive government interventions aimed at stabilising the country's hyperinflationary environment and managing its economic recovery respectively.

2.3.1.1 Government intervention programs

The interventions launched by the government of Zimbabwe include the Short Term Recovery Program 2009 and the Short Term Recovery Program 2010-2012, the Medium Term Program 2011-2015 and more recently the Zimbabwe Agenda for Sustainable Socio-Economic Transformation 2013-2018 to be discussed briefly.

a) Short-Term Recovery Program (2009)

Introduced under the theme "Getting Zimbabwe working again" the Short-Term Recovery Program 2009 programme was the first initiative of Zimbabwe's new Government of National Unity (GNU) that brought an end to Zimbabwe's protracted political crisis. Zimbabwe's Short Term Recovery Program 2009, was a one year intervention primarily aimed at urgently addressing the economic challenges - hyperinflation, negative GDP, mass unemployment and low industrial productivity that had resulted from the 1998-2008 crises (Short Term Recovery (Short-Term Recovery Program, 2009:6). The program sought to address political and governance; social protection, and economic stabilisation issues that the country was facing at the time (Short Term Recovery Program, 2009:8-9). Total funding for the program was estimated at US\$6 Billion (Short Term Recovery Program, 2009:118-119) and Zimbabwe anticipated to source these funds from SADC, the African Union and international donor partners (Short Term Recovery Program, 2009:120).

b) Short-Term Recovery Program (2010-2012)

In 2010 the government of Zimbabwe succeeded the Short Term Recovery Program 2009 program, with a three year macroeconomic policy and budget framework, Short Term Recovery Program 2010-2012. The Short Term Recovery Program 2010-2012

aimed to build on the principles of Short Term Recovery Program 2009 and manage Zimbabwe's economy towards socioeconomic stability (Short-Term Recovery Program, 2010:9). The objectives of Short Term Recovery Program 2010-2012 included: continuing the macroeconomic stabilisation that achieved by Short Term Recovery Program 2009; catalysing rapid growth and employment creation, to facilitating the restoration of social services and the promotion of public and private investment into Zimbabwe's economy and fostering Zimbabwe's regional and international re-integration (Short Term Recovery Program, 2010:10). The Short-Term Recovery Program 2010-2012 was also formulated as a framework for the wider-ranging Medium Term Program 2011-2015 (Short Term Recovery Program, 2010:16). The funding model for the Short Term Recovery Program 2010-2012 was based on the Short Term Recovery Program 2009 model.

c) Medium Term Program (2011-2015)

The Medium Term Program 2011-2015 was crafted as Zimbabwe's first long term macroeconomic blueprint, designed to manage Zimbabwe's economy for five years, beginning 2011. The goal of the Medium Term Program 2011-2015 was to, "maintain macroeconomic stability and restore the capacity of the economy to produce goods and services competitively," by building on the successes of the respective Short Term Recovery Program programs (Zimbabwe Medium Term Program, 2011:1). The targets of Zimbabwe's Medium Term Program included that by 2015 Zimbabwe would have a GDP of at least US\$9 billion; single digit annual inflation; achieved pre-1997 employment rates and improved actively, the provision of social amenities, particularly in the education and health sectors (Zimbabwe Medium Term Program, 2011:2) The government of Zimbabwe approximated that the Medium Term Program required at least US\$7 billion to be successfully implemented, sourced primarily from FDI, private credit and public-private partnerships (Zimbabwe Medium Term Program, 2011:6).

d) Zimbabwe Agenda for Sustainable Socio-Economic Transformation (2013-2018)

The Zimbabwe Agenda for Sustainable Socio-Economic Transformation 2013-2018 is Zimbabwe's current intervention and succeeded the Medium Term Program. Crafted as the country's macro environment management blueprint until 2018, the Zimbabwe Agenda for Sustainable Socio-Economic Transformation 2013-2018 economic

blueprint aims, “To provide an enabling environment for sustainable economic empowerment and social transformation to the people of Zimbabwe...” by focusing on resuscitating the economy (Zimbabwe Agenda for Sustainable Socio Economic Transformation, 2013:9).

The continued theme of economic resuscitation, improving Zimbabwe’s fiscal position and rehabilitating Zimbabwe’s primary sectors of agriculture and mining seem to suggest that previous interventions have had limited success in achieving these goals. While the Zimbabwe Agenda for Sustainable Socio-Economic Transformation 2013-2018 blueprint does not specify the financial outlay required by the program for its successful implementation, the government of Zimbabwe acknowledges that it needs to exploit its natural resources through private-public partnerships, and work with development partners in order to implement successfully the Zimbabwe Agenda for Sustainable Socio-Economic Transformation 2013-2018 (Zimbabwe Agenda for Sustainable Socio Economic Transformation, 2013:48).

The policy interventions synopsis above had some positive impact on Zimbabwe’s macro environment, for instance, under the Short Term Recovery Program 2009 policy, the government of Zimbabwe adopted a multi-currency regime primarily based on the United States Dollar and the South African Rand, which stabilised the economy, halting inflation almost instantly with the rate falling to -2.3% per annum (African Development Bank, 2011a:13; Richardson, 2013:5; United Nations Educational Scientific & Cultural Organisation, 2013:4; United States Department of State, 2014:1). The ‘dollarization’ of Zimbabwe’s economy restored some business confidence in the economy and was the catalyst that set Zimbabwe on the economic recovery path. The Short Term Recovery Program interventions also managed to improve the management of public resources, resolve pricing distortions in the business environment and engage the international community after a decade of relative global isolation (Short Term Recovery Program 2010:17). However, capital constraints seem to have curtailed the effectiveness of the policy interventions and to date Zimbabwe is seemingly still in a socio-economic quagmire.

2.3.1.2 Political stability

Danha, Takaindisa, Mlotshwa and Simlet (2015:19) describe the current political environment in Zimbabwe as 'benign'. This is after the 2013 Zimbabwe harmonised general elections which were won by the ruling liberation party (ZANU PF) and controversially considered to be free and fair by observers from the African Union (AU), Southern African Development Community (SADC) and Common Market for Eastern and Southern Africa (COMESA). The 2013 Zimbabwe elections brought an end to the GNU in Zimbabwe (African Development Bank, 2013:1). While Zimbabwean politics is relatively stable, politically motivated interventions in the country's macro environment continue through the government and its various quasi-government organisations which include the:

- Industrial Development Corporation (IDC);
- Zimbabwe Mining Development Corporation (ZMDC);
- Infrastructural Development Bank of Zimbabwe (IDBZ);
- Grain Marketing Board of Zimbabwe (GMB), and
- Reserve Bank of Zimbabwe (RBZ).

While the Zimbabwean Government adopts the interventionist approach, a key element within the political environment is also the level of corruption within the macro-environment of a country.

2.3.1.3 Level of corruption

Corruption and a general lack of transparency are inherent characteristics of Zimbabwe's current political environment (Moyo, 2014:3). A reflection of the perceptions towards corruption in Zimbabwe is evident in the global ranking surveys by organisations such as the World Bank and Transparency International (Moyo, 2014:3). For instance, the World Bank *World Development Indicators* (2015) measure the levels of transparency, accountability and corruption in a country. Globally, Zimbabwe in the developing country cluster scores joint lowest with the Sudan at 1.5 out of 6, with 6 being the highest score - other low-scoring countries include Afghanistan (2/6); Cambodia (2/6); the Democratic Republic of Congo (2/6); Eritrea (2/6) and; South Sudan (2/6) (World Bank's World Development Indicators, 2015).

Transparency International's *Corruption Perception Index* (CPI) ranks individual countries premised on the global perceptions of their public sectors, from data extrapolated from surveys and published reports on corruption from twelve reputable organisations which include the African Development Bank, the Bertelsmann Foundation and the World Economic Forum. Table 2.2 outlines Zimbabwe's 2014 CPI rankings.

Table 2.2: Transparency International CPI - 2014

Country	Ranking in 2014
Global Top 5	
Denmark	1
New Zealand	2
Finland	3
Sweden	4
Norway	5
Highest Ranked African Countries	
Botswana	31
Cape Verde	42
Seychelles	43
Mauritius	47
Lesotho	55
Zimbabwe	156

Source: Transparency International (2014)

Zimbabwe is ranked 156th out of 161 ranked countries (Transparency International, 2014). As the global perceptions indicate, Zimbabwe is perceived to be one of the most corrupt countries in the world. Key issues informing these perceptions include illegal land appropriation; 'selective' adherence to property rights; bribery; inefficient bureaucracy and; an unclear indigenisation policy which are political-legal constraints on Zimbabwe's contemporary macro-environment (Danha *et al.* 2015:19; Department for International Development Zimbabwe, 2014:16; Monyau & Bandara, 2014:2; United States Department of State, 2014:1).

2.3.1.4 Legislative constraints

According to the African Development Bank (2011b:7), Zimbabwe's regulatory environment is 'deficient', characterised by institutional and legal framework constraints which in turn affect the country's macro environment. Possibly the most relevant business-related legislative challenges for Zimbabwe relate to the land reform and indigenisation policies respectively, which represent factors of 'disincentive' for investors in relation to Zimbabwe's investment climate (African Development Bank, 2011b:7; Kramarenko, Engstrom, Verider, Fernandez, Oppers, Huges, McHugh & Coatts, 2010:33).

Restrictive labour laws are also characteristic of Zimbabwe's political-legal environment given the extreme levels of unemployment in the country; Zimbabwe's legislation is seen by many to be punitive by nature (Matus, Hansen, Zhou, Derman & Pswarayi, 2014:29; Monyau & Bandara, 2014:12; Schwab, 2014:390). For instance, Zimbabwe's labour arbitration framework is generally considered to be ineffective, as labour arbitration is considered to be very expensive, procedurally complicated and is a field deficient in competent professionals (Maitireyi & Duve, 2012:135, 158).

The 'hangover' effects of the 1998-2008 Zimbabwe crisis have resulted in significant often politically motivated government intervention in Zimbabwe's macro environment and this has magnified the political risk associated with Zimbabwe's political-legal environment. Political risk has a predominantly negative influence on the macroeconomic environment of Zimbabwe. An overview of Zimbabwe's economic environment is presented in the following section.

2.3.2 The contemporary economic environment of Zimbabwe

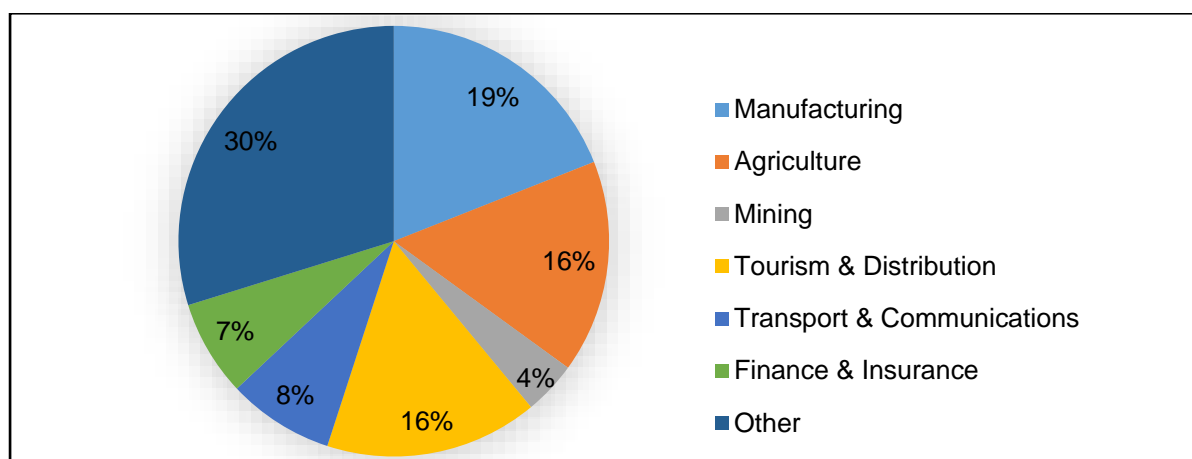
The economic factors of the macro environment refer to the factors that significantly influence the operations of businesses, as well as the strategic business decision-making processes for businesses operating in the particular country's macro-environment (Babatunde & Adebisi, 2012:27). As it emerged in the preceding section, Zimbabwe's economic environment is characterised by government interventions aimed at managing and revitalising the country's economy. Currently Zimbabwe's macro-economic environment is primarily managed under the Zimbabwe Agenda for

Sustainable Socio-Economic Transformation 2013-2018 economic blueprint which was previously referred to.

2.3.2.1 Gross domestic product growth

After the 1998-2008 crisis, Zimbabwe adopted multiple currencies as legal tender, ‘demonetized’ the Zimbabwe Dollar and lifted foreign exchange controls, arresting the hyperinflationary environment in the country (Bertelsmann Stiftung’s Transformation Index, -2014:20; United States Department of State, 2014:5). As a result, between 2009 and 2011 Zimbabwe became one of the world’s fastest growing economies, with GDP growth rates of up to 7.3% per annum (Monyau & Bandara, 2014:2; Richardson, 2013:1). Figure 2.2 illustrates the key sectors contributing to Zimbabwe’s GDP.

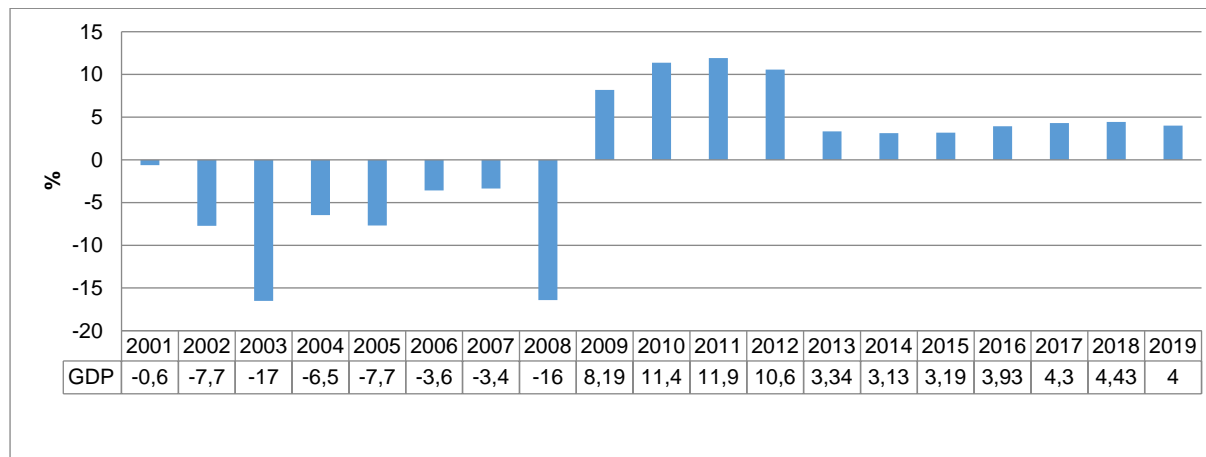
Figure 2.2: Zimbabwe GDP Contribution for 2014



Source: Common Market for Eastern and Southern Africa (2015)

As evidenced by Figure 2.2, Zimbabwe’s key sectors contributing to Zimbabwe’s GDP are manufacturing (19%), agriculture (16%) and tourism/distribution (16%) respectively. However, since the 2013 elections, Zimbabwe has experienced an economic slow-down (deceleration to 3.7% GDP growth per annum), primarily due to ‘depressed aggregate demand’, severe unemployment, a lack of funding for key economic sectors (agriculture, mining, manufacturing) and liquidity challenges (Danha *et al.* 2015:19; Monyau & Bandara, 2014:2). Figure 2.3 illustrates Zimbabwe’s real GDP growth rates and projections between 2001 and 2019.

Figure 2.3: Real GDP Growth Rate (Constant prices, National currency)



Source: Economy Watch (2015a)

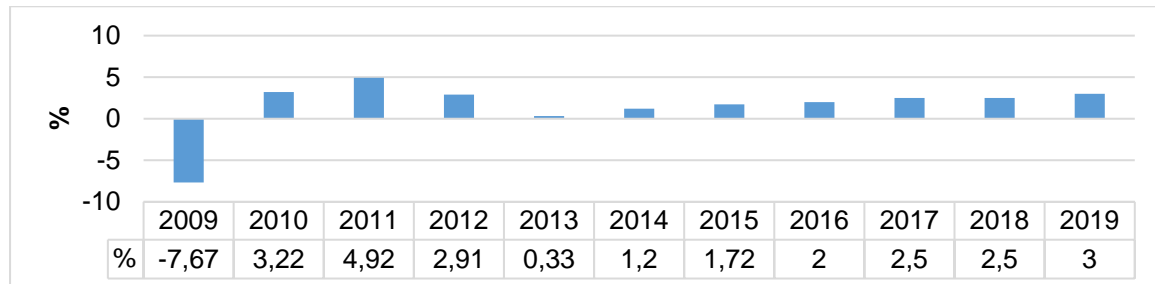
As can be seen in Figure 2.3, in 2001 Zimbabwe's GDP growth rate (constant prices, national currency) was at -0.62%, reaching its lowest at -16.52% in 2003. At the height of Zimbabwe's inflationary environment (2008), GDP growth rate was at -16.42%. The year 2009 was a turning point for the Zimbabwean economy, with GDP growth rate remarkably up to 8.19%, peaking at 11.91% in 2011. However, since 2013, Zimbabwe has been experiencing a deceleration in GDP growth, down to 3.34%, a trend the country is expected to continue until 2019, when GDP growth is expected to be pegged at 4%. To mitigate the deceleration evident in Figure 2.3, which indicates that Zimbabwe, has had a below regional and continental average GDP growth rate since 2013 (Monyau & Bandara, 2014:3), the government of Zimbabwe has sought to re-engage the international community and supra-government institutions such as the IMF and World Bank to source critical capital for its economic revitalisation. To this end, the Zimbabwean government is currently embarking on a staff monitored program with the IMF to improve its economic prudence in budgeting, social spending and borrowing policies (African Development Bank, 2013:3; Bertelsmann Stiftung's Transformation Index 2014:21).

2.3.2.2 Inflation rate

Zimbabwe's headline inflation rate has been sub-10% since Zimbabwe's 2009 adoption of the multi-currency system. Unfortunately, the multi-currency system has left Zimbabwe's economy vulnerable and exposed to global currency fluctuations. As Danha *et al.* (2015:7) point out, the currency fluctuations of the US Dollar and South

African Rand have contributed to the current deflationary environment in Zimbabwe, which as Figure 2.4 illustrates, was at 1.2% per annum at the end of December 2014.

Figure 2.4: Zimbabwe inflation end of year change



Source: Economy Watch (2015b)

According to Economy Watch (2015b), Zimbabwe’s inflation is 3.42% below the global average rate of inflation. A low inflationary environment is not ideal for both local and foreign business as price stagnation and constrained business growth impact on the profitability of businesses operating in Zimbabwe’s business environment. One of the side-effects of the current contractionary environment in the Zimbabwean economy, is the increasing unemployment rate. Between 2011 and 2014, Zimbabwe has shed over 55 000 jobs in the manufacturing sector; this is after 4 610 manufacturing firms closed down during this period (Monyau & Bandara, 2015:2).

2.3.2.3 Unemployment rate

The Zimbabwe National Statistics Agency (ZIMSTATS) pegs the official unemployment rate in Zimbabwe at 10.7%, a figure that has been widely disputed by Zimbabwean economists (Ndiweni, Mashonganyika, Ncube & Dube, 2014:2). In comparison with other more economically viable SADC states such as Namibia (51.2%), South Africa (22.7%) and Botswana (17.8%), this figure would imply that Zimbabwe has the lowest unemployment rate in the SADC region (Ndiweni *et al.* 2014:2). At its peak in 2009, unemployment in Zimbabwe was pegged at 95% (Central Intelligence Agency, 2015) and conservative estimates suggest that despite Zimbabwe’s economic growth since 2009, it has been generally “jobless” growth, and an estimated 70% of productive Zimbabweans are currently unemployed (Bertelsmann Stiftung’s Transformation Index, 2014:25; Ndiweni *et al.* 2014:2). More poignantly, Danha *et al.* (2015:31) suggest that the current unemployment rate in

Zimbabwe is actually at 96%. They go on to caution that the unemployment rate in Zimbabwe is set to rise, as the remaining 4% of formally employed Zimbabweans, half of which are government employees, are at risk of job losses as the economy faces a continued slowdown.

2.3.2.4 Natural resources

Zimbabwe is endowed with a many natural resources and is classified as one of the world's 37 factor-driven economies by the World Economic Forum (Schwab, 2014:11). As the African Development Bank (2013:10), as well as Monyau and Bandara (2014:13), point out, Zimbabwe has significantly large coal, platinum, diamond, gold, iron ore and copper nickel deposits, as well as large tracts of arable land and a diversified manufacturing industry base for footwear, petro-chemicals, beverages and steel. While, Zimbabwe's primary resources and industrial capacity may be utilised to sustainably resuscitate the country's economy, Zimbabwe is still considered to be a difficult place to do business and ranked last (46th out of 46) in the SSA region in terms of economic freedom (Miller & Kim, 2015). According to the World Economic Forum's Global Competitiveness Report of 2014-2015, the main factors impeding the ease of doing business in Zimbabwe are limited access to capital, policy unpredictability, insufficient infrastructure, government bureaucracy and corruption respectively (Schwab, 2014:390).

While Zimbabwe's political and economic situation has significantly improved since the 1998-2008 crises, Zimbabwe's socio-cultural environment is still recovering from the decade-long crises. The following section presents an overview of Zimbabwe's current social environment.

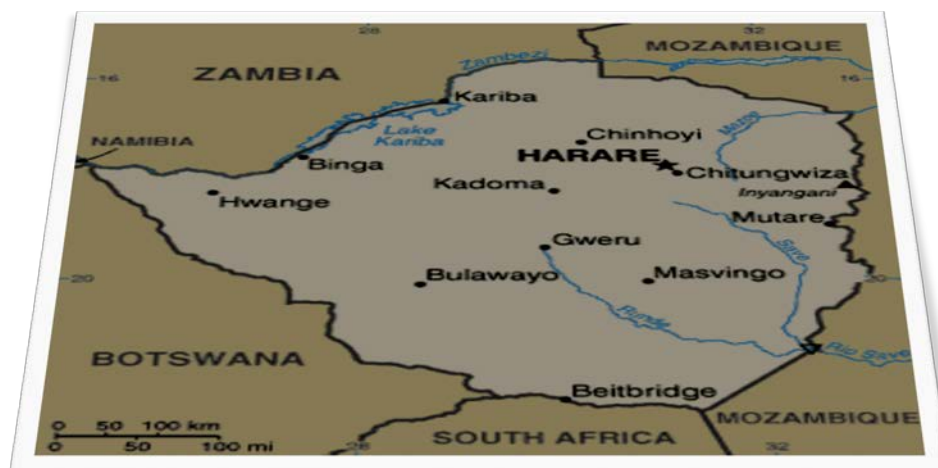
2.3.3 The contemporary social environment of Zimbabwe

The social factors of the macro environment refer to the human-rated elements that have a particular impact on the operations of businesses, in particular, strategic considerations such as demand for goods and services, consumer preference and taste, and the determination of price sensitivity (Babatunde & Adebisi, 2012:27). Social factors include the demographic patterns, prevalence of poverty and disposable income levels in a particular country.

2.3.3.1 Demographic profile of Zimbabwe

Zimbabwe is a landlocked country in Southern Africa measuring 390,757km², and as illustrated in Figure 2.5, is bordered by South Africa, Mozambique, Botswana, Namibia and Zambia (United Nations Environment Programme, 2000:3; World Health Organisation, 2014). Zimbabwe has an estimated population of 13 million people (48.1% male & 51.9% female) and is classified as a low-income country, comprising of a generally young population (60.5% of the population is below the age of 24 years old), with an expected 4.36% growth in the total population in 2014 (United Nations, 2014:57; United Nations, 2015b:2; Zimbabwe National Statistics Agency, 2012:2).

Figure 2.5: Map of Zimbabwe



Source: The World Bank Group (2014a:2)

According to the United Nations (2014:117), only 4.3 million of Zimbabwe's population lives in the country's urban areas, making the general populace of Zimbabwe rural-based. As a result of the 1998-2008 crisis, Zimbabwe experienced a mass exodus of both skilled and semiskilled professionals to neighbouring countries such as South Africa, Namibia and Botswana. With an estimated net migration rate of 21.78 migrants per 1000 population, Zimbabwe has a significantly high rate of migration, compared to other regional states such as South Africa which has a net migration rate of -6.27 migrants per 1000 population (Index Mundi, 2014). According to United Nations Educational Scientific and Cultural Organisation (2013:1), Zimbabwe has an estimated

3 to 4 million economic migrants living and working in foreign countries both regionally and internationally.

2.3.3.2 Human capital development

Despite having the highest literacy rate in Africa of 92% (Monyau & Bandara, 2015:11; United Nations Educational Scientific and Cultural Organisation, 2013:1; World Health Organisation, 2014), the majority of Zimbabweans live in poverty and according to the Bertelsmann Stiftung's Transformation Index (2014:24), more than 50% of Zimbabwe's population survives on \$1 or less per day and 72% of Zimbabwe's total population lives below Zimbabwe's poverty datum line of \$2.56 or less per day (Bertelsmann Stiftung's Transformation Index, 2014; Department for International Development Zimbabwe, 2014:16; World Development Indicators, 2015).

The 1998-2008 socio-economic crises in Zimbabwe were exacerbated by the net outflow of key human resources (teachers, doctors, nurses, tradesmen, technicians, experienced administrators) who left social services such health, education and basic service delivery in Zimbabwe 'hamstrung' (World Bank, 2012:2; Zimbabwe Agenda for Sustainable Socio-Economic Transformation, 2013:61-62). Zimbabwe is, according to Department for International Development Zimbabwe (2014:16), currently ranked 156 out of 187 countries on the Human Development Index, compared to 172 out of 186 in 2012 (World Health Organisation, 2014).

Current national budgetary constraints adversely affect Zimbabwe's social environment, for instance, according to Monyau and Bandara (2014:11), Zimbabwe's budgetary spending on health is significantly less than the 15% the Abuja Declaration on African health spending proclaims (9.9% in 2013 and 8.2% in 2014). Despite this, the United Nations Educational Scientific and Cultural Organisation, (2013:5) acknowledges that Zimbabwe has achieved the highest reduction in Human Immunodeficiency Virus (HIV) prevalence (down to 14.3%) in the Southern and Eastern African region. However more comprehensively, the Department for International Development Zimbabwe (2014:3) determines that Zimbabwe is unlikely to meet the Millennium Development Goals with particular reference to water reticulation, child mortality and maternal death rates.

In summary, Zimbabwe's social macro environment is constrained by the country's current economic situation that has contributed to the high levels of poverty in the country. As Zimbabwe's economic environment continues to stagnate, the social macro environment of Zimbabwe can be expected to become more challenging. The poverty levels in Zimbabwe are alarming and combined with limited access to social services, the continued intervention of the government in the social macro environment is critical. The following section presents a synopsis of Zimbabwe's technological environment.

2.3.4 The contemporary technological environment of Zimbabwe

The technological factors in the macro environment particularly refer to the conduciveness and capacity of the macro environment for contemporary and future technology (Gupta, 2013:13). This conduciveness is particularly influential in the efficiency and productivity of businesses, as well as the outsourcing strategies for both local and foreign businesses (Babatunde & Adebisi, 2012:27-28). Factors in the assessment of the technological environment include the availability of technology-related infrastructure, levels of automation and mechanisation, distribution channels and the propensity for innovation in the macro environment (Dauda & Ismaila, 2013:160).

2.3.4.1 Mechanisation of business sectors

The period of crises in Zimbabwe resulted in drastically reduced but steady growth in the technological environment of Zimbabwe. The current technological environment in Zimbabwe is described by Monyau and Bandara (2014:14) as largely de-industrialised compared to regional and global standards, with a significant technology gap that hinders Zimbabwe's competitiveness in the global value chain. The global value chain may be described as the distinct processes involved in the production, marketing and distribution of goods and services from the raw material stage to the finished product and possession in the consumer stage (Gereffi & Fernandez, 2011:4). Table 2.3 outlines the current stages of the global value chain that Zimbabwe has, with particular reference to its key resources.

Table 2.3: Zimbabwe's Global value chain

Resource	Stages in the Global Value Chain
Diamonds	Exploration; mining; sorting
Gold	Exploration; mining; refining Note: refining is currently outsourced to South Africa since 2008 due to low output
Platinum	Exploration; mining Note: refining is outsourced to South Africa
Copper	Exploration; mining Note: Copper-Nickel refineries in Zimbabwe have been de-commissioned
Cotton	Farming; ginning; dyeing; printing; finishing Note: cotton processing equipment in Zimbabwe is considered to be old and generally obsolete
Sugar	Plantation farming; refining (capacity of 600 000 tonnes of sugar; molasses and; ethanol production)
Tobacco	Farming; curing; auctioning; cigarettes manufacture

Source: Monyau & Bandara (2014:13)

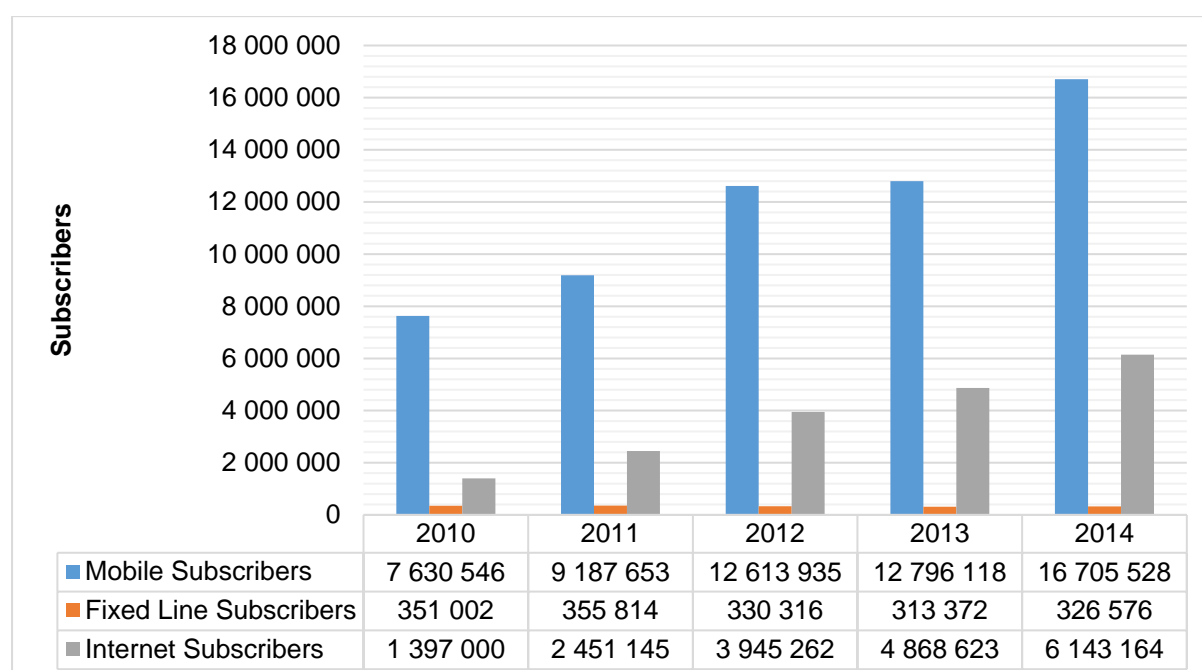
As is evident in Table 2.3, the Zimbabwe Government has leveraged its key resources in order to exploit efficiently and sustainably, its natural resources and existing manufacturing base. This requires a conducive technological macro environment. For instance, in order to resuscitate the agricultural sector and reintegrate Zimbabwe into the global value chain, Zimbabwe's 2015 national budget prioritises the mechanisation of Zimbabwe's agricultural sector (Chinamasa, 2014:119). Primarily financed by loans from foreign financiers such as the Brazilian government, which extended Zimbabwe a US\$98.6 million loan facility to acquire agricultural machinery and equipment for its mechanisation programs, Zimbabwe is currently implementing special programs such as the Agricultural Competitiveness Program (ZimACP) and the Zimbabwe Agricultural Income and Employment Development Program (ZimAIED) to manage the agricultural sector (Chinamasa, 2014:119; Monyau & Bandara, 2014:14).

2.3.4.2 Information and Communications Technology growth

Zimbabwe has a vibrant and growing Information and Communications Technology (ICT) sector. In 2012, Zimbabwe had a penetration rate of up to 90% in telephony density, 20% internet penetration and a 54% mobile phone technology penetration (Government of Zimbabwe, 2012:66). Under the Zimbabwe Agenda for Sustainable Socio-Economic Transformation framework, the government acknowledges the need for increased investment into research and development in the sector (Zimbabwe Agenda for Sustainable Socio-Economic Transformation, 2013:61). Current policy

frameworks include the implementation of a national ICT policy and bill in parliament, a regionally (SADC, COMESA) integrative internet policy and an e-Government policy for improved service delivery in services such as birth registration, immigration control and passport issuance (Zimbabwe Agenda for Sustainable Socio-Economic Transformation, 2013:88-89). Figure 2.6 illustrates the ICT subscriber base in Zimbabwe.

Figure 2.6: Information and Communication Technology service subscribers



Source: Chinamasa (2014:36)

Figure 2.6 shows significant growth in Zimbabwe's mobile and internet subscriber base since 2010. According to Chinamasa (2014:36), Zimbabwe's ICT sector as a whole is set to grow by 6.4% in 2015, at a rate of 30.6%, 4.3% and 26.2% in mobile, fixed line and internet subscription respectively.

Matus *et al.* (2014:24) argue that Zimbabwe's ICT sector is a critical vector for economic growth and employment creation. While Zimbabwe's ICT sector is expected to grow and contribute to the reduction of the technology gap that exists in the country, the government of Zimbabwe acknowledges that there is a need for investment in critical technology-related infrastructure such as fibre optics, as well as research and development in innovative mechanisation technologies (Chinamasa, 2014:36-37;

KPMG, 2012:7; Zimbabwe Agenda for Sustainable Socio-Economic Transformation, 2013:61). Such investment would, as the African Development Bank (2014:12) suggests, have a trickledown effect into other key growth sectors such as agriculture, mining and manufacturing, spurring on economic viability and renewed industrial growth.

2.3.4.3 Information and Communication technology sector incentives

The government of Zimbabwe has implemented key incentive policies to catalyse industrial/agricultural mechanisation and ICT development in the country through its revenue authority, the Zimbabwe Revenue Authority (ZIMRA). Such incentives include zero-rating (not value-added tax is charged on ICT goods/inputs), refund and tax rebate incentives (repayment of any taxes that accrue when taxes paid are more than tax liabilities due), as well as the suspension of import duties and value added tax for private and corporate entities importing capital goods and equipment for the mining, tourism, ICT and manufacturing sectors (ZIMRA, 2015). Investors are also incentivised by ZIA. According to KPMG (2012:31), under the ZIA Act, any investor licensed by ZIA accrues the following benefits:

- Concessional tax of 15% and tax exemption for 5 years, as well as capital and investment allowances on capital expenditure for both rural-based and farming enterprises;
- Granting of a bonded warehouse operating license;
- Conditional employment and residence permits for investments of over US\$250 000;
- Repatriation of proceeds from dividends, profit, interest on foreign loans, royalties, management fees, and
- Value-added tax, customs and sales duty exemption on all capital goods for business purposes.

While, the technological macro environment in Zimbabwe may have been, like other sectors, adversely affected by the 1998-2008 crises, technology-led economic growth is a key priority for the Zimbabwean Government in its bid to revitalise its business environment (Zimbabwe Agenda for Sustainable Socio Economic Transformation, 2013:77). More importantly, the re-integration of Zimbabwe into the global value chain

based on its key competencies is a government priority in the management of Zimbabwe's technological environment.

This chapter has thus far focused on the contemporary business environment of Zimbabwe with the PEST analysis framework presenting a synopsis of Zimbabwe's macro environment. This is with particular reference to the political-legal, economic, social and technological environments of Zimbabwe. As it has emerged, the multiple political-economic crises that Zimbabwe experienced during the 1998-2008 period, had an adverse effect on Zimbabwe's economy, social services and technological development. However, as the country is facing numerous developmental challenges, the government of Zimbabwe is being proactive by implementing macroeconomic blueprints such as the Zimbabwe Agenda for Sustainable Socio-Economic Transformation program and the IMF's Staff Monitored Program, which are aimed at restoring social services and catalysing the economic revitalisation of the country. Zimbabwe's macro environment has been on a recovery trajectory since the end of the 1998-2008 crisis, with the government of Zimbabwe taking an interventionist approach to managing its macro-environment, and particularly focusing on prudent macroeconomic management, the resuscitation of basic social services, poverty alleviation activities, employment creation and more importantly, the re-mechanisation of Zimbabwe's agricultural and industrial sectors. The following section profiles Zimbabwe in the FDI context.

2.4 FOREIGN DIRECT INVESTMENT PROFILE OF ZIMBABWE

As discussed in the preceding sections, the Zimbabwe crisis had a generally adverse effect on its business environment. The following sections present an overview of Zimbabwe's global competitiveness; FDI trends, and FDI opportunities in retrospect of the Zimbabwe 1998-2008 crises.

2.4.1 Zimbabwe's global competitiveness

The following are some of Zimbabwe's global rankings based on perception surveys and associated market research by the World Economic Forum and the World Bank.

2.4.1.1 World Bank's Doing Business Report 2015 - Zimbabwe

The World Bank publishes an annual 'Doing Business Report' that globally benchmarks the performance of economies based on a quantitative indicator study of the regulatory environments of countries (World Bank, 2014b:6). By quantifying and tracking the regulatory changes that occur in the eleven spheres affecting a businesses' cycle across 189 economies, the report is able to rank individual countries both regionally and globally in each sphere including the overall ease of doing business (World Bank, 2014b:4). According to the World Bank (2014b:8), Zimbabwe in 2014 was ranked 171st out of 189 countries in terms of overall ease of doing business. It takes an average of 90.0 days, nine procedures, at a cost of 114.6% of income per capita to start a business in Zimbabwe - ranking the country at 180th out of 189 countries in terms of starting a business (World Bank, 2014b:11, 17). Table 2.4 summarises the rankings of Zimbabwe as a place to do business both globally and in the Sub-Saharan Africa region:

Table 2.4: World Bank Doing Business 2014 Highlights – Zimbabwe

Indicator	Global Rank/189 Countries	Sub-Saharan Africa (SSA) Average	Highest Ranked in SSA Region	Lowest Ranked in SSA Region
Ease of doing business	171	142	South Africa (43)	Angola (181)
Starting a business	180	129	South Africa (61)	Zimbabwe (180)
Dealing with construction permits	176	111	Namibia (25)	Zimbabwe (176)
Getting electricity	153	139	Namibia (66)	South Africa (158)
Registering property	94	125	Botswana (51)	Namibia (173)
Getting credit	104	122	South Africa (52)	Angola (180)
Protecting minority investors	87	121	South Africa (17)	Swaziland (110)
Paying taxes	143	129	South Africa (19)	Angola (144)
Trading across borders	180	142	South Africa (100)	Zimbabwe (180)
Enforcing contracts	157	121	South Africa (46)	Angola (187)
Resolving insolvency	148	122	South Africa (39)	Angola (189)

Source: Adapted from World Bank (2014b)

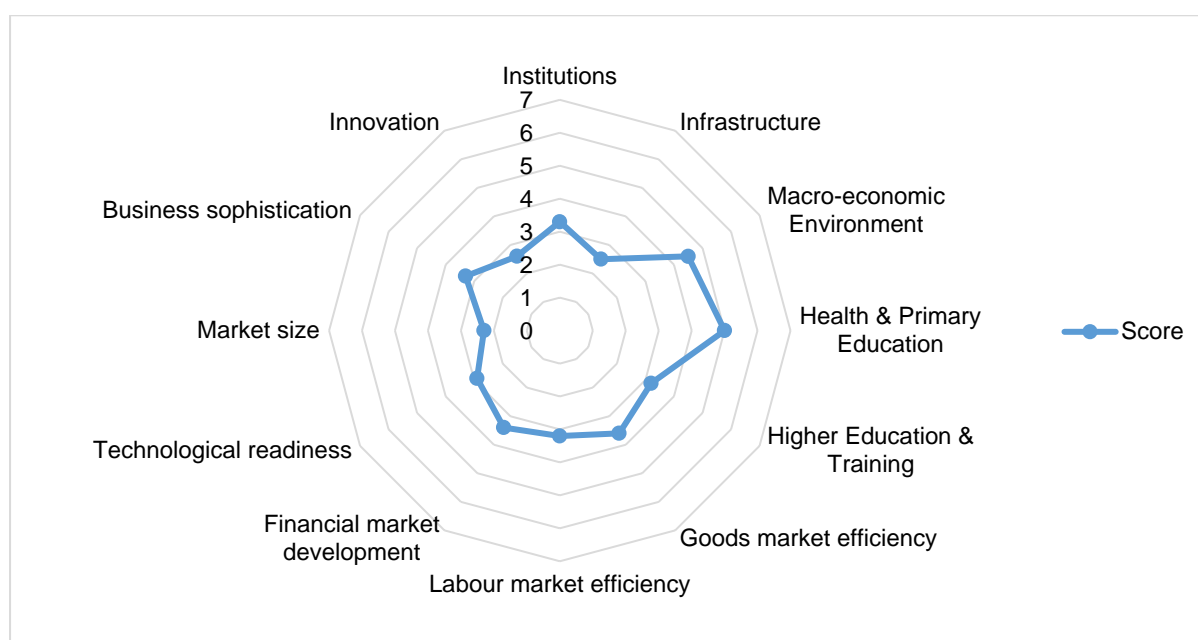
As can be seen in Table 2.4, Zimbabwe ranks in the lower quartile of most of the factors considered by the report. As is evident from Table 2.4, Zimbabwe's highest rank is 87th out of 189 countries in the sphere of the protection of minority investors and 94th out of 189 countries in the sphere of property registration. Globally, Zimbabwe ranks lowest in terms of starting a business (180th out of 189 countries) and trading across borders (180th out of 189 countries) while in the SSA region, Zimbabwe is lowest ranked in terms of starting a business, dealing with construction permits and trading across borders. This report gives Zimbabwean policymakers a snapshot of the comparative advantages and disadvantages the country has globally and more importantly regionally in terms of the ease of doing business. Table 2.4 indicates that, Zimbabwe is below the regional average in most business cycle aspects, making the country less competitive in SSA contextually.

Zimbabwean policymakers need to take these factors of doing business into consideration in their formulation of Zimbabwe's policy frameworks - particularly with regards to policies that influence Zimbabwe's business environment and overall business climate. These factors influence foreign investor decision-making and, to a larger extent, contribute positively or negatively to the flow of foreign investment into a country.

2.4.1.2 World Economic Forum's Global Competitiveness Index – 2014

The World Economic Forum (WEF) has since 2005 been publishing the Global Competitiveness Index (GCI). Considered to be one of the world's foremost perception indexes, the GCI is described as a comprehensive tool that evaluates the micro and macroeconomic fundamentals of economies that form the basis of 'natural competitiveness' (Schwab, 2014:4). Furthermore, in the GCI context, competitiveness is defined as, "...the set of institutions, policies and factors that determine the level of productivity of a country." It is this productivity (aggregate output; efficiency; return on investment) that determines the competitiveness of a particular country in relation to other economies. Based on the twelve distinct pillars illustrated in Figure 2.7, the quantitative and qualitative data analysed by the GCI to score and rank countries is sourced from internationally recognised organisations such as UNESCO, the IMF, the WHO, as well as the WEF's annual Executive Opinion Survey (Schwab, 2014:11).

Figure 2.7: Global Competitiveness Scores – Zimbabwe 2014/15



Source: Schwab (2014:390)

Figure 2.7 charts the GCI 2014 scores for Zimbabwe in the twelve pillars of competitiveness that are measured by the GCI. On a scale of 1 (worst score) to 7 (best score), Zimbabwe ranges between 2.8 and 3.9. Table 2.5 summarises the individual scores of Zimbabwe, as well as the global competitiveness rankings for the country in 2014 in the three weighted pillars of the GCI.

Table 2.5: Global Competitiveness Index score and rankings – Zimbabwe 2014

Aspect	Score out of 7 (Best score = 7)	Global Ranking out of 144 countries
Basic Requirements (60%)	3.8	114
Institutions	3.3	114
Infrastructure	2.5	113
Macroeconomic environment	4.5	87
Health & Primary Education	5.0	106
Efficiency Enhancers (35%)	3.1	133
Higher Education & Training	3.2	118
Goods market efficiency	3.6	133
Labour market efficiency	3.7	137
Financial market development	3.4	112
Technological readiness	2.9	109
Market size	2.3	132

Aspect	Score out of 7 (Best score = 7)	Global Ranking out of 144 countries
Innovation & Sophistication (5%)	3.0	127
Business sophistication	3.3	130
Innovation	2.6	125

Source: Schwab (2014:390)

As Table 2.5 exhibits, Zimbabwe scores just above the mean score at 3.8 out of 7 in the basic GCI requirements which are weighted as 60% of the overall score, placing Zimbabwe 114th out of 144 countries while, the country scores below the mean score in efficiency enhancers (weighted 35%) and innovation and sophistication (weighted 5%). Zimbabwe's best score is in health and primary education (5.0 out of 7), buoyed by Zimbabwe's continent-leading primary education system and literacy rate. However, Zimbabwe ranks highest competitively at 87th out of 144 in its macroeconomic environment, sustained by both the country's GDP growth and change in annual inflation rates. Table 2.6 summarises Zimbabwe's most significant rankings in the 2014 GCI.

Table 2.6: Zimbabwe's top 50 rankings - 2014

Aspect	Global ranking out of 144 countries
Inflation annual % change	1
Business cost of terrorism	8
Women to men ratio in labour-force	16
Government budget balance % GDP	26
Organised Crime	31
Strength of auditing & reporting standards	38
Reliance on professional management	41
Quality of education system	43
Legal rights index	43

Source: Schwab (2014:391)

As is evident in Table 2.6, Zimbabwe is ranked 1st globally in terms of inflation annual percentage change (Schwab, 2014:391). Zimbabwe is ranked along with other countries including Germany, Slovenia and the United States of America in the first position (Schwab, 2014:440), representing a sharp contrast to the hyperinflationary

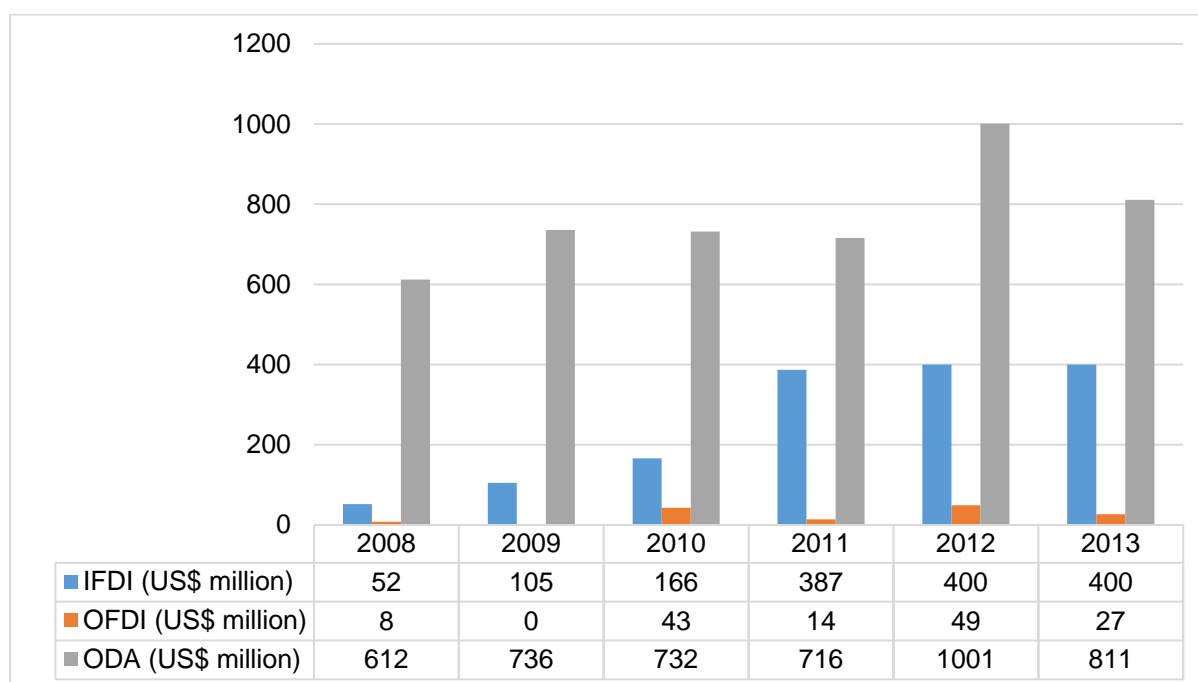
environment the country experienced in 2008. As shown in Table 2.6, Zimbabwe also ranks competitively in the aspects of business cost of terrorism (8th), women in the workforce (16th), government budget balance as a percentage of GDP (26th) and quality of education system (43rd). Overall, Zimbabwe is ranked as the 124th most competitive country in the world out of 144 countries for 2014-2015, a significant improvement from 2013-2014 which saw Zimbabwe ranked 131st out of 148 countries and 132nd out of 144 countries in 2012-2013 (Schwab, 2014:390). More interestingly, Zimbabwe is considered to be more competitive globally than Nigeria (127th out of 144), which is Africa's largest economy (Schwab, 2014:41).

The factors considered by the GCI may be of particular interest to investors as macro environmental indicators for Zimbabwe. In principle, Zimbabwe, through Zimbabwe Agenda for Sustainable Socio-Economic Transformation program, and as its GCI rankings suggests, is attempting to manage its macro-environment.

2.4.2 Zimbabwe's foreign direct investment trend

An adverse effect of the Zimbabwean crises has been capital flight from Zimbabwe's economy, outward foreign direct investment (as investors sought and continue to seek better investment opportunities), as well as constrained inward foreign direct investment (where fewer investors sought and are currently seeking to invest in the country) (Chitiyo & Kibble, 2014:10). Figure 2.8 illustrates the IFDI trends in Zimbabwe compared to OFDI and inflows of official donor aid into the country between 2009 and 2013.

Figure 2.8: Zimbabwe inward foreign direct investment, outward foreign direct investment and official donor aid 2008-2013



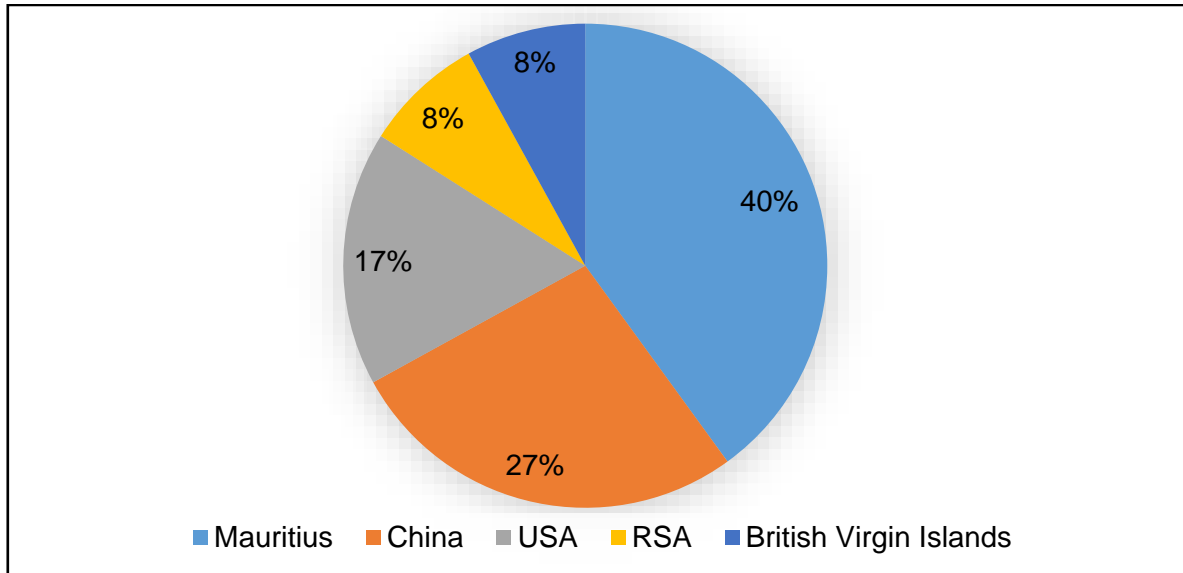
Source: OECD (2015:321-323)

Since 2008, as Figure 2.8 shows, Zimbabwe, has experienced an exponential increase in IFDI (an almost 700% increase) to US\$400 million per annum in 2013, while outward foreign direct investment (OFDI) has averaged US\$23.5 million over the same six-year period. More interestingly, Zimbabwe received over US\$4.6 billion in ODA from multiple sources between 2008 and 2013. Despite the encouraging IFDI levels into Zimbabwe, the country needs more significant levels of inward FDI in order to recover economically, since ODA is finite, as well as unsustainable for economic development and growth respectively - especially so, given that between 2006 and 2011, FDI inflows to Zimbabwe accounted for only 0.29% of the US\$285 billion in IFDI to the African continent (Klein, 2013:327). According to data provided by the Zimbabwe Investment Authority (2015), the top five source countries of FDI related projects for Zimbabwe were:

- Mauritius;
- China;
- United States of America (USA);
- South Africa and;
- The British Virgin Islands

Figure 2.9 illustrates the contribution of each FDI source country to FDI inflows into Zimbabwe between 2009 and 2014.

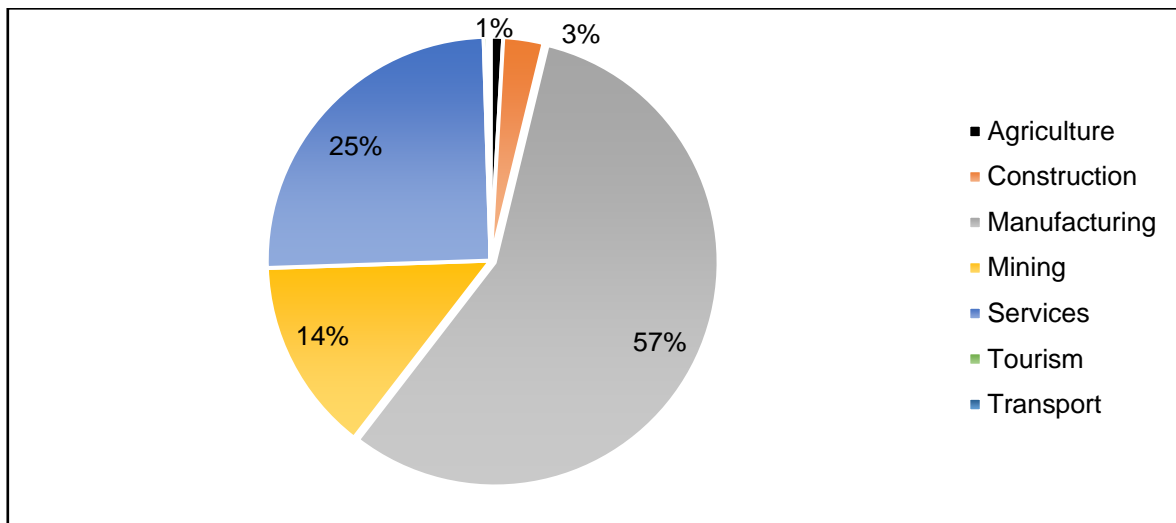
Figure 2.9: Top five Zimbabwe FDI source countries 2009-2014



Source: ZIA (2015)

Figure 2.9, illustrates that the majority of FDI between 2009 and 2014 has, interestingly, originated from the island nation of Mauritius (40%) and more notably, the British Virgin Islands (8%); in 2014 approved FDI projects, including joint ventures, to the value of US\$1.142 billion across seven of Zimbabwe’s key investment sectors. Figure 2.10 illustrates the distribution of FDI among the agricultural, construction, manufacturing, mining, services, tourism and transport sectors as the main contributors to GDP growth in Zimbabwe.

Figure 2.10: Distribution of FDI in Zimbabwe - 2014



Source: Zimbabwe Investment Authority (2015)

As Figure 2.10 illustrates, the majority of inward FDI approved projects to Zimbabwe were in Zimbabwe's manufacturing sector (57%), followed by the services sector (25%) and then the mining sector (14%). Unfortunately, Zimbabwe's primary industry, agriculture, only constituted 0.29% of 2014's IFDI project approvals. This is possibly an indication of the political risk associated with the sector, principally due to the property rights challenges the country faces due to its agrarian reform program of 2000 (African Development Bank, 2011b:7). However, in line with the industrial mechanisation priority of the Zimbabwe Agenda for Sustainable Socio-Economic Transformation program, a significant proportion of inward FDI project approvals were in the manufacturing sector.

As the synopses of the Zimbabwean business environment highlighted, while the post-crisis business environment in Zimbabwe has improved, there are still many political, socio-economic and technological challenges in the country, which currently constrain the ease of doing business in the country, making Zimbabwe less globally competitive, and ultimately deter FDI to Zimbabwe (International Monetary Fund, 2012:20). A KPMG (2012:7) report cautions that political uncertainty and incomprehensive reforms have an adverse effect on Zimbabwe's investment climate. The Zimbabwe Agenda for Sustainable Socio-Economic Transformation program, in the opinion of Manokore and Rwodzi (2015:72), presents the government of Zimbabwe with an opportunity to

reform its business environment effectively, making Zimbabwe a more attractive international business destination.

By offering potential investors investment opportunities through the Private Public Partnerships that the Zimbabwe Agenda for Sustainable Socio-Economic Transformation blueprint identifies as being key to Zimbabwe's long term economic recovery, they argue that Zimbabwe would be able to finance key Zimbabwe Agenda for Sustainable Socio-Economic Transformation priority projects. Zimbabwe requires at least US\$27 billion to finance and successfully implement the Zimbabwe Agenda for Sustainable Socio-Economic Transformation program, under which the government is currently managing Zimbabwe's macro environment (Manokore & Rwodzi, 2015:72), the bulk of which would be idyllically financed by FDI inflows. Under the Zimbabwe Agenda for Sustainable Socio-Economic Transformation, the government of Zimbabwe acknowledges the need for infrastructure development (water & sanitation, public amenities, ICT, electricity supply & transport) as a catalyst for economic growth and the improvement of the country's business environment for investors, since infrastructure underdevelopment in the case of Zimbabwe is a 'bottleneck' to inward FDI (International Monetary Fund, 2012:20).

Mahembe and Odhiambo (2014:14) state that the Zimbabwean economy is to a larger extent still fragile due to various factors and that the government of Zimbabwe needs to manage investor confidence by effectively tackling key reforms and ensuring certainty with regards to key policies such as the indigenisation and local empowerment policy of the country. Despite these FDI-related challenges, Zimbabwe is still potentially, a very lucrative factor-driven global investment destination. The following section profiles the investment opportunities available in Zimbabwe.

2.4.3 Investment opportunities in Zimbabwe

Mangoma (2009:2) points out that Zimbabwe offers comparative advantages for foreign investors which include abundant natural resources; global and regional market access and a highly educated and skilled labour force. The United States Dollar is Zimbabwe's official currency, making the country the only economy in the SADC region to adopt officially this and many other global currencies such as the British Pound and Japanese Yen, virtually eliminating currency risk for foreign

investors (Mahembe & Odhiambo, 2014:13). Based on an analysis by Monyau and Bandara (2014:12-13), Zimbabwe is currently integrated into the global value chain in agriculture, mining and manufacturing and these sectors also represent some of the key priority investment areas of the Zimbabwean government.

More importantly, Zimbabwe is a member of multiple international organisations (Bertelsmann Stiftung’s Transformation Index, 2014; KPMG, 2012:12):

- Southern African Development Community (SADC);
- Common Market of East and Southern Africa (COMESA);
- World Trade Organisation (WTO);
- World Intellectual Property Organisation (WIPO);
- African Regional Intellectual Property Organisation, and
- A signatory to some significant bilateral agreements such as the Africa Capacity Program (ACP- EU/ Convention), and is part of the East and Southern African Free Trade Agreement with the EU as part of the Economic Partnership Agreement which replaced the Lome Convention.

Table 2.7 summarises the investment opportunities available in Zimbabwe, including the key priority areas identified by the government of Zimbabwe.

Table 2.7: Investment opportunities available in Zimbabwe

Sector	Key Resources	Investment Opportunities
*Agriculture	Tobacco, corn, wheat, cotton	<ul style="list-style-type: none"> • Farm mechanisation • Crop production • Agro-processing • Export facilitation
*Manufacturing	Textiles, chemicals, pharmaceuticals, metal & metal products, leather, food & beverages, tobacco, fertilizer	<ul style="list-style-type: none"> • Agricultural mechanisation equipment production • Recapitalisation of private & government-owned manufacturing firms
Mining	Gold, Platinum (2 nd largest deposits in the world), Diamonds (potentially 25% of global production), Copper, Zinc, Coal, Lead, Limestone, Black granite, Chrome (80% of the world’s metallurgical quality chromite), Dolomites	<ul style="list-style-type: none"> • Mechanisation • Exploration • Minerals processing & beneficiation
Tourism	Natural wildlife, natural wonders, fauna and flora	<ul style="list-style-type: none"> • Greenfield projects & Joint ventures in hotel & catering industry • Safari and tour operations • Eco-tourism

Sector	Key Resources	Investment Opportunities
*Infrastructure	Beef processing and export (Regional and EU markets), timber production, energy supply, road development and management, rail development and management, social amenities development and management	<ul style="list-style-type: none"> • Franchising Private-Public Partnership with Zimbabwean Government in the privatisation of: <ul style="list-style-type: none"> • Cold Storage Company (Beef) • Air Zimbabwe (National Airline) • Allied Timber Holdings (timber company management and sawmill operations) • National Railways of Zimbabwe (NRZ) • Zimbabwe Electricity Supply Authority (ZESA) • Zimbabwe Steel Company
Services	Market access	Private-Public Partnership with Zimbabwean Government in the privatisation of: <ul style="list-style-type: none"> • TelOne (Fixed line operator) • NetOne (GSM operator) • Agriculture Development Bank (registered commercial bank) • Zimbabwe Institute of Personnel Management (training and consultancy services for Zimbabwe's civil service) As well as Investment in: <ul style="list-style-type: none"> • ICT support services • Investment in human resources and financial instrument training • Banking-related ICT infrastructure development • Recapitalisation of financial entities as per Reserve Bank of Zimbabwe and Insurance Commission requirements
*ICT	Market access	<ul style="list-style-type: none"> • Connectivity and access infrastructure development • Central e-business framework and platform • e-Government platform • ICT human resource development

* Key priority areas

Source: Adapted from, KPMG (2012:18-31); Deloitte (2012); Mangoma (2009:8-10); Zimbabwe Investment Authority (2015)

As evidenced in Table 2.7, there are a number of investment opportunities available in Zimbabwe for the discerning foreign investor. Aside from these opportunities Zimbabwe also has significant competitive advantages for foreign investors. These are in the form of investment incentives offered by the Zimbabwean Government through the Zimbabwe Investment Authority (ZIA). These incentives coupled with

attractive investment opportunities make Zimbabwe a fundamentally attractive business destination.

2.5 SUMMARY

Chapter two profiled Zimbabwe's recent history, its contemporary business environment and FDI profile. It emerges from this chapter that, while the political situation in Zimbabwe is relatively stable, a high level of political risk is still predominantly associated with Zimbabwe. Admittedly, government interventions since 2009 have had a generally positive effect on Zimbabwe's macro environment and initiatives such as the Zimbabwe Agenda for Sustainable Socio-Economic Transformation program, if effectively implemented, will have an overall positive impact on the country. Zimbabwe's economy has, however, 'slowed down' since 2013, impinging on further growth and economic recovery. This 'slow-down' essentially puts a strain on the country's social services and technological environment.

Zimbabwe is well endowed with natural resources; has a highly literate, skilled and trainable labour-force; a large diversified agricultural and industrial base; as well as a multitude of investment opportunities in its mining, tourism, agriculture and manufacturing sectors. However, as it also emerges in this chapter, the country is as a place to do business and ultimately invest in, not competitive, neither regionally nor globally.

Structural weaknesses in governance and macroeconomic management are a major concern for opinion leaders and global business analysts. To this end, Zimbabwe is relatively uncompetitive in the SSA region and globally. While there has been a concerted effort by the government of Zimbabwe to achieve sustainable job-creating and poverty-alleviating economic growth, inward FDI is the critical missing element. Despite Zimbabwe's comparative and competitive advantages, especially in resources and currency risk mitigation, it has become increasingly important for Zimbabwe to proactively promote inward FDI. With this in mind, the understanding of key non-financial determinants influencing the inflow of FDI to Zimbabwe is critical to the country's FDI promotion efforts.

The following chapter, Chapter three, explores the concept of nation branding by defining the concept, establishing the theoretical basis of contemporary nation branding activity, as well as the utility of nation branding. Lastly, the chapter explores the nation brand equity concept and ultimately the evaluation of nation brands.

CHAPTER THREE

NATION BRANDING: THEORY, CONSTRUCT AND EVALUATION

3.1 INTRODUCTION

The previous chapter presented an overview of Zimbabwe's contemporary business environment based on a PEST analysis of the country's macro-environment. As it emerged, Zimbabwe's current socio-economic challenges are rooted in the multifaceted crises the country experienced between the years 1998 and 2008. While the country has made significant strides in recovering from its crises, Zimbabwe's economy has significantly slowed down hampering its economic recovery. Zimbabwe's current economic blueprint, Zimbabwe Agenda for Sustainable Socio-Economic Transformation, identifies FDI as the catalyst for unlocking the vast natural resources of the country and exploiting its under-utilised industrial capacity. Albeit significant macro-environment interventions by the government of Zimbabwe, the improved business environment in the country has not translated into increased foreign capital inflows. As previously discussed in chapter two, Zimbabwe, according to some global rankings report, is relatively uncompetitive in many spheres including those imperative for FDI attraction.

Chapter three reviews contemporary literature in the field of nation branding. This chapter introduces the nation brand construct. The subsequent sections then explore nation branding and establish the contemporary themes surrounding the concept, before plotting the evolution of the concept and synopsising the theoretical underpinnings to nation branding. Lastly, chapter three explores the notion of the nation brand image, its significance as a potential asset or liability for a nation's brand equity and finally discusses the Nation Brand Hexagon (NBH) and Nation Brand IndexSM (NBISM) as seminal frameworks in nation branding practice and evaluation respectively.

3.2 THE EVOLUTION OF THE NATION BRAND CONSTRUCT

Brand management literature (Chapleo, 2015:2; Santos-Vijande, Rio-Lanza, Suarez-Alvarez & Diaz-Martin, 2013:149) suggests that the 'brand' is a key construct in contemporary marketing practice. Buoyed by the dynamic nature of marketing practice over the past three decades, the brand concept has evolved, transforming itself from

a merely competitive differentiation tool, into a strategic 'intangible' value-adding resource for corporate entities, and a critical point of reference for consumers in their consumption decision-making process.

The American Marketing Association (2015) describes a brand, in the conventional sense, as a "...name, term, design, symbol or any feature that identifies one seller's good or service as distinct from those of other sellers." This characterisation of a brand is consistent with the 1960 definition put forward by American Marketing Association which is cited throughout various brand literature in its original form or derivatives thereof (Du Plessis, Jooste & Strydom, 2005:489; Heding, Knudzen & Bjerre, 2009:9; Kotler & Armstrong, 2014:242; Lamb, Hair, McDaniel, Boshoff, Terblanche, Elliot & Klopper, 2015:281). However, as Wang and Tzeng (2012:5601) critique, the 'traditional' definition of the brand is product-centric and has, to a large extent, become dated. To this end, Gabbott and Jevons (2009:119) argue that the idea and characterisation of a brand is exceptionally relative to the situation to which the concept applies - making the construct prone to populist, technical and conceptual interpretations.

The 'brand' is thus defined from an increasingly contemporary perspective and is subject to continuous improvement and adaptation (Gabbott & Jevons, 2009:119-120). In light of this, contemporary brand theory has evolved from the AMA (1960) characterisation to include other important facets. Le Roux (2012:47), offers a very unique characterisation of the contemporary brand, advancing that,

"A brand is a multidisciplinary concept and is established by a combination of strategy, structure, communication and culture aimed at conveying the enterprises' advantages (brand identity) and how the customers perceive these advantages (brand image)".

This view of the brand establishes the idea that a country, place or nation may be considered as a brand, akin to a corporate brand. As literature in the burgeoning field of nation branding has evolved, much like the conventional brand concept, the idea of the nation as a brand and nation branding has been subject to various interpretations, as to what the concept encompasses when reference is made to what is being branded (Ali & Rehman, 2015:36). The key references to the concept in literature are nation

branding (Dinnie, 2008); country branding (Akoita, Spio, Frimpong & Austin, 2011:123) and state branding (Vicente, 2004). Fan (2008:2) distinguishes between a country, nation and state as follows:

- A nation is a homogenous grouping of people often defined by race or language;
- A country is the geographic area occupied by a nation, and
- A state is a political organisation under a single government.

While these terms are utilised interchangeably throughout nation branding literature (Ali & Rehman, 2015:37; Fan, 2008:2; Hakala, Lemmetyinen & Kantola, 2013:540; Lee, 2009:11; Mittila & Lauren, 2014:371; Szondi, 2008:5), and seem to have distinctive contextual meanings, within the scope of the present study, the term *nation branding* encompasses the people, the geographic area and governments as political and socio-economic organisations of a particular location. This is because, within the FDI context, all these elements are relevant.

With this in mind, the notion of brands representing geographical locations (nations) is not new, and Pasquinelli (2014:729) is of the opinion that, as images, reputations and identities have become strategic resources in the socio-economic development of places; the representation of places by brands has increased in prominence. The nation brand may be described, subjectively and in multiple contexts. Table 3.1 synopsis some characteristics of the nation brand as depicted by some authors.

Table 3.1: Characterisation of the nation brand construct

Authors	Characterisation of the Nation Brand
Blair, Kung, Shieh & Chen (2014:16)	Country specific intangible assets such as: <ul style="list-style-type: none"> • Politics • Economics • Culture • History • Technology
Dinnie (2008:15)	A combination of unique differentiating factors that can be harnessed to promote a nation to multiple external stakeholders
Fan (2010:98)	Overall perceptions held by external publics of a nation in terms of: <ul style="list-style-type: none"> • People • Place • Culture/language • History • Famous faces (celebrities) • Global brands

Authors	Characterisation of the Nation Brand
Fetscherin (2010:468)	A concept in the public domain considered as: <ul style="list-style-type: none"> • Complex and includes multiple levels, components and disciplines • A collective involvement of the many stakeholders it must appeal to • A country's whole image, covering political, economic, social, environmental, historical and cultural aspects
Sun (2009:19)	Delivery of symbolic meaning to multiple stakeholders based on symbolism, colours, or unique design

Source: Own compilation

Based on the characterisations advanced in Table 3.1, it is evident that the nation brand is a multi-dimensional construct. The idea of a nation brand as a complex, multi-dimensional construct is consistent with the characterisation of the contemporary brand in the conventional sense. As the definitions cited suggest, nations may be represented by a brand which is a construct that incorporates the multiple elements inherent to the identity of the nation and condenses them in a way that appeals to multiple stakeholders as a touchpoint for the nation in the global community.

The question of what the nation brand represents, given its multidimensional characteristics, is a contentious issue in nation branding literature. This contention is particularly due to the qualitative and more pertinently, the subjective nature of the nation branding concept - as nations adopt the most suitable brand marketing techniques within their individual national context. However, Bellosso (2010a:45) postulates that the nation brand actually has the following dual function in practice:

- *A value promise* where it is a unique and relevant value promise of the country, promoting the location, raising people's awareness of the location and creating global interest in visiting, investing, settling, doing business with and having relations with the country (*endogenous perspective*).
- *Image/reputation* as an existing image, stereotype or perception of a country based on the reputation of the country as a location (tourism, investment, education) among its different target markets/audiences, both domestic and international, and its utilisation as a comparative and competitiveness assessment framework by the potential consumer (*exogenous perspective*).

To summarise the evolution of nation brand construct that has been discussed in this section, it is evident that an increasingly globalising world has catalysed the need for innovative approaches to marketing on a macro level, as governments attempt to keep

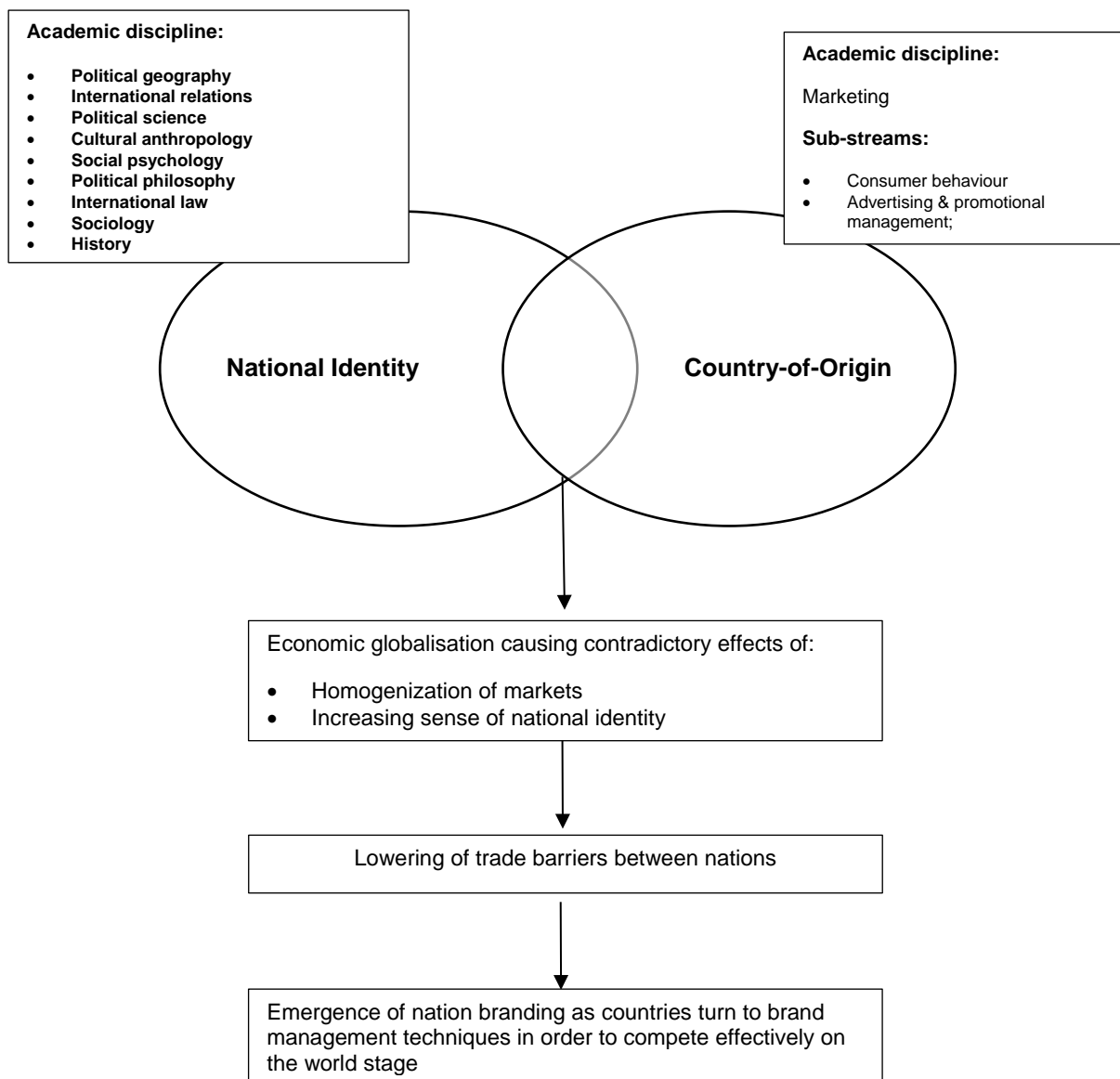
up with new and expanding competitive forces. Nation branding is one such innovation. Hence national governments proactively engage in the management of their global *reputations* as a strategic approach to the development of their brand images as strategic intangible assets that generate socio-economic value for their country. This approach is akin to conventional brand management in the corporate sphere, where, as it emerges in this section, the brand of a nation represents the value promise of the country (endogenous perspective), as well as the perceived image of the country amongst external stakeholders (exogenous perspective). The nation brand is, in essence, a complex multidimensional construct that seeks to achieve information symmetry across as a wide cross-section of both internal and external stakeholders.

Within the context of the present study for a nation, such as Zimbabwe, it would be prudent to engage in nation branding as the country's nation brand would represent from an endogenous perspective, the values the Zimbabwean Government would like to project to its external publics, who include foreign direct investors. More pertinently, from an exogenous perspective, it would be beneficial for the Zimbabwean Government to acknowledge that the country is already perceived in a particular stereotypical context and already has a distinct image based on its recent history. It follows then that, Zimbabwe can manage its image (by employing contemporary branding techniques) within the global community in order to manage perceptions of the country as an international business destination. With this in mind, the following section explores the theoretical pillars of the nation branding concept.

3.3 THE THEORETICAL UNDERPINNINGS OF THE NATION BRANDING CONCEPT

A critical question in the field of nation branding is the advancement of the nation branding concept to become a critical strategic approach to national competitiveness. Dinnie (2008:20-21) in his seminal book *Nation branding: Concepts, issues, practice*, posits that nation branding has evolved as a result of the interaction of two distinct constructs within an increasingly globalised world – that of national identity and country of origin. The relationship between the two concepts is illustrated in the Figure 3.1.

Figure 3.1: The pillars of nation branding



Source: Adapted from Dinnie (2008:21)

According to Dinnie (2008:20-21), the nation branding concept is rooted in the distinct academic fields of national identity and country of origin. National identity as illustrated in Figure 3.1, is a multidimensional construct which is cross-disciplinary by nature – encompassing socio-cultural, political and public diplomacy notions. Country-of-origin on the other hand is grounded in marketing theory – incorporating consumer buying behaviour, brand marketing and international marketing theory and practice. The origins of nation branding are rooted within the pillars of national identity and country of origin, within the economic globalisation context as synthesised in the following sections.

3.3.1 National identity

National identity may be described as the commonality between attributes and the beliefs of citizens of a particular nation (Guibernau, 2004:140). Interestingly, Blair *et al.* (2014:15) refer to national identity as an *irrational psychological bond* that congregates and defines the citizens of a certain nation from a self-perception point of view. However, Handayani and Rashid (2015:2723) position national identity as the focal point in the differentiation of nations, describing national identity as, "...national authentic characteristics and/or shared values that signify a nation's profile and...also differentiate them with other nations..."

However, the subjective and multidimensional nature of national identity, as several authors (Cristea, 2015:37; Fan, 2006:9; Mandler, 2006:281, 293) concede, makes the concept difficult to define. This is partly due to the influence of both internal and external global forces, particularly public opinion, in relation to the most representative definition of a nation's identity and image within an increasingly globalised world (Handayani & Rashid, 2015:2722; Lingeberzins, Strele & Fogelmanis, 2012:6; Nicolescu, Paun, Popescu, Dragici & Pinzaru, 2007:80).

To this end, Guibernau (2004:134-135) argues that national identity is not static by nature and is an inherently dynamic construct that is based, amongst others, psycho-social; cultural; territorial; historical, and political dimensions. Several authors (Dinnie, 2008:21; Nicolescu *et al.* 2007:81; Handayani & Rashid, 2015:2723) broaden these dimensions and identify various other elements associated with the formation of the national identity and these include those illustrated in Figure 3.1. It is important to note that national identity has significant implications within the FDI context. Several studies (Alcacer & Ingram, 2008:8; Kalamova & Konrad, 2009:8; Osei & Gbadamosi, 2011:289) have for instance, found a link between the predominant cultures(s) of a country and FDI location decisions whilst, Rihab and Lofti (2011:175) advance the notion that the political environment of a country, its predictability in particular, influences the perceptions of foreign investors.

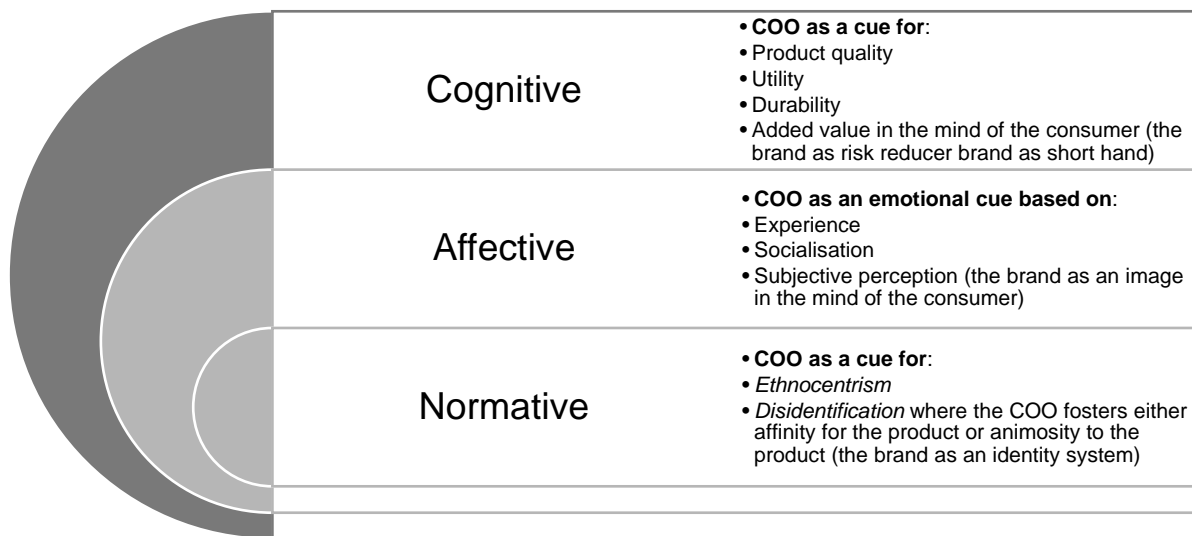
The literature consulted identifies the creation and dissemination of a unified *nation image* as an approach to cultivating citizenship and the advancement of national interests (Guibernau, 2004:140; Junericius & Puidokas, 2015:88). More importantly,

national identity within the contemporary global business environment has emerged as a critical source of competitive advantage in the attraction of tourists, investors and other socio-economic benefits and has become the critical first step in the competitiveness of nations (Blair *et al.* 2014:13; Handayani & Rashid, 2015:2722-23; Lingeberzins *et al.* 2012:1, 5-6). This dynamic has seen national identity being incorporated within the nation branding construct.

3.3.2 Country-of-origin

Country-of-origin (COO) may be described as the actual or perceived source country of a product/service or brand and the effect the image associated with this country has on the evaluation of the offering (Crestea, Capatina & Stoenescu, 2015:423; Iacob, 2014:25; Panda & Mishra, 2014:495; Ramsaran, 2015:15). The COO concept has been widely researched within the marketing discipline, particularly its influence on consumer buying behaviour and brand perception in consumer product evaluation (Panda & Misra, 2014:494). The underlying assumption of the COO concept is that, in their product evaluation, consumers also consider where the product was made, or the origin of the brand of the product in the source country. How it is perceived by the consumer then affects the brand equity of the product being evaluated, based on the image associated with the source country – the “Made in...” moniker (Azadi, Yousefi & Eydi, 2015:68; Crestia *et al.* 2015:422-423; Hossain, 2015:1; Iacob, 2014:9). COO literature finds that the COO effect occurs on the three distinct levels as illustrated in Figure 3.2.

Figure 3.2: Levels of COO effect



Source: Adapted from Crestia *et al.* (2015:424-425)

As Figure 3.2 illustrates, there are three distinct dimensions to COO. The cognitive dimension is where the COO has an effect and influence on the individual consumer with regards to the product quality, brand awareness, loyalty and association (Saydan, 2013:79). The affective dimension is where the image of a country (subjective perception), within the mind of the consumer, influences the emotions and attitude of the consumer towards the product associated with the particular country (Guina & Giraldi, 2012:15). The normative dimension is where consumer behaviour is influenced by existing social mechanisms, and COO has a mediator role in the product evaluation process of the consumer (Crestea, Capatina, & Stoenescu, 2015:425).

It is important to note that COO has significant implications within the FDI context, where investment opportunities available to foreign investors may be evaluated as *products* offered by host countries. More importantly, COO may have far-reaching implications for the productive outputs of FDI such as export products and brand association (Ali & Rehman, 2015:38; Hossain, 2015:5; Junevicius & Puidokas, 2015:88). From a marketing perspective, the COO concept is found within export marketing, consumer buying behaviour, advertising and brand management practice and theory (Dinnie, 2008:21).

3.3.3 Economic globalisation

As Figure 3.1 illustrates, the evolution of nation branding has been catalysed by economic globalisation. Globalisation is widely considered as the most significant and transformative post-World War phenomenon, as national economies became increasingly integrated through trade and commerce (Das, 2010:47). Dinnie (2008:21) advances that, while economic globalisation lowered trade barriers and opened up national economies to international business, the phenomenon also heightened a sense of identity (individualism) amongst different nations, resulting in their need to differentiate themselves from others within the wider global context. From as early as 2002, Svensson (2002:574) realised that globalisation became more pervasive, and marketing practice had to evolve to meet the demands of a globalised marketplace, and goes on to dichotomise the marketing discourse as follows,

- Marketing as a competitive strategy aimed at taking advantage of the new economic opportunities that globalisation facilitates, and
- Marketing as a survival strategy as comparative advantages become less effective in the face of increased global competitive forces.

This dichotomy gives credence to Dinnie's (2008:21) assertion that, as a result of economic globalisation, national governments have begun adopting brand marketing approaches to compete effectively against other nations within the global economy. However, within the contemporary nation branding construct itself, exists a multiplicity of theories and methodologies based on multiple academic streams beyond those posited by Dinnie (2008).

In summary, the theoretical underpinnings of nation branding can be traced back to two specific academic streams, namely national identity and country-of-origin. As it has emerged in this section, economic globalisation catalyses the integration of national economies into a global market. With this integration, emerges an increased sense of individuality amongst countries and the need for differentiation as a competitive strategy to counter the competitive forces brought on by economic globalisation. The national identity stream is concerned with the various unique factors that identify a country as a distinct entity within the global community, while the COO stream is concerned with the effect of the subjective references to a particular country

and its outputs, particularly the effect these references have on the perceptions and behaviour of the external “consumers” towards the country. The nation branding concept can therefore be argued to be a marketing management-based concept that integrates both endogenic (politics, geography, culture, international relations) and exogenic (consumer behaviour, brand management, export marketing) considerations in the management of the images of nations.

With this in mind, the following section explores the theoretical approaches to conventional nation branding practice.

3.4 THEORETICAL APPROACHES TO NATION BRANDING

Nation branding is a relatively new theoretical concept and existing literature in the field suggests that the nation branding discourse is grounded in the broader field of marketing management (Amujo & Otubanjo, 2012:87; Chen, Lee, Yang & Lee, 2013:1515; Huabin, 2014:90; Kaneva, 2007:5; Kaneva & Popescu, 2011:192; Kaneva, 2014:63). Emerging as a distinct field of study in the mid-1990’s and gaining more prominence in the early 2000’s, Anholt (2007:3) determines that nation branding is principally concerned with the utilisation of certain elements of public diplomacy, tourism, and international trade as communication channels in the image management efforts of nations.

Fan (2006:12) and Queiroz and Giraldi (2015:1195) concur in their view that the underlying assumption of the concept of nation branding is that every nation in the global context has a brand, positive or negative - whether the nation brand is created consciously (through deliberate activities) or unconsciously (through passive or involuntary events). Nation branding literature (Dinnie, 2012:13; Marandu, Amanze & Mtangulwa, 2012:17; Vicente, 2004:4) suggests that in practice, nation branding in its most basic form can historically be traced back as far back as when individual countries adopted unique physiognomies such as:

- National flags,
- Unique financial currencies, and
- Distinctive national anthems.

Akin to conventional product and corporate branding, nation branding theoretically, assumes that nations can manage their reputations by adapting brand marketing techniques to the country marketing context (Kaneva, 2014:61). Within this line of thought, Youde (2009:133) is of the opinion that successful nation branding is premised on the notion that each nation must be identifiable by its unique characteristics in order for nation branding to be considered a viable approach to competitive nation differentiation within the global market. Importantly, according to several authors (Browning, 2014:1; Hynes, Caemmerer, Martin & Master, 2014:80; Rojas-Mendez, 2013:463-464; Ruzzier & de Chernatony, 2013:45; Stokburger-Sauer, 2011:1282; Varga, 2013:4; Vicente, 2004:4), a strong nation brand, in theory, should ideally translate into a generally affirmative perception of the nation, which then catalyses competitive advantages for the nation - ultimately, the nation brand should positively influence the decision-making process of tourists, foreign direct investors and international importers in relation to the nation as a tourist destination, location for FDI and source country of exports respectively.

The subjective nature of nation branding implies that the concept is open to multiple interpretations. For instance, Fan (2008:5) posits that nation brands can be viewed from three distinct perspectives – political; economic and cultural. While, Hakala *et al.* (2013:540) concurs with Fan’s (2008) cultural perspective of nation branding, and go further to segment nation branding into product and nation perspectives. Kaneva (2011) does, however for the purposes of the present study, offer a more comprehensive insight into the distinct perspectives on nation branding. Kaneva (2011: 120-128) dichotomises the distinct perspectives on nation branding in significant depth and proposes three salient approaches to nation branding as being the technical-economic approach; political approach, and the cultural approach. These approaches are summarised and outlined in Table 3.2.

Table 3.2: Theoretical approaches to nation branding

Approach to nation branding	Standpoint	Key Tenants of nation branding
Technical-economic approach	Functionalist standpoint that views nation branding as a strategic tool in the enhancement of a nation’s competitive advantage within the global market	<ul style="list-style-type: none"> • Nation branding is akin to corporate and product branding • A nation’s identity can be tactically managed as an asset or liability

Approach to nation branding	Standpoint	Key Tenants of nation branding
Political approach	Instrumentalist standpoint that views nation branding as an extension of public diplomacy	<ul style="list-style-type: none"> • Assumes nation-states compete in a global market, and by managing their reputations, nations can further their international interests • A nation's brand can be a post-ideological tool for competitive advantage "soft power"
Cultural approach	Neo-colonial/anthropological perspective of nation branding, which contextualises nation branding as a narrative of culture, communication and society	<ul style="list-style-type: none"> • Assumes that nation branding is a simplification of the identity, culture and governance of a nation • A nation's brand has political and cultural implications for the nation

Source: Kaneva (2011:120-128)

As is evidenced in Table 3.2, each approach to nation branding has its own distinct perspective and underlying assumptions related to nation branding, which inform the utility of nation branding in multiple contexts. For instance, the technical-economic approach to nation branding views the concept as a functional tool for global competitive advantage. The approach assumes that the identity of a nation is an asset or liability that can be managed by the nation from a tactical point of view. Contrastingly, the cultural approach to nation branding assumes that the concept is a simplification of the complex constructs of culture, communication and society, and is particularly concerned with nation branding's political and cultural implications of nation branding for the nation. Each approach is discussed in more detail.

3.4.1 The technical-economic approach to nation branding

The nation branding discourse is strongest in the field of marketing management that is within the spectrum of the technical-economic approach to nation branding (Lasso & Esquivel, 2014:6). From this perspective, global markets are driven by competition between nations for global resources and it then becomes the prerogative of national governments to compete for and secure global resources such as FDI and human capital (Kaneva, 2011:120). To this end, nation branding, within the technical-economic approach, assumes the function of facilitating the acquisition of global resources by attracting investors, tourists, students, skilled labour and trade (Bolin & Stahlberg, 2015:3066; Lasso & Esquivel, 2014:6).

3.4.2 The political approach to nation branding

The second most common approach to nation branding is the political approach. This approach to nation branding draws comparisons between nation branding and public diplomacy (Bolin & Stahlberg, 2015:3066). Kaneva (2011:124) acknowledges that the similarities and differences which can be drawn between nation branding and public diplomacy have been a source of contention between proponents of this approach to nation branding. Nation branding literature (Kaneva, 2011:124; Kaneva & Popescu, 2011:192) advances two perspectives on the political approach, namely that nation branding and public diplomacy:

- are two, independent but related constructs, and
- as similar constructs, where nation branding as a technical-economic approach expands into the political sphere.

The political approach views nation branding as a source of 'soft power' in the global political economy (Kaneva, 2011:125).

3.4.3 The cultural approach to nation branding

Lastly, nation branding finds its least representation in the cultural approach (Bolin & Stahlberg, 2015:3066). The cultural approach to nation branding is grounded in the cultural, communication and societal constructs in relation to national identity (Kaneva, 2011:127). This approach is criticised for being constrictive to the integrating of a nation's identity into narratives acceptable to western audiences (Bolin & Stahlberg, 2015:3066; Kaneva, 2011:128). As an emergent approach, there is an understandable paucity in literature relating to this approach to nation branding (Bolin & Stahlberg, 2015:3066).

Based on studies reviewed in this section, nation branding is practised based on three distinct approaches: technical-economic, political, and cultural, with the most common being the technical-economic approach, where countries engage in active competition for resources, and nation branding assumes a strategic role as a differentiation tool for individual countries. This specific study adopts the technical-economic approach to nation branding, acknowledging that nation branding is fundamentally grounded in brand-marketing theory and practise. Research points to the technical-economic

approach on nation branding as the most prominent perspective to contemporary nation branding - suggesting that in practice, contemporary nation branding is most commonly considered to be a functional tool akin to product and corporate branding. This is consistent with literature from the preceding sections of this chapter, which considers nation branding a commercial concept akin to corporate branding that is adopted by national governments as a global competitive image strategy to catalyse the socio-economic development of their economies.

Considering the hypothesised influence of nation brand image dimensions on FDI into Zimbabwe mentioned in chapter one, the present study is positioned within the technical-economic approach to nation branding. The technical-economic approach assumes that globalisation instigates competition between nations for “global” resources, and that a country such as Zimbabwe must compete globally for resources, including financial resources. Nation branding is then adopted as an approach to the creation of competitive advantage for a country. Prudently, the following section explores the existing perspectives on the practical utility of nation branding.

3.5 THE UTILITY OF NATION BRANDING

As previously referred to in the preceding sections of this chapter, nation branding is a subjective concept and is exposed to an array of characteristics. In line with this determination, nation branding literature offers various perspectives related to nation branding and its utility, some of which are outlined in Table 3.3.

Table 3.3: Utility of nation branding

Key Issues of nation branding	Authors
A competitive marketing strategy	Amujo & Otubanjo (2012:88); Fan (2006:12); Lee (2009:2); Mittila & Lauren (2014:370)
An intangible asset (nation reputation) management approach	Anholt (2010:7); Aronczyk (2008:42); Chen <i>et al.</i> (2013:1515); Cristea (2015:36); Mittila & Lauren (2014:370); Stokburger-Sauer (2011:1282)
A macro environment economic fundamental	Hakala <i>et al.</i> (2013:540); Huaibin (2014:90); Rojas-Mendez (2013:463)

Source: Own construction

From the relevant nation branding literature outlined in Table 3.3, three distinct perspectives emerge on the utility of the nation branding construct, namely nation branding as a competitive marketing strategy; an intangible asset management

approach, and; nation branding as a macro environment economic fundamental as discussed in the following sections.

3.5.1 Nation branding as a competitive marketing strategy

Based on the emerging general consensus among some authors (Amujo & Otubanjo, 2012:88; Fan, 2006:12; Mittila & Lauren, 2014:370) it appears that nation branding is primarily a government initiative, where governments adapt and utilise competitive marketing strategies as a tactical approach to managing their identities and brand images in order to improve their global images and reputations. For instance, Mittila and Lauren (2014:370) advance that national governments are increasingly adopting branding techniques as a differentiation tool within the competitive global markets, while, Amujo and Otubanjo (2012:88) argue that competitive marketing strategies are employed by nations in order to augment their brand images, identities and ultimately reputations positively to stimulate tourism, exports and FDI.

3.5.2 Nation branding as an intangible asset management approach

This gravitation of national governments towards brand-marketing techniques is a consequence of globalisation, where nations are increasingly competing with one another for a finite pool of global resources - which include FDI resources, human capital, tourism revenues and preferential international trade (Anholt, 2010:7; Mittila & Lauren, 2014:370). It is, therefore, according to studies consulted, the prerogative of national governments to manage their global brand images and the image they project, as part of the management of their reputations as 'national assets' that catalyse the comparative and competitive advantage for their nations (Aronczyk, 2008:42; Chen *et al.* 2013:1515).

Nation branding as a management approach facilitates the enhanced management and control of the images projected by nations to the rest of the world, and more importantly their key stakeholders - investors, international students, tourists, other governments, and the nation's diaspora (Stokburger-Sauer, 2011:1282). To this end, Mittila and Lauren (2014:370) believe that the stronger a nation's global image and reputation is, the easier it would be for the nation to promote its sustainable development, manage its flawed credibility, enhance its soft power and further its global integration.

3.5.3 Nation branding as a macro environment economic fundamental

The literature advances the notion that nation branding is premised on having a strong nation brand which may be able to influence positively stakeholder perceptions of the nation (Huaibin, 2014:90; Rojas-Mendez, 2013:463). Accordingly, Hakala *et al.* (2013:540) opine that a strong nation brand competitively positions or re-positions the nation and its products (tourist attractions, investment opportunities, export products, factor endowments) within the global market. Nation branding literature submits that by strategically and positively differentiating the nation, nations can develop sustainably, exert greater geopolitical influence and foster international relations and better appeal to global consumers (Browning, 2016:53). This influence, according to Hakala *et al.* (2013:540) and Rojas-Mendez (2013:463), can be achieved by nations managing competitively, their tangible and intangible resources which include: natural resources; socio-cultural, political, and economic factors, and history.

To this end, a fourth utility may be argued - nation branding as an investment location promotion approach.

3.5.4 Nation branding as an investment location promotion approach

Jacobsen (2012:253) observes that global competition for foreign investment inflows has increased with the onset of the economic globalisation phenomenon, technological advancement and the recent trade openness of key sectors in global economies. This means investors have over 243 potential investment locations globally to choose from during their investment location decision-making process. More pertinently, Lusch and Avraham (2014:171) refer to the contemporary global marketing environment as being 'ubiquitous', contending that nations in crisis are subject to unparalleled media coverage, which can be detrimental to how they are perceived by their external stakeholders - a case in point being Zimbabwe.

In 2011, the government of Zimbabwe recognised a real need for the management of the negative perceptions that the country evoked within the global community. To this end, as part of Zimbabwe's global re-integration program, the country's Medium Term Plan proposed the formation of the Zimbabwe International Marketing Council (ZIMC), whose mandate would be to re-brand Zimbabwe by developing and managing a positive and sustainable nation brand for Zimbabwe to improve the country's

competitiveness in the key economic spheres of tourism and FDI (Zimbabwe Medium Term Plan, 2011:11). Although this proposal was not implemented, this line of thought furthers the interest in the nation branding discourse, particularly the influence of a nations' brand image on its ability to improve global perceptions towards a country, and more pertinently, to attract FDI. Table 3.4 consolidates some views on the potential utility of nation branding in promoting investment locations.

Table 3.4: Utility of nation branding in promoting investment locations

Authors	View of nation branding utility for nations
Chen <i>et al.</i> (2013:1513)	Management tool for developing nations within the contemporary global political economy by means of: <ul style="list-style-type: none"> • Export products originating from the country within international markets • Initiatives by countries aimed at attracting international tourists, and • Promotional efforts by national governments to attract FDI
Fan (2006:9)	Nation branding creates a competitive advantage for countries by furthering their socio-economic and political interests
Schmitt (2014:18)	A nation image recovery strategy
Sun (2009:23)	Nation branding may be viewed as: <ul style="list-style-type: none"> • Accelerating a country's product exports • Boosting tourist arrivals • Enhancing foreign direct investments
Vicente (2004:30)	Branding a country to attract FDI by creating of a positive and attractive image of the country as an investment location

Source: Own construction

The views expressed in Table 3.4 suggest that nation branding is significant to the global competitiveness of nations (Fan, 2006:9). More significantly, nation branding is a strategic approach to furthering the socio-economic objectives of nations by managing how they are perceived by their external stakeholders (Chen *et al.* 2013:1513; Schmitt, 2014:18). Within the FDI context, nation branding may be utilised to create and manage an attractive image of a nation to create subjective preference for the country as a FDI destination (Sun, 2009:23; Vicente, 2004:30). Belloso, (2010a:49-50) is of the opinion that nation branding can perform some of the following functions:

- Encouraging FDI;
- Aiding the recovering of nation credibility;
- Counteracting negative international ratings and recouping a nation's trust within the investment community;
- Catalysing international relations, and

- Creating information symmetry in cases of post-regime and conflict misconceptions.

Gudlaugsson and Mangusson (2012:115) go on to posit that the primary objective of branding 'destinations' is either to emphasise an existing favourable nation image, remedy an existing negative image or create a new nation image altogether. To this end, Rojas-Mendez (2013:466) then notes that, while investors are expected to be more prudent and rational than tourists when selecting potential locations for their investment, investors are still prone to the influence of the image a country projects. This sentiment establishes the potential role of a nation's brand image in marketing of a nation for the purposes of attracting foreign capital.

In what may be considered to be the first empirical study to quantify the impact of the nation brand on FDI, Kalamova and Konrad (2009) attempt to model nation branding as an explanatory framework for FDI flows by using European country data. Interestingly, a positive and statistically significant relationship was found between the nation brand index and FDI inflows (Kalamova & Konrad, 2009:17). Statistically, a one grade increase in the Nation Brand IndexSM was associated with a 27% increase in FDI inflows, which translates to, a US\$35 million increase in FDI inflow in the context of the study (Kalamova & Konrad, 2009:17). Having established a quantitative relationship between a nation brand and the attraction of foreign capital, it is important to note that the study by Kalamova and Konrad (2009) was a Eurocentric study, quantitative by nature.

From the discussion in this section, it can be established that nation branding has a practical and distinct utility within the global environment. As it emerged, nation branding, primarily, has four utilities for national governments as a competitive marketing strategy; an intangible asset management approach; a macro environment fundamental, and, more pertinently; an investment location approach. The latter approach is particularly significant to the present study as it encompasses the first three utilities of nation branding within an investment promotion context (discussed in chapter four), where a country, such as Zimbabwe, could feasibly utilise nation branding to manage its global image as an intangible asset, by competitively managing and projecting its macro-economic fundamentals as a potential investment location.

Based on the discussion in this section, Zimbabwe may utilise nation branding to restore its credibility as a country, engage in proactive international relations, encourage international business, and create information symmetry of the post-2008 crisis Zimbabwe. The present study, however, focuses on Zimbabwe, as an African country, and seeks to determine the influence of the nation brand image of the country with the nation brand being a qualitative measure of the subjective preference of foreign investors. Nation branding is concerned with the management of a nation's image, making the image of a nation a very important concept in the nation branding discourse. The following section is a detailed discussion of the nation brand image concept.

3.6 THE NATION BRAND IMAGE

The conventional fundamentals of brand image and brand identity apply equally in the nation branding context. Within the context of the present study, it is important to differentiate between the two concepts. The brand identity of a nation/country may be described as the connotations with which a country/nation wishes its external publics not only to associate but also to represent it within the global community, while the image of the nation/country may be described as the subjective references and perceptions that are formed by external publics of the place, with or without the conscious efforts of the place to influence this image (Girma, 2016:207; Maltovicova, 2008:201). Brand image is often related to the concept of brand identity in the conventional sense and Le Roux (2012:104-105) dichotomises the two constructs as follows:

- *Brand identity* communicates the unique attributes and characteristics of the brand to external stakeholders and differentiates the brand from its competitors, and
- *Brand image* is the perceptions representing the sum of all impressions that a consumer holds of a particular brand based on their interaction with exposure to the brand and their resulting functional or emotional/symbolic associations with the brand.

In other words, brand identity is endogenous to a country and is within the control of the country, where a country itself identifies the characteristics it wants to be associated with by its external stakeholders (other governments, tourists, investors).

On the other hand, brand image is exogenous to the country and is not within the control of country, where external stakeholders individually associate particular countries with certain characteristics based on their subjective perceptions. Blair *et al.* (2014:20) and Cristea (2015:33-34) advance this view, pointing out that nation identity and nation image are two distinct but related concepts, where the identity of a nation is concerned with self-projection, while the nation image is concerned with the perceptions of others in relation to the nation. Idealistically, the nation image is a realistic perception and reflection of a nation derived from the identity projected by that particular nation. Dinnie's (2008) conceptual model (see chapter one) of nation-brand identity and image, clearly illustrates the relationship between the identity of a nation and its brand image. With this clarity in mind, the nation brand image construct is discussed.

The nation brand image may be described in the simplest terms as the summation of the existing perceptions held by external stakeholders in relation to a particular nation (Fan, 2008:3; Matlovičová, 2008:201). This image may either be positive or negative. More importantly, the image of a nation/country may be managed in order to harness brand equity for national outputs such as export products and services originating from a particular country and, to more significantly, make the country an attractive destination for investment and tourism (Guina & Giraldi, 2012:13). The following section explores the notion of brand image, specifically applicable to nations.

3.6.1 Characterising the nation brand image

Much like the nation branding concept, there are multiple terms utilised as a prefix in the characterisation of the nation brand image, including place, country and nation. In the present study these terms will be used interchangeably as they were used by the respective authors, but all these terms will refer to the singular concept of nation brand image. Table 3.5 outlines the multiple characterisations of the nation brand image in contemporary nation branding literature:

Table 3.5: Characterisations of the nation brand image

Source	Characterisation of nation brand image
Akoita <i>et al.</i> (2011:124)	The pervasive perception within the minds of external stakeholders of the tangible and intangible outputs of a nation
Fan (2008:3)	The idealistic perception a nation acknowledges as being central to how the nation is distinctly perceived by other nations
Hynes <i>et al.</i> (2014:80)	The overall impression of the nation that is held by external publics
Matlovičová (2008:201)	A simplification of the subjective references that relate to a particular nation
Vicente (2004:4)	The mental representation of a nation

Source: Own construction

Based on the characterisations presented in Table 3.5 the nation brand image may be described as a cognitive construct that is subjective by nature, primarily informing the perceptions/impressions that exist of the nation among external stakeholders (Hynes *et al.* 2014:80; Matlovičová, 2008:201). These subjective perceptions are based on the distinctive references to the tangible and intangible products and characteristics of a nation respectively, representing a source of information symmetry for consumers in their mental and emotional evaluation of a nation and its offerings (Akoita *et al.* 2011:124; Fan, 2008:3; Vicente, 2004:4).

The characterisations in Table 3.5, imply that how a nation is viewed or perceived by its stakeholders, is essentially a mental construct, and that the nation brand image summarises the information they have on a nation and informs their actions towards that nation and its offerings. According to Rojas-Mendez (2013:464), the images held of nations by consumers or its stakeholders exist in two forms - as organic images and induced images.

An organic image can be described as the image of a nation based on impartial sources of information such as personal experience and symbolic stimuli (Marshalls, 2007:26-27; Rojas-Mendez, 2013:464; Sonnleitner, 2011:19). Jenes and Malota (2009:4) advance the notion that consumer images formed from personal experience lead to *descriptive beliefs* about a country and/or its products. On the other hand, an induced image is based on the subjective information that the consumer is exposed to by the conscious efforts of nations and/or their marketers, as well as social stimuli (Marshalls, 2007:26-27; Rojas-Mendez, 2013:464; Sonnleitner, 2011:19). In this regard, Jenes and Malota (2009:4) argue that consumer images form as a result of

the consumer's interaction with external sources such as the media or social interaction, lead to *informative beliefs* about a country and/or its products.

Related to this conceptualisation of the nation image, Giraldi, Ikeda and Campomar (2011:97) and Lopes (2011:306) concur in the view that the brand image of a nation has a significant influence on the consumption choices that consumers make. From a strategic marketing point of view, the analysis of brand images within the market is vital, and according to Lopes (2011:306), there are three theoretical perspectives of the nation image:

- The brand image as *a fiction* that exists in the mind of the consumer but does not reflect the reality of the image;
- The brand image as *an icon* showing how a nation is regarded as a perceptual representation of an offering, and
- The brand image as *an attitude* showing how a nation is perceived as a cognitive, affective and behavioural construct that influences the 'actions' of the consumer.

As previously discussed, the nation branding construct acknowledges that the brand image of a nation exists with or without the conscious efforts of the nation, and that the most ideal situation would be congruence between the perceived image of a nation and its reality. As a result, the concept of *image as fiction* applies to most nations. The nation brand concept also recognises that the nation brand is a perceptual representation of the offerings a country, utilised by the consumer in product evaluations. Lastly, the realisation that the brand image of a nation influences the cognitive, affective and ultimately behavioural aspects of consumer behaviour, gives credence to the concept of nation branding, as this suggests that the brand image of a nation can be augmented and managed in order to influence the behaviour of its key stakeholders/consumers. With this in mind, the following subsection synthesises the nation image situations in which nations may find themselves.

3.6.1.1 Nation image perceptions

Thus far, studies have established that nations are branded consciously or unconsciously, and while it would be ideal for how a nation perceives itself (identity) to be congruent to how it is actually perceived as a nation brand (image), it is often not the case in reality. It follows then that globally, nations are in different consumer defined image situations as they compete in the global marketplace. These images result in what nation branding literature describes as the *Country-of-Origin Effect*, where consumer perception and consumption behaviour towards the products and services originating from a particular country are influenced by the subjective views held by the consumer of the country-of-origin (Crestea *et al.* 2015:422; Chew & Jahari, 2014:382; Panda & Misra, 2014:494-495; Zhang, Fu, Cai & Lu, 2014:215).

The nation brand image is closely associated with country reputation, which Burcio (2013:128) describes as the cognitive reference created of a country by the consumer, based on experience and knowledge (a combination of different dimensions and stakeholder images of a country over time) reflecting on the credibility of a nation's identity. For instance, Crestea *et al.* (2015:423) cite the example of France, a country globally revered for its winemaking, high fashion and perfume, having a contrasting and less favourable image in the context of technological products and motor vehicle brands. With this in mind, nation images may, according to literature consulted, be categorized as summarised in Table 3.6.

Table 3.6: Nation image typology

Nation image type	Image characterisation
Overly attractive image	Exceptionally attractive to consumers (tourists, investors, students) and the location is characterised by negative side effects such as congestion and pollution
Positive image	Factor endowments (natural resources, human capital, investment opportunities) foster a positive image of the country
Mixed image	A simultaneously positive and negative image situation
Weak image	Less competitive in the global market as a result of being less visible, smaller, not competitively promoted/marketed
Contradictory Image	Conflicting images of the same nation, mostly based on contrasting views and information (people hold opposite views about some features of the place)
Negative image	Undesirable image of a nation, based on deleterious past events, stigma and misunderstanding

Source: Adapted from Marshalls (2007:52-53)

Table 3.6 synthesises the six image typologies in which a nation may find itself in. Any nation would logically prefer to have a positive image where the unique attributes of the nation positively influence the perceptions of external stakeholders. The following subsections discuss each image situation in a predominantly (but not limited) destination image context, within which a significant proportion of empirical research regarding the images of countries and their effect on consumer behaviour has been conducted, as part of the decision-making process of tourists.

a) Overly attractive image

While enjoying an attractive image may be beneficial to a country, having an overly attractive image, according to Hermann (2010:60), also poses certain strategic challenges. The country faces the challenge of reducing the problems of highly attractive areas, such as pollution, over population, crime and, congestion, and, as Hermann (2010:60) suggests, such challenges can be overcome by stimulating the growth of peripheral areas and shifting focus from the area of attraction. Countries must, in essence, promote decentralisation and sustainably manage their location in order to maintain and conserve resources (Marshalls, 2007:53).

The literature consulted suggests that overly attractive images are a significant challenge within the tourism destination management context. A study by Stange and Brown (2013:13) cites the cases of China, Belize and Spain as countries that face the challenge of being overly attractive to tourists. “Over-tourism” may be prejudicial to local communities and resources to the extent that tourism numbers threatens the sustainability of the tourist destinations (Stange & Brown, 2013:9). To this end, the study recommends management planning aimed at dispersing tourists and tourist activities from centralised “popular” locations in order to manage the tourism resources sustainably and ultimately preserve the image of the country as a tourist destination (Stange & Brown, 2013:19).

b) Positive image

As is evident from Table 3.6, countries that are considered to have a positive image, are essentially endowed with positive attributes that positively influence how they are perceived by their external stakeholders (Marshalls, 2007:52). Needless to say, countries with a positive image do not require image augmentation, but their strategic

challenge is how to amplify their positive attributes and ensure more effective segmenting and target groups (Hermann, 2010:60; Marshalls, 2007:52). To this end, a study by Panda and Mishra (2014:497) on the impact of Country of Origin (COO) on the brand equity of durable products within the Indian market found that, countries with positive images enjoyed significantly more positive brand equity for their outputs. This, as the study advanced, was a result of countries with positive images garnering positive perceptions, which ultimately translated to enhanced brand loyalty, heightened brand awareness and superior distinctiveness for products originating from the positively perceived countries. Given such a scenario, countries with positive images need only to amplify their positive attributes and target them more effectively to their desired external stakeholders.

c) Mixed image

As synopsised in Table 3.6, a country with a mixed image is associated with both positive and negative connotations by its external stakeholders (Marshalls, 2007:53). It follows then that the strategic challenge for such countries would be the countering of the negative attributes and the extenuation of the positive image factors (Chew & Jahari, 2014:382; Hermann, 2010:60). To this end, a study by Chew and Jahari (2014:383) advances the notion that a country with a mixed image is best served by managing negative perceptions and seeking to *reinforce* the positive aspects of the country. This assertion was made in the context of post-Fukushima disaster in Japan, and the perceived risk and tourist intention to revisit the natural disaster-prone country. The study critically found that the mixed image of Japan as an attractive but risky tourist destination, may be addressed by managing the nation image of the country by strategically employing the nation image as a mediator between travel intention and perceived risk by tourists intending to visit Japan (Chew & Jahari, 2014:391). This would be achieved, as the study recommends, by providing information symmetry on specific risk factors when promoting the countries positive attributes (Chew & Jahari, 2014:392).

d) Weak image

According to Table 3.6, countries with weak images are, for various reasons, which may include poor promotion, not visible within the global context (Marshalls, 2007:52). Therefore, the challenge for countries with weak images, is improving the visibility of

the country a strategy that depends on the reasons for the weak image, which implies the need for a clear marketing strategy which creates an endowment-based competitive advantage for the country (Hermann, 2010:60; Marshalls, 2007:52). In a study on the effect of COO on brand positioning, Crestea *et al.* (2015:423) cite the case of Turkey as a country with a weak image. According to their observation, Turkey is a country that has a strong product brand, specifically in the carpet industry, but has not been able to harness this positive product brand equity in order to boost its weak image as a country (Crestea *et al.* 2015:423).

This assertion echoes the empirical observations of Saydan (2013:82), who explored the relationship between COO image and brand equity by measuring British consumer perceptions of Turkish-made household appliances available within the British market. The critical finding of the study was that consumer behaviour towards the Turkish brands was dependent on the perceived image of the country-of-origin and that the association with Turkey was a competitive *handicap* for products and services originating from that country (Saydan, 2013:86). To this end the study concluded that the management of perceptions related to Turkey (through country name and country marketing) needed to be integrated into the marketing strategies of successful Turkish brands, thus in theory seeking to counter Turkey's weak global image through the reverse COO effect - positive product image and brand equity harnessed to reflect on the country's overall image (Saydan, 2013:87).

e) Contradictory Image

As suggested in Table 3.6, when external stakeholders have conflicting views or perceptions of a country; the country is considered to have a contradictory image (Marshalls, 2007:53). The strategic challenge for countries with contradictory images is then managing these contrasting perceptions of the country while, simultaneously promoting a more positive image for the country (Hermann, 2010:60). Countries in this situation must focus on providing information symmetry by accentuating their positive image while simultaneously trying to change the realities that give rise to negative images (Hermann, 2010:60; Marshalls, 2007:53). What seems to be unique about contradictory images in comparison to other image situations is that countries with contradictory images are in transition or, at a particular time, had to go through a transition from having a negative image to forging a positive image.

In a study on how countries are increasingly adopting mega event hosting as a destination image management tool, Avraham (2014:64) studied cases of countries with image problems and their attempts to correct these images. A post-conflict country such as Germany after World War Two, faced contradictory image situations with cities such as Nuremberg, the former symbol of the Nazi regime, but in the modern day aspires to portray its image as a peaceful place, championing social justice and human rights, by hosting global cultural events (Avraham, 2014:67). Germany, in particular, also implemented a “New Germany” program which involved global opinion leaders from the media, politicians, business leaders and celebrities visiting post war Germany and promoting the new positive narrative of Germany (Avraham, 2014:68). This was part of Germany’s management approach to addressing the contradictory war-related negative connotations associated with the country while simultaneously promoting the country’s new post war positive aspects.

f) Negative image

The final image situation synopsis in Table 3.6 is the negative image situation. According to Marshalls (2007:52), these are countries with undesirable images based on negative past events, misconceptions or information asymmetry. The challenge then becomes that of addressing the sources of the negative image by formulating long term strategies that project a more positive country profile based on realistic positive developments that mitigate the negative factors influencing the perceptions of external stakeholders (Hermann, 2010:60; Marshalls, 2007:52). To this end, a study by Chen, Lai, Petrick and Lin (2016:33) examined the role of stereotyping in the formation of destination image amongst Taiwanese tourists with specific reference to the image of China as a potential tourist destination. The study found that, as a result of previous political tensions between China and Taiwan, Taiwanese tourists had a largely negative image of China as a potential travel destination despite the normalisation of political relations between the two countries (Chen *et al.* 2016:33). This illustrates the negative COO effect China has on Taiwanese nationals within the destination image context. To this end, the study recommends that Chinese marketing organisations focus on promoting China to Taiwanese tourists as an *affective* image strategy to change how the people of Taiwan *feel* about China.

A key observation that can be made from the discussion on image situations is that the nation image construct is unique in that all other image situations, apart from a nation having a positive image, fall on the other end of the image spectrum, implying that any image that is not positive represents a significant challenge to the nation. Overly attractive, mixed, weak, contradictory and negative image situations require significant governmental interventions to augment the image situation to a positive image, for instance, nations with overly attractive images must institute protectionist policies to conserve its resources, while balancing the need to remain sustainability competitive and attractive to investors, immigrants, students and tourists (Marshalls, 2007:53).

Of particular interest to the present study is the negative image situation, since contextually, the premise of the present study is that Zimbabwe is in a negative image situation as a result of the 1998-2008 Zimbabwe crisis period (see section 2.2) and in a best case scenario, is gravitating towards the contradictory post crisis image situation from 2009 to date. The negative image of a nation may be viewed from two perspectives - sudden (acute) negative images and long term negative images (Avraham, 2014:62). Each is synopsised in Table 3.7.

Table 3.7: Causes of negative images

Negative images	Crisis type	Causes	Cases
Sudden	Unanticipated	Disease outbreaks	The 2014-2015 Ebola outbreak in West Africa
		Terrorist attacks	The 2014 Kenya mall attacks and the 2015 Tunisia beach attacks
		Natural disasters	The 1992 Somalia drought and the 2015 floods in Mozambique and Malawi
Long term	Protracted	Civil war	The ongoing Sudanese conflict
		Econo-political instability	The 1998-2008 Zimbabwe crises
		Extraordinary crime rates	Post-apartheid South Africa

Source: Adapted from Avraham & Ketter (2008:102); Matiza & Oni (2014:399-400)

As evidenced in Table 3.7, Avraham and Ketter (2008:102) suggest that crisis situations that are often the genesis of negative images may be classified into two segments - sudden crisis and long term crisis. It follows then that these crisis situations may be considered to induce either sudden or long term negative images for nations. These sudden negative images are ordinarily a result of unanticipated crises, while,

long term negative images are ordinarily a result of protracted crises as summarised in Table 3.7.

Based on the evidence from Table 3.7, it is Zimbabwe's current negative image situation, the country has experienced a protracted period of econo-political crisis and has over the past seven years struggled to counter the stigma it is associated with due to this crisis and to reintegrate itself in the global business community (Ndlovu & Heath, 2013:947-948), and its influence on FDI that are the crux of the present study. Theoretically, Table 3.7 implies that Zimbabwe's strategic challenge is to project a positive image, while simultaneously mitigating the factors that are the source of the negative image (Hermann, 2010:60; Marshalls, 2007:52).

To summarise this section, the nation brand image has emerged as a critical component within the nation branding practice. This section dichotomises critically between nation identity and nation image in order to clarify the significance of each concept. Of particular interest in this section, however, are the nation brand image and the image situations nations in which may find themselves - which are characterised as ranging from overly attractive to negative images, as well as the strategic challenges each image situation poses to these nations. Importantly, the discussion then focuses on negative images situations, where countries may experience sudden negative images or long term negative images based on certain image-affecting events, as these are the most relevant to the study.

In the case of Zimbabwe, the present study opines that the country is in a long term negative image situation, as a result of a protracted econo-political crisis, and must seek to remedy this situation by focusing on counteracting the factors that result in this negative image while projecting a positive identity based on its positive factors. The imperative question then becomes how Zimbabwe can manage its image and with this in mind, the following section discusses how nation branding literature addresses the management of the nation brand image.

3.7 THE MANAGEMENT OF THE NATION BRAND IMAGE

Most nations have an established and enduring global image, however, nations are increasingly 'reimagining' themselves as a strategic response to globalisation and its diminishing effects on comparative advantage (Marat, 2009:1124; Marshalls, 2007:85; Rojas-Mendez, Papadopoulos & Alwan, 2015:18). The literature consulted, establishes a causal effect between a nation's image and consumers' behaviour - product evaluation and purchase/consumption decisions - relating to the nation (Hynes *et al.* 2014:81-82; Vicente, 2004:4). From a technical-economic perspective, a negative perception of the image of a nation would render the nation increasingly uncompetitive within the global marketplace, and would have what Matlovičová (2008:201) refers to as 'far-reaching consequences' for the nation's economic development, general business environment and tourism revenues. In the contemporary global business environment, the literature suggests that a negative nation image poses a significant impediment to government efforts to attract international enterprises, tourists and foreign direct investors (Avraham, 2014:61).

Contemporary nation branding is of particular importance to nations that have 'uncompetitive' global images (Fan, 2008:2; Youde, 2009:132). As the preceding sections of this chapter have established, nation branding, as a value-adding strategic brand marketing approach to creating, managing and projecting the identity of a nation, has the aim of positively influencing the image of a nation in the minds of its key stakeholders namely foreign direct investors, tourists and economic migrants. Put simply, nation branding is the promotion of the image of a nation to its external stakeholders (Fan, 2006:9; Gotsi, Lopez & Andriopoulos, 2011:255).

The creation and management of the brand image of a nation do however, go beyond simply 'disseminating' the relevant information of a nation to its consumers (Currie, 2014:94). This realisation has increasingly led governments to seek to manage their images as brands as part of their global reputation management efforts (Lasso & Esquivel, 2014:6; Youde, 2009:132). Before embarking on a nation branding program, it is however, prudent for governments to establish their existing nation brand images within the global context and formulate remedial action thereof (Fan, 2006:10). More importantly, it must be established of what significance a positive nation image is to a

nation. The following subsection explores the concept of brand equity, which is essentially the 'valuation' of the brand.

3.7.1 The brand equity construct

In conventional brand theory, several authors (AMA, 2015; Cai, Zhao & He, 2015:553; Davcik, da Silva & Hair, 2015:5; Dinnie, 2008:62; Kotler & Armstrong, 2014:247; Lamb *et al.* 2012:266; Sun, 2009:11; Yasin, Noor & Mohamad, 2007:39), refer to brand equity as the accruing value positive or negative, that is placed on an offering by the intangible assets or liabilities a given brand name provides. In essence, positive brand equity can be a source of competitive and comparative advantage (brand equity as an asset) for enterprises (Atilgan, Aksoy & Akinci, 2005:237; Buil, de Chernatony, Martinez, 2008:384; Saydan, 2013:78), while the opposite is true in cases of negative brand equity, where the offerings associated with a negatively perceived brand become less competitive (brand equity as a liability).

With the description of brand equity in mind, the literature consulted identifies the stakeholders who would have a vested interest in brand equity within the business context. Davcik *et al.* (2015:6) identifies the key stakeholders in brand equity as:

- Investors, who are concerned with the financial implications of brands and their equity;
- Manufacturers, who are concerned with the equity of the brand as a strategic marketing and positioning asset, and
- Retailers, who are concerned with the marketing implications of the brand equity.

It is what consumers think of the product and its position in the marketplace in relation to its competition that determines the value of the brand to stakeholders (Yasin *et al.* 2007:39). By taking a multi-stakeholder approach to brand equity, the concept may be interpreted from distinct perspectives suggesting that the concept of brand equity is contextual (Anderson, 2011:1; Mahfooz, 2015:82). According to Davcik *et al.* (2015:5-6) however, there are three key perspectives on brand equity: a consumer orientation, a product orientation and a financial orientation. Table 3.8 summarises the key brand equity perspectives that relate to the customer, product and financial orientations (Baalbaki, 2012:16-17).

Table 3.8: Brand equity perspectives

Perspective	Description of brand equity perspective
Cognitive psychology	Differentiation by consumers based on the marketing mix of the brand and resultant brand association
Information economics	The utility of the brand name as a representation of the quality of the product to the consumer
Financial markets	The additional value of the firm based on the difference between the market value of the firm and the value of the tangible assets of the enterprise

Source: Adapted from Baalbaki (2012:16-17)

A brief discussion of the three brand equity perspectives summarised in Table 3.8 follows.

3.7.1.1 The cognitive-psychology perspective

The cognitive-psychology perspective is particularly related to the consumer orientation where the perceived value of the brand is based on the behaviour of consumers (Baalbaki, 2012:16; Burmann, Jost-Benz & Riley, 2009:391). In principle, more positively perceived brands would be more competitive in the market as compared to more negatively perceived brands (Farajam & Hongyi, 2015:15). Hence, this perspective is also referred to as the perception perspective, where the product on offer has added value beyond its utility in the mind of consumers (Anderson, 2011:2; Oliveira & Luce, 2012:4, 7). What is important from this perspective, is the image of the product and the intangible value consumers place on the brand, and their willingness to pay a premium price compared to competing brands of the same utility – brand preference (Anderson, 2011:2; Burmann *et al.* 2009:391).

3.7.1.2 The information economics perspective

The information economics perspective is product related, where the brand as a touch point between the consumer and the product assumes the functional role of an information symmetry tool (Baalbaki, 2012:17; Taylor & Almasi, 2011:68). The more valuable the brand is pre-emptively perceived to be, the less the associated information cost in the consumption decision-making process of the consumer (Baalbaki, 2012:17; Im, Kim, Elliot & Han, 2012:390). To this end, this perspective may be associated with what Anderson (2011:3) refers to as the premium perspective of brand equity, where the result of the value added to the product by the brand,

translates to positive consumer behaviour in terms of consumers paying premium prices, and ultimately increases the volumes they purchase.

3.7.1.3 The financial markets perspective

Finally, the financial markets perspective is allied to the financial orientation to brand equity (Baalbaki, 2012:17; Burmann *et al.* 2009:395). This is brand equity as the difference between the actual tangible value and utility of a product or firm and its market value (Baalbaki, 2012:17; Farajam & Hongyi, 2015:15). According to Anderson (2011:1), quantifying brand value is crucial for effective brand marketing. Brand equity, from a financial markets perspective, allows marketers to conduct longitudinal analysis of the fluctuations in the brand value of the enterprise as an institutional asset (Anderson, 2011:1; Burmann *et al.* 2009:395; Oliveira & Luce, 2012:2, 3). To this end, the financial markets perspective of brand equity is also referred to as the portfolio perspective – which suggests that the markets based on the perceived brand value, assign corporates value over and above the tangible capitalisation of the corporate entity (Anderson, 2011:3; Oliveira & Luce, 2012:6).

In light of the characterisation of brand equity thus far, as a multi-stakeholder, multi-dimensional construct, it is safe to assume that foreign direct investors, as nation stakeholders, would have a specific financial markets orientation to brand equity. This quantitative approach to brand equity may be regarded as the conventional perspective to brand equity (Dinnie, 2008:62). However, as Dinnie (2008:62) and Queiroz and Giraldo (2015:1194) observe, nations are due to globalisation, competing increasingly against each other for a finite pool of financial resources and as previously indicated, the direct consequence of this global competition is that the bargaining power to attracting foreign capital activities has shifted from the potential locations to the direct investors. This implies that it has become paramount for nations to promote themselves actively as locations for foreign investment.

This section of the chapter reviews literature associated with the management of the nation brand image. As it has emerged from the preceding discussion, there is a causal relationship between the brand image of a nation and the behaviour of consumers towards the nation. This behaviour is based on the perceived values the nation's brand

image has in the mind of the consumer from a cognitive psychology-, information economics- or financial markets perspective. This is referred to as brand equity.

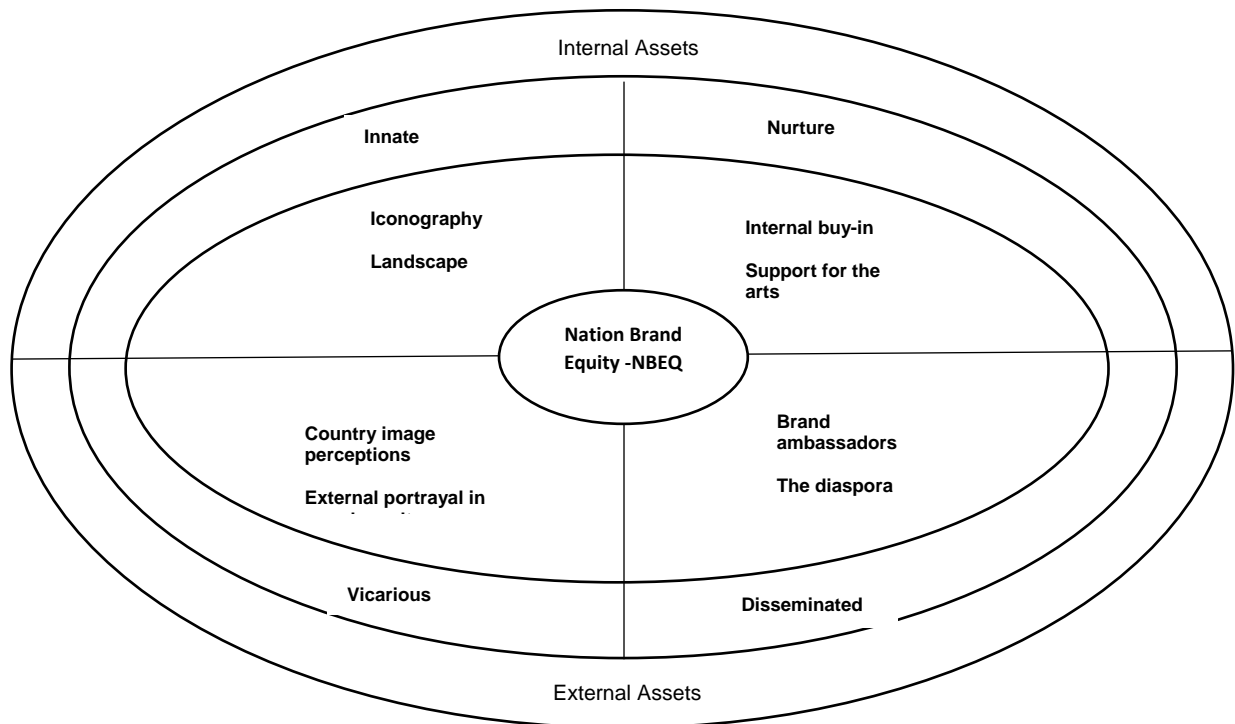
With this in mind, it is safe to assume in summarising the management of the brand image of a nation/country that the increasing obsolescence of comparative advantages in the global market means that multiple locations can now offer financial markets-based brand equity to investors. It follows then that, for a nation such as Zimbabwe to be competitive in the global market, the cognitive psychology and information economics perspectives of brand equity become increasingly significant in the contemporary business environment. Now it is however, imperative that Zimbabwe seek to determine and then manage the more qualitative-oriented dimensions to create positive brand equity in the global market. This is the emphasis of the present study. The following section puts the brand equity construct into a national perspective.

3.8 NATION BRAND EQUITY

Nation branding literature (Konecnik & Gartner, 2007:402,403; Zavattaro, Daspi & Adama, 2015:13) suggests that, much like its adaption of the conventional brand construct, brand equity theory applies in equal measure to nations as destinations. Brand equity in the nation branding context is referred to as nation brand equity, and literature consulted submits that the name of a nation may be considered to have a similar positive or negative effect on the perceived value of a product offering, akin to the conventional brand effect (Zeugner-Roth, Diamantopoulos & Montesinos, 2008:580). Furthermore, Kim, Lee, Fang, Lee and Kapstein (2015:278) believe that the images that consumers have of nations can be used as measures of the perceived value of the country's offerings.

Dinnie (2008) formulated the seminal construct related to the valuation of nation brands, the nation brand equity model (NBEQ), that is grounded on the characterisation nation brand equity, as "...the tangible and intangible, internal and external (assets or liabilities) of a nation" (Dinnie, 2008:67). The NBEQ (Figure 3.3) is synonymous with brand equity in the nation brand context and is widely employed in nation branding literature (Baruca, 2010:110; Belloso, 2010b:233; Bulearca & Bulearca, 2011:42; Hermann, 2010:98; Prucpairojkul & Triamsiriworakul, 2008:16; Sena, 2012:69; Song, 2010:62; Sun, 2009:67; Odia & Isibor, 2014:205).

Figure 3.3: The asset-based nation brand equity model



Source: Dinnie (2008:68)

The need for national governments to ascertain the contribution and value of the nation brand to the economy has buoyed the development of measures to establish the equity of nation brands (Belloso, 2010b:233). As such, the NBEQ is primarily an asset-based evaluation tool that ascertains the sources of nation brand value (equity). As indicated in Figure 3.3, nations accrue value from internal and external assets as discussed in the following sections.

3.8.1 Internal assets

Internal assets/liabilities are factors that are endogenous to the nation and are either *innate* or *nurtured* (Sena, 2012:69). Internal assets are characterised by Dinnie (2008:68) and Queiroz and Giraldi (2015:1196) as being either innate assets, which are the inherent elements of a nation’s identity that can be adapted to add value to the brand equity of a nation, or nurtured assets, which are elements that are a result of ‘contemporary’ and deliberate efforts to build nation brand value by creating an enabling environment within the nation. As illustrated in Figure 3.3, internal assets may be considered to be innate or nurtured.

3.8.1.1 Innate assets

Innate assets according to Queiroz and Giraldi (2015:1196) include as illustrated in Figure 3.3: iconography (flags, national monuments/heritage sites, famous individuals); landscape (geographic advantages such as location, unique scenery, soil fertility) and culture (traditional music, art, food, literature). Hermann (2010:98) and Prucpairojkul and Triamsiriworakul (2008:16) concur that innate assets are the distinct and often enduring physical and socio-cultural factors that distinguish the nation from others and cannot be replicated. Innate assets are therefore, regarded as a significantly influential source of differentiation for nations and, hence, represent an important source of nation brand equity (Dinnie, 2008:68).

3.8.1.2 Nurtured assets

Natural assets include the following: internal buy-in - the local population accepting and 'living' the brand; support for the arts - concerted efforts by the government or private sector to preserve and showcase cultural activities including music, art and literature, and loyalty - policies implemented to foster relationships between the nation and its citizens, trading partners and investors (Dinnie, 2008:70-71; Hermann, 2010:99; Queiroz & Giraldi, 2015:1196). The development of synergetic relationships within a nation's internal publics is a critical stakeholder in the development of NBEQ, and according to Prucpairojkul and Triamsiriworakul (2008:16) represent a critical success factor in nation branding.

3.8.2 External assets

External assets are comprised of factors that are exogenous to the nation and are either *vicarious* or *disseminated* (Queiroz & Giraldi, 2015:1196). Sena (2012:69) characterises vicarious assets as resources resulting from the indirect interaction between the nation and its external stakeholders, while disseminated assets are resources that accrue value through the direct interaction between the nation and its external stakeholders. Each asset type is synopsised.

3.8.2.1 Vicarious assets

With particular reference to vicarious assets, the NBEQ is concerned with the country image perceptions - are the positive or negative images of the nation held by stakeholders outside the nation, and the portrayal of the nation globally – factors the

country has no control over, such as its depiction in the media of movies, and international sporting performances (Dinnie, 2008:71-72; Prucpairojkul & Triamsiriworakul, 2008:16-17; Queiroz & Giraldi, 2015:1196). Vicarious assets, according to Hermann (2010:99), represent the indirect factors that influence the subjective references external stakeholders have of the nation.

3.8.2.2 Disseminated assets

Disseminated external assets in the NBEQ refer to direct planned interaction between the nation and its external stakeholders (Dinnie, 2008:72). Sources of disseminated nation brand equity, according to literature (Hermann, 2010: 99-100; Prucpairojkul & Triamsiriworakul, 2008:17; Queiroz & Giraldi, 2015:1196), include:

- Brand ambassadors, who are often appointed individuals who represent the nation globally and act as a reference point for the promotion of the image of the country;
- The diaspora, that is an existing network of citizens residing within the global community, and
- Branded exports, which are products which influence the global reputation of the nation (country of origin effect), as they may be considered to be a key touchpoint in nation brand image formation.

In summary, this section has established that conventional brand equity can be adapted to nations. The NBEQ is an evaluative tool that identifies the distinct “assets” that can be managed to create value for a particular nation. These assets may be endogenous or exogenous, linking NBEQ with the perspectives of nation branding discussed in preceding sections with reference to nation brand identity versus nation brand image. As it has emerged, a nation may manage its internal assets (innate or nurtured) with which external publics then directly interact, or seek to control its external assets (vicarious or disseminated) with which external publics then indirectly interact. Within the scope of the present study, the vicarious-external nation brand equity assets of nations are of particular relevance to the nation brand equity of Zimbabwe, specifically, the country image perceptions of foreign direct investors as a potential source of nation brand (positive or negative) equity for Zimbabwe in the FDI context.

According to the literature reviewed, country image perceptions may not be an accurate reflection of the reality of the nation; may be strongly positive within one dimension of the nation or may be an accurate depiction of negative underlying problems within the nation – implying that country images (contradictory, overly positive or negative) need to be managed by the nation. It is thus critical to determine how exactly nations ascertain in what image situation they are and what nation brand equity (positive or negative) accrues to its economy as a result of the nation's brand image. The determination of nation brand value is critical in the management of nation brands. The following section addresses these question of the evaluation of nation brand value.

3.9 EVALUATING THE NATION BRAND VALUE

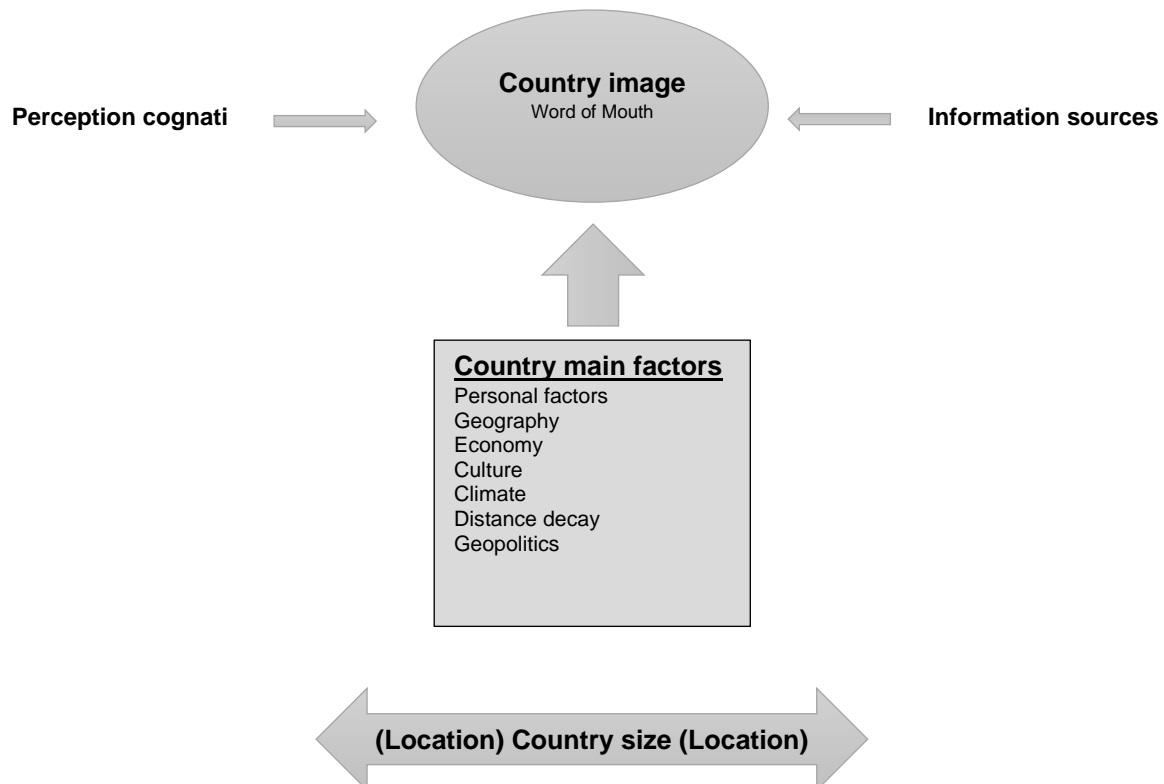
A discussion of how nation brand images are evaluated is most prudently preceded by discussing the factors that literature identifies as components of a nation's brand image, as these factors are measured to determine the brand equity of a nation. The intangible nature of nation brands and nation brand images (Fan, 2006:7; Knott, Allen & Swart, 2012:114), is what makes the determination of their antecedents and overall evaluation complex. According to Rojas-Mendez (2013:464) there are a multitude of elements that are considered to be components of the nation brand including:

- Geographic location,
- politics,
- resource endowments,
- tourist attractions, and
- social constructs including a nation's culture, heritage, language and people

This implies that the evaluation of nation brand images may be considered a complex process - especially the determination of which factors may be considered to be valid for the evaluation of each country's brand image in equal measure. Rojas-Mendez *et al.* (2015:18) acknowledge the critique of the descriptive nature of the nation branding discourse - particularly with reference to the nation image construct, where there is paucity in literature determining the antecedents of nation brand images. The nation image construct is highly subjective and dynamic, making it both multidimensional and complex by nature (Fan, 2008:5; Hynes *et al.* 2014:80; Sun, 2009:22). To this end,

Avraham (2009:203) acknowledges that the images of nations are composed of multiple elements, and identifies them to include broadly, location of the nation, the leadership regime of the nation, the socio-economic stability of the nation and the nation's governance. Figure 3.4 illustrates the relationship between the main factors of the country and the global image of the nation.

Figure 3.4: Elements of country image



Source: Marshalls (2007:27)

As illustrated in Figure 3.4, the size and location of the nation are the foundation of the factors that compose the image of a nation. Marshalls (2007:27) concedes that while the factors illustrated in Figure 3.4 are not exhaustive, they represent the seminal factors identified in a significant proportion of literature. These factors are as illustrated, influenced and contextualised by external information sources (such as the media, branded products) and the subjective perceptions (such as stereotypes) of individual stakeholders (Marshalls, 2007:27). In simpler terms, the main factors of country image represent the variables measured in the evaluation of the brand image of a nation, as well as the sources of the nation brand equity accruing to that particular country. In light of the factors highlighted thus far, the following section synthesises the

Nation Brand Index (NBI) that is widely considered to be the seminal nation brand image evaluation framework in the field of nation branding.

3.9.1 The Nation Brands IndexSM

Lopes (2011:306) acknowledges that the brand image in the conventional sense, may not correspond to the image an enterprise intends to arouse within consumers. It therefore, becomes important for enterprises to establish how they are perceived by their external stakeholders. To this end, three strategic approaches to conventional brand image analysis may be considered (Lopes, 2011:306):

- The retrospective approach, relating to the analysis of the perceived image by investigating the existing perceptions of the brand image,
- The introspective approach, relating to the analysis of the actual image by conducting an internal examination of the existing brand image, or
- The futuristic approach, relating to the analysis of the desired image by exploring the preferred/ideal image.

In light of these conventional approaches, the present study adapts the retrospective approach to the analysis of Zimbabwe's nation brand image. The analysis of the non-financial nation brand image determinants and their influence on FDI inflow opportunities in Zimbabwe from the perspective of foreign direct investors, investigates how existing perceptions of non-financial factors relating to Zimbabwe influence their FDI location decision-making. In the field of nation branding, the Nation Brand Hexagon (NBH) is synonymous with the retrospective evaluation of nation brands and is often referenced throughout nation branding literature including studies by Belloso (2010b:231); Bivolaru, Andrei and Purcaroiu (2009:103); Chen *et al.* (2013:1516); Harrison (2009:26); Martinez (2010:2); Pamment (2014:56); Sena (2012:74).

In 2005, Simon Anholt, in collaboration with the global Market Institute (GMI), formulated and developed the Anholt-GMI Nation Brands Index and much later, in 2008, partnered with GfK Roper Public Affairs and Media (now GfK-Roper Public Affairs and Corporate Communications) to offer the contemporary and now widely implemented Anholt-GfK Roper Nation Brands IndexSM - NBISM (Belloso, 2010b:231; Bivolaru *et al.* 2009:103; Brand South Africa, 2013:21; Martinez, 2010:22, 28).

According to nation branding literature (Beloso, 2010b:231; Harrison, 2009:26; Martinez, 2010:28; Pamment, 2014:56; Sena, 2012:74), the NBISM is:

- A commercial framework utilised for the evaluation of the brand image strength of individual countries based on how external stakeholders (investors, tourists, students, other governments) perceive them via the six aforementioned distinct dimensions,
- Premised on the assumption that every nation is a 'brand' and that each nation's 'brand image' consists of the six dimensions of the NBH, and
- Designed to aid national governments, as well as their key stakeholders (tourists, direct foreign investors, skilled migrants, foreign consumers) to evaluate and measure nation brand images and utilise existing global perceptions to better manage their images and reputations.

The NBISM ranks countries across the six dimensions modelled by the NBH in section 1.5.2 and are summarised in Table 3.9 as export, governance, tourism, investment and immigration, people and culture and heritage:

Table 3.9: Factors evaluated by the Nation Brand IndexSM

Brand image dimension	Factors evaluated
Export	<ul style="list-style-type: none"> • Product evaluations of offerings from the country (positive/negative) • Perception of contribution of nation to innovation, science and technology • Creativity associated with the nation – cutting edge ideas and way of thinking • Product/service categories particularly associated with the nation
Governance	<ul style="list-style-type: none"> • Honesty and competence in governance • Respect of rule of law and citizen rights • Global responsibility in international peace and security • Environmental protection • Commitment to global poverty eradication • Word association regarding the government
Culture (and heritage)	<ul style="list-style-type: none"> • Excellence in sport • Rich cultural heritage • Global interest in music, film, art, literature • Cultural activities/products associated with the nation
People	<ul style="list-style-type: none"> • Liking people from the country as a close friend • Welcoming nature of the people • Willingness to employ well-qualified citizens from the country • Word association to describe people of that nation
Tourism	<ul style="list-style-type: none"> • Desire to visit the nation • Rich in natural beauty • Historical monuments, vibrancy of city life and urban attractions • Word associations of tourist experiences

Immigration and Investments	<ul style="list-style-type: none"> • Willingness to hire and work in the country • Quality of life • Good place to study • The country has investment opportunities • Society's equity word association with current economic and business conditions
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Source: GfK Roper Public Affairs and Media (2009:2-3); Samouri & Kiazarmani (2016:51)

Table 3.9 synopsis the factors measured by the NBISM and is considered in the evaluation of nation brand images. These factors form the basis of an annual online attitudinal survey that solicits the perceptions of over 20 000 individuals across 20 developed and developing panel countries (including Germany, France, South Africa and Australia) relating to the 23 attributes measured by the NBISM (Bivolaru, *et al.* 2009:103; Brand South Africa, 2013:28; Government Social Research - GSR, 2014:1, 19; Sun, 2009:44). Harrison (2009:27) does however, make an interesting distinction between the factors outlined in Table 3.9, arguing that the dimensions of tourism, investment and immigration, exports may be characterised as outcomes of the nation brand image, while the dimensions of governance, culture and heritage, and people may be characterised as subjective inputs or potential causes.

However, there are empirical studies (Kalamova & Konrad, 2009:2; Sun, 2009:88) that have applied the NBISM as a moderator variable and have found that each dimension of the NBISM has a varying degree of causal effects on the outcomes of competition between countries. For instance, a study to model the determinants and outcomes of nation branding found that the NBISM is significant as a moderator in the relationship between the determinants of nation competitiveness and the outcomes of global competition – highlighting that the NBISM framework provides significant insight into external stakeholder perceptions and their influence on nation images (Sun, 2009:88).

Bivolaru *et al.* (2009:103) critique the NBISM as an evaluative framework, observing that there are some methodological controversies in relation to how the branding efforts of nations can be measured by the NBISM based on respondent opinions. It was further argued that the NBISM does not account for the historical brand image development, particularly existing brand strength and is unable to differentiate between recent surges in brand strength due to government intervention and inherent brand image

strength (Bivolaru *et al.* 2009:103). In addition, there may be a pre-existing positive causal relationship between the development level of a nation and its global rank.

While there are some legitimate criticism levelled against the NBISM framework as an evaluative framework of nation images, the strengths of the model propagated by Pamment (2014:56) posit the NBISM framework as a prudent framework for the evaluation of nation brand images. Although Pamment (2014:56) concedes that the NBISM lacks the rigor of other corporate-oriented 'cause-and-effect' models, and believes that the benefits of utilising the NBISM as a perception model are substantial. As an evaluative tool, the NBISM from an influence theory perspective, is suitable for the determination of external stakeholder perceptions, especially in a global competitiveness context where nations are competing to influence positively the perceptions held of their nations by potential tourists, investors and other governments. However, Government Social Research (2014:3) advances that the NBISM is not essentially geared towards measuring whether the behaviour of external stakeholders towards the country has changed or to measure government policy interventions, but rather to determine how competitive the nation brand is in relation to those of other nations.

To summarise this section, there are a myriad of factors that may be measured to determine the brand strength and value of a nation's brand. While there may exist different nation brand evaluation factors, it has emerged in this section that the most widely utilised framework in the evaluation of nation brands is the NBISM that is based on Anholt's NBH. This is despite some contestations over the longitudinal rigor of the model given it does not account for pre-existing brand image strength or weakness. The competitiveness of a nation's brand and value are thus measured based on six distinct variables of the NBH which are exports; tourism; governance; investment and immigration; people, and culture and heritage. These variables form the basis of a nation's image. In the case of Zimbabwe, these distinct factors need to be evaluated as contributory factors to the image of Zimbabwe and ultimately the basis of the county's image abroad.

3.10 SUMMARY

Chapter three explores the nation branding construct, particularly focusing on characterising the following key concepts in the field of study: the nation brand construct; the nation branding concept; the nation brand image; nation brand equity, and the evaluation framework for nation brand image.

As it emerged from the review of nation branding literature, economic globalisation has removed the traditional barriers that fostered comparative advantage for certain nations within the global marketplace. As a result, an increasingly integrated global marketplace has seen competition amongst nations increase exponentially as national governments sought to secure a share of a finite pool of global resources which include foreign capital. It is at this point in time that nations began to appreciate the value of a unique nation identity as a tool for creating and managing competitive advantage over other nations with similar comparative advantages.

The contemporary nation branding construct is, as it emerges in this chapter, at the intersection of the established academic fields of national identity and country of origin. The literature reviewed suggests that the notion that all nations project a certain identity to the rest of the world (either consciously or unconsciously) implies that every nation has an existing reputation and image in the minds of key global stakeholders who include tourists, foreign direct investors, other governments and international migrants, and it is these images of nations as brands that influence their consumption decisions. This assertion gives credence to the view that the images of nations, much like in the conventional corporate and product brand context, can be managed to influence the perceptions of a nation's external stakeholders.

The technical-economic approach to nation branding is particularly relevant within the scope of the present study as the underlying assumption in this functional approach to nation branding is that as globalisation catalyses global competition for resources between nations, the identities of nations become assets or liabilities that can be managed tactically by national governments as an interventionist approach to global competitiveness. Depending on the image situation of the nation (nation brand image), the concept of nation brand equity ascertains that the image of a nation can either be an asset that accrues value to the offerings of a nation or a liability which would, in

essence, diminish the perceived value of a nation's offerings. In other words, the more positive a nation's brand image is, the more attractive the nation's offerings will be to potential investors, tourists, skilled migrants or talented students. This in turn, creates demand for the nation and its offering, thereby generating nation brand value which accrues to that nation's economy.

Significantly, the literature reviewed in Chapter three points to the Anholt-GfK Roper Nation Brands IndexSM - NBISM, as the seminal evaluative framework that national governments utilise to measure their global reputations in six distinct dimensions namely governance; tourism; culture and heritage; investment and immigration; people, and exports. The NBISM as a perception framework is, above all else, a qualitative evaluation tool for the determination of the perceptions of external stakeholders regarding a particular country. This makes the NBISM a potentially suitable theoretical framework as a basis for the present study.

The following chapter, chapter four, presents the investment promotion concept, an interventionist approach adopted by governments in order to better attract and manage the inflow of foreign capital.

CHAPTER FOUR

INVESTMENT PROMOTION: THE CONCEPT, ITS EVOLUTION AND PRACTICE

4.1 INTRODUCTION

The previous chapter explored the concept of nation branding. As it has emerged from the discussion in chapter three, nation branding is a contemporary perception management approach primarily implemented by national governments to manage how they are perceived by their external stakeholders. The images of countries have become more significant in an increasingly competitive globalised world. The value of a nation's brand image is referred to as nation brand equity, and it is this positive or negative brand image that prompts the subjective preferences of tourists, other governments and more pertinently foreign investors. With this in mind, chapter four introduces the investment promotion concept – primarily a strategic response by governments to the competitive pressures within the global FDI market.

This chapter first identifies seminal theory in investment promotion and then describes conventional investment promotion practices, particularly the defined roles of investment promotion agencies and their associated activities, before discussing the effectiveness of investment promotion. Lastly, this chapter details the image-building function of investment promotion, which then culminates in a synopsis of real world image-based investment brand positioning.

4.2 CHARACTERISING INVESTMENT PROMOTION

Within the context of the present study, investment promotion refers to the economic development-related marketing activities undertaken by or on behalf of national governments (Ecorys Netherlands, 2013:x; Zhang 2005:3). According to Pietersen (2011:2), investment promotion generally encompasses all the efforts undertaken by national governments to encourage investors to invest and re-invest in their economies. Similarly, Trink (2007:9) describes investment promotion as the 'range' of marketing-related government initiatives undertaken in order to attract FDI. Ajaebgu (2014:75) does, however, describe investment promotion more concisely as being "...fundamentally about marketing a country as a location for investment."

Wint (1992:27), clarifies that investment promotion represents “Efforts by governments to communicate to foreign investors the nature of the country’s investment climate, and to persuade and assist these investors to invest, or re-invest in the country.” However, possibly the most widely accepted characteristics of investment promotion is posited by Wells and Wint (2000:8) who describe investment promotion as, “...only certain activities through which governments try to attract foreign direct investors. Promotion excludes the granting of incentives to foreign investors, the screening of foreign investment and negotiation with foreign investors...”

What is evident from the aforementioned descriptions of investment promotion, is that investment promotion is a government initiated, marketing-oriented approach to attracting foreign investors to a particular country. This is achieved by communicating a positive message to foreign investors about the country as a potential destination for investment. With this characterisation in mind, the following section discusses the strategic role of investment promotion in the international business context.

4.3 THEORETICAL PERSPECTIVES TO INVESTMENT PROMOTION

Like any other construct in business management, investment promotion as a field of study and practice has theoretical underpinnings. This section of the chapter identifies the theory of investment promotion as well as, the evolution of the concept. The consulted literature identifies two key approaches to investment promotion, namely the neoclassical approach and the interventionist approach to investment promotion. These approaches are discussed in the following sections.

4.3.1 The neoclassical approach to foreign direct investment promotion

The neoclassical approach to the attraction of FDI is premised on the assumption that, countries establishing with a particularly attractive investment climate, will be selected by foreign investors as part of a predictable (automatic) response by foreign direct investors who will seek out the most profitably suitable location for their FDI (Babatunde, Oyeniran, Daud & Ibrahim, 2013:28; Trnik, 2007:9; Zakari *et al.* 2012:151). Conventional wisdom (Aveh & Krah, 2013:58; Boateng, Hua, Naisar & Wu, 2015:119; Kahouli & Maktouf, 2015:518), seems to suggest that an FDI location endowed with an overall favourable investment climate, would ideally attract the most FDI to its economy.

However, as governments have realised that more and more countries are actively seeking to harness international capital flows for their economic development, there has been a paradigm shift towards being more proactive in attracting FDI (Zakari *et al.* 2012:150). Importantly, Kinuthia and Murshed (2015:389) point to globalisation as the key economic evolution that has undermined the neoclassical view to the attraction of FDI - given that the traditional bases of FDI-location selection are now deemed to be insufficient to catalyse FDI to a particular economy. This has resulted in a paradigm shift which has given rise to the interventionist approach being a contemporary investment promotion practice.

4.3.2 The interventionist approach to foreign direct investment promotion

The interventionist view to the attraction of FDI is premised on the notion that a country having an attractive investment climate is no longer sufficient as a basis for the attraction of foreign investment, and that it has become essential for governments to be both proactive and reactive in their FDI attraction efforts (Babatunde *et al.* 2013:28; Trnik, 2007:9; Zakari *et al.* 2012:151). Investment promotion, in a broad sense, "...involves measures aimed at attracting investment..." and has traditionally involved economic interventions such as market liberalisation, protectionism and incentivising FDI (Cotula, 2014:16). There are, however according to Trnik, (2007:9-10) and Babatunde *et al.* (2013:28), two perspectives within the interventionist approach to FDI attraction:

- Investment promotion is a simple matter of 'marketing' the country as an attractive investment destination, and
- Governments must manage market failure (perception & information gaps) and intervene in the market in order to promote FDI.

FDI literature (Ajaegbu, 2014:73; Cotula, 2014:15; Harding & Javorcik, 2012:2; Indopu & Talla, 2010:4; Miskinis & Byrka, 2014:41; Pietersen, 2011:47), suggests that governments, due to globalisation, have gravitated towards the interventionist approach to FDI attraction, particularly the second viewpoint, where governments proactively and reactively seek to manage the perceptions of foreign direct investors and to address market failure - information asymmetry, unfavourable policies and investment-related macroeconomic weaknesses. Kahouli and Maktouf (2015:519) and

Pietersen and Bezuidenhout (2015:1057) concur that as the distance between foreign direct investors and potential investment locations increases, this distance translates to a higher associated cost to the acquisition of information for the investor and consequently, the onus of providing accurate and relevant information to the investor then falls on the investment location. Therefore, investment promotion as an interventionist approach to the promotion of FDI, then seeks to achieve information symmetry and mitigate the transaction costs of FDI to the investor (Harding & Javorcik, 2012:2; Pietersen, 2011:17).

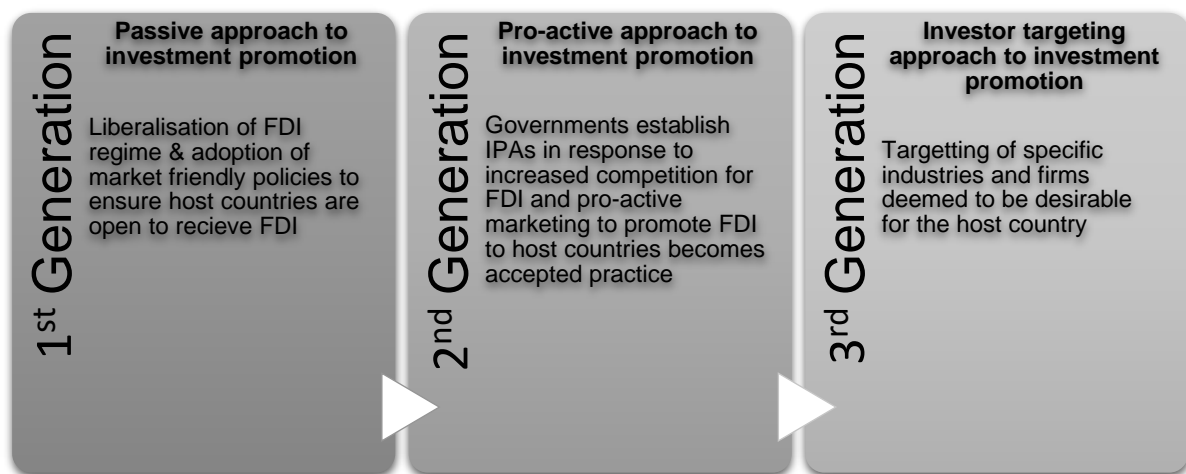
To summarise the discussion on theoretical perspectives of investment promotion within the context of the present study, the literature identifies two distinct notions to investment promotion. As was established, the neoclassical perspective has become dated and insufficient as an investment promotion approach as a consequence of economic globalisation - simply creating a conducive foreign investment environment no longer automatically attracts foreign investors. Importantly, contemporary investment promotion is grounded in the interventionist perspective that advances the need for governments to intervene in investment promotion activity and pro-actively manage information asymmetry of the country by marketing the country as a comparatively attractive investment destination. Within the context of the present study, it is evident that for a country to achieve information symmetry and effectively market itself as an attractive investment destination, it must establish the factors of comparative and competitive advantage which foreign investors associate with the country.

With this in mind, in the case of Zimbabwe, it becomes imperative for the Zimbabwean Government to be proactive in establishing its inherent advantages (factors influencing foreign investors) and exploiting them to market the country as an investment destination. It is imperative for Zimbabwe to manage its brand image and this is possible if the government adopts the interventionist perspective on investment promotion. With the neoclassical and interventionist theories in mind, the following section outlines the evolution of investment promotion.

4.4 THE EVOLUTION OF THE INVESTMENT PROMOTION CONCEPT

According to several authors (Ajaegbu, 2014:76; Babatunde *et al.* 2013:28; Guimon & Fillipov, 2012:26; Pietersen & Bezuidenhout, 2015:1057; Zakuri *et al.* 2012:151), the involvement of national governments in proactive initiatives to attract FDI to their economies, firmly positions contemporary investment promotion as an interventionist approach in national economies. Two distinct theoretical approaches to investment promotion are identified by Babatunde *et al.* (2013:28) and Trnik (2007:9) the neo-classical, and the interventionist viewpoints. These theoretical approaches to investment promotion can be linked to the evolution of investment promotion functions and strategies as illustrated in Figure 4.1.

Figure 4.1: Evolution of investment promotion



Source: Economou (2010:10)

Figure 4.1 illustrates the evolution of investment promotion, from governments taking a passive approach to investment promotion by simply liberalising their economies and opening them to FDI without actively seeking to attract FDI, to governments realising the intensity of the competition for FDI in the contemporary global FDI market and becoming proactive in attracting FDI, to governments finally seeking quality over quantity in promoting FDI, and seeking specific FDI from specific sources. The following sections discuss each generation of investment promotion in more detail.

4.4.1 The passive approach to investment promotion

During the first generation of investment promotion, countries took a passive approach to attracting FDI to their economies. The premise was that, by opening the economy to FDI (liberalisation) and improving the business friendliness of the economy, investors would logically, be attracted to invest in the country (Babatunde *et al.* 2013:28; Trnik, 2007:9; Zakari *et al.* 2012:151). Steeped in the neoclassical approach to FDI attraction, the passive approach to FDI assumes that by simply opening up the country to FDI and adopting FDI-friendly policies, investors would automatically be attracted to invest in countries endowed with certain factors (Economou, 2010:10;Trnik, 2007:8). However, Trnik (2007:8) dismisses this market policy-oriented approach to attracting FDI as being fundamentally unsuccessful, given that governments did not actively seek out foreign direct investors and that it was essentially a wait-and-see approach.

4.4.2 The proactive approach to investment promotion

The onset of globalisation thrust developing and transitional countries into the global FDI market and as previously indicated, the introduction of more FDI locations from which investors could choose from, instigated a paradigm shift in how governments approached the attraction of FDI to their economies. As a result of this paradigm shift, several authors (Anderson & Sutherland, 2015:2; Economou, 2010:10; Pietersen, 2011:17; Pietersen & Bezuidenhout, 2015:1059; Trnik, 2007:9), opine that this is the reason why many national governments have established Investment Promotion Agencies (IPAs), which are essentially quasi-governmental organisations tasked with the proactive marketing of the country for the purposes of managing the perceptions of investors in a bid to attract FDI. The transition to the proactive approach to investment promotion saw the interventionist (proactive) approach to investment promotion being increasingly adopted by many national governments.

The proactive approach to investment promotion may then be theoretically linked to the first tenet of the interventionist approach to the attraction of FDI – investment promotion - is for all intents and purposes, as described in 4.3.2, simply the marketing of a country as an attractive foreign direct investment destination (Babatunde *et al.* 2013:28). However, as the contemporary global business environment has evolved, investment promotion has followed suit. The adaptation by Investment Promotion

Agencies (IPAs) to an increasingly more competitive FDI market has led towards the third generation in investment promotion.

4.4.3 The investor targeting approach to investment promotion

Investment promotion literature suggests that most contemporary IPAs are in the third generation of investment promotion, the investor targeting approach to investment promotion (Economou, 2010:10). According to Ajaegbu (2014:74-75) and Economou, (2010:10-11), investor targeting, as the concept implies, involves IPAs systematically selecting specific foreign investment entities for defined industries which would best suit the country's particular requirements such as:

- The development of specific regions;
- Catalysing the mechanisation of particular industries, or;
- Employment creation in a particular sector.

Investor targeting may theoretically be linked to the second tenet of the interventionist approach to investment promotion – the management of market failure (information asymmetry) by addressing the perception and information gaps that may hinder or negatively influence the location decision-making process for specific segments of foreign direct investors (Pietersen & Bezuidenhout, 2015:1061; Trnik, 2007:9). This approach to the attraction of FDI may be considered to be the panacea for the increasingly less effective mass marketing approach to investment promotion, as investment promotion practice shifts its focus from the quantity of FDI to the quality of FDI - by more effectively focusing resources thus targeting particular investors (Guimon & Filippov, 2012:26).

To summarise the discussion of the evolution of the investment promotion concept: it becomes apparent that investment promotion has evolved as a result of the increased competitive pressures that globalisation has introduced to the global FDI market. Governments can no longer be passive stakeholders in the attraction of FDI, whereby simply establishing market fundamentals may be considered to be adequate to attract FDI to their economies. Interestingly, proactive marketing as an interventionist approach has also become insufficient, and investment promotion has evolved to the third generation, investor targeting. Investor targeting requires specialised information

relating to segmentation of investors according to their preferences. This implies that factors influencing specific investors whom a particular country would like to target/attract become increasingly important within the investment promotion context.

In the case of Zimbabwe, there is an urgent need to establish the factors that influence FDI inflows as these factors inform investor decision-making relating to Zimbabwe as an investment location. For Zimbabwe to manage its market failure effectively (achieve information asymmetry), the establishment of the primarily qualitative (non-financial) influencers of FDI into the country becomes critical as the initial stage of its transition from the second generation of investment promotion to the third generation. Investor targeting would be a suitable approach to investment promotion for Zimbabwe, as the approach would allow the country to channel its resources to specific investor segments and attract the type of FDI the country specifically needs. The following section synopsis the strategic role of investment promotion within the global business context.

4.5 THE ROLE OF INVESTMENT PROMOTION IN THE CONTEMPORARY INTERNATIONAL BUSINESS ENVIRONMENT

As the perceived and real world socio-economic values of FDI into economies increase, there has been a corresponding upsurge in the competition between national governments for the finite pool of global FDI resources. To this end, Dragusha and Osmani (2012:129) observe that in the contemporary global business environment, an improved investment climate and the existence of FDI-friendly policies in a particular country no longer guarantees the attraction of FDI. This is evident by the struggle of African governments to attract meaningful FDI to their economies as they lag behind globalisation-related FDI market developments (Dupasquire & Osakwe, 2005:17).

Globalisation has eroded the inherent comparative advantages of traditional foreign investment locations and increased competitive forces within the FDI market, as foreign direct investment entities now have global access to plethora of FDI locations (Dupasquire & Osakwe, 2005:17). In essence, the bargaining power of the supplier (locations offering investment opportunities) has dissipated due to the availability of substitutes - countries with similar factors of comparative advantage (Sirr, Garvey & Gallagher, 2012:620). Today there exists a very real and pertinent threat to traditional

investment locations from new entrants into the global FDI market – capital constrained, but factor-endowed developing low to middle income countries (Ajaegbu, 2014:73; Cotula, 2014:16; Sachs, 2006: 78, 80).

On this premise, Lim (2008:39) argues that there is a strong case for governments to undertake strategic marketing at a macro level, for the purpose of marketing their countries as FDI destinations – an approach akin to how companies market their products to consumers – in order to attract FDI to their economies competitively. This view is echoed by Oloo (2014:1) who is of the opinion that, as marketing becomes increasingly important in the competitive global business environment, the ‘promotion’ of FDI to one’s economy has become a ‘fundamental approach’ to the successful attraction of FDI. The proactive marketing of a country for the purposes of attracting FDI is widely referred to in FDI literature as investment promotion.

To summarise the discussion of contemporary role of investment promotion, intensifying competition for global resources as a result of economic globalisation has buoyed investment promotion as a methodology to the attraction of FDI to an economy. Traditional investment destinations have seen their comparative advantages eroded as new FDI destinations emerge as more competitive options for foreign investors. In light of this, marketing techniques have become significant tools for the attraction of FDI to national economies. It is with this in mind, that the following section discusses investment promotion in practice.

4.6 INVESTMENT PROMOTION IN PRACTICE

In conventional marketing practice, promotion is viewed as the planned dissemination of product-oriented information which is aimed at positively influencing the perceptions that consumers have of a product, service, specific brand, corporate entity and, more pertinently, a country (Ajaegbu, 2014:74). Investment promotion, according to the literature (Pietersen, 2011:14; Lim, 2008:39; Vivoda, 2011:53), may be concisely described as a highly specialised form of strategic marketing, which is practised predominantly at a macro level by national governments. Within the scope of the present study, investment promotion at national level is the purview of IPAs, such as the Zimbabwe Investment Authority (ZIA).

IPAs are the most pervasive institutional intervention by national governments in the contemporary global FDI market (Kersan-Skabic, 2015:16). According to several authors of investment promotion literature (Anderson & Sutherland, 2015:1; Antwi, Gyebi & Boateng, 2013:6; Chea, 2012:1; Guimon & Phillipov, 2012:27), the establishment of IPAs to conduct investment promotion activities on behalf of national governments is a direct strategic response to the increasing competition for FDI from other governments. Predictably, 81% of countries worldwide have an established IPA, while, 78% of developing nations have a specialised agency to promote investment in order to remain competitive in the global FDI market (Investment Promotion Agency Observer, 2013:1; Miskinis & Byrka, 2014:48). This translates to an estimated 189 national investment promotion-oriented institutions and at least 1000 subnational investment promotion institutions worldwide (Harding & Javorcik, 2012:2). To this end, Kersan-Skabic (2015:15) considers IPAs to be vital to the attraction of FDI to economies. Ni (2015:2) concurs with this view and attributes China's success as a global economic power, partly to the activities of the China Investment Promotion Agency which was first established in the 1980s to promote FDI in China.

4.6.1 Forms of invest promotion agencies

IPAs are found in three main forms, and these, according to Pietersen and Bezuidenhout, (2015:1061-1062), are government IPAs, quasi government IPAs and private IPAs. Government IPAs operate as part of the national government structure with the advantage that the IPA has direct access to other government departments meaning less bureaucracy in investment servicing. However, a disadvantage is that like any other public service, skills acquisition and retention regarding management and marketing expertise are issues that impact on efficiency and effectiveness of the IPA (Pietersen & Bezuidenhout, 2015:1061).

Relatedly, quasi-government IPAs are semi-autonomous from the government, but enjoy a close relationship with the government and a multiplicity of public institutions for effective investment promotion through a multi-stakeholder approach. Quasi-government IPAs tend to be more effective since they can retain critical private sector skills better than the government (Pietersen & Bezuidenhout, 2015:1061). While, Pietersen and Bezuidenhout (2015:1062) describe private IPAs as commercial entities, driven by profit-oriented investment promotion, activities such as image-

building are not common in their purview and their main concern is to catalyse relationships between the public and private sector as part of profitable business facilitation.

Zhang (2005:22) advances that the most effective IPAs are those that are independent from the government and function like a private commercial-oriented, non-profit organisations. With regards to the above mentioned structures, Zhang (2005:22) seems to suggest that the most desirable IPA structure would be the quasi-government structure - which akin to the private IPA structure, allows the agency to have semi-autonomy from government and remain flexible and effective, and maintain a delicate balance between national and commercial interests. This is also the IPA structure followed in Zimbabwe.

Established as a statutory body by the Zimbabwe Investment Authority Act No.4 of 2006 (Chapter 14:30), ZIA is a quasi-government institution mandated by the Zimbabwean government to "...promote, facilitate and coordinate both foreign and local investment" (Zimbabwe Investment Authority, 2014:5). Under its brand promise, "*Your Investment, Our Passion*", the typical activities of the Zimbabwe Investment Authority's (2014:5) include:

- The implementation of investment promotion strategies aimed at the attraction of both domestic and foreign investors;
- Investment licence processing;
- Balancing investor requirements with the Zimbabwean Government's policies;
- The monitoring and evaluation of investment projects;
- The promotion and coordination of investment activities, and
- Undertaking a policy advisory role to the government of Zimbabwe.

Reference to ZIA and its activities will be made throughout the ensuing sections of this chapter. Investment promotion literature identifies four generic FDI-related activities that IPAs conduct on behalf of their national governments.

4.6.2 The defined functions of investment promotion agencies

Investment Promotion Agencies (IPAs) have defined functions within national, regional and global economies. Table 4.1 concisely outlines the archetypal functions of IPAs in the FDI context.

Table 4.1: The roles of investment promotion agencies

IPA Activity	Key tenants
National image-building	Image-building activities aimed to build on perceptions of the country as an attractive location for FDI (Where)
Investment generation	Involves identifying potential investors who may be interested in establishing a presence in the country, developing a strategy to contact them and starting dialogue with the purpose of having them commit to the investment project (Who)
Investor servicing	Investor servicing involves assisting committed investors in analysing business opportunities, obtaining permits and approvals for establishing a business in the host country and maintaining business opportunities
Policy advocacy	Policy advocacy encompasses initiatives aiming to improve the quality of the investment climate and identifying the views the private sector in this area

Sources: Adapted from Ajaegbu (2014:74); Andersson & Ekman (2011:6); Anderson & Sutherland (2015:2); Djokoto (2012:46); Organisation for Economic & Cooperative Development (2011:6); Rajan (2004:12)

As outlined in Table 4.1, IPAs have a multifaceted mandate in the promotion of FDI to an economy, ranging from managing the perceptions that investors have of the country as an investment destination, in order to create an interest towards the country within the global FDI market, to offering specialised business services to investors and up to policy advocacy in order to influence actively, FDI-related policy-making within the country. Each IPA function is briefly discussed in the following subsections.

4.6.2.1 Image-building

In the contemporary global business environment, *perception is everything*, as a country with a positive image, one that is perceived positively by consumers, possesses a competitive advantage, which helps the country mitigate both perceived risk and uncertainty, while reducing information acquisition costs associated with the consumption of its outputs (Pietersen, 2011:20). The image-building function as previously referred to in Table 4.1, is a primary function of IPAs. The goal of image-building in investment promotion is to create a brand image for a country that ‘resonates’ within the global investment market – positioning the country as an

attractive location for foreign direct investment (Ajaegbu, 2014:74; Djokoto, 2012:46; Trnik, 2007:42). Image-building focuses on developing an image of the country, thereby seeking to influence positively, the perceptions of the country held by foreign investors (Anderson & Sutherland, 2015:2). To this end, IPAs focus on providing information symmetry for potential foreign investors by employing marketing activities such as advertising, public relations and public diplomacy (Andersson & Ekman, 2011:6-7; Sirr *et al.* 2012:620).

In the Zimbabwean context, image-building activities undertaken by ZIA in 2014 included trade show participation at the Zimbabwe International Trade Fair, successfully hosting the ZIA Golf Classic and hosting the ZIA Investor Awards 2014 (Zimbabwe Investment Authority, 2014:22, 23, 24). Image-building and its associated activities are further discussed in more detail in section 4.8. The discussion now focuses on the investment generation function of IPAs.

4.6.2.2 Investment generation

Apart from marketing a country as an attractive investment location, another function of IPAs is the direct generation of FDI. Several authors, including Anderson and Sutherland (2015:3) and Djokoto (2012:46-47), are of the opinion that IPAs achieve this by identifying specific potential foreign investors, who may have a vested interest in investing in the country, and strategically 'courting' them to commit their investment to the country – a form of direct marketing. By generating investment, IPAs can link specific investors to existing or potential investment opportunities in the country, thus reducing the transactions costs for the direct investor, mitigating investor risk perceptions and 'encouraging' their commitment to investing in the location (Ajaegbu, 2014:74).

Based on the literature reviewed thus far, investment promotion may be considered to be grounded in the interventionist approach to the attraction of FDI, specifically the second tenet of the theory. Investment generation is primarily a third generation approach to investment promotion – targeting specific, suitable investors to invest in the country. Investment generation activities conducted by ZIA in 2014 included investment missions by the IPA to China, and South Africa, and other investor

activities initiated by the Development Bank of South Africa (ZIA, 2014:19). The following subsection section briefly describes the investor servicing function of IPAs.

4.6.2.3 Investor servicing

Investor servicing refers to the customer service function of IPAs. This function involves the IPA facilitating local business opportunity analyses, the processing of investment-related documentation and approvals for establishing a business in the host country and maintaining the business and its linkages (Ajaegbu, 2014:74; Andersson & Ekman, 2011:6; Organisation for Economic and Cooperative Development, 2011:6; Rajan, 2004:12). The Zimbabwe Investment Authority (2015) offers investors generic IPA services which include the provision of sector-specific investor guides and local linkages, foreign investor tax and government incentive management (including the management of Special Investment Zones), and compliance services (social security and labour law).

Specific investor servicing activities that have been previously carried out by ZIA (2014:25) include:

- The commissioning of a multi-stakeholder study on business start-up, licensing and initiation of business in Zimbabwe, which included key stakeholders in government departments, tax and revenue authorities and Zimbabwean chambers of commerce, implicitly with the aim of consolidating business-related processes in the country, and
- Employee training in anticipation of the launch of ZIA's ZimConnect, an online e-Governance program designed to streamline and expedite FDI-related business licensing.

It follows then that investor servicing is the consumer (investor) oriented function of investment promotion, where the IPA catalyses the local integration process for foreign investors. This integration includes the legalisation of foreign enterprises and compliance. The following section briefly discusses the policy advocacy function of IPAs.

4.6.2.4 Policy Advocacy

Policy advocacy refers to the activities engaged in by IPAs which are aimed at improving a country's investment climate, in line with the needs and expectations of foreign investors (Ajaegbu, 2014:74; Djokoto, 2012:47). According to Ecorys Netherlands (2013:iii), modern policy advocacy of the Netherlands in the European Union context represents 'smart specialisation' by IPAs - where it is important that countries (national governments) are cognisant that dominance in the FDI market is not possible and that IPAs would rather focus on engaging with their governments and investors, focusing on improving the FDI policy-related frameworks within their economies. In the case of ZIA, as a key FDI policy formulation and implementation stakeholder in Zimbabwe, in 2014, they (ZIA, 2014:26):

- Hosted a workshop (Learning Event and Mid-Term Review of the Rapid Results Initiative) aimed at bringing together the government of Zimbabwe, investors and the private sector to discuss amongst other issues, Zimbabwe's ZimASSET program and its implications for business-related policy, and
- Implemented a staff capacity building and development program on policy, treaties and monitoring and evaluation.

The purpose of IPAs is thus to mitigate the transaction costs that foreign investors incur when considering and ultimately investing in the FDI location and to provide information on FDI-related procedures, market intelligence on investment opportunities, and cost of factors of production (Amendolagine, Boly, Coniglio, Prota & Seric 2013:46; Harding & Javorcik, 2012:2; Lim, 2008:41). The functions outlined in this section, according to some of the investment promotion literature consulted (Organisation for Economic and Cooperative Development, 2011:3; Rajan, 2004:12; United Nations Industrial Development Organisation, 2011:29; Whyte & Griffin, 2014:6), are meant to address market failure proactively (information asymmetry) on behalf of national governments - more-so the governments of African countries which are, in most cases, incorrectly perceived by investors to be fragile or conflict-affected, as well as to streamline investment-oriented processes and policy formulation.

To summarise the discussion on investment promotion in practice, as it has emerged from this section, image-building may be considered to be grounded in the

interventionist approach to the attraction of FDI specifically the first tenet of the theory. Image-building is primarily a second generation approach to investment promotion - proactively marketing the country as an attractive investment destination, by creating a positive brand and debunking any misconceptions related to the investment destination. As it has also emerged, governments engage in investment promotion through autonomous or semi-autonomous and non-autonomous agencies referred to as IPAs. These IPAs perform four key functions namely that of image-building, investment generation, investor servicing and policy advocacy. Of particular interest to the present study, is the image-building function of IPAs, which is primarily concerned with positively influencing the perceptions of foreign investors in order to attract FDI to a particular country. The present study seeks to establish the factors that influence FDI inflows to Zimbabwe, as the establishment of these factors would aid the Zimbabwean government and its IPA, the Zimbabwe Investment Authority, in determining which factors influence foreign investors in their consideration of Zimbabwe as a potential investment destination and in managing its brand image thereafter.

Given the important role assigned to IPA's in catalysing the competitiveness of national economies in the global FDI market, the effectiveness of these organisations in promoting FDI needs consideration. The following section discusses the effectiveness of investment promotion in attracting FDI to countries.

4.7 EFFECTIVENESS OF INVESTMENT PROMOTION

Kahouli and Maktouf (2015:525) advocate that investment promotion is an effective tool for the attraction of FDI to a country. Similarly, Ajaegbu (2014:76) and Zhang (2005:15) point out that there are both theoretical and empirical evidence giving credence to the assertion that investment promotion has an impact on the FDI-location decision making process of investors and ultimately FDI levels and orientation. Ni (2015:10) for instance, found that Chinese IPAs were effective in attracting high volumes of high-tech FDI to China, in line with the government's predilections for *advanced technology* FDI which specifically catalysed China's industrial productivity. In a recent paper on IPAs and investment promotion strategies in the South African context, Pietersen and Bezuidenhout (2015:1057) determine that the role of IPAs in the South African context is to 'communicate' with investors about the country with the

aim of influencing their decision-making process and investment in South Africa. Table 4.2, highlights other studies that have catalogued the effectiveness of investment promotion.

Table 4.2: Synopsis of studies on investment promotion agency effectiveness

Author	Sample	Key findings
Bartels, Alladina, & Lederer (2009)	758 foreign investors across 10 Sub-Saharan African countries	Provision of transaction cost-reducing information to investor prior and post-FDI decision is significant to FDI
Morriset & Andrews-Johnson (2003)	58 investment promotion agency cases	There is a positive relationship between IPAs promotional spending and FDI inflows
Pietersen (2011)	9 South African and international IPA's	There is a positive relationship between the promotion and FDI best served by investor targeting by IPA's
Wells & Wint (1990)	50 investment promotion agency cases	There is a positive relationship between IPA existence & FDI inflows
Wint (1992)	11 investment promotion agency cases	The stand-alone office as an overseas network is more successful in promoting investment

Source: Adapted from Lim (2008:42); Morisset (2003:18); Pietersen (2011:2)

As outlined in Table 4.2, there are studies that have shown that, for the past two decades, IPA activity, in one form or another, has been found to be effective in promoting FDI. Significantly, there is an empirically established positive relationship between IPA investment promotion activity and FDI (Morriset & Andrews-Johnson, 2003:18; Pietersen, 2011:2). As a result of a review of investment promotion literature, the present study posits that there are essentially two bases to measure the effectiveness of investment promotion – these are quantitative and qualitative bases of the effectiveness of investment promotion.

4.7.1 Quantitative basis of the effectiveness of investment promotion

The effectiveness of investment promotion activities may be measured quantitatively. The total inflow of FDI into a nation may be considered to be the primary measure of the effectiveness of the investment promotion efforts of a country, for instance, as indicated in Table 4.2, studies by (Morriset & Andrews-Johnson, 2003; Pietersen 2011; Wells & Wint, 1990) found a positive relationship between investment promotion activities and the inflow of FDI to an economy. Both empirical and theoretical evidence have found that investment promotion positively contributes to the amount and orientation of foreign investment inflows - with every US\$1 'proactively' spent on FDI

promotion by a country, there is a potentially 300% return for the economy (country yields almost US\$4) in foreign direct investment (Ajaegbu, 2014:76; Zhang 2005:16). A study by Harding and Javorcik (2012:7) goes as far as advancing the notion that every US\$1 dollar spent in an investment promotion budget translates to US\$189 in FDI inflows.

In their assessment of the effect of IPA quality on FDI flows, Harding and Javorcik (2012:3) utilised World Bank data from the Global Investment Promotion Benchmarking (GIPB) 2006-2012 series which assess IPAs on three bases:

- The quality of an agency's electronic platform (websites) in terms of design and promotion effectiveness;
- Client service in terms of inquiry handling, turnaround time in processing, and
- The value and integrity of the informational content provided by the IPA.

Harding and Javorcik (2012:9) ultimately found a statistically positive relationship between IPA quality (effectiveness) and the average inflows of FDI across the 156 countries studied. Importantly, the study found that a single unit increase in the GIPB (combined quality measures) score of a country translates to a 1.5% increase in FDI inflows (Harding & Javorcik, 2012:9).

Ajaegbu (2014:76) does, however, argue that the effect of investment promotion on FDI inflow is 'mixed', pointing out that some nations have experienced significant increases in FDI inflows without any discernible efforts in investment promotion. Examples cited include China and Indonesia which both managed to become attractive investment destinations based on factor endowments such as cheap labour and policy reform respectively. Conversely, smaller nations, without significant comparative advantages, such as Singapore and Hong Kong, have been cited as having experienced a palpable increase in FDI inflows as a direct result of investment promotion activities (Ajaegbu, 2014:77). While, FDI inflows represent the most conventional measure (output) of the effectiveness of investment promotion, qualitative measures are increasingly becoming an important basis of the effectiveness of investment promotion.

4.7.2 Qualitative basis of the effectiveness of investment promotion

Sirr *et al.* (2012:622) claim that in the case of emergent markets, effective investment promotion has the most potential to influence investor perceptions and attract increased FDI to emerging economies. Empirical evidence in FDI literature does support these assertions, for instance, at least 28% of the respondents surveyed as part of the 2003 Africa Foreign Investor Survey, indicated that their awareness of investment opportunities in some African countries was as a direct result of some form of investment promotion (UNIDO, 2003:50). The measure for effectiveness of investment promotion in this case is the level of awareness amongst investors of investment locations and opportunities in the African context.

Ernst and Young use qualitative measures in their annual Africa Attractiveness Survey, while the World Economic Forum's Global Competitiveness Report also utilises qualitative measures, where investor perceptions based on surveys and in-depth qualitative interviews respectively, are used to benchmark the attractiveness and global competitiveness of various countries. While there is a discernible dearth in empirical evidence of the qualitative basis of the effectiveness of investment promotion, some empirical studies (Bartels *et al.* 2009; Wint, 1992) have qualitatively determined the effectiveness of investment promotion activities in the attraction of FDI, for instance, the World Economic Forum's Global Competitiveness Report tracks, amongst other key global FDI-related competitiveness indicators of Zimbabwe, the perceptions of global business leaders of Zimbabwe's infrastructure, business sophistication, institutions, political stability and innovation – ranking these in the global context (Schwab, 2014:390). This implies that, in the event of a deliberate investment promotion program by ZIA to promote Zimbabwe's business sophistication being implemented by ZIA in 2015, the effectiveness of this intervention may be 'measured' by an improvement in the global perceptions of the country's business sophistication and overall ranking in the 2016 Global Competitiveness Report.

To summarise the discussion on the effectiveness of investment promotion, within the scope of the present study and preceding discussions, the IPA function and associated activities that are considered to influence the investor decision-making process the most, seem to be image-building. Therefore, since the underlying assumption in the present study is that nation images are theorised to influence FDI inflows, it follows

then that image-building activities of IPAs are of particular relevance to this discussion. The argument posited by the present study is in support of the evaluation of qualitative factors for measuring the effectiveness of investment promotion - particularly that investment promotion may be measured by the perceptions of foreign direct investors in relation to the nation in question. In principle, the effectiveness of image-building activity may be prudently measured based on qualitative factors which influence the subjective perceptions of foreign investors.

In the case of Zimbabwe, as was established in chapter two, while the economic fundamentals for the attraction of foreign investment and investment opportunities are abundant in the country, the Zimbabwean government still struggles to attract meaningful FDI inflows to its economy. The present study argues that Zimbabwe's challenge is image-related, making it a qualitative challenge which would be best empirically evaluated, based on qualitative factors. The following section explores the image-building function that IPAs perform and the activities they engage in to influence foreign investors.

4.8 IMAGE-BUILDING ACTIVITIES FOR ATTRACTING FOREIGN DIRECT INVESTMENT

One of the foremost intentions of investment promotion is to influence positively, investor perceptions of the potential host country by creating a positive image of the country as an investment destination (Oloo, 2014:4). Hence, image-building may be considered to be at the core of contemporary investment promotion (Trink, 2007:42). Investment promotion literature suggests that image-building is often the first step in the investment promotion process, preceding investment generation and servicing and advocacy, as previously discussed in section 4.5.1.

The predominant view in the literature consulted (Andersson & Ekman, 2011:6; Anderson & Sutherland, 2015:2; Morisset & Andrews-Johnson, 2004:7; Rajan, 2004:13; Trnik, 2007:78; Wells & Wint, 2000:21; Zhang, 2005:16), seems to be that image-building in the context of investment promotion, refers to the creation of a positive perception of a country as an attractive destination for foreign investment. While, Sirr *et al.* (2012:618) agree with this characterisation of image building, they hold the view that the marketing efforts of IPAs are predicated on the existing investor

perceptions of the investment location. This implies that host countries with positive images may not necessarily have to engage in image-building as an IPA activity and those that do not, will need to do so. These image situations of nations have been discussed in detail in chapter three.

Image-building is widely considered a panacea for the negative image challenge the African continent grapples with in promoting and attracting FDI. For instance, Dupasquire and Osakwe (2005:18) in their policy paper on FDI in Africa recommend some of the following country-specific steps in mitigating the image challenges of African countries:

- Image-building by proactively managing the image of the continent based on politico-economic stability, respect for the rule of law and property rights;
- Investor support by engaging in FDI oriented infrastructure development and providing an inclusive business (domestic & foreign) friendly regulatory framework, and
- Investment opportunity marketing by engaging in integrated marketing communication activities aimed at creating more awareness of investment opportunities available in African locations, as well as utilising existing investors on the continent as brand ambassadors for investment destinations.

The most significant of the three steps outlined above, within the context of the present study, is the first recommended step for African countries – engaging in image building based on tangible domestic dynamics. With this in mind, the following subsection synthesises the conventional image-building activities of IPAs.

4.8.1 Specific image-building activities

Image-building activities are by no means inexpensive. In a theoretical paper on advertising in the promotion of foreign direct investment, Wilson and Baack (2012:96, 98), point out that there is evidence suggesting that some IPAs spend up to 38% of their annual budgets on image-building activities. Empirically, a study on regional IPAs in South Africa with the addition of the national IPA (Trade and Investment South Africa -TISA), found that on average, South African IPAs spent between 21% and 40% of

their annual budgets of up to US\$10 million per annum on perception-building activities (Pietersen & Bezuidenhout, 2015:1064-65).

Image-building activities are theoretically grounded in traditional marketing promotion and are characterised by Sirr *et al.* (2012:620) as techniques utilised to influence the perceptions of prospective investors positively. Investment promotion literature (Organisation for Economic and Cooperative Development, 2011:3; Pietersen & Bezuidenhout, 2015:1060; Trnik, 2007:9; Wells & Wint, 2000:8) identifies IPA 'marketing' activities to include conventional marketing, advertising, direct marketing, the facilitation of business-to-business marketing between local and foreign firms, market intelligence provision to foreign investors, participation in trade shows, investment seminars and investment road shows.

More recent studies by several authors (Andersson & Ekman, 2011:6-7; Djokoto, 2012:46; Harding & Javorcik, 2012:5; Morisset & Andrews-Johnson, 2004:33; Sirr *et al.*, 2012:620) identify marketing communications-oriented activities that are identified in investment promotion literature as related to image-building. These include specialised advertising, public relations and publicity, digital marketing, public diplomacy and the convening of investor forums. The aim of engaging in these communication activities is to position the country in question positively as an attractive location for FDI in the minds of investors, primarily through the creation of a positive image (Pietersen & Bezuidenhout, 2015:1060). Each of these activities are briefly discussed.

4.8.1.1 Specialised or sector-specific advertising

Advertising may be described as any impersonal paid-for communication from the producer or owner of a product to promote and/or present an offering to consumers (Kotler & Armstrong, 2012:408; Kotler & Keller, 2012:478). This communication may occur through television, radio, print media, the internet and other modes. Key advertising activities are detailed by Koekemoer (2014:64, 166) to include:

- Brand advertising;
- Commercial and non-commercial advertising;
- Corporate image advertising, and

- Retail advertising.

Brand advertising is consumer, trade and industrial consumer-oriented advertising which aimed at creating demand for the brand and its offerings (Koekemoer, 2014: 166). Brand advertising is aimed at portraying both the competitive and comparative advantages of the brand in relation to competition and achieving superior brand recognition (Frolova, 2014:9; Litwin, 2003:1). Another advertising activity is commercial advertising and non-commercial advertising. Commercial advertising is aimed at profit-making and is the most widely practised form of advertising which focuses on product awareness and eliciting a direct consumption response from the consumer (Frolova, 2014:9; Koekemoer, 2014:64), while, non-commercial advertising is often the purview of governments and non-profit organisations and is primarily concerned with communicating ideas, promoting certain views and building brand images (Koekemoer, 2014:64).

Corporate advertising is an activity that involves organisations marketing and communicating their corporate image to their key stakeholders to improve their overall image and brand association without reference to a specific product (Litwin, 2003:1). Corporate advertising does not focus on specific products, but is more concerned with influencing public opinion towards the advertiser (Frolova, 2014:9). A related advertising activity is retail advertising, which is location-based advertising primarily concerned with attracting the targeted consumer to access the products on offer (Koekemoer, 2014:166; Litwin, 2003:1). Retail advertising includes the communication of price, place, and distribution, and associated product policies to the consumer (Frolova, 2014:9).

Primarily aimed at reaching geographically dispersed consumers, advertising is a mass marketing communication approach premised on 'reaching' the maximum number of consumers with the lowest cost per exposure rate of all other marketing promotion approaches (Kotler & Armstrong, 2012:424; Kotler & Keller, 2012:478). Advertising does have its criticisms, including the impersonal nature of the communication which does not focus on persuading the consumer directly and represents 'one-way' communication approach without direct feedback from the consumer (Kotler & Armstrong, 2012:424).

In the investment promotion context, advertising has become a promotional tool for countries promoting themselves as attractive investment destinations (Wilson & Baack, 2012:96). Promotional information is channelled through specific specialised or sector specific advertising channels. IPAs have engaged in advertising activities through multiple channels such as *The Financial Times*, *Time Magazine* and *Business Times*. In the case of ZIA, the IPA primarily advertises itself through its website and periodical newsletter, *The Zimbabwe Investor* (Zimbabwe Investment Authority, 2015). One case of advertising in investment promotion, is that of Investment Promotion Agency of Kosovo. The Investment Promotion Agency of Kosovo engaged the BBC for an advertising campaign aimed at improving Kosovo's image as a business and investment destination (British Broadcasting Corporation Advertising, 2015). As part of this advertising campaign, a multi-language campaign was run on television and the British Broadcasting Corporation's digital platforms. The post campaign survey by British Broadcasting Corporation Advertising (2015) found that as a result of the advertising campaign:

- 76% of polled respondents felt more positive about investing in Kosovo, and
- 45% of respondents, including potential investors from China, Germany, and France reported considering investing in Kosovo.

As the empirical evidence from the British Broadcasting Corporation Advertising (2015) suggests, advertising is to a significant extent effective as an investment promotion tool. A related image-building activity is public relations and publicity. This activity is discussed in more detail.

4.8.1.2 Public relations programs and publicity events

Public relations and publicity are premised on building positive and sustainable relationships between the company and its various 'publics' (Kotler & Keller, 2012:478). Public relations is essentially about building a good image, and in cases of crises, counteract negative publicity through certain corporate-oriented activities (Koekemoer, 2014:148), while publicity is a less direct form of advertising focused on generating positive 'news' relating to the product or brand (Kotler & Armstrong, 2012:225). Public relations activities are detailed by Koekemoer (2014) to include:

- Cultivating media relations by building a constructive relationship with the media to attract positive media attention and goodwill, as well as conducting press conferences and issuing press releases (Koekemoer, 2014:161);
- Publications to inform stakeholders of the organisation's key activities and highlights through publications for public consumption in newsletters, speeches, manuals, booklets and reports (Koekemoer, 2014:163);
- Sponsorships and events by investing in the hosting of sporting events and individual teams, investment in cultural activities and the arts (Koekemoer, 2014:167), and
- Lobbying by building and maintaining relationships with national governments in order to influence key policies related to the organisation (Koekemoer, 2014:170).

In the investment promotion context, IPAs utilise the public relations for image management and relationship marketing, for instance in 2014, ZIA hosted a Gold Classic tournament, inviting key stakeholders to interact and network, and also hosted the ZIA Investor Awards (ZIA, 2014:23-24). ZIA publishes a periodical electronic-newsletter, *The Zimbabwe Investor*, as well as an annual report aimed at fostering stakeholder relations, as well as publishing. Another contemporary marketing tool is digital marketing and this is discussed in the following section.

4.8.1.3 Digital platform-oriented marketing

Marketers have the option to undertake advertising and public relations activities on web-based virtual platforms. According to the literature consulted (Kimmel, 2009:104; Koekemoer, 2014:148,187; Kotler & Armstrong, 2012:409), advances in communications technology have revolutionised communication between companies and their consumers – buoyed by technology such as smartphones and the internet new communication channels such as e-mail; social media platforms such as Facebook and LinkedIn; YouTube, and websites. The advantages of digital marketing in conjunction with conventional marketing communication tools, according to Koekemoer (2014:181), include the ability to augment the marketing communication in real-time – updating interactive brand websites as and when it is required, and comparably, transmitting more information to the consumer than what is possible in traditional publication and advertising media, and thus digital marketing is now

considered to be the best tool for building relationships between the organisation and its publics.

Chaffey, Chadwick, Mayer and Johnston (2009:17) outline the following as the key functions of the internet in the contemporary promotion environment:

- An advertising medium, with the internet as a channel for conventional and interactive adverts to increase product and brand awareness;
- A direct response medium as the internet offers consumers direct access to the organisation where some automated responses may instantly address consumer queries;
- A transaction platform whereby consumers may directly acquire or utilise the services on offer online without direct contact with the organisation;
- A lead generation system on online platforms that facilitate effective targeting, where the target market may express interest in certain products and services and invite contact from the service provider;
- A distribution channel where certain products and services may be sold or offered for free and to the consumer online, for instance electronic brochures, doing business reports;
- Customer service contrivance in terms of the relative accessibility, thus lowering the cost of accessing online facilities to reduce the transaction costs for consumers where they may 'serve themselves' and or make queries and enquiries conveniently, and
- A relationship-building medium whereby, digital marketing facilitates company-customer relations based on interaction, so that producers can ascertain the needs of consumers and tailor information for specific customer segments.

In the Zimbabwean context, the Zimbabwe Investment Authority (2014:26) catalogues its digital activities to include the setting up of specialised branded websites to communicate with and, provide customer service and, product information to FDI stakeholders, for instance the management of the website, www.investzimbabwe.com and; the publication of an e-newsletter, *The Zimbabwe Investor*, which showcases investment opportunities in Zimbabwe, as well as the impending launch of an online e-Government platform, *ZimConnect*, to offer, amongst other services, investment licensing applications.

4.8.1.4 Public diplomacy

Public diplomacy is a relatively new concept in the international business context. Dinnie (2008:251) describes public diplomacy as the management of foreign public perceptions by national governments, particularly through cultural exchange. Public diplomacy, in essence, seeks to create 'soft power', which is the ability to achieve one's goals by persuading the target audience to share similar views with the government in the achievement of a mutually beneficial goal (Dinnie, 2008:251). The global image, as well as the perception of a nation in the global context has become a significant asset for governments (as a matter of foreign policy and international relations) and more importantly, quasi-governmental organisations and corporates with global interests (Kemming, 2009:58). Public diplomacy entails certain critical activities, which according to Kemming (2009:71), mirror conventional public relations activities (discussed in 4.5.1.2) on a macro governmental scale.

In the investment promotion context, IPAs have been known to engage in or facilitate cultural exchange and business-oriented programs in conjunction with their diplomatic missions. In the context of the present study, these may include activities related to the facilitating of investor relations and government relations of conventional public relations (Koekemoer, 2014:183-184) such as the following:

- Investor relations (also referred to as financial relations) which focus on an exclusive segment of stakeholders who include creditors, governments, the media, lobbyists and institutional entities. Associated image-building activities include annual reports, specialised presentations and circulars to key stakeholders. Importantly, the 'value' placed on the brand influences the perceptions of investors, and proactive public relations has an effect on the perception of this value, and
- Government relations (public diplomacy) which hinge on the open communication between the government and its publics. With this premise in mind, governments focus on keeping their publics informed of their activities, ensuring the active participation of all key stakeholders in government programs and promoting citizenry in government policies such as FDI and ODA activities.

With Koekemoer's (2014:183-184) opinion in mind, within the investment promotion practice, one may assume that the IPAs play a significant role in FDI-related public

diplomacy. In the case of Zimbabwe, ZIA as a quasi-government organisation offers foreign investors key services on behalf of the Zimbabwean government and more importantly informs the government's publics (foreign investors, domestic investors) of investment-related policies (Zimbabwe Investment Authority, 2014:25). For instance, the Zimbabwe Investment Authority (2014:25) anticipates launching ZimConnect, an online E-Governance program designed to streamline and expedite FDI-related business licensing. It is the role of ZIA to manage and promote the program to the public as part of Zimbabwe's efforts to improve the turnaround time between investment project approval and the establishment of the business in Zimbabwe.

4.8.1.5 Investor forums

Investor forums are specialised events commissioned to encourage dialogue, the exchange of ideas and in most cases, the presentation of available investment opportunities (UNCTAD, 2016). Investor forums on a micro level can be in the form of in-bound missions from investor countries or individual investment entities or out-bound missions by the IPA and/or individual investment enterprises to FDI markets respectively. Zimbabwe's IPA, ZIA in 2014 conducted outward missions to China and participated in the EU-Africa Business Summit in Belgium in order to inform investors of investment opportunities available in Zimbabwe (Zimbabwe Investment Authority, 2014:28). During the same period, ZIA hosted an inward mission for the Zimbabwe-South Africa Mini Investment Conference, participated in the Zimbabwe Clothing Indaba and received officials from the Vavaki Group, an American consortium of investors specialising in investment funding for Zimbabwean investment opportunities, as part of first-hand Zimbabwean investment opportunity exploration and fact finding missions (Zimbabwe Investment Authority, 2014:29).

4.8.2 Considerations for engaging in image building activities

Image-building is, to a larger extent, only prudent when FDI attraction to the host country is impinged on by existing undesirable perceptions, which do not necessarily represent the reality of the country as a foreign investment location (Morisset & Andrews-Johnson, 2004:35; Sirr *et al.*, 2012:620). More importantly, Wells and Wint (2000:145) in their seminal study on the marketing of countries, caution that IPAs should as a matter of principle, only engage in image-building activities when "...the

product is set right.” That is to say, only when the country has an attractive and favourable product and investment climate respectively, can resources be expended in efforts to create a positive image of the country as an investment location. With the assessments of Morisset and Andrews-Johnson (2004:35); Sirm *et al.* (2012:620) and Wells and Wint (2000:145) in mind, the assumption may be made that the activation of image-building activities by IPAs is predicated on two key bases:

- That there is a discernible need for the management of investor perceptions to counter weak or misinformed perceptions of the country as an investment location, and
- That the host country actually has a competitive ‘product’ and amiable investment climate to offer foreign investors.

Dupasquire and Osakwe (2005:16) reflect on the disregard of these preconditions as being detrimental to the effectiveness of investment promotion on the African continent. The cases cited include that of Nigeria, which actively promoted FDI to the country in the 1990’s at a time when the country faced political instability and civil unrest, and the case of Ethiopia which embarked on investment promotion while engaging in an escalating conflict with Eritrea. More pertinently, Wilson and Baack (2012:98) caution that image building activities such as advertising for FDI promotion would be largely ineffective if certain *image quality* factors are not consistent.

While, there is a defined role for the conventional marketing promotion activities described in this section, a contemporary investment promotion practice has evolved (see Figure 4.1), which has led to a shift in investment promotion discourse. The investor targeting approach to investment promotion shifts the focus of investment promotion from marketing the country to the *wider FDI market*, to marketing the country and its specific investment opportunities to a *defined investor segment* (Ajaegbu, 2014:74; Trnik, 2007:45).

To summarise the discussion on image-building activities, the availability of multiple image-building activities such as advertising, public diplomacy, publicity and public relations suggests that IPAs may engage in an integrated marketing communications approach to image-building. This ability further gives credence to the notion that

conventional marketing principles apply in equal measure to the marketing of countries as part of the interventionist approach to investment promotion. Within the context of the present study, as it has emerged from the preceding discussion, image-building is only prudent when there is a discernible need for the management of investor perceptions and the country has a good investment product and conducive investment climate to offer foreign investors. These are primarily qualitative considerations that influence the decision-making process of foreign investors.

While the Zimbabwean IPA, ZIA, has engaged in all the image-building activities discussed, Zimbabwe has been largely unable to attract significant FDI inflows. This implies that in the case of Zimbabwe, the establishment of the non-financial factors influencing FDI inflow to the country is a critical outcome of the study, as these qualitative factors will assume a utilitarian role and form the basis of a more concerted image-building program for the Zimbabwean government. With this in mind, the following section discusses country positioning and its role within the investment promotion context of the present study.

4.9 COUNTRY POSITIONING FOR FOREIGN DIRECT INVESTMENT ATTRACTION

Brand positioning in the conventional sense, refers to the augmentation of a product and/or brand image in such a way that its uniqueness then creates competitive advantage and cognitive subjective preference within the minds of consumers over competing products and/or images (Adina *et al.* 2015:423; Volles & da Silva, 2014:5). The positioning of countries is not a completely novel concept and is of significant importance to the overall management of nation brand images within the FDI attraction context – where the foreign investor is the consumer whose perception of a nation and its bundle of FDI-oriented benefits influences their consumer behaviour – as such, “...position refers to the investor’s perception of a nation vis-à-vis a competing nation as an investment option” (Festervand, 2011:12). This assertion suggests that perceptions (subjective preferences) of foreign investors as consumers would then be susceptible to the influence of image-building activities. With this in mind, the following section discuss the types of positioning in practice.

4.9.1 Positioning typology within the foreign direct investment context

As previously indicated, positioning refers to the strategic communication management of the brand image and/or product on offer, such that it is appropriately perceived within the minds of the target consumers (Ndlovu, 2009:105; Yee, 2009:22). According to Janiszewska and Insch (2012:13), there are three distinct positioning typologies: functional, symbolic and experiential positioning. Each positioning typology is discussed briefly.

4.9.1.1 Functional positioning

Functional positioning refers to brand differentiation based on practical and *rational* product or brand features which address specific problems for the consumer (Janiszewska & Insch, 2012:13). Within conventional marketing, functional positioning is also referred to as attribute-based positioning - where positioning is based on specific product features (Fuchs, 2008:18). With the brand positioning of nations in mind, Markeviciene's (2012:36) perspective on positioning by *attribute* and positioning by *use* relates to functional positioning. This argument can be illustrated by referring to Switzerland - its positioning as a financial hub for private personal banking services, argues that, country brand positioning can be based on the competitive *attributes* the country offers consumers or the *utility* the country has for consumers.

4.9.1.2 Symbolic positioning

Symbolic positioning refers to brand differentiation focused on brand image and other affective brand features which primarily appeal to the emotions of the consumer (Janiszewska & Insch, 2012:13). In the conventional sense, symbolic positioning is also referred to as benefit-based positioning, where a product or brand is positioned based on both the tangible and intangible benefits associated with consuming the "product" (Fuchs, 2008:18). A relationship can be established between symbolic positioning and the emotional needs of foreign investors, where the literature argues that the values of the country as an investment destination represent a significant social need for investors based on prestige, distinction and identity (Markeviciene, 2012:38-39).

4.9.1.3 Experiential positioning

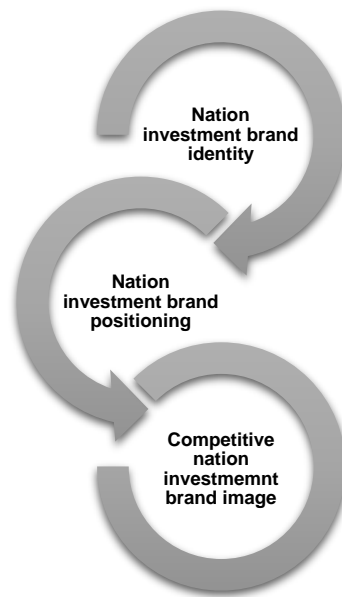
Experiential positioning is brand differentiation based on previous consumer familiarity with the brand and may be based on either functional and/or emotional satisfaction of the consumer predicated on brand contact (Janiszewska & Insch, 2012:13). Conventional marketing literature makes reference to experiential positioning as surrogate positioning, where the positioning of the product or brand is not based on specific functional or symbolic bases, but association and/or existing familiarity (Fuchs, 2008:20). This suggests that experiential positioning is grounded in the notion of existing perceived brand image, brand association and perceived brand equity in the (Ghodeswar, 2008:5). Thus, experiential positioning is consumer-centric and focuses on understanding the consumers' wants and needs, and augmenting the product and/or brand in order to meet consumer expectations (Padgett & Mulvey, 2009:87).

In sum, marketers can utilise any one of the above-mentioned positioning typologies as a positioning strategy. However, within the place branding context and by inference from the FDI location positioning context, no one typology seems to be more relevant than the other. As Wason and Charlton (2015:2) illustrate, brand positioning is particularly concerned with consumer perception and its influence on how consumers perceive the brand based on multiple factors. These factors in the FDI context include functional positioning factors such as natural resources, infrastructure and geography; symbolic positioning factors such as social acceptance, individualism and image, and experiential positioning factors such as brand experience (Janiszewska & Insch, 2012:13). With this in mind, the following subsection discusses the role of positioning in the attraction of FDI.

4.9.2 The role of country positioning in the attraction of foreign direct investment

Positioning is primarily a marketing communication strategy (Karadeniz, 2009:104-105). Within the country positioning context, Dinnie (2008:52) determines that differentiation is a key task in the brand positioning discourse. With this in mind, Figure 4.2 illustrates the hypothesised role of positioning in the attraction of FDI.

Figure 4.2: The role of positioning in the attraction of FDI



Source: Adapted from Markeviciene (2012:29)

As illustrated in Figure 4.2, positioning has an interceding role in the formation of a competitive nation investment brand image. The brand identity and brand image constructs have been discussed in detail in the previous chapter in sections 3.3.1 and 3.6.1 respectively. According to the literature, the positioning of countries primarily utilises marketing mix activities (such as those previously discussed in 4.8.1 as image-building activities) to communicate the *brand identity* of a country strategically to a specific target audience in order to create subjective preference in the marketplace and more pertinently, the desired brand image in the minds of consumers (Ndlovu, 2009:107). Relatedly, Janiszewska and Insch (2012:13) determine that the strategic positioning of places (countries) results in a competitively differentiated brand image, which is *compliant* with the brand identity of the country being positioned. In essence, positioning is the platform from which the brand identity of a country is channelled to the target audience. This discussion now moves on to exploring how significant positioning is to the attraction of FDI.

4.9.2.1 The importance of positioning in the attraction of FDI

The previously identified communicative role that positioning plays in the projection of the brand identity of nations/countries in investment promotion, reinforces the strategic importance of nation brand positioning in the attraction of FDI. This has resulted in it

being prudent for national governments to position themselves proactively in order to create and manage their global brand images as potential investment locations (Janiszewska & Insch, 2012:13). That is to say, once the brand identity has been established and positioned within the target market the overall brand image created, continuously interacts with and is susceptible to the positioning strategy of the country, as illustrated in Figure 4.2.

As the literature (Anderson & Sutherland, 2015:2; Oloo, 2014:4; Trink, 2007:42) submits, image-building activities as part of broader investment promotion, are primarily geared towards positively influencing the perceptions of prospective investors by managing the image of the country. Since brand positioning is based on consumer perceptions, a key outcome of successful image-building activity would then be a strong nation brand image which can enhance the competitive positioning of a country and its associated outputs and/or opportunities within the global market based on a positive COO effect (Adina *et al.* 2015:423-424). In other words, effective brand positioning results in a strong nation brand which can positively influence the perceptions of investors and more significantly, positively impact on the investor decision-making process (Markeviciene, 2012:34).

Wilson and Baack (2012:96) do, however, point out that, while there is a significant dearth in research into the perceptual factors that influence FDI location decisions, there is literature on this discourse that does suggest that the image a nation projects to foreign direct investors (nation identity) does matter, as it informs the perceptions of investors. Fanning (2011:23), for instance asserts that the nation brand image of a country affects the ability of the said country to attract FDI. Markeviciene (2012:27) is more specific, positing that in an increasingly expansionary global market, a country with a strong nation brand is more likely to be successful in attracting foreign investors. This view is shared by Simeltye, Peleckis and Pelekiene (2015:195) who seem to concur with these assertions, advancing the notion that a positive image of a country is of significant influence as a non-financial measure in the attraction of FDI to a particular country.

Empirical evidence from a study by Pekarek (2012:56) supports the above mentioned views, concluding that in making their investment decisions, a significant proportion of

Norwegian investors' ignorance on Africa was a key element in the perceptions that influenced their reluctance to invest in Africa. This suggests that potential African investment locations have significantly weak nation brand images amongst Norwegian investors, implying that Africa has a positioning challenge within the foreign investor market in Norway. In an increasingly globalised FDI market, the decision-making process of foreign investors is prone to 'bias', more so in the context of the FDI location, where the 'quantification' of risk is difficult due to, in part, information asymmetry regarding potential investment locations (Ecorys Netherlands, 2013:30; Harding & Jarvocik, 2012:2).

Cognisant of this, Ecorys Netherlands (2013:30) ascertains that investors are becoming increasingly circumspect about their selection of investment locations and that any potential investment location is now examined "...through the lens of the nation." To this end, Fanning (2011:23) concedes that countries are prone to certain *caricatures* based on the nation brand images with which they are associated. These caricatures represent positioning of the country within the minds of consumers, good examples are subjective references to countries such as *German efficiency*, *Italian design*, *Indian spirituality*, and *Swiss precision* that are hypothesised to influence consumer perceptions - albeit being difficult to qualify or quantify (Ecorys Netherlands, 2013:46; Fanning, 2011:23). Despite this critique of measurability, Bah, Kefan and Izuchukwu (2015:83) assert that, a positive caricature such as the perceived excellence of German quality, increases subjective preference for Germany and ultimately increases the flow of FDI to the country. The following section interrogates the practical application of brand theory within the investment promotion context.

4.9.3 Nation brand positioning within investment promotion practice

Positioning, within the context of the attraction of FDI, can, as is argued by Markeviciene (2012:39), be directly related to the *investability* of a country in relation to its competition. In other words, how attractive the country is to potential foreign investors is based on its unique attributes and functionality. Yee (2009:23) opines that, a good positioning platform in the form of a good slogan or tagline is at the core of the communication of brand identity, essence and ultimately brand image. From a conventional nation branding perspective, Dinnie (2008:53), in Table 4.3, identifies

some positioning platforms utilised by a cross-section of countries from Africa, Europe, Asia and South America.

Table 4.3: Nation brand positioning platforms

Nation brand	Positioning platform
South Africa	Alive with possibility
Bolivia	The authentic still exists
Scotland	The best small country in the world
India	India shining
Thailand	Amazing Thailand
Malaysia	Truly Asia

Source: Dinnie (2008:53)

As summarised in Table 4.3, a cross-section of countries within the various global regions have utilised positioning platforms to promote themselves within various global markets. For instance, to create a *compelling* brand image for post-Apartheid South Africa, the country’s International Marketing Council sought to manage the perceptions of external publics in relation to the country. As a result, an innovative brand program was launched by South Africa’s Brand South Africa organisation from the brand positioning platform of “Alive with possibility” to capitalise on the country’s new democracy and *Rainbow Nation* status (Dinnie, 2008:5-6). More pertinently, Guimon (2009:10), in Table 4.4, observed image-building in practice in the European Union and catalogued examples of branding-related activities conducted by different European Union countries as they attempted to position themselves as attractive locations for research and development-oriented FDI in Europe.

Table 4.4: Positioning taglines for research and development FDI attraction

Location	Tagline
Germany	Land of ideas
Italy	Log on to Italy
United Kingdom	Want to be a part of the UK cutting-edge technological revolution?
Ireland	Knowledge is in our nature
Sweden	New ways of thinking
Denmark	Creative Denmark

Location	Tagline
Spain	Spain: Technology for life
Madrid (Spain)	Centre for excellence & opportunity
Portugal	Global Portugal: Technology from the heart
Czech Republic	The skills hub of Central Europe

Source: Guimon (2009:10)

As can be seen in Table 4.4, some European countries have previously attempted positioning themselves as attractive locations, and in this case for research and development-oriented FDI. The simple brand positioning phrases outlined in Table 4.4, sought to describe succinctly, the competitive advantage of the potential host location over other locations in the region. Sweden and Germany, for instance, positioned themselves as being innovative locations, simply stating, 'New ways of thinking' and 'Land of Ideas' respectively, while the Czech Republic positioned itself as a human capital-rich location, 'The skills hub of Central Europe' (Guimon, 2009:10).

To summarise the discussion on country positioning for the attraction of FDI, the literature consulted establishes the importance of country positioning in attracting FDI to a particular country. The interceding role of positioning between the nation investment brand identity and the creation of the nation investment brand image is crucial in the differentiation of potential investment locations within an increasingly competitive global FDI market. Positioning as a communication platform, is related to image-building activities which seek to communicate the unique identity of a country and positively influence the perceptions of foreign investors, thereby creating subjective preference in the mind of the consumer for the country as an investment location in relation to competing countries.

Within the context of the present study, the positioning of country brands as a strategy for the attraction of FDI, further gives credence to the importance nation brand images in the competitiveness of countries as potential foreign investment locations. In the case of Zimbabwe, the experiential positioning perspective is very important. As it has emerged from the preceding discussion, experiential positioning is concerned with the existing perceived brand image, brand association and perceived brand equity of a country as the key fundamentals that inform a positioning platform. To this end, the present study seeks to determine the particularly non-financial subjective factors that

influence foreign investors in their consideration of Zimbabwe as an investment location and ultimately, the flow of FDI to the country. It is these factors as an outcome of the present study, which will potentially inform Zimbabwean policymakers of the most effective positioning strategy and positioning platform for Zimbabwe within a broader investment promotion program. The following section summarises the discussions in chapter four.

4.10 SUMMARY

Globalisation, changing foreign direct investor considerations and the resultant increased competition for FDI resources have catalysed the evolution investment promotion theory and practice. Contemporary investment promotion is interventionist by nature, whereby governments are now, mostly through quasi-government organisations such as IPAs, proactively marketing their countries as attractive FDI locations to both induce positive and counter negative perceptions respectively.

At the core of this interventionist approach to investment promotion is, as it has emerged, image-building which, based on positive consumer subjective preference, seeks to manage the perceptions of investors and position the country as an attractive investment location within the global FDI market. However, while one may argue that the role of policy advocacy in investment promotion is primordial in the investment promotion process, as IPAs actively seek to augment their respective investment climates to better suit investor requirements, image-building as it has emerged, is the most effective investment promotion activity in attracting FDI to a country. Conventional wisdom in contemporary investment promotion does, however, strongly suggest that for any promotional activity to be conducted, there should be an established need for the promotion and a worthwhile 'product' to promote. In other words, the *investability* of the country is crucial as part of the positioning of the country as an attractive investment location within the minds of foreign investors.

Most notably, chapter four establishes that national governments are cognisant of the influence nation images have on the perceptions of foreign direct investor. This is evident from the focus and effort of a significant proportion of IPA budgets on image-building activities as part of their investment promotion mandate. The following chapter, chapter five, delves into the concept of FDI, particularly the seminal theory

grounding the concept, the role of FDI in the African context and the factors that influence the inflow of FDI to a particular location, as well as the motives of countries and foreign investors engaging in FDI activity.

CHAPTER FIVE

FOREIGN DIRECT INVESTMENT: THE CONCEPT, MOTIVES AND DETERMINANTS

5.1 INTRODUCTION

Chapter four has explored the concept of investment promotion, particularly the seminal theory of investment promotion and its practice. Importantly, the previous chapter has introduced the concept and practice of image-building - one of four investment promotion functions - which is essentially concerned with the building of a positive perception of a country as an attractive location for FDI. As it has emerged in chapter four, globalisation has increased the competitive pressures within the FDI market, as national governments compete increasingly for a finite pool of foreign investment resources. The attraction of FDI to national economies has evolved as governments increasingly implement interventionist policies aimed at influencing foreign investment location decision-making. One such intervention is the establishment of IPAs, which are organisations tasked with conducting marketing activities within the global FDI market in a bid to attract FDI to their respective national economies.

IPAs conduct image-building activities, and as it has emerged in the discussion in Chapter Four, these activities are largely marketing-oriented. Importantly, as it emerged in the investment promotion context, positioning has become an important investment attraction approach. A key concept in the positioning of countries as distinct and attractive locations for FDI is brand management.

To this end, this chapter discusses the FDI concept, and establishes the seminal theory in the field of FDI. This chapter then establishes, by looking at the associated benefits of FDI, why FDI is significant to the economic recovery of countries such as Zimbabwe and profiles the FDI determinants to Africa countries in particular. FDI activities are explored by paying attention to the financial and non-financial FDI determinants. Finally, the reason why FDI entities and host countries engage in FDI activities, is investigated - the advantages inducing foreign investor choice of investment location and host country attraction of FDI. In addition to this, the potential drawbacks of FDI are also identified.

5.2 THE FOREIGN DIRECT INVESTMENT CONCEPT

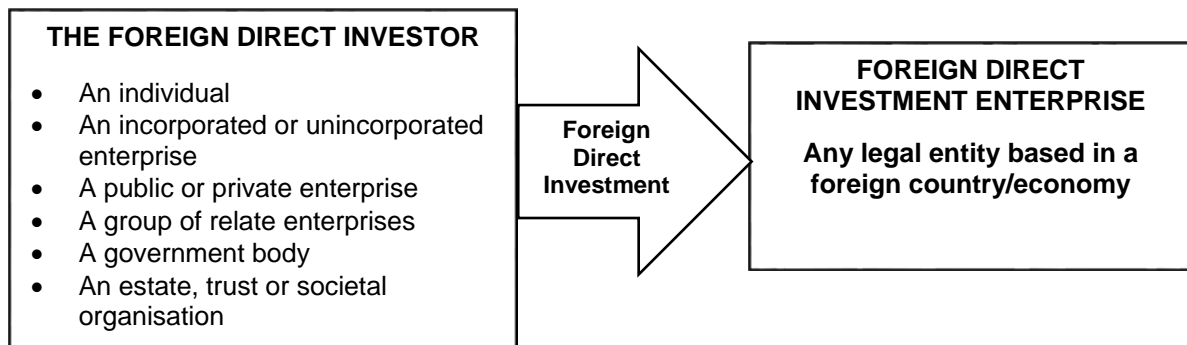
Foreign direct investment is a broad field of study in its own right and is informed by many theories and concepts – most of which are beyond the scope of the present study. It, however, follows then that in defining FDI; exploring its seminal theories; establishing the motives; and identifying the key FDI determinants, these notions and concepts influence this discussion. The following section of this chapter delineates the FDI concept; establishes the role of FDI in an economy and in the African context, before, finally, exploring seminal FDI theory.

5.2.1 Characterisation of foreign direct investment

As is evident in 1.6.3, the definition of FDI is predominantly the purview of three main supra-governmental organisations – the Organisation for Economic and Cooperative Development (OECD), the International Monetary Fund (IMF) and the United Nations Centre for Trade And Development (UNCTAD). However, for the purposes of the present study, FDI has been defined as the uptake of a significant (10% or more) primary or secondary interest (equity and/or management stake) by an individual; a group of related individuals; a private or public business; and/or a government body in an enterprise located in an economy outside of their own (International Monetary Fund, 2009:100; United Nations Centre for Trade And Development, 2012:3; OECD, 2008:48; Olumuyiwo, 2013:355).

It is therefore, prudent to determine that any form of international capital flows with the characteristics mentioned above, may be categorized as FDI. However, for FDI to occur, at least two parties must be involved. Figure 5.1 illustrates the two key stakeholders in FDI activity – the foreign direct investor and the FDI enterprise.

Figure 5.1: Stakeholders in foreign direct investment



Source: Adapted from Organisation for Economic and Cooperative Development (2008:49)

As illustrated in Figure 5.1, a foreign direct investor is any entity or institutional unit that is either directly or indirectly involved in the management of an FDI enterprise in another economy, irrespective of sector. Therefore, a foreign direct investor may be any entity highlighted in Figure 5.1 or any combination of the aforementioned that acquires an interest in a foreign entity (Organisation for Economic and Cooperative Development, 2008:49).

Based on the relevant definitions of FDI and key stakeholders outlined in this subsection, within the context of the present study, FDI is considered to be any long term investment activity by a foreign, direct investment entity that results in the direct or indirect ownership of at least 10% equity of an enterprise located in Zimbabwe. The following subsection discusses the seminal theory in FDI.

5.2.2 Seminal foreign direct investment theory

As previously stated at the beginning of this chapter, FDI is a broad and continuously growing field of study in its own right. With this in mind, it is prudent to inform the present study of the seminal economic theory in FDI literature. Akpan *et al.* (2014:5) are of the opinion that the motivations of Multinational Enterprises - MNEs, as well as other direct investment entities, for engaging in FDI activities can be 'rationalised' from diverse theoretical perspectives. FDI literature generally accepts Dunning's (1977, 1979, 1988) eclectic paradigm, which is often referred to as the Ownership-Location-Internalisation (OLI) Model, as the most influential framework in the FDI

discourse (Chiu, Lo & Susy, 2015:128; Luthje, 2015:310; Oehler-Sincai, 2011:37). A review of FDI literature in general and its seminal theories indicate that there is a general consensus that the OLI model is grounded in some of the key and most influential economic theories that have formed the explanatory basis of contemporary global FDI activity (Andersen, Ahmad & Chan, 2014:52; Assuncao *et al.* 2011:3,16; Chui *et al.* 2015:137; Dunning, 2000:163; Luiz & Ruplal, 2010:4, 5; Nayak & Choudhury, 2014:10) - particularly the influential theories in the development and practice of FDI. The economic theories that are encapsulated by Dunning (1977, 1979, 1988), are the Heckscher-Ohlin Model (Heckscher & Ohlin, 1933); the Product Lifecycle Theory (Vernon, 1966); the Market Imperfections Theory (Hymer, 1976), and the Internalisation Theory (Buckley & Casson, 1976) and depicted in Table 5.1.

Table 5.1: Seminal theory in foreign direct investment incorporated in the OLI framework

Model	Motives for FDI activity
Heckscher and Ohlin (1933) model	<ul style="list-style-type: none"> • Higher return on investment • Lower labour costs • Exchange risk
Vernon's Product Life Cycle (1966) model	Production function characteristics: <ul style="list-style-type: none"> ▪ Specialised labour ▪ Innovative technology
Hymer's Market Imperfections (1976) model	<ul style="list-style-type: none"> • Ownership benefits (product differences) • Economies of scale • Government incentives
Buckley and Casson's Internalisation (1976) model	<ul style="list-style-type: none"> • Market failures/inefficiencies lead to vertical integration • Know-how leads to horizontal internalisation

Source: Adapted from Assuncao *et al.* (2011:3)

As evidenced in the table above, the four theories that are incorporated in the Dunning's OLI (eclectic) paradigm offer diverse perspectives on FDI determinants. Critically, the models by Dunning (1977, 1979, 1988) based on his eclectic paradigm, position the OLI Model as a seminal explanatory framework in FDI literature by addressing the critiques of these pivotal economic theories. To this end, each pioneering theory is discussed briefly.

5.2.2.1 The Heckscher/Ohlin Theory and the OLI Model

Widely considered to be one of the first attempts at an explanatory framework for FDI, the Heckscher/Ohlin (1933) Theory postulates that countries have the propensity to export (trade) products/services that maximise the exploitation of their key factor endowments and would, contrastingly and typically, prefer to import products/services that required scarce resources (Nayak & Choudhury, 2014:13). In essence, as Wood (2009:10) ascertains, the Heckscher/Ohlin Theory is a notion grounded in the concept of comparative advantage in the global international trade context.

Nayak and Choudhury (2014:14) concur with O'Rourke (2003:1) in critiquing that the Heckscher/Ohlin Theory does not explicitly expound on the concept of foreign production, and is principally based on the mobility of international factors of production and, to a larger extent, the theory has been subject to criticism relating to its empirical applicability to international trade. Dunning's (1977, 1979, 1988) models debunk the principle idea of foreign trade being based on exporting and importing, and improves it by advocating for the *Location* of MNEs in countries that offer the comparative advantages, *Ownership* of entities in the value chain and *Internalisation* of competitive advantages the enterprise has in competing and producing in the foreign market - technology, factor endowments, natural resources - in essence Dunning's model propagates the mobility of factors of production (Dunning, 2000:164; Nayak & Choudhury, 2014:9).

5.2.2.2 The Product Lifecycle theory and the OLI Model

The rationalisation of the existing competition between enterprises (rivalry) led Vernon (1966) to consider the impact enterprise-rivalry has on the decisions of FDI entities to reduce their cost of production and create competitive advantage (Assuncao *et al.* 2011:4). By assimilating the theory of international trade with international investment theory, Vernon (1966) posited a new explanatory framework for the changing trade flows in an increasingly technologically advancing post- Second World War global market (Denisia, 2010:106; Nayak & Choudhury, 2014:14). The Product Life Cycle Theory of FDI contends that FDI is a reactionary response to contracting global markets and maturing products in foreign markets, as well as competitive pressures that have diminished comparative advantages, and prompt the implementation of production cost reduction strategies – particularly the interaction of factors such as

technological innovation in relation to production, exporting and foreign investment in the production process (Antras, 2005:1054; Assuncao *et al.* 2011:4).

Vernon (1966) relates the framework for FDI to the traditional product life cycle. According to Nayak and Choudhury (2014:14-15) the following stages occur in this theory:

- Stage 1 - Product innovation occurs and new products are introduced and sold in high income markets;
- Stage 2 – As the new products gain consumer preference in initial markets, new export markets are developed, production increases and exporting, as a market expansion strategy occurs. At this stage the establishment of local production units may occur to meet local or regional demand for the product;
- Stage 3 – As competitors catch up and products become standardised, and comparative advantage in the market diminishes, production moves to lower cost locations and the product is exported to the source country until the time of new innovations.

Importantly, Vernon (1966) found that enterprises, as part of an internal market strategy, may opt to invest directly in foreign markets as opposed to exporting - however, this is a significant critique of this theory - the theory does not justify the transition from exporting to international markets to FDI in the markets, without considering licensing or maintaining an export strategy (Assuncao *et al.* 2011:4). The OLI Model determines that the ownership, location and internalisation advantages that FDI offers, justifies that the MNE is engaging in FDI and not exporting and/or licensing, that both have some deficiencies (Dunning, 2000:164; Nayak & Choudhury, 2014:9). For instance, when an export is in its growth stage in a foreign market, the enterprise may consider creating a subsidiary in the foreign market (ownership), locating it within the market to reduce transaction costs (location) and maintaining its competitive advantage by keeping its innovation/technology within the enterprise while operating in the foreign market to maintain competitiveness (internalisation).

5.2.2.3 The Market Imperfections Theory and the OLI Model

Hymer (1976) is considered to be one of the first FDI theorists to posit that FDI would not occur in the absence of some form of distortion (imperfection) within the global market (Oehler-Sincai, 2011:36; Pitelis, 2009:3). In their review of seminal FDI theory, Nayak and Choudhury (2014:4, 5), credit Hymer (1976) with being one of the first pioneers of systematic approaches to the FDI discourse, pioneering a paradigm shift from the neoclassical approach to global trade to industrial organisation theory. Based on his doctoral thesis of 1960, Hymer (1976) posits that entities engaging in global business enter, and compete within the foreign market from a disadvantaged position – experiencing cultural differences, consumer preference challenges, protectionist legal frameworks in relation to its domestic competitors (Assuncao *et al.* 2011:4; Dunning & Pitelis, 2009:3, 7). In spite of these disadvantages some authors (Assuncao *et al.* 2011:4; Denisia, 2010:107; Oehler-Sincai, 2011:36), argue that there must be some *market imperfection* that motivates foreign entities to invest in a foreign market and make a profit.

The Market Imperfections Theory posits that there are certain enterprise advantages that give foreign enterprises competitive advantages in a foreign market. According to Dunning and Pitelis (2009:14) these advantages may include the following aspects:

- Product quality (brand & brand association);
- Technology (product development, productive efficiency);
- Managerial skills (marketing, business management), and
- Capital (access to cheaper loans, loan capital from reserves).

However, criticism levelled against this theory, has been that it fails to ascertain where and when FDI occurs, as well as whether the market imperfections are at a structural market level or relates to transaction costs, a critique addressed by other theories - product lifecycle, internalization and eclectic theories (Oehler-Sincai, 2011:36). Within the OLI framework, Dunning's (1977, 1979, 1988) models, however, integrate the Market Imperfection Theory and suggest that by *Ownership* of a local enterprise, the MNE is able to exercise some control within the foreign market and access the host country's value chain and incentives reserved for locally-based entities in the market; by *Locating* in the market the MNE is able to exploit certain immobile factor

endowments and serve the market directly; and by *Internalisation* transfer and exploit its core competencies internally, insulated from host market structures and forces (Dunning, 2000:164; Nayak & Choudhury, 2014:9).

5.2.2.4 The Internalisation Theory and the OLI Model

Developed by Buckley and Casson (1976), the Internalisation Theory postulates that FDI may be explained based on *immediate inputs* and *technology* at an industrial and enterprise level – particularly through the development of MNEs as vehicles of FDI (Assuncao *et al.* 2011:4) According to several authors (Denisia, 201:107; Oehler-Sincai, 2011:37; Pitelis, 2009:4), the internalisation theory is grounded in the following assumptions:

- Profit maximisation, within an imperfect market, is possible for foreign entities.
- When markets and their products are imperfect, there is sufficient incentive for the creation of *internal markets* in order to bypass these imperfections.
- The need for internalisation of markets results in the development of MNEs.

The Internalisation Theory focuses on the forward and backward integration of technology and key inputs/outputs within the enterprise so as to create and exploit internal advantages (Denisia, 2010:107). According to Nayak and Choudhury, (2014:7); Buckley and Casson's (1976), the Internalisation Theory identifies the following five market imperfections that motivate internalisation:

- There is a significant lag time in resource co-ordination;
- There is a need to institute discriminatory pricing in order to exploit market advantages;
- There exists a bilateral monopoly situation that produces instability in the bargaining process;
- There are price determination inconsistencies that complicate the exchange process and;
- Government intervention in global markets incentivises transfer pricing within enterprises.

From the Internalisation Theory perspective, Assuncao *et al.* (2011:5) found that, internalisation through FDI is a preferred strategy in mitigating and circumventing

these costs in situations where there is high uncertainty (information asymmetry) and/or high risk (political/socio-economic instability). This implies that enterprises operating beyond their national borders, would replace traditional market activities with internal processes to mitigate the effects of market imperfections (Oehler-Sincai, 2011:37). However, a criticism levelled against this theory by Nayak and Choudhury (2014:7) is its inability to consider the magnitude of government intervention within key economic sectors such as public resources and telecommunications. The theory is adapted by Dunning (1977, 1979) in the internalisation context of the OLI triad. In response to the critique of Buckley and Casson's (1976) theory that is unable to consider the magnitude of government intervention within key economic sectors such as public resources and telecommunications (Nayak & Choudhury, 2014:7), Dunning's (1977, 1979, 1988) models advocate for the *Ownership* of a local enterprise and/or *Location* of a subsidiary in the foreign market (Dunning, 2000:164; Nayak & Choudhury, 2014:9). This allows the MNE to mitigate the effects of government intervention (protectionism, tariff barriers, and resource limitations).

This subsection of the chapter unpacks the theoretical underpinnings of Dunning's OLI model, the seminal theory in the FDI discourse. It is the confluence of economic theories within the OLI Model that justifies the adoption of Dunning's theory to inform the present study. The OLI framework is important in the context of the present study as it is an explanatory framework that is conventionally applied by foreign investors as an evaluative framework in their internationalisation strategy. Importantly, the OLI framework categorises the strategic advantages of FDI and allows the present study to establish the theory behind locational advantages. The OLI framework was introduced in chapter one as a key concept in the hypothesised model for the present study. Reference will also be made to the OLI framework as this chapter discusses other key concepts in FDI, such as the motives for engaging in FDI and determinants of FDI.

The following subsection discusses briefly, the role of FDI in an economy specifically within the African context, and the determinants that influence FDI inflow into a country.

5.3 THE ROLE OF FOREIGN DIRECT INVESTMENT IN AN ECONOMY

FDI has been characterised in literature as a critical linchpin in the contemporary global economy, serving as a mechanism linking national economies globally (Kok & Ersoy, 2009:105). The increased flow of funds across national borders may be attributed to FDI, making it a key factor in the economic globalisation phenomenon that has granted both developed, and more importantly, developing economies access to new sources of capital, vectors of industrial diversification and development, as well as technology for innovation and mechanisation (Ajayi, 2006:11-12; Bjorvatn, Kind & Nordas, 2002:109; Kok & Ersoy, 2009:105; Tintin, 2013:287).

Despite multiple global financial-crisis linked fluctuations, global FDI flows have significantly increased from US\$54.1 billion in 1980 to US\$1.45 trillion in 2013, peaking at an estimated US\$1.700 trillion in 2011 (Anyanwu & Yameogo, 2015a:200). To this end, FDI may be considered to be the most sustainable source of capital for developing nations, compared to other more volatile and less sustainable forms of capital available to developing nations, which include official donor aid (ODA), portfolio investment and credit (Asafo-Adjei, 2007:15; Bezuidenhout, 2007:28-29; Kavita & Sudhakara, 2011:219; Zhang, 2005:4).

Globally, FDI is widely regarded as a key socioeconomic development catalyst, that promotes the economic growth of host economies, thereby becoming a vector for the following: creating employment; developing infrastructure; reducing poverty; improving social services; catalysing competitive advantage; and integrating host economies into the global value chain (Akpan *et al.*, 2014:3; Anyanwu & Yameogo, 2015a:199; Eric, Boamah, Osei & Hayford, 2014:265; Chen, Geiger & Fu, 2015:1; Huyen, 2015:26; Mosia, 2012:1-2; Wentzel & Steyn, 2014:319). It is then not surprising that policymakers in developing and transition countries such as Zimbabwe, actively seek to promote FDI into their economies, especially since, as Amendolagine, Boly, Coniglio, Prota and Seric (2013:41) ascertain, the lack of capital to finance economic development is viewed as a major constraint to the economic development initiatives of developing and transition countries. According to Ajayi (2006:1) and Bjorvatn *et al.* (2002:112), FDI in essence then serves the following dual purpose:

- The transfer of financial resources, and

- The transfer of intangible assets such as technology, skills and management expertise.

It is, however, important to note that there is a discernible dearth in theoretical and empirical consensus (Alfaro, 2014:3; Hezer, Klasen & Nowak-Lehmann, 2008:794; Moura & Forte, 2010:2; Pazienza, 2014:10; Tintin, 2012:3), regarding the impact and role of FDI in host developing nation economies. Empirical studies on the role and influence of FDI in national economies have been dichotomous in their findings – whether FDI has an overall positive or negative impact on both developed and more pertinently, developing economies. For instance, by analysing panel data from 125 developing, developed and least developed countries between 1980 and 2010 (based on GDP per capita; UNCTAD human development, education and health indexes data; FDI inflow data and; Economic Freedom Index data), Tintin (2012:28) found that a 10% increase in per capita FDI leads to an average of 3.1% increase in per capita GDP. This finding implies that FDI has a statistically significant positive effect on economic growth across the cross-section of host economies studied. More importantly, Tintin (2012:32-33) found that the effect of FDI is most significant in developing countries where it has a discernible positive effect on the per capita GDP, human development index and health indices respectively.

Conversely, while acknowledging the general discourse on the positive role and impact of FDI as a mechanism in the global economy, Hezer *et al.* (2008:794) strongly contend that FDI has a significantly negative and in some cases, insignificant impact on and role in developing economies respectively. Using single equation and co-integration techniques from the panel data (GDP logarithm and average net FDI inflow to GDP ratio percentage) of 28 developing countries from Asia, Africa and Latin America from between 1970 and 2003, Hezer *et al.* (2008:808) found that based on their sample of developing countries, FDI, has no discernible long term positive or unidirectional impact on per capita GDP growth. This is a direct contradiction to studies, which include that of Tintin (2012:32), which posits that FDI has a positive effect on host developing country economies. Reference to these two studies serves to illustrate the divergent views related to the role and impact of FDI, particularly in developing nation economies. However, it is important to note that studies finding a

positive FDI effect are more in number than those finding otherwise (Moura & Forte, 2010:2, 16).

More pertinently, an empirical study by Moyo (2013:327) on the impact of FDI on Zimbabwe's economic growth, analysed Zimbabwean panel data from between 2009 and 2012, found that statistically, a one percent increase in FDI to Zimbabwe translated to a 24.6% increase in the country's GDP. This suggests a strong positive correlation between FDI and financial GDP growth in the case of Zimbabwe.

The following subsection discusses foreign direct investment in the African context.

5.3.1 The role of foreign direct investment in the African context

In 2014, FDI activities contributed an estimated US\$128 billion in capital investment to the African economy and created an estimated 188 400 new jobs, representing 17.1% and 8.7% of the total global capital investment flows and new global FDI-related employment opportunities respectively (Anyanwu & Yameogo, 2015b:348; Ernst & Young, 2015:8, 10). FDI flows within Africa in 2014, surpassed official development assistance (ODA) from traditional donor nations (Ernst & Young, 2015:11). To this end, FDI has become an increasingly important vector in the diversification of African economies and infrastructure development (Anyanwu & Yameogo, 2015b:345; Ernst & Young, 2015:11). The sheer fiscal contribution of FDI to national economies and the socio-economic impact of the employment created by FDI projects, rationalises the amplified level of competition between nations that characterises the global FDI market.

Data from a recent World Bank study, suggests that between the years 2000 and 2013, total FDI stock in Sub-Saharan Africa (SSA) increased by over 600%, from an estimated US\$45 billion to US\$474 billion respectively, with an average return on FDI consistently above the global average percentage of nine percent (Ernst & Young, 2015:350; Chen *et al.* 2015: v, vi). Based on UNCTAD data, Anyanwu and Yameogo (2015a:200) established that, between 1970 and 2013, the highest average annual FDI inflows to the African continent went to North Africa (US\$4.84 billion) and the lowest average FDI inflows went to Central Africa (US\$1.65 billion) during the same period. More recent statistics from a study by Anyanwu and Yameogo (2015b:346-

347), however, do suggest that between 2005 and 2014 the significant proportion of FDI still went to North Africa (35%). More pertinently, Southern Africa over the same period received 14% of total FDI inflows to the continent.

Qualitatively, Chen *et al.* (2015: vi) characterise contemporary FDI in Africa as follows:

- Transcending from the traditional resource-seeking FDI to service- and manufacturing-oriented FDI;
- Expanding in geographic scope to encompass Southern and Eastern Africa, and
- Increasing coming from non-traditional sources of FDI (South to South FDI) which include India, South Africa and China, investing more significantly in the continent.

This characterisation of FDI in the African context is echoed by Anyanwu and Yameogo, (2015a:199), who determine that the proliferation of FDI on the African continent has catalysed the industrial diversification of an increasing number of African economies which were traditionally dependent on the exploitation of their natural resources. These authors add that foreign direct investment, has also become a significant source of sustainable long term capital for funding public resources (infrastructure, socio-economic development programs) for most African governments. The top ten recipients of FDI on the African continent account for 65% of the total FDI in the African region – these include Nigeria, Egypt, South Africa, Morocco and Mozambique as the top five respectively (Anyanwu & Yameogo, 2015b:348).

As the influence of FDI on African economies increases, it has become increasingly important for African policymakers to integrate FDI-friendly policies into their economic frameworks, hence placing more emphasis on the attraction of FDI to African economies. Ajayi (2006:2) determines that, the FDI-led success of Asian nations such as Singapore and India attests to this view. The following sections discuss the determinants influencing the inflow of FDI to the African continent.

5.3.2 Determinants influencing Foreign Direct Investment inflow to Africa

In 2014, African nations collectively doubled the continent's global share of FDI capital income, commanding the second largest share of the total global FDI capital flows of 2014 - second only to the Asia-Pacific region - and outperforming the traditional FDI destinations which include North America and Western Europe (Ernst & Young, 2015:9-10). Africa competes with other regional blocks for FDI capital and is unique in the investment opportunities that it offers potential foreign investors. More so, this uniqueness extends to the individual determinants that influence investor decision-making when considering which African economy in particular to invest in. According to Ernst and Young's *2015 Africa Attractiveness Survey*, Africa is currently the fastest growing FDI destination in the world (Ernst & Young, 2015:10). However, Anyanwu and Yameogo, (2015a:199), caution that investors should not perceive Africa as one investment entity and should be cognisant of the multiplicity of cultures and regulatory frameworks associated with investing in specific African economies. With this in mind, the critical question becomes the following: what salient determinants may be considered to be driving Africa's FDI capital inflows?

Moreira (2009), in a review of papers published on the determinants of FDI inflow to Africa between 1969 and 2007, found that while there is dearth of empirical studies on the determinants of FDI in the African continent in particular, some significant inferences may be drawn from the limited pool of existing studies on the determinants influencing FDI inflows to the continent. Based on the aforementioned review, Moreira (2009:96) makes a critical observation related to the underlying determinant of FDI inflow to Africa, claiming that the negative image of the continent has a significant influence location for foreign investment.

The perceptions of investment 'risk' associated with the continent are primarily based on the negative image of the continent, buoyed by misconceptions about qualitative determinants of FDI such as perceived political instability (civil war, coups, dictatorship) as well as, perceived infrastructural, institutional and regulatory framework deficits (Ajayi, 2006:21; Moreira, 2009:96; Schorr, 2011:23, 56). It is this discourse of perceived image that the present study focuses on in relation to Zimbabwe - the influence of Zimbabwe's image on FDI to the country. The following

sub-sections do however review previous studies relating to FDI determinants to Africa in general and some African country specific studies.

5.3.2.1 Country-specific empirical evidence of the determinants of Foreign Direct Investment inflows to specific African countries

A review of FDI literature established some FDI determinants from previous empirical studies on the determinants of FDI inflows to individual African economies, for instance, in the case of Lesotho, based on time series data, Malefane (2007:104) using panel data from between 1973 and 2004, found that macroeconomic stability, export orientation, market size and political stability were the key explanatory variables of FDI inflows to the country.

In the case of Nigeria, a study by Okafor (2012:55) utilised the Ordinary Least Square Estimation technique to analyse panel data of Nigeria from between 1970 and 2010 to determine the macroeconomic variables that are pull factors of FDI to Nigeria. The study found that, in the Nigerian context, real GDP (market size), interest rates and real exchange rates were significantly positive determinants of FDI inflows to the country, while inflation and net-exports were found to be insignificant as determinants of FDI inflows to the country (Okafor, 2012:60). In a later study on the determinants of FDI to Nigeria and their effect on the Nigerian economy, Etim, Onyebuchi and Udo (2014:79) analysed panel data from between 1975 and 2010 and found some contrasting results. Like Okafor (2012:55), Etim *et al.* (2014:82) found GDP as a proxy for market size, to be a significantly positive determinant of FDI inflows to Nigeria. However, Etim *et al.* (2014:82) extend the determinants to include trade openness and infrastructure development as positive determinants FDI inflows to Nigeria. Contrastingly, Etim *et al.* (2014:81) found the Nigerian exchange rate to be a negative but insignificant determinant of FDI inflows to Nigeria over the study period.

In the case of Ghana, Eric *et al.* (2014:271), based on an analysis of secondary data from between 1990 and 2010, a significantly positive relationship was found between Ghana's GDP, government spending, and human capital, while the country's population in general was presented as a significantly negative determinant of FDI inflow to Ghana. A previous study related to Ghana, interviewed 22 CEOs of MNE's based in the country and identified the country's natural endowments, emergent

market, democracy; cheap labour, and enabling business environment as significant positive determinants of FDI inflows to the country, and poor ICT, utility and transport infrastructure as significantly negative determinants of FDI inflows to Ghana. (Aveh & Krah, 2013:62).

In the case of Swaziland, Masuku and Dlamini (2009:180) analyse time series data on Swaziland from between 1980 and 2001. They found that external economic stability; Swazi infrastructure; Swazi economic stability, and the openness of Swaziland's market to trade were positively influential determinants of FDI inflows to the country (Masuku & Dlamini, 2009:182). The market size and unattractiveness of Swaziland's domestic market were found to be negative FDI determinants to Swaziland (Masuku & Dlamini, 2009:182).

The empirical evidence suggests that there are a many determinants of FDI inflows to different African countries, highlighting the contextual nature of these FDI determinants. The results of these studies are consistent with the observation annotated in the present study - that the determinants of FDI inflows to individual economies are diverse and country specific. The following sub-section presents some Afrocentric studies relating to FDI determinants to the African continent in general.

5.3.2.2 Empirical evidence of the determinants of Foreign Direct Investment inflows to Africa

A review of FDI literature established some FDI determinants from previous global empirical studies on the determinants of FDI in general, for instance, in their study on the determinants of FDI inflows to BRICS (Brazil, Russia, India, China & South Africa) and MINT (Mexico, Indonesia, Nigeria & Turkey) nations, Akpan *et al.* (2014:16) as a result of panel analysis of data from the BRICS and MINT between 2001 and 2011, found that market size, infrastructure availability and trade openness were significant and positive determinants of FDI inflows to these countries, while natural resource availability and institutional quality were insignificant FDI determinants.

By analysing a panel of 1230 observations from between 1975 and 2004, Mengistu (2009:31) attempted to determine the impacts of physical infrastructure and human capital on FDI inflows to 41 East Asian (EA) and Sub-Saharan African (SSA) countries.

The study found that middle income EA countries attracted more FDI than low income SSA countries, primarily based on their better human capital base and physical infrastructure (Mengistu, 2009:31). In comparison, the determinants of FDI to the Association of South-East Asian Nations (ASEAN) region, over relatively the same period, are similar. An analysis of panel data from six ASEAN countries between 1991 and 2009, found that market size; infrastructure quality; human capital and productivity, as well as trade openness represent significantly positive determinants of FDI inflows to the ASEAN region while inflation and financial development were statistically insignificant to the inflows of FDI to the region (Hoang & Bui, 2015:219).

In a longitudinal study on location-specific determinants of FDI inflows to SSA, Bartels *et al.* (2014:518) computes the following data from three surveys:

- 758 foreign investors across 10 countries 2003;
- 1216 investors across 15 SSA countries in 2005, and
- 2402 investors across 19 SSA countries in 2010.

The study determined that the location of FDI in the SSA region (2003, 2005, and 2010) was primarily predicated on the political economy and, more increasingly, on factors of production (Bartels *et al.* 2014:526). Anyanwu (2011:18) in a study on determinants of FDI inflows to Africa utilised panel data from African countries (SSA and North Africa) from between 1980 and 2007. Based on OLS and robust GLM estimates, the study, in the African context found that: market size; trade openness and; resource endowment to be significantly positive FDI; determinants to the continent (Anyanwu, 2011:21). Importantly, the study identifies some unique determinants of FDI inflows to Africa which include international remittances, high government expenditure and agglomeration - all of which are found to have a positive effect of FDI inflows to the African continent (Anyanwu, 2011:21).

In a more recent study on manufacturing FDI in SSA, Chen *et al.* (2015:4) identifies market size and potential, as well as, econo-politico stability as key determinants FDI inflows to Africa. Relatedly, Kariuki (2015:349) found that other significant critical determinants of FDI inflows to Africa, apart from the previously established market size, infrastructure and trade openness, are economic and financial risks, as well as,

commodity price indexes. Interestingly, based on her Fixed Effects Model, Kariuki (2015:349) also found that while political and economic risk were significant negative FDI determinants in the Africa context, the effect of these determinants was negated by the attractiveness of the continent's factor endowments, thereby becoming insignificant determinants of FDI for the continent (Kariuki, 2015:350).

In a comparative study of the FDI determinants across Africa's five regions, Anyanwu and Yameogo, (2015b:355) analysed panel data of 53 African countries from between 1970 and 2010. Significant findings of the study (Anyanwu & Yameogo, 2015b:356-357) include the following:

- A significant positive relationship between market size (urban population) and FDI in Southern, West and Eastern African regions due to larger urban populations in these regions. In essence, larger markets attract more FDI in these regions. Market size was found to be a negative determinant of FDI in North and Central Africa, possibly due to the resource seeking orientation of FDI in both regions. Market size by GDP per capita was found to have a significantly negative effect on FDI in all five African regions – suggesting that higher GDP per capita attracts less FDI in the African context.
- Trade openness was found to have a significant and positive relationship with FDI inflows to Southern, Western and Central Africa – possibly due to the export orientation of FDI in those regions. Trade openness was found to be insignificant to FDI in East and West Africa.
- Political stability (proxied by democracy), was found to influence FDI to Southern Africa positively, while it had the opposite effect on FDI in West Africa and an insignificant influence on FDI in the other African regions. However, political instability (proxied by coups), was found to have a significantly negative influence on FDI in the Central and Western regions of Africa due to the historical propensity for coups in those regions.
- Natural resource endowment factors, buoyed by the monetary union variable in the regions, predictably had a positive influence on FDI in the resource-rich Central and West African regions.

From the review of the previous empirical studies conducted to establish the FDI determinants, a conclusion may be reached that there can be no consensus on which determinants may be considered to be salient for FDI in a particular economy or the African region, for instance, the two separate studies carried out by Okafor (2012) and Eric *et al.* (2014), found different determinants to be explanatory variables for FDI inflows to Ghana. Similarly, Anyanwu and Yameogo (2015b) did not find any other heterogeneous FDI determinant in all African regions except for the effect of GDP per capita as a proxy for market size. It is significant that, not one study found exactly the same combination of explanatory determinants as being influential to FDI inflows to different countries. However, an analysis of the fore-mentioned studies does suggest that certain determinants are influential to FDI in some African economies, and these include those summarised in Table 5.2.

Table 5.2: Communal FDI determinants in selected African studies

Factor	Author(s)
Market size	Akpan <i>et al.</i> (2014:16); Anyanwu (2011:21); Anyanwu & Yameogo (2015b:356-357); Chen <i>et al.</i> (2015:4); Etim, <i>et al.</i> (2014:82); Malefane (2007:104); Masuku & Dlamini (2009:182); Okafor (2010:55)
Trade openness	Akpan <i>et al.</i> (2014:16); Anyanwu (2011:21); Anyanwu & Yameogo (2015b:356-357); Etim, <i>et al.</i> (2014:82); Kariuki (2015:349); Masuku & Dlamini (2009:182)
Infrastructure	Akpan <i>et al.</i> (2014:16); Aveh & Krah (2013:62); Etim, <i>et al.</i> (2014:82); Kariuki (2015:349); Masuku & Dlamini (2009:182); Mengistu (2009:31)
Resource endowment	Anyanwu (2011:21); Anyanwu & Yameogo (2015b:356-357); Aveh & Krah (2013:62)
The political economy	Anyanwu & Yameogo (2015b:356-357); Aveh & Krah (2013:62); Bartels <i>et al.</i> (2014:526); Chen <i>et al.</i> (2015:4); Malefane (2007:104)

Source: Own compilation

The FDI determinants highlighted in Table 5.2 suggest that there are, to some extent commonalities between some determinants across multiple studies; however, it is the extent to which they influence FDI in individual economies and regions alike that varies and becomes the point of divergence in the formulation of an explanatory framework for FDI determinants. This then raises important questions for governments and key policymakers with regards to what determines FDI inflows to their individual economies.

To summarise, the paucity in generally applicable frameworks for defining the determinants of FDI in Africa and other regions globally, bears testament to the

importance of establishing the financial and more pertinently, the non-financial nation brand image determinants that influence FDI inflow into a particular economy such as Zimbabwe. More importantly, it has come to light that the determinants of FDI inflows to a particular country are highly contextual to the location being evaluated. In the case of Zimbabwe, it is important that the non-financial nation brand image determinants that influence FDI inflow to Zimbabwe are established, and more importantly, the non-financial nation brand image determinants investors perceive as influential when deciding on a specific FDI opportunity (market seeking-, resource seeking-, strategic asset seeking- or efficiency seeking).

According to the literature thus far, within the context of the present study, Zimbabwe stands to benefit from both the tangible and intangible resources associated with FDI. The benefits associated with FDI inflows would aid the country in its economic development agenda and would catalyse the country's economic recovery. While there may be no consensus on the salient determinants influencing FDI inflows to countries in equal measure, certain commonalities were identified in the preceding section as determinants of FDI inflows to individual African economies and the African region as a whole. These determinants are market size, infrastructure, the political economy, trade openness and resource endowments. These and other determinants are discussed in more detail in the following section.

5.4 DETERMINANTS OF FOREIGN DIRECT INVESTMENT

The individual characteristics that foreign direct investors take into account when considering a country for FDI, and those characteristics considered to make a particular country suitable or unsuitable for FDI, are referred to as determinants. Boateng, Hua, Nisar and Wu (2015:118) believe that the interest in FDI determinants stems from the increasing competition between countries for FDI. Importantly, existing literature contends that understanding FDI determinants is imperative to the promotion and attraction of FDI to any economy (Jadhav, 2012:6; Kahouli & Maktouf, 2015:525).

Several authors (Aveh & Krah, 2013:58; Boateng et al. 2015:119; Kahouli & Maktouf, 2015:518; Stefanovic, 2008:243) suggest that economies with adequate and good quality resources (natural endowments; key accessible inputs; human capital), healthy markets (large sustainable market size; fair competition) and suitable infrastructure

(road; air; rail; ICT) would ideally attract the most FDI. Unfortunately, the opposite may be true, as Groh and Wich (2012:211) describe the FDI location decision-making process of the investor as complex.

In considering the eclectic discourse of FDI determinants, Kok and Ersoy (2009:106) posit that the flow of FDI to a particular economy is primarily influenced by the following three determinants:

- The anticipated profits generated from the direct investment;
- The ease of synergy between the investment entity and the global strategy of the direct investors' global strategy and;
- The quality of the business environment of the host economy.

Contemporary FDI literature is increasingly acknowledging the dichotomy between the conventional financial and non-financial FDI determinants (Bartels, Napolitano & Tissi, 2014:517; Kahai, 2011:44; Walsh & Yu, 2010:12). Several studies identified financial FDI determinants (Anyanwu, 2011:21; Aveh & Krah, 2013:61; Bartels *et al.*, 2014:516; Blonigen, 2005:385; Ceviz & Camurdan, 2007:287; Demirhan & Masca, 2008:365; Goodspeed, Martinez-Vazquez & Zhang, 2006:15; Indopu & Talla, 2010:21; Kariuki, 2015:350; Kinda, 2010:498), as well as non-financial FDI determinants (Drugusha & Osmani, 2012:129; Bellosso, 2010b:231; Fedderke & Romm, 2006:739; Groh & Wich, 2012:213-214; Kalamova & Konrad, 2009:7-8; Rihab & Lotfi, 2011:174; UNCTAD, 2011:8-9). As Kahai (2011:44) avows, the traditional (predominantly financial) FDI determinants are diminishing in relevance to foreign direct investors and there is a distinctive gravitation towards more qualitative considerations in the selection of FDI locations. These qualitative determinants are non-financial by nature and for the most part, contribute to the perceptions held by foreign direct investors of the business friendliness of the business environment of the host country (Kahai, 2011:44).

Despite the focus of the present study on the non-financial nation brand image determinants influencing FDI inflows, it is prudent that a comprehensive literature review is conducted on both conventional financial and non-financial influencers, to better inform the present study. There seems to be no consensus in FDI literature regarding what FDI determinants constitute to countries in general (Kok & Ersoy, 2009:106; Bezuidenhout, 2007:49), possibly due to the dual: subjective nature

(country-specific determinants making the country suitable for certain FDI) and objective nature (investor motives for outward FDI) of FDI location decision-making. To this end, Okafor (2012:56) poses a critical question for policymakers regarding what influences the flow of FDI to a particular investment location – that is, which determinants influence the flow of FDI to economies and whether these determinants represent push factors (deterrents to foreign direct investors) or pull factors (attractive host country attributes). With this in mind, the following sections of this chapter discuss in more detail the salient conventional determinants categorized as financial and non-financial FDI determinants that are considered to be influential in FDI.

5.4.1 Financial determinants of foreign direct investment

Financial FDI determinants may be described as the quantifiable economic elements that are considered by foreign direct investors in their investment location decision-making process. A significant characteristic of financial FDI determinants is that they are measurable and mainly concerned with the commercial aspects of investing in a particular location (Kinda, 2010:498). The following sections discuss each of the salient financial FDI determinants.

5.4.1.1 Market size

Market size is a measure of the economic conditions in a country and a common measure is the gross domestic product per capita income that represents a relatively accurate predictor of aggregate demand, anticipated productivity requirements and output (Eric, *et al.* 2014:267; Moosa & Cardak, 2006:202; Sichei & Kinyondo, 2012:88). Foreign investors are attracted to large, expanding markets with high levels of purchasing power (Demirhan & Masca. 2008:358). Market size is therefore, of particular influence to investors as it affects key financial outputs of direct investors, such as profitability and return on investment (Eric *et al.* 2014:267). Several studies (Bezuidenhout, 2007:50; Eric *et al.*, 2014:267; Vijayakumar, Sridharan & Rao, 2010:5) concur with this observation, suggesting that the larger the market - higher the potential return on investment, the more likely it is that an investor will decide to invest in the country. To this end, Zekiwo (2012:37) found that market size positively and significantly influenced FDI inflows into Sub-Saharan Africa.

5.4.1.2 Labour cost

Labour cost is the measure of the rates associated with the employment and retention of human capital within a certain locale (Sichei & Kinyondo, 2012:88). According to the dependency theory, cheap labour attracts foreign enterprises to certain countries (Demirhan & Masca, 2008:359). Some empirical studies (Demirhan & Masca, 2008:359; Erdogan & Unver, 2015:90), have found that lower the labour costs increase the likelihood of foreign direct investors engaging in labour intensive economic activity to invest in the economy. The opposite is true, whereby the higher the cost of labour is in the host economy, the higher the anticipated cost of production and negative effect on the return in scale, thereby discouraging FDI (Bezuidenhout, 2007:51; Sichei & Kinyondo, 2012:88; Vijayakumar *et al.* 2010:5).

5.4.1.3 Trade openness

Trade openness is a measure of the ‘viscosity’ of the host economy relating to the ease of importing into and exporting out of the potential host economy – market liberalisation (Eric, *et al.* 2014:267; Sichei & Kinyondo, 2012:89). Trade openness may impact directly on transfer, distribution and management costs for a business, which affects the potential profits and return on investment for the investor. According to Cevis and Camurdan (2007:289), the *openness* of a country (to international trade) is crucial to the attraction of FDI. Agreeing with Cevis and Camurdan (2007:289), Zekiwos (2012:37) found that trade openness positively and significantly influenced FDI inflow to Sub-Saharan Africa. It, therefore, follows that the less interventionist the government is in its trade markets, and the more open to trade an economy is perceived to be, the more likely investors will be to consider the economy as a profitable location for international trade-based FDI activity (Bezuidenhout, 2007:52; Demirhan & Masca, 2008:359; Vijayakumar *et al.* 2010:5).

5.4.1.4 Economic stability and growth prospects

Economic stability and growth are measures of the consistency, predictability and trajectory of the economy over a period of time (Sichei & Kinyondo, 2012:88). According to Vijayakumar (2010:5), countries which are economically stable and exhibit significant growth prospects, attract more FDI than those with unstable interest, inflation and industrial index growth rates. Considered by Bezuidenhout (2007:50) to be one of the two most significant FDI determinants, along with market size, the

economic stability and growth prospects of a potential host economy are very influential in the FDI decisions of foreign investors.

An unpredictable economy, in terms of interest- inflation- and/or growth rates, creates uncertainty about growth and affects the profitability of all enterprises within the affected economy – thus, the more stable the macroeconomic environment of the host economy, the higher its propensity for sustained growth – making it more likely to influence foreign investors positively and attract more FDI (Demirhan & Masca, 2008:361; Sichei & Kinyondo, 2012:88; Vijayakumar *et al.* 2010:5). To this end, Zekiwos (2012:38) found that instability in inflation rates in particular, contributed to the macroeconomic instability of Sub-Saharan African countries and in turn negatively influenced FDI inflows to the region.

5.4.1.5 Taxes and tariffs

Governments receive a significant percentage of their revenue from the business sector in the form of taxes and tariffs (value-added tax, import tax, capital gains tax and other corporate taxes); however, these represent a financial burden to enterprise (Organisation for Economic and Cooperative Development, 2007:10). Taxes and tariffs represent financial outflows in the form of corporate, import and income taxes from enterprises (Demirhan & Masca, 2008:361). Taxes and tariffs are influential to foreign investors and directly affect them, and in addition to this have an indirect impact on other FDI determinants such as growth and trade openness (Bezuidenhout, 2007:52). Conventional studies do however, suggest that the lower the taxes and tariffs (barriers to market entry) associated with investing in a particular economy, the more attractive the location to potential foreign investors (Blonigen, 2005:387; Kolstad & Wiig, 2012:28).

Based on previous empirical studies, this section has thus far established the prominent financial FDI determinants. Notably, from the preceding discussion, the salient FDI financial determinants that have been identified are market size; labour cost; trade openness; economic stability and growth prospects, as well as taxes and tariffs. These financial determinants as previously indicated, have a direct bearing on the cost and factors of production, as well as the cost of doing business within the

particular investment location. The following section discusses the non-financial FDI determinants.

5.4.2 Non-financial foreign direct investment determinants

While most location specific FDI determinants are economic by nature, Stefanovic (2008:243) acknowledges that contemporary international enterprises are becoming increasingly cognisant of the importance of non-financial FDI determinants such as political stability, infrastructure and government institutions in determining the quality of the overall business environment of a host country. Non-financial FDI determinants are qualitative by nature - they cannot be easily measured, but do influence the perceptions of foreign direct investors in their decision-making process, particularly, the impact these determinants would have on the quality of their investment. Hence, investor perceptions of the non-financial determinants influence how they view the investment location beyond primarily economic variables. Next each non-financial determinant is discussed.

5.4.2.1 Infrastructure

Infrastructure as a non-financial determinant in the FDI context is the measure of the availability and quality of utilities (water, electricity, telecommunications) and physical distribution channels (roads, railway lines, airports and sea-ports) respectively (Eric *et al.* 2014:267; Sichei & Kinyondo, 2012:88-89). The availability of adequate infrastructure is influential to foreign investors as it impacts on the enterprise operations (such as turnaround and delivery time) associated with investing in a particular country – therefore the better the infrastructure, the more stimulus the location has for FDI (Boman & Hellqvist, 2012:21; Kinda, 2010:499; Moreira, 2009:93).

Literature does, however, establish that the impact of infrastructure as a determinant of FDI is subjective, and in some cases the absence and/or poor quality of certain infrastructure is an investment opportunity and attracts increased FDI (Ezeoha & Cattaneo, 2011:7-8; Shah, 2013:15). However, in the case of a significant proportion of less developed countries, poor infrastructure has been found to be detrimental to the attraction of FDI (Demirhan & Masca, 2008:361). Contrastingly, Zekiwo (2012:37) found that infrastructure had a positive but insignificant influence on FDI inflows to Sub-Saharan Africa, which is predominantly less developed.

5.4.2.2 Factor endowments

Factor endowments, in the FDI context, refer to the natural and man-made resources that are abundantly available in a particular country. According to Hanna, Hammond & Russo-Converso (2014:137), foreign investors are particularly interested in investing in countries with abundant and unexploited natural resources. The quality aspects and accessibility of these primary resources may not be measurable in the conventional sense (minerals, the skill levels of the workforce, and industrialisation), but may influence foreign investor perceptions. Research does suggest that the more endowed a potential foreign investment location is, the more likely it is to attract FDI inflows (Anyanwu, 2012:443; Anyanwu & Yameogo, 2015a:213; Moreira, 2009:92). In this regard, Gebrewold (2012:31) observed that the availability of natural resources in developing countries had a positive influence on FDI inflows.

5.4.2.3 Institutional quality

Institutional quality, in the FDI context, is a measure of how government and quasi-governmental organisations perform distinct public management oriented activities within national economies (Anyanwu & Yameogo, 2015a:210). According to Hanna *et al.* (2014:145), institutional quality is increasingly becoming a part of the risk assessment process of foreign investors. According to Anyanwu and Yameogo (2015a:210), efficient and effective institutions foster synergetic advantages for both the private and public sector. This synergetic advantage then improves the business environment and makes it more attractive to foreign investors, thereby encouraging FDI inflows (Anyanwu, 2012:434). The opposite is true, and Asiedu (2013:6) and Blonigen (2005:390) posit that weak institutions, blighted by issues such as corruption and weak law enforcement, result in the host economy receiving significantly less FDI inflows.

5.4.2.4 Political stability

Political stability, in the FDI context, is a measure of the long term 'consistency' in the political climate of a country characterised by the propensity for civil disorder and instability in a given country (Sichei & Kinyondo, 2012:89). A predictable political environment positively influences the perceptions of foreign investors relating to critical determinants of FDI that include property rights and risk of appropriation - thereby encouraging FDI inflows (Rihab & Lofti, 2011:175). Relatedly, Kiiru (2014:10)

advances the notion that political instability increases the risk adversity of foreign investors, thereby negatively influencing FDI inflows.

The political stability of a potential investment destination is significant to foreign investors since political 'instability' has a knock-on effect on other key determinants of FDI which include GDP growth, access to factor endowments, institutional quality and the efficiency of FDI-related regulatory frameworks (Bezuidenhout, 2007:57) all of which influence the perceptions of foreign investors (Ibrahim, Elhiraika, Hamdock & Kedir, 2011:20). Interestingly, there are empirical studies (Demirhan & Masca, 2008:360; Hanna *et al.*, 2014:137; Shah, 2013:15) that have observed that, in the case of resource-rich and post-conflict countries, foreign investors, mainly in the extractive sector, ignore political instability as long as their investment is relatively safe and operations are sustainable, with cited cases being Iraq, Nigeria and Angola.

5.4.2.5 Regulatory framework

The regulatory framework, in the FDI context, refers to the extent to which governments intervene and exercise control over their economies by enforcing rules and guidelines meant to manage and safeguard their economies (Fagan, 2009; Steyt, 2006:9-10). The regulatory framework, as a determinant of FDI, influences the foreign investor since regulatory frameworks such as indigenisation policies (foreign ownership ceilings), sector protectionism and remittance policies impact on ownership, market access, and the ease of doing business for foreign investors respectively (Akpan *et al.* 2014:9-10; Asiedu, 2012:110; Bartels *et al.* 2014:517). Some authors (Anyanwu, 2012:435; Busse & Groizard, 2008:863), suggest that the more highly regulated a potential foreign investment location is, the less willing investors would be to invest in that location.

5.4.2.6 Exports

Export in the FDI context may be viewed as a measure of the perception of external stakeholders of a nation, based on its branded products and services (Belloso, 2010b:231). Export encompasses aspects considered to be critical to the evaluation of the nation's key products, perceptions of the nation's innovation, of its science and technology capabilities, and key competencies of the nation in particular product/service categories (GfK Roper Public Affairs & Media, 2009:2-3). Export as a

qualitative measure also includes the perception of the export orientation of the country, including the implementation of export-friendly policies and specific desirable export products (Khan & Nawaz, 2011:103; Kalamova & Konrad, 2009:7; Loots & Kabundi, 2012:135). Export (or export potential) may be considered to be particularly influential to investors who can exploit the country-of-origin effect of the investment location (Gharaibeh, 2015:97; Kalamova & Konrad, 2009:7; Khan & Nawaz, 2011:103). Gebrewold (2012:19) confirms that, countries with higher export orientation and activity attracted higher FDI inflows.

5.4.2.7 Governance

Governance, in the FDI context, is the measure of the perception of external stakeholders of a nation's government and its activities (Belloso, 2010b:231). Governance refers to how governments manage the macroenvironment of an economy, and is therefore, critical to the development and predictability of the business environment (Naude & Krugell, 2007:1228). Governance may be considered to be a qualitative measure of the institutions that facilitate the activities within a country - their effectiveness and regulation of the political and socio-economic environments of the country (Kalamova & Konrad, 2009:7; Naude & Krugell, 2007:1228; Njoroge *et al.*, 2015:209).

According to Cevis and Camurdan (2007:289), governance has a significant impact on the FDI prospects of a country. Kahai (2011:47) confirms that the presence of corruption makes transparency in FDI less likely, thereby negatively affecting the perceived integrity of the government of a country. It follows then that the perception of governance through effective or ineffective management of public resources and the macroenvironment, would have a positive or negative influence on investor perceptions respectively and ultimately as a determinant of FDI inflow to an economy (Kalamova & Konrad, 2009:7; Naude & Krugell, 2007:1228).

5.4.2.8 Culture and heritage

Culture and heritage is the measure of the perception of external stakeholders of a nation's inherent characteristics, influencing global perceptions of the nation's heritage, as well as appreciation for the contemporary cultural assets (Belloso, 2010b:231). Culture and heritage may include sporting prowess and achievements;

global interest in the country's cultural assets such as music and film; and unique cultural outputs - products or activities (GfK Roper Public Affairs & Media, 2009:2-3). Within the FDI context, culture and heritage can be considered to be a qualitative measure of the perceptions of the socio-cultural mechanisms in which social institutions are grounded to the extent that they either aid or deter FDI and its promotion (Alcacer & Ingram, 2008:5; Kalamova & Konrad, 2009:8; Keillor *et al.*, 2009:49; Siegel, Litch & Schwartz, 2010:2).

Cultural differences may represent a barrier to communication and knowledge transfer, and may inhibit the propensity for foreign investors and/or foreign employees to want to immigrate to the investment location (Alcacer & Ingram, 2008:8, 12; Kalamova & Konrad, 2009:8; Siegel *et al.*, 2010:3). Other cultural aspects also influence FDI, for instance, when corruption becomes a perceived cultural norm associated with a particular nation and its people, it becomes detrimental to FDI. A pertinent example is how Nigerian nationals are generally perceived to be corrupt people, with corruption being a norm and a fact of life in Nigeria and other Sub-Saharan African countries (Osei & Gbadamosi, 2011:289; Smith, 2010:246). This propensity for corruption, in the context of the present study, is also considered to be a cultural element. In this regard, Kahai (2011:47) argues that the perception of corruption and expectation of bribery may be at odds with the laws and culture of the foreign investors' home country, and may discourage FDI.

5.4.2.9 People

The perception of external stakeholders of a nation's citizens regarding their reputation for competence, openness, friendliness, and other qualities such as tolerance (Belloso, 2010b:231). People includes perceptions of friendliness; hospitality; and willingness to employ skilled citizens from the specific country. (GfK Roper Public Affairs & Media, 2009:2-3). According to Kalamova and Konrad (2009:8), within the FDI context, people as a determinant of FDI is considered to be a qualitative measure of the enduring investor perception of the citizens and the biographical profile of a particular FDI location.

A larger population with higher public education, as a proxy of people, would positively influence and increase FDI as it improves the perceptions of the competence and skills

of its citizens (Aziz & Makkawi, 2012:66; Kalamova & Konrad, 2009:8; Gharaibeh, 2015:102). More populated locations such as China and India represent a large market due to their populations, while African nations, with smaller populations, seem to attract less FDI (Aziz & Makkawi, 2012:66, Tembe & Xu, 2012:72). Therefore, a larger population also indicates a potentially larger market (Kavita & Sudhakara, 2011:221), while a growing labour force is also found to be attractive to FDI (Gebrewold, 2012:34). Both factors may be utilised as predictors of market demand by foreign investors.

5.4.2.10 Tourism

Tourism may be considered to be the measure of the perception of external stakeholders of a nation's attractive natural and man-made tourist attractions, as well as of how positive experiential marketing affects external stakeholders' (tourists', other governments') perceptions of the nation (Belloso, 2010b:231). Tourism encompasses tourist desire to visit the country; natural tourist resource endowments (natural landscapes, antiques, monuments); positive visit experience (goodwill), as well as urban attractions (GfK Roper Public Affairs & Media, 2009:2-3). Tourism, as a determinant of FDI, is considered to be a qualitative measure of the long term perception of the tourism aspects that influence FDI (Kalamova & Konrad, 2009:7). The impact of tourism on FDI is significant for stakeholders interested in investing in the tourism sector of a particular location (Kalamova & Konrad, 2009:7), Velde and Nair (2005:2), for instance, suggest that a potential investment location being a signatory to global service standards, mitigates the perception of the risk of policy uncertainty and market access for foreign investors – thereby encouraging FDI.

5.4.2.11 Investment and immigration

Investment and immigration may be viewed as the measure of the perception of external stakeholders of a nation as a place to work, study and settle in, including the perception of the nation's quality of life and business environment (Belloso, 2010b:231). Investment and immigration include: the willingness to be employed by the nation; the overall quality of life within the nation; availability and quality of education facilities; investment opportunities available within the nation, and the quality of the nation's business environment (GfK Roper Public Affairs & Media, 2009:2-3). Within the FDI context, investment and immigration as a determinant of FDI would be considered to be a qualitative measure of the enduring perception of the

international business environment and quality of life that influences FDI (Kalamova & Konrad, 2009:7).

An investment location with a good, well-promoted business climate (government support, FDI-friendly regulations; investment promotion) is perceived as, and ultimately considered to be conducive for FDI and, hence, has a positive impact on the decision-making process of foreign investors (Coy & Cormican, 2014:9; Hornberger *et al.*, 2011:3). Beyond the business climate is the impact of immigration policy and quality of life. Studies (Coy & Cormican, 2014:10; Kalamova & Konrad, 2009:7) suggest that restrictive immigration laws and/or poor quality of life would have an adverse impact on FDI since most FDI would require the investor and/or management staff to relocate to the investment destination.

In summary, the non-financial FDI determinants discussed in the preceding sections point to those determinants foreign direct investors consider when evaluating the quality of a potential host country for FDI, as opposed to the purely economic considerations for locating FDI in a particular country. These subjective and qualitative determinants include the following: the socio-political environment of the host economy; infrastructure quality and availability; regulatory frameworks, and factor endowments. This observation gives credence to Dunning's (2000:163) determination that FDI location decision-making is highly contextual and, more pertinently, open to subjective considerations. Importantly, Kahai (2011:48-49) cautions that, while qualitative FDI determinants represent important considerations of potential investors, they are endogenous and any attempts to quantify them would be 'prone' to error, and therefore, advocates for research that identifies prudent mechanisms that attempt to measure the effect of non-financial determinants on direct investors.

Section 5.4 focuses on establishing the determinants that influence the flow of FDI to a particular economy. Importantly, the determinants of FDI were characterised and segmented into two distinct spheres - financial determinants and non-financial determinants. This allows the present study to focus on the particular qualitative FDI determinants that the theoretical framework for the present study seeks to examine. In essence, it is to what extent the FDI non-financial determinants, outlined in this chapter impact on the image of Zimbabwe as an FDI location and, more importantly,

to what extent each determinant influences investor perceptions of Zimbabwe as an investment destination. The following section discusses the advantages of FDI for foreign investors.

The following section explores the benefits accruing to host countries that engage in FDI activity.

5.5 HOST COUNTRY BENEFITS FROM ENGAGING IN FOREIGN DIRECT INVESTMENT

The flow of FDI to an economy is, as previously discussed, predicated on certain factors being present in the host country, as well as certain investor considerations being met. In a study of the relationship between trade patterns and FDI in the SADC region, Bezuidenhout (2007:30), identifies the three main forms of FDI capital as follows:

- Equity capital which involves a foreign direct investor purchasing a share or shares in a company located in an economy external to that of the direct investor's.
- *Reinvested earnings* where the income due to the investor, in the form of dividends and/or profits, is reinvested back in the enterprise.
- *Intra-company loans/debt transactions* comprising of lending and borrowing undertakings between the foreign direct investor and the foreign enterprise.

These forms of FDI capital represent the previously discussed financial aspect of the transference of fiscal benefits of FDI to the host economy. However, contemporary FDI goes beyond fiscal benefits. Kavita and Sudhakara (2011:219) suggest that the potential socioeconomic benefits associated with FDI make it imperative for developing nation governments to be aware of the motivations of foreign investors for investing in foreign markets. There are many motives for the proactive promotion and attraction of FDI from the perspective of host economies, key amongst them, being the socioeconomic benefits accruing to recipients of FDI. Aveh and Krah (2013:56) determine that despite FDI having fiscal benefits for host countries, FDI also has what can be referred to as 'positive externalities', which include mechanisation, human capital development, new product introduction and development, as well as market

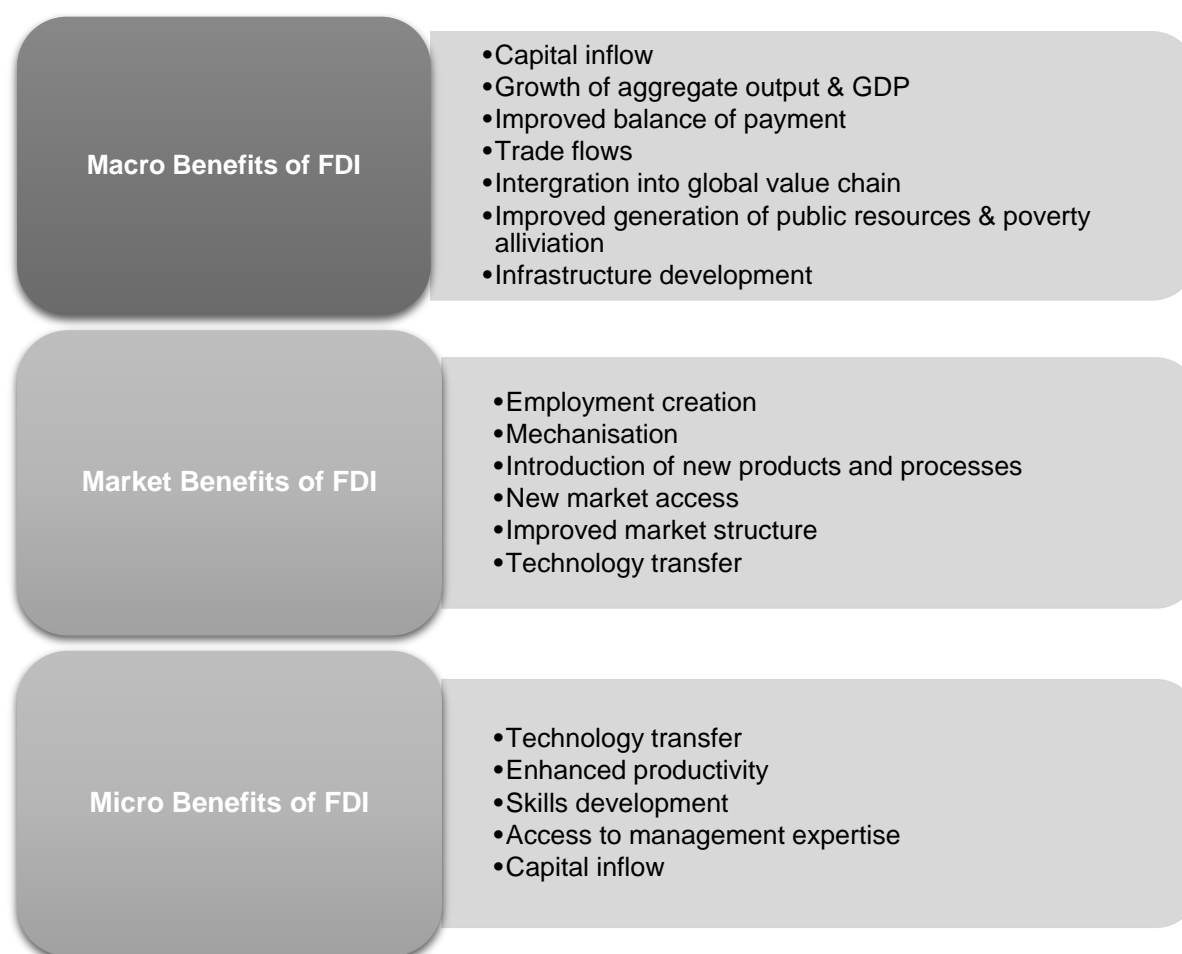
integration (between local and foreign markets). Host nations actively seek to attract FDI in order to exploit these associated or indirect benefits of FDI (Alfaro, 2014:2).

A UNIDO report by Boly, Coniglio, Prota and Seric (2012:1) identifies the following five distinct effects that FDI has on the host economy:

- Direct effects on the endowments and productivity of factors of production;
- The demonstration effect whereby domestic enterprises 'learn by imitation' from foreign MNEs;
- Forward and backward linkages with domestic enterprises;
- More intense competition in host country markets; and
- Externalities, in particular spill-over effects.

As result of the prevalence of these multiple effects, FDI compared to other forms of *resource* inflows into an economy, may be considered to be the most effective catalyst for economic growth (Sikharulidze & Kikutadze, 2013:101). While solving the challenge of access to capital for developing countries, FDI also grants host countries access to new technology, skills and international markets, further stimulating economic growth (Abodohoui, Ahihounhi, Beaudry & Su, 2015:35; Kahai , 2011:43; Kavita & Sudhakara, 2011:219; Kok & Ersoy, 2009:105; O'Meara, 2015:1). To this end, the exponential growth of China and India to become global economic powerhouses is attributed to the significantly large FDI inflows to their respective economies (Nourbakhshian, Hosseini, Aghapour & Gheshmi, 2012:276). Figure 5.2 illustrates the categorical socio-economic benefits of FDI to the host country.

Figure 5.2: Host country benefits of foreign direct investment



Source: Adapted from Cotula (2014:3); Groh & Wich (2012:211); Kahouli and Maktouf (2015:518); Kinuthia & Murshed (2015:389-390); Paziienza (2014:12)

FDI literature suggests that FDI has overarching benefits for the host economy. As depicted in Figure 5.2, inward FDI has benefits on the micro (FDI enterprise), market (business environment) and macro (country) levels of the host country. Based on Figure 5.2, the benefits of FDI on these levels are briefly discussed.

5.5.1 Benefits of Foreign Direct Investment on a micro level

The benefits of FDI on a micro level relates to the impact of FDI on the enterprise receiving the foreign investment directly. As the primary recipient of FDI, the receiving enterprise is expected to be affected most by FDI. According to several authors (Alfaro, 2014:2,8; Kurtishi-Kastrati, 2013a:27, 28; Moura & Forte, 2010:5; Organisation

for Economic Cooperation and Development, 2008:5) the enterprise enjoys the following benefits:

- *Financial benefits*, with significant capital inflow or access to capital from the FDI entity to the enterprise in which is being invested in;
- *Management benefits*, as enterprises may benefit from the management expertise of the direct investor, this expertise may include marketing, corporate governance, branding or operations management proficiency;
- *Technology benefits*, where the domestic enterprise may also benefit from technology transfer (patented equipment, innovative production processes) from the parent company in the form of mechanisation, innovation, as well as research and development outputs;
- *Skills development benefits*, with technology transfer and access to international management expertise, the employees of the FDI enterprise potentially benefit from skills development or employees up-skilling; and
- *Productivity benefits*, combining all the above mentioned potential benefits, would ideally have a positive impact on the productivity of the enterprise, improving productive capacity of the enterprise and product quality – which in turn increase the market share and profitability of the enterprise.

Empirical evidence from a study by Wang and Wang (2014:32) on the effect of foreign ownership on Chinese enterprises, found that, based on panel data from 2000 to 2007, enterprise level FDI in the form of ownership improved the financial position of the host enterprise. Relatedly, the study also found that the local entity also improved its position in terms of exporting, output, real wages and employment (Wang & Wang (2014:33). Jin, Garcia and Salomon (2013:2) also observed that, in the case of Spain, which received up to €45 billion in FDI inflow into its manufacturing sector in the period of analysis, between 1990 and 2002, there was a discernible increase in both factor and labour productivity within FDI-linked manufacturing enterprises.

In the African context, a 2010 survey, conducted by UNIDO across 19 Sub-Saharan African countries, found that a significant proportion of the countries (40.7%) reported FDI having no particular effect on the enterprise level (Boly *et al.* 2012:5). However, importantly, more (34.4%) countries, reported a positive FDI effect on enterprise level,

than those (24.9%) that observed a negative effect (Boly *et al.* 2012:5). These empirical observations, to some extent, demonstrate the positive impact of FDI on a micro level.

5.5.2 Benefits of Foreign Direct Investment on a market level

The benefits of FDI accruing on a market level, refers to the secondary impact of FDI, particularly within the intermediate environment (market) within which the FDI recipient operates (Nourbakhshian *et al.* 2012:280). According to Alfaro (2014:7-8); Boly *et al.* (2012:2); Denisia (2010:104); Driffield *et al.* (2008 10-11); Hailu (2010b:125); Kurtishi-Kastrati (2013a:28); Moura and Forte (2010:5, 8, 9); and the Organisation for Economic Cooperation and Development (2008:3, 4), the positive impact of FDI on the market may include the following advantages:

- *Mechanisation benefits*, such as technology transfer could result in positive spill-overs within the market in which the enterprise operates;
- *Competitiveness benefits*, due to an improved market structure where innovative new products and processes are introduced, thereby improving the competitiveness of the sector, as well as, imitation-based product development and competition;
- *Employment benefits* with employment creation generating a demand for skilled labour, the up-skilling of the human capital in the sector, as well as an increase in wages for sector employees, and/or
- *Market expansion benefits*, whereby there is open access to new domestic and export markets due to increased capacity and productivity.

An empirical study by Buckley, Clegg and Wang (2006:33) found that in 41 Chinese electronics industry sub-sectors from 1996, 1998, 2000 and 2001, there is only partial support for the notion of FDI benefits spill-over into certain sectors and sub-sectors of the Chinese electronics market, concluding that such spill-overs are not automatic, but are predicated on certain factors. Evidence from African economies suggests that for market effects to occur, national governments may need to have policy frameworks (such as trade openness) that will enable forward and backward linkages between enterprises for spill-over benefits to occur and boost economic growth (Boly *et al.* 2012:2; Maliwa & Nyambe, 2015:43).

5.5.3 Benefits of Foreign Direct Investment on a macro level

The benefits of FDI accruing on a macro level particularly refer to the knock-on impact of FDI on the wider economy within which the FDI recipient operates. Several authors (Alfaro, 2014:2, 14; Denisia, 2010:104; Hailu, 2010b:125; Kurtishi-Kastrati, 2013a:27-29; Moura & Forte, 2010:4, 6-7; Nourbakhshian *et al.*, 2012:277, 281) identify macro-level benefits of FDI that include the following:

- *National productivity benefits*, as overall productivity increases at an enterprise level, with the knock-on effect potentially being increased productivity of human capital and profitability of enterprises in the sector and ultimately the macro-environment. This has the potential to increase tax revenues for national governments (feeding into infrastructure and public resource development);
- *GDP growth benefits*, as productivity boosts a country's aggregate output, opens new markets, improves capital stocks within the economy, and make a positive contribution as a catalyst to a country's GDP per capita and overall growth;
- *Employment benefits*, as enterprises push productivity and growth in the markets, typically needing more workers, and resulting in employment creation, which aids poverty alleviation and improves the quality of life for locals;
- *Technology benefits* with technology transfer and mechanisation on enterprise and market levels which improve the integration of the host economy in the global value chain, thereby potentially opening up new regional or global markets, and
- *International trade benefits* through the improved global value chain position of a country which opens new markets, thereby encouraging export-oriented productivity and boosting international trade flows for the host country.

Empirical evidence from a study by Wang and Wang (2014:33) suggests that there is a positive causal relationship between FDI-oriented acquisitions, domestic enterprise financial positions and, ultimately, the propensity of such enterprises to engage in international trade. This implies that FDI has an effect on the host nation's export profile *viz.* the host economy's balance of payment position. Similarly, Hailu (2010b:129), using the panel data of sixteen African countries from between 1980 and 2007, found that there is a significantly positive elastic relationship between FDI and

exports in the host country. Increased FDI inflow to the African continent would have a positive downstream effect on the trade balances of FDI receiving countries.

A study by Juma (2012:40-41) analysed panel data from 43 Sub-Saharan African countries (1980-2009) and concludes that a percentage point increase in FDI may be associated with significant real GDP growth (0.30-0.71 percentage points) in both mineral and non-mineral endowed Sub-Saharan African countries. Olumuyiwo's (2013:349) study on the impact of FDI on the Nigerian economy over a 40 year period, 1970-2010, confirms that FDI had an overall positive effect on the Nigerian economy and its economic growth. Contrastingly, a study by Maliwa and Nyambe (2015:49) of panel data from the World Bank's Development Index from between 1980 and 2012, concluded that no causal relationship could be established between FDI and economic growth in the case of Zambia.

To summarise, the empirical evidence presented implies that FDI in Zimbabwe may have an effect on three levels - micro-, market- and macro environment level. The crux of FDI inflows to a host economy, within the context of the present study, is in essence that FDI in a Zimbabwean local enterprise would translate to capital inflow, as well as technology transfer, skills development, access to management expertise, and enhanced productivity for the enterprise located in Zimbabwe. The knock-on effect in the local Zimbabwean market then includes mechanisation of the particular sector, access to new markets for Zimbabwean enterprises, employment creation for Zimbabweans and the introduction of new products and processes to the Zimbabwean market. On a macro level, this translates to, growth in aggregate output and GDP for Zimbabwe, improved trade flows for the country, the integration of Zimbabwe into the global value chain, and the improved generation of Zimbabwean public resources. This 'golden thread' of FDI is what primarily motivates developing countries, such as Zimbabwe in particular, to promote FDI inflow to their economies. The following section explores the potential drawbacks for host countries when engaging in FDI activities.

5.6 POTENTIAL DRAWBACKS OF FOREIGN DIRECT INVESTMENT

While FDI activity does potentially have significant positive effects on the host nation and its economy, FDI does have its own associated costs. Faran (2014:101) concurs with Bezuidenhout (2007:29) that, while FDI is a resilient form of capital flow to economies, it is still sensitive to economic environment changes and shifts in investor perceptions. Such environmental changes may be instigated by the FDI inflows themselves and these include the crowding-out of local enterprises and/or existing foreign investors. FDI literature concedes that, while there are significant benefits that motivate countries to attract FDI to their economies, it does have potential drawbacks (Asafo-Adjei, 2007:66-69; Bekhet & Al-Semadi, 2015:27).

In their study to evaluate the long and short term relationships between FDI determinants in the case of Jordan between 1978 and 2012, Bekhet and Al-Semadi, (2015:27), identify the following three potential deficiencies that may arise from FDI in a host country: exposure to external global forces; development of a FDI dependency syndrome, and the onset of a crowding-out effect of local enterprises. Relatedly, Asafo-Adjei (2007:66-69), in a study on the importance of FDI-led growth in South Africa, acknowledges the benefits accruing from FDI, but also cautions that other significant drawbacks may ensue as a direct result of FDI. Different drawbacks of FDI are discussed in the following section.

5.6.1 Exposure to external vulnerabilities

By receiving FDI, host countries open their economies to international capital and become prone to global economic forces, such as global foreign currency fluctuations, regime change in the home country of the direct investor, and global financial crises (Bekhet & Al-Semadi, 2015:27; Gwenhamo, 2009:3). Moura and Forte (2010:8) concur with this view, observing that while FDI integrates the host country into the global market, FDI also opens the host economy to global economic fluctuations such as market crashes and currency fluxes.

5.6.2 Development of a foreign direct investment dependency syndrome

Dependency occurs when governments and local enterprises begin to rely on external investors to fund their socio-economic development and growth respectively, often to the detriment of local investors and local innovation (Bekhet & Al-Semadi, 2015:27;

Moura & Forte, 2010:5). There is, for instance, evidence that some nations become so dependent on foreign technology that their local industry is no longer innovative, instead waiting for multi-nationals to introduce new technologies to the domestic market (Moura & Forte, 2010:5). Banerji (2013:1) confirmed that in the Indian economy the resultant dependence of host countries on single FDI-financed industries (such as the automotive industry), has become the centre of economic activity, to the detriment of other productive sectors.

5.6.3 Crowding-out of local enterprises

Cotula (2014:3) cautions that in some cases FDI may fail to generate the positive linkages necessary to justify it, and points to cases where FDI may not create adequate employment and market opportunities, but, in actual fact, 'crowd-out' local enterprise, resulting in job losses and local enterprise closures. Governments, especially those in developing nations, have become increasingly aware of this side effect of FDI - where local industries are pushed out of enterprises due to foreign competitor pressures such as superior mechanisation, cheaper substitute products and larger pools of investment capital (Banerji, 2013: 2; Mammadova & Coskun, 2015:145).

A study by Ahmed, Ghani, Mohamad and Derus (2015:419) analysed the crowding-out effect of FDI on local investment in the Ugandan economy on a macro (aggregate economy) and micro (sectoral) level using FDI data and Ugandan GDP growth of between 1992 and 2012. They found that while FDI had a robust neutral effect on domestic investment in Uganda's overall economy, FDI had a crowding-out effect on domestic investment in the country's construction and agricultural sectors (Ahmed *et al.*, 2015:426). Based on their findings they recommended that the Ugandan government should introduce a 'preferential treatment policy' with respect to FDI in Uganda's construction and agricultural sectors. Such a sector-specific policy would actively protect local investors and enterprises, mitigating the crowding-out effect of FDI in key sectors of national interest.

5.6.4 Monopolistic power of multinational enterprises

Related to the crowding out effect, monopolistic power is a result of foreign direct investment entities pushing out and/or stunting the local competition and becoming

dominant in the host economy due to superior mechanisation, access to capital or synergetic advantages (Banerji, 2013:1, 2; Driffield *et al.* 2008:7; Kurtishi-Kastrati, 2013b:32-33). As a result, some FDI entities may engage in profiteering or unsustainable resource extraction and utilisation, which will then in effect dilute any benefits accruing from FDI for the host nation.

Driffield *et al.* (2008:7) refer to studies that have found that technologically advanced FDI entities have the propensity to 'steal domestic markets', resulting in the reduction of domestic competitor productivity specifically in developing economies. This in turn allows the foreign-owned enterprise to be a market leader, giving it significantly more bargaining power within the market (Driffield *et al.* 2008:7). This increased bargaining power may metastasise into monopolistic power which mitigates the benefits of FDI for the host country – a common occurrence in less developed economies (Kurtishi-Kastrati, 2013b:32-33).

5.6.5 Decapitalisation

When foreign direct investors increasingly remit their earnings to their home economies on a large enough scale, the host nation's local currency may falter, leading to a significant capital drain in the host economy. Similarly, in situations where economies are anchored by multinational corporations, in cases of crisis (war, civil unrest, hyper-inflation, devaluation of the local currency), an economic meltdown may be exacerbated by capital flight as foreign companies react to the crisis and divest their local holdings/interests (Mammadova & Coskun, 2015:146), for instance, in cases of economic crisis, such as Zimbabwe between 1998 and 2008, capital flight through foreign investor externalisation may have compounded Zimbabwe's economic crisis. Empirical studies have established the link between FDI capital flight and decapitalisation in the host economy. South Africa in 2006 experienced a significant FDI deficit and the country's economic growth was threatened when two major mining investors divested their interests in the country to the value of R30 billion due to perceived government interference in the mining sector (Asafo-Adjei, 2007:99).

Interestingly, some studies have found that the repatriation of profits and repayment of foreign loans and royalty obligations often contribute to decapitalisation, where the initial net financial gains are negated in the long term of FDI to the host economy

(Moura & Forte, 2010:8). A study by Mammadova and Coskun (2015:146-147), established that, Azerbaijan in 2013, as a result of its liberal repatriation policy for MNEs, experienced a net deficit in foreign income as a result of repatriation of funds by oil and gas investors.

5.6.6 Undue influence on government policy and local institutions

Related to the dependency syndrome previously referred to in this section, reliance on FDI mitigates the bargaining power of the host government, which may in turn then influence public policy and local institutions – in most cases the fiscal impact of large MNCs on local economies (employment capacity and asset control) gives MNEs power and influence over smaller governments and institutions (Moura & Forte, 2010:11). This influence may be detrimental to the local economy, the general populace (democracy, environmental protection, employment security) and socio-economic development (Kurtishi-Kastrati, 2013b:33; Moura & Forte, 2010:11). Certain export manufacturing oriented nations, for instance, have ‘relaxed’ their labour regulations and allowed MNE’s to establish “sweat-shops” which have often been accused of perpetrating child labour and unconducive working environments in direct contradiction with national laws (Kurtishi-Kastrati, 2013b:33).

5.6.7 Environmental degradation

Related to the factor of undue influence on government policy and monopolistic power, environmental degradation may occur as a result of FDI entities not conforming to safe and sustainable environmental standards due to their sheer capital investment or the importance to the host economy. In some cases, countries with lower environmental standards attract certain “dirty” industries which can exert, in their favour, even more influence on existing weak environmental policy (Kurtishi-Kastrati, 2013b:33). The negative environmental impact of FDI is identified by Banerji (2013: 2) who recognised the new mono-cropping trend amongst Indian farmers as large multinational retail groups engage local farmers in contract farming to the detriment of traditional rotational cropping.

5.6.8 Strained international relations

Public diplomacy challenges may arise when foreign investors and governments compete to benefit the most from FDI (Asafo-Adjei, 2007:66-69). By ‘exporting jobs’ to

foreign nations, source country governments, for instance, may be left struggling with socio-economic concerns such as un-employment, reduced productivity and reduced revenues from taxes and will, as a result, be held accountable by their citizens for jobs, productive industries and revenue streams being 'exported' (Driffield *et al.* 2008:15). This creates a possible rift between nations that seem to be the source of FDI and those which seem to singularly benefit from FDI. While FDI promotion policies such as tax incentives and rebates may be considered to be anti-competitive by the local market receiving FDI, perceptions of preferential treatment of foreign-owned enterprises could result in further tension. Host nations have also been known to impose technology sharing policies which limit the extent to which foreign entities may exploit local technologies, and this protectionism may be construed as state appropriation of intellectual property - national assets (Moura & Forte, 2010:13).

Despite the possible negative effects of FDI on the host economy, the potential benefits of FDI seem to outweigh these costs. Empirical evidence for example suggests that, FDI is a key driver of strong economic development and growth in many Asian nations including Malaysia (Ang, 2008:185). As Akpan *et al.* (2014:3) surmise, the perspective of developing country governments, "Investment, whether public or private, domestic or foreign, is crucial to the socio-economic transformation of any economy."

While the present study advocates that FDI is a desirable catalyst for Zimbabwe's economic recovery, it is prudent to acknowledge that there are certain costs that may be associated with FDI inflows to an economy such as Zimbabwe's. In the case of Zimbabwe, for instance, the country's sheer desperation for FDI may result in foreign direct investors having undue influence on Zimbabwean policymaking as the government endeavours to meet investor preconditions and demands; environmental degradation as Zimbabwe may not have bargaining power when negotiating with "dirty" industries such as mining and manufacturing; the formation of monopolistic FDI entities and the crowding-out of the few local enterprises that have survived Zimbabwe's economic crisis, and the development of FDI dependency syndrome within the Zimbabwean government, since FDI now represents a significantly larger source of developmental resources for African governments.

Since Zimbabwe is in dire need of FDI, this need compromises the country's ability to mitigate some of these drawbacks associated with FDI. Therefore, while it is important that the Zimbabwean government make policy resolutions that impact on the aforementioned FDI determinants, it is important that policymakers are cognisant of the potential downsides associated with FDI in order to make considered policy decisions.

5.7 SUMMARY

Chapter five explores the FDI concept and its theory, in the context and scope of the present study, and establishes the motives of both investors and host countries for engaging in FDI activities, as well as the FDI determinants to particular locations. Literature reviewed suggests that as the value of FDI to the socio-economic development of both developed and developing countries increases, competition amongst countries for FDI has for all intents and purposes intensified. Within the scope of the present study, Dunning's OLI Model offers the best explanatory framework behind foreign direct investors engaging in FDI activities across international borders. While the locational advantages that foreign direct investors seek to exploit for their competitive advantage are important, of particular importance to the present study, are the determinants of FDI to a particular country.

Importantly, studies point out that apart from the traditional financial (quantitative) determinants influencing FDI location decisions, the contemporary globalised business environment has made non-financial (qualitative) determinants, such as political stability; infrastructure; institutions; regulatory frameworks, and factor endowments increasingly important considerations for foreign direct investors. More pertinently, as a result of increased transaction costs that are exacerbated by the distance between the foreign direct investor and the multiple potential FDI locations, information asymmetry represents a significant risk to international enterprises.

FDI literature does concede that there is no generic framework that outlines the salient FDI determinants and there is no discernible consensus on which determinants may apply to all countries in equal measure - a concession that Dunning's Eclectic Paradigm acknowledges, determining that the location of FDI is strongly contextual to both the foreign direct investor and the potential location.

With Zimbabwe in mind, this chapter is significant in that it outlines the FDI concept and, more importantly, establishes the potential role FDI has to play in the economic recovery of Zimbabwe. This chapter also explores the locational aspect of FDI, thereby attempting to contextualise Zimbabwe within the theoretical framework of the study. The chapter also identifies FDI determinants to a particular economy and more importantly, dichotomised the FDI determinants that Zimbabwean policy-makers must be cognisant of, into financial and more pertinently, non-financial determinants. Finally, chapter five points out the locational advantages foreign investors pursue when engaging in FDI, the potential benefits of FDI accruing to a potential host economy and more prudently, the potential drawbacks of FDI activity for a country such as Zimbabwe.

Given the relative importance of FDI to national economies, most national governments, in their bid to remain relevant and competitive globally in the attraction of FDI to their economies, have resorted to engaging in investment promotion and established Investment Promotion Agencies (IPAs) to promote proactively and attract FDI to their economies. As has been established in the preceding chapters, the image of a nation is increasingly becoming a significant to the decisions of foreign investors within an increasingly globalised and competitive marketplace.

The following chapter synthesises the concepts of nation branding, investment promotion and FDI in relation to distinct investor motives, in operationalising the variables of the theoretical model for the present study.

CHAPTER SIX
HYPOTHESISED MODEL OF NON-FINANCIAL NATION BRAND IMAGE
DETERMINENTS INFLUENCING FOREIGN DIRECT INVESTMENT INFLOW TO
ZIMBABWE

6.1 INTRODUCTION

Chapter five has introduced the FDI concept, particularly the seminal theory behind the concept, the role FDI plays within the African context, as well as the main FDI determinants of FDI inflow to the continent. Importantly, the chapter has distinguished between the seminal financial and non-financial FDI determinants focusing primarily on empirical Afrocentric studies. The advantages of engaging in FDI activity have also been discussed from the perspective of both foreign investors and potential host investment locations. The chapter has also prudently discussed the potential drawbacks of FDI to the host country.

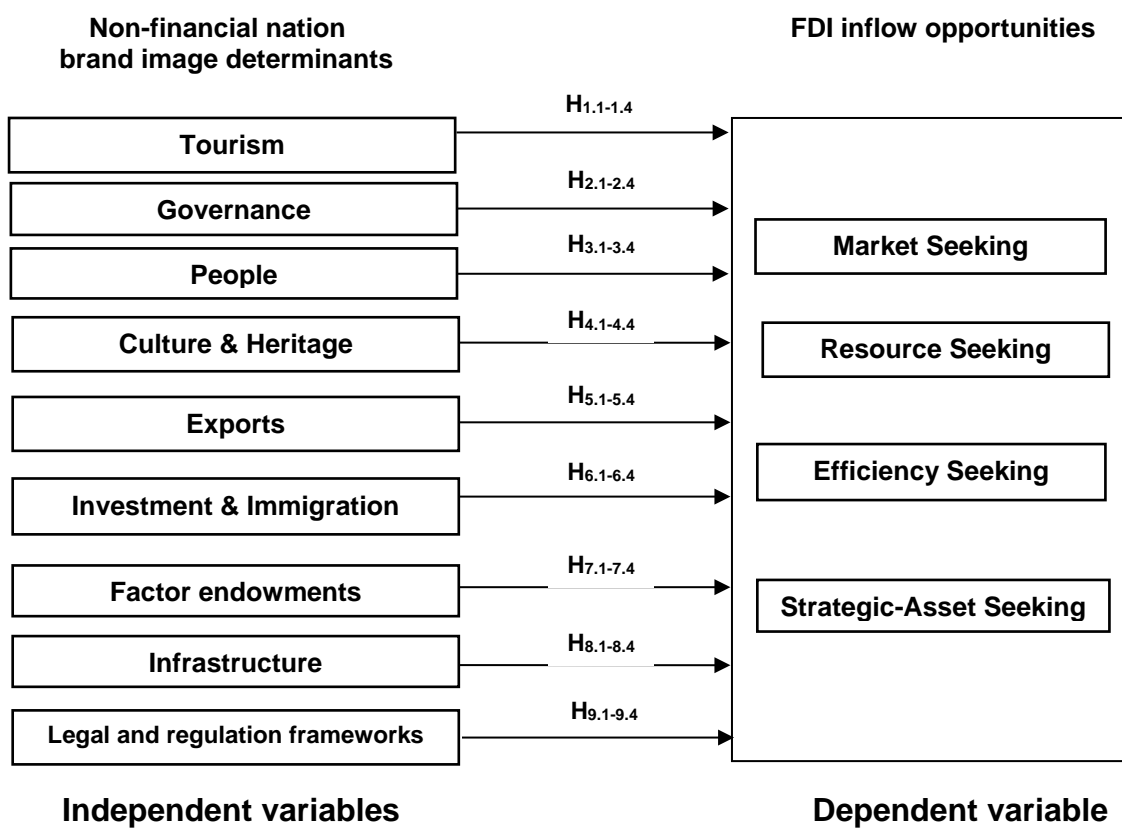
Dupasquire and Osakwe (2005:17) observe that one of the most significant contemporary developmental challenges for the African continent is the attraction of FDI to African economies. The traditional FDI determinants, as argued by Bezuidenhout (2007:191), do not offer an acceptable explanatory basis for the limited FDI inflows to African countries, compared to economies in other regions. This view, therefore, gives credence to the underlying assumption of the present study that, it is important to acknowledge that the enduring negative image that plagues African countries may be considered as the key market failure that can be associated with the inability of the African economies to compete effectively for and attract FDI from within the global FDI market respectively (Ajayi, 2006:21; Moreira, 2009:96).

It is with this in mind that chapter six will attempt to integrate existing theories and models from within the respective fields of nation branding, investment promotion and FDI in order to operationalise the hypothesised model for the present study in a bid to establish the influence of non-financial nation brand image FDI determinants on FDI inflow opportunities in Zimbabwe. Chapter six operationalizes the variables identified by the hypothesised model and their respective hypotheses.

6.2 HYPOTHESISED MODEL OF NON-FINANCIAL NATION BRAND IMAGE DETERMINANTS INFLUENCING FOREIGN DIRECT INVESTMENT IN ZIMBABWE

Figure 6.1 presents the hypothesised model showing the relationship between the independent- and dependent variables.

Figure 6.1: The hypothesised model of the non-financial nation brand image determinants influencing foreign direct investment inflow opportunities in Zimbabwe



Source: Own construction

As is evident in the figure above, the present study seeks to examine the influence of non-financial nation brand image-related determinants as independent variables influencing FDI inflow opportunities (market-, resource-, efficiency-, and strategic asset-seeking) as dependent variables to Zimbabwe. The hypothesised model and its underpinning conceptual models are presented in detail in chapter one. These are as follows:

- Dunning's Ownership-Location-Internalisation Framework
- Anholt's Nation Brand Hexagon
- The determinants and outcomes of nation branding model
- Investment destination selection model
- Investor foreign direct investment motives framework

With these conceptual models in mind, the hypothesised model is therefore, premised on the notion that how a country is perceived by potential investors in terms of the opportunities offered by a location, is an important determinant in FDI location decisions of investors, and ultimately affects FDI inflows to a particular country (Lee, 2010:31). The attractiveness of a potential FDI location may be considered to be an amalgamation of the image of the country, the existing perceptions of the locational opportunities associated with investing in that location, and finally overall investor confidence in the location (Ernst & Young, 2015:56). Empirical studies on how the subjective perceptions of investors affect their investment decisions are gaining traction as a discourse in economic psychology and behavioural finance (Aspara, 2013:195).

It is with this understanding that the conventional non-financial FDI determinants and nation brand image determinants are synthesized into the hypothesised model in Figure 6.1. Apart from the traditional elements of the hypothesised model that make up the conventional Nation Brand Hexagon, the present study acknowledges three additional distinct independent variables from FDI literature that are significant non-financial FDI determinants other than those adequately represented by the NBH framework elements, namely factor endowments, infrastructure and legal and regulation frameworks. The following section presents a detailed definition of each FDI determinant found in existing research, before presenting the hypotheses of the relationships between the independent- and dependent variables.

6.3 OPERATIONALISATION OF THE NON-FINANCIAL NATION BRAND IMAGE DETERMINANTS OF THE HYPOTHESISED MODEL

The premise for the operationalisation process is to convert the hypotheses into measurable variables which can then be measured through one or more proxies (Cademan, Henriksson & Nyqvist, 2012:30). The hypothesised model for the present study, as depicted in Figure 6.1, shows nine independent variables. Each variable is defined in Table 6.1, and is operationalised in greater detail in the subsequent sections.

Table 6.1: Definitions of the non-financial nation brand image determinants of foreign direct investment

Non-financial determinants	Definition	Source
Tourism	The promotion of travelling for leisure or business to a country and provision of tourist facilities to make their stay pleasant	MIGA (2006:11); Personal, Social A Education and Humanities Bureau (2013:28); World Tourism Organisation (2008:2)
Governance	The management of policies and processes of governing a country's political, institutional and legal environment	Calver (2013:13)
People	The characteristics of the citizens of a particular country based on biographical factors such as gender, age, productive capacity and literacy	Kalamova & Konrad (2009:8).
Culture and heritage	The ways people live in a community and country that have been passed on from generation to generation, including customs, norms, practices and tangible and intangible objects	Alcacer & Ingram, (2008:5); Keillor <i>et al.</i> (2009:49); Siegel <i>et al.</i> (2010:2)
Exports	The selling of products and services in markets outside that of the producing country	Investopedia (2016)
Investment and immigration	Government mechanisms to facilitate the processes and the utilisation of public resources to catalyse investment activity within the country as well as the movement of people into the country for economic purposes	Schlicher (2012:14)
Factor endowments	The primary resources available in a country and the extent to which the public can exploit them	Kotler <i>et al.</i> (1997:138-139); Villarde & Maza (2015:211).
Infrastructure	The availability and quality of public utilities and physical transport networks for distribution channels within a country	Eric <i>et al.</i> (2014:267); Sichei & Kinyondo (2012:88-89)
Legal and regulation frameworks	The existence of the necessary mechanisms to control, direct and implement a proposed course of action, rule, principal or law by a government of a country	Steyt (2006:9-10)

Source: Own construction

Each of the non-financial national brand image FDI determinants defined above is discussed in more detail and operationalized within the context of the hypothesised model.

6.3.1 Tourism

Tourism refers to the features a country uses to promote itself as a tourist destination, as well as the tourism assets it possesses (Belloso, 2010b:231). Tourism influences the image of the country in the minds of external publics which include visitors, other governments and investors (Schlicher, 2012:14). Nansongole (2011:100), for example, found that the existing demand for Malawian tourism products and the affirmative perceptions of tourists from nearby tourism source countries, positively influenced FDI inflows to Malawi. Other tourism-related elements that were found to be influential determinants of FDI to Malawi included the availability of tourism assets (nature, climate); tourism investment promotion activities, and the perceived competitiveness of Malawi as a tourist destination. Olabade and Dubey (2014:19-20) are of the opinion that the location of tourist attractions and facilities, the ease of accessibility to tourist locations and services, and adherence to global service standards in the tourism industry, such as those guided by General Agreements of Trade in Services (GATS), could be regarded as influential determinants of FDI inflow to Jordan.

Relatedly, in a study on the relationship between FDI and tourism, Kyrikilis, Delis and Pantelidis (2008:2-3) observed that FDI in China's tourism sector was linked to the liberalisation of the sector through World Tourism Organisation and the quality of travel agencies available in the country after China opened its market up to international travel agencies. Ussi and Wei (2011:109) found that investors in Zanzibar's hotel industry considered access to regional tourism markets and tourism demand determinants of FDI. The availability of tourism-related natural attractions in Zanzibar promoted FDI inflow to the island, and the close proximity of Zanzibar to Tanzania and the rest of the East African market contributed to positive FDI inflows (Ussi & Wei, 2011:110). Similarly, Snyman and Saayman (2009:55) also found that natural attractions such as wildlife, in the South Africa tourism sector promote FDI inflows.

Tourism may be considered as contributing to the attractiveness of a country to foreign investors seeking to exploit existing tourism assets (public resources); acquiring assets such as hotel/resort facilities, and export tourism products (Kalamova & Konrad, 2009:7). In essence, the more attractive a country is as a tourist destination, the more favourably the country may be perceived by foreign investors. Tourism plays

a significant role in the Zimbabwean economy as a net revenue source for the country, contributing 16% of Zimbabwe's GDP in 2014 (Common Market for Eastern and Southern Africa, 2015), and it offers multiple investment opportunities in tourism infrastructure (Mangoma, 2009:8-10). Zimbabwe also has many tourist assets, including one of the seven natural wonders of the World, the Victoria Falls, world-class game reserves and national monuments which are World Heritage Sites such as The Great Zimbabwe (Muzapu & Sibanda, 2016:55).

Based on the preceding discussion, *Tourism* is defined, in the present study, as *the attraction of business visitors to a host country due to its strategic location to other African countries, favourable climate, tourist attractions (natural and man-made), the availability of accommodation facilities, travel services, tourism products, and the adherence to global business standards like GATS.*

Subsequently, the following hypotheses are formulated:

H_{1.1-1.4}: The perception of foreign direct investors regarding *tourism* in Zimbabwe influences the FDI inflow opportunities considered (*market-, resource-, efficiency-, strategic asset-seeking*).

6.3.2 Governance

Kariuki (2015:348) views good governance as the ability of the host country government to offer investors political stability, to ensure accountability, to reduce government intervention in business matters, as well as to adhere and enforce the rule of law. Unfortunately, many African countries have a poor governance track record in this regard. Naude and Krugell (2007:1230) observed a robust and significant relationship between governance and FDI inflow to the African continent, particularly with regards to the rule of law, regulation, accountability and political stability. Some authors (Adeoye 2009:40; Njoroge *et al.* 2015:212) conclude that good corporate governance has become critical to developing and emerging countries as they strive for global integration through FDI.

With this in mind, Schlicher (2012:14) advances that the better the country is governed, the more positively the country is likely to be perceived by its external

stakeholders, which include foreign investors. This view is supported by Ajide (2014:71) and Calver (2013:13) who assert that good governance is a prerequisite for effective FDI inflows, particularly in the African context, as it communicates a positive and well-managed macro business environment to foreign investors. In spite of discernible institutional improvements and multiple interventionist strategies in Zimbabwe since 2009, managing the many governance challenges such as corruption within state institutions, inefficiencies due to political interference in public resource management, of the perception of governance in the country still has a negative image (Danha *et al.* 2015:19; Monyau & Bandara, 2014:2; Moyo, 2014:3).

Previous studies (Ajide & Eregha, 2014:71; Asiedu, 2006:59; Campos & Kinoshita, 2006:39; Moreira, 2009:96) found that ineffectively managed institutions, corruption, the poor enforcement of contracts and the disregard for the proprietary rights of business and individuals, deterred FDI to African countries. Relatedly, Ajide (2014:71) found that elements such as selective application of the rule of law and political unrest were deterrents to FDI inflow to Economic Community of West African States (ECOWAS) members. A protracted political crisis is considered to be the underlying cause of the Zimbabwe crisis, which was principally an economic meltdown precipitated by a broader protracted political crisis (Chiumbu & Musemwa, 2012:x; Raftopoulos, 2009:201).

The quality of a country's business environment is significantly influenced by how governments exercise their authority over their political and socio-economic environments through government and quasi-government institution activities (Ajayi, 2006:17; Kalamova & Konrad, 2009:7; Naude & Krugell, 2007:1228; Njoroge *et al.*, 2015:209). How well a government manages its macro environment, is significant for the attractiveness of the potential investment destination to international business. To a larger extent, governance is considered to be a direct influencer of foreign investment destination decisions, particularly, the potentially negative effect that an overly interventionist and bureaucratic government would have on investor behaviour in country such as Nigeria (Kalamova & Konrad, 2009:7; Ojong, Aripko & Ogar, 2015:37). Authors (Kariuki, 2015:347; Park, 2014:478) are of the opinion that the smaller and less resource-rich endowed a country is, the more likely it will succeed in

the attraction of FDI, as it can better control and manage corruption, law enforcement and the impartiality of the law, better.

Based on the preceding discussion, *Governance* is defined in the present study as *the overall ability of the host country government to manage its macro environment through political stability, the effective management and control of corruption in its public institutions, minimal government interference in foreign businesses, the consistent adherence to the rule of law, government transparency of and accountability to its business dealings and through respect for business proprietary rights by managers of public institutions.*

Subsequently, the following hypotheses are formulated:

H_{2.1-2.4}: The perception of foreign direct investors regarding Zimbabwe's *governance* influences the FDI inflow opportunities considered (*market-, resource-, efficiency-, strategic asset-seeking*).

6.3.3 People

How the citizens, originating from and/or inhabiting a country, are perceived by external stakeholders, is a critical component of the brand image of a country as people of the country or those associated with it as *brand ambassadors*, influence the perceptions of external stakeholders towards the country as a whole (Schlicher, 2012:14-16). However, within the FDI context, *people* represent more significant proxies. As Kalamova and Konrad (2009:8) posit, the stereotypes of the skills level, qualifications and, labour profile (gender, age & productivity) of people (citizens) of a potential investment location may be considered as determinants influential to the inflow of FDI to a particular country.

Asiedu (2006:59) and Sichei and Kinyondo (2012:88) determine that foreign investors have a vested interest in the country's labour force as labour represents a significant cost of doing business to investors. It is suggested that the more educated the labour force is, the higher its capacity for technology uptake and possibility of yielding high productivity levels. From a productivity perspective, Vinesh, Boopendra and Menraze (2014:148) establish a positive link between the education levels, propensity for

technological innovation and increased productivity in the SADC region. This is a view shared by Erdogen and Unver (2015:84), who determine that a competent labour force catalyses more profitable economic activity within an economy.

Mottaleb and Kalirajan (2010:11) conclude that there is a positive and statistically significant correlation between the total productive labour force, based on gender and age of developing countries, and FDI inflows. Gebrewold (2012:28, 30) observes that in the African context, labour force growth rates have an influence on FDI inflow - assumingly the availability of a larger and more cost effective labour force in an FDI location encourages labour intensive FDI. Vinesh *et al.* (2014:155) on the other hand, attribute the long term increase in FDI inflows to the SADC countries to the availability of a skilled labour force in the region, due to the high literacy and secondary school education enrolment rates. The people of Zimbabwe are considered to be one of the country's key resources. The human capital that Zimbabwe possesses is highly competent, educated and skilled and considered to be the most literate on the African continent (Monyau & Bandara, 2015:11). However, Zimbabwe experienced monumental levels of brain drain during and after the Zimbabwe crisis resulting in the near collapse of some sectors in the country (United Nations Educational Scientific and Cultural Organisation, 2013:1; World Bank, 2012:2; Zimbabwe Agenda for Sustainable Socio-Economic Transformation, 2013:61).

Gharaibeh (2015:102) concludes that, in the case of Bahrain, the population and public education secondary school enrolment had a significant and positive relationship with FDI. Similarly, Aziz and Makkawi (2012:67), posit that a larger population, in the case of selected African and Asian countries, often translates into the presence of a larger and growing market and a larger pool of skilled and often cheaper labour for foreign direct investment. Zimbabwe currently has a discernibly large diaspora population, meaning the country has been largely unable to retain its talented and skilled citizens (Index Mundi, 2014; United Nations Educational Scientific and Cultural Organisation, 2013:1). On the other hand, Kariuki (2015:347) and Miyijawa (2012:13) view people in the market size context, and submit that larger domestic markets in Africa are particularly attractive to market-seeking FDI inflows.

Based on the preceding discussion, *People* is defined in the present study as *the demographic characteristics of the citizens of a country in terms of its growing population size, their literacy rate, their availability as a cheap, productive skilled work force and the country's ability to retain and sustain the workforce.*

Subsequently, the following hypotheses are formulated:

H_{3.1-3.4}: The perception of foreign direct investors regarding *people* residing in Zimbabwe influences the FDI inflow opportunities considered (*market-, resource-, efficiency-, strategic asset-seeking*).

6.3.4 Culture and heritage

The cultural profile (norms, practices) and cultural exports (indigenous music, arts, crafts) communicate with and influences the perceptions of external stakeholders of a country, thereby influencing its existing image (Schlicher, 2012:15). FDI can be influenced by elements such as cultural and historical achievements (sport, music, business) as these influence the reputation of the country attributes regarding their innovativeness, creativity and research and development prowess (Kalamova & Konrad, 2009:8). These elements inform foreign investors of opportunities for entrepreneurship, the propensity for business innovation and other indirect social *spillovers* (such as modernisation and openness to cultural change) associated with investing in that particular country.

Considerations such as commonality in language and cultural norms impact significantly on foreign investor decision-making (Alcacer & Ingram, 2008:8, 12; Kalamova & Konrad, 2009:8; Osei & Gbadamosi, 2011:289; Siegel *et al.*, 2010:3). Relatedly, Lausberg (2010:56) found that in the case of the United States of America, cultural dynamics such as the power distance index; individualism; masculinity, and the uncertainty avoidance index have a profound effect on FDI. In the case of Egypt, Hanafy (2015:17) found that cultural distance and language barriers between Egyptians and non-Arab investors were a source of market failure – where information asymmetry propagated by cultural differences, resulted in foreign investor uncertainty and significantly higher information costs. Their empirical evidence suggests that Arab

investors, based on the commonality of their language and cultures, were more inclined than non-Arab foreign investors to invest in Egypt (Hanafy, 2015:28).

Asiedu (2006:69) deems corruption to be one of the most significant deterrents of FDI inflows to the African continent. Kahai (2011:48) found empirical evidence that the acceptance by business people of corrupt activities as a cultural phenomenon, and the perception of it thereof, are a significant and negative determinant of FDI inflows in the African context. Castro and Nunes (2013:72) are of the opinion that corrupt activities such as bribery of political and public officials are a deterrent to FDI. Siegel *et al.* (2010:23) observed a robust negative relationship between culture (egalitarianism in terms of societal equality with regard to power and, distribution of socio-economic resources) and foreign investment. This view is shared by Kahai (2011:47) who argues that the social acceptance of corrupt business activities as a cultural norm in a host country represents a significant cost of doing business in that country for foreign investors, as well as presents a potential moral and cultural dilemma for foreign investors. Hlongwana (2015:29), in a South African study, confirms the importance of cultural diversity and the attitude of the locals towards foreigners as key social considerations in selecting a foreign investment location. Unfortunately, corrupt activities in business have taken root in Zimbabwe, possibly buoyed by the country's economic challenges (Moyo, 2014:3). Importantly, Zimbabwe's colonial heritage has often been the source of the country's strained relations with the Western world (British Broadcasting Corporation News, 2015).

Based on the preceding discussion, *Culture and Heritage* is defined in the present study as *the heritage of a country and social mechanisms that govern the cultural values and practices of individuals and businesses with regards to societal and cultural equality, having a likewise business culture, an openness to cultural change, acceptance of cultural diversity, tolerance of foreign individuals, acceptance of business bribes, no business language barriers, as well as the presence of opportunities for entrepreneurship and business innovation in a country and a country's colonial past.*

Subsequently, the following hypotheses are formulated:

H_{4.1-4.4}: The perception of foreign direct investors regarding Zimbabwe's *culture and heritage* influences the FDI inflow opportunities considered (*market-, resource-, efficiency-, strategic asset-seeking*).

6.3.5 Exports

The export orientation of a country, including the existence of export-friendly policies and specific desirable export products, is significant in the attraction of FDI (Khan & Nawaz, 2011:103; Kalamova & Konrad, 2009:7; Loots & Kabundi, 2012:135). The reverse outcome of the country-of-origin effect is important in FDI, where the quality and appreciation of key products or brands originating from a particular country result in either a positive or negative transference, and so influence the image of the source country (Schlicher, 2012:15). According to Kalamova and Konrad (2009:7), exports in the FDI context relate to how the country-of-origin effect influences investor decisions in the selection of investment locations. This, they argue, is based on how locating within the host country, producing their products, and exporting their output from the FDI host country, would represent positive brand equity for the foreign investor. Consumer perceptions of the quality of the host country's export products can thus indirectly influence investor perceptions (Kalamova & Konrad, 2009:7). Zimbabwe enjoyed a favourable image as a net exporter of primary agricultural products such as quality tobacco and maize, as well as finished products such as an assortment of minerals, which ceased as a result of the Zimbabwe crisis (Kaminski & Ng, 2013:4).

National governments have the prerogative to implement either an export-oriented or import substitution strategy within their economies, with export promotion approaches being particularly attractive to FDI (Ojang & Arikpo, 2015:37). Regional integration is also a key factor in FDI location consideration where regional cooperation, commonality in investment rules and trade policy, as well as other policy initiatives related to regional and bi-lateral trade agreements, influence the export orientation of a potential investment location (Vinesh *et al.* 2014:149). The strategic location of an investment location in relation to developed markets also influences FDI inflows. To this end, Campos and Kinoshita (2006:35) observe that countries strategically located closer to Western markets, tend to attract significantly more FDI. Zimbabwe is

strategically located as a country, with access to multiple countries within the SADC region, making Zimbabwe a prime investment location for market-seeking investors eager to exploit Zimbabwe's central location and access to multiple regional markets (United Nations Environment Programme, 2000:3; World Health Organisation, 2014).

Aspara (2013:201) advances that how the product or brands of a business or international business in the case of export products and brands are perceived by consumers, influences investor perceptions and ultimately their decision-making process. Furthermore, the emotional significance of the particular product domain of a business to an investor, increases the confidence in return on investment and profitability of investing in the business, while significantly decreasing the propensity of investors to consider alternative investment options (Aspara, 2013:205). The Zimbabwe crisis compromised Zimbabwe as an exporter and recovery has been slow (Kaminski & Ng, 2013:4). Loots and Kabundi (2012:137) advance that there is a significant relationship between the availability of export commodities (such as oil) and FDI inflows in the case of Africa. Relatedly, Kahai (2011:48) identifies the promotion of an export policy as a positive determinant of FDI inflows to a country. The case of Pakistan, however, points to the country's focus on export-led growth and export incentives for export oriented industrial activity as being key to the attraction of FDI to the country (Khan & Nawaz, 2011:103).

Based on the preceding discussion, *Exports* is defined in the present study as *the specific products and services manufactured or sold in markets other than in country of origin, with primary agriculture products as key exports, through the effective exploitation of locational proximity to SADC foreign markets supported by bi-lateral trade agreements for business cooperation and a business-friendly environment, favourable export promotion policy, incentives and distribution channels, as well as the associated activities involved in facilitating and/or promoting export product development that can harness aggregate demand for derived from a favourable consumer image of the quality of the export products/services export products.*

Subsequently, the following hypotheses are formulated:

H_{5.1-5.4}: The perception of foreign direct investors regarding Zimbabwe's *exports* influences the FDI inflow opportunities considered (*market-, resource-, efficiency-, strategic asset-seeking*).

6.3.6 Investment and immigration

How a country is perceived as a place to live and work, as well as the efforts by the country to facilitate the processes that catalyse investment and migration, are considered to be influential to the perceptions of a country held by potential foreign investors and skilled immigrants (Schlicher, 2012:14). Kalamov and Konrad (2009:7) posit that the quality of life and overall investment climate in the potential investment location are influential to the decision to invest. Considering that FDI is a long term strategy, the motivation of the foreign investor to travel to and possibly relocate to the FDI location, becomes a critical determinant of FDI (Kalamov & Konrad, 2009:8).

The relative ease of starting an enterprise and ultimately doing business in a country is important to investors when selecting FDI locations, as more conducive business environments mitigate the transaction costs associated with the time and resources required to operate in that economy (Ajayi, 2006:17; Bayraktar, 2013:87). In the 2015 World Bank report, Zimbabwe is one of the lowest ranked nations in the world in terms of the ease of doing business (171st out of 189 countries), and is also the lowest ranked African country in SSA in terms of turnaround time in starting up a business (World Bank, 2014b:8). Investment policies that promote the inflow of FDI create an international business-friendly environment, which builds investor confidence and, ultimately, positively influences FDI inflows (Badr & Ayed, 2015:2; Erdogan & Unver, 2015:91; Mabule, 2012:25). The government, through ZIA, has taken steps to facilitate international business through an online information website that provides potential investors with key information about investing in Zimbabwe, and the still-to-be-launched online e-Government platform, *ZimConnect*, to facilitate and streamline FDI-related business set-up processes, including the setting up of new businesses (Zimbabwe Investment Authority, 2014:25).

A country's investment promotion activities also impact on FDI inflows (Sauvant, 2015:126). In the case of Egypt, Badr and Ayed (2015:5) identify the absence of professional investment promotion as a contributing factor in the decrease of FDI inflows to Egypt within an increasingly competitive global FDI market. Zimbabwe's investment climate is constrained by the economic slowdown and limited industrial capacity as a result of the Zimbabwe crisis (Economy Watch, 2015b; Chitiyo & Kibble, 2014:10; Monyau & Bandara, 2015:2). Favourable investment-oriented policy frameworks such as the granting of export processing zone status to locally-based foreign investors, positively influence FDI inflows, more so in the case of African countries where restrictive and protectionist investment policies (such as indigenisation in Zimbabwe) have traditionally deterred FDI inflows (Moreira, 2009:97).

Other elements, such as quality of life (health and education facilities, and access to amenities) in the potential investment location, and the prevailing investment climate have also been observed to be important considerations for foreign investors (Ajayi, 2006:21; Coy & Cormican, 2014:15). Quality of life in Zimbabwe, with regards to health facilities and the provision of basic services, such as water reticulation and the provision of electricity, deteriorated as a result of the brain drain and infrastructure dilapidation respectively, and is still challenging as a result of the Zimbabwe crisis (World Bank, 2012:2; Zimbabwe Agenda for Sustainable Socio-Economic Transformation, 2013:61-62). An immigration policy is also an important factor in FDI location selection. As Ajayi (2006:16-17) points out, the need for quality human capital places significant importance on the immigration policies of investment locations, particularly where expatriate staff may need to be brought into the country to complement or bridge a gap in the skills base available in the FDI location.

Based on the preceding discussion, *Investment and Immigration* is defined in the present study as *the conduciveness of a country, as an international business destination, specifically to the overall high quality of human living standards - brought about by superior education quality, excellent health service at the potential investment location, the ease of starting a business with few regulations and quick turnaround time, the availability of online investment services platform, favourable foreign asset/land ownership policies, the prioritisation of international business*

facilitation for sector development, and export processing zone status allocation to foreign manufacturers.

Subsequently, the following hypotheses are formulated:

H_{6.1-6.4}: The perception of foreign direct investors regarding Zimbabwe's *investment and immigration conditions* influences the FDI inflow opportunities considered (*market-, resource-, efficiency-, strategic asset-seeking*).

6.3.7 Factor endowments

Most African countries are well endowed with primary resources (Anyanwu, 2012:450; Campos & Kinoshita, 2006:36; Sichei & Kinyondo, 2012:89). Zimbabwe is well endowed with large mineral deposits of gold, coal and platinum (Monyau & Bandara, 2014:13). The influx of resource-seeking FDI to Africa, is according to Sichei and Kinyondo (2012:95), a result of African economies having abundant natural resources, but not having the capital to finance the extraction of these primary resources, nor the technical capacity within the global value chain to market them effectively. Access to Zimbabwe's factor endowments is impinged by limited access to capital, corruption and policy unpredictability (Schwab, 2014:390). The more abundant factor endowments in a country, the higher the likelihood that foreign investors would be inclined to invest in that country to exploit these resources (Anyanwu & Yameogo, 2015a:213; Kariuki, 2015:347). Sichei and Kinyondo (2012:89) consider the abundance of skilled human resources in Africa as a locational advantage, which points to the fact that certain investors may be influenced by human capital as a factor endowment.

Relatedly, Indopu and Talla (2010:21) found that the positively significant impact of natural resource abundance on the African continent is explanatory of the positive effect that factor endowments have on FDI inflows to the African continent. In West Africa, Anyanwu and Yameogo, (2015a:209), found a positive relationship between the presence of factor endowments and FDI inflows. Aveh and Krah (2013:61) also found that factor endowments had a positive impact on FDI inflow to Ghana which can be attributed to their mineral, timber and oil reserves. Vinesh *et al.* (2014:148) note that effective financial systems, including bank (traditional banks), government

(ministry of finance, treasury department) and international banking and financing institution (World Bank, the IMF) activities within a country, may be considered a factor endowment as it provides access to capital for internationalisation.

Based on the preceding discussion, *Factor endowments* are defined in the present study, as *the unique exploitable factors of production that a country possesses which include favourable foreign asset ownership policies, an abundance of natural and critically skilled human resources, well developed financial systems with access to loan capital, the technical capacity to extract and market natural resources, membership to global financial institutions such as the World Bank, and global value chain integration elements.*

Subsequently, the following hypotheses are formulated:

H_{7.1-7.4}: The perception of foreign direct investors regarding Zimbabwe's *factor endowments* influences the FDI inflow opportunities considered (*market-, resource-, efficiency-, strategic asset-seeking*).

6.3.8 Infrastructure

Infrastructure includes the quality and availability of utilities (water, electricity); transport and distribution networks (roads, rail, sea & airports); information and communications technology infrastructure; public resources (land, hospitals, schools), as well as institutional development such as banks and financial systems (Erdogan & Unver, 2015:86; Sichei & Kinyondo, 2012:88; Vinesh et al. 2014:148). A study by Demirhan and Masca (2008:365) on FDI determinants to developing countries found infrastructure to have a strong positive effect on FDI, concluding that investors are attracted to countries with more developed infrastructure.

Transport infrastructure is a critical component of economic activity. Based on an analysis of the panel data of 30 SSA countries from between 1984-2002, Khadaroo and Seetanah (2007:6) conclude that the ability of the host government to develop, manage and maintain transport infrastructure as public assets, reduces the cost of doing business for foreign investors and is thus a factor that attracts FDI. Relatedly, in the case of Mozambique, Tembe and Xu (2012:74) observed that the country failed to

attract significant FDI because of the country's poor transport infrastructure, and that this trend was only reversed when the South African government assisted Mozambique with funding for transport infrastructure rehabilitation. Mabule (2012:28) and Sichei and Kinyondo (2012:88) consider the availability and quality of infrastructure as an important determinant of FDI. Of particular importance is the positive relationship between good infrastructure and increased business output, where the availability of quality and reliable infrastructure is viewed by Kariuki (2015:347) and Mabule (2012:28), as a catalyst for increased business productivity, reduced cost of doing business and, to larger extent, a stimulant for FDI inflows. The opposite is true in most instances. An infrastructure deficit, as is the case in Africa, means that African governments do not have the capacity to exploit their natural resources or to integrate mechanisation in the global value chain of resource and industrial markets (Sichei & Kinyondo, 2012:95).

From the African perspective, Kariuki (2015:350) observed that a one percent increase in infrastructure translates to a 0.28% increase in FDI in African countries. Eric *et al.* (2014:271) determine that in the case of Ghana, government expenditure on infrastructure development had a positive impact on FDI inflows to Ghana based on anticipated demand for infrastructure-oriented goods and services associated with government expenditure. Contrastingly, a related study on FDI to Ghana found a negative correlation between infrastructure and FDI inflows due to Ghana's poor ICT, unreliable basic utilities such as water and electricity supply and road infrastructure (Aveh & Krah, 2013:61).

Infrastructure also encompasses the availability of attractive industrial locations, as well as their suitability for the business purposes of foreign investors. A study by Korez-Vide, Voller and Bobek (2014:432) found that German and Austrian foreign investors were susceptible to the network effect when considering investing in Brazil, preferring to invest in locations where other German and Austrian investors were located. This suggests that suitable business premises for these foreign investors were those within a nation-specific network-rich location. The same study found that, in the case of German and Austrian foreign investors, the industry specialisation of the location is influential in their investment decisions to select Brazilian investment locations (Korez-Vide *et al.* 2014:432). This suggests that the availability of desirable industrial locations

is a consideration in FDI location. While governments need good infrastructure to reduce transaction costs for foreign investors (resource-seeking, efficiency-seeking), infrastructure deficits may also represent distinct opportunities in the market for market-seeking and strategic-asset-seeking investors (Kariuki, 2015:347; Vinesh *et al.* 2014:148). As a direct result of the Zimbabwe crisis, the development and management of infrastructure in the country became stunted and to date (2014) infrastructure remains a significant challenge in the country's macro environment (Schwab, 2014:390). This means there is a significantly higher cost of doing business in Zimbabwe. There are, however, infrastructure investment opportunities in Zimbabwe as the industrial, agricultural and ICT sectors of Zimbabwe offer foreign investors many investment opportunities (KPMG, 2012:18; Deloitte, 2012; Mangoma, 2009:8; Zimbabwe Investment Authority, 2015).

Based on the preceding discussion, *Infrastructure* is defined in the present study as *the availability, accessibility and quality of the utilities and distribution networks within a country, including public resources, availability of public utilities, mechanisation, the existence of warehouse distribution networks, availability of desirable industrial locations and business premises, government funding for transport network development and maintenance, government funding for public resource development and maintenance, as well as ICT capacity.*

Subsequently, the following hypotheses are formulated:

H_{8.1-8.4}: The perception of foreign direct investors regarding Zimbabwe's *infrastructure* influences the FDI inflow opportunities considered (*market-, resource-, efficiency-, strategic asset-seeking*).

6.3.9 Legal and regulation framework

The legal and regulatory framework impacts on all investor types and it influences the investment climate of a country through policies such as indigenisation (foreign ownership ceilings), sector protectionism (for instance, limiting foreign ownership in key industries such as power utilities), property rights enforcement and remittance policies (of earnings to home country) all of which impact on the ownership and profitability of foreign investors respectively (Ajayi, 2006:17; Campos & Kinoshita,

2006:34). This, according to several authors (Anyanwu, 2012:435; Busse & Groizard, 2008:863; Senkunku & Gharlegghi, 2015:50), implies that, the lower the perception of fairness of a country's business legal framework and the higher the regulatory burden foreign investors must bear, the less likely they are to invest in that location. Relatedly, Bartels, Kratzsch and Eicher (2008:13) found empirical evidence suggesting that the transparency within the investment location's business environment is a key, statistically significant determinant of FDI in SSA.

Literature (Anyanwu, 2012:450; Aveh & Krah, 2013:61; Erdogan & Unver, 2015:50; Kariuki, 2015:348) confirms that the legal and regulation framework of a country influences FDI inflows to a specific location significantly. As Sauvart (2015:126) observes, FDI naturally flows to countries with enabling regulatory environments. Zimbabwe does, through ZIA, offer foreign investors FDI-friendly business regulations and provides investment incentives such as duty-free importation of capital goods and tax exemptions and rebates (KPMG, 2012:31; Zimbabwe Revenue Authority, 2015). While the legal protection of investors is considered to be a key government prerogative (Akpan *et al.* 2014:16), Makoni (2015:164) reached the conclusion that offering foreign direct investors a high return on investment is meaningless if the government does not protect investors and their investments. Such protection extends to the security of the intellectual property rights of foreign investors and the adherence to these rights by national governments (Hailu, 2010a:107). The protection of intellectual rights is advanced by Hailu (2010a:107) as being significant to FDI in developing countries such as South Africa, and of particular interest to high-tech oriented FDI enterprises. Unfortunately, information asymmetry relating to issues such as Zimbabwe's laws, may negatively influence investor perceptions (African Development Bank, 2011b:7; Kramarenko et al., 2010:33; Maitireyi & Duve, 2012:135, 158).

According to Senkunku and Gharlegghi (2015:50), the Tanzanian government guarantees investment against nationalisation and expropriation through bilateral and multilateral agreements, thereby, encouraging FDI to the country. Aveh and Krah (2013:61) found that in Ghana business-friendly fiscal policies as a proxy of regulatory frameworks was an enabler of FDI in the Ghanaian economy, thus suggesting that the quality of Ghana's policies had a positive impact on FDI. Anyanwu (2012:450) found

that the pervasiveness of the rule of law has an incremental effect on FDI in Africa. On the contrary, however, empirical evidence from a study by Mengistu (2009:31) suggests that the rule of law as a proxy of the regulatory framework is insignificant to FDI inflows to both SSA and East Asian countries.

Based on the preceding discussion, *Legal and Regulation framework* is defined in the present study as *the legitimate and policy-oriented mechanisms put in place and adhered to by national governments to regulate fair business activities, protect the investor, its propriety and intellectual property rights of investors, manage the openness of the business environment, regulate FDI activities, guarantee fair appeal procedures, guarantee protection against nationalisation and indigenisation, as well as, maintain the general rule of law in the country.*

Subsequently, the following hypotheses are formulated:

H_{9.1-9.4}: The perception of foreign direct investors regarding Zimbabwe's *legal and regulation framework* influences the FDI inflow opportunities considered (*market-, resource-, efficiency-, and strategic asset-seeking*).

The aforementioned independent variables measured across all investor segments FDI (market-, resource-, efficiency-, and strategic asset-seeking) inflow opportunities. The following section seeks to operationalise these dependent variables (investor opportunities).

6.4 INVESTOR FOREIGN DIRECT INVESTMENT OPPORTUNITIES

As previously established in chapter five, foreign investor opportunities may be categorized based on their motives for engaging in FDI activity. Table 6.2 defines these investor opportunities motives.

Table 6.2: Investor opportunity motives

FDI motives	Potential opportunities for investing in host country
Market-seeking	Exploit and promote new markets
Natural resource-seeking	Secure stable, low cost and high quality natural resource supply
Efficiency-seeking	Achieve economy of scale and scope while achieving risk diversification
Strategic asset-seeking	Pursue long-term strategic objectives – especially that of sustaining or advancing global competitiveness

Source: Adapted from Cui *et al.* (2014:490)

As is evident in Table 6.2, each investor has a distinct motive for engaging in FDI in order to access opportunities within the host country. It is, therefore, important to operationalise each of these FDI inflow opportunities in the following sections.

6.4.1 Market-seeking FDI inflow opportunities

Market-seeking investors are the demand-oriented type of foreign investor particularly interested in meeting market demand and exploiting competitive advantages in existing and new markets for products and services (Cui *et al.* 2014:490; Kavita & Sudhakara, 2011:220; Stefanovic, 2008:244). Market-seeking investors are, therefore, concerned with servicing the foreign market(s) by engaging in FDI in foreign markets (Dunning, 2000:164). By locating in certain foreign market(s) the market-seeking foreign investor, may access opportunities which include exploitation of host country incentives, avoiding barriers to market entry, such as tolls and import quotas (Lintunen, 2011:26).

Other opportunities for market-seeking investors include more effective positioning in the foreign market; substantial labour and input cost-saving potential, as well as the effectiveness of promotion activities by government and quasi-government development agencies (Sikharulidze & Kikutadze, 2013:102; Wilson, Baack & Baack, 2014:110). Related to FDI being motivated by market access, is the motive of FDI to exploit multiple marketing channels within the investment location. A study focusing on FDI determinants to Jordan, found that the possibility of creating and/or exploiting existing marketing channels in a potential investment location could be considered as market-seeking FDI opportunities (Kharwish & Siam, 2010:71).

Moghaddam, Sethi, Weber, and Wu (2014:360), affirm that, a foreign business pursuing market share, will engage in FDI in a host country to ensure access to new and larger markets outside of its own home country. Joseph (2013:5) found that despite the domination of the Coca-Cola Company within the African non-alcoholic beverages market, Pepsi Cola established a world-class manufacturing plant in Nairobi, the Kenyan capital, to re-enter the Kenyan market. This represented a shift for Pepsi Cola, from its primarily export-oriented strategy which involved the importation of beverages into African markets, to manufacturing and distributing major global beverage brands within and throughout the Kenyan market respectively, to

meet local demand (Joseph, 2013:5; 33). Therefore, it was the express motive of Pepsi Cola to access the Kenyan market and meet local demand for their products that drove their FDI decision to locate in Kenya.

Zimbabwe as a market, is characterised by a largely unemployed population, with some estimations as high as 96% (Danha, Takaindisa, Mlotshwa & Simlet, 2015:31). This implies that Zimbabwe may offer very little in terms of sustainable market demand for market-seeking investors. However, Zimbabwe offers market-seeking investors many investment opportunities in its relatively diversified economy (KPMG, 2012:18-31; Delloite, 2012; Mangoma, 2009:8-10; Zimbabwe Investment Authority, 2015). More importantly, Zimbabwe is strategically located and offers market-seeking investor's access to the SADC regional market being bordered by Zambia, Mozambique, Botswana and South Africa (World Bank Group, 2014a:2). This makes Zimbabwe attractive for market-seeking investors. Zimbabwe is also a member of multiple intergovernmental organisations which include the AU, COMESA and the SADC (Bertelsmann Stiftung's Transformation Index, 2014; KPMG, 2012:12).

Based on the preceding discussion, *Market-seeking FDI inflow opportunities* are defined as FDI opportunities in a country whereby there is a market growth opportunity with economies of scale of production based on incentives for business start-up, cost of doing business, lower input cost, favourable import regulations, regional integration through intergovernmental organisations such as the AU and trading blocs, and the availability of multiple marketing channels in conjunction with the ease of distribution to nearby markets.

6.4.2 Resource-seeking FDI inflow opportunities

Resource-seeking investors are the supply-oriented type of foreign investor particularly interested in the sustainable and cost-effective acquisition of factors of production such as primary mineral and agricultural resources abundantly available within a foreign market (Cui *et al.* 2014:490; Dunning, 2000:164-165). Resource-seeking foreign investors engage in FDI in order to legitimise and secure their acquisition of the often government-regulated desired resources. (Cui *et al.*, 2014:490; Dunning, 2000:164).

By locating in certain countries where the resources are, the resource-seeking foreign investor may secure stable supplies of the resources at a lower acquisition cost (transport, communication) and may benefit from government FDI incentives such as favourable tax, repatriation, and capital gains tax allowances (Lintunen, 2011:26; Wilson *et al.*, 2014:110). Additionally, Sikharulidze and Kikutadze (2013:102) also put forward access to resource-oriented joint venture projects as an advantage sought by resource-seeking investors. Related to joint ventures is the transfer of technology between the investor and the local enterprise. The encouragement of technology transfer by governments is a direct FDI promotion approach that the United Nations Centre for Trade And Development (2009:112) recommends for developing countries in order to better position themselves as attractive investment locations.

Moghaddam *et al.* (2014:360) affirm that a foreign firm pursuing the acquisition, management and/or control of the natural resources and factor endowments that are abundantly available in a foreign territory, will engage in FDI in the host country to secure access to the said resources. To this end, Luiz and Ruplal (2010:2) observe that some large South African gold mining companies (AngloGold Ashanti, Harmony Gold and Golfields) have engaged in resource-seeking FDI activity and have invested in mining operations in other African countries to complement their local gold production, and maintain gold output and profitability in line with key stakeholder expectations. Therefore, in this case it was the express motive of the South African mining companies cited to access natural resources (gold), hence their motivation for FDI is resource-seeking.

Government policy on the beneficiation of resources prior to exporting is a critical factor for investors to consider as some governments implement policies dictating the form in which resources may be exported (Draper, Freytag, Scholvin & Tran, 2016:34), for instance, Botswana as part of its economic diversification agenda, enacted a policy 'encouraging' the processing and marketing of diamonds mined in the country, and this resulted in DeBeers, a mining multinational, relocating its diamond trade centre and investing in Botswana's global value chain in diamonds in order to beneficiate raw diamonds (Mahembe & Odhiambo, 2013:36). Relatedly, for beneficiation to occur, investors must have access to contemporary advanced production-oriented technology to process raw materials and resources. Within the context of the present

study, access to specialised advanced production-oriented technology is a critical determinant of FDI - the investor is being influenced by the availability advantages such as contemporary production technology represents a competitive advantage for a potential FDI location (Udo & Obiora, 2006:5).

The repatriation of resources by foreign investors is also a consideration for foreign investors (Hailu, 2010a:105). Dupasquier and Osakwe (2005:18) advance that the relaxation of repatriation regulations in most African countries has encouraged further FDI in African economies. This is a view echoed by Hailu (2010a:106), who observed that in the case of many African countries, restrictive regulations on the repatriation of capital and profits have a predominantly negative influence on FDI inflows. Key to the extraction of natural resources is also the aspect of logistics. In this regard, Oyin (2014:10) deems infrastructural logistics in Nigeria to have an influence on FDI in the country.

Zimbabwe is well endowed with factors of production such as mineral resources and primary agricultural outputs, and Zimbabwe's economy is considered by the World Economic Forum, as one of the world's thirty-seven factor-driven economies (Schwab, 2014:11). Zimbabwe has substantial coal, platinum, diamond, gold, iron ore and copper nickel deposits, as well as large tracts of arable land suitable for agriculture (African Development Bank, 2013:10; Monyau & Bandara, 2014:13). The challenge of resource acquisition in Zimbabwe is identified as the ease of doing business in the country, with Zimbabwe being ranked 46th out of 46 SSA countries in terms of ease of doing business (Miller & Kim, 2015).

Based on the preceding discussion, *Resource-seeking FDI inflow opportunities* are defined as FDI opportunities in a country that possesses the exploitable natural and man-made resources that are critical factors of production to foreign investors, catalysed by the country's openness to specialised advanced production-oriented technology transfer, the factor of production availability and sustainability, supply key resource-oriented infrastructure, cost effective logistics networks, appropriate governmental mechanisms for resource exploitation such as limited restrictions, the existence of joint venture opportunities, as well as clear raw material beneficiation and capital repatriation policies.

6.4.3 Efficiency-seeking FDI inflow opportunities

Efficiency-seeking investors are the internalisation-oriented type of foreign investor particularly interested in risk mitigation and productivity by seeking opportunities in foreign markets to enhance their competitiveness, reduce transaction costs and/or improve their profitability (Cui *et al.*, 2014:490; Dunning, 2000:164-165; Kavita & Sudhakara, 2011:220; Stefanovic, 2008:243). As previously referred to, efficiency-seeking investors engage in FDI in order to achieve global integration while retaining their core competencies.

By locating in a certain foreign country, a foreign efficiency-seeking investor may take advantage of government local production incentives such as tax rebates and duty free importation of capital equipment, easing of market entry barriers, and the existence of linkages (Lintunen, 2011:26; Wilson *et al.* 2014:110). Other advantages include exploiting an existing favourable business environment in the host country; achieving agglomeration of economies of product or process specialisation and agglomeration of economies of concentration in the production and distribution of products and services to the host market and other external markets (Lintunen, 2011:26; Sikharulidze & Kikutadze, 2013:102).

According to several authors (Ajayi, 2006:18; Mabule, 2012:30; Sichei & Kinyondo, 2012:89), agglomeration economies are a significant consideration for foreign investors, as the close proximity of critical resources, such as factors of production or production processes and other foreign investors, allows investors to exploit the positive externalities associated with streamlining and global value chain integration. Agglomeration benefits include technology spillover, access to specialised inputs, as well as increased market demand and supply of key factors of production (Ajayi, 2006:18; Mabule, 2012:30). Thus, agglomeration economies were found to be the most significant determinant of FDI in the African context (Sichei & Kinyondo, 2012:94).

As Moghaddam *et al.* (2014:360-361) affirm, foreign firms pursuing efficiency will invest in a host country with lower production costs if their motivation is cost reduction and improved efficacy. Jain, Kundu and Newburry, (2015:35, 37-38), for instance, observed that Indian software companies preferred engaging in efficiency-seeking FDI

when internationalising - mitigate their skills gaps, while internalising their technology by partnering with software giants such as Microsoft and Motorola within their foreign locations. Therefore, it was the express motive of Indian software companies to exploit advanced, lower cost and efficient technology development in foreign markets that drove Indian tech-firm FDI activity.

Zimbabwe is well integrated within the global value chain of a significant number of primary resources and has the capacity to extract and process gold, diamonds and platinum, as well as to grow, process and manufacture products from primary agricultural outputs such as cotton, sugarcane and tobacco (Monyau & Bandara, 2014:13). However, after the Zimbabwe crisis, the country has experience subdued industrial development, and since 2013, Zimbabwe has been experiencing de-industrialisation (Monyau & Bandara, 2014:14). Zimbabwe may be considered to have the capacity to be more productive and integrate efficiency-seeking investors in the global value chain, while industrial underutilisation may be considered to be an FDI opportunity for foreign investors to exploit efficiency related infrastructure more effectively (African Development Bank, 2014:12; Chinamasa, 2014:36-37; KPMG, 2012:7; Monyau & Bandara, 2014:14). By adopting a multi-currency policy, the Zimbabwean government managed to arrest its hyperinflationary business environment while reducing currency exchange risk for foreign investors who could use their local currency in their investment transactions in Zimbabwe (Bertelsmann Stiftung's Transformation Index, -2014:20; United States Department of State, 2014:5).

Based on the preceding discussion, *Efficiency-seeking FDI inflow opportunities* are defined as FDI opportunities in a country that offers foreign investors many advantages of scale and scope economies advantages for, specialisation for business processes and production, geographic diversification and/or concentration, value chain integration, and incentives for production such as free importation of capital equipment and reduced business transaction costs through favourable exchange rates in a multi-currency system.

6.4.4 Strategic asset-seeking FDI inflow opportunities

Strategic asset-seeking investors are the acquisition-oriented type of foreign investor particularly interested in expropriating proprietary assets that would enhance their core competencies such as infrastructure, technology and/or firms within a foreign market (Beule, Elia & Piscitello, 2014:138). Strategic asset-seeking investors engage in FDI in order to achieve competitive advantage and core competence enhancement by acquiring the strategic assets that would enhance their strategic position and competitiveness within the foreign market or globally (Cui *et al.*, 2014:490; Dunning, 2000:165).

Strategic asset-seeking investors will have a vested interest in investing in a country as long as the host country offers the required technology transfer and/or organisational assets that will benefit the direct investor - particularly, access to unique, intangible and organisationally embedded assets such as corporate governance and brand equity (Lintunen, 2011:26). Specific locational determinants for strategic asset-seeking investors are identified by Wilson *et al.* (2014:110) to include cost-effective access to synergetic knowledge-based assets (know-how), as well as, access to markets and institutions. In a study of FDI determinants to BRICS countries, Vijayakumar *et al.* (2010:4) observed positive relationship between tax regimes on international transactions and FDI inflows to developing countries.

As Moghaddam *et al.* (2014:361) affirm, foreign enterprises pursuing strategic advantage and assets, will invest in host countries possessing the distinct strategic assets that will serve to strengthen their own core competencies and competitive advantage. Illustrating cross-border acquisition and merger activities is the case of Chinese enterprises. As a result of a deliberate strategy by the Chinese government to be more competitive in the global market, Chinese enterprises, between 1998 and 2011, embarked on a concerted global strategic asset-seeking FDI drive to improve their competitiveness and position China as a key region in the global value chain (Du & Boateng, 2015:431). As a result, according to UNCTAD data, Chinese firms accounted for an estimated 66.49% of all cross-border acquisitions and mergers from BRICS nations by 2012 (Du & Boateng, 2015:431).

Zimbabwe offers the discerning strategic asset-seeking investor a myriad of investment opportunities (KPMG, 2012:18; Delloite, 2012; Mangoma, 2009:8; Zimbabwe Investment Authority, 2015). As part of Zimbabwe's current ZIMASSET economic blueprint, the government of Zimbabwe is seeking strategic partners for projects and partnerships in sectors that include the extraction of natural resources as part of Zimbabwe's Private-Public Partnership Program (Zimbabwe Agenda for Sustainable Socio Economic Transformation, 2013:48). Albeit opportunities, Zimbabwe has a controversial and unclear indigenisation and land ownership and appropriation policy which, to a large extent, serves as an impediment to strategic asset-seeking FDI (African Development Bank, 2011b:7; Kramarenko, Engstrom, Verider, Fernandez, Oppers, Huges, McHugh & Coatts, 2010:33).

Based on the preceding discussion, *Strategic asset-seeking FDI inflow opportunities* are defined as FDI opportunities whereby the *country possesses intangible and intangible assets that enhance the core competencies of foreign investors, has mechanisms to catalyse a competitive advantage which include business growth opportunities such as public-private partnerships, cross-border mergers/acquisitions and backward integration to obtain a synergetic advantage and economies of common governance, while offering capital gains and property tax incentives, an all-encompassing proprietary policy, brand equity benefits and research, development-based assets and factors of production.*

To summarise, the preceding discussion has established four discernible FDI opportunities that motivate the four distinct types of foreign investors. As it has emerged, it is important that the opportunities must be aligned with the motives of the investor in order to attract their investment.

The following section summarises the operationalisation of the study variables.

6.5 SUMMARY OF THE OPERATIONALISATION OF VARIABLES

Based on the discussion in section 6.3 and 6.4 of this chapter, Tables 6.3 and 6.4 summarise the operationalisation of the independent variables and image hypotheses of the theoretical framework for the present study respectively.

Table 6.3: Summary of the operationalisation of the independent variables

Definition of non-financial determinants	Sources
<i>Tourism is defined as the attraction of business visitors to a host country due to its strategic location to other African countries, favourable climate, tourist attractions (natural and man-made), the availability of accommodation facilities, travel services, tourism products, and the adherence to global business standards like GATS.</i>	Kalamova & Konrad (2009:7); Kyrikilis <i>et al.</i> (2008:2-3); Nansongole (2011:100); Schlicher (2012:14); Snyman & Saayman (2009:55); Ussi & Wei (2011:110); Velde & Nair (2005:2)
<i>Governance is defined as the overall ability of the host country government to manage its macro-environment through political stability, the effective management and control of corruption in its public institutions, minimal government interference in foreign businesses, the consistent adherence to the rule of law, government transparency of and accountability to its business dealings and respect for business proprietary rights by managers of public institutions.</i>	Adeoye (2009:40); Ajide (2014:71); Ajide & Eregha (2014: 171-172); Asiedu (2006:59); Campos & Kinoshita (2006: 39); Kalamova & Konrad (2009:7); Kariuki (2015:347); Moreira (2009:96); Naude & Krugell (2007:1230-1231); Njoroge <i>et al.</i> (2015:212); Ojong <i>et al.</i> (2015:37); Park (2014:478)
<i>People is defined as the demographic characteristics of the citizens of a country in terms of its growing population size, their literacy rate, their availability as a cheap-productive skilled workforce and the country's ability to retain and sustain the workforce.</i>	Asiedu (2006:59); Aziz & Makkawi (2012:67); Erdogan & Unver (2015:84); Gebrewold (2012:28, 30); Gharaibeh (2015:102); Kalamova & Konrad (2009:8); Kariuki (2015:347); Miyijawa (2012:13); Mottaleb & Kalirajan (2010:11) Sichei & Kinyondo (2012:88-89); Vinesh <i>et al.</i> (2014:148)
<i>Culture and Heritage is defined as the heritage of a country and social mechanisms that govern the cultural values and practices of individuals and businesses with regards to societal and cultural equality, having a likewise business culture, an openness to cultural change, acceptance of cultural diversity, tolerance of foreign individuals, acceptance of business bribes, no business language barriers, as well as the presence of opportunities for entrepreneurship and business innovation in a country and a country's colonial past.</i>	Alcacer & Ingram (2008:8, 12); Asiedu (2006:69); Castro & Nunes (2013:72); Hanafy (2015:17); Hlongwana (2015:29); Kahai (2011:48); Kalamova & Konrad, (2009:8); Lausberg (2010:56); Osei & Gbadamosi (2011:289); Schlicher (2012:15-16); Siegel <i>et al.</i> (2010:3, 23)
<i>Exports is defined as the specific products and services manufactured or sold in markets other than in country of origin, with primary agriculture products as key exports, through the effective exploitation of locational proximity to SADC foreign markets supported by bi-lateral trade agreements for business cooperation and a business-friendly environment, favourable export promotion policy, incentives and distribution channels, as well as the associated activities involved in facilitating and/or promoting export product development that can harness aggregate demand for derived from a favourable consumer image of the quality of the export products/services export products.</i>	Aspara (2013:205); Campos & Kinoshita (2006:35); Kahai (2011:48); Kalamova & Konrad (2009:7); Khan & Nawaz (2011:103, 149); Loots & Kabundi (2012:135, 137-138); Ojang & Arikpo, (2015:37); Schlicher (2012:15); Vinesh <i>et al.</i> (2014:149)
<i>Investment and Immigration is defined as the conduciveness of a country, as an international business destination, specifically</i>	Ajayi (2006:16-17, 21); Badr & Ayed, (2015:2); Bayraktar, (2013:87); Coy & Cormican, (2014:15); Erdogan & Unver (2015:91); Kalamov & Konrad

Definition of non-financial determinants	Sources
<i>to the overall high quality of human living standards - brought about by superior education quality, excellent health service at the potential investment location, the ease of starting a business with few regulations and quick turnaround time, the availability of online investment services platform, favourable foreign asset/land ownership policies, the prioritisation of international business facilitation for sector development, and export processing zone status allocation to foreign manufacturers.</i>	(2009:7-8); Mabule (2012:25); Moreira (2009:97); Sauvart (2015:126); Schlicher (2012:14)
<i>Factor endowments are defined as the unique exploitable factors of production that a country possesses which include favourable foreign asset ownership policies, an abundance of natural and critically skilled human resources, well developed financial systems with access to loan capital, the technical capacity to extract and market natural resources, membership to global financial institutions such as the World Bank, and global value chain integration elements.</i>	Anyanwu (2012:450); Anyanwu & Yameogo, 2015a:13, 20); Aveh & Krah (2013:61); Campos & Kinoshita (2006:36); Indopu & Talla (2010:21); Sichei & Kinyondo (2012:89); Vinesh <i>et al.</i> (2014:148)
<i>Infrastructure is defined as the availability, accessibility and quality of the utilities and distribution networks within a country, including public resources, availability of public utilities, mechanisation, the existence of warehouse distribution networks, availability of desirable industrial locations and business premises, government funding for transport network development and maintenance, government funding for public resource development and maintenance, as well as ICT capacity</i>	Aveh & Krah (2013:61); Demirhan & Masca (2008:365); Erdogan & Unver (2015:86); Eric <i>et al.</i> (2014:271); Kariuki (2015:347); Khadaroo & Seetanah (2007:6); Korez-Vide <i>et al.</i> (2014:432); Mabule (2012:28); Schwab (2014:390); Sichei & Kinyondo (2012:95); Tembe & Xu (2012:74); Vinesh <i>et al.</i> (2014:148)
<i>Legal and regulation frameworks are defined as the legitimate and policy-oriented mechanisms put in place and adhered to by national governments to regulate fair business activities, protect the investor, its propriety and intellectual property rights of investors, manage the openness of the business environment, regulate FDI activities, guarantee fair appeal procedures, protection against nationalisation and indigenisation, as well as, to maintain the general rule of law in the country.</i>	Ajayi (2006:17); Akpan <i>et al.</i> (2014:16); Anyanwu (2012:435, 450); Aveh & Krah, (2013:61); Bartels <i>et al.</i> (2008:13) Busse & Groizard, (2008:863); Campos & Kinoshita (2006:34); Erdogan & Unver (2015:50); Hailu (2010a:107); Kariuki (2015:348); Makoni (2015:164); Mengistu (2009:31); Sauvart (2015:126); Senkunku & Gharleghi (2015:50)

Source: Own compilation

Table 6.3 summarises the operationalisation of independent variables and defines the questionnaire items for each variable. Table 6.4 summarises the operationalisation of FDI inflow opportunities by defining them within the context of investor motives for engaging in FDI activity.

Table 6.4: Summary of the operationalisation of the dependent variables

Definition of FDI inflow opportunities	Sources
<p><i>Market-seeking FDI inflow opportunities are defined as FDI opportunities in a country whereby there is a market growth opportunity with economies of scale of production based on incentives for business start-up, cost of doing business, lower input cost, favourable import regulations, regional integration through intergovernmental organisations such as the AU and trading blocs, and the availability of multiple marketing channels in conjunction with the ease of distribution to nearby markets.</i></p>	<p>Ajayi (2006:17); Bayraktar (2013:87); Campos & Kinoshita (2006:34); Cui <i>et al.</i> (2014:490); Dunning (2000:164-165); Erdogan & Unver (2015:86); Kahai (2011:48); Kariuki (2015:347); Kavita & Sudhakara (2011:220); Khan & Nawaz (2011:103); Kharwish & Siam (2010:71); Lintunen (2011:26); Miyijawa (2012:13); Moghaddam <i>et al.</i> (2014:360); Sichei & Kinyondo (2012:88); Stefanovic (2008:244); Sikharulidze & Kikutadze (2013:102); Vinesh <i>et al.</i> (2014:149); Wilson <i>et al.</i> (2014:110)</p>
<p><i>Resource-seeking FDI inflow opportunities are defined as FDI opportunities in a country that possesses the exploitable natural and man-made resources that are critical factors of production to foreign investors, catalysed by the country's openness to specialised advanced production-oriented technology transfer, the factor of production availability and sustainability, supply key resource-oriented infrastructure, cost effective logistics networks, appropriate governmental mechanisms for resource exploitation such as limited restrictions, the existence of joint venture opportunities, as well as clear raw material beneficiation and capital repatriation policies.</i></p>	<p>Adeoye (2009:40); Ajide & Eregha (2014:171-172); Anyanwu (2012:450); Anyanwu & Yameogo (2015a:209, 213); Asiedu (2006:59); Campos & Kinoshita (2006:36, 39); Cui <i>et al.</i> (2014:490); Draper <i>et al.</i> (2016:34-35); Dunning (2000:164-165); Dupasquier & Osakwe (2005:18); Erdogan & Unver (2015:86); Hailu (2010a:105-106); Kariuki (2015:347); Lintunen (2011:26); Mahembe & Odhiambo (2013:36); Moghaddam <i>et al.</i> (2014:360); Moriera (2009:96); Njoroge <i>et al.</i> (2015:212); Oyin (2014:10); Sikharulidze & Kikutadze (2013:102); Udo & Obiora (2006:5); UNCTAD (2009:112); Vinesh <i>et al.</i> (2014:148); Wilson, Baack & Baack (2014:110)</p>
<p><i>Efficiency-seeking FDI inflow opportunities are defined as FDI opportunities in a country that offers foreign investors many advantages of scale and scope economies advantages for, specialisation for business processes and production, geographic diversification and/or concentration, value chain integration, and incentives for production such as free importation of capital equipment and reduced business transaction costs through favourable exchange rates in a multi-currency system.</i></p>	<p>Ajayi (2006:18); Aspara (2013:205); Asiedu (2006:59); Badr & Ayed (2015:2); Campos & Kinoshita (2006:35); Cui <i>et al.</i> (2014:490); Dunning (2000:164-165); Erdogan & Unver (2015:91); Kavita & Sudhakara (2011:220); Lintunen (2011:26); Mabule (2012:25, 30); Moghaddam <i>et al.</i> (2014:360-361); Sichei & Kinyondo (2012:88-89, 95); Sikharulidze & Kikutadze (2013:102); Stefanovic (2008:243); Vinesh <i>et al.</i> (2014:155); Wilson <i>et al.</i> (2014:110)</p>
<p><i>Strategic asset-seeking FDI inflow opportunities are defined as FDI opportunities whereby the country possesses intangible and intangible assets that enhance the core competencies of foreign investors, has mechanisms to catalyse a competitive advantage which include business growth opportunities such as public-private partnerships, cross-border mergers/acquisitions and backward integration to obtain a synergetic advantage and economies of common governance, while offering capital gains and property tax incentives, an all-encompassing proprietary policy, brand equity benefits and research, development-based assets and factors of production.</i></p>	<p>Adeoye (2009:40); Ajayi (2006:17); Akpan <i>et al.</i> (2014:16); Anyanwu & Yameogo (2015a:209); Aveh & Krah (2013:61); Beule <i>et al.</i> (2014:138); Campos & Kinoshita (2013:61); Lintunen (2011:26); Moghaddam <i>et al.</i> (2014:361); Njoroge <i>et al.</i> (2015:212); Sikharulidze & Kikutadze (2013:102); Wilson <i>et al.</i> (2014:110)</p>

Source: Own construction

Based on their motives (market-, resource-, efficiency- and strategic asset-seeking), as can be seen in Table 6.4, there are four distinct FDI opportunities that a country may offer foreign investors. The purpose of this study is to explore the influence of the non-financial nation brand image determinants on the FDI inflow opportunities in Zimbabwe.

6.6 SUMMARY

The inability of the conventional FDI determinants to offer an explanatory framework that elucidates the reasons for Africa's relative un-competitiveness in attracting FDI to its economies, is a significant gap in the FDI discourse within the African context. The independent variables (non-financial nation brand image determinants) and dependent variables (FDI inflow opportunities) in the hypothesised model are operationalised in this chapter. The hypothesised model is an endeavour to establish empirically, the influence of the nation brand image FDI determinants on FDI market entry opportunities (market-, resource-, efficiency-, strategic asset-seeking) within the context of Zimbabwe.

As it has emerged in this chapter, subjective preference is increasingly becoming a significant influencer of investment decision-making within the economic psychology and behavioural finance discourse. The present study explores the influence of the non-financial nation brand image determinants of FDI inflow opportunities in Zimbabwe. Investors consider many determinants, beyond the conventional financial determinants when selecting investment locations. These determinants, as it has emerged in this chapter, mainly concern the quality of the investment location, such as how the macro environment of the location is managed by the government, the infrastructure available and its quality, the abundance of factors of production, policies governing foreign investment and immigration, as well as social factors such as the cultural norms and values of the people residing within the potential investment location, their language and work ethic.

The present study is also cognisant of the four distinct investor motives and the varying FDI inflow opportunities (market-, resource-, efficiency- and strategic asset-seeking) that may influence each distinct FDI motive based on the primary objective of the foreign investor. To this end, the extent of research identifies opportunities that are, in

theory, significant to each investor type. Chapter six converges the literature reviewed for the purposes of the present study and defines the hypotheses of the hypothesised model for the present study as measurable variables. This is important as this allows for an opportunity to measure quantitatively, the variables within the identified sample.

The following chapter, chapter seven, presents the methodology applied for the generation of the empirical data for the present study, in other words, from whom and how the data will be collected; the instruments utilised to generate and record this data, and the techniques applied to analyse the raw data generated into usable information to test the hypotheses formulated in this chapter.

CHAPTER SEVEN

RESEARCH DESIGN AND METHODOLOGY

7.1 INTRODUCTION

Chapter six discussed the hypothesised model for the study as well as, operationalised the independent variables for the study. A review of theoretical and empirical data from existing literature underpinned the discussion of the hypothesised model and informed the formulation of the hypotheses to be tested by the present study. As it emerged from the chapter, the independent variables identified by the hypothesised model, in theory, are influential to FDI locations decisions. These variables are governance, exports, culture and heritage, people, investment and immigration, tourism, infrastructure, legal and regulatory frameworks and factor endowments. Relatedly, investor opportunities were determined to be measurable, suggesting that a relationship may be established between the brand image of a country and FDI inflow opportunities. These FDI inflow opportunities are market-seeking, resource-seeking, efficiency-seeking and strategic asset-seeking motives for engaging in FDI.

With the primary and secondary objectives, research questions and hypotheses of the present study in mind, there was a compelling case for the empirical phase of the study to be particularly suited to the empirical verification and validation of the hypothesised model. It was therefore, prudent to briefly explore the two main research archetypes (quantitative and qualitative) and compare them, in order to establish the most suitable research approach for the present study. The primary objective of the study is to determine the perceived non-financial nation brand image determinants influencing FDI inflow opportunities in Zimbabwe. The determination of these non-financial nation brand image determinants of FDI requires the generation of measureable data on the perspectives of key respondents (foreign investors) with an interest in Zimbabwe.

This chapter discusses the research design and research methodology adopted for study in order to address the primary aim of the study. This chapter probes the salient research paradigms before presenting the most suitable one for the present study. The research paradigm subsequently informs the presentation of the research design of the study, and the methodology – which is the population of the study, the sampling

approach, the research instrument employed and its utilisation in the generation of empirical data, as well as the data analysis techniques that have been applied. The following section discusses and presents the research paradigm and design of the present study.

7.2 RESEARCH DESIGN

Research is a *scientific* process that integrates various methods and techniques in a concerted effort to generate knowledge (Welman, Kruger & Mitchell, 2005:2). It follows then, that research design may be described as the *blueprint* utilised by the study to structure the generation of research data that will be analysed to address the primary objectives, as well as to answer the key research questions put forward by the study (Cant, Gerber-Nel, Nel & Kotze, 2005:60). The most critical aspect of research design is the research paradigm selected for the study, which informs the overall research design, sampling decisions, data collection approach and ultimately, the data analysis techniques employed by the study (Sekaran & Bougie, 2010:102).

7.2.1 Research paradigms

A research paradigm may be referred to as a traditional approach to research, binding academics to specific methods, approaches, assumptions and terminology when conducting research (Grix, 2010:170). Two main research paradigms exist, namely the qualitative and quantitative research paradigms. Each research paradigm is summarised and the dichotomy between the two paradigms is then discussed subsequently.

7.2.1.1 The qualitative research paradigm

Qualitative research may be considered to be the use of methods that attempt to examine the inherent traits, characteristics and qualities of inquiry, and tends to be interpretivist by nature (Landman, 2000:227; Grix, 2010:172). The qualitative approach to research is typically unstructured, exploratory by nature and based on context, taking into account circumstances and perspectives (Cant *et al.*, 2005:88; Ritchie & Lewis, 2003:3). Morgan (2014:9) surmises that qualitative research concentrates on specific research goals and describes its characteristics as follows:

- Inductive (uses researcher observations in theory generation);

- Subjective (utilises researcher experience and contextualises the interpretation of the world), and
- Contextual (collects detailed data to convey specific settings and circumstances).

These characteristics suggest that the qualitative paradigm is an in-depth approach to research which focuses on meaning and context.

7.2.1.2 The quantitative research paradigm

Quantitative research is an approach preoccupied with numerical data, numbers and figures, that are measurable and quantifiable (Blumberg, Cooper & Schindler, 2008:191; Cant *et al.*, 2005:88). Grix (2010:117) characterises quantitative research as a three-phase research methodology which involves the identification of variables or concepts, the operationalisation of these variables, and the measurement and analysis of the variables. As indicated by Morgan (2014:9), quantitative research is typically as follows:

- Deductive (utilises researcher observations to test theory);
- Objective (minimises the impact of researcher on the generation of data and the results), and
- General (data can be applied to a wide variety of contexts and a wider population).

As Palinkas, Horwitz, Green, Wisdom and Duan (2013) conclude, quantitative research is primarily concerned with the testing and confirming of hypotheses based on existing conceptual models.

7.2.1.3 The dichotomy between the qualitative and quantitative paradigms

As has been established in the preceding sections, there are fundamental differences between the qualitative and quantitative research paradigms. Table 7.1 summarises the key differences between the paradigms.

Table 7.1: The qualitative and quantitative paradigm dichotomy

Qualitative paradigm	Criteria	Quantitative paradigm
Exploratory, descriptive and explanatory	Research enquiry	Exploratory, descriptive and explanatory
<ul style="list-style-type: none"> • Below the surface and emotional responses • Exploratory, understanding, and idea generation oriented 	Nature of questions and responses	<ul style="list-style-type: none"> • Relatively superficial and rational responses • Measurement, testing and validation oriented
Non-probability	Sampling method	Probability and non-probability
Relatively small	Sample size	Relatively large
<ul style="list-style-type: none"> • Less standardised, less structured • Open-ended questions 	Structure of measuring instrument	<ul style="list-style-type: none"> • Standardised, more structured • Closed questions
<ul style="list-style-type: none"> • Flexible • Interviews and observation 	Data collection instruments	<ul style="list-style-type: none"> • Not very flexible • Interviews, observation
<ul style="list-style-type: none"> • Words, pictures, diagrams 	Data presentation	<ul style="list-style-type: none"> • Numbers, percentages and means
<ul style="list-style-type: none"> • Detailed and in-depth • Idiographic description • Context rich • High validity, low reliability • Statistical inference not possible 	Data analysis	<ul style="list-style-type: none"> • Less detail or depth • Nomothetic description • High reliability, low validity • Statistical inference possible
Relatively high cost per respondent Relatively low project cost	Cost of data collection	Relatively low cost per respondent Relatively high project cost

Source: Adapted from McGivern (2009:46)

As the evidence in Table 7.1 suggests, there are very distinct differences between the qualitative and quantitative research paradigms. The literature consulted (Creswell, 2003:18; Welman *et al.*, 2005:6), advances that the quantitative paradigm is positivist by nature and is particularly concerned with the objective observation and measurement of variables by observing *natural scientific methods*. On the other hand, the qualitative paradigm is viewed as being anti-positivist (phenomenological) and is particularly concerned with the phenomenon being studied, as well as its context/experience (Williams, 2007:67).

Notably, as is also identified in Table 7.1, both probability and non-probability sampling methods may be utilised in quantitative studies, while qualitative studies only employ non-probability sampling methods. Other critical differences include statistical inference being possible in the quantitative research paradigm but not possible within the qualitative research paradigm - pointing to the notion that findings from qualitative studies may not be considered to be representative of a particular population, while

those of quantitative studies may be considered to be representative (Kolb, 2008:29; McGivern, 2009:46-47). Relatedly, qualitative studies require smaller samples, compared to quantitative studies that require larger, more statistically significant samples (Welman *et al.*, 2005:9).

7.2.1.4 The research paradigm selected for the present study

After considering the characteristics of both the qualitative and quantitative research paradigms within the context of the primary and secondary objectives of the present study, the quantitative paradigm was deemed to be the most appropriate. The quantitative paradigm to research may be described as a deductive approach that seeks to generate, measure and analyse numerical data in order to establish objective knowledge on the 'pervasiveness' of known phenomena and central patterns of association, including inferences of causality (Punch, 2003:3). This forms the basis for the motivation to adopt the quantitative paradigm for the present study.

The quantitative research paradigm allowed the researcher to quantify the perceptions of foreign investors based on operationalised variables which were measured and utilised to test the hypotheses formulated in order to determine the relationship between non-financial nation brand image determinants and FDI inflow opportunities in Zimbabwe. The determination of this potentially causal relationship was dependent on a standardised and structured approach to data collection that ensured that each unit of the population was measured identically and the findings in theory, could be inferred and considered to be representative of the universal population of the study. The quantitative paradigm offered this standardisation and structure.

There are two perspectives on research within the quantitative paradigm, the hypothetico-deductive perspective and the inductive perspective. The hypothetico-deductive perspective develops general theory (hypotheses and hypothesised models) and applies the theory to a specific case, while, on the other hand, the inductive perspective observes a phenomena and then makes general conclusions (Driscoll, 2011:158; Sekaran & Bougie, 2010:28). The present study adopted the hypothetico-deductive perspective to quantitative research, with Zimbabwe as the case in question. The hypothetico-deductive perspective may also be described as a research methodology which proposes hypotheses and goes on to test the

acceptability or falsity of the proposed hypotheses (Grix, 2010:164; Young, 2005:21). This method allows the researcher to focus on objective measurements and numerical analysis in testing and/or verifying the hypotheses formulated for the study and the theory respectively (Burns & Grove, 2005:23; Gaiser & Schreiner, 2009:121). The following section discusses the research design typologies.

7.2.2 Research design typologies

According to McGivern (2009:81), a research design can have four typologies, and these are the cross-sectional-, longitudinal-, experimental- and case study design. Each is briefly summarised in Table 7.2.

Table 7.2: Research design typologies

Research design typologies	Characteristics of the typology
Cross-sectional	<ul style="list-style-type: none"> • Collects data from a cross-section of a single population at one point in time • Utilised to generate data for exploratory or descriptive studies • Sometimes utilised for studies examining relationships between variables and hypothesis testing • Concerned with relationships and differences existing within a sample
Longitudinal	<ul style="list-style-type: none"> • Collects data from the same sample over a period of time • Utilised to generate data for predominantly descriptive studies • Concerned with exploring and examining relationships between variables, establishes changes over time, establishes causal direction and/or explain theory
Experimental	<ul style="list-style-type: none"> • Collects data from mutually exclusive samples • Utilised to generate data for explanatory studies • Concerned with the determination of the cause-effect relationship between variables in controlled environmental isolation
Case study	<ul style="list-style-type: none"> • Collects in-depth data from a case • Utilised to generate data for exploratory, descriptive and/or explanatory studies • Concerned with determining the full 'picture' and in-depth understanding (idiographic description)

Source: Adapted from McGivern (2009:81-92)

Based on the information presented in Table 7.2, the most suitable research design for this quantitative study was the cross-sectional design typology. The present study sought to collect data from a population of foreign investors who invested or showed interest in investing in Zimbabwe between January 2009 and December 2014. These investors represent a single population within a specific time period - snapshot (Cant *et al.*, 2005:35; Levin, 2006:24). A key characteristic of the cross-sectional design typology is also that it is suited to both exploratory and descriptive approaches to

research. However, what is important is that the cross-sectional design typology is also suitable for studies examining the relationships between variables and/or hypothesis testing (Welman *et al.*, 2005:95) as is the case in this study. The cross-sectional typology allowed the study to establish the non-financial brand image determinants influencing foreign investor decisions, as well as, the relationship between these non-financial nation brand image determinants and the potential FDI inflow opportunities in Zimbabwe. The following section presents the quantitative approaches adopted for the present study.

7.2.3 Quantitative research approach typologies for the present study

The type of data required and its form are guided by the purpose of the study, and it is this purpose that necessitates the employment of certain research approaches. Based on the preceding discussions, the present study is quantitative by nature and adopts the cross-sectional research design typology. As suggested in Table 7.2, the cross-sectional research design typology is typically associated with exploratory and/or descriptive studies. According to the literature consulted (Cant *et al.*, 2005:49-50; Kolb, 2008: 24; McGivern, 2009:42) descriptive and exploratory studies are seminal methodologies in research. Each is described briefly.

7.2.3.1 Descriptive research approaches

Descriptive research, also referred to as observational research, is performed to generate specific data such as consumer buying behaviour in the form of statistical data, predominantly generated from survey tools (Cant *et al.*, 2005:50; Kolb, 2008:25). Williams (2007:66) concurs with this characterisation of the descriptive method, advancing that the descriptive research approach is concerned with identification and description of variables, as well as the measuring of the relationship between these variables.

For the purposes of the present study, the descriptive approach were adopted whereby the non-financial nation brand image determinants influencing the perceptions of foreign investors and ultimately their FDI inflow opportunities in Zimbabwe were described and operationalised.

7.2.3.2 Exploratory research approaches

According to Kolb (2008:26), the exploratory research approach is critical for the generation of data for studies requiring data on the attitudes, opinions and/or beliefs of consumers. This approach may also be utilised to hypotheses based on a yet to be defined or clarified problem (McGivern, 2009:42-43). Interestingly, Sekaran and Bougie (2010:104) add that exploratory research is significant if some preliminary information exists and supplementary information is required in order *to develop viable theoretical frameworks*. This may be achieved by interviewing key informants, which is the primary aim of exploratory studies (Blanche, Durrheim & Painter, 2006:44). Importantly, the exploratory research approach may be applicable to both qualitative and quantitative paradigm studies (Wohlin & Aurum, 2014:9). For the purposes of the present study, exploratory approaches were adopted, whereby the non-financial nation brand image determinants influencing the perceptions of foreign investors and ultimately FDI inflows to Zimbabwe were identified.

To summarise the discussion on the research design, the present study adopted the quantitative paradigm which is suitable for the generation of quantifiable and measurable data that can be synthesized to establish the relationship between the independent variables of the study and the dependent variable. Within the quantitative paradigm, the study assumed the hypothetico-deductive perspective to quantitative research, which facilitated the testing of the hypotheses formulated for the study in order to validate the hypothesised model for the study. With this in mind, the present study was conducted as a cross-sectional study, with the intention of facilitating and guiding the generation of data from a specific sample at a particular time, in other words, a snapshot of investor perceptions with particular reference to Zimbabwe. Within the cross-sectional design typology, the present study extrapolated elements of both exploratory and descriptive research approaches to inform the methodology of the present study. The following section presents the methodology adopted for the present quantitative study.

7.3 RESEARCH METHODOLOGY

Creswell (2003:17) and Kolb (2008:24) view research methodology as a process of data generation - particularly how and from whom the data will be collected, as well as how the data will be synthesized. Rajasekar, Philominathan and Chinnathambi

(2013:5) concur with this view, advancing that research methodology is the systematic process that produces a *work plan* for the solving of a research problem. With this in mind, quantitative research focuses on mathematical (statistical) analysis, hence the data generated is numerical and measurable (Cant *et al.*, 2005:4). It follows then that, the research methodologies adopted for the present study would ideally generate data in the required form. The following sections identify the population for the study and sampling method employed.

7.3.1 Population and sampling

Cant *et al.* (2005:60) describe the population of a study as the total elements from whom data for the study may be generated, while Gray (2009:148) categorises the target population of a study as the total number of possible units or elements that are included in the study. For the purposes of the present study the universal (total) population was all foreign investors with a past, current, or potential interest in investing in Zimbabwe from between January 2009 and April 2015. This study focuses on establishing the non-financial nation brand image FDI determinants influencing inflows to Zimbabwe after the crisis period (post-2009). Prior to this period, the Zimbabwe situation did not arouse investor confidence, while the post-crisis period also presents an opportunity to study how a negative image may influence FDI even after the crisis situation has abated. The database extract obtained from ZIA in 2016 relating to the post-crisis period only provided applicant data from January 2009 up to April 2015.

Sampling is the systematic process of selecting a proportion of individual elements from within a universal population, from whom data is generated, and may be considered to be representative of the universal population (Cooper & Schindler, 2008:711). Palinkas *et al.* (2013) observe that the main aim of sampling is to optimise the efficiency and validity of the data generation process. In principle, the sampling process must result in the selection of a sample frame from which results may be inferred to the total population.

The sample frame of a study refers to a list or system that identifies members of the population, so the sample can be drawn without having to assemble the population physically (Blair, Czajin & Blair, 2014:111). In the context of the present study, the

sample frame is all foreign investors with a past, current, or potential interest in investing in post-crisis Zimbabwe from between January 2009 and April 2015, those documented on the ZIA database and those who had provided e-mail contact details in their application for FDI consideration. The rationale behind this sample frame is discussed in subsequent sections of this chapter by firstly presenting the different types of sampling techniques.

7.3.1.1 Probability sampling

Probability sampling refers to techniques that offer each element within a wider population a *determinable* opportunity (likelihood) to be selected to participate in a research study, while achieving representativeness (Teddlie & Yu, 2007:77). In other words, the chance of each element being selected to participate in the study is more than zero (Lohr, 2010:25). The three salient probability sampling approaches particularly relevant to the present study, namely random sampling, stratified sampling, and cluster sampling. Each probability sampling technique is synopsised.

a) Random sampling

In random sampling each individual unit in the population has an equal opportunity to be selected, based on techniques such as lot drawing, computer generated lists and/or picking names from a box for participation in the study - independent of other units within the same population (Teddlie & Yu, 2007:79). This sampling approach, also referred to as simple random sampling, ensures that each element of the population has an equal probability of being selected in the sample (Toepoel, 2016:58). Random sampling, as a technique, offers the highest likelihood of generalisability and representative distribution of the characteristics of the universal population, as well as the least likelihood of bias (Sekaran & Bougie, 2010:270).

b) Stratified sampling

In stratified sampling, the total population is divided into subpopulations based on certain characteristics (income, age, gender), and then a sample is drawn from each group (strata) for participation in the study (Lohr, 2010:26; Teddlie & Yu, 2007:79). Stratified sampling ensures that unique minority subgroups within the total population have an equal opportunity to participate in the study, as a simple random sample is

drawn from each strata (Toepoel, 2016:58). Stratified sampling is essentially employed to ensure the randomness of the sample for a study (Kolb, 2009:184).

c) Cluster sampling

Cluster sampling occurs at two levels where a large total population is divided into smaller manageable units (clusters) with similar characteristics, using probability sampling, from which secondary random sampling then occurs to select the elements to be included in the study (Lohr, 2010:26; Toepoel, 2016:58). Also referred to as multi-stage sampling, cluster sampling is considered to be more cost effective than random sampling (McGivern, 2009, 279). Notably, unlike in the case of stratified sampling, the purpose of cluster sampling is to establish an economical and efficient sample for the study (Kolb, 2009:186).

7.3.1.2 Non-probability sampling

Non-probability sampling, refers to sampling techniques that do not necessarily afford all individuals in the population of the study an opportunity to be sampled and participate in the generation of data (Cooper & Greenaway, 2015:3). In other words, no probability can be determined or specified that an element will be included in the sample (Welman *et al.*, 2005:67). There are many of non-probability sampling techniques, which include convenience-, snowball-, purposive- and quota sampling and each technique is briefly discussed.

a) Convenience sampling

Convenience sampling generates data from an easily accessible population (Palinkas *et al.*, 2013). In other words, the sample is made up of individuals who are easiest to recruit for the purposes of the study (Mugera, 2013: 1). While convenience samples are not considered to be suitable for descriptive or causal studies, convenience sampling may be employed in pre-testing or pilot studies (Cant *et al.*, 2005:166).

b) Snowball sampling

According to Palinkas *et al.* (2013) snowball sampling is a sampling technique that asks an initial sample of key informants to identify other potential participants with similar characteristics for the study. Often utilised to access *hard-to-reach* and/or *hidden* populations that are key to the study, snowball sampling is suitable for

conducting sensitive research studies within sensitive populations that are often difficult to find (Fricker, 2008:200). Snowball sampling is also employed in situations where the participants for the study are not known in their entirety and/or when the risk of non-response to the study is significant and needs to be mitigated (Kolb, 2008:111).

c) Purposive sampling

Bryman and Bell (2014:171) refer to purposive sampling as a sampling approach in research that does not randomly select the sample population and it increases the likelihood of all pertinent units in the population being selected at the expense of the irrelevant units in the population. Purposive sampling thus involves the deliberate selection of the sample population of the study, based on the judgment of the researcher (Blair *et al.*, 2014:94). Thus, purposive sampling involves the identification and deliberate selection of key informants (groups or individuals) with distinct knowledge relating to the study for data generation purposes (Cooper & Greenaway, 2015:4). Purposive sampling is, according to Teddlie and Yu (2007:80), suitable for the selection of unique cases whose distinct characteristics are significant to the study in question. In other words, purposive sampling is primarily concerned with selecting a small population with expertise in the research being conducted (Mugera, 2013:4). It must be noted that purposive sampling is normally synonymous with qualitative research, and is concerned with the selection of participants based on the specific purpose of the study and not representativeness per se (Teddlie & Yu, 2007:77). However, as indicated in section 7.3.1.3, it can also apply to quantitative studies.

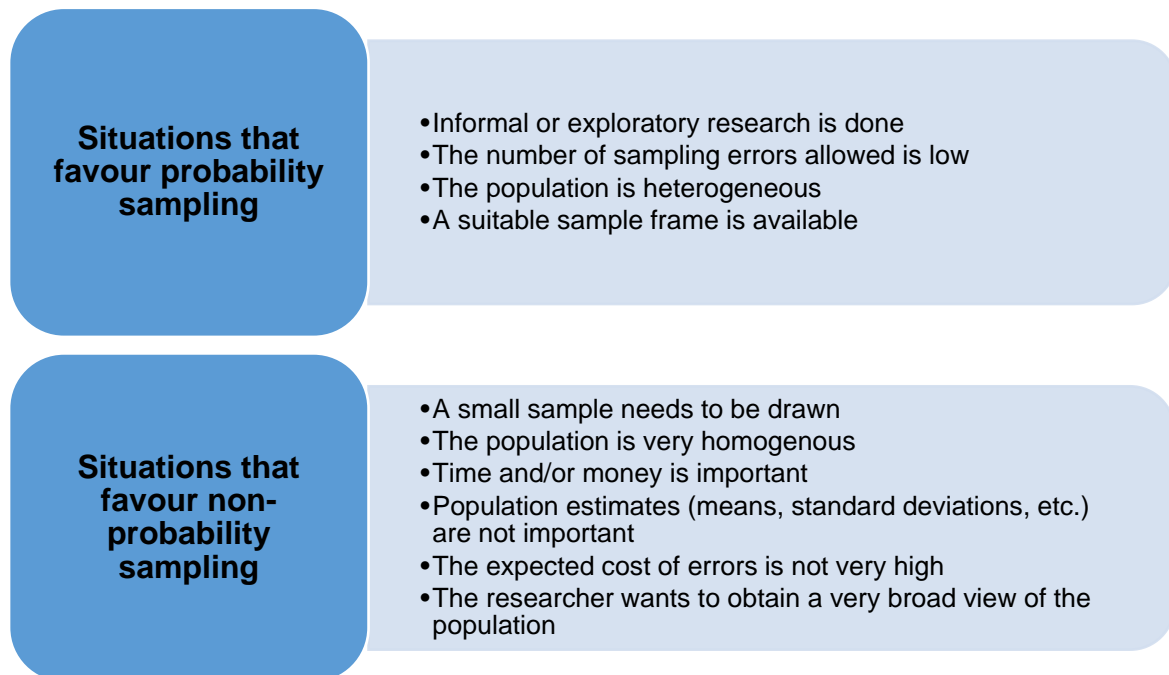
d) Quota sampling

According to Sekaran and Bougie (2010:277), quota sampling may be viewed as a distinct form of proportionate stratified sampling, whereby, a predetermined number of elements are drawn from predetermined sub-groups to ensure the adequate *representation* of certain groups of the population. These groups may be in the form of gender, age or race and are demarcated based on up to date and readily accessible information relating to the population (Cant *et al.*, 2005:167). As McGivern (2009:283) observes, quota sampling is widely employed in quantitative market research studies.

7.3.1.3 Comparison of main sampling approaches to inform the study sampling approach choice

Figure 7.1 summarises the different situations favourable for the two main sampling approaches.

Figure 7.1: Situations that favour probability and non-probability sampling methods



Source: Adapted from Cant *et al.* (2005:176)

From the information presented in Figure 7.1, non-probability sampling was deemed to be the most suitable for the present study. According to Choy (2014:99), it is the prerogative of the researcher to adopt either probability or non-probability sampling approaches to determine the sample for the study. Though unconventional, non-probability sampling was utilised, primarily because foreign investors on the ZIA database were regarded as the population sample that could have the most informed perception of Zimbabwe as a FDI destination, as they have applied to be considered for foreign investment into Zimbabwe. This population (current investors, those considering investing and those who have considered investing in Zimbabwe) within the global context, represent a small, unique and specialised population for the present study (sampling frame of 1 073 respondents) and this, according to Naik and Bisht (2014:174), is a characteristic of the population that necessitates the non-probabilistic

targeting of this specific population. Other compelling rationales for adopting non-probability sampling for the present study are as follows:

- There was a homogenous basis for the selection of the population – catalogued interest in engaging in FDI activity in Zimbabwe;
- The geographic spread and uncertainty of the location of the population present a significant access and cost factor for the data generation aspect of the study;
- The capturing of perspectives of a many investors based on the different investment opportunities in Zimbabwe was key to the study, and
- Population estimates for the present study were not particularly significant.

The non-specific nature of the database utilised for the present study - for instance, there was no indication of foreign investors who ultimately invested after they had applied to ZIA, nor was there an indication of the current location of the said investors, meant that probabilistic sampling would be inefficient and data collection would have been difficult. According to Baker, Brick, Bates, Ballaglia, Couper, Denver, Gile and Tourangeau (2013:2), non-probability sampling has increasingly become synonymous with sampling for online surveys. Mathers *et al.* (2007:13) mention that non-probability sampling is increasingly being employed in quantitative research, particularly in specialised studies, such as market research and commissioned studies. Similarly, Tongco (2007:147) considers that purposive sampling may be applied in both qualitative, and more significantly quantitative studies. McGivern (2009:46) concurs that, both probability and non-probability sampling techniques may be applied in quantitative studies. Importantly, Tongco (2007:152) suggests that quantitative data analysis tools such as logistic regression models, ANOVA and Chi-Square can be utilised to analyse purposive samples. The non-probability sampling procedure employed for the present study was purposive sampling which thus requires further discussion, especially as purposive sampling is mostly associated with qualitative studies. The following section provides detail regarding the different purposive sampling typologies that exist.

7.3.1.4 Purposive sampling typologies

As previously discussed, purposive sampling is concerned with selecting the most suitable sample units for the purposes of the study, at the discretion of and according

to the criteria set by the researcher (Teddlie & Yu, 2007:80; Oliver, 2006:245). The many purposive sampling techniques a researcher may employ in empirical studies are briefly synopsised in Table 7.3.

Table 7.3: Purposive sampling techniques

Purposive sampling typology	Description
Critical case	Involves the selection of specific cases to study based on their importance or significance to the purpose of the study which makes the cases imperative to study
Criterion	Involves the selection of individuals meeting the conditions set by the researcher for participation in the study
Homogenous	Involves the selection of individuals with similar characteristics that are significant to the study. It is these common similarities that qualify each participant for participation in the study
Maximum variation	Also referred to as heterogeneous sampling and involves the selection of cases that are representative of the broad cross-section and spectrum of the study
Total population	Involves the selection of all individuals within the sample population who meet the criteria for participation in the study
Expert	Involves the selection of key informants with specific knowledge that would contribute significantly to the study
Extreme or deviant case	Involves the selection of atypical cases for a study. The uncommon characteristic of the particular case makes it suitable for the purpose of the study
Typical case	Involves the selection of cases that are simply relevant to the study, with no especially unique conditions for participation, other than the case being relevant to the study
Stratified	Involves the selection of cases from groupings representing a mix of the typical cases and the maximum variance cases.
Theoretical	Involves the sampling of cases exhibiting the capacity to represent the theoretical constructs being studied
Purposeful random	Involves the application of random sampling to select cases from within an initially purposively selected sample

Source: Adapted from: Etikan *et al* (2016:3); Palinkas *et al.* (2013); Palys (2008:697)

As can be determined from Table 7.3, each purposive sampling technique is subjective by nature, for instance, a study focusing on a specific theoretical construct would purposively sample cases that exhibit the characteristics that would fit within the theoretical construct, while a specialised study would be interested in sampling key informants, and would hence employ expert sampling. For the purposes of the present study, expert, homogenous, and total population sampling methods were employed and as these are discussed in greater detail below, it clearly indicates the appropriateness of each method to the study.

a) Expert sampling

Expert sampling focuses on individuals considered to be particularly knowledgeable key informants from whom crucial data may be generated for the purpose of the study (Etikan *et al.*, 2016:3). The appropriateness of key informants is significant to the reliability of the study (Tongco, 2007:154). According to Bhattacharjee (2012:69), the purposeful selection of key individuals who are 'experts' in the subject of the study lends more credibility to the sample. The assumption made by the researcher in selecting the purposive sample for the present study was that all units appearing on the ZIA database of investors (investment license applicants), possess the knowledge and expertise in FDI to be able to articulate the factors that influenced their decision to consider and engage in FDI activity in Zimbabwe. As a result, expert sampling was implemented to purposively sample all individuals catalogued on the ZIA database.

b) Homogeneity sampling

Homogenous sampling is concerned with selecting a single sample group that can be easily and homogeneously described within the context of the study and whose data be more easily analyzed (Mertens, 2010:321). Homogeneity sampling allows the researcher to concentrate on a population with the characteristics that are of particular significance to the study (Etikan *et al.*, 2016:3). The assumption made by the researcher in selecting the purposive sample was that all units appearing on the ZIA database of investors (investment license applicants), had the following homogenous characteristics:

- They had applied to engage in FDI activity in Zimbabwe through the quasi-government organization responsible for FDI promotion and process management in Zimbabwe, ZIA, between January 2009 and April 2015, which is the post-2008 crisis period under review.
- That they had provided an e-mail address with their contact details, since the only feasible data generation instrument that took the potential geographic spread of the study population into consideration was a questionnaire administered as an online survey.

The rationale behind only selecting foreign investors with e-mail addresses was that given the time period (January 2009 to April 2015), geographic spread and the mobility of foreign investors, there was a distinct possibility of change of address or premises

which created uncertainty for physical data collection. There were however, fewer chances of individuals changing their e-mail addresses. As a result, homogenous sampling was implemented to purposively sample all individuals catalogued on the ZIA database.

c) Total population sampling

McGivern (2009:260) determines that once a clearly defined population is established, it is the prerogative of the researcher to decide whether to generate data from a sample of that population or to generate the required data by using the whole population. In cases where a relatively small sample meets the criteria set for participation, and it is feasible, the whole total population may be included in the study (Etikan *et al.*, 2016:3). If a researcher elects to select all elements for participation in a study, this form of purposive sampling is referred to as total population sampling (Cant *et al.*, 2005:163; Lund Research, 2015; Mugera, 2013:6).

According to the literature consulted (Franklin & Walker, 2010:19-20; Kolb, 2009:178; McGivern, 2009:260), a more common name for total population sampling is census. Notably, total population (census) sampling is becoming an increasingly common sampling approach for internet-based surveys (Fricker, 2008:197) as is the case in this study. McMillan (1996:91) and Parker (2011:4) confirm that in cases where it would be prudent and/or conceivable to allow all elements of the population an opportunity to participate in the study, as was the case with the present study, the total number of elements in the study population should be selected for empirical data generation by the researcher, making the population the same as the sample ($N=n$). This list of potential respondents for the study represented what Fricker (2008:211) refers to as a *de facto* (total population) sampling frame for the study. Within the context of the present study, the sample frame was foreign investment applicants with e-mail addresses and all were invited to participate in the study.

To summarise the preceding discussion on the sampling procedure employed by the researcher, the ZIA database was utilised to extrapolate the sample for the present study. The database comprised of foreign investors who had expressed an interest in investing in Zimbabwe and had applied to engage in FDI activity in Zimbabwe between January 2009 and April 2015, and provided their full contact details. The target

population for the present study was foreign investors from within the specified period who provided their e-mail addresses. This implies that the sample frame for the study was purposely, foreign investors who provided their e-mail addresses, as these were the only respondents who could be realistically sampled for the present study, which employed an online survey as its data collection tool.

With the preceding discussion in mind, the following section outlines the determination of the sample size for the study.

7.3.1.5 Determination of the sample size

There are some guidelines for establishing acceptable non-probabilistic, purposive samples when conducting online surveys (Toepoel, 2016:65). Sue and Ritter (2007:34) provide the following guidelines for the determination of acceptable non-probability samples sizes:

- A justifiable non-probabilistic sample is typically between 30 and 500 elements;
- The non-probable sample must be at least 10% of the total population;
- In the case of multivariate research, the sample must be at least ten times larger than the variables being studied;
- The largest affordable population must be selected, and;
- The utilisation of split-half analysis to test for consistency and to validate the sample size should be considered.

According to Krejcie and Morgan's (1970) simplified heuristics, as summarised below in Table 7.4, the size of the population determines the sample size.

Table 7.4: Krejcie and Morgan's (1970) sample size estimations

<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317

<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	1000000	384

Key: *N* = population size; *S* = sample size

Source: Krejcie and Morgan (1970:607)

As is clearly evident in Table 7.4, Krejcie and Morgan (1970:607), in the case of the present study, with a population of 1 073 foreign investors applicants catalogued on the ZIA database between January 2009 and April 2015, a sample size of at least 285 respondents is recommended. This implies that the final survey sample of 305 respondents is representative of the total population of the study, especially taking into consideration that only 751 of the 1 073 foreign investor applicants had documented e-mail addresses on the ZIA database. The survey sample thus meets the guidelines set by Sue and Ritter (2007:34), supported by Krejcie and Morgan (1970:607), and is considered to be an acceptable purposive sample for the study.

In the following section the researcher elaborates on data collection procedure.

7.4 DATA COLLECTION

The following sections present the data collection method implemented for the study, the technique employed and the design of the instrument utilised to generate the required data for the present study.

7.4.1 Data collection methods

Both secondary and primary data were collected as part of the study. Secondary data collection is the critical first step in the data generation process in a research inquiry. Secondary data refers to all information previously collected by other entities other than the researcher (Welman *et al.*, 2005:149). In the case of the present study, the review of literature on the concepts of nation branding, investment promotion and FDI was of key significance to the overall research as it provided the theoretical basis of the hypothesised model. As such, secondary data was collected primarily to inform the literature chapters of the study (chapters two, three, four and five), focusing on existing theoretical and empirical-based literature. More importantly, secondary data was key to the operationalisation of the independent variables of the hypothesised model and the formulation of the associated hypotheses for the present study in chapter six.

Secondary data sources included: the World Wide Web primarily, Google Web and Google Scholar; published academic books; published journal articles from databases such as Emerald, Science Direct and EBSCO; academic dissertations from various universities; Zimbabwean newspapers; published annual reports from organisations such as ZIA, the African Development Bank, the World Economic Forum and the United Nations; best-practice toolkits from multilateral organisations such as MIGA, as well as conference and workshop proceedings and presentations.

Primary data collection refers to raw original data which is collected and analysed for a specific study, representing new data that contributes to knowledge (Hox & Boeijs, 2005:593). Primary (empirical) data was generated through a non-experimental quantitative design, principally the hypothetico-deductive approach to research, which according to Wood and Welch (2010:62), is considered in management research as a

valid quantitative approach to research. The quantitative approach to data generation was ideal for the present study as it is a systematic and objective numerical approach to data collection - which allows the researcher to address clearly, the defined research objectives and answer the formulated research questions of the study, while limiting personal bias and facilitating the efficient testing of the posited hypotheses (University of Southern California, 2014). In the following section, the different empirical data collection techniques are discussed.

7.4.2 Data collection techniques

There are a many methods available to researchers to generate the data required for their study (Hox & Boeije, 2005:593). Quantitative studies require data that is numerical by nature (Hox & Boeije, 2005:593; Williams, 2007:66). With this in mind, Table 7.5 summarises the conventional data collection techniques.

Table 7.5: Conventional data collection techniques

Data collection technique	Description
Structured observation	A non-intrusive approach to data collection where respondents are observed directly and data is collected
Survey/Questionnaires	Involves administering a predetermined, standardised and structured instrument with questions to the sample via telephone, mail, physically or online
Interviews	Involves first person interaction with the individuals in the sample where questions are asked directly to the respondent and recorded by the researcher

Source: Adapted from Demming (2015); Hox & Boeije (2005:596); Kelly (2016:28); Singpurwalla (2013:14)

As is evident in Table 7.5, there are three important data collection techniques. Of the three, the most prudent and feasible for the present study has been the survey/questionnaire technique primarily because the locality of the investment applicants was not known and they were possibly globally dispersed, which would have had high data collection cost implications. The survey data collection technique is discussed in more detail in the following section.

7.4.2.1 Surveys

The quantitative survey may be described as a survey primarily designed to produce and measure numerical data and variables respectively (Punch, 2003:13). Similarly,

Floyd and Fowler (2009:1) ascertain that the main purpose of surveys as a data generation approach, is to produce quantitative statistics that will allow the measurement of certain aspects of a study population. Additionally, surveys allow the researcher to canvass for data related to the attitudes, perceptions, perspectives, motivations and/or motivations of a specific population for the purposes of a study (Lynn, Erens & Sturgis, 2012:2). Some authors (Creswell, 2003:14; Mathers *et al.*, 2007:5; Williams, 2007:67), suggest that surveys are synonymous with descriptive and cross-sectional studies.

More importantly, surveys primarily collect data by interviewing a well-defined sample population (individuals, organisations, households) using a fixed questionnaire which can be administered remotely, allowing the researcher to conduct data generation without being present (Blair *et al.*, 2014:2-3). Thus, surveys may be synopsised as a deliberate and methodological research process concerned with compiling data from a defined population, using pre-determined techniques and tools - and presenting it in a useful quantitative form for analysis (Franklin & Walker, 2010:1; Leeuw, Hox & Dillman, 2008:2). A survey was conducted amongst investment applicants to generate empirical data with structured questions on the non-financial nation brand image determinants that influence FDI inflow opportunities in Zimbabwe.

The following section discusses the measurement instruments available to researchers.

7.4.2.2 Measurement instrument

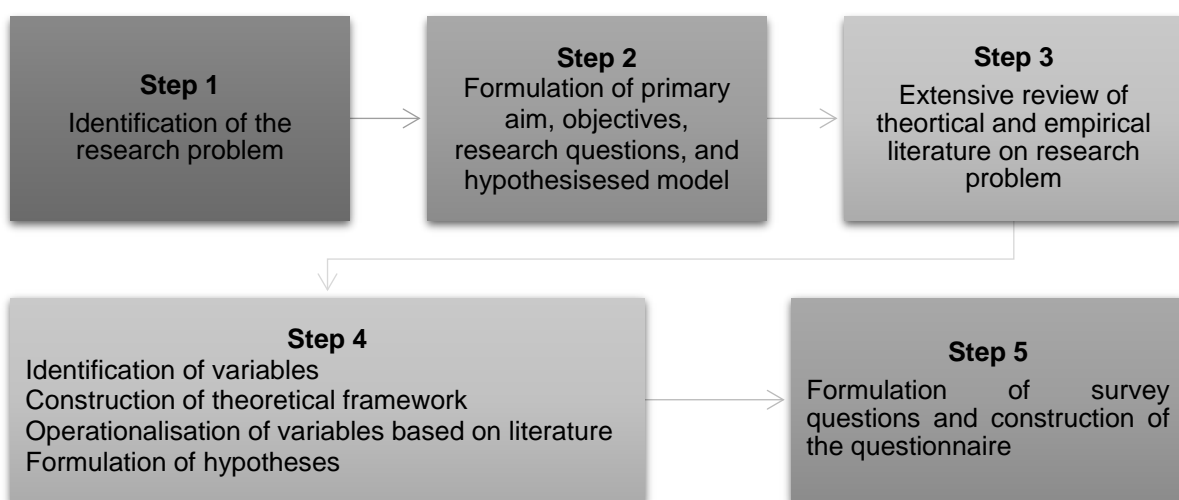
The questionnaire is considered to be an important tool for the generation of data in social research concerned with human behaviour (Bird, 2009:1307). The questionnaire is also synonymous with surveys (Leeuw, 2008:113; Mathers *et al.*, 2007:4). A questionnaire may be described as a form containing a predetermined list of questions designed to generate the data required by the study from a sampled individual (Franklin & Walker, 2010:55). Similarly, Acharya (2010:2) describes a questionnaire as a document containing a set of *adequate* and *appropriate* questions in a sequential order, primarily designed to solicit the required data for analysis.

The quantitative web survey is now a widely utilised data generation instrument and entails survey participants being asked to respond online to questions with their choice of pre-determined responses, without the aid of an interviewer (Toepoel, 2016:3). Web surveys facilitate the remote administration of self-complete questionnaires for the completion by respondents and catalogues their responses automatically (Leeuw & Hox, 2008:263). In a study by Ndlovu (2009:240), a web-based survey was employed as a data collection approach, where the researcher successfully utilised e-mail questionnaires related to nation branding as a strategic tool for tourist destination repositioning, for his survey of tourism stakeholders in Zimbabwe. A web-based self-administered questionnaire was the measurement instrument of choice for this quantitative inquiry. The questionnaire design is presented in the following section.

7.4.2.3 Questionnaire design

The questionnaire employed to generate data for the present study was structured and posed pre-coded close-ended questions in line with the traditional quantitative survey practice (Acharya, 2010:2-3; Mathers *et al.*, 2007:20). The questionnaire was designed to be self-administered, with respondents being asked to complete the survey without the aid of the researcher (Leeuw & Hox, 2008:262). The questionnaire was constructed in the process depicted in Figure 7.2.

Figure 7.2: The questionnaire construction process



Source: Adapted from Acharya (2010:7)

As depicted in Figure 7.2, the construction of the questionnaire followed a logical process. Acharya (2010:7) reflects on questionnaire design and recommends that survey questions be drafted based on the theoretical and empirical literature reviewed as part of the operationalisation of the independent variables of the hypothesised model for the study. This approach is more significant in deductive studies, which are based on a particular theoretical framework or set of hypotheses (Driscoll, 2011:158).

Section A of the questionnaire was primarily concerned with investor motives and the factors foreign investors considered favourable for FDI inflows to Zimbabwe. Sections B and C were primarily concerned with probing respondents in relation to the factors they considered to be influential in their FDI decisions in the context of investing in Zimbabwe. Section D of the questionnaire solicited demographic information from respondents. The questionnaire layout is synopsised in Table 7.6.

Table 7.6: Questionnaire layout

Section	Factors	Number of Items
A	Investor status	1
	Investor motive	1
	Most favourable non-financial determinants of FDI for Zimbabwe	9
	Most attractive non-financial determinants of FDI in Zimbabwe	1
B	Tourism	8
	Governance	8
	People	7
	Culture and heritage	11
	Exports	10
	Investment and immigration	9
	Factor endowments	8
	Infrastructure	11
	Legal and regulation frameworks	9
C	Market-seeking FDI inflow opportunities	9
	Resource-seeking FDI inflow opportunities	10
	Efficiency-seeking FDI inflow opportunities	8
	Strategic asset-seeking FDI inflow opportunities	7
D	Gender	1
	Age group	1
	Highest qualification	1
	Current position	1
	Sector of operation	1

Section	Factors	Number of Items
	Current region	1

Source: Own construction

Table 7.6 outlines the layout of the questionnaire utilised to generate the empirical data for the study. The following section discusses the scales developed for the responses.

7.4.2.4 Measuring instrument scale

The present study employed investigator-developed measures, which are according to Morgan and Harmon (2001:2), unique instruments designed for a specific study. According to Fink (2013:38), responses in measuring instruments can primarily be on the following scales:

- An ordinal scale such as a 5-point Likert scale,
- A rank order scale where the importance of one factor is compared in relation to another, and
- A nominal scale in order to standardise and effectively measure the responses of the respondents.

In the following sections the ordinal and nominal scales utilised in the present study are discussed.

a) Ordinal scale

Ordinal scales are based on predetermined sequential responses, resulting in categorical data, typically based on magnitude (Khalid, Hilman & Kumar, 2012:20; Mathers *et al.*, 2007:22). Ordinal scales, also referred to as close-ended ordered response options (Toepoel, 2016:30), made up a significant proportion of the questionnaire (Section B and Section C). The Likert scale was employed as an ordinal scale for the present study.

The Likert scale is synonymous with surveys in multiple disciplines (Murray, 2013:258). To this end the Likert scale is a measuring instrument specifically designed to measure attitudes and perceptions on a *summated scale* of predetermined responses Morgan and (Harmon, 2001:3). According to Warmbrod (2014:31) the Likert scale is effective in the generation of composite scores of individual responses

to multiple items based on generic responses. For the present study, the Likert scale was categorized as follows: not at all influential, slightly influential, undecided, quite influential, and extremely influential. Sections B and C probed which factors investors considered to be influential in their FDI decisions in Zimbabwe.

b) Nominal scale

Toepoel (2016:217) advances that nominal scales are unordered responses that generate data that can be grouped into categorical clusters. Similarly, Khalid *et al.* (2012:20) observe that nominal scales are concerned with the identification and categorisation of groups and/or data, while, Bird (2009:1311) observed that nominal scales primarily generate discrete categorical data. Nominal scales were mostly utilised in Sections A and D of the questionnaire which solicited demographic information from respondents.

The final questionnaire is presented in Annexure 1. Validity of the data collection instrument will be discussed in subsequent sections in this chapter.

7.4.2.5 Questionnaire administration

As previously indicated to, data collection took place online. The researcher utilised a Google Drive, a software programme by Google which offers users a diverse selection of web-based business and office tools. Within this programme is Google Forms which facilitates the creation and administering of online surveys, as well as the automatic collection and collation of survey responses (Boland, 2013:1). Respondents were invited to participate in the survey via e-mail. The e-mail introduced the researcher and the study to potential respondents. In the email, a link was provided to the online survey. Responses were automatically catalogued by the Google Drive software and summarised in Microsoft Excel spreadsheet linked to the Google Drive software for data analysis. The online survey had its merits for the present study, which included those identified by Blaire *et al.* (2014:57); Gaiser and Schreiner (2009:70) the following:

- Access to a geographically dispersed sample (foreign investors in the Zimbabwean context);

- A sample unit which was easier to define (foreign investors intending to invest Zimbabwe and those who have invested in Zimbabwe);
- Quick and inexpensive data generation, and;
- Automatic response cataloguing and breakdown of responses.

The online survey was opened to respondents on 27 June 2016, when respondents were duly invited to participate in the survey. After weekly reminders inviting respondents to participate in the online survey, the online survey was closed on 5 September 2016.

7.5 DATA ANALYSIS

The data generated by the online survey was exported from Google Drive and analysed using STATISTICA 12 software for data analysis. In order to answer the research questions posed by the study, and achieve the set primary and secondary objectives of the study respectively, the following statistical analysis tools were used:

- Exploratory Factor Analysis (EFA) was utilised to extract the FDI-related non-financial nation brand image determinants perceived to be influential in considering FDI opportunities in Zimbabwe;
- EFA was also utilised in order to identify the items that foreign investors perceived to be valid within each construct (determinants);
- Cronbach's alpha coefficients analysis was then employed to test the reliability and internal consistency of the valid items and constructs in the measuring instrument;
- Descriptive statistics were employed to summarise all the data generated by the survey. Measures were in the form of frequency and measures of variance – mean and standard deviation;
- Pearson product-movement correlation coefficients were calculated to determine if there were significant correlations between the non-financial brand image determinants (independent variables), as well as between the determinants and FDI inflow opportunities (dependent variables) in Zimbabwe;
- Multi-collinearity diagnostics testing was also conducted to measure if collinearity exists between the independent variables and each of the dependent variables;

- Multiple Regression Analysis was conducted to determine whether there are relationships between the valid and reliable non-financial nation brand image FDI determinants and the FDI inflow opportunities (market-, resource-, efficiency- and strategic-asset seeking);
- Analysis of Variance (ANOVA) was conducted to establish whether there were differences in the perceptions of investors based on their *Investor status* (current investors in Zimbabwe, investors who had considered investing in Zimbabwe but did not do so, and investors who would consider investing in Zimbabwe in the future) of the non-financial nation brand image determinants considered to be influential to FDI inflow opportunities in Zimbabwe. Where significant relationships were found, a post-hoc Scheffè test was conducted to identify where the significant differences occurred between the *Investor status* groups. In addition, Cohen D's effect sizes were calculated to determine if the mean differences identified from the post-hoc Scheffè tests were of practical significance.

The following sections discuss these analysis methods in greater detail.

7.5.1 Exploratory factor analysis (EFA)

Factor analysis, particularly Exploratory Factor Analysis (EFA), is becoming increasingly synonymous with the development of new matrices in the diverse fields of study, including behavioural and social sciences (Yong & Pearce, 2013:79). EFA extracts items (factors) that correlate and group together to constitute a distinct construct (Field, 2009:121). EFA seeks to identify patterns from within a set of data and making extrapolations (Norris & Lecavalier, 2010:8; Yong & Pearce, 2013:79). By doing so, EFA manages to reduce observed variables into smaller discernible factors (Larsen & Warne, 2010:871). In the present study, EFA was applied to both the independent and dependent variables to establish the constructs that constitute the independent variables (non-financial nation brand image FDI determinants) and the independent variables (FDI inflow opportunities) in Zimbabwe. According to the literature (Cokluk & Kocak, 2016:540; Costello & Osborne, 2005:2; Larsen & Warne, 2010:871), Eigenvalues are point estimates that can be assessed to determine which and how many constructs to retain after EFA, with constructs reporting Eigenvalues of

above 1.0 being retained. Eigenvalues were applied for this purpose in the present study and resulted in nine independent variables and four dependent variables being extracted.

EFA is associated with the validity of the measuring instrument, which is discussed in the following section.

7.5.2 Validity of the measuring instrument

Rigor is a very important aspect of quantitative research and the quality of the study is enhanced by the validity and reliability measures employed by the researcher (Heale & Twycross, 2015:66). The measurement of instrument validity, in other words, the extent and accuracy to which a particular concept is measured by the study (Heale & Twycross, 2015:66), is concerned with establishing whether the study instrument does accurately measure what the researcher intended (Ross, 2005:39; Verboord, 2013:375). The literature (Heale & Twycross, 2015:66; Khalid *et al.*, 2012:22), recognises three salient typologies of validity, namely content validity, construct validity, and criterion validity. Each validity typology is synopsised in Table 7.7.

Table 7.7: Types of validity

Type of validity	Description
Content	Extent to which a research instrument accurately measures all aspects of a construct
Criterion	Extent to which a research instrument is related to other instruments that measure the same variables
Construct	Extent to which a research instrument (tool) measures the intended construct

Source: Heale & Twycross (2015:66)

As is evident in Table 7.7, the validity typologies are primarily concerned with the research instrument and its accuracy, the coverage of the construct being measured, as well as the relationship between the instrument and other related instruments measuring the same variables. Next, each typology is briefly discussed.

a) Content validity

Content validity is concerned with whether the items of the instrument measure the construct adequately (Khalid *et al.*, 2012:23, in other words the context of one or more measures (Andres, 2012:117). Heale and Twycross, (2015:66) view face validity as a

subset of content validity. Face validity may be described as the subjective elements of the questionnaire such as format, cover letter and associated materials that influence the decision of the respondent to complete the survey Andres (2012:117).

b) Criterion validity

According to Brown (2000:8), criterion validity is concerned with the correlational relationship between the instruments of measure in relation to existing measures for the concept being measured. Relatedly, Ellis and Levy (2009:334) refer to criterion validity as instrumental validity, where the instrument used in the study is considered to be sound based on instruments and approaches utilised in previous studies.

c) Construct validity

According to Verboord (2013:380), construct validity establishes the degree of relatedness between a measure and other measures, consistent with theoretical hypotheses. Ellis and Levy (2009:334) observe that construct validity relates to the operational aspects of whether the instrument measures the construct which it is supposed to examine. Table 7.8 summarises the guidelines for minimum significant factor loading coefficients of the variables for a specific sample size.

Table 7.8: Guidelines for identifying significant factor loadings based on sample size

Factor loadings	Sample size needed for significance
0.30	350
0.35	250
0.40	200
0.45	150
0.50	120
0.55	100
0.60	85
0.65	70
0.70	60
0.75	50

Source: Hair *et al.* (2006:128)

As is evident in Table 7.8, the minimum required factor loading for significance, increases as the sample size diminishes. Based on the guidelines provided above, a sample larger than 250 respondents requires a minimum factor loading of 0.35 for significance. Yong and Pearce (2013:81) submit that a correlation of 0.30 represents a weak relationship between variables, and recommend cut-off points of greater than

0.30. However, for the purposes of the present study, a statistically significantly higher cut-off point of 0.50 was employed (varimax raw), implying that constructs below this threshold were disregarded and eliminated from further analysis. Items loading onto more than one construct, were considered to have cross-loaded (also referred to as split loading) and were also disregarded from further analysis since they may represent a diminished meaning to the multiple constructs onto which are loaded (Yong & Pearce, 2013:81). For a construct to be considered valid for the present study, at least three items were expected to load to ensure the stability of the construct (Costello & Osborne, 2005:3). The following section discusses other measures employed to ensure the validity of the measuring instrument.

In addition, the following measures were taken by the researcher to ensure validity:

- Content validity was ensured as survey questions were formulated based on the literature review and a review of previous studies;
- Face validity was ensured as the researcher conducted expert consultation as part of the critical appreciation process of the draft survey questionnaire. Due to the profile of the potential respondents of the study, the questionnaire was not piloted. However, as Krosnick and Presser (2010:295), as well as, Toepoel (2016:36) advance, researchers may opt to pre-test their questionnaires through expert reviews. The researcher opted for expert consultations, with seasoned researchers (Professors within the fields of business management and marketing management) within NMMU's Department of Business Management were asked to complete and then review the questionnaire, afterwhich minor word changes were effected to the items.

The following section discusses the reliability of the measuring instrument.

7.5.3 Reliability of the measuring instrument

Reliability refers to measuring instruments and the consistency of the measuring instrument, implying that reliability is the extent to which the findings of the study can be replicated (Fink, 2013:66; Punch, 2003:42). Reliability essentially assures the ability of the study to be replicated, within reasonable error, by employing the similar methodology to generate data amongst the same sample population (Ayodele,

2012:395). Heale and Twycross, (2015:67) identify three attributes of reliability as follows:

- Internal consistency is concerned with whether the instrument is uniform in measuring the construct or concept (Khalid *et al.*, 2012:22), in other words, whether there is a correlation between the items measuring a particular construct (Kimberlin & Winterstein, 2008:2277);
- Stability refers to the extent to which a reciprocation of the study would generate similar data (Khalid *et al.*, 2012:22). As Thatcher (2010:37) views it, the longitudinal agreement of measuring instruments, and
- Equivalence can be viewed as a comparison between the results of the study and those of a related study within a similar context (Ellis & Levy, 2009:333), in other words, it is concerned with the extent to which alternate measures have been utilised to generate similar data (Khalid *et al.*, 2012:22).

Cronbach's alpha coefficients were calculated to determine the reliability and inter-item consistency of the measuring instrument of the present study (Kline, 2016:91). Basic guidelines are suggested by George and Mallery (2003:231) with regards to the significance of alpha values (α) in Table 7.9.

Table 7.9: Cronbach's alpha values categorisation

Cronbach's alpha (α) after deletion	Characterisation
$\alpha > 0.9$	Excellent
$\alpha > 0.8$	Good
$\alpha > 0.7$	Acceptable
$\alpha > 0.6$	Satisfactory
$\alpha > 0.5$	Poor
$\alpha < 0.5$	Unacceptable

Source: Adapted from George & Mallery (2003:231)

In line with the categorisations of the Cronbach's alpha coefficients presented by George and Mallery (2003:231), $\alpha > 0.7$ was deemed to be acceptable reliability for the present study. While Hair *et al.* (2006:137) suggest a lower limit of 0.70, they do, however, advise that a lower limit of 0.60 can be regarded acceptable for exploratory

studies. For the present study, a lower limit α after deletion > 0.7 was employed. The following section discusses the other measures employed to ensure reliability.

The following measures were taken by the researcher to ensure reliability:

- The researcher ensured that the design of the questionnaire was clear and unambiguous to ensure responses to all questions.
- The Cronbach's Alpha test was employed to calculate inter-item consistency, with a cut-off point of 0.7 being regarded as reliable.
- Additionally, since the online survey was administered to respondents on a database meeting specific criteria, the reliability of the study is enhanced (see Fricker, 2008:202; Manfreda & Vehovar, 2008:265).

All the above mentioned measures served to ensure the reliability of the measuring instrument in conjunction with the Cronbach's alpha coefficients statistical test. The following section briefly discusses the descriptive statistics utilised in the study.

7.5.4 Descriptive statistics

Descriptive statistics are concerned with organising and summarizing the observations of the study (Kern, 2013:3). Similarly, Singpurwalla (2013:9) views descriptive statistics as a descriptive approach to presenting a set of data in the form of numerical measures such as means and standard deviations. The present study describes the non-financial nation brand image FDI determinants (independent variables) and FDI inflow opportunities (dependent variables) in Zimbabwe. The descriptive statistics for the dependent, and independent variables for the present study are summarised and presented by means and standard deviation in chapter eight.

The following section briefly discusses the inferential statistics conducted for the study.

7.5.5 Inferential statistics

Inferential statistics are concerned with reaching conclusions beyond the data observed by the study (Kern, 2013:3). Generalisations, estimates and predictions may be based on inferential statistics (Singpurwalla, 2013:9). The inferential statistical methods employed for the present study are elaborated on next.

7.5.5.1 Pearson product-moment correlation coefficients

Pearson product-moment correlation coefficient is a data analysis technique utilised to establish linear associations between two continuous variables (Kline, 2016:41). Pearson product-moment correlation was undertaken to explore the correlations between all the variables, both independent and dependent. For the purposes of the present study, Cohen (1988:77) advances seminal guidelines in interpreting Pearson product-moment correlation coefficient values (r) as summarised in Table 7.10:

Table 7.10: Correlation coefficient interpretation guidelines

Correlation coefficient (r)	Interpretation of correlation
0.10 – 0.29	Weak
0.30 – 0.49	Moderate
≥ 0.50	Strong

Source: Cohen (1988:77)

The results of the Pearson product-moment correlation coefficient values were presented in correlation matrixes. For the purposes of the present study, strong correlation coefficients of 0.50 and above will be discussed in relation to the literature.

7.5.5.2 Multi-collinearity analysis

A Multi-collinearity analysis is concerned with testing the correlation between related variables to ensure that variables are not highly correlated (Trochim, 2006:85; Roux, 2006:55). The existence of multicollinearity impacts negatively on statistical analysis processes such as multiple regression and often results in distorted results (Nimon, Henson and Gates (2010:707). With this in mind, a multi-collinearity analysis was conducted to ensure that there was no collinearity within the independent, and dependent variables respectively that could cause distortions in the multiple regression analysis of the present study.

7.5.5.3 Multiple regression analysis

According to Fechete and Nedelcu (2014), multiple regression is an *explanatory* data analysis tool concerned with measuring the changes in a phenomenon or construct (dependent variable) based on variations in exogenous factors (independent variables). Taruru, Keriko, Ombui, Karanja and Tirimba (2015:14) proceed to advance that multiple regression is particularly useful in the inferencing of social behaviour.

Multiple regression was deemed suitable for the establishment of relationships between independent variables and dependent variables in the present study. For the purposes of the present study, hypotheses with a t-value of less than 1.96 at a 0.05 significance value, or a t-value of less than 3.09 at a significance value of 0.001 were rejected (Mugenda & Mugenda, 2003:142). With regards to Beta values, the present study adopted the parameters advanced in Table 7.11:

Table 7.11: Beta value parameters

Beta value (β)	Type of effect
< 0.20	Weak
Between 0.20 and 0.5	Moderate
> 0.50	Strong

Source: Adapted from (Acock, 2008:225)

The results of the multiple regression analysis were used either to accept or reject the hypotheses formulated for the study, while the Beta values summarised in Table 7.11 defined the effect. Lastly, Analysis of Variance (ANOVA) was conducted, and is explained in the following section.

7.5.5.4 Analysis of variance (ANOVA)

The Analysis of Variance (ANOVA) is a statistical test of how the average value of the dependent variable varies across a set of conditions, and the extent to which this average value of the dependent variable depends on the categorical independent variables respectively (Miller & Haden, 2006:9). According to Gelman (2005:1), ANOVA is an effective data analysis tool for examining structured data. Within the context of the present study, ANOVA was conducted to establish whether there are differences in the perception of investors based on their *Investor status* (current investors in Zimbabwe, investors who had considered investing in Zimbabwe but did not do so, and investors who would consider investing in Zimbabwe in the future) of the non-financial nation brand image determinants that influence their consideration of FDI inflow opportunities. ANOVAs were complemented by post-hoc Scheffe's tests and the calculation of Cohen D-values to determine whether there were specific mean differences in the statistical significant relationships established by the ANOVAs and whether they were of practical significance.

The following section presents the ethical considerations of the study.

7.6 ETHICAL CONSIDERATIONS

It was important that the study followed clear established ethics principles. Upon acquiring ethical clearance from the NMMU Ethics Committee (see Annexure 2), the researcher followed inherent research ethics. Informed and voluntary consent was acquired from participants of the study, where the researcher informed the respondents of the purpose and objectives of the study - before requesting their participation in the study.

The confidentiality and anonymity of respondents were guaranteed, with no personal identification information being solicited from respondents. The researcher undertook not to discriminate against respondents based on their racial orientation, religious or political beliefs, gender or country of origin by sampling all the relevant investors on the ZIA database. More importantly, as required by the NMMU Ethics Clearance review process, the researcher remained cognisant of the prescribed guidelines of The Belmont Report (1979) throughout the research process.

7.7 SUMMARY

Chapter seven primarily outlined the research processes followed by the researcher in the survey of secondary data and the generation of the empirical data. With the primary and secondary objectives of the study in mind, the quantitative paradigm was deemed to be the most suitable for the present study. The quantitative paradigm would generate the required data in a form suitable for measuring the perceptions of foreign investors of which non-financial nation brand image FDI determinants were influential to FDI inflows opportunities in Zimbabwe. The hypothetico-deductive approach was adopted under the cross-sectional design to gain insight into the perceptions of foreign investors at a particular point in time and test predetermined hypothesis relating to the study population. The present study had both exploratory and descriptive elements. The exploratory element was applied to identify the non-financial nation brand image FDI determinants influencing FDI inflow opportunities in Zimbabwe, while the descriptive element was employed to describe the constructs that were regarded valid and reliable for FDI inflow opportunities in Zimbabwe.

The chapter also outlined and justified the sampling procedure followed by the researcher in order to extract the survey sample. Non-probability sampling was employed to purposively draw a sample frame from the ZIA database (foreign investors who applied to invest in Zimbabwe between January 2009 and April 2015). Purposive sampling was suitable for the study, given the potential geographical spread and mobility of foreign investors - making an online survey the only prudent data generation method. Hence, only foreign investors who had provided ZIA with e-mail contact details were considered for participation in the study based on expert, homogeneity and total population sampling. As it emerged, all foreign investors on the database qualified to participate in the study based on expert and homogenous sampling. However, only foreign investors with e-mail addresses were selected to participate in the study based on total population sampling due to the nature of the data collection method. The sample was deemed to be acceptable and representative based on both non-probability and probability guidelines and heuristics respectively.

The primary data was surveyed through a self-administered online questionnaire, with responses being recorded electronically primarily on a 5-point Likert scale based on extent of influence. Secondary data was generated from the traditional data sources, including the internet. A computer-based statistical package was selected to analyse the quantitative primary data generated by the survey, STATISTICA 12 (2016). The data analysis procedures were further discussed in chapter seven. EFA was selected to extract the factors with Eigenvalues greater than one, and to confirm construct validity based on a cut-off point of 0.5 for minimum factor loadings. Retained factors also had to obtain Cronbach's alpha coefficients with a cut-off point of 0.7 to be deemed reliable to demonstrate inter-item consistency. Pearson product-movement correlation coefficients were selected to determine correlations between all the variables. Multi-collinearity diagnostics testing were selected to identify if any collinearity problems within the data before conducting a Multiple Regression Analysis to establish whether the independent variables (non-financial nation brand image FDI determinants) influence the dependent variables (FDI inflow opportunities) in Zimbabwe. ANOVA, post-hoc Scheffe's tests and Cohen D-values calculations were selected to analyse whether significant differences exist based on *Investor status* and investors perception of the non-financial nation brand image determinants that influence consideration of FDI inflow opportunities, where the specific mean group

differences occur and whether these differences were of practical significance. Lastly, the ethical considerations that guided the researcher throughout the research process were also highlighted.

The following chapter presents the results of the data analysis based on the various data analysis techniques outlined in this chapter.

CHAPTER EIGHT

EMPIRICAL FINDINGS AND INTERPRETATION

8.1 INTRODUCTION

The previous chapter outlined the research design and methodology of the present study. Of particular importance was the presentation of the sampling and data generation processes, including the development of the research instrument and data collection method. Included in Chapter seven, is a brief overview of the statistical techniques employed by the researcher to process the empirical data generated by the online survey, as well as the statistical measures applied to test the validity and reliability of the measuring instrument.

The present chapter analyses, presents and interprets the results of the data analysis techniques applied to process the data generated by the survey. The analysis is based on the data from the 305 foreign investors surveyed online. Essentially, Chapter Eight tests the hypothesised model for the study (Figure 1.5) and the associated hypotheses operationalized in Chapter six.

This chapter firstly assesses the response rate of the survey, in conjunction with the presentation of the general perceptions of the market entry investment opportunities offered and the non-financial nation brand determinants perceived to make Zimbabwe an attractive investment destination. This will be followed the presentation of the results of the Exploratory Factor Analysis (EFA) which extracted and validated the constructs of the hypothesised model. These results will be discussed in conjunction with the results of the Cronbach's alpha coefficients analysis which was employed to determine the reliability of the items in the measuring instrument and constructs. Based on the results of the EFA and reliability tests, the constructs of the hypothesised model are reformulated with particular reference to the regrouping of items and/or renaming of constructs. The descriptive statistics related to the both the independent and dependent variables are then presented. Thereafter, the results of the inferential statistics - Pearson product-movement correlation coefficients, Multi-collinearity diagnostics tests, Multiple Regression Analysis, ANOVAs, MANOVAs in conjunction

with post-hoc Scheffe tests and Cohen D effect sizes are presented. The following section discusses the assessment of the response rate for the present study.

8.2 ASSESSMENT OF THE RESPONSE RATE

The researcher was cognisant of the sensitive nature of this study for the respondents, with particular reference to the potential reluctance of respondents to participate in a study related to factors influencing their choice of engaging in FDI in Zimbabwe. This aspect, combined with the key informant status of the respondents (foreign investors who are predominantly decision-makers within their various organisations), meant the potential for low response was also a consideration. As referred to in the preceding chapter, the researcher opted for a population census sample in order to mitigate the potential effects arising from the aforementioned characteristics of the sampled population and the attempt to maximise responses to the online survey. The assessment of the response rate is summarised in Table 8.1.

Table 8.1: Summary of assessment of response rate

Assessment of response	Respondents
Survey invitations sent	751
Undeliverable e-mails (invalid e-mail address/spam protected accounts)	111
Effective population	640
Surveys completed and automatically submitted electronically	305
Response rate	47.66%

The population comprised of 1 073 foreign investor respondents who applied for foreign investment consideration in Zimbabwe for the period January 2009 to April 2015. Of these investor applicants, only 751 foreign investors had provided e-mail addresses of which 111 e-mail addresses happened to be invalid or spam protected. As a result, the sample comprised of 640 respondents with valid email addresses. Invitations for survey participation were sent via e-mail and were delivered with a link to the structured questionnaire. A total of 305 completed survey responses were submitted electronically and catalogued automatically by the Google Forms software. The survey sample of 305 respondents resulted in a response rate of 47.66% for this study. Lohr (2010:354) observes that the response rates for traditional surveys (pen and paper) range from between 50% (adequate for analysis) to over 70% (very good for analysis). However, in the context of online surveys, Nulty (2008:303) observes the response rates for web surveys to average between 20% and 47%, while Fricker

(2008:209) observes higher average response rates for web surveys at between 37% and 67%. This implies that the response rate of 47.66% for this online survey may be considered to be acceptable.

All questionnaire responses to the survey were usable since a response to each question in the questionnaire was required for respondents to proceed to the next section of the survey. Data scrutiny was, however, conducted to verify the accuracy of the data within the Excel spreadsheet. With this in mind, the final sample of 305 respondents meets the recommended guidelines for both significant non-probable samples (Sue & Ritter, 2007:34; Toepoel, 2016:65) and for representative quantitative sample heuristics, which recommend a sample of about 285 for representativeness for a total population of at least 1100 (Krejcie & Morgan, 1970:607). Izquierdo, Olea and Abad (2014:396) recommend a sample of at least 100 or 200 respondents for EFA with communalities of greater than 0.5, while Yong and Pearce (2013:80) recommend a sample size of at least 300 respondents. Therefore, based on this information, the sample size of 305 respondents is deemed suitable for EFA.

The following section presents the results of the investment status of the respondents and their general perceptions of market entry opportunities offered and non-financial nation brand determinants perceived as making Zimbabwe an attractive investment destination. The results are based on the perceptions of 305 respondents unless otherwise stated.

8.3 RESULTS OF THE INVESTMENT STATUS AND MOTIVES FOR FOREIGN DIRECT INVESTMENT IN ZIMBABWE

Table 8.2 summarises the investor FDI status in Zimbabwe.

Table 8.2: Results of investor foreign direct investment status in Zimbabwe

Description	Frequency	Percentage (%)
I have invested	144	47
I have considered investing	115	38
I would consider investing	46	15

As Table 8.2 suggests, at the time of the survey less than half (47%) of respondents had invested in Zimbabwe, while 38% of the respondents had considered investing

but did not do so, and 15% would consider investing in Zimbabwe in the future. This suggests that although 53% of the respondents made an application to invest in Zimbabwe, they have ultimately not done so yet. Mzumara (2012:117) even mentions that only up to 10.3% of the total approved applications eventually result in FDI in Zimbabwe.

Table 8.3 summarises the general perception of investors of the market opportunities offered for FDI activity in Zimbabwe.

Table 8.3: FDI opportunities offered in Zimbabwe for FDI activity

Description	Frequency	Percentage (%)
Market-seeking	131	43
Resource-seeking	75	25
Strategic asset-seeking	68	22
Efficiency-seeking	31	10

Based on the highest frequencies, the results depicted in Table 8.3 are presented in order of the most desirable market entry opportunity to the least desirable market entry opportunity to engage in FDI activity in Zimbabwe. As outlined in Table 8.3, less than half (43%) of the respondents consider market-seeking FDI opportunities offered to be motivating FDI activity in Zimbabwe, while 25% would be motivated to find resources and 22% to pursue strategic asset-acquisition opportunities available in Zimbabwe. Few (10%) respondents would search for efficiency-seeking FDI opportunities in Zimbabwe.

Table 8.4 summarises the results of the non-financial nation brand image determinants that respondents generally perceived as favourable, as well as significant for FDI inflow to Zimbabwe. Respondents were allowed to select more than one determinant they favoured while only one dimension could be indicated as the most important.

Table 8.4: Favourable and most important determinants of FDI inflows to Zimbabwe

Determinants	Favourable determinants		Most important determinants	
	Frequency	Percent age (%)	Frequency	Percentage (%)
Factor endowments (such as natural resources)	212	70	117	38
Export profile (including key export products, market access)	173	57	60	20
Infrastructure (including transport network, ICT infrastructure)	136	45	34	11
People profile	123	40	34	11
Tourism profile (such as tourist facilities, attractions)	107	35	19	6
Investment and immigration policies	91	30	15	5
Governance (including politics, institutions)	70	23	11	4
Legal and regulation frameworks	70	23	11	4
Culture and heritage	41	13	4	1

As evident in Table 8.4, the results of the most important, as well as the most favourable determinants of FDI activities in Zimbabwe were congruent. For this reason the discussion will proceed by referring to the most favourable determinants. Most (70%) respondents considered factor endowments to be a favourable for FDI inflow to Zimbabwe. A survey conducted by the World Economic Forum listed Zimbabwe as one of the world's 37 factor-driven economies (Schwab, 2014:11). Zimbabwe's export profile is the second most favourable determinant for FDI inflow identified by 57% of respondents. Zimbabwe was competitively ranked 79th out of 144 countries in terms of exports as a percentage of Gross Domestic Product by the World Economic Forum (Schwab, 2014:391).

Other factors in this study survey, regarded as not that noteworthy as determinants FDI inflow to Zimbabwe, are for instance, infrastructure and people with 45% and 40% of the surveyed respondents selecting them respectively. This finding is congruent with some of the findings of the World Economic Forum survey, with Zimbabwe not competitively ranked in these aspects at 124th and 137th out of 144 countries respectively (Schwab, 2014:390). Culture and heritage was also perceived in this study as the least favourable determinant (4%) by the surveyed respondents, as was confirmed by the World Economic Forum survey.

The following section of the study discusses the results of the EFA and Cronbach's alpha coefficients analyses employed to determine the validity and reliability of the measuring instrument of the present study.

8.4 VALIDITY AND RELIABILITY OF THE MEASURING INSTRUMENT

Exploratory Factor Analysis (EFA) was applied to the data to establish the construct validity of the study instrument. EFA is applied to identify underlying mechanisms and is intended to "...help generate a new theory by exploring latent factors that best account for the variations and interrelationships of the manifest variables" (Matsunaga, 2010:98). In other words, EFA extracts latent variables from the observed, measurable variables (Osborne, 2014:1). Eigenvalues were calculated and utilised as the point estimates to determine which of the extracted constructs were to be retained, with those extracts with an Eigenvalue above 1.0 being retained (Cokluk & Kocak, 2016:540; Larsen & Warne, 2010:871). The retained constructs were then assessed for reliability in line with the categorisations of the Cronbach's alpha coefficients (α) presented by George and Mallery (2003:231), $\alpha > 0.7$ was deemed to be reliability for the present study.

The presentation of the validity and reliability results is discussed in two sections. First the results of the EFA for independent variables are presented and then for the dependent variables. The valid constructs are presented and discussed in conjunction with the Cronbach's alpha coefficients for each construct.

8.4.1 Validity and reliability of the instrument for the independent variables

Table 8.5 presents the factor coefficients loading matrix for the independent variables. Based on the Eigenvalues exceeding the value 1.0, nine non-financial nation brand image constructs were extracted. Based on the principle component extraction the extracted constructs explained a cumulative 56.43% of the variance in the data. However, two constructs, *Investment and immigration* and *Infrastructure* had no items loadings above the threshold of 0.5 and were thus regarded not valid and are therefore not shown in the above-mentioned factor matrix. As is evident in Table 8.5, the construct *Factor endowments* only had two items loading onto the construct, so was not regarded to be valid for further analysis.

Table 8.5: Factor matrix for the independent variables

Items	TOU	GOV	PEO	CLH	EXP	FE	LRF
T1	0.735	0.127	0.052	0.097	-0.016	0.049	0.313
T2	0.769	0.111	0.087	0.079	-0.090	0.102	0.034
T3	0.773	0.319	0.068	0.144	0.059	-0.045	0.037
T4	0.613	0.466	0.222	0.062	0.114	-0.084	0.056
T5	0.700	0.346	0.097	0.081	0.136	-0.113	-0.059
T6	0.678	0.269	0.106	0.119	-0.032	-0.007	-0.057
T7	0.658	0.448	0.129	0.074	0.167	-0.085	0.152
T8	0.732	0.254	0.108	0.038	0.195	0.064	0.133
G1	0.195	0.354	0.181	-0.055	0.046	0.233	0.558
G2	0.133	0.436	0.246	0.015	0.102	0.161	0.450
G3	0.202	0.708	0.112	0.008	0.165	-0.059	0.362
G4	0.169	0.773	0.093	0.039	0.150	-0.102	0.255
G5	0.173	0.821	0.058	0.128	0.100	-0.078	0.083
G6	0.203	0.784	0.098	0.095	0.075	-0.029	0.183
G7	0.197	0.774	0.161	0.012	0.177	-0.004	0.282
G8	0.162	0.462	0.223	0.021	0.045	0.024	0.526
P1	0.469	-0.021	-0.033	0.155	0.231	-0.073	0.251
P2	0.161	0.031	0.777	0.049	0.124	0.076	0.320
P3	0.143	0.160	0.835	0.033	0.133	0.048	0.235
P4	0.105	0.224	0.828	0.055	0.108	-0.016	0.167
P5	-0.060	-0.007	0.706	0.130	-0.034	-0.061	-0.070
P6	0.216	0.461	0.494	0.072	0.169	0.106	-0.093
P7	0.207	0.435	0.548	0.101	0.166	0.104	0.048
CH1	0.363	0.154	0.094	0.369	0.220	0.105	0.193
CH2	0.442	0.053	0.161	0.486	0.067	0.072	-0.153
CH3	0.076	-0.030	-0.059	0.622	-0.005	0.098	0.228
CH4	0.223	0.398	0.084	0.605	0.125	0.011	-0.014
CH5	0.078	0.350	0.017	0.536	0.009	-0.180	-0.090
CH6	0.310	0.389	0.167	0.600	0.104	-0.051	-0.072
CH7	0.132	-0.024	0.193	0.503	0.176	-0.119	0.322
CH8	0.315	0.273	0.216	0.493	0.163	0.032	0.202
CH9	0.325	0.242	0.206	0.330	0.302	0.058	0.356
CH10	0.202	0.020	0.163	0.353	0.139	0.207	0.198
CH11	0.172	0.458	0.142	0.407	0.163	0.092	0.244
E1	0.149	0.205	0.098	-0.072	0.626	0.105	0.275
E2	0.102	0.012	0.199	0.003	0.512	0.018	0.423
E3	0.221	0.222	0.089	0.070	0.648	0.020	0.139
E4	0.176	-0.062	-0.052	0.092	0.390	0.148	0.055
E5	-0.131	0.058	0.058	0.105	0.647	0.060	-0.006
E6	0.042	0.339	0.168	0.169	0.637	0.013	0.070
E7	0.110	0.348	0.075	0.041	0.712	0.115	-0.057
E8	0.099	0.487	0.087	0.117	0.598	0.082	0.147
E9	0.066	0.295	0.082	0.137	0.688	0.127	0.227
E10	0.006	0.151	0.178	0.017	0.678	0.043	0.234
I1	0.094	0.300	0.140	0.015	0.599	0.258	0.304
I2	0.245	0.219	0.142	0.113	0.294	0.331	0.210
I3	0.063	0.426	0.219	0.101	0.259	0.095	0.359
I4	0.117	0.460	0.223	0.080	0.213	0.015	0.265

Items	TOU	GOV	PEO	CLH	EXP	FE	LRF
I5	0.136	0.617	0.155	0.084	0.325	-0.083	-0.070
I6	0.358	0.500	0.145	0.177	0.248	0.072	0.007
I7	0.331	0.545	0.212	0.110	0.210	0.195	0.164
I8	0.324	0.494	0.165	0.014	0.266	0.186	0.194
I9	0.101	0.008	0.280	0.039	0.139	0.173	0.585
F1	-0.171	-0.222	0.280	-0.006	0.269	0.454	0.286
F2	-0.305	-0.095	0.083	-0.117	0.118	0.516	0.131
F3	-0.025	-0.049	0.077	-0.059	0.251	0.284	0.360
F4	0.174	0.405	0.155	0.011	0.075	0.050	0.240
F5	0.117	0.622	0.049	-0.009	0.115	0.064	0.020
F6	0.096	0.669	0.084	0.052	0.140	0.120	0.073
F7	0.201	0.206	0.437	-0.027	0.179	0.085	0.307
F8	0.118	0.068	0.227	0.102	0.100	0.192	0.533
IN1	0.093	0.268	0.020	-0.002	0.451	0.376	0.252
IN2	-0.099	0.141	-0.018	-0.019	0.249	0.716	0.132
IN3	0.146	0.082	0.117	0.176	0.030	0.390	0.402
IN4	0.093	0.294	0.249	0.058	0.184	0.349	0.292
IN5	0.128	0.663	0.069	0.174	0.134	0.219	-0.010
IN6	0.211	0.649	0.068	0.188	0.139	0.245	0.093
IN7	-0.002	0.307	0.222	-0.002	0.097	0.230	0.613
IN8	0.114	0.269	0.212	-0.037	0.105	0.270	0.627
IN9	0.281	0.269	0.096	0.004	0.108	0.389	0.362
IN10	0.292	0.627	-0.013	0.137	0.169	0.369	0.143
IN11	0.266	0.620	-0.022	0.160	0.185	0.352	0.129
L1	0.155	0.363	0.211	0.006	0.160	0.239	0.516
L2	0.074	0.254	0.233	0.068	0.092	0.174	0.670
L3	0.186	0.576	0.113	0.075	0.178	0.152	0.366
L4	-0.019	0.156	0.086	0.030	0.190	-0.062	0.551
L5	0.146	0.554	0.081	-0.022	0.237	-0.012	0.200
L6	0.066	0.363	0.098	-0.026	0.222	-0.192	0.564
L7	0.214	0.530	0.081	-0.010	0.341	0.096	0.290
L8	-0.030	0.113	0.051	0.173	0.258	-0.045	0.633
L9	0.068	0.322	-0.003	0.160	0.256	-0.073	0.643
Explained variance	6.773	12.537	4.770	3.249	6.474	3.052	7.532
Proportion of total	0.084	0.155	0.059	0.040	0.080	0.038	0.093

Key: TOU = Tourism; GOV = Government actions; PEO = People; CLH = Culture & Heritage; EXP = Exports; FE = Factor endowments; LRF = Legal and regulatory framework

As a result of the EFA some items loaded onto other constructs and necessitated the regrouping and/or renaming of some constructs. This led to *Governance* being renamed to *Government actions* as some items intended to measure *Investment and immigration*; *Factor endowments*; *Infrastructure*, as well as *Legal and regulation framework* also loaded on to the *Governance* construct. The *Culture and heritage* construct was renamed to *Cultural values and practices* as some items did not load onto the construct.

A total of six constructs (independent variables) were thus considered for further analysis: *Tourism*; *Government actions*; *People*; *Cultural values and practices*; *Exports* and *Regulatory framework*. The following sections discuss the results of the valid constructs as depicted in Table 8.5, in conjunction with Cronbach's alpha coefficients (α) for reliability.

8.4.1.1 Tourism

Table 8.6 summarises the results of the EFA which extracted the construct *Tourism*, the items that loaded, the Eigenvalue of the construct, as well as the Cronbach's alpha (α) of each item and the overall construct.

Table 8.6: Validity and reliability of the Tourism construct

Eigenvalue: 3.69		% of variance = 4.57		Cronbach's alpha = 0.920	
Items	Statements	Factor loading	Item correlation	Cronbach's alpha after deletion	
T1	Many natural tourist attractions	0.735	0.668	0.914	
T2	Availability of essential tourism-related facilities such as accommodation and event-hosting facilities	0.769	0.667	0.914	
T3	Demand for their tourism products	0.773	0.797	0.904	
T4	Tropical climate	0.613	0.741	0.908	
T5	Close proximity of regional tourist markets from each other	0.698	0.759	0.907	
T6	Quality of travel agent services offered	0.678	0.693	0.912	
T7	Adherence to global business standards of the General Agreement of Trade in Services (GATS)	0.658	0.779	0.905	
T8	Close proximity to and from other major African tourist countries	0.732	0.752	0.907	

As is evident in Table 8.6, all eight items (T1 to T8) intended to measure the construct, *Tourism*, loaded onto the construct with factor loadings above the minimum factor loading coefficient of 0.50, ranging between 0.658 and 0.773. Therefore, sufficient evidence of construct validity for *Tourism* is provided. The *Tourism* construct had an Eigenvalue of more than 1 (3.69) and explained 4.57% of the variance in the data. *Tourism* returned a Cronbach's alpha coefficient of 0.920 and was above the cut-off point of 0.70 suggesting that the items measuring this construct can be deemed highly reliable. Consequently, no reformulation of the original operationalisation of the *Tourism* construct was necessary, as indicated in Section 6.3.1.

8.4.1.2 Government actions

Table 8.7 summarises the results of the EFA that extracted the construct *Government actions*, the items that loaded, the Eigenvalue of the construct, as well as the Cronbach's alpha (α) of each item and the overall construct.

Table 8.7: Validity and reliability of the Government actions construct

Eigenvalue: 26.27		% of variance = 32.43		Cronbach's alpha = 0.952	
Items	Statements	Factor loading	Item correlation	Cronbach's alpha after deletion	
G3	Consistent enforcement of the rule of law	0.708	0.744	0.949	
G4	Government officials being held accountable for their actions	0.773	0.775	0.948	
G5	Transparency of the government's business transactions	0.821	0.777	0.948	
G6	Competent management of public institutions	0.784	0.777	0.948	
G7	Control of institutional corruption by government	0.774	0.809	0.948	
I5	Availability of online investment services such as e-Governance platforms	0.617	0.661	0.951	
I6	Good quality human living standards	0.500	0.664	0.950	
I7	Excellent health system	0.545	0.710	0.950	
F5	Being a member of the international financial and banking institutions affiliated to the World Bank	0.622	0.638	0.951	
F6	Ease of access to business loan capital	0.669	0.694	0.941	
IN5	Availability of government funding for future transport infrastructure development	0.663	0.699	0.950	
IN6	Availability of government funding for transport infrastructure maintenance	0.649	0.747	0.949	
IN10	Availability of government funding for new public utilities buildings	0.627	0.724	0.949	
IN11	Availability of government funding for public utilities building maintenance	0.620	0.721	0.949	
L3	Fairness of business legal frameworks	0.576	0.706	0.950	
L5	Strict adherence to intellectual rights laws	0.554	0.661	0.951	
L7	Fair appeal procedures available	0.530	0.699	0.950	

Table 8.7 shows that five (G3, G4, G5, G6 and G7) of the eight items (G1 to G8) loaded together, as intended, to measure the *Governance* construct with factor loadings above the minimum factor loading coefficient of 0.50. As other items also loaded onto this construct, the construct was renamed *Government actions* to reflect the new items added.

As is evident in Table 8.7, three items (I5, I6 and I7) intended to measure *Investment and immigration* also loaded onto this construct. Items I5, I6 and I7 measured the influence of the availability of online investment services, good quality standard of living and excellence of Zimbabwe's health system respectively. Availability of online

investment services to investors can be associated with government actions since IPAs are quasi-government organisations and their online platforms form part of e-Government platforms (ZIA, 2014:26). Government actions are also the responsible management of public resources which includes issues related to standard of living and health systems (Ajayi, 2006:21; Coy & Cormican, 2014:15).

Two items (F5 and F6), intended to measure *Factor endowments*, also loaded onto this construct. Membership to global financial institutions (F5) and ease of access to loan capital (F6) can be associated with government actions since governments are members of supra-governmental financial institutions such as the IMF and World Bank that offer funding to governments based on fundamental economic prerequisites which are often suitable for FDI (Vinesh *et al.* 2014:148). Government has the decision-making authority to decide whether to make access to loan finance either easier or more difficult for foreign investors.

Four items (IN5, IN6, IN10 and IN11), intended to measure *Infrastructure*, also loaded onto this construct. These four items measured the influence of the availability of government funding for the development and maintenance of both transport infrastructure and public utility buildings. Government financing availability (or the lack thereof) for both infrastructure development and maintenance of public resources can be associated with government activities (Khadaroo & Seetanah, 2007:6; Tembe & Xu, 2012:74).

Three items (L3, L5 and L7), intended to measure *Legal and regulation frameworks*, also loaded onto this construct. These items measured the influence of the fairness of Zimbabwe's legal framework, adherence to intellectual rights and the perceived fairness of Zimbabwe's appeal procedures respectively. Governments exercise control over the macro environment through legal frameworks which can include fairness of the legal framework and in particular adherence to intellectual rights, as well as handling of appeal procedures (Ajide, 2014:71; Ojong, Aripko & Ogar, 2015:37Park, 2014:478).

As shown in Table 8.7, a total of seventeen items were thus retained for the construct with factor loadings ranging between 0.500 and 0.821. The *Government actions*

construct had an Eigenvalue of more than 1 (26.27) and explained 32.43% of the variance in the data. *Government actions* returned a Cronbach's alpha coefficient of 0.952 indicating that the items measuring the construct can be regarded highly reliable.

As a result of the EFA, the construct *Government actions* are redefined as *the overall ability of the host country government to manage its macro environment through the effective management and control of corruption in its public institutions; to ensure a good standard of living for citizens through the funding of public resources such as transport and health facilities, the consistent and objective adherence to the rule of law, intellectual property rights and legal processes, government transparency of accountability to its business dealings and conformity to global financial institution standards to ensure access to loan capital, and the granting of special economic status such as export processing zone status to foster FDI activity.*

8.4.1.3 People

Table 8.8 summarises the results of the EFA which extracted the construct *People*, the items that loaded, the Eigenvalue of the construct, as well as the Cronbach's alpha (α) of each item and the overall construct.

Table 8.8: Validity and reliability of the People construct

Eigenvalue: 2.67		% of variance = 3.29		Cronbach's alpha = 0.861	
Items	Statements	Factor loading	Item correlation	Cronbach's alpha after deletion	
P2	Availability of a sustainable workforce	0.777	0.759	0.812	
P3	High productivity levels of the workforce	0.835	0.848	0.790	
P4	Availability of a skilled workforce	0.828	0.840	0.793	
P5	Cheap cost of labour	0.706	0.463	0.887	
P7	Ability to retain talented/skilled citizens	0.548	0.544	0.868	

As is evident in Table 8.8, five (P2, P3, P4, P5 and P7) of the seven (P1 to P7) items loaded onto the construct as intended, being above the minimum factor loading coefficient of 0.50. Factor loadings ranged between 0.548 and 0.835. The *People* construct had an Eigenvalue of more than 1 (2.67) and explained 3.29% of the variance in the data. *People* returned a Cronbach's alpha coefficient of 0.861 and therefore the items to measure this construct can be deemed highly reliable.

As a result of the EFA, the *People* construct is redefined and refers to *the demographic characteristics of the citizens of a country in terms of their availability as a cheap, highly productive, skilled workforce and the country's ability to retain and sustain the workforce.*

8.4.1.4 Cultural values and practices

Table 8.9 summarises the results of the EFA which extracted the construct *Cultural values and practices*, the items that loaded, the Eigenvalue of the construct, as well as the Cronbach's alpha (α) of each item and the overall construct.

Table 8.9: Validity and reliability of the Cultural values and practices construct

Eigenvalue: 1.99		% of variance = 2.45		Cronbach's alpha = 0.723	
Items	Statements	Factor loading	Item correlation	Cronbach's alpha after deletion	
CH3	Opportunities for entrepreneurship	0.622	0.371	0.717	
CH4	Likewise business culture with same norms	0.605	0.634	0.614	
CH5	Acceptance of business bribes in trading agreements	0.536	0.459	0.687	
CH6	Commonality in cultural values	0.600	0.612	0.622	
CH7	Acceptance of foreigner traders	0.503	0.352	0.723	

As shown in Table 8.9, five (CH3, CH4, CH5, CH6 and CH7) of the eleven (CH1 to CH11) items, intended to measure the *Cultural and heritage* construct loaded, onto the construct with factor loadings above the minimum factor loading coefficient of 0.50. The factor loadings ranged between 0.503 and 0.622. Due to the EFA, it was decided to rename this construct as *Cultural values and practices* to reflect the retained items. The *Cultural values and practices* construct had an Eigenvalue of more than 1 (1.99) and explained 2.45% of the variance in the data. *Cultural values and practices* returned a Cronbach's alpha coefficient of 0.723 indicating that the items measuring this construct can therefore be deemed reliable.

As a result of the EFA, the construct *Cultural values and practices* was redefined as *social mechanisms in a country that govern the cultural values of individuals with regards to acknowledging communality in cultural values, being tolerant to foreign individuals and cultural practices of businesses, the acceptance of business bribes; practising a likewise business culture, as well as the presentation of opportunities for entrepreneurship in a country.*

8.4.1.5 Exports

Table 8.10 summarises the results of the EFA which extracted the construct *Exports*, the items that loaded, the Eigenvalue of the construct, as well as the Cronbach's alpha (α) of each item and the overall construct.

Table 8.10: Validity and reliability of the Exports construct

Eigenvalue: 3.11		% of variance = 3.84		Cronbach's alpha = 0.904	
Items	Statements	Factor loading	Item correlation	Cronbach's alpha after deletion	
E1	Communalities in export promotion policy	0.626	0.643	0.896	
E2	Business friendly trade policy	0.512	0.517	0.903	
E3	Consumer perception of the quality of export products	0.648	0.669	0.894	
E5	Availability of distribution channels for export markets	0.647	0.539	0.906	
E6	Global demand for Zimbabwe's export products	0.637	0.697	0.892	
E7	Known as global exporter of primary agricultural products	0.712	0.702	0.892	
E8	Business cooperation between different regions within Zimbabwe	0.598	0.700	0.892	
E9	Bi-lateral trade agreements sanctioned between Zimbabwe and western countries	0.688	0.750	0.889	
E10	Attractiveness of export incentives such as tax holidays for exporters	0.678	0.676	0.894	
I1	Export processing zone status allocation to foreign manufacturers	0.599	0.693	0.892	

As Table 8.10 shows, with the exception of E4, nine of the ten items (E1 to E10) loaded onto the construct as intended with factor loadings above the minimum factor loading coefficient of 0.50. Item I1 (the allocation of export processing zone status to investors) that was intended to measure *Investment and immigration* also loaded onto this construct. This item can be associated with export as the allocation of an export processing zone allows investors to exploit certain advantages and incentives provided by the host government as part of export development and promotion (Moreira, 2009:97).

Factor loadings for the retained ten items for this construct ranged between 0.512 and 0.688. The *Exports* construct had an Eigenvalue of more than 1 (3.11) and explained 3.84% of the variance in the data. *Exports* returned a Cronbach's alpha coefficient of 0.904, indicating that the items measuring this construct can be regarded as highly reliable.

Due to the EFA, the initial definition of *Exports* was reformulated to refer to *the specific products and services manufactured or sold in markets other than in country of origin, with primary agricultural products as key exports for which a global demand exist in conjunction with a favourable consumer image of the quality of the export products/services; the effective exploitation of foreign markets supported by bi-lateral trade agreements with Western countries, business cooperation between regions, a business friendly trade policy; favourable export promotion policy with communalities, different distribution channels available, attractive export incentives and the granting of export processing zone status to exporters.*

8.4.1.6 Regulatory framework

Table 8.11 summarises the results of the EFA which extracted the construct *Regulatory framework*, the Eigenvalue of the construct, as well as the Cronbach's alpha (α) of each item and the overall construct.

Table 8.11: Validity and reliability of the Regulatory framework construct

Eigenvalue: 5.87		% of variance = 7.25		Cronbach's alpha = 0.907	
Items	Statements	Factor loading	Item correlation	Cronbach's alpha after deletion	
L1	Transparency of government's business regulations	0.516	0.674	0.898	
L2	Protection by business-friendly property rights	0.670	0.747	0.895	
L4	Favourable FDI-specific regulations	0.551	0.565	0.903	
L6	Adherence to investor protection policy	0.564	0.649	0.899	
L8	Ability of government to guarantee foreign investment against nationalisation	0.633	0.595	0.901	
L9	Ability of government to guarantee foreign investment against indigenisation	0.643	0.665	0.898	
G1	Efficiency of the government to ensure political stability	0.558	0.609	0.901	
G8	Respect for the proprietary rights of businesses	0.526	0.625	0.900	
I9	Availability of efficient basic service utilities such as water and electricity	0.585	0.559	0.903	
F8	Favourable foreign asset ownership policy	0.533	0.563	0.903	
IN7	Reliable electricity supply	0.613	0.710	0.896	
IN8	Good quality water supply	0.627	0.708	0.896	

As Table 8.11 shows, six items (L1, L2, L4, L6, L8 and L9) of the nine items (L1 to L9) intended to measure the *Regulatory framework* construct loaded onto the construct as intended with factor loadings above the minimum factor loading coefficient of 0.50.

Table 8.11 also shows that two items (G1 and G8) intended to measure *Governance* also loaded onto this construct. Items G1 and G8 measured the efficiency of the government to ensure political stability and respect for the proprietary rights of business. Item F8 intended to measure *Factor endowments* also loaded onto this construct and measured a favourable foreign asset ownership policy of Zimbabwe. Within the context of the present study, legal and regulatory frameworks are the tools utilised by governments to manage their macro environment, including ensuring political stability, the granting of proprietary business rights and the implementation of an asset ownership policy (Ajayi, 2006:17; Campos & Kinoshita, 2006:34). Thus, items G1, G8 and F8 may be directly associated with the *Regulatory framework* in Zimbabwe.

Item I9 intended to measure *Investment and immigration* also loaded onto this construct and measured the availability of efficient basic utilities such as water and electricity in Zimbabwe. Relatedly, items IN7 and IN8 intended to measure *Infrastructure* also loaded onto this construct and measured the influence of reliable electricity supply and good quality water respectively. Items I9, IN7 and IN8 may be directly associated with the construct *Regulatory framework* since infrastructure and utilities for public resources such as water and electricity are managed by governments and local authorities through utility regulatory systems aimed at ensuring the affordable, efficient and reliable provision of such public resources (Eberhard, 2007:1).

A total of twelve items were thus retained for the construct *Regulatory framework* with factor loadings ranging between 0.516 and 0.670. *Regulatory framework* had an Eigenvalue of more than 1 (5.87) and explained 7.24% of the variance in the data and returned a Cronbach's alpha coefficient of 0.907, indicating the items to measure this construct are deemed highly reliable.

As a result of the EFA, *Regulatory framework* is redefined as *legitimate and policy-oriented mechanisms put in place by national governments to ensure political stability in the country, manage the transparency of the business environment, maintain the general rule of law by regulating FDI business activities, protecting investors against nationalisation and indigenisation, as well as their propriety rights while guaranteeing*

foreign asset ownership, and the effective provision of public resources and utilities such as good quality water and reliable electricity.

8.4.2 Validity and reliability of the instrument for the dependent variables

Table 8.12 presents the factor matrix coefficients for the dependent variables.

Table 8.12: Factor matrix for the dependent variables

Items	MKT	RES	SA	EFF
M1	0.804	0.115	0.024	0.067
M2	0.738	0.173	0.106	0.065
M3	0.725	-0.056	0.195	0.110
M4	0.495	0.133	0.181	0.160
M5	0.517	0.013	0.579	-0.002
M6	0.535	0.187	0.587	-0.081
M7	0.680	0.106	0.273	0.151
M8	0.733	0.034	0.031	0.313
M9	0.787	0.229	0.058	0.182
R1	0.223	0.686	0.155	0.136
R2	0.178	0.699	0.077	0.066
R3	0.159	0.715	0.303	0.024
R4	0.095	0.605	0.350	0.064
R5	-0.239	0.652	0.359	0.023
R6	0.132	0.585	0.260	0.159
R7	0.174	0.726	0.210	0.132
R8	0.138	0.613	-0.019	0.147
R9	0.116	0.553	-0.070	0.177
R10	0.227	0.598	0.379	0.126
EF1	0.554	0.247	0.241	0.310
EF2	0.456	0.128	0.181	0.520
EF3	0.177	0.173	-0.077	0.715
EF4	0.317	0.038	0.331	0.612
EF5	-0.003	0.028	0.227	0.690
EF6	0.320	0.083	0.437	0.601
EF7	0.270	0.232	0.524	0.378
EF8	0.192	0.279	0.028	0.623
S1	0.025	0.561	-0.057	0.213
S2	0.162	0.286	-0.255	0.450
S3	0.438	0.047	0.553	0.056
S4	-0.130	0.324	0.525	0.265
S5	0.028	0.197	0.830	0.117
S6	0.135	0.240	0.773	0.144
S7	0.265	0.324	0.606	0.049
Explained variance	5.622	5.287	4.501	3.323
Proportion of total	0.165	0.156	0.132	0.098

Key: MKT = Market-seeking opportunities; RES = Resource-seeking opportunities; SA = Strategic asset-seeking opportunities; EFF = Efficiency-seeking opportunities

As a result of the EFA, four constructs were extracted from the dependent variables namely market-, resource-, strategic asset- and efficiency-seeking FDI inflow opportunities. Based on the principle component extraction, these constructs explain a cumulative 55.11% of the variance in the data. Here follows a discussion of the validity and reliability of each of the constructs extracted in EFA as presented in Table 8.12.

8.4.2.1 Market-seeking FDI inflow opportunities

Table 8.13 summarises the results of the EFA which extracted the construct *Market-seeking FDI inflow opportunities*, the items that loaded, the Eigenvalue of the construct, as well as the Cronbach's alpha (α) of each item and the overall construct.

Table 8.13: Validity and reliability of the market-seeking FDI inflow opportunities construct

Eigenvalue: 10.91		% of variance = 32.09		Cronbach's alpha = 0.885	
Items	Statements	Factor loading	Item correlation	Cronbach's alpha after deletion	
M1	There are opportunities for economies of scale for production of one product	0.804	0.742	0.860	
M2	The input cost of production factors is low	0.738	0.664	0.870	
M3	There are promising market growth prospects	0.725	0.631	0.874	
M7	They are a member of the regional trading blocs	0.680	0.671	0.869	
M8	There are multiple marketing channels to choose from	0.733	0.689	0.867	
M9	Without much effort products can be distributed to many markets located close by	0.787	0.765	0.857	
EF1	Cost saving can be obtained through production of multiple products	0.554	0.587	0.882	

As Table 8.13 shows, six items (M1, M2, M3, M7, M8 and M9) of the nine (M1 to M9) to measure the *Market-seeking FDI inflow opportunities* loaded onto the construct as intended with factor loadings above the minimum factor loading coefficient of 0.50.

Table 8.13 also shows that Item EF1 that was intended to measure *Efficiency-seeking FDI inflow opportunities* loaded onto this construct. Item EF1 measured cost reduction based on the production of multiple products. According to several authors (Lintunen, 2011:26; Sikharulidze & Kikutadze, 2013:102), cost reduction within the market may result from the potential agglomeration of economies of product/process specialisation

and the agglomeration of economies of concentration in the production and distribution of products and services to the host market and other external markets.

A total of seven items were thus retained for the construct *Market-seeking FDI inflow opportunities* with factor loadings ranging between 0.554 and 0.804. *Market-seeking FDI inflow opportunities* had an Eigenvalue of more than 1 (10.91) and explained 32.09% of the variance in the data and returned a Cronbach's alpha coefficient of 0.885 indicating that the items to measure this construct are deemed highly reliable.

As a result of the EFA, *Market-seeking FDI inflow opportunities* are redefined as FDI opportunities in a country whereby there is market growth opportunities with promising market growth prospects as a result of being a member of the regional trading bloc, the availability of multiple marketing channels and easy distribution to nearby markets, as well as cost savings in terms of input production factors, economies of scale and scope.

8.4.2.2 Resource-seeking FDI inflow opportunities

Table 8.14 summarises the results of the EFA which extracted the construct *Resource-seeking FDI inflow opportunities*, the items that loaded, the Eigenvalue of the construct, as well as the Cronbach's alpha (α) of each item and the overall construct.

Table 8.14: Validity and reliability of the resource-seeking FDI inflow opportunities construct

Eigenvalue: 3.52		% of variance = 10.36		Cronbach's alpha = 0.884	
Items	Statements	Factor loading	Item correlation	Cronbach's alpha after deletion	
R1	Government is transparent about technology transfer regulations	0.686	0.652	0.871	
R2	All factors of production are available	0.699	0.630	0.872	
R3	There are few restrictions in the local resource market	0.715	0.722	0.867	
R4	A sustainable supply of production factors is ensured	0.605	0.626	0.873	
R5	There is potential for joint ventures for natural resource extraction	0.652	0.588	0.875	
R6	Their logistics networks are cost efficient	0.585	0.606	0.874	
R7	There is a clear policy dictating the completion for process form prior to export	0.726	0.731	0.866	
R8	There are many unemployed skilled labour available	0.613	0.536	0.878	
R9	When leaving the country, foreign owned businesses have the right for repatriation of resources	0.553	0.462	0.882	

Eigenvalue: 3.52		% of variance = 10.36		Cronbach's alpha = 0.884	
Items	Statements	Factor loading	Item correlation	Cronbach's alpha after deletion	
R10	There is access to specialised advanced production-oriented technology	0.598	0.650	0.871	
S1	There are opportunities for cross-border acquisitions or mergers	0.561	0.426	0.886	

As Table 8.14 shows, all 10 items (R1 to R10) intended to measure the *Resource seeking FDI inflow opportunities* loaded onto the construct as intended with factor loadings above the minimum factor loading coefficient of 0.50. Item S1 which measured the opportunities for cross-border acquisitions and mergers for a country and intended to measure the *Strategic asset-seeking FDI inflow opportunities* construct, also loaded onto this construct. FDI in local firms by taking up significant ownership/management control (as is the case in mergers and acquisitions) is an effective approach to securing natural resources and exploiting resource-seeking FDI opportunities (Kikutadze, 2013:102; Moghaddam *et al.*, 2014:360).

A total of eleven items were thus retained for the construct *Resource-seeking FDI inflow opportunities* with factor loadings ranging between 0.553 and 0.726. *Resource-seeking FDI inflow opportunities* had an Eigenvalue of more than 1 (3.52) and explained 10.36% of the variance in the data and returned a Cronbach's alpha coefficient of 0.884, indicating that the items to measure this construct are deemed highly reliable.

As a result of the EFA, *Resource-seeking FDI inflow opportunities* are redefined as FDI opportunities presented by a country that possesses all the necessary and sustainable natural and man-made resources with much skilled labour available, cost-efficient logistics networks, as well as a conducive business environment for resource extraction with few local resource market restrictions, access to specialised advanced production-oriented technology, transparent technology transfers, clear beneficiation and capital repatriation policies, and opportunities for joint ventures, acquisitions and mergers.

8.4.2.3 Strategic asset-seeking FDI inflow opportunities

Table 8.15 summarises the results of the EFA which extracted the construct *Strategic asset-seeking FDI inflow opportunities*, the items that loaded, the Eigenvalue of the construct, as well as the Cronbach's alpha (α) of each item and the overall construct.

Table 8.15: Validity and reliability of the strategic asset-seeking FDI inflow opportunities construct

Eigenvalue: 2.42		% of variance = 7.12		Cronbach's alpha = 0.849	
Items	Statements	Factor loading	Item correlation	Cronbach's alpha after deletion	
S3	There are brand equity opportunities available	0.553	0.557	0.840	
S4	There are government private-public partnerships opportunities	0.525	0.526	0.845	
S5	Their capital gains tax rates are favourable	0.830	0.748	0.803	
S6	Their property tax rates are favourable	0.773	0.812	0.791	
S7	Their research and development (intangible knowledge-based assets) is complementing our country's	0.606	0.650	0.821	
EF7	Their exchange rate is in our country's favour	0.524	0.531	0.843	

As Table 8.15 shows, five items (S3, S4, S5, S6 and S7) of the seven (S1 to S7) intended to measure the *Strategic asset-seeking FDI inflow opportunities*, loaded onto the construct as intended with factor loadings above the minimum factor loading coefficient of 0.50. Item EF7 that measured whether the exchange rate is favourable for a country and intended to measure the *Efficiency-seeking FDI inflow opportunities* construct also loaded onto this construct. Favourable exchange rate opportunities may be associated with *Strategic asset-seeking FDI inflow opportunities* where currency depreciation in the host country leads to increased FDI based on a favourable exchange rate (representing significant differences in currency value) for foreign investors (Georgopoulos, 2008:453).

A total of seven items were thus retained for the construct *Strategic asset-seeking FDI inflow opportunities* with factor loadings ranging between 0.524 and 0.830. *Strategic asset seeking-FDI inflow opportunities* had an Eigenvalue of more than 1 (2.42) and explained 7.12% of the variance in the data and returned a Cronbach's alpha coefficient of 0.849, indicating that the items to measure this construct are deemed highly reliable.

As a result of the EFA, *Strategic asset-seeking FDI inflow opportunities* are redefined as FDI opportunities whereby the *country possesses intangible and intangible (knowledge-based) assets and provide opportunities for private-public partnerships, brand equity and a conducive economic environment in terms of a favourable exchange rate, capital gains and property tax rates.*

8.4.2.4 Efficiency-seeking FDI inflow opportunities

Table 8.16 summarises the results of the EFA that extracted the construct *Efficiency-seeking FDI inflow opportunities*, the items that loaded, the Eigenvalue of the construct, the Cronbach's alpha (α) for each item and the construct.

Table 8.16: Validity and reliability of the efficiency-seeking FDI inflow opportunities construct

Eigenvalue: 1.88		% of variance = 5.53		Cronbach's alpha = 0.819	
Items	Statements	Factor loading	Item correlation	Cronbach's alpha after deletion	
EF2	Businesses related processes are located close to each other	0.520	0.557	0.797	
EF3	There is an opportunity for value chain integration	0.715	0.564	0.795	
EF4	There is the potential for economies of products/business processes specialisation	0.612	0.654	0.775	
EF5	Capital equipment can be imported for free	0.690	0.523	0.804	
EF6	It is possible to reduce business transaction costs	0.601	0.689	0.767	
EF8	They function on a multi-currency system	0.623	0.526	0.802	

As Table 8.16 shows, with the exception of E1 and E7, six of the eight items (E1 to E8) intended to measure *Efficiency-seeking FDI inflow opportunities* loaded onto the construct as intended with factor loadings above the minimum factor loading coefficient of 0.50. A total of six items were thus retained for this construct with factor loadings ranging between 0.520 and 0.715. *Efficiency-seeking FDI inflow opportunities* had an Eigenvalue of more than 1 (1.88) and explained 5.53% of the variance in the data and returned a Cronbach's alpha coefficient of 0.819, indicating that the items to measure this construct are deemed highly reliable.

As a result of the deletion of some items in the EFA, *Efficiency-seeking FDI inflow opportunities* are redefined as FDI opportunities in a country that facilitates multiple efficiency advantages for foreign investors through production incentives such as free

importation of capital equipment and operating on a multi-currency system, offering economies of specialisation for business processes and opportunities for transaction cost reduction and value chain integration.

Pursuant to the tests for validity (EFA) and reliability (Cronbach's alpha coefficient) the following section presents the revised hypothesised model and hypotheses.

8.5 REVISED HYPOTHESISED MODEL AND HYPOTHESES

As a result of the EFA and the consequent re-operationalisation of several constructs, Table 8.17 summarises the revised operational definitions of the independent variables for the present study.

Table 8.17: Summary of reformulated operational definitions of the independent variables

Construct	Operationalisation
Tourism	<i>The attraction of business visitors to a host country due to its strategic location to other African countries, favourable climate, tourist attractions (natural and man-made), the availability of accommodation facilities, travel services, tourism products, and the adherence to global business standards like GATS.</i>
Government actions	<i>The overall ability of the host country government to manage its macro-environment through the effective management and control of corruption in its public institutions, to ensure a good standard of living for citizens through the funding of public resources such as transport and health facilities; the consistent and objective adherence to the rule of law, intellectual property rights and legal processes; government transparency of accountability to its business dealings and conformity to global financial institution standards to ensure access to loan capital, and the granting of special economic status' such as export processing zone status to foster FDI activity</i>
People	<i>The demographic characteristics of the citizens of a country in terms of their availability as a cheap, highly productive skilled workforce and the country's ability to retain and sustain the workforce</i>
Cultural values and practices	<i>The social mechanisms in a country that govern the cultural values of individuals with regards to acknowledging communalism in cultural values, being tolerant to foreign individuals and cultural practices of businesses, with the acceptance of business bribes; practising a likewise business Cultural, as well as the presentation of opportunities for entrepreneurship in a country</i>
Exports	<i>The specific products and services manufactured or sold in markets other than in country of origin, with primary agricultural products as key exports for which a global demand exist in conjunction with a favourable consumer image of the quality of the export products/services; the effective exploitation of foreign markets supported by bi-lateral trade agreements with Western countries, business cooperation between regions, a business friendly trade policy; favourable export promotion policy with communalities, different distribution channels available, attractive export incentives and the granting of export processing zone status to exporters</i>
Regulatory framework	<i>The legitimate and policy-oriented mechanisms put in place by national governments to ensure political stability in the country, manage the transparency of the business environment, maintaining the general rule of law</i>

Construct	Operationalisation
	<i>by regulating FDI activities business activities, protecting investors against nationalisation and indigenisation as well as their propriety rights while guaranteeing foreign asset ownership, and the effective provision of public resources and utilities such as good quality water and reliable electricity</i>

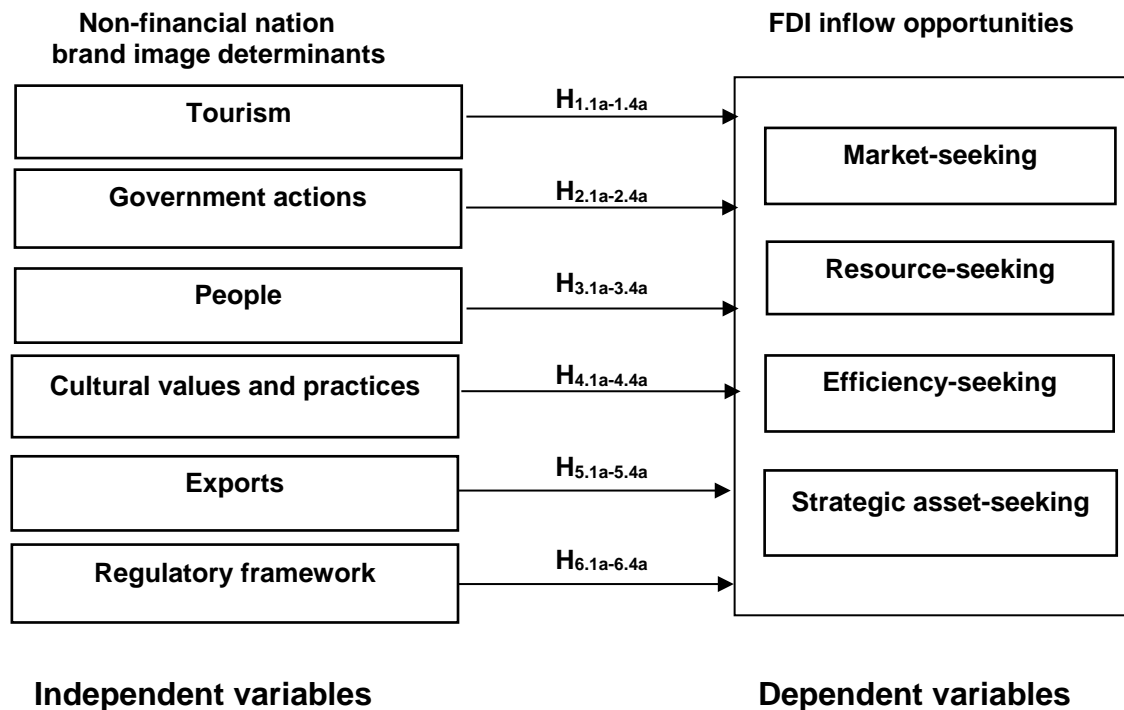
Table 8.18 summarises the re-operationalisation definitions of the dependent variables of the study.

Table 8.18: Summary of reformulated operational definitions of the dependent variables

FDI inflow opportunities constructs	Operationalisation of FDI inflow opportunities
Market-seeking	<i>FDI opportunities in a country whereby there is market growth opportunities with promising market growth prospects as a result of being a member of the regional trading bloc, the availability of multiple marketing channels and easy distribution to nearby markets, as well as cost savings in terms of input production factors, economies of scale and scope</i>
Resource-seeking	<i>FDI opportunities presented by a country that possesses all the necessary and sustainable natural and man-made resources with much skilled labour available, cost-efficient logistics networks, as well as a conducive business environment for resource extraction with few local resource market restrictions, access to specialised advanced production-orientated technology, transparent technology transfers, clear beneficiation and capital repatriation policies, and opportunities for joint ventures, acquisitions and mergers</i>
Efficiency-seeking	<i>FDI opportunities in a country that facilitates multiple efficiency advantages for foreign investors through production incentives such as free importation of capital equipment and operating on a multi-currency system, offering economies of specialisation for business processes and opportunities for transaction cost reduction and value chain integration</i>
Strategic asset-seeking	<i>FDI opportunities whereby the country possesses intangible and intangible (knowledge-based) assets and provide opportunities for private-public partnerships, brand equity and a conducive economic environment in terms of a favourable exchange rate, capital gains and property tax rates</i>

Based on the reformulated hypotheses in summarised in Tables 8.17 and 8.18, Figure 8.1 illustrates the revised hypothesised model of non-financial nation brand image determinants influencing FDI inflow opportunities in Zimbabwe.

Figure 8.1: The revised hypothesised model of non-financial nation brand image determinants influencing foreign FDI inflow opportunities to Zimbabwe



Based on the re-operationalized definitions summarised in Tables 8.17 and Table 8.18 respectively, and the hypothesised model in Figure 8.1, the following are the reformulated hypotheses for the present study:

- H_{1.1a-1.4a}: The perception of foreign direct investors regarding *tourism* in Zimbabwe influences the FDI inflow opportunities considered (*market-, resource-, efficiency-, strategic asset-seeking*).
- H_{2.1a-2.4a}: The perception of foreign direct investors regarding Zimbabwe's *government actions* influences the FDI inflow opportunities considered (*market-, resource-, efficiency-, strategic asset-seeking*).
- H_{3.1a-3.4a}: The perception of foreign direct investors regarding *people* residing in Zimbabwe influences the FDI inflow opportunities considered (*market-, resource-, efficiency-, strategic asset-seeking*).

- H4.1a-4.4a: The perception of foreign direct investors regarding Zimbabwe's *cultural values and practices* influences the FDI inflow opportunities considered (*market-, resource-, efficiency-, strategic asset-seeking*).
- H5.1a-5.4a: The perception of foreign direct investors regarding Zimbabwe's *key exports* influences the FDI inflow opportunities considered (*market-, resource-, efficiency-, strategic asset-seeking*).
- H6.1a-6.4a: The perception of foreign direct investors regarding Zimbabwe's *regulatory framework* influences the FDI inflow opportunities considered (*market-, resource-, efficiency-, strategic asset-seeking*).

The results of the validity and reliability tests have informed the revised hypotheses and hypothesised model for the non-financial nation brand image determinants influencing *market-, resource-, efficiency-, strategic asset-seeking* FDI inflow opportunities in Zimbabwe. The following sections present the empirical results of the descriptive statistical analysis.

8.6 DESCRIPTIVE STATISTICS

Descriptive statistics are concerned with synopsising data in a simplified form (Byrne, 2007:32). The descriptive statistics for the independent and dependent variables are summarised in Table 8.19.

Table 8.19: Descriptive statistics of the independent and dependent variables

Variables	Factors	Mean	Standard deviation
Independent	Tourism	2.76	1.25
	Government actions	3.20	1.06
	People	3.70	1.05
	Cultural values and practices	3.02	0.98
	Exports	3.20	1.11
	Regulatory framework	3.76	0.89
Dependent	Market-seeking FDI inflow opportunities	3.50	1.07
	Resource-seeking FDI inflow opportunities	3.43	0.97
	Efficiency-seeking FDI inflow opportunities	3.70	0.91
	Strategic asset-seeking FDI inflow opportunities	3.24	1.06

Table 8.19 reports an interesting trend within the independent variables. Respondents seem undecided (tends towards rating 3) on whether, *Tourism, Government actions Cultural values and practices and Exports* in Zimbabwe are influencing their decision to invest in Zimbabwe. However, respondents appear to regard the *People and Regulatory framework* from Zimbabwe as quite influential (tend towards rating 4) when considering FDI in Zimbabwe. Respondents seem to have different opinions (standard deviations centred near 1 ranging from between 0.89 to 1.25) regarding how influential they perceived these non-financial nation brand image determinants (independent variables) to be when considering FDI in Zimbabwe.

As is evident in Table 8.19, respondents seem to view *Market- and Efficiency-seeking FDI inflow opportunities* as quite influential (mean score tending towards 4) in their consideration of FDI inflow opportunities in Zimbabwe. Respondents appear to be undecided (means tend toward 3) on whether *Resource- and Strategic asset-seeking FDI inflow opportunities* will influence them towards FDI in Zimbabwe. Respondents seem to differ in their opinions (standard deviations that centred ear 1 ranging from between 0.91 to 1.07) regarding how influential they perceived each of these FDI inflow opportunities in Zimbabwe to be when considering FDI inflow decisions.

The following section reports on the results of the inferential statistics for the study.

8.7 INFERENCE STATISTICS

Inferential statistics are data analysis tools applied in order to determine the extrapolation of the findings from the sample to the wider population (Byrne, 2007:32; Kolb, 2008:257). The following sections present the results of the Pearson product-moment correlation analysis, multi-collinearity diagnostics testing and multiple regression analysis.

8.7.1 Pearson product-moment correlation coefficients

Pearson product-moment correlation coefficients aim to establish the linear relationships/correlation between two continuous variables (Sue & Ritter, 2007:117). According to Mukaka (2012:69), correlations range between +1 and -1, with -1 indicating a negative relationship between variables, 0 indicating no relationship and +1 indicating a positive relationship. Pearson product-moment correlation was

undertaken to explore the correlations between the independent variables (non-financial nation brand image determinants) and FDI inflow opportunities (the dependent variables). The subsequent sections present the results of the four Pearson product-moment correlation analyses.

8.7.1.1 Correlation matrix of the non-financial nation brand image determinants and FDI inflow opportunities in Zimbabwe

Table 8.20 presents the correlation matrix for the non-financial nation brand image determinants influencing FDI (market-, resource-, efficiency-, and strategic asset) inflow opportunities to Zimbabwe.

Table 8.20: Correlation matrix of the non-financial nation brand image determinants and FDI inflow opportunities in Zimbabwe

Variables	MKT	RES	EF	SA	TOR	CVP	PEO	EXP	GA	RF
Market-seeking FDI inflow opportunities (MKT)	1.000									
Resource-seeking FDI inflow opportunities (RES)	0.570	1.000								
Efficiency-seeking FDI inflow opportunities (EF)	0.564	0.752	1.000							
Strategic asset-seeking FDI inflow opportunities (SA)	0.464	0.650	0.491	1.000						
Tourism (TOR)	0.427	0.473	0.522	0.549	1.000					
Cultural values and practices (CVP)	0.246	0.354	0.299	0.423	0.471	1.000				
People (PEO)	0.321	0.537	0.410	0.347	0.367	0.316	1.000			
Exports (EXP)	0.633	0.605	0.436	0.552	0.351	0.338	0.397	1.000		
Government actions (GA)	0.491	0.676	0.502	0.751	0.616	0.485	0.428	0.622	1.000	
Regulatory framework (RF)	0.532	0.612	0.439	0.498	0.393	0.321	0.485	0.576	0.636	1.000

($p < 0.05$)

As can be seen in Table 8.20, *Market-seeking FDI inflow opportunities* reported a weak correlation with *Cultural values and practices* ($r = 0.246$) and moderate correlations with *Strategic asset-seeking FDI inflow opportunities* ($r = 0.464$), *Tourism* ($r = 0.427$), *People* ($r = 0.321$) and *Government actions* ($r = 0.491$). *Market seeking FDI inflow opportunities* also reported strong correlations with *Resources-seeking FDI inflow opportunities* ($r = 0.570$), *Efficiency-seeking FDI inflow opportunities* ($r = 0.564$), *Exports* ($r = 0.633$) and *Regulatory framework* ($r = 0.532$). This notion draws discernible correlations between market-seeking FDI inflow opportunities in Zimbabwe and other related forms of FDI (*resource- and efficiency-seeking*) inflows to Zimbabwe.

This notion also draws discernible correlations between market-seeking FDI inflow opportunities in Zimbabwe and their supporting regulatory framework, as well as favourable export conditions. These strong correlations are supported by Bhatt (2013:162) who suggests the market-seeking investors engage in exports to circumvent protectionist trade barriers and regulations in the host economy in order to access the market (tariff jumping).

Table 8.20 also shows that *Resource-seeking FDI inflow opportunities* reported moderate correlations with *Tourism* ($r = 0.473$) and *Cultural values and practices* ($r = 0.354$) respectively. *Resource-seeking FDI inflow opportunities* also reported significant ($p < 0.05$) strong correlations with *Strategic asset-seeking FDI inflow opportunities* ($r = 0.650$), *Efficiency-seeking FDI inflow opportunities* ($r = 0.752$), *People* ($r = 0.537$), *Exports* ($r = 0.605$), *Government actions* ($r = 0.676$) and *Regulatory-framework* ($r = 0.612$). This notion draws discernible correlations between resource-seeking FDI inflow opportunities in Zimbabwe and other related forms of FDI (*strategic asset- and efficiency-seeking*) inflows into Zimbabwe. This notion also draws discernible correlations between resource-seeking FDI inflow opportunities in Zimbabwe and their favourable business environment regarding their labour force (*People*), export and regulatory framework, as well as actions taken by their government. These strong correlations are supported by Bhatt (2013:162) who identifies the exploitation of cheap labour (*People*) opportunities as a motive for resource-seeking investors to invest in a particular host country. While, Mahembe and Odhiambo (2013:36) found that a new policy on the beneficiation and export of diamonds influenced DeBeers to invest in diamond processing in Botswana in order to export the resource in the form required by the Botswana government. Gerlach and Liu (2010:8) found that government interventions in Ghana through policy reforms and the more effective management of its public institutions attract resource-seeking investors to its agricultural sector, while Dupasquier and Osakwe (2005:18) and Hailu (2010:106) found that restrictive regulation frameworks on the repatriation of capital and profits have a negative effect on resource-seeking FDI inflows to African economies.

As can be seen in Table 8.20, *Efficiency-seeking FDI inflow opportunities* reported a weak correlation with *Cultural values and practices* ($r = 0.299$), moderate correlations

with *Strategic asset-seeking FDI opportunities* ($r = 0.491$), *People* ($r = 0.410$), *Exports* ($r = 0.436$) and *Regulatory framework* ($r = 0.439$), and strong correlations with *Tourism* ($r = 0.522$) and *Government actions* ($r = 0.502$) respectively. This notion draws discernible correlations between efficiency-seeking FDI inflow opportunities in Zimbabwe and the country's favourable government actions and tourism conditions. These strong correlations are supported by Lintunen (2011:26) and Wilson *et al.* (2014:110) who found that foreign efficiency-seeking investors may take advantage of government local production incentives facilitated by a reasonable and transparent business environment. On the other hand, Kyrikilis *et al.* (2008:2-3) found that FDI into China's tourism industry increased due to the increased availability of travel agency services, which in turn improved efficiency in the provision of travel and tourism related processes and transactions.

As depicted in Table 8.20, *Strategic asset-seeking FDI inflow opportunities* reported moderate correlations with *People* ($r = 0.347$), *Cultural values and practices* ($r = 0.423$) and *Regulatory framework* ($r = 0.498$), and strong correlations with *Tourism* ($r = 0.549$), *Exports* ($r = 0.552$) and *Government actions* ($r = 0.751$) respectively. This notion draws discernible correlations between Strategic asset-seeking FDI inflow opportunities in Zimbabwe and favourable tourism and export conditions, as well as favourable government actions. These strong correlations are supported by Kalamova and Konrad (2009:7) who opine that tourism may be considered a contributing factor to attract foreign investors who seek to acquire assets such as hotel/resort facilities. While Hornberger *et al.* (2011:2) associate the acquisition of distribution channels with strategic asset seeking investors and thus, implies that foreign investors are motivated to FDI by the acquisition of export distribution channels. The African Development Bank (2011b:7) and Kramarenko *et al.* (2010:33) identify the Zimbabwean government's unclear, often corrupt and chaotic indigenisation, land ownership and appropriation policy as an impediment for strategic asset FDI opportunity investors.

As can also be seen in Table 8.20, *Tourism* reported moderate correlations with *Cultural values and practices* ($r = 0.471$), *People* ($r = 0.367$) *Exports* ($r = 0.351$) and *Regulatory framework* ($r = 0.393$) and a strong correlation with *Government actions* ($r = 0.616$). This notion draws a discernible correlation between *Tourism* and *Government actions*. The strong correlation between *Tourism* and *Government*

actions is supported by Olabade and Dubey (2014:19-20), who suggest adherence to global service standards in the tourism industry such as those guided by General Agreements of Trade in Services – GATS, are influential factors for FDI inflow to Jordan. It is the government prerogative to be a signatory to such global agreements, hence *Government actions* are informed by these guidelines and may be associated with *Tourism* in the regulation of tourism and travel-related services.

As shown in Table 8.20, *Cultural values and practices* reported significant moderate correlations with *People* ($r = 0.316$), *Export* ($r = 0.338$), *Government actions* ($r = 0.485$) and *Regulatory framework* ($r = 0.321$) respectively. In addition, *People* reported a significant ($p < 0.05$) moderate correlations with *Exports* ($r = 0.397$), *Government actions* ($r = 0.428$) and *Regulatory framework* ($r = 0.485$) respectively.

Table 8.20 also depicts that *Export* reported significant strong correlations with *Regulatory framework* ($r = 0.576$) and *Government actions* ($r = 0.622$) respectively. This notion draws discernible correlations between *Exports* and *Regulatory framework* and *Government actions* respectively. The strong correlations between *Export*, and *Regulatory framework* and *Government actions* is supported by Bhatt (2013:162) who found that the managing the regulatory framework through government interventions (augmenting regulations and FDI specific laws respectively) the Vietnamese government has boosted export-oriented FDI in the country since 1987. This observation therefore associates *Exports* with *Regulatory framework* and *Government actions* factors respectively.

Table 8.20, indicates that *Government actions* reported a significant strong correlation with *Regulatory framework* ($r = 0.636$). This notion draws a discernible correlation between *Government action* and *Regulatory framework*. According to Boghean and State (2015:279), governments are increasingly being proactive in the improvement of the attractiveness of their economies to foreign investors by managing amongst other factors their legal frameworks and their friendliness to FDI. This observation associates *Government actions* with the *Regulatory framework* construct.

In summary, based on Table 8.20, it is clear the dependent variables are cognate, as there is a significant positive correlations between all variables, meaning that they are

all associated with one another. This finding is supported by the literature (Cui *et al.* 2014:490; Franco, Rentocchini & Marzetti, 2008:7) that confirms that the variables are similar in terms of what they measure, namely FDI inflows. With this in mind, most of the correlation results between the independent and dependent variables exhibit moderate relationships. However, there are some notably strong relationships which requires testing for multi-collinearity for the dependent, as well as independent variables. The following section presents the results of the multi-collinearity diagnostics testing results.

8.8 RESULTS OF THE MULTI-COLLINEARITY DIAGNOSTICS TESTING

Multi-collinearity diagnostics testing is concerned with measuring the correlation between variables meant to measure the same theoretical construct (Nimon, Henson & Gates, 2010:707). The existence of multi-collinearity suggests a high correlation – a tolerance value of less than 0.1 and/or a Variance-Inflated Factor (VIF) greater than 10 is a cause for concern for it could result in misleading results (Trochim, 2006:85). Table 8.21 summarises the results from the Multi-collinearity diagnostics for the independent variables.

Table 8.21: Multi-Collinearity diagnostics for the independent variables

Non-financial nation brand image determinants (Independent variables)	Multi-collinearity statistics	
	Tolerance value	VIF
Tourism	0.579	1.727
Government actions	0.367	2.725
People	0.720	1.389
Cultural values and practices	0.719	1.391
Exports	0.558	1.792
Regulatory frameworks	0.512	1.953

Based on the results in Table 8.21, the Tolerance values for the independent variables were more than 0.1, ranging between 0.367 and 0.720. Relatedly, the VIF values of the independent variables were below the threshold of 10, ranging between 1.389 and 2.725. These results suggest that the independent variables were free from collinearity. Table 8.22 summarises the results from the Multi-Collinearity diagnostics for the dependent variables.

Table 8.22: Multi-collinearity diagnostics for the dependent variables

FDI inflow opportunities in Zimbabwe (Dependent variables)	Multi-collinearity statistics	
	Tolerance value	VIF
Market-seeking FDI inflow opportunities	0.638	1.567
Resource-seeking FDI inflow opportunities	0.668	1.497
Efficiency-seeking FDI inflow opportunities	0.605	1.653
Strategic asset-seeking FDI inflow opportunities	0.602	1.661

Based on the results in Table 8.22, the Tolerance values for the dependent variables were more than 0.1, ranging between 0.602 and 0.668. Relatedly, the VIF values of the dependent variables were below the threshold of 10, ranging between 1.497 and 1.661. These results suggest that the dependent variables were free from collinearity. For these reasons it was confirmed that multiple regression analysis could be conducted. The following section discusses the results of the multiple regression analysis to test significant relationships between the independent and dependent variables.

8.9 MULTIPLE REGRESSION ANALYSIS

Regression analysis is suitable for the determination of relationships between independent variables and dependent variables (Orwa & Njeri, 2014:225). As there are four dependent variables, four sets of multiple regression analysis were conducted. To avoid misleading or biased results, the assumptions associated with linear relationships should not be violated. The following can be confirmed:

- Two outliers found in two of the independent variables were removed during data cleaning using Cook's distance method;
- The mean of the probability distribution of the residuals is approximately 0 for each setting of the independent variables;
- The variances of the probability distribution of the residuals appear to be constant for all four models fitted;
- The probability distribution of the residuals is a normal distribution for all four models, and
- The residuals associated with any two different observations are independent for all the four models.

The following sections present and discuss the results of the multiple regression analysis.

8.9.1 Results of the relationships of non-financial nation brand image determinants influencing market-seeking FDI inflow opportunities

The results of the residual analysis conducted on the six valid and reliable independent variables and the dependent variable *Market-seeking FDI inflow opportunities* are depicted in Tables 8.23 and 8.24.

Table 8.23: Analysis of variance for the market-seeking FDI inflow opportunities

Dependent variable: Market-seeking FDI inflow opportunities	Sums of Squares	df	Mean Squares	F	p-value
Regress.	169.2936	6	28.21560	45.88723	0.00
Residual	183.2373	298	0.61489		
Total	352.5309				

As can be seen in Table 8.23, the model is adequate for prediction purposes as the F-test p value is less than 0.05. Table 8.24 summarises the regression statistics for the dependent variable *Market-seeking FDI inflow opportunities*.

Table 8.24: Summary of regression statistics for market-seeking FDI inflow opportunities

Dependent variable: Market-seeking FDI inflow opportunities	Value
Multiple R	0.692981629
Multiple R ²	0.480223537
Adjusted R ²	0.46975824
F(6,298)	45.8872305
P	0
Std.Err. of Estimate	0.784149293

As can be seen in Table 8.24, after taking into consideration the sample size and the number of model parameters estimated, approximately 46.98% of the variation observed in market-seeking foreign direct investment inflows can be explained by the independent variables used. Given that the residual analysis validates the fitted model, the estimates can be used to assess variable significance in the fitted market-seeking

FDI inflow opportunities model. Table 8.25 presents the results of the statistical significance testing for the non-financial nation brand image determinants influencing the market-seeking FDI inflow opportunities.

Table 8.25: Multiple regression results of non-financial nation brand image determinants influencing market-seeking FDI inflow opportunities

Dependent variable: Market-seeking FDI inflow opportunities Adjusted R ² = 0.469				Hypothesis Number	Hypotheses
Independent variables	β	T-value	Sig. (p)		
Tourism	0.216	4.516	0.000*	H _{1.1a}	Accepted
Government actions	-0.072	-1.017	0.310	H _{2.1a}	Rejected
People	-0.027	-0.519	0.605	H _{3.1a}	Rejected
Cultural values and practices	-0.077	-1.400	0.163	H _{4.1a}	Rejected
Exports	0.477	8.693	0.000*	H _{5.1a}	Accepted
Regulatory framework	0.280	3.926	0.000*	H _{6.1a}	Accepted

* $p < 0.001$ ** $p < 0.05$

Table 8.25 presents evidence of significant ($p < 0.001$) statistical relationships between the independent variables *Tourism*, *Exports* and *Regulatory framework* and the dependent variable *Market-seeking FDI inflow opportunities*. Therefore, these independent variables seem to influence the dependent variable market-seeking FDI inflow opportunities in Zimbabwe. The t-values of the independent variables exceed the critical value of 3.09 at $p < 0.001$ significance level, and therefore hypotheses H_{1.1a}, H_{5.1a} and H_{6.1a} are accepted. The magnitude of the path coefficients (β) for the independent variables *Tourism*, *Exports* and *Regulatory framework* is moderate positive.

As the independent variables *Government actions*, *People* and *Cultural values and practices* had p values exceeding 0.05, reporting p values of 0.310, 0.605 and 0.163 respectively, and the hypotheses H_{2.1a}, H_{3.1a} and H_{4.1a} were thus rejected. These results suggest that the independent variables *Government actions*, *People* and *Cultural values and practices* were not perceived by foreign investors as influential for considering market-seeking FDI inflow opportunities in Zimbabwe.

8.9.2 Results of the relationships of non-financial nation brand image determinants influencing resource-seeking FDI opportunities

The results of the residual analysis conducted on the six valid and reliable independent variables and the dependent variable *Resource-seeking FDI inflow opportunities* are depicted in Tables 8.26 and 8.27.

Table 8.26: Analysis of variance for resource-seeking FDI inflow opportunities

Dependent variable: Resource-seeking FDI inflow opportunities	Sums of Squares	Df	Mean Squares	F	p-value
Regress.	117.6192	6	19.60320	69.72572	0.00
Residual	83.7819	298	0.28115		
Total	201.4012				

As can be seen in Table 8.26, the model is adequate for prediction purposes as the F-test p value <0.05. Table 8.27 summarises the regression statistics for the dependent variable *Resource-seeking FDI inflow opportunities*.

Table 8.27: Summary of regression statistics for resource-seeking FDI inflow opportunities

Dependent variable: Resource-seeking FDI inflow opportunities	Value
Multiple R	0.768158288
Multiple R ²	0.590067156
Adjusted R ²	0.581813474
F(6,298)	71.4913897
P	0
Std.Err. of Estimate	0.686677146

As can be seen in Table 8.27, after taking into consideration the sample size and the number of model parameters estimated, approximately 58.18% of the variation observed in resource seeking foreign direct investment inflows can be explained by the independent variables used. Given that the residual analysis validates the fitted model, the estimates can be used to assess variable significance in the fitted resource-seeking FDI inflow opportunities model. Table 8.28 presents the results of the statistical significance testing for the non-financial nation brand image determinants influencing the resource-seeking FDI inflow opportunities.

Table 8.28: Multiple regression results of non-financial nation brand image determinants influencing resource-seeking FDI inflow opportunities

Dependent variable: Resource-seeking FDI inflow opportunities Adjusted R ² = 0.581				Hypothesis Number	Hypotheses
Independent variables	β	T-value	Sig. (p)		
Tourism	0.047	1.449	0.148	H _{1.2a}	Rejected
Government actions	0.242	5.049	0.000*	H _{2.2a}	Accepted
People	0.173	4.990	0.000*	H _{3.2a}	Accepted
Cultural values and practices	-0.022	-0.598	0.550	H _{4.2a}	Rejected
Exports	0.156	4.194	0.000*	H _{5.2a}	Accepted
Regulatory framework	0.149	3.100	0.002**	H _{6.2a}	Accepted

* p<0.001 **p<0.05

Table 8.28 presents evidence of significant ($p < 0.001$) statistical relationships between the independent variables *Government actions*, *People* and *Exports* and the dependent variable *Resource-seeking FDI inflow opportunities*. There is also evidence of a significant ($p < 0.05$) statistical relationship between the independent variable *Regulatory framework* and the dependent variable *Resource-seeking FDI inflow opportunities*. Therefore, these independent variables seem to influence resource-seeking FDI inflow opportunities in Zimbabwe. The t-values of the independent variables exceed the critical values of 3.09 at $p < 0.001$ and between 1.96 and 3.09 at $p < 0.05$ significance levels respectively and thus hypotheses H_{2.2a}, H_{3.2a}, H_{5.2a} and H_{6.2a} are accepted. The magnitude of the path coefficients (β) for *People*, *Exports* and *Regulatory framework* is weak positive, while for *Government actions* it is moderate positive.

The independent variables *Tourism* and *Cultural values and practices* had p values exceeding 0.05, of 0.148 and 0.550 respectively and thus hypotheses H_{1.2a} and H_{4.2a} were rejected. These results suggest that *Government actions*, *Tourism* and *Cultural values and practices* were not perceived by foreign investors as influential for considering resource-seeking FDI inflow opportunities in Zimbabwe.

8.9.3 Results of the relationships of non-financial nation brand image determinants influencing efficiency-seeking FDI opportunities

The results of the residuals analysis conducted on the six valid and reliable independent variables and the dependent variable *Efficiency-seeking FDI inflow opportunities* are depicted in Tables 8.29 and 8.30.

Table 8.29: Analysis of variance for efficiency-seeking FDI inflow opportunities

Dependent variable: Efficiency-seeking FDI inflow opportunities	Sums of Squares	df	Mean Squares	F	p-value
Regress.	96.6391	6	16.10651	30.74179	0.000000
Residual	156.1309	298	0.52393		
Total	252.7699				

As can be seen in Table 8.29, the model is adequate for prediction purposes as the F-test p value <0.05. Table 8.30 summarises the regression statistics for dependent variable *Efficiency-seeking FDI inflow opportunities*.

Table 8.30: Summary of regression statistics for efficiency-seeking FDI inflow opportunities

Dependent variable: Efficiency-seeking FDI inflow opportunities	Value
Multiple R	0.618320563
Multiple R ²	0.382320319
Adjusted R ²	0.369883816
F(6,298)	30.7417849
P	1.12714737E-28
Std.Err. of Estimate	0.72382944

As can be seen in Table 8.30, after taking into consideration the sample size and the number of model parameters estimated, approximately 36.99% of the variation observed in efficiency-seeking FDI inflow opportunities can be explained by the independent variables used. Given the residual analysis validates the fitted model, the estimates can be used to assess variable significance in the fitted model. Table 8.31 presents the results of the statistical significance testing for the non-financial nation brand image determinants influencing efficiency-seeking FDI inflow opportunities.

Table 8.31: Multiple regression results of non-financial determinants influencing efficiency-seeking FDI inflow opportunities

Dependent variable: Efficiency-seeking FDI inflow opportunities Adjusted R ² = 0.369				Hypothesis Number	Hypotheses
Independent variables	β	T-value	Sig. (p)		
Tourism	0.246	5.563	0.000*	H _{1.3a}	Accepted
Government actions	0.072	1.099	0.273	H _{2.3a}	Rejected
People	0.130	2.756	0.006**	H _{3.3a}	Accepted
Cultural values and practices	-0.031	-0.619	0.537	H _{4.3a}	Rejected
Exports	0.133	2.623	0.009**	H _{5.3a}	Accepted
Regulatory framework	0.102	1.554	0.121	H _{6.3a}	Rejected

* $p < 0.001$ ** $p < 0.05$

Table 8.31 presents evidence of a significant ($p < 0.001$) statistical relationship between the independent variable *Tourism* and the dependent variable *Efficiency-seeking FDI inflow opportunities*, and of significant ($p < 0.05$) statistical relationships between the independent variables *People* and *Exports* and the dependent variable *Efficiency-seeking FDI inflow opportunities*. Therefore, these non-financial nation brand image determinants seem to influence efficiency-seeking FDI inflow opportunities in Zimbabwe. The t-values of the independent variables exceed the critical values of 3.09 at $p < 0.001$ and between 1.96 and 3.09 at $p < 0.05$ significance levels respectively and thus hypotheses H_{1.3a}, H_{3.3a} and H_{5.3a} are accepted. The magnitude of the path coefficients (β) for *People* and *Exports* is weak positive, while for *Tourism* is moderate positive.

The independent variables *Government actions*, *Cultural values and practices* and *Regulatory framework* had p values exceeding 0.05, reporting p values of 0.273, 0.537 and 0.121 respectively and thus hypotheses H_{2.3a}, H_{4.3a} and H_{6.3a} were rejected. These results suggest that *Government actions*, *Cultural values and practices* and *Regulatory framework* were not perceived by foreign investors as influential non-financial determinants for considering efficiency-seeking FDI inflows opportunities in Zimbabwe.

8.9.4 Results of the relationships of non-financial nation brand image determinants influencing strategic asset-seeking FDI inflow opportunities

The results of the residuals analysis conducted on the six valid and reliable independent variables and the dependent variable *Strategic asset-seeking FDI inflow opportunities* are depicted in Tables 8.32 and 8.33.

Table 8.32: Analysis of variance for strategic asset-seeking FDI inflow opportunities

Dependent variable: Strategic asset-seeking FDI inflow opportunities	Sums of Squares	df	Mean Squares	F	p-value
Regress.	202.2601	6	33.71001	71.49139	0.00
Residual	140.5146	298	0.47153		
Total	342.7747				

As can be seen in Table 8.32, the model is adequate for prediction purposes as the F-test p value <0.05. Table 8.33 summarises the regression statistics for the dependent variable *Strategic asset-seeking FDI inflow opportunities*.

Table 8.33: Summary of regression statistics for Strategic asset-seeking FDI inflow opportunities

Dependent variable: Strategic asset-seeking FDI inflow opportunities	Value
Multiple R	0.768158288
Multiple R ²	0.590067156
Adjusted R ²	0.581813474
F(6,298)	71.4913897
P	0
Std.Err. of Estimate	0.686677146

As can be seen in Table 8.33, after taking into consideration the sample size and the number of model parameters estimated, approximately 58.18% of the variation observed in strategic asset seeking foreign direct investment inflow opportunities can be explained by the independent variables used. Given that the residual analysis validates the fitted model, the estimates can be used to assess variable significance in the fitted model. Table 8.34 presents the results of the statistical significance testing

for the non-financial nation brand image determinants influencing strategic asset-seeking FDI inflow opportunities.

Table 8.34: Multiple regression results of non-financial determinants influencing strategic asset-seeking FDI inflow opportunities

Dependent variable: Strategic asset-seeking FDI inflow opportunities Adjusted R ² = 0.581				Hypothesis Number	Hypotheses
Independent variables	β	T-value	Sig. (p)		
Tourism	0.118	2.808	0.005**	H _{1.4a}	Accepted
Government actions	0.566	9.127	0.000*	H _{2.4a}	Accepted
People	-0.014	-0.301	0.764	H _{3.4a}	Rejected
Cultural values and practices	0.045	0.941	0.347	H _{4.4a}	Rejected
Exports	0.142	2.942	0.004**	H _{5.4a}	Accepted
Regulatory framework	-0.008	-0.131	0.896	H _{6.4a}	Rejected

* p<0.001 **p<0.05

Table 8.34 presents evidence of a significant ($p < 0.001$) statistical relationship between the independent variable *Government actions* and the dependent variable *Strategic asset-seeking FDI opportunities*, and significant ($p < 0.05$) statistical relationships between the independent variables *Tourism* and *Exports* and the dependent variable *Strategic asset-seeking FDI inflow opportunities*. Therefore, these independent variables appear to influence strategic asset-seeking FDI inflow opportunities in Zimbabwe. The t-values of the independent variables exceed the critical values of 3.09 at $p < 0.001$ and between 1.96 and 3.09 at $p < 0.05$ significance levels respectively and thus hypotheses H_{1.4a}, H_{2.4a} and H_{5.4a} are accepted. The magnitude of the path coefficients (β) for *Tourism* and *Exports* are weak positive, while for *Government actions* is strong positive.

The independent variables *People*, *Cultural values and practices* and *Regulatory framework* had p values exceeding 0.05, reporting p-values of 0.764, 0.347 and 0.896 respectively, and thus hypotheses H_{3.4a}, H_{4.4a} and H_{6.4a} were rejected. These results suggest that *People*, *Cultural values and practices* and *Regulatory framework* were not perceived by foreign investors as influential non-financial nation brand image determinants for considering strategic asset-seeking FDI inflow opportunities in Zimbabwe.

The following section presents the summary of the MRA.

8.9.5 Summary of multiple regression analysis results

Table 8.35 presents as summary of the Multiple Regression Analysis results.

Table 8.35: Summary of multiple regression analysis results

Independent variables	Dependent variables (FDI inflow opportunities)	Beta value (β)	T-value	Sig.(p)	Hypothesis number	Hypotheses
Tourism	Market-seeking	0.216	4.516	0.000*	H _{1.1a}	Accepted
	Resource-seeking	0.047	1.449	0.148	H _{1.2a}	Rejected
	Efficiency-seeking	0.246	5.563	0.000*	H _{1.3a}	Accepted
	Strategic asset-seeking	0.118	2.808	0.005**	H _{1.4a}	Accepted
Government actions	Market-seeking	-0.072	-1.017	0.310	H _{2.1a}	Rejected
	Resource-seeking	0.242	5.049	0.000*	H _{2.2a}	Accepted
	Efficiency-seeking	0.072	1.099	0.273	H _{2.3a}	Rejected
	Strategic asset-seeking	0.566	9.127	0.000*	H _{2.4a}	Accepted
People	Market-seeking	-0.027	-0.519	0.605	H _{3.1a}	Rejected
	Resource-seeking	0.173	4.990	0.000*	H _{3.2a}	Accepted
	Efficiency-seeking	0.130	2.756	0.006**	H _{3.3a}	Accepted
	Strategic asset-seeking	-0.014	-0.301	0.764	H _{3.4a}	Rejected
Cultural values and practices	Market-seeking	-0.077	-1.400	0.163	H _{4.1a}	Rejected
	Resource-seeking	-0.022	-0.598	0.550	H _{4.2a}	Rejected
	Efficiency-seeking	-0.031	-0.619	0.537	H _{4.3a}	Rejected
	Strategic asset-seeking	0.045	0.941	0.347	H _{4.4a}	Rejected
Exports	Market-seeking	0.477	8.693	0.000*	H _{5.1a}	Accepted
	Resource-seeking	0.156	4.194	0.000*	H _{5.2a}	Accepted
	Efficiency-seeking	0.133	2.623	0.009**	H _{5.3a}	Accepted
	Strategic asset-seeking	0.142	2.942	0.004**	H _{5.4a}	Accepted
Regulatory framework	Market-seeking	0.280	3.926	0.000*	H _{6.1a}	Accepted
	Resource-seeking	0.149	3.100	0.002**	H _{6.2a}	Accepted
	Efficiency-seeking	0.102	1.554	0.121	H _{6.3a}	Rejected
	Strategic asset-seeking	-0.008	-0.131	0.896	H _{6.4a}	Rejected

* $p < 0.001$ ** $p < 0.05$

As is evident in Table 8.35, the multiple regression analysis revealed a total of thirteen statistically significant relationships. Each significant relationship is discussed in the following section.

8.9.6 Discussion of the significant relationships between the independent and dependent variables

The discourse of foreign investor motives is embedded in the location taxonomy of Dunning's (1977, 1993) Eclectic Paradigm (Franco *et al.* 2008:4). As discussed in the preceding chapters, investors engage in FDI activity based on four opportunities it presented, namely market-, resource-, efficiency- and strategic asset-seeking FDI inflow opportunities (Sarbu & Gavrea, 2014:535). The discussion of significant relationships will be based on the independent variables in relation to each of the four FDI inflow opportunities. It must be noted that although some empirical evidence suggests relationships between the non-financial nation brand image determinants and specific FDI inflow opportunities, the items in the questionnaire testing these relationships could not be established, therefore only an EFA was conducted and not a Structured Equation analysis.

8.9.6.1 Tourism as a non-financial nation brand image determinant influencing FDI inflow opportunities

Scant studies were identified to support the relationship between *Tourism* and FDI in general. Some authors (Kalamova & Konrad 2009:7; Velde & Nair 2005:2) regard tourism as of particular interest to market- and strategic asset-seeking investors interested in exploiting tourism-related investment opportunities, for instance, China's tourism sector is considered to be particularly attractive to investors. Chen (2010:8) identified the availability of tourism-related strategic assets such as hotels, resorts and other tourism facilities as being particularly attractive to acquire FDI inflows and, therefore, influences foreign investors' decisions to invest in the region's tourism sector. Samimi, Sadeghi and Sadeghi (2013:61) advance the notion that there is a causal relationship between the demand for a country's tourism products and services and an increase in FDI inflows. This causal relationship occurs as developing countries, in particular, seek FDI to finance the expansion of their tourism-related products and services to meet tourist demands at tourist destinations. The implication is that tourism acts as a catalyst for FDI inflows. Therefore, based on the multiple regression analysis and empirical evidence, hypotheses H_{1.1a}, H_{1.3a} and H_{1.4a} are accepted as follows:

The perception of foreign direct investors regarding *tourism* in Zimbabwe influences *market-, efficiency- and strategic asset-seeking FDI* inflow opportunities considered in Zimbabwe.

8.9.6.2 Government actions as a non-financial nation brand image determinant influencing FDI inflow opportunities

Non-economic elements such as corruption levels, enforcement of laws and the efficiency of institutional administrative functions are within the purview of *Government actions* and are regarded as important business environment considerations for foreign investors (Kinoshita & Campos, 2002:8). Gomez-Mera *et al.* (2015:38) found that foreign investors investing in Africa were influenced by government transparency in their investment decision-making. Relatedly, the same study recommends that African governments must strengthen public institutions as these institutions also influence investor decision-making (Gomez-Mera *et al.* 2015:67). Based on a study of 77 developing countries, Kinda (2010:504), found that the improvement of physical- (roads, public utilities) and financial (access to loans) infrastructure through government spending increased the probability of FDI inflows.

Aleksynska and Havrylchuk (2011:14-15) observed that in the case of resource-rich developing countries, poor government institutional management and corruption seem to encourage more *resource-seeking* FDI inflows from countries such as China. Vijayakumar *et al.* (2010:4) observed a positive relationship between tax regimes such as fair and transparent capital gains tax regimes on international transactions and the inflow of strategic asset-seeking FDI inflow opportunities within BRICS countries. Mukherenjee, Wang and Tsai (2011:4; 15-16) hypothesise that effective economic governance improves the infrastructure and transportation, facilities which in turn enhance the efficiency and profitability of businesses, which in turn attracts FDI. Therefore, based on the multiple regression analysis and empirical evidence hypotheses H_{2.2a} and H_{2.4a} are accepted as follows:

The perception of foreign direct investors regarding Zimbabwe's *government actions* influences *resource- and strategic asset-seeking FDI* inflow opportunities considered in Zimbabwe.

8.9.6.3 People as a non-financial nation brand image determinant influencing FDI inflow opportunities

There is some empirical evidence of a relationship between the demography of a country and FDI, for instance, a study by Kudina (1999:24) found that in the case of the Ukraine, efficiency-seeking foreign investors were particularly influenced to invest due to the high labour productivity offered in the country. Sarma (2005:15) found that the agglomeration of a skilled and specialised labour force in the East Asian region increases efficiency-seeking FDI in the region. This suggests that investors decided to locate in the region to access the skilled human resources available in the region. Kinda (2010:499) advances that the availability of skilled labour in developing countries improves their attractiveness to foreign investors. Relatedly, Wadhwa and Sudhakara (2011:220) established the availability of skilled labour within a country as a motive for resource-seeking investors engaging in FDI, thereby suggesting a relationship between people and resource-seeking FDI. Therefore, based on the multiple regression analysis and empirical evidence, hypotheses H_{3.2a} and H_{3.3a} are accepted as follows:

The perception of foreign direct investors regarding *people* residing in Zimbabwe influences *resource- and efficiency-seeking FDI* inflow opportunities considered in Zimbabwe.

8.9.6.4 Exports as a non-financial nation brand image determinant influencing FDI inflow opportunities

There is empirical evidence supporting the relationship between *Exports* and FDI inflows. Some authors (Hornberger, Battat & Kusek, 2011:2; Wadhwa & Sudhakara, 2011:221) identify the need to exploit new and existing export markets as a motive for foreign investors engaging in market-seeking FDI. Wadhwa and Sudhakara (2011:223) in particular, found a significant positive relationship between market-seeking FDI and exports. Okposin and Amalu (2015:288) found a significantly negative relationship between exports and FDI inflows to Sub-Saharan Africa, but no indication was provided which type of FDI inflow opportunity had been sought.

Ramasamy and Yeung (2014:21) found empirical evidence that Chinese foreign investors were more likely to invest in a country with existing bi-lateral trade

agreements with China. The most significant antecedent for export-oriented FDI in Caribbean countries such as Trinidad and Tobago is resource endowment (Economic Commission for Latin America and the Caribbean, 2003:1), while significant FDI (market- and/or efficiency-seeking) inflows into the Dominican Republic's manufacturing sector were driven by the granting of export processing zone status to foreign manufacturing enterprises. Relatedly, Gomez-Mera *et al.* (2015:60) ascertain that developing countries which are signatories to international economic agreements are particularly attractive to export-oriented market and efficiency-seeking foreign investors. To this end, a study by Kudina (1999:24) had previously found that market-seeking investors invested in Ukraine because of the added advantage of accessing the Central and Eastern European export market. Therefore, based on the multiple regression analysis and empirical evidence hypotheses, H_{5.1a} H_{5.2a}, H_{5.3a} and H_{5.4a} are accepted as follows:

The perception of foreign direct investors regarding Zimbabwe's *exports* influences *market-, resource-, efficiency- and strategic asset-seeking FDI* inflow opportunities considered in Zimbabwe.

8.9.6.5 Regulatory framework as a non-financial nation brand image determinant influencing FDI inflow opportunities

The *Regulatory framework* of a country is multi-level (market, national and international) and is enforced through investment, trade and contractual agreements and conventions (Kimaro, 2012:25). The *Regulatory framework* of a country may be considered to be influential to FDI inflows as the policy environment of a country facilitates the protection of property rights, the prevention of expropriation and the right to repatriate capital, thereby making FDI particularly attractive to foreign investors (Coan & Kugler, 2008:403).

Gomez-Mera *et al.* (2015:38) found that political stability was one of the top three significant considerations for foreign investor decisions to invest in Africa, and, more pertinently, that regulatory uncertainty is a significant deterrent to FDI in African economies. Kinda (2010:498) also opines that political stability and secure property rights are crucial to the attraction of FDI to developing countries. Kudina and Jakubiak (2008:4) advance the notion that foreign investors may engage in market-seeking FDI

to overcome tariff and import barriers (*tariff jumping*), which in essence seek to shelter locally established businesses. This suggests that foreign investors would be encouraged to engage in either market- or resource-seeking FDI in order to either circumvent and/or exploit legal and regulatory policies. Therefore, based on the multiple regression analysis and the empirical evidence, hypotheses, H_{6.1a} and H_{6.2a} are accepted as follows:

The perception of foreign direct investors regarding Zimbabwe's *regulatory framework* influences *market- and resource-seeking* FDI inflow opportunities considered in Zimbabwe.

The relationships between the independent variables and the four dependent variables have been tested. The results of the regression analysis are synopsisized in Table 8.35 and discussed in the subsequent section. As it emerged, *Tourism, Government actions, People, Exports* and *Regulatory framework* were the non-financial nation brand image determinants perceived by foreign investors as influential in FDI inflow opportunities in Zimbabwe. These non-financial nation brand image determinants may be considered to be informing and influencing the perceptions and image of Zimbabwe as an FDI destination respectively. Notably, *Cultural values and practices* did not have any significant relationships with any of the four FDI inflow opportunities.

An objective of the present study was to ascertain whether investor status as a demographic variable, predisposed foreign investors' perceptions of the independent variables influencing FDI inflow opportunities in Zimbabwe. The following section presents the results for the Analysis of Variance (ANOVA).

8.10 RESULTS OF THE RELATIONSHIP BETWEEN INVESTOR STATUS AND THE NON-FINANCIAL NATION BRAND IMAGE DETERMINANTS

Analysis of variance (ANOVA) is a statistical analysis that examines significant variances between means (Veal, 2005:268). To test whether *Investor status* influence investor's perception of the non-financial nation brand image determinants that influence FDI into Zimbabwe, the following null hypotheses were formulated:

- H0₁: Investor perceptions of *tourism* in Zimbabwe do not differ regardless of their *investor status*.
- H0₂: Investor perceptions of Zimbabwe's *cultural values and practices* do not differ regardless of their *investor status*.
- H0₃: Investor perceptions of the *people* residing in Zimbabwe do not differ regardless of their *investor status*.
- H0₄: Investor perceptions of Zimbabwe's *exports* do not differ regardless of their *investor status*.
- H0₅: Investor perceptions of Zimbabwe's *government actions* do not differ regardless of their *investor status*.
- H0₆: Investor perceptions of the *regulatory framework* in Zimbabwe do not differ regardless of their *investor status*.

Table 8.36 presents the results of the ANOVA analyses conducted to establish the differences based on *Investor status* and their perceptions regarding the *non-financial nation brand image determinants*. To overcome the limitation of just conducting an ANOVA, a Post-hoc Scheffè test was completed to identify where the significant differences occurred between the different categories (Lund Research, 2013a:4). In addition, Cohen D's effect sizes were calculated to determine if the mean differences identified from the post-hoc Scheffè tests were of practical significance (Grice & Iwasaki, 2007:200; Warne, 2014:2). Effect sizes were categorised by Cohen (1988:25-26) as follows:

- $0.2 < d < 0.5$ is a small effect size;
- $0.5 < d < 0.8$ is an average effect size, and
- $d > 0.8$ is a large effect size.

The results of the ANOVA based on *Investor status* and their perceptions regarding the *non-financial nation brand image determinants* influencing FDI consideration in Zimbabwe are presented in Table 8.36.

Table 8.36: Relationship between investor status and the dependent variables

Grouping variable: Investor status				
Independent variables	F-value	P-value	Hypothesis No.	Hypotheses
Tourism	8.888	0.000*	H0 ₁	Rejected
Cultural values and practices	2.124	0.121	H0 ₂	Accepted
People	9.306	0.000*	H0 ₃	Rejected
Exports	7.097	0.001**	H0 ₄	Rejected
Government actions	11.684	0.000*	H0 ₅	Rejected
Regulatory framework	6.050	0.003**	H0 ₆	Rejected

* $p < 0.001$ ** $p < 0.05$

It is evident from Table 8.36 that investor perceptions of *Cultural values and practices* (0.121; $p < 0.05$) in Zimbabwe did not differ regardless of their *Investor status*. Thus, null hypothesis H0₂ was accepted. Investor perceptions of *Cultural values and practices* (0.121; $p < 0.05$) in Zimbabwe did not differ regardless of their *Investor status*. Investors' perceptions of *Tourism* (0.000; $p < 0.001$); *People* (0.000; $p < 0.001$), *Government actions* (0.000; $p < 0.001$), *Exports* (0.001; $p < 0.05$) and *Regulatory framework* (0.003; $p < 0.05$) in Zimbabwe differ considering their *Investor status*. Thus, the null hypotheses H0₁, H0₃, H0₄, H0₅ and H0₆ were rejected.

The post-hoc Scheffé test for the significant relationship between *Investor status* and *Tourism* revealed two mean differences. Investors who had invested in Zimbabwe ($\bar{x} = 2.944$) and would consider investing in Zimbabwe in the future ($\bar{x} = 3.101$), scored higher mean scores than investors who had considered investing in Zimbabwe but did not do so ($\bar{x} = 2.387$). The Cohen d-values were 0.452 (small practical significance) and 0.985, (large practical significance) respectively. This suggests that investors who had invested and would consider investing in the future, were not certain whether the tourism profile of Zimbabwe influenced or would influence their FDI decision or consideration to invest, whereas those who had considered investing in Zimbabwe but did not do so, regarded it as slightly influential in their decision.

The post-hoc Scheffé test for the significant relationship between *Investor status* and *People* (0.000; $p < 0.001$) revealed two mean differences. Investors who had invested ($\bar{x} = 3.849$) and considered investing in Zimbabwe in the future ($\bar{x} = 4.030$) scored a higher mean score than investors who had considered investing in Zimbabwe but did not do so ($\bar{x} = 3.390$). The Cohen d-values were 2.307 (a large practical significance)

and 0.618 (average practical significance). This suggests that investors who had invested in Zimbabwe, as well as investors who would consider investing in Zimbabwe in the future regarded the people residing in Zimbabwe to be quite influential in their FDI decisions, while those who had considered investing in Zimbabwe but did not do so, were undecided about to the extent of their influence.

The post-hoc Scheffé test for the significant relationship between *Investor status* and *Exports* (0.001; $p < 0.05$) revealed that investors who would consider investing in Zimbabwe in the future ($\bar{x} = 3.628$) scored a higher mean score than investors who had considered investing in Zimbabwe ($\bar{x} = 2.943$). The Cohen d-value was 0.610, representing an average practical significance. This suggests that investors who would consider investing in Zimbabwe in the future, regarded the key export of Zimbabwe to be quite influential in their FDI decisions, while those who had considered investing in Zimbabwe but did not do so, were undecided about the extent of its influence.

The post-hoc Scheffé test for the significant relationship between *Investor status* and *Government actions* (0.000; $p < 0.001$) revealed two mean differences. Investors who would consider investing in Zimbabwe in the future ($\bar{x} = 3.702$) and who had invested ($\bar{x} = 3.300$), scored higher mean scores than investors who had considered investing in Zimbabwe but did not do so ($\bar{x} = 2.885$). The Cohen d-values were 0.857 (large practical significance) and 0.413 (small practical significance) respectively. This suggests that foreign investors who would consider investing in Zimbabwe in the future, regarded the actions taken by the Zimbabwean government as quite influential in their FDI decisions, while those who had invested were undecided as to the extent of their influence, and those who had considered investing in Zimbabwe but did not do so, were even more uncertain whether government actions had indeed played a role in their FDI decisions.

The post-hoc Scheffé test for the significant relationship between *Investor status* and *Regulatory framework* (0.003; $p < 0.05$) revealed that investors who would consider investing in Zimbabwe in the future ($\bar{x} = 4.083$) scored a higher mean score than investors who had considered investing in Zimbabwe but did not do so ($\bar{x} = 3.568$). The Cohen d-value was 0.594, representing an average practical significance. This suggests that although investors who would consider investing in Zimbabwe regarded

the regulatory framework in Zimbabwe to be quite influential in their FDI decisions, those who would consider investing in Zimbabwe in the future regarded it as more influential than those who had considered investing in Zimbabwe, but did not do so. Table 8.37 summarises the significant ANOVA relationships.

Table 8.37: Summary of the significant ANOVA relationships

Non-financial nation brand image determinants	F-value	P-value	Hypothesis number	Investor status practical significance differences
Tourism	8.888	0.000*	H0 ₁	Small (one group) Large (one group)
People	9.306	0.000*	H0 ₃	Large (one group) Average (one group)
Exports	7.097	0.001**	H0 ₄	Average (one group)
Government actions	11.684	0.000*	H0 ₅	Small (one group) Large (one group)
Regulatory framework	6.050	0.003**	H0 ₆	Average (one group)

* $p < 0.001$ ** $p < 0.05$

As Table 8.37 summarises significant relationships existed between *Investor status* and the non-financial nation brand image determinants, *Tourism*, *People*, *Exports*, *Government actions* and *Regulatory framework*. As it emerged, there are some large practical significant differences between groups.

As previously discussed, there was a large significant difference with regards to the influence of the dependent variable, *Tourism*, in the decision-making process between investors who would consider investing in Zimbabwe in the future and investors who had considered investing in Zimbabwe. A large significant difference also emerged with regards to the influence of the dependent variable, *People*, in their decision-making process also emerged between investors who consider investing in Zimbabwe in the future and those who had considered investing in Zimbabwe but did not do so. A large significant difference also emerged with regards to the influence of *Government actions* in their decision-making process also emerged between investors who would consider investing in Zimbabwe in the future and investors who had considered investing in Zimbabwe but did not do so.

Based on the preceding results, the likelihood of the demographic profile of individual foreign investors having an influence on, or it being able to predict the behaviour of foreign investors towards the non-financial nation brand image determinants, seems plausible. Thus, Multivariate Analysis of Variance (MANOVA) to determine whether there are relationships between the demographic factors and how respondents perceived the non-financial nation brand image determinants for FDI inflow opportunities in Zimbabwe is therefore prudent. The following section presents the results of the demographic variables that can be used to predict which non-financial nation brand image determinants foreign investors considered influential for considering FDI in Zimbabwe.

8.11 RESULTS OF THE MULTIVARIATE ANALYSIS OF VARIANCE

An ANOVA is different from a Multivariate Analysis of Variance (MANOVA) because an ANOVA has only one dependent variable while a MANOVA has multiple dependent variables (Taylor, 2010). Seven sets of MANOVAs were performed on the six dependent (valid and reliable) non-financial nation brand image variables in conjunction with the remaining seven demographic variables of the study MANOVAs were conducted based on the following assumptions drawn from Lund Reseach (2013b), and Grice and Iwasaki (2007:214): observations are independent; the sample size of the study is adequate for analysis; there is an absence of multivariate outliers; there is multivariate normality; there is homogeneity of variance-covariance, and there is an absence of multicollinearity.

The following null hypotheses were formulated:

- HO_{1.1-1.6}: There is no relationship between *investor gender* and the non-financial nation brand image determinants considered for FDI in Zimbabwe.
- HO_{2.1-2.6}: There is no relationship between *investor age* and the non-financial nation brand image determinants considered for FDI in Zimbabwe.
- HO_{3.1-3.6}: There is no relationship between *investor qualifications* and the non-financial nation brand image determinants considered for FDI in Zimbabwe.
- HO_{4.1-4.6}: There is no relationship between *investor current position* and the non-financial nation brand image determinants considered for FDI in Zimbabwe.

- H0_{5.1-5.6}: There is no relationship between *investor business sector* they operate in and the non-financial nation brand image determinants considered for FDI in Zimbabwe.
- H0_{6.1-6.6}: There is no relationship between *investor current region* located in and the non-financial nation brand image determinants considered for FDI in Zimbabwe.
- H0_{7.1-7.6}: There is no relationship between *investor motive* and the non-financial nation brand image determinants considered for FDI in Zimbabwe.

MANOVAs were conducted to analyse the relationship between multiple demographics and the multiple dependent variables. If relationships were found, post-hoc Scheffé tests were conducted to determine where the mean differences exist and Cohen D effect sizes were calculated to determine whether the relationships were of practical significance.

The following sections present the findings of the MANOVAs.

8.11.1 The relationship between investor gender and the dependent variables

Table 8.38 presents the results of the MANOVA analysis conducted to establish the relationships between the *investor gender* and the dependent variables (non-financial nation brand image determinants).

Table 8.38: Relationship between investor gender and the dependent variables

Grouping variable: Gender				
Dependent variables	F-value	P-value	Hypothesis No.	Hypotheses
Tourism	53.816	0.000*	H0 _{1.1}	Rejected
Cultural values and practices	22.562	0.000*	H0 _{1.2}	Rejected
People	40.582	0.000*	H0 _{1.3}	Rejected
Exports	37.900	0.000*	H0 _{1.4}	Rejected
Government actions	49.074	0.000*	H0 _{1.5}	Rejected
Regulatory framework	30.172	0.000*	H0 _{1.6}	Rejected

*p<0.001

It is evident from Table 8.38 that statistically significant relationships (0.000, $p < 0.001$) exist between the *Gender* of foreign investors and all the non-financial nation brand image determinants (*Tourism, Cultural values and practices; People; Exports; Government actions and Regulatory framework*) considered for FDI in Zimbabwe. Thus, all the null hypotheses $H_{01.1-1.8}$ were rejected.

The post-hoc Scheffé test for the statistically significant relationship between *Gender* and *Tourism* (0.000: $p < 0.001$) revealed that females ($\bar{x} = 3.330$) scored a higher mean score than males ($\bar{x} = 2.350$). The Cohen d-value was 0.835, representing a large practical significance. This suggests that female investors were undecided regarding the extent to which the tourism profile of Zimbabwe influenced their FDI decision in Zimbabwe, whereas male investors regard it as slightly influential in their decision-process.

The post-hoc Scheffé test for the statistically significant relationship between *Gender* and *Cultural values and practices* (0.000: $p < 0.001$) revealed that females ($\bar{x} = 3.320$) scored a higher mean score than males ($\bar{x} = 2.800$). The Cohen d-value was 0.554, representing an average practical significance. This suggests that although both female and male investors were uncertain as to whether cultural values and practices of Zimbabwe influence their FDI decision, female investors had less uncertainty regarding the extent of its influence.

The post-hoc Scheffé test for the statistically significant relationship between *Gender* and *People* (0.000: $p < 0.001$) revealed that females ($\bar{x} = 4.128$) scored a higher mean score than males ($\bar{x} = 3.400$). The Cohen d-value was 0.758, representing an average practical significance. This suggests female investors regard the people residing in Zimbabwe to be quite influential in their making the FDI decision in Zimbabwe as compared to male investors who were undecided about the extent of its influence.

The post-hoc Scheffé test for the statistical significant relationship between *Gender* and *Exports* (0.000: $p < 0.001$) revealed that females ($\bar{x} = 3.635$) scored a higher mean score than males ($\bar{x} = 2.888$). The Cohen d-value was 0.702, representing an average practical significance. This suggests that female investors regard key export in

Zimbabwe to be quite influential in their FDI decision whereas male investors were undecided of the extent of its influence.

The post-hoc Scheffé test for the statistically significant relationship between *Gender* and *Government actions* (0.000: $p < 0.001$) revealed that females ($\bar{x} = 3.671$) scored a higher mean score than males ($\bar{x} = 2.871$). The Cohen d-value was 0.802, representing a large practical significance. This suggests female investors regard Zimbabwe's government actions as quite influential in their FDI decision whereas male investors were undecided about the extent of its influence.

The post-hoc Scheffé test for the statistically significant relationship between *Gender* and *Regulatory framework* (0.000: $p < 0.001$) revealed that females ($\bar{x} = 4.072$) scored a higher mean score than males ($\bar{x} = 3.529$). The Cohen d-value was 0.633 representing an average practical significance. This suggests that although both female and male investors were regarding the regulatory framework of Zimbabwe to be quite influential in their FDI decision, female investors regard it as more influential than male investors do.

What is evident, from Table 8.38, is that the gender of investors plays a role in how influential non-financial nation brand image determinants are regarded for FDI consideration in Zimbabwe. Of particular significance is that *Gender* reported large practical significances with *Tourism* status and *Government actions* for FDI consideration in Zimbabwe. It seems that female investors regard these two non-financial nation brand image determinants as more influential for FDI decisions in Zimbabwe than their male counterparts do.

Obamuyi (2013:151) found that the gender of the Nigerian investor was statistically significant to the predicted investment decision. Phan and Zhou (2014:90) found that Vietnamese male investors were more prone to "herd mentality" in their investment decisions than females who were also less influenced by their external environmental - they instead exhibited over-confidence and excessive optimism in their decision-making. This speaks of the imitative behaviour theory advanced by Nayak and Choudhury (2014:8), where foreign investors tend to internationalize or engage in FDI to match their competitors (herd mentality).

Relatedly, Ton and Nguyen (2014:83) point to the psychological differences between males and females, advancing that females are more conservative in their investment decision-making than males. This is consistent with the results of the present study show that female foreign investors were more circumspect in their analysis of Zimbabwe as an investment destination, and more likely to consider and to be influenced by the non-financial nation brand image determinants than male foreign investors were. This finding is supported by Aren and Aydemir (2015:128), who observed that women had a lower financial risk tolerance than men, and were, therefore, more likely to be risk averse in their investment decision-making. This means women would be more analytical and would take more factors into consideration when considering FDI. However, no specific empirical evidence was found to support gender differences related to specific non-financial nation brand image determinants as influential in FDI consideration, suggesting that the findings of this study are a novel contribution to FDI literature.

8.11.2 The relationship between investor age and the dependent variables

Table 8.39 presents the results of the MANOVA analysis conducted to establish the relationship between the *investor age* and the dependent variables (non-financial nation brand image determinants).

Table 8.39: Relationship between investor age and the dependent variables

Grouping variable: Age				
Independent variables	F-value	P-value	Hypothesis No.	Hypotheses
Tourism	1.391	0.237	H0 _{2.1}	Accepted
Cultural values and practices	3.656	0.006**	H0 _{2.2}	Rejected
People	1.528	0.194	H0 _{2.3}	Accepted
Exports	8.307	0.000*	H0 _{2.4}	Rejected
Government actions	4.218	0.003**	H0 _{2.5}	Rejected
Regulatory framework	3.487	0.008**	H0 _{2.6}	Rejected

* $p < 0.001$ ** $p < 0.05$

It is evident from Table 8.39 that no statistically significant relationships existed between *Investor age* and the non-financial nation brand image determinants, *Tourism* (0.237; $p < 0.05$) and *People* (0.194; $p < 0.05$) respectively, thus the null hypotheses

H0_{2.1} and H0_{2.3} were accepted. As depicted in Table 8.47, statistically significant relationships exist between the *Age* of foreign investors and the non-financial nation brand image determinants considered for FDI in Zimbabwe, namely *Cultural values and practices*, *Government actions* and *Regulatory framework* at $p < 0.05$ significance level and for *Exports* at $p < 0.001$ significance level. Thus, the null hypotheses H0_{2.2}, H0_{2.4}, H0_{2.5} and H0_{2.6} were rejected.

The post-hoc Scheffé test for the statistically significant relationship between *Age* and *Export* (0.000; $p < 0.001$) revealed two mean differences. Investors aged 31 to 40 ($\bar{x} = 3.604$) scored a higher mean score than investors aged 41 to 50 ($\bar{x} = 2.932$) and investors aged 51 to 60 ($\bar{x} = 2.913$). The Cohen d-values were 0.650 and 0.620 respectively, representing an average practical significance. This suggests that investors aged 31 to 40 regarded key export in Zimbabwe to be quite influential in their FDI decision, while the older foreign investors are (41 to 60 years), the more undecided they are regarding the extent to which it influences them.

The Scheffé test for the statistically significant relationship between *Age* and *Government actions* (0.003; $p < 0.05$) revealed that investors older than 60 ($\bar{x} = 4.538$) scored a higher mean score than investors aged 41 to 50 ($\bar{x} = 3.061$) and investors aged 51 to 60 ($\bar{x} = 3.027$). The Cohen d-values were 1.799 and 1.711 respectively, representing a large practical significance. This suggests that investors older than 60 years considered government actions taken in Zimbabwe to be extremely influential in their FDI decision, while foreign investors, aged 41 to 60, were undecided as to the extent of influence.

What is evident from Table 8.39 is that the *Age* of investors plays a role in how non-financial nation brand image determinants are regarded with to its influence on FDI consideration in Zimbabwe. Of particular significance is that the *Age* of investors reported a large practical significance with the *Government actions* of Zimbabwe. It seems that older investors (older than 60 years) regard government actions of Zimbabwe as extremely influential in their making a FDI decision while those middle aged investors (41 to 60 years old) were undecided as to the extent of influence.

In general, the literature suggests that age is a significant factor in investment decision-making (Obamuyi, 2013:151). Harvey *et al.* (2016) found that consistent with the agency theory, younger executives were more circumspect about political risk in FDI and were more risk averse particularly due to individual career concerns, while Aren and Aydemir (2015:128), advance that it is the general perception that as individuals grow older, they become more averse to financial risk. However, no specific empirical evidence was found to support age differences related to specific non-financial nation brand image determinants considered influential in FDI, suggesting that the findings of this study are a novel contribution to FDI literature.

8.11.3 The relationship between investor qualifications and the dependent variables

Table 8.40 presents the results of the MANOVA analysis conducted to establish the relationship between the *investor qualification* and the dependent variables (non-financial nation brand image determinants).

Table 8.40: Relationship between investor qualification and the dependent variables

Grouping variable: Qualification				
Independent variables	F-value	P-value	Hypothesis No.	Hypotheses
Tourism	3.715	0.003**	H0 _{3.1}	Rejected
Cultural values and practices	2.502	0.031**	H0 _{3.2}	Rejected
People	3.843	0.002**	H0 _{3.3}	Rejected
Exports	3.024	0.011**	H0 _{3.4}	Rejected
Government actions	5.710	0.000*	H0 _{3.5}	Rejected
Regulatory framework	4.582	0.001**	H0 _{3.6}	Rejected

*p<0.001 **p<0.05

It is evident from Table 8.40 that statistically significant ($p < 0.05$) relationships exist between the *Qualifications* of foreign investors and the non-financial nation brand image determinants, *Tourism* (0.003; $p < 0.05$), *Cultural values and practices* (0.031; $p < 0.05$), *People* (0.002; $p < 0.05$), *Exports* (0.011; $p < 0.05$), *Regulatory framework* (0.001; $p < 0.05$) and *Government actions* (0.000; $p < 0.001$). Thus, all the null hypotheses H0_{3.1-3.6} were rejected.

The post-hoc Scheffé test for the statistically significant relationship between *Qualifications* and *People* (0.002; $p < 0.05$) revealed that investors with a high school diploma ($\bar{x} = 4.257$) scored a higher mean score than investors with non-formal education ($\bar{x} = 2.983$). The Cohen d-value was 1.184, representing a large practical significance. This suggests that investors with a basic high school education (high school diploma) regarded the people residing in Zimbabwe to be quite influential in their FDI decision, while those with a non-formal education were undecided as to the extent of their influence.

The post-hoc Scheffé test between *Qualifications* and *Government actions* (0.000; $p < 0.001$) revealed two sets of mean differences. Foreign investors who possess a certificate ($\bar{x} = 4.230$) or high school diploma ($\bar{x} = 4.384$) scored higher mean scores than foreign investors with non-formal education ($\bar{x} = 2.867$) or those with a bachelor degree ($\bar{x} = 3.030$). The Cohen d-values were 1.886, 1.184, 1.426 and 1.582 respectively, all representing a large practical significance. This suggests that foreign investors who possessed a high school diploma or certificate regarded government actions taken in Zimbabwe to be quite influential in their FDI decision, while those with non-formal education or a bachelor degree were undecided as to the extent of influence. Furthermore, foreign investors who possessed non-university education (certificate or high school diploma) seemed to regard government actions taken in Zimbabwe to be quite influential in their FDI decisions, while those with university qualifications (a bachelor degree) and those without formal education were undecided as to the extent of its influence.

The post-hoc Scheffé test between *Qualifications* and *Regulatory framework* (0.001; $p < 0.05$) revealed two mean differences. Foreign investors who possess a tertiary diploma ($\bar{x} = 4.116$) or high school diploma ($\bar{x} = 4.494$) scored higher mean scores than foreign investors with non-formal education ($\bar{x} = 3.182$). The Cohen d-values were 1.162 and 1.244, representing a large practical significance. This suggests that foreign investors with secondary or tertiary education (a tertiary diploma or high school diploma) regarded the regulatory framework in Zimbabwe as quite influential in their FDI decisions, while those with non-formal education were undecided as to the extent of its influenced.

Research suggests that education level is a significant factor in investment decision-making (Obamuyi, 2013:155). According to Aren and Aydemir (2015:131), higher education levels aid the investment decision, particularly the selection of investment avenues. Relatedly, individuals with lower education levels were in some cases found to be more likely to be more risk averse than those with a higher education level (Aren & Aydemir, 2015:129). Jain and Mandot (2012:89) found a negative correlation between level of education and affinity for risk; principally that the higher the educational qualification of the investor, the lower their tolerance for risk. Contrastingly, Bhat and Dar (2013:234) suggest that university-educated investors are more likely to invest in risky assets. However, no specific empirical evidence was found to support education level differences related to specific non-financial nation brand image determinants as influential for FDI consideration, suggesting that the findings of this study are a novel contribution to FDI literature.

8.11.4 The relationship between investor current position and the dependent variables

Table 8.41 presents the results of the MANOVA analysis conducted to establish the relationship between the *investor current position* in the organisation and the dependent variables (non-financial nation brand image determinants).

Table 8.41: Relationship between investor current position and the dependent variables

Grouping variable: Current position				
Independent variables	F-value	P-value	Hypothesis No.	Hypotheses
Tourism	3.033	0.018**	H0 _{4.1}	Rejected
Cultural values and practices	3.066	0.017**	H0 _{4.2}	Rejected
People	1.596	0.175	H0 _{4.3}	Accepted
Exports	4.756	0.001**	H0 _{4.4}	Rejected
Government actions	7.231	0.000*	H0 _{4.5}	Rejected
Regulatory framework	3.749	0.005**	H0 _{4.6}	Rejected

*p<0.001 **p<0.05

It is evident from Table 8.41 that there was no statistically significant relationship between the *Current position* of the investor in the organisation and the non-financial

nation brand image determinant, *People* (0.175; $p < 0.05$). Thus, null hypothesis H0_{4.3} was supported. Statistically significant ($p < 0.05$) relationships exist between the *Current position* of foreign investors in organisation and the non-financial nation brand image determinants, *Tourism* (0.018; $p < 0.05$), *Cultural values and practices* (0.017; $p < 0.05$), *Exports* (0.001; $p < 0.05$), *Regulatory framework* (0.005; $p < 0.05$) and *Government actions* (0.000; $p < 0.001$). Thus, the null hypotheses H0_{4.1}, H0_{4.2}, H0_{4.4}, H0_{4.5} and H0_{4.6} were not supported.

The post-hoc Scheffé test for the statistically significant relationship between *Current position* and *Tourism* (0.018; $p < 0.05$) revealed that investment practitioners ($\bar{x} = 3.231$) scored a higher mean score than investors who were in senior management positions ($\bar{x} = 2.516$). The Cohen d-value was 0.537, representing an average practical significance. This suggests that investors in senior management positions were more uncertain than investment practitioners about the extent to which the tourism profile of Zimbabwe influenced their FDI decisions.

The post-hoc Scheffé test for the statistically significant relationship between *Current position* and *Export* (0.001; $p < 0.05$) revealed two mean differences. Investment practitioners ($\bar{x} = 3.577$) and entrepreneurs ($\bar{x} = 3.392$) had higher mean scores than investors who were in senior management positions ($\bar{x} = 2.848$). The Cohen d-values were 0.626 and 0.504 respectively, representing an average practical significance. This suggests that senior managers were more uncertain than entrepreneurs about the extent to which key export of Zimbabwe influenced their FDI decisions. It also suggests that while investment practitioners regarded key export of Zimbabwe to be quite influential in their FDI decisions.

The post-hoc Scheffé test for the statistically significant relationship between *Current position* and *Government actions* (0.000; $p < 0.001$) revealed two mean differences. Investment practitioners ($\bar{x} = 3.729$) scored a higher mean score than investors who were in junior management positions ($\bar{x} = 3.070$) or senior management positions ($\bar{x} = 2.848$). The Cohen d-values were 0.620 (average practical significance) and 0.806 (large practical significance) respectively. This suggests investment practitioners regarded government actions taken in Zimbabwe to be quite influential in their FDI decisions, while those in junior and senior management positions were undecided as

to its extent of influence. However, although both junior and senior managers were less uncertain regarding the extent of influence of government actions taken in Zimbabwe on their FDI decisions, there was a difference in the extent of their uncertainty.

The post-hoc Scheffé test for the statistically significant relationship between *Current position* and *Regulatory framework* (0.005; $p < 0.05$) revealed that investment practitioners ($\bar{x} = 4.079$) scored a higher mean score than investors who were in senior management positions ($\bar{x} = 3.573$). The Cohen d-value was 0.551, representing an average practical significance. This suggests that investment practitioners are more convinced than senior managers that the regulatory framework in Zimbabwe is quite influential in their FDI decision-making process. No specific empirical evidence was found to support current position in the business differences related to specific non-financial nation brand image determinants as influential for FDI consideration, suggesting that the findings of this study are a novel contribution to FDI literature.

8.11.5 The relationship between investor sector and the dependent variables

Table 8.42 presents the results of the MANOVA analysis conducted to establish the relationship between the *Investor sector* operating in and the dependent variables (non-financial nation brand image determinants).

Table 8.42: Relationship between investor sector and the dependent variables

Grouping variable: Investor sector				
Independent variables	F-value	P-value	Hypothesis No.	Hypotheses
Tourism	5.079	0.002**	H0 _{5.1}	Rejected
Cultural values and practices	5.284	0.002**	H0 _{5.2}	Rejected
People	2.002	0.114	H0 _{5.3}	Accepted
Exports	4.980	0.002**	H0 _{5.4}	Rejected
Government actions	6.128	0.001**	H0 _{5.5}	Rejected
Regulatory framework	3.096	0.027**	H0 _{5.6}	Rejected

* $p < 0.001$ ** $p < 0.05$

It is evident from Table 8.42 that there was no statistically significant relationship between the *Investor sector* and *People* (0.114; $p < 0.05$). Thus, the null hypothesis

H0_{5.3} was accepted. Statistically significant relationships exist between *Investor sector* and the non-financial nation brand image determinants, *Tourism* (0.002; $p < 0.05$); *Cultural values and practices* (0.002; $p < 0.05$); *Export* (0.002; $p < 0.05$); *Government actions* (0.001; $p < 0.05$) and; *Regulatory framework* (0.027; $p < 0.05$). Thus, the null hypotheses H0_{5.1}, H0_{5.2}, H0_{5.4}, H0_{5.5} and H0_{5.6} were rejected.

The post-hoc Scheffé test for the statistically significant relationship between *Investor sector* and *Tourism* (0.002; $p < 0.05$) revealed that investors in the non-governmental sector ($\bar{x} = 3.559$) scored a higher mean score than foreign investors who were in the private sector ($\bar{x} = 2.670$). The Cohen d-value was 0.664, representing an average practical significance. This suggests that foreign investors in the non-governmental sector regarded the tourism profile of Zimbabwe to be quite influential in their FDI decisions, while those employed in the private sector were undecided as to the extent of its influence.

The post-hoc Scheffé test for the statistically significant relationship between *Investor sector* and *Cultural values and practices* (0.002; $p < 0.05$) revealed that investors in the non-governmental sector ($\bar{x} = 3.647$) scored a higher mean score than investors who were in the private sector ($\bar{x} = 2.905$). The Cohen d-value was 0.647, representing an average practical significance. This suggests investors in the non-governmental sector regarded cultural values and practices in Zimbabwe to be quite influential in their FDI decisions, while those employed in the private sector were undecided as to the extent of its influence.

The post-hoc Scheffé test for the statistically significant relationship between *Investor sector* and *Exports* (0.002; $p < 0.05$) revealed three mean differences. Investors in the non-governmental sector ($\bar{x} = 4.177$) scored a higher mean score than investors who were in the government ($\bar{x} = 3.077$), private sector ($\bar{x} = 3.132$) or quasi-government ($\bar{x} = 3.233$). The Cohen d-values were 0.947, 0.929 and 0.814 respectively, representing large practical significances. This suggests investors employed in the non-governmental private sector regarded the key export of Zimbabwe to be quite influential in their FDI decisions, while those employed in the government, the private sector or quasi-government were undecided as to the extent of its influence.

A post-hoc Scheffé test between *Investor sector* and *Government actions* (0.001; $p < 0.05$) revealed that investors in the non-governmental sector ($\bar{x} = 4.092$) scored a higher mean score than investors in the private sector ($\bar{x} = 3.092$). The Cohen d-value was 0.907, representing a large practical significance. This suggests investors in the non-governmental sector regarded the government actions taken in Zimbabwe to be quite influential in their FDI decision-making process, while those in the private sector or quasi-government were undecided as to the extent of its influence.

Bhat and Dar (2013:237) in their empirical study, found that the “occupation” of the investor (public sector, private sector, self-business [entrepreneur] and others) has a discernible influence on the investment decisions of individual investors. However, no specific empirical evidence was found to support investor sector differences related to specific non-financial nation brand image determinants as influential for FDI consideration, suggesting that the findings of this study are a novel contribution to FDI literature.

8.11.6 The relationship between investor current region and the dependent variables

Table 8.43 presents the results of the MANOVA analysis conducted to establish the relationship between the *Investor current region* they operate in and the dependent variables (non-financial nation brand image determinants).

Table 8.43: Relationship between investor current region and the dependent variables

Grouping variable: Current region				
Independent variables	F-value	P-value	Hypothesis No.	Hypotheses
Tourism	1.179	0.315	H0 _{6.1}	Accepted
Cultural values and practices	1.723	0.103	H0 _{6.2}	Accepted
People	0.687	0.682	H0 _{6.3}	Accepted
Exports	1.074	0.380	H0 _{6.4}	Accepted
Government actions	0.787	0.598	H0 _{6.5}	Accepted
Regulatory framework	0.736	0.642	H0 _{6.6}	Accepted

* $p < 0.001$ ** $p < 0.05$

It is evident from Table 8.43 that no statistically significant relationships exist between the *current region* in which foreign investors operate and all the non-financial nation brand image determinants (dependent variables) influencing FDI inflow to Zimbabwe. There are no statistically significant relationships between *investor region* and the variables *Tourism* (0.315; $p < 0.05$); *Cultural values and practices* (0.103; $p < 0.05$); *People* (0.682; $p < 0.05$); *Exports* (0.380; $p < 0.05$); *Government actions* (0.598; $p < 0.05$) and; *Regulatory framework* (0.642; $p < 0.05$). Thus, all the null hypotheses H0_{6.1} to H0_{6.6} were accepted.

8.11.7 The relationship between investor motive and the dependent variables

Table 8.44 presents the results of the MANOVA analysis conducted to establish the relationship between the *investor motive* and the dependent variables (non-financial nation brand image determinants).

Table 8.44: Relationship between investor motive and the dependent variables

Grouping variable: Investor motive				
Independent variables	F-value	P-value	Hypothesis No.	Hypotheses
Tourism	5.245	0.002**	H0 _{7.1}	Rejected
Cultural values and practices	0.941	0.421	H0 _{7.2}	Accepted
People	6.486	0.000*	H0 _{7.3}	Rejected
Exports	3.304	0.021**	H0 _{7.4}	Rejected
Government actions	1.981	0.117	H0 _{7.5}	Accepted
Regulatory framework	0.634	0.594	H0 _{7.6}	Accepted

* $p < 0.001$ ** $p < 0.05$

It is evident from Table 8.44 that there was no statistically significant relationship between *Investor motive* and *Cultural values and practices* (0.421; $p < 0.05$); *Government actions* (0.117; $p < 0.05$) and *Regulatory framework* (0.594; $p < 0.05$). Thus, the null hypotheses H0_{7.2} H0_{7.5} and H0_{7.6} were accepted. Statistically significant relationships exist between *Investors' motive* and the non-financial nation brand image determinants, *Tourism* (0.002; $p < 0.05$), *Exports* (0.021; $p < 0.05$) and *People* (0.000; $p < 0.001$). Thus, the null hypotheses H0_{7.1}, H0_{7.3}, and H0_{7.4} were rejected.

The post-hoc Scheffé test for the statistically significant relationship between *Investor motive* and *Tourism* (0.002; $p < 0.05$) revealed that market-seeking investors ($\bar{x} = 2.938$) scored a higher mean score than resource-seeking investors ($\bar{x} = 2.277$). The Cohen d-value was 0.543, representing an average practical significance. This suggests although market-seeking investors were undecided regarding the extent to which the tourism profile of Zimbabwe influenced their FDI decisions, resource-seeking investors regarded it as slightly influencing their FDI decisions.

The post-hoc Scheffé test for the statistically significant relationship between *Investor motive* and *People* (0.000; $p < 0.001$) revealed two mean differences. Resource-seeking investors ($\bar{x} = 4.003$) and efficiency-seeking ($\bar{x} = 3.948$) scored higher mean scores than strategic asset-seeking investors ($\bar{x} = 3.291$). The Cohen d-values were 0.663 and 0.623 respectively, representing average practical significance. This suggests resource- and efficiency-seeking investors regarded the people residing in Zimbabwe to be quite influential in their FDI decisions, while strategic asset-seeking investors were undecided as to the extent of its influence.

Ussi and Wei (2011:109) are of the opinion that foreign investors are influenced by the demand for tourism products and/or the existence of a tourism market, which may confirm why market-seeking investors regard it as quite influential since Zimbabwe is a world renowned tourist destination. Relatedly, the availability of skilled, cost-effective and productive labour is essential to the profitability of resource and efficiency-seeking investors (Bhatt, 2013:162; Sarma, 2005:15). Therefore, the inclination of resource- and efficiency-seeking investors to consider and be influenced by the people residing in Zimbabwe, more so than strategic asset-seeking investors, is supported by research. However, no specific empirical evidence was found to support *investor motive* differences as related to specific non-financial nation brand image determinants influential for FDI consideration, suggesting that the findings of this study are a novel contribution to FDI literature.

8.11.8 Summary and discussion of MANOVA results

The MANOVAs results of the significant relationships are summarised in Table 8.45. It must be noted that the number of differences was indicated in Table 8.45 only if more than one group difference was found.

Table 8.45: Summary of the significant MANOVA relationships

Demographic Factor	Non-financial nation brand image determinants	F-value	P-value	Hypothesis No.	Practical Sig.
Gender	Tourism	53.816	0.000*	H0 _{1.1}	Large
	Cultural values and practices	22.562	0.000*	H0 _{1.2}	Average
	People	40.582	0.000*	H0 _{1.3}	Average
	Exports	37.900	0.000*	H0 _{1.4}	Average
	Government actions	49.074	0.000*	H0 _{1.5}	Large
	Regulatory framework	30.172	0.000*	H0 _{1.6}	Average
Age	Cultural values and practices	3.656	0.006**	H0 _{2.2}	-
	Exports	8.307	0.000*	H0 _{2.4}	Average (two groups)
	Government actions	4.218	0.003**	H0 _{2.5}	Large (two groups)
	Regulatory framework	3.487	0.008**	H0 _{2.6}	-
Qualification	Tourism	3.715	0.003**	H0 _{3.1}	-
	Cultural values and practices	2.502	0.031**	H0 _{3.2}	-
	People	3.843	0.002**	H0 _{3.3}	Large
	Exports	3.024	0.011**	H0 _{3.4}	-
	Government actions	5.710	0.000*	H0 _{3.5}	Large (four groups)
	Regulatory framework	4.582	0.001**	H0 _{3.6}	Large (two groups)
Current position	Tourism	3.033	0.018**	H0 _{4.1}	Average
	Cultural values and practices	3.066	0.017**	H0 _{4.2}	-
	Exports	4.756	0.001**	H0 _{4.4}	Average (two groups)
	Government actions	7.231	0.000*	H0 _{4.5}	Average and Large
	Regulatory framework	3.749	0.005**	H0 _{4.6}	Average
Investor sector	Tourism	5.079	0.002**	H0 _{5.1}	Average
	Cultural values and practices	5.284	0.002**	H0 _{5.2}	Average
	Exports	4.980	0.002**	H0 _{5.4}	Large (three groups)
	Government actions	6.128	0.001**	H0 _{5.5}	Large
	Regulatory framework	3.096	0.027**	H0 _{5.6}	-
Investor motive	Tourism	5.245	0.002**	H0 _{7.1}	Average
	People	6.486	0.000*	H0 _{7.3}	Average
	Exports	3.304	0.021**	H0 _{7.4}	-

*p<0.001 **p<0.05

Pinheiro-Alves (2008:2) observed that FDI theory generally does not to a larger extent, consider the role of the individual manager in the FDI decision making process - particularly the factors that motivate the individual. This suggests a significant research gap exists, towards which the present study will contribute to. From Table 8.45 it is evident that there are twenty-nine statically significant relationships, and thirty-one practically significant relationships between the demographic factors and the non-financial nation brand image determinants. These relationships are discussed in detail the preceding sections.

Harvey, Giambano and Graham (2016) found that the subjective perceptions of organisation decision makers significantly influence FDI decisions. However, as a result of the present study, a distinct paucity in literature predicting the effect of demographic variables on the non-financial nation brand image determinants was identified. As it has emerged, human behaviour based on demographic attributes does seem to have some influence on the non-financial nation brand image determinants considered to influence FDI to Zimbabwe. Importantly, the results of the MANOVAs affirm the assumption of behavioural finance theory, that subjective intrinsic human behavioural factors influence investment decision making (Kishore, 2006:1; Palmgren & Ylander, 2015:16; Phan & Zhou, 2014:77-78). As it emerged from this study, human behaviour based on demographic attributes does have some influence on the non-financial nation brand image determinants considered to influence FDI inflow opportunities in Zimbabwe. Bhat and Dar (2013:234) ascertain that investor *demographics* and *psychographics* have an influence on investment decisions, and the results of the MANOVAs, post-hoc Scheffé and Cohen d-value testing give credence to the pervasive notion that demographics play a role in investment decisions. Therefore, the MANOVA results discussed in the preceding sections contribute to the behavioural finance discourse. The emerging field of behavioural finance offers somewhat limited but relevant theoretical support for the MANOVA results for the present study.

The following section presents the demographic profile of the survey respondents.

8.12 DEMOGRAPHIC PROFILE OF THE RESPONDENTS

Table 8.46 summarises the demographic profile of the 305 respondents for the online survey of foreign investors.

Table 8.46: Summary of demographic profile of respondents

Demographic	Categories	Frequency	Percentage (%)
Gender	Male	178	58.36
	Female	127	41.64
Age group	20-30	16	5.25
	31-40	113	37.05
	41-50	110	36.06
	51-60	61	20.00
	60+	5	1.64

Demographic	Categories	Frequency	Percentage (%)
Highest qualification	Non-formal education	23	7.53
	High school diploma	7	2.30
	Certificate	9	2.95
	Tertiary diploma	37	12.13
	Bachelor's degree	87	28.53
	Post graduate degree	142	46.56
Current position	Entrepreneur	99	32.46
	Government official	13	4.26
	Junior management	53	17.38
	Senior management	93	30.49
	Investment practitioner	47	15.41
Sector of operation	Private sector	235	77.06
	Government	17	5.57
	Quasi-government	36	11.80
	Non-governmental organisation	17	5.57
Region currently based in	Africa	231	75.74
	North America	12	3.93
	South America	4	1.31
	Asia Pacific (Incl. Australasia-Asia)	17	5.57
	South East Asia	23	7.54
	Central Europe	11	3.61
	Eastern Europe	3	0.98
	Middle East	4	1.32

As summarised in Table 8.46, more male respondents (58.36%) participated in the survey. A significant proportion of the survey population was between 31 years and 50 years of age (73.12% cumulatively), with 37.05% of respondents were between 31 and 40 years old and 36.07% of respondents between 41 and 50 years old. Few respondents surveyed were between the age groups 20 and 30, as well as over 60 years of age (5.25% and 1.64% respectively). Only 20% of the surveyed respondents were between the ages of 51 and 60. This age distribution may be attributed to those below the age of 31 years old were possibly not in an influential position within the organisation or were not having enough influence to engage their enterprise in FDI activity, and those above the age of 60 may be considering shorter term, low risk opportunities rather than engaging in FDI since they may be more averse to risk in their near retirement years.

A significant proportion of respondents (46.56%) held a post graduate degree or bachelor's degree (28.53%). To a lesser extent, 12.13%, 2.95%, and 2.30% of respondents possessed a tertiary diploma, certificate or high school diploma. Interestingly, 6.93% of the surveyed respondents indicated the lack of a formal qualification.

Many respondents (32.46%) described themselves as entrepreneurs, while 30.49% of the respondents surveyed were in senior management. The remainder of respondents indicated that they were in junior management, an investment practitioner or merely a government official, representing 17.38%, 15.41%, and 4.26% of the surveyed population respectively. These statistics suggest that the majority of respondents considering FDI in Zimbabwe were institutional investors. Relatedly, the majority of respondents (77.05%) were operating within the private sector, with only a few (11.80%, 5.57%, and 5.57% respectively) in the quasi-governmental, governmental and non-governmental sectors. This suggests that the majority of FDI activity sought by respondents in Zimbabwe was undertaken by private entities.

The majority of respondents (75.74%) were based in Africa at the time of the survey. The reason for this significant majority could be that this category includes investors based in Zimbabwe at one time, those investors that may have considered investing in Zimbabwe and ultimately invested in an alternative African country, as well as intra-African investors seeking investment opportunities within the African continent. This outcome may also suggest that limited FDI originating from first world countries flow into Zimbabwe. Few respondents were from South-East Asia (7.54%), Asia Pacific (5.57%), Central Europe (3.61%), North America (3.93%), South America (1.31%), the Middle East (1.31%) and Eastern Europe (0.98%) respectively.

8.13 SUMMARY

Chapter eight presented the empirical results for the present study. The data analysed was synthesised from 305 online survey questionnaire responses, a sample deemed to be adequate for the generalisability of the findings to the total population. The responses represented a response rate of 47.66% that was also deemed acceptable for an online survey. The data generated from the online survey was processed using STATISTICA 12. Frequencies and percentages were used to present the findings of the general perceptions of the market entry investment opportunities offered and the non-financial nation brand determinants perceived as making Zimbabwe an attractive investment destination. As it emerged, the majority of foreign investors surveyed had invested in Zimbabwe, while a significant proportion of respondents identified market-seeking as a general motive for investing in Zimbabwe. Relatedly, market-seeking was ranked first by the majority of respondents as the most significant attractive motive for

FDI in Zimbabwe. Of the factors considered to be the most attractive for FDI inflow to Zimbabwe, factor endowments was identified by the majority of respondents. Not surprisingly, most of the respondents also considered factor endowments as the most attractive factor for FDI inflows to Zimbabwe in general.

EFA was employed to extract the factors considered to be valid and influential to FDI inflows to Zimbabwe. Items loading below 0.5 and/or cross-loading were disregarded, after which, all the extracted factors were subjected to Cronbach's alpha coefficients testing for reliability, with factors falling below 0.7 considered to be unreliable and disregarded from further statistical analysis. Eigenvalues and percentage of variance were also considered in this assessment. As a result, six factors from the original nine were retained. The retained factors were reformulated and/or renamed and then presented in the revised hypothesised model for the study as *Tourism, Government actions, Cultural values and practices, Export, Regulatory framework, and People*. The descriptive statistics for the independent and the dependent variables were then presented based on mean scores and standard deviations.

The independent variables (retained factors) were then presented in a correlation matrix based on the calculation of Pearson product-moment correlation coefficients. Initially, it emerged that the dependent variables were cognate and there were significant correlations between all the dependent variables, suggesting that the market-, resource-, efficiency- and strategic asset-seeking variables were valid measures for FDI. Most of the correlation results exhibited moderate to strong correlation. Relatedly, Multi-Collinearity diagnostics testing was conducted and found no evidence of collinearity between the independent variables as well as between the dependent variables.

To determine if the hypotheses of the retained factors are either supported or rejected, four sets of multiple regression analysis were conducted. As a result, thirteen statistically significant relationships were established between the independent variables and the categorical dependent variables. Subsequently, ANOVA was conducted to determine whether there are differences in the perceptions of investors regarding the non-financial nation brand image determinants based on their investor status. As a result, five statistical significant differences were established. ANOVA was

conducted in conjunction with post-hoc Scheffé testing and Cohen's d-values calculations, which resulted in the identification of eight practical significance differences. Based on the findings of the ANOVA, it was deemed to be prudent to conduct MANOVAs. MANOVAs were conducted in conjunction with post-hoc Scheffé testing and Cohen's d-values calculations, in order to determine the influence the demographic factors exerted on the independent variables of the hypothesised model including the additional variable of investor motive. As it emerged thirty-four statically significant relationships and thirty-nine practically significant relationships existed. Chapter eight concluded with the analysis of the biographical data of the respondents - gender, age, qualifications, position, industry sector and current region. The majority of respondents were male; in their thirties with a post graduate degree in senior management or were entrepreneurs operating within the private sector and were based in Africa at the time of the survey.

The following chapter summarises the present study and presents the conclusions and recommendations of the study.

CHAPTER NINE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

9.1 INTRODUCTION

The preceding chapter presented and interpreted the results of the data analysis process. The empirical findings of the study were presented in tabular form and interpreted based on seminal guidelines provided. The results were discussed within the context of the present study. Significantly, chapter eight statistically tested the hypothesised model and the hypotheses formulated for this study.

The present chapter provides an overview of the study, followed by a summary of how the secondary objectives and research questions of the present study were addressed. This chapter presents the conclusions and provides the relevant recommendations to the Government of Zimbabwe and the Zimbabwe Investment Authority (ZIA), based on the preceding literature review and the empirical findings of the present study. The recommendations for the Government of Zimbabwe are meant to advise the government on the measures it should take to aid the country's efforts to reimage itself as an investment destination based on the non-financial nation brand image determinants identified as important for FDI inflow. The recommendations for the Zimbabwe Investment Authority (ZIA) are meant to advise ZIA on what its focus should be for each FDI inflow opportunity related to the purpose of FDI inflow sought. The chapter then also indicates the strategic actions necessary to reimage the country, considering the demographic profile of the survey respondents. Lastly, the contribution of the study, self-reflection, limitations of the present study and the proposed avenues for future research, as well as the concluding remarks, will be presented.

9.2 OVERVIEW OF CHAPTERS

Chapter one provided an overview of the present study. The introduction and background of the study highlighted the increasing significance of the influence of perceived image on FDI inflows to Africa as a region and Zimbabwe in particular. The primary objective of the present study was to determine the perceived non-financial nation brand image determinants that influence FDI inflow opportunities in Zimbabwe. The intended outcome of the study was to identify which non-financial factors nation brand image determinants could be utilised to promote FDI in Zimbabwe as part of a

strategy to reimagine Zimbabwe as an FDI destination. A combination of theoretical models and constructs contributed to the hypothesised model for the study, which was presented in the chapter. Lastly, chapter one provided a brief overview of the research methodology, including the quantitative design of the study, sampling and data generation process and the data analysis techniques employed to analyse the data.

Chapter two provided an overview of Zimbabwe's business environment. A PEST analysis was conducted to assess Zimbabwe's macro environment based on the pillars of the political-, economic-, social- and technological environments. As it emerged, Zimbabwe's multiple socio-economic crises were primarily due to a protracted political crisis in the country. The Zimbabwean macro environment became synonymous with institutional corruption, infrastructure degradation and a deterioration in the management and provision of public resources such as education and health. Most significant, was the hyperinflationary environment of Zimbabwe which experienced an annual inflation of up to 230 million percent. However, the Zimbabwe situation improved in 2009 after the formation of the Government of National Unity. It is within this context that the socio-economic situation in Zimbabwe improved and FDI inflows began to recover.

Interestingly, it emerged that Zimbabwe was considered by the World Economic Forum to be more competitive overall than Africa's second largest economy (Nigeria) in 2014-2015, while Zimbabwe only attracts a small fraction of the FDI Nigeria attracts to its economy. More significantly, while Zimbabwe offers multiple attractive FDI opportunities, the country only attracts up to one percent of all FDI to the African continent. It is this discord between Zimbabwe's competitiveness and FDI inflow levels, which raises the important question of the perceived influence of Zimbabwe's global image on the ability of the country to attract FDI.

Chapter three introduced and reviewed the literature on the concept of nation branding. As it emerged, nation branding is a relatively new discourse primarily buoyed by the economic globalisation phenomenon. While it was important to chart the origins of nation branding, the chapter also provided insight into the growing impact of nation/country image on the competitiveness of countries within the global political economy. Nation images impact on the international relations of a country, the tourist

numbers it attracts and more pertinently FDI inflows to a country. It also emerged that countries find themselves in different image situations and that negative country images are particularly deleterious to the socio-economic development agenda of some countries, including Zimbabwe. In summary, Chapter three established that the technical-economic perspective of nation branding was relevant to the FDI context and that there is empirical evidence propagating nation branding as an investment location promotion approach.

Chapter four introduced and reviewed the literature on the investment promotion concept, focusing on the evolution of investment promotion and its practice within the contemporary global FDI market. As it emerged, globalisation is primarily the driving force behind the evolution of investment promotion theory and practice. National governments are becoming increasingly interventionist and proactive in the attraction of FDI to their economies, primarily through IPAs. Image-building in particular was discussed in depth, as it primarily focuses on the creation and management of an attractive image for a country as a destination for FDI. The pervasiveness of image-building activity suggests that national governments are increasingly becoming cognisant of the influence that the image of their country has on the perceptions of foreign investors. Importantly, chapter four established that positioning within the global FDI market plays an interceding role between the nation investment brand identity of a country and the brand image foreign investors have of the country as an investment destination. Ultimately, investment promotion orientation, image-building activity and positioning are the golden thread in the creation of a positive subjective preference for a country by foreign investors within a highly competitive global FDI market.

Chapter five presented an overview of the FDI concept, particularly the seminal theory informing contemporary FDI activity, the motives of foreign investors for engaging in FDI and the FDI inflow opportunities that can be present in a country. While the benefits and multiple potential drawbacks of FDI activity were examined, it was evident from the literature reviewed that, FDI plays a significant role in the socio-economic development of developing countries, especially those on the African continent in particular. As it emerged, foreign investors seek to internationalise their operations in

order to exploit certain advantages, such as market access, increased profitability and the maintenance of international competitiveness.

Of particular relevance to the present study were the FDI opportunities sought by foreign investors in foreign countries. Chapter five explores both the financial and non-financial determinants of FDI as identified by the literature. Some empirical evidence found linked specifically non-financial determinants of FDI to specific FDI inflow opportunities. The non-financial determinants of FDI were found to relate to the quality of the country's business environment as an investment location, and therefore, provided information symmetry for foreign investors relating to with regards to the investment climate of a particular country. An important outcome of chapter five was that FDI literature does concede the paucity in generic theory related to factors considered to influence FDI in all countries in general. This lack of consensus within current literature highlighted the subjective nature of the non-financial determinants of FDI and the contextual nature of FDI inflow opportunities chosen within a specific location. As a result, the significance of a potential explanatory framework for non-financial nation brand image determinants of FDI inflow opportunities for a country cannot be understated.

Chapter six presented the operationalisation of the independent and dependent variables of the hypothesised model of the present study. Evidence on possible hypothetical relationships between the independent and dependent variables based on previous secondary theoretical and empirical findings was provided. These hypotheses examined the relationships between the perceived influence of the tourism, governance, people, culture and heritage, export, infrastructure, factor endowments, investment and immigration, and infrastructure of Zimbabwe and the FDI inflow opportunities (market-, resource-, efficiency- and strategic asset-seeking).

Chapter seven went on to outline the research design and methodology for the present study. The quantitative paradigm was motivated by the researcher, as being the most suitable to address the primary objective of the study. The cross-sectional quantitative deductive approach to research was employed in order to generate the data required for hypothesis testing. The chapter also outlined the sampling approach used to establish the sample frame for the study. Relatedly, the chapter also detailed the data

collection process – for instance, how secondary data was sourced from various publications including academic journals and the internet. Primary data was generated by means of an online survey administered in four sections, that solicited data on the general perceptions of investors related to FDI inflows in Zimbabwe, the non-financial nation brand image determinants influencing FDI inflow, the FDI inflow opportunities perceived as motivating foreign investors to invest in Zimbabwe and the biographical data of the surveyed foreign investors respectively. Subsequently, chapter seven presented an outline on the data analysis process followed by the study, including the measures undertaken by the study to determine the validity and reliability of the measuring instrument.

Chapter eight presents the data analysis process, then interprets and discusses the empirical findings. An analysis of the response rate for the study was conducted, and it emerged that the final sample of 305 respondents was representative of the total population of the study and suitable for factor analysis. Data was analysed using STATISTICA 12 computer software. The chapter presented the findings of the general perceptions considered to make Zimbabwe attractive as an FDI destination. Thereafter, the results of the EFA were presented, and interpreted in conjunction with Eigenvalues and the results of the Cronbach's alpha coefficients. As a result of the EFA, six constructs were extracted as independent variables, while all four constructs for the dependent variable were retained and deemed reliable. Construct items were regrouped and constructs were renamed where necessary, based on the factor loadings.

Inferential statistics were performed. Pearson product-moment correlation coefficients were calculated and it emerged that the variables predominantly exhibited moderate correlations. The Multi-Collinearity diagnostics testing then confirmed the absence of collinearity between the variables. A MRA was the conducted, resulting in thirteen statistically significant relationships being established between the independent variables and the categorical dependent variables. ANOVA was conducted in order to identify significant differences in means between the perceptions of current investors in Zimbabwe, investors who had considered investing in Zimbabwe but did not do so, and investors who would consider investing in Zimbabwe in the future regarding the non-financial nation brand image determinants. The results of the ANOVA analysis

were presented and discussed in conjunction with the results of the post-hoc Scheffé tests and Cohen’s d-values calculations and in doing so, five statistically significant differences were identified, more pertinently, eight practically significant differences were found. The results of the ANOVA impelled the need for MANOVAs to be conducted. The results of the MANOVA analysis were presented and discussed in conjunction with the results of the post-hoc Scheffé tests and Cohen’s d-values calculations. As a result of these analyses, there were twenty-nine statistically significant relationships and thirty-one practically significant differences between the demographic factors and non-financial nation brand image determinants of the present study.

The following section presents an overview of how the objectives of the study were met.

9.3 OVERVIEW OF HOW THE SECONDARY OBJECTIVES OF THE PRESENT STUDY WERE MET

Table 9.1 summarises how the present study addressed the objectives set out in Chapter one.

Table 9.1: Summary of achievement of objectives

Objectives of the study	How the objectives were achieved
To conduct a comprehensive analysis of existing literature on nation branding, FDI and investment promotion from secondary data sources	<p>Chapter’s three to five addressed this objective.</p> <p>Chapter three introduced the concept of nation branding, particularly within the context of economic globalisation. As it emerged, the technical-economic perspective of nation branding is relevant to the role of nation images in the attraction of FDI. Essentially, nation branding was found to be a discernible investment location promotion approach based on country image.</p> <p>Chapter four presented an overview of investment promotion theory and its practice within an increasingly competitive global FDI market, showing that national governments are becoming increasingly interventionist and proactive in attracting FDI through investment promotion. Image-building is an important aspect of investment promotion and involves the management of country images to</p>

Objectives of the study	How the objectives were achieved
	<p>influence positively, the perceptions of foreign investors and to position the country competitively as an investment destination in relation to competitors.</p> <p>Chapter five explored the FDI concept and its role on the African continent. The seminal theory in FDI was discussed, and the financial and non-financial determinants of FDI, with a reflection on the advantages of and drawbacks of FDI to the host country.</p>
<p>To propose and test a hypothesised model of the non-financial nation brand image determinants that influence specific FDI inflow opportunities in Zimbabwe</p>	<p>Chapter six presented the hypothesised model for the non-financial nation brand image determinants influencing FDI inflow opportunities in Zimbabwe. The chapter operationalised the non-financial nation brand image determinants, which are the independent variables for the present study, as well as the individual FDI inflow opportunities, which represent the dependent variables. The nine independent variables were operationalised. These non-financial nation brand image determinants were operationalised as tourism, governance, people, culture and heritage, exports, infrastructure, factor endowments, investment and immigration, and infrastructure. Measurable hypotheses were formulated for each determinant. Relatedly, the four dependent variables (market-, resource-, efficiency-, and strategic asset-seeking FDI inflow opportunities) were operationalised.</p> <p>Chapter eight provided the results of the tested hypothesised model for the non-financial nation brand image determinants influencing FDI inflow opportunities in Zimbabwe.</p>
<p>To determine the most appropriate research design, including the most appropriate research methodology, data collection approach and data analysis techniques for the study</p>	<p>Chapter seven presented the research design and methodology adopted for the present study. The quantitative paradigm was deemed to be the most suitable for the study. The study adopted the cross-sectional design which generated data from foreign investors who had applied to invest in Zimbabwe between January 2009 and April 2015. The hypothetico-deductive approach to quantitative research facilitated the testing of the hypotheses formulated to evaluate the relationship between the independent and dependent variables via an online self-administered survey. Both descriptive and inferential statistical techniques were deemed appropriate.</p>
<p>To establish which non-financial nation brand image determinants identified by the study are distinct factors that may influence FDI inflow opportunities in Zimbabwe</p>	<p>In chapter eight, EFA was employed in conjunction with Eigenvalues and Cronbach's alpha coefficients to extract the valid and reliable constructs with factor loadings of</p>

Objectives of the study	How the objectives were achieved
	<p>above 0.5 and an Eigenvalue above 1.0, regarded as valid, and above 0.7 being regarded as reliable. As a result, <i>Tourism, Government actions, People, Cultural values and practices, Exports and regulatory frameworks</i> were identified as the non-financial nation brand image determinants that seem to be regarded as influencing investment decisions regarding FDI inflow opportunities in Zimbabwe.</p>
<p>To empirically establish whether there are differences in the perceptions of current investors in Zimbabwe, investors who had considered investing in Zimbabwe but did not do so, and investors who would consider investing in Zimbabwe in the future, regarding which specific non-financial nation brand image determinants influence FDI inflow opportunities considered in Zimbabwe</p>	<p>In chapter eight, an analysis of variance (ANOVA) was conducted to establish the difference in the perceptions of current investors in Zimbabwe, investors who had considered investing in Zimbabwe but did not do so, and investors who would consider investing in Zimbabwe in the future, regarding the specific non-financial nation brand image determinants influencing FDI inflow opportunities in Zimbabwe. As it emerged, there were five statistically significant relationships between <i>Investor status</i> and <i>Tourism, People, Exports, Government actions</i> and <i>Regulatory framework</i> respectively. After the post-hoc Scheffé and Cohen d-value tests respectively, eight practically significant differences were reported, of which large practically significant differences emerged in the relationships between <i>Investor status</i> and the non-financial nation brand image determinants <i>Tourism, People, and Government actions</i>.</p>
<p>To empirically determine which non-financial nation brand image determinants are specific to the purpose of the investment sought (market-; resource-; efficiency- and strategic-asset seeking FDI inflow opportunities) in Zimbabwe</p>	<p>In chapter eight, the multiple regression analysis identified the statistical significant relationships between the non-financial nation brand determinants and the four FDI inflow opportunities. Thirteen statistically significant relationships were established. Notably, tourism, government actions, regulatory framework, people and export reported significant relationships with FDI inflow opportunities (the dependent variables), while cultural values and practices had no statistical significant relationships with any of the FDI inflow opportunities. The following observations were made:</p> <ul style="list-style-type: none"> • Three non-financial nation brand image determinants (<i>Tourism, Exports & Regulatory framework</i>) were perceived as influential in market- seeking FDI inflow opportunities in Zimbabwe. • Four non-financial nation brand image determinants (<i>Government actions, People, Export & Regulatory framework</i>) were perceived as influential in resource-seeking FDI inflow opportunities in Zimbabwe.

Objectives of the study	How the objectives were achieved
	<ul style="list-style-type: none"> • Three non-financial nation brand image determinants (<i>Tourism, People & Exports</i>) were perceived as influential in efficiency-seeking FDI inflow opportunities in Zimbabwe. • Three non-financial nation brand image determinants (<i>Tourism, Government actions & Exports</i>) were perceived as influential in strategic asset-seeking FDI inflow opportunities in Zimbabwe. <p>Notably, <i>Exports</i> was a non-financial nation brand image determinant that influenced all FDI inflow opportunities.</p>
<p>To suggest practical recommendations on how Zimbabwe should re-image itself as an investment destination based on the perceived identified non-financial nation brand image determinants influencing FDI inflows and what should be the focus of each strategic investment programme according to the purpose of the FDI inflow sought</p>	<p>Chapter nine discussed the relevant conclusions and recommendations based on the literature and empirical findings of the study. Specific recommendations were made for how Zimbabwe can reimage itself as an attractive FDI destination based on the empirically established non-financial nation brand image determinants influencing FDI inflow opportunities in Zimbabwe. Recommendations for the Zimbabwean government and ZIA will also be made for each FDI inflow opportunity.</p>

Table 9.1 summarised how the secondary objectives of the study were met. The following sections discuss the conclusions and recommendations of the study.

9.4 CONCLUSIONS AND RECOMMENDATIONS

The preceding sections presented an overview of the chapters and how the objectives of the present study were met. A critical outcome of the present study was to identify which non-financial nation brand image determinants were perceived to be influential to FDI inflow opportunities in Zimbabwe and could be used by the Government of Zimbabwe and ZIA to promote FDI in Zimbabwe as part of a nation branding-based investment promotion approach. Based on the findings of the MRA, *Tourism, Government actions, People, Exports, and Regulatory framework* were found to be the influential non-financial nation brand image determinants influencing FDI in Zimbabwe. The following sections present the conclusions and provide recommendations based on the fore mentioned determinants.

9.4.1 Conclusions and recommendations based on the statistically significant relationships

The non-financial nation brand image determinants illustrated in Figure 9.1 were a result of the MRA. The MRA reported thirteen statistically significant relationships between the non-financial nation brand image determinants influencing FDI inflow opportunities (market-, resource-, efficiency-, and strategic asset-seeking). The following sections present the conclusions and recommendations of these thirteen significant relationships.

9.4.1.1 Tourism

Foreign investors seem to perceive *Tourism* as influential in considering market-, efficiency- and strategic asset-seeking FDI inflow opportunities in Zimbabwe. It appears they may base their decision to invest in Zimbabwe on Zimbabwe's natural tourist attractions, their tropical climate that is conducive to tourism and the existing demand for the country's tourism products. They may further consider the availability and quality of essential tourism-related facilities such as accommodation and travel agent services before making an investment decision. More pertinently, Zimbabwe's close proximity to regional tourist markets and other African tourist destinations may play a role in investors' decisions to consider FDI inflow opportunities in Zimbabwe. It also looks as if Zimbabwe's adherence to global service standards like observing GATS standards can play a role in considering FDI inflow opportunities in Zimbabwe.

Tourism also presented a moderate statistically significant relationship with *market-seeking FDI inflow opportunities* (H_{1.1a}) in Zimbabwe. Market-seeking investors may be particularly interested in exploiting the tourist demand for Zimbabwe's natural attractions such as the Victoria Falls and the Great Zimbabwe. This conclusion concurs with a finding by Samimi *et al.* (2013:61) who highlights a causal relationship between the demand for a particular country's tourism products and increased FDI inflows to that country. Cost savings may accrue to market-seeking investors where a single or multiple tourist attraction(s) in Zimbabwe may be promoted in tourist packages, resulting in economies of scale for the production of one product or cost savings through the production of multiple products respectively. The close proximity of regional tourist markets (Zimbabwe in relation to major tourism destinations namely

South Africa and Botswana) from one another pose promising market growth prospects. This close proximity of Zimbabwe to other major African tourist countries may also enable it to distribute products to markets nearby, without much effort and to offer market-seeking investors multiple marketing channels, which in turn may also lower input cost of production for investors in marketing – related cost savings. In general, Ussi and Wei (2011:110) observe that the close proximity of Zanzibar to Tanzania and the rest of the East African market contributed to positive FDI inflows to Zanzibar. Relatedly, the quality of travel agent services offered in Zimbabwe and the adherence of Zimbabwe to global business standards, such as the GATS may be ensured by Zimbabwe being a member of regional trading blocs which may include tourism- related treaties. Olabade and Dubey (2014:19-20) support this assertion, finding that in the case of Jordan, the adherence to global service standards could be regarded as an influential determinant for FDI inflow. These conclusions also represent new contributions to the body of knowledge relating to *Tourism* as a non-financial nation brand image determinant influencing efficiency-seeking FDI inflow opportunities in Zimbabwe. These conclusions represent new contributions to the body of knowledge relating to *Tourism* as a non-financial nation brand image determinant influencing *market-seeking FDI inflow opportunities*.

Tourism presented a moderate statistically significant relationship with *efficiency-seeking FDI inflow opportunities* (H_{1.3a}) in Zimbabwe. Zimbabwe's adherence to global business standards, such as the GATS influences the quality of travel agent services offered in Zimbabwe. This implies that business-related processes are located close to one another, meaning that it is also possible to reduce business transaction costs. This conclusion is substantiated by Kyrikilis *et al.* (2008:2-3) who found that FDI in China's tourism industry increased due to the increased availability of travel agency services, which in turn improved efficiency in the provision of travel- and tourism-related processes and transactions.

The availability of essential tourism-related facilities such as accommodation and event-hosting facilities in Zimbabwe, which has many natural tourist attractions in a tropical climate and enjoys a demand for its tourism products, suggests that there may be potential for economies of products/business processes specialisation, as well as the opportunity for value chain integration for efficiency-seeking foreign investors.

Zimbabwe, as a tourism destination, is also attractive because of its close proximity to other regional tourist markets and its proximity to other major African tourist countries, with added opportunities for FDI, since Zimbabwe functions on a multi-currency system, implying efficiency in tourism related transactions and possible reductions in business transaction costs. Notably, capital equipment can be imported for free into Zimbabwe suggesting that efficiency-seeking investors may develop natural tourist attractions and/or tourism-related facilities (hotels, event-hosting facilities) at a significantly reduced cost, using imported capital inputs. These conclusions represent new contributions to the body of knowledge related to *Tourism* as a non-financial nation brand image determinant influencing *efficiency-seeking FDI inflow opportunities*.

Tourism presented a weak statistically significant relationship with *strategic asset-seeking FDI inflow opportunities* (H_{1.4a}) in Zimbabwe. Strategic asset-seeking investors may be motivated by the opportunities to acquire assets such as hotels and event-hosting facilities, and these acquisitions may be catalysed by the potentially favourable property and capital gains tax rates available in Zimbabwe, as well as favourable exchange rates based on the country's multi-currency system. This conclusion concurs with that of Chen (2010:8) who found that foreign investors were influenced to invest in China on account of the availability of tourism-related strategic assets such as hotels, resorts and other tourism facilities. Strategic asset-seeking investors may also be influenced by Zimbabwe's tropical climate and current demand for its tourism products. The country's climate and demand for its tourism products represent an existing brand equity associated with Zimbabwe as a tourist destination, which is an FDI opportunity for strategic asset-seeking investors. Nansongole (2011:100) substantiates this conclusion, finding that the existing demand for Malawian tourism products, as well as the existence of tourism assets such as a good climate in general, positively influenced FDI inflows to Malawi.

Strategic asset-seeking investors may be further buoyed by the private-public partnership opportunities offered to investors by the Zimbabwean government within the tourism sector amongst others, as part of its Zimbabwe Agenda for Sustainable Socio-Economic Transformation program (Zimbabwe Agenda for Sustainable Socio-Economic Transformation, 2013:48). The quality of Zimbabwe's travel agent services,

guided in part by Zimbabwe's adherence to global business standards of the GATS, may also be influential to strategic asset-seeking investors viewing the aforementioned determinants as an opportunity to exploit intangible knowledge-based assets associated with investing in Zimbabwe's tourism sector. According to Olabade and Dubey (2014:19-20), adherence to global service standards such as GATS may be considered as generally influential in FDI inflow.

Zimbabwe's tourism profile as a communication element in image-building refers to the attractiveness of the natural and man-made tourist attractions, facilities and policies to external stakeholders such as tourists, business travellers, other governments and investors. As previously highlighted, tourism is a significant economic sector in Zimbabwe, contributing towards 16% of Zimbabwe's total GDP in 2014 (Common Market for Eastern and Southern Africa, 2015), most likely buoyed by Zimbabwe's natural wonders such as the Victoria Falls, and man-made world heritage sites such as the Great Zimbabwe Ruins.

In general, tourism draws on experiential positioning to build the image of Zimbabwe. The better the experiences visitors to Zimbabwe have, the more attractive Zimbabwe is perceived as by external stakeholders and the more demand there will be for Zimbabwe's tourism products. This increased demand then makes Zimbabwe's tourism sector more attractive to investors seeking to service the market, exploit natural tourist resources, acquire strategic assets within the country and/or efficiently streamline their travel and tourism services. Therefore, ZIA may market Zimbabwe as an attractive tourist destination.

Therefore, for market-seeking investors the following is recommended:

- That the ZIA, in partnership with the Zimbabwe Tourism Authority (ZTA), engage in tourism investment forums within the SADC to engage regional-based investors in the development of multi-destination tourism, whereby tourist packages are developed to include activities such as visits to the Victoria Falls in Zimbabwe combined with those in countries like South Africa, Mozambique, Botswana or Zambia in particular, taking advantage of Zimbabwe's access to other nearby tourist destinations. This may allow Zimbabwe to benefit from the positive image (goodwill) of other tourist destinations and attract tourists to Zimbabwe while improving Zimbabwe's image as a tourist destination, and

- That the ZIA and the ZTA coordinate their marketing programme to run a parallel digital marketing programs, with ZIA focusing on attracting investors globally through its website and professional internet based channels such as ZIA's *The Zimbabwe Investor* e-newsletter and platforms such as LinkedIn to invest in Zimbabwe. While, at the same time ZTA will utilise social media platforms such as YouTube and Facebook to improve the image of Zimbabwe as a tourist destination through digital brand awareness campaigns of Zimbabwe's main tourist attractions which include the world heritage site, Great Zimbabwe and the Kruger National Park. By doing so, it will stimulate demand for Zimbabwe's tourism offerings, while encouraging market-seeking FDI.

The following is also recommended that for efficiency-seeking investors:

- That the Government of Zimbabwe, in conjunction with ZIA, engage in public diplomacy to foster investor relations focusing on cultivating media relations and generating positive international news coverage for Zimbabwe in a tourism context, for example, integrating tourism activities with those of other regional partner countries, as part of a public diplomacy agenda may generate positive international news coverage for the country, which contributes to the reduction of marketing costs for foreign investors in the tourism sector;
- That the Government of Zimbabwe improve its international relations with particular tourist source countries in the European Union in particular as improved relations with these countries may result in more cost savings in marketing Zimbabwe's tourism products within those source countries. Investors may also then be particularly interested in the potential of investing in travel agency services which may further improve the efficiency within Zimbabwe's tourism sector, and
- That the ZIA adopt an intermediary role in targeting and then linking investors with specific tourism-related potential global value chain integration opportunities such as joint ventures with travel agencies and tourism operators based within the Zimbabwean market and other regional tourist destinations within proximity of Zimbabwe. This will also reduce business transaction costs associated with operating a tourism enterprise in Zimbabwe.

For strategic asset-seeking investors is also recommended:

- That the Government of Zimbabwe, together with the ZTA, develop a multi-stakeholder tourism specific FDI promotion programme to encourage private-public partnerships between strategic asset-seeking investors and the Government of Zimbabwe for investment opportunities in tourist attraction development and management;
- That the ZIA, in partnership with the Zimbabwe Tourism Authority (ZTA), engage in tourism investment forums in tourist-source countries in particular, in order to share information such as the availability of government incentives for capital gains and property taxes related to foreign ownership of strategic assets in Zimbabwe's tourism sector, and
- That the ZIA improve Zimbabwe's image within the global community, thereby fostering activities such as cultural exchange, business and sporting event hosting and the attraction of more tourists. This in turn will improve the value of Zimbabwe's tourism-oriented strategic assets such as hotels and resorts, and their appeal to foreign investors.

9.4.1.2 Government actions

Foreign investors seem to perceive *Government actions* as influential to resource- and strategic asset-seeking FDI inflow opportunities in Zimbabwe. It appears as if investors are influenced by the Zimbabwean government's ability to manage its public institutions competently by controlling institutional corruption and holding government officials accountable for their actions, thus ensuring the transparency of the Zimbabwean government's business transactions. They may further consider the availability of online investment services such as e-Governance platforms, the availability of government funding for the development and maintenance of future and current transport infrastructure and utilities buildings respectively to be influential in their decision-making process. It also appears as though the consistent enforcement of the rule of law by the Zimbabwean government, particularly the fairness of Zimbabwe's business legal frameworks, the government's strict adherence to intellectual rights laws and the fairness of the country's appeals procedures, plays a role in the investors' decision-making process. From a socio-economic perspective, it seems as if the ability of the Zimbabwean government to ensure good quality human

living standards and provide excellent health services is influential to foreign investors. In addition this, Zimbabwe's membership to global financial and banking institutions such as the World Bank, which impacts on the ease of access to loan capital, is also a consideration for foreign investors when deciding where to invest in Zimbabwe.

Government actions presented a moderate statistically significant relationship with *resource-seeking FDI inflow opportunities* (H_{2.2a}) in Zimbabwe. The competent management of public institutions also catalyses the potential for joint ventures for natural resource extraction and opportunities for cross-border acquisitions or mergers respectively. Gerlach and Liu (2010:8) found that government interventions in Ghana through policy reforms and the more effective management of its public institutions attracted resource-seeking investors to its agricultural sector. Interestingly, Aleksynska and Havrylchyk (2011:14-15) observe an inverse relationship between *resource-seeking* FDI and government intervention in particular - finding that in the case of resource-rich developing countries, poor government institutional management and corruption seem to encourage more *resource-seeking* FDI from countries such as China.

The strict adherence to intellectual rights laws suggests that the government of Zimbabwe may be perceived to be transparent about its technology transfer regulations and be willing to allow resource-seeking investors to access specialised advanced production-oriented technology in the country. To this end, Gomez-Mera *et al.* (2015:38) find that foreign investors investing in Africa are influenced by government transparency in their investment decision-making. The availability of government funding for current and future transport infrastructure maintenance and development respectively, as well as the availability of online investment services such as e-Government platforms, would influence the cost efficiency of Zimbabwe's logistics networks for resource-seeking FDI. In this regard, Kinda (2010:504), finds that the improvement of physical (roads, public utilities) infrastructure through government spending generally increases the probability of FDI inflows while, Oyin (2014:10) deems infrastructural logistics to be key to the extraction of natural resources, as well as having an influence on FDI inflows. These conclusions represent new contributions to the body of knowledge related to *Government actions* as a non-

financial nation brand image determinant influencing *resource-seeking FDI inflow opportunities*.

The Government of Zimbabwe's ability to manage its public institutions competently, thereby controlling institutional corruption and holding government officials accountable for their actions, may to an extent ensure the consistent enforcement of the rule of law in Zimbabwe and ultimately the transparency of the Zimbabwean government's business transactions. These *Government actions* may go a long way in ensuring that there are few restrictions in the local resource market, which then influences the sustainable supply of production factors. The fairness of Zimbabwe's business legal frameworks may be related to clear policies dictating the completion for process form prior to the export of natural resources and the right of foreign-owned businesses to repatriate resources when leaving Zimbabwe. According to Hailu (2010:105), the repatriation of resources by foreign investors is an important consideration for foreign investors. To this end, Dupasquier and Osakwe (2005:18) advance that the relaxation of repatriation regulations in most African countries has encouraged further FDI in African economies.

Zimbabwe's membership of international financial and banking institutions, such as the World Bank, facilitates easy access to business loan capital. These determinants influence the availability of all factors of production for resource-seeking investors and, to a larger extent, the viability of joint ventures and/or cross-border acquisitions and mergers. The good quality human standards, level of excellence of the health system and the availability of funding the development and maintenance of public building utility facilities also impact on the viability of joint ventures, cross-border acquisitions or mergers based on the willingness of foreign investors and expatriates to relocate and settle in Zimbabwe. Notably, the high unemployment rate in Zimbabwe is a resource FDI inflow opportunity for investors since there is a large pool of unemployed skilled labour available, however, the fairness of Zimbabwe's complicated appeals procedures for labour issues as it emerged as part of the present study, may be very influential to resource-seeking investors. These conclusions also represent new contributions to the body of knowledge related to *Government actions* as a non-financial nation brand image determinant influencing *resource-seeking FDI inflow opportunities*.

Government actions also presented a strong statistically significant relationship with *strategic asset-seeking FDI inflow opportunities* (H_{2.4a}) in Zimbabwe. The capacity of the Zimbabwean government to enforce the rule of law consistently, control institutional corruption, and hold government officials accountable for their actions in the broader African context, may possibly create an opportunity for positive brand equity for strategic asset-seeking investors based on good governance. Lintunen (2011:26) advances the notion that brand equity is an opportunity sought by strategic asset-seeking investors. Zimbabwe's membership of international financial and banking institutions, affiliated to the World Bank, may contribute to the ease of access to loan capital to fund strategic asset-seeking FDI activity, but more pertinently, may oblige the Zimbabwean government to follow global standards in the implementation of exchange rates, as well as favourable capital gains and property taxes respectively. This conclusion is substantiated by Vijayakumar *et al.* (2010:4) who observe a positive relationship between tax regimes such as fair and transparent capital gains taxes regimes on international transactions and the inflow of strategic asset-seeking FDI within BRICS countries.

The competent management of public institutions and the transparency of the Zimbabwean government's business transactions may influence the government private-public opportunities for strategic asset-seeking investors. Relatedly, the availability of government funding for transport infrastructure and maintenance, as well as for the development and maintenance of public utilities buildings, also influences the accessibility and potential viability of government private-public partnerships opportunities for strategic asset-seeking investors. The perceived fairness of Zimbabwe's business legal frameworks, *inter alia*, strict adherence to intellectual rights laws and fair appeal procedures, may influence the acquisition of intangible knowledge-based assets resulting from Zimbabwe's research and development activities due to the perceived good faith and channels for recourse in the acquisition of strategic assets. These conclusions also represent new contributions to the body of knowledge related to *Government actions* as a non-financial nation brand image determinant influencing *strategic asset-seeking FDI inflow opportunities*.

Other *Government actions* such as the availability of online investment services, for example e-Government, good quality human living standards and excellent health system are stand-alone and may require further research in relation to strategic asset-seeking FDI inflow opportunities in Zimbabwe.

Zimbabwe's government actions as a communication element in image-building, refers to how the Zimbabwean government functions, how it influences public opinion, particularly the perceptions regarding the Zimbabwean government's competency and to its role in the global community. Global perceptions indicate that Zimbabwe is perceived to be one of the most corrupt countries in the world, the country being ranked 156th out of 161 ranked countries (Transparency International, 2014). This perception is based on previously indicated issues such as illegal land appropriation; 'selective' adherence to property rights; bribery; inefficient bureaucracy and; an unclear indigenisation policy.

In general, government actions draw on functional positioning to build the image of Zimbabwe. Of particular significance is the Zimbabwean government's commitment to socio-economic development by implementing intervention strategies such as the Zimbabwe Agenda for Sustainable Socio Economic Transformation economic blueprint. The improvement in the ease of doing business in Zimbabwe is facilitated by the country's more effective management of its business environment through its public institutions and legal frameworks. These improvements are an indication that the Zimbabwean government is open for FDI activity. This, in turn, increases foreign investor confidence and attracts more FDI. Therefore, ZIA may market Zimbabwe as a business-friendly destination for foreign investment.

Therefore, for resource-seeking FDI investors the following is recommended:

- That the ZIA proactively engage in a policy advocacy role by proactively researching favourable and contemporary global best practice in government interventions in managing access to and the exploitation of Zimbabwe's natural resources respectively, in order to increase Zimbabwe's attractiveness for FDI;
- That the ZIA target stakeholders, such as members of chambers of commerce and institutional entities in foreign countries, with specialised presentations and/or

sending out periodical circulars to update key stakeholder on potential joint venture projects with the Government of Zimbabwe in mineral resource extraction projects such as diamond, gold or platinum mining. This will provide investors with up-to-date information on resource-related government policies and interventions, and

- That the Government of Zimbabwe and ZIA should inform investors of Zimbabwe's policies on guaranteeing foreign investors of the repatriation of proceeds from dividends, profit, interest on foreign loans, royalties, and/or management fees to their home countries.

For strategic asset-seeking FDI investors it is also recommended:

- That the Government of Zimbabwe continue with its re-engagement with supra-government financial institutions such as the IMF and the World Bank in order to improve the government's economic prudence in budgeting and public resource spending. This will send positive signals to foreign investors that the Government of Zimbabwe is financially accountable and transparent in its business transactions, and
- That the ZIA inform foreign investors about Zimbabwe and its government's favourable stance on key issues such as private-public partnerships, tax regimes relating to capital gains and/or property taxes and/or exchange rates. This will allow foreign investors to make more informed decisions, while reducing market research-related costs for investors.

9.4.1.3 People

Foreign investors seem to perceive *People* as influential in resource- and efficiency-seeking FDI inflow opportunities in Zimbabwe. It appears that foreign investors are influenced by the high productivity level of the Zimbabwean workforce, as well as their low cost of labour. More pertinently, it appears as though the availability of a sustainable and highly skilled workforce in Zimbabwe, as well as the ability of Zimbabwe to retain this skilled workforce plays a role in investors' decision to consider FDI inflow opportunities in Zimbabwe. To this end research does suggest that the availability of skilled, cost-effective and productive labour is essential to the profitability of resource- and efficiency-seeking investors (Bhatt, 2013:162; Sarma, 2005:15).

People presented a weak statistically significant relationship with *resource-seeking FDI inflow opportunities* (H_{3.2a}) in Zimbabwe. The ability of Zimbabwe to retain talented/skilled citizens and the cheap cost of labour suggest that there may be a large skilled but unemployed workforce in Zimbabwe, with estimations going as high as up to 96% due to Zimbabwe's current economic situation (Danha *et al.*, 2015:31). The availability of a highly skilled workforce in Zimbabwe may also suggest that resource-seeking investors may also have access to specialised advanced production-oriented technology since such technology would require skilled individuals to utilise it. This conclusion is substantiated by Wadhwa and Sudhakara (2011:220) who advance the notion that the availability of skilled labour within a country may be a distinct motive for resource-seeking investors engaging in FDI within a host country. More pertinently, the profitability and possible success of potential joint ventures for natural resource extraction, opportunities for cross-border acquisitions and/or mergers and the transparency of the Zimbabwean government's technology transfer regulations may be predicated on the people of Zimbabwe. That is, the availability of a low-cost highly productive workforce, suitable for resource extraction, may be an important consideration for resource-seeking investors. To this end, Gebrewold (2012:28) observes that labour force growth rates and the availability of a larger and more cost effective labour-force have an influence on FDI inflow, encouraging labour intensive FDI in the African context. More pertinently, Bhatt (2013:162) identifies the exploitation of cheap labour (*People*) opportunities as a motive for resource-seeking investors to invest in a particular host country.

The availability of a sustainable workforce in Zimbabwe may be considered by resource-seeking investors as an available and assured sustainable supply of a factor of production (labour). Relatedly, the presence of a highly skilled workforce gives the government of Zimbabwe the impetus to implement clear policies dictating the completion for process form prior to products or resources being exported from the country, based on the government's assessment of Zimbabwe's capacity for the beneficiation of natural resources prior to their export. At the same time the ability of Zimbabwe to retain its talented/skilled citizens, when resource-seeking investors engage in cross-border acquisitions or mergers with Zimbabwean enterprises, becomes a critical success factor for resource-seeking investors. Lastly, the availability of a skilled workforce that can absorb or transmit the technology transfer

opportunities for resource-seeking investors may also be an influential consideration for investors. The right of foreign investors to repatriate resources which may include human resources when leaving Zimbabwe is directly influenced by the ability of Zimbabwe to retain its talented/skilled citizens and is an important consideration for resource-seeking investors seeking FDI opportunities in Zimbabwe. These conclusions also represent novel contributions to the body of knowledge related to *People* as a non-financial nation brand image determinant influencing *resource-seeking FDI inflow opportunities*.

There is a stand-alone resource-seeking FDI opportunity, the opportunity for cost-efficient logistics networks that may be influenced by *People* and may require further research.

People also presented a weak statistically significant relationship with *efficiency-seeking FDI inflow opportunities* (H_{3.3a}) in Zimbabwe. The availability of a skilled workforce may be a catalyst for potential economies of products/business processes specialisation in Zimbabwe hence, attracting efficiency-seeking FDI. Jain, Kundu and Newburry, (2015:35, 37-38), observe that Indian software companies prefer engaging in efficiency-seeking FDI when internationalising, to mitigate their skills gaps, while internalising their technology by partnering with software giants such as Microsoft and Motorola within their foreign locations. Relatedly, the ability of Zimbabwe to retain talented/skilled citizens may mean the concentration of certain skills would attract efficiency-seeking investors and ultimately business related processes to be located close to one another. A spillover from this concentration of businesses in a location may then attract more efficiency-seeking FDI as other foreign investors seek efficiency opportunities for value chain integration. Agglomeration economies are found to be the most significant determinant of FDI in the African context (Sichei & Kinyondo, 2012:94). While more pertinently, Sarma (2005:15) finds that increasingly, efficiency-seeking FDI in the East Asian region is buoyed by the agglomeration of a skilled and specialised labour force in the region.

The availability of a highly productive workforce in Zimbabwe means that it is possible for efficiency-seeking investors to reduce business transaction costs associated with production and/or manufacturing turnaround time. To this end, Kudina (1999:24) found

that in the case of the Ukraine, efficiency-seeking foreign investors were particularly influenced to invest in the country by the high productivity of the labour of the country. Efficiency-seeking investors may also seek to exploit Zimbabwe's multi-currency system, where cheap Zimbabwean labour could be significantly cheaper for efficiency-seeking investors depending on the currency they elect to remunerate their workforce. This conclusion also represents a new contribution to the body of knowledge related to *People* as a non-financial nation brand image determinant influencing *efficiency-seeking FDI inflow opportunities*.

There is a stand-alone efficiency-seeking FDI opportunity, the opportunity for capital equipment to be imported for free, which may be influenced by *People* and may require further research.

Zimbabwe's people as a communication element in image-building refers to the prevalent perceptions and stereotypes of Zimbabweans. In brand communications, within the FDI context, the competence, literacy and high productivity of the Zimbabwean workforce is influential to how Zimbabwe is perceived by foreign investors. During the 1998-2008 crisis, as previously highlighted, Zimbabwe did however, experience a mass exodus of both skilled and semi-skilled professionals, with an estimated net migration rate of 21.78 migrants per 1000 population (Index Mundi, 2014). Despite improvements in Zimbabwe's economic growth since 2009, it generally has been "jobless" growth, and an estimated 70% of productive Zimbabweans are currently unemployed (Bertelsmann Stiftung's Transformation Index, 2014:25; Ndiweni *et al.* 2014:2).

In general, the *People* construct draws on functional positioning to build the image of Zimbabwe. Exceptionally talented and/or famous/infamous Zimbabweans may represent the country as brand ambassadors for the country. Labour intensive and/or technical (resource- and efficiency-seeking) enterprises would be particularly attracted to Zimbabwe as an FDI destination. Therefore, the ZIA may market Zimbabwe as a cost-effective skills hub in Sub-Saharan Africa, with a readily available pool of human resources.

Therefore, for resource-seeking investors the following is recommended:

- That the Government of Zimbabwe strive to maintain its focus on the high standard and access to education for its citizens to maintain its status as having the highest literacy rate on the African continent, as it will attract investors in need of skilled and productive labour in their enterprises, and
- That the ZIA engage in specialised or sector-specific advertising to market Zimbabwe as a productive labour-rich hub in Southern Africa. By doing so, labour intensive industries such as manufacturing and mining would be able to consider Zimbabwe's workforce positively and potentially locate their operations in Zimbabwe to exploit its human resources, which in turn would aid the Zimbabwean government in retaining its skilled citizens by increasing job opportunities in Zimbabwe as a critical outcome.

For efficiency-seeking investors it is also recommended:

- That the ZIA adopt a policy advisory role in advising the Zimbabwean government on reviewing Zimbabwe's labour laws, particularly the labour arbitration framework which is generally considered to be ineffective, expensive, and procedurally complicated. This will potentially reduce the costs associated with recruiting Zimbabwean labour and therefore improve cost-efficiency for foreign investors;
- That the ZIA engage in sector-specific brand advertising to position Zimbabwe as a regional skills hub in Southern Africa. This may be achieved by promoting Zimbabwe's workforce – its skills in the manufacturing, agricultural, mining and tourism sectors and competencies - in specialised trade journals and magazines, advertising in sector-specific media such as technology programming on television or by advertising at trade (mining, ICT, construction) and industry (manufacturing, tourism, agriculture) events. This may position Zimbabwe as an efficiency hub for MNEs, and
- That the ZIA engage in investor targeting, particularly in the attraction of investment in its tertiary education sector buoyed by Zimbabwe's high basic literacy rates. High literacy rates can translate to process, delivery and cost-saving efficiencies for tertiary, as well as research and development institutions interested in investing in Zimbabwe.

9.4.1.4 Exports

Foreign investors seem to perceive *Exports* to be influential to market-, resource-, efficiency- and strategic asset-seeking FDI inflow opportunities in Zimbabwe respectively. It appears as though communalities in export promotion policy, the business friendliness of trade policy, the cooperation between different regions in Zimbabwe and the existence of bi-lateral trade agreements with western countries represent a significant consideration for investors' decisions to consider FDI inflow opportunities in Zimbabwe. It appears as though investors may base their decision to invest in Zimbabwe on Zimbabwe being known as an exporter of primary agricultural products, the global demand for and perceptions of the quality of Zimbabwe's export products respectively, as well as the availability of distribution channels for export markets. More pertinently, the granting of export processing zone status to foreign manufacturers, as well as the availability of attractive export incentives such as tax holidays for exporters may play a role in investors' decisions to consider FDI inflow opportunities in Zimbabwe.

Exports presented a moderate statistically significant relationship with *market-seeking FDI inflow opportunities* in Zimbabwe (H_{5.1a}). The existing global demand for Zimbabwean export products, perceptions of the quality of Zimbabwe's export products and bi-lateral trade agreements sanctioned between Zimbabwe and western countries offer promising market growth prospects for market-seeking FDI inflows. Research (Hornberger, Battat & Kusek, 2011:2; Wadhwa & Sudhakara, 2011:221) identifies the need to exploit new and existing export markets as a motive for foreign investors engaging in market-seeking FDI. The availability of existing distribution channels for export markets in Zimbabwe suggests that there are multiple marketing channels to choose from, as well as that can distribute without much effort products to many markets located close by for market-seeking investors investing in Zimbabwe. In support, Kharwish and Siam (2010:71) found that in the case of Jordan, the possibility of exploiting existing marketing channels in a potential investment location could be considered significant market-seeking FDI inflow opportunities. Relatedly, Kudina (1999:24) found that market-seeking investors invested in Ukraine particularly to service the Ukrainian market with the added advantage of accessing the Central and Eastern European export markets.

Communalities in Zimbabwe's export promotion policy and a business-friendly trade policy may be a result of Zimbabwe being a member of regional trading blocs such as SADC and COMESA, and this characteristic impacts on the considerations of market-seeking investors (Bertelsmann Stiftung's Transformation Index, 2014; KPMG, 2012:12). Gomez-Mera *et al.* (2015:60) support this conclusion, ascertaining that developing countries which are signatories to international economic agreements are particularly attractive to export-oriented market-seeking foreign investors.

Zimbabwe being a known global exporter of primary agricultural products such as tobacco and cotton may influence market-seeking investors interested in investing in Zimbabwe because the input cost of production may be low, based on their direct access to primary agricultural inputs. Export characteristics such as the existence of business cooperation between different regions within Zimbabwe, the extension of export incentives such as tax holidays to exporters and the granting of export processing zone status to foreign manufacturers, may offer market-seeking investors opportunities for economies of scale for the production of one product and/or cost saving that can be obtained through the production of multiple products. This conclusion is supported by the Economic Commission for Latin America and the Caribbean (2003:1) that found that significant FDI inflows to the Dominican Republic's manufacturing sector were driven by the granting of export processing zone status to foreign manufacturing enterprises. These conclusions represent completely new contributions to the body of knowledge related to *Export* as a non-financial nation brand image determinant influencing *market-seeking FDI inflow opportunities*.

Exports presented a weak statistically significant relationship with *resource-seeking FDI inflow opportunities* in Zimbabwe (H_{5.2a}). Zimbabwe being known as an exporter of primary agricultural products and the consumer perception of the quality of export products such as tobacco, cotton may attract resource-seeking investors who may want to exploit Zimbabwe's export quality resources and ensure a sustainable supply of production factors. The allocation of export processing zone status to foreign manufacturers and the attractiveness of export incentives such as tax holidays for investors may possibly encourage joint ventures for natural resource extraction, where exporters locate their manufacturing operations in Zimbabwe where all factors of production may be available and/or engage in activities such as contract farming to

ensure a sustainable supply of production factors. This conclusion may be substantiated by the findings of the Economic Commission for Latin America and the Caribbean (2003:1) that found that resource endowment was the most significant antecedent for export-oriented FDI in Trinidad and Tobago. These conclusions represent novel contributions to the body of knowledge relating to *Export* as a non-financial nation brand image determinant influencing *resource-seeking FDI inflow opportunities*.

The existence of bi-lateral trade agreements between Zimbabwe and western countries and the availability of distribution channels for export markets suggest that resource-seeking investors are likely to perceive Zimbabwe's established distribution channels as cost-efficient logistics networks. Ramasamy and Yeung (2014:21) substantiate this conclusion, having found empirical evidence to the effect that Chinese foreign investors were more likely to invest in a country with existing bi-lateral trade agreements with China. Communalities in export promotion policy and business-friendly trade policy in Zimbabwe most likely encourage resources-seeking FDI inflow by providing transparent technology transfer regulations, a potentially clearer policy dictating the completion process form prior to export, possibly fewer restrictions in the local resource market, as well as clearly outlined rights of foreign investors relating to the repatriation of resources when leaving Zimbabwe. According to Draper *et al.* (2016:34), government policy on the beneficiation of resources prior to exporting is a critical factor for investors to consider as some governments implement policies dictating the form in which a resource may be exported, Mahembe and Odhiambo (2013:36) cite the case of Botswana and the beneficiation of its diamonds prior to their export. These conclusions also represent novel contributions to the body of knowledge related to *Exports* as a non-financial nation brand image determinant influencing *resource-seeking FDI inflow opportunities*.

Business cooperation between different regions in Zimbabwe and the sanctioning of bi-lateral trade agreements between Zimbabwe and western countries may encourage joint ventures for natural resource extraction, opportunities for cross-border mergers or mergers and potential access to specialised advanced production-oriented technology for export-oriented resource-seeking investors. Udo and Obiora (2006:5) advance the notion that access to specialised advanced production-oriented

technology is a critical determinant of FDI - the investor influenced by the availability advantages such as contemporary production technology represents a competitive advantage for a potential FDI location. These conclusions also represent novel contributions to the body of knowledge related to *Exports* as a non-financial nation brand image determinant influencing *resource-seeking FDI inflow opportunities*.

Exports also presented a weak statistically significant relationship with *efficiency-seeking FDI inflow opportunities* in Zimbabwe (H_{5.3a}). The attractiveness of Zimbabwe's export incentives, such as the tax holidays for exporters and the granting of export processing zone status to foreign manufacturers suggests that it is possible for efficiency-seeking investors to reduce their business transaction costs as a result of the tax incentives accruing to exporters and free importation of capital equipment as foreign manufacturers, with export processing zone status. According to Lintunen (2011:26) and Wilson *et al.* (2014:110), efficiency-seeking investors may take advantage of government local production incentives facilitated by a reasonable, favourable, and transparent incentivised business environment. Moghaddam *et al.* (2014:360-361) state that foreign enterprises pursuing efficiency will invest in a host country with lower production costs if their motivation is cost reduction and improved efficacy.

Zimbabwe is known as an exporter of primary agricultural products and this characteristic, combined with communalities in export promotion policy, business-friendly trade policy, business cooperation between different regions within Zimbabwe and the existence of bi-lateral trade agreements sanctioned between Zimbabwe and western countries, attracts efficiency-seeking investors. These export characteristics result in business related processes being located close one another as there is an agglomeration of related enterprises in Zimbabwe, which may then also foster opportunities for value chain integration and the potential for economies of products/business processes specialisation in Zimbabwe. According to several authors (Ajayi, 2006:18; Mabule, 2012:30; Sichei & Kinyondo, 2012:89), agglomeration economies are a significant consideration for foreign investors, as the close proximity of critical resources such as factors of production or production processes and other foreign investors allows investors to exploit the positive externalities associated with streamlining and global value chain integration. The consumer perception of the quality of Zimbabwean export products, global demand

for Zimbabwe's export products and the availability of distribution channels for export markets may influence efficiency-seeking investors seeking to exploit the country of origin effect that would accrue from exporting from Zimbabwe, with the added benefit of the payment efficiencies that may be associated with the multi-currency system adopted by Zimbabwe. These conclusions also represent novel new contributions to the body of knowledge related to *Exports* as a non-financial nation brand image determinant influencing *efficiency-seeking FDI inflow opportunities*.

Exports also presented a weak statistically significant relationship with *strategic asset-seeking FDI inflow opportunities* in Zimbabwe (H_{5.4a}). Consumer perceptions of the quality of Zimbabwean export products, the global demand for Zimbabwe's export products, and the availability of distribution channels for export markets present potential brand equity opportunities for strategic asset-seeking investors who may benefit from Zimbabwe's positive COO effect with regards to exports. To this end, Wilson *et al.* (2014:110) identify market access as a general determinant for strategic asset-seeking FDI while Hornberger *et al.* (2011:2) associate the acquisition of distribution channels with strategic asset-seeking investors and thus, imply that foreign investors are motivated to FDI by the acquisition of export distribution channels. Zimbabwe is also known as a global exporter of primary agricultural products, and this may influence strategic asset-seeking investors interested in acquiring agriculture-oriented intangible knowledge-based assets that would complement those in the investors' home country, as well as benefit from research and development initiatives by the Zimbabwean government. To this end, Wilson *et al.* (2014:110) identify cost-effective access to synergetic knowledge-based assets (know-how) as a determinant of FDI for strategic asset-seeking investors. Communalities in export promotion policy and a favourable business friendly trade policy, most likely influence strategic asset-seeking investors to exploit favourable exchange rate differences between the investors' home country and Zimbabwe.

Policies such as tax holidays for exporters and the granting of export processing zone status to foreign manufacturers might influence strategic asset-seeking investors who may seek to exploit Zimbabwe's capital gains and property taxes and locate in Zimbabwe as an export hub. Intra-regional business cooperation in Zimbabwe, as well as the sanctioned bi-lateral trade agreements Zimbabwe is a signatory to with western

markets, may present strategic asset-seeking investors with opportunities for private-public partnerships with the Zimbabwean Government. These conclusions also represent novel contributions to the body of knowledge related to *Exports* as a non-financial nation brand image determinant influencing *strategic asset-seeking FDI inflow opportunities*.

Zimbabwe's export profile as a communication element in image-building entails the harnessing of the reverse COO effect. According to Kaminski and Ng (2013:4), pre-1998-2008 crises Zimbabwe enjoyed a positive image as a net exporter of quality agricultural products such as maize and tobacco, as well as an exporter of finished mineral products. This status rescinded as a result of the multiple crises in Zimbabwe and exports from Zimbabwe have been slow to recover (Kaminski & Ng, 2013:4).

In general, export can draw on experiential positioning to build the image of Zimbabwe. That is, the quality and brand equity of Zimbabwe's key branded export products and/or goods and services exported from Zimbabwe could influence foreign investors' perceptions of the country. Importantly, Zimbabwe has existing trade agreements to export its products to various global markets, indicating the existence of potentially profitable export distribution channels. The export orientation of Zimbabwe may potentially be a positive indicator of the openness of Zimbabwe as an FDI destination. Therefore, the ZIA may market Zimbabwe as an export hub and more importantly, market the country through quality export products.

Therefore, for market-seeking investors the following is recommended:

- That the Government of Zimbabwe consolidate the country's unique geographical advantage by implementing favourable and business-friendly export policies enabled by the country's membership of SADC, particularly offering foreign investors access to five distinct export markets - namely South Africa, Botswana, Namibia, Mozambique and Zambia. Zimbabwe's location translates into access to multiple distribution and marketing channels which may significantly reduce regional distribution costs for exporters and hold promising market growth prospects for foreign investors who can access the multiple SADC markets, and

- That the ZIA engage in specialised brand advertising to position Zimbabwe as a regional export hub in SADC, through trade publications and television to promote the geographical location of Zimbabwe to external publics which include manufacturers, logistics companies, aid organisations and/or corporate enterprises with regional interests in SADC. The ZIA may also take the opportunity to promote Zimbabwe as a location with opportunities for economies of production, where foreign investors can produce multiple products for different prospective SADC export markets from a centralised location in the region. This will present market-seeking investors with multiple market opportunities across different countries.

For resource-seeking investors it is also recommended:

- That the ZIA promote and publicise the opportunities for joint ventures available for extraction and processing within Zimbabwe's agricultural sector, as well as the export incentives such as the tax concessions offered by the Government of Zimbabwe for capital goods targeted at the re-mechanisation of Zimbabwe's rural agricultural sector offered by initiatives such as Zimbabwe's Agricultural Competitiveness Program (ZimACP). ZIA can then reposition Zimbabwe as a producer and global exporter of primary agricultural products such as sugar cane, tobacco, cotton and livestock-related products, and
- That the ZIA engage in investor forums specifically to inform potential investors seeking a resources in Zimbabwe. The ZIA may host inward investor missions or mini investment conferences specifically targeted at specific export products such as tobacco, diamonds, gold, or steel, for example, mini-conferences on investment in Zimbabwe's tobacco export sector to inform foreign investors of agricultural resource-oriented programmes, such as the aforementioned ZimACP and the Zimbabwe Agricultural Income and Employment Development Program (ZimAIED) where foreign investors may explore opportunities such as contract farming to ensure sustainable supplies of tobacco.

For efficiency-seeking investors it is also recommended:

- That the Government of Zimbabwe continue to foster its bi-lateral trade and business cooperation agreements, as a signatory to multiple regional, continental and international trade agreements in SADC, COMESA and the AU since it, in part,

reduces the costs associated with international business transactions and integrates Zimbabwe in the global value chain;

- That the ZIA adopt an advisory role for the Government of Zimbabwe on mutually beneficial trade agreements, and ultimately achieve information symmetry for foreign investors by targeting specific foreign investors with specific bilateral agreements such as the Africa Capacity Program (ACP- EU/ Convention), and the East and Southern African Free Trade Agreement with the EU as part of the Economic Partnership Agreement, and
- That the ZIA engage in public relations and publicity as an ongoing image-building activity, by conducting press conferences and issuing press releases, as well as releasing publications to inform stakeholders of Zimbabwe's key multi-lateral export activities in newsletters, speeches, manuals, booklets or reports. In the reports, foreign investors should be informed of value chain integration opportunities, opportunities for economies of specialisation and other export-oriented benefits.

For strategic asset-seeking investors the following is recommended:

- That the ZIA initiate strategic public-private partnerships between the Government of Zimbabwe and foreign investors, in sectors such a power generation, agriculture, tourism and manufacturing and provide key market intelligence based on sector-specific commissioned research to both the government and investors.
- That the ZIA should adopt a consulting role, to promote linkages between Zimbabwe's public sector and private/foreign institutional investors especially to allow strategic asset-seeking investors direct access to opportunities to participate in Zimbabwe's under-utilised industrial sector.

9.4.1.5 Regulatory framework

Foreign investors seem to perceive *Regulatory framework* to be influential in market- and resource-seeking FDI inflow opportunities in Zimbabwe. It looks as if the transparency of the Zimbabwean government's business regulations is an important consideration for investors and this may be related to the protection of foreign investors, through business-friendly property rights, favourable FDI-specific regulations, the respect of the proprietary rights of businesses and the favourable

implementation of a favourable foreign asset ownership policy. Relatedly, it seems as though the adherence by the Zimbabwean government to its investor protection policies, particularly the ability of the Zimbabwean government to guarantee foreign investment against nationalisation and/or indigenisation may play a role in investors' decisions to consider FDI inflow opportunities in Zimbabwe.

Regulatory framework also presented a moderate statistically significant relationship with *market-seeking FDI inflow opportunities* in Zimbabwe (H_{6.1a}). Transparent government business regulations, favourable FDI-specific regulations and the efficiency of the Zimbabwean government in maintaining political stability may be considered preconditions for the viability of promising market growth prospects by market-seeking investors. Zimbabwe's membership to regional trading blocs may be viewed as a market-seeking FDI opportunity, however, conditions for this membership most likely require Zimbabwe to adhere to investor protection policies, guarantee the FDI from nationalisation and indigenisation by member countries, and protect the proprietary and property rights of investors. These regulatory fundamentals are likely to be significant considerations for market-seeking investors who view Zimbabwe's membership in regional trading blocs as a market FDI opportunity.

A favourable asset ownership policy most likely encourages market-seeking investors to invest in the multiple marketing channels available in Zimbabwe, while the extent to which Zimbabwe adheres to its investor protection and property rights policies most likely also influences that attractiveness of multiple marketing channels to market-seeking investors. Relatedly, the extent of favourability of Zimbabwe's foreign asset policy may also encourage market-seeking investors to engage in backward linkages which then likely influences market-seeking investors' opportunities for economies of scale for production of one product and/or cost savings that may accrue from the production of multiple products. Zimbabwe offers market-seeking investors many investment opportunities in its relatively diversified economy (KPMG, 2012:18-31; Deloitte, 2012; Mangoma, 2009:8-10; Zimbabwe Investment Authority, 2015). The availability of efficient basic service utilities like water and electricity, a reliable electricity supply and a good quality water supply are considerations for market-seeking investors as the availability, quality and reliability of these factors of production impact the input cost of production factors in Zimbabwe. These conclusions also

represent novel contributions to the body of knowledge related to *Regulatory framework* as a non-financial nation brand image determinant influencing *market-seeking FDI inflow opportunities*.

Regulatory framework presented a weak statistically significant relationship with *resource-seeking FDI inflow opportunities* in Zimbabwe (H_{6.2a}). The ability of the Zimbabwean government to adhere to its investor protection policy and guarantee foreign investment against nationalisation and/or indigenisation, as well as the provision of favourable foreign asset ownership and protection of these assets by business-friendly property rights may directly influence Zimbabwe's potential for joint ventures for natural resource extraction, and more significantly, the attractiveness of cross-border acquisition or merger opportunities for resource-seeking investors. Sikharulidze and Kikutadze (2013:102) advance the notion that access to resource-oriented joint venture projects is an attractive FDI opportunity for resource-seeking investors. However, in the case of Zimbabwe, the African Development Bank (2011b:7) and Kramarenko *et al.* (2010:33) expressed concern over the Zimbabwean government's unclear, often corrupt and chaotic indigenisation, land ownership and appropriation policy as an impediment. To mitigate this, remedial action may be taken as in the case of Ghana, where Gerlach and Liu (2010:8) found that land and institutional management-related policy reforms attracted more resource-seeking investors to Ghana's agricultural sector. The extent to which the Zimbabwean government can efficiently ensure political stability in the country and implement FDI-specific regulations influences resource-seeking aspects such as the cost efficiency of Zimbabwe's logistics networks and/or the perception of fewer restrictions in Zimbabwe's local resource market respectively. Cui *et al.* (2014:490) and Dunning (2000:164) address the latter, suggesting that resource-seeking foreign investors engage in FDI in order to legitimise and secure their acquisition of the often government-regulated natural and man-made resources.

The availability of efficient basic service utilities such as water and electricity, the reliability of electricity supply and supply of quality water may contribute towards the perception that all factors of production are available in Zimbabwe, with a sustainable supply of production factors to a larger extent being ensured for resource-seeking investors. The transparency of the Zimbabwean government's business regulations

and respect for the proprietary rights of businesses communicates the technology transfer regulations and access for resource-seeking to specialised advanced production-oriented technology respectively. Additionally, the country's business regulations (labour regulations in particular) would influence the employability of Zimbabwe's largely unemployed but skilled population. These conclusions also represent novel contributions to the body of knowledge related to *Regulatory framework* as a non-financial nation brand image determinant influencing *resource-seeking FDI inflow opportunities*.

Zimbabwe's regulatory framework as a communication element in image-building refers to the perception towards the legal instruments and measures the Zimbabwean government uses to manage its business environment. As previously pointed out, according to the World Bank's Doing Business Report of 2015, it takes an average of 90.0 days, nine procedures, at a cost of 114.6% of income per capita to start a business in Zimbabwe (World Bank, 2014b:11, 17). This resulted in Zimbabwe being ranked 171st out of 189 countries in terms of overall ease of doing business and 180th out of 189 countries in terms of starting a business.

In general, the regulatory framework draws on functional positioning to build the image of Zimbabwe. Positioning attributes include legal instruments on business property and proprietary rights, investor protection, asset ownership policies, the ability of the Zimbabwean government to ensure political stability and guarantee investment against nationalisation and/or indigenisation, all of which in part influence the ease of starting and doing business in Zimbabwe. More progressive and FDI favourable instruments may be deemed more attractive to foreign investors. The regulatory framework, therefore, informs the perceptions of the extent and effect of government intervention within the host country business environment. Thus, the ZIA may market Zimbabwe as an operationally open location for FDI, with favourable FDI-oriented regulatory frameworks.

For market-seeking investors the following is recommended:

- That the Government of Zimbabwe should pursue regulations to protect its local enterprises from being crowded out of the Zimbabwean market by foreign enterprises, but should also ensure that its regulatory framework is seen as fair and business-friendly to foreign investment;

- That the Government of Zimbabwe's intervention in the business environment should be reduced, beginning with reducing the bureaucratic registration processes for starting-up foreign-owned enterprises in Zimbabwe;
- That the ZIA should conduct market research regarding regulations that improve the ease of doing business in Zimbabwe as it will better position the ZIA in its advocacy role in advising and lobbying the Government of Zimbabwe to implement and adhere to regulatory best practices, and
- That the Government of Zimbabwe host investor forums to offer ZIA officials an opportunity to interact directly with market-seeking investors and then obtain feedback on regulatory challenges being faced by foreign investors and recommendations on how to improve them. Based on this feedback, the ZIA may more effectively manage Zimbabwe's FDI-oriented regulations and be more proactive in its advisory role in policy formulation by the Government of Zimbabwe. More importantly, the ZIA would be able to identify the regulations that make Zimbabwe attractive to foreign investors and use them as key reality-based selling points for the country as an investment destination.

For resource-seeking investors the following is recommended:

- That the Government of Zimbabwe should offer guarantees to resource-seeking investors with regards to the sourcing of Zimbabwe is natural resources This will result in foreign investors being more inclined to commit more FDI capital and engage in longer investment horizon FDI portfolios, and
- That the ZIA manage the perception of Zimbabwe's regulatory framework by issuing commissioned reports to update different key stakeholders on Zimbabwe's regulations pertaining to that specific stakeholder's sector. Relatedly, this information should also be updated online on web resources such as ZimConnect, as the e-Government portal could be a source of information for foreign investors on specific regulations affecting their FDI activity and a source of feedback for both ZIA and the Government of Zimbabwe on the effectiveness of their FDI regulations in attracting, managing and retaining FDI for Zimbabwe.

The following section presents the conclusions and recommendations for the statistically insignificant relationships.

9.4.2 Conclusions and recommendations based on the statistically insignificant relationships

There were some statistically insignificant relationships between non-financial nation brand image determinants and FDI inflow opportunities in Zimbabwe. *Tourism* reported no significant relationship with *resource-seeking FDI inflow opportunities* in Zimbabwe (H_{1.2a}). This suggests that resource-seeking foreign investors do not appear to be influenced by Zimbabwe's natural tourist attractions, existing demand for the country's tourism products, the availability and quality of essential tourism-related facilities such as accommodation and travel agent services, the country's close proximity to regional tourist markets and other African tourist destinations, as well as its adherence to global service standards. Resource-seeking foreign investors, therefore, do not view *Tourism* as playing a role in their consideration to invest in Zimbabwe.

Government actions reported no statistically significant relationship with *market-seeking FDI inflow opportunities* (H_{2.1a}) or *efficiency-seeking FDI inflow opportunities* (H_{2.3a}) in Zimbabwe. This suggests that market-seeking and efficiency-seeking foreign investors do not appear to be influenced by Zimbabwe's rule of law, its management of public institutions, control of corruption, Zimbabwe's accountability structures, the availability of funding for public resources such as transport infrastructure and public utility building, the fairness and transparency of Zimbabwe's business legal frameworks and the Zimbabwe government's adherence to intellectual property laws. Market-seeking and efficiency-seeking foreign investors, therefore, do not view *Government actions* as playing a role in their consideration to invest in Zimbabwe.

People did not report a statistically significant relationship with *market-seeking FDI inflow opportunities* (H_{3.1a}) or *strategic asset-seeking FDI inflow opportunities* (H_{3.4a}) in Zimbabwe. This suggests that market-seeking and strategic asset-seeking foreign investors do not appear to be influenced by the availability of a sustainable workforce in Zimbabwe, the low cost of Zimbabwean labour, the availability of a highly skilled and productive workforce in Zimbabwe, as well as the ability of Zimbabwe to retain its talented/skilled citizens. Market-seeking and strategic asset-seeking foreign investors, therefore, do not view *People* as playing a role in their consideration to invest in Zimbabwe.

Cultural values and practices did not report a statistically significant relationship with *market-seeking FDI inflow opportunities* (H_{4.1a}), *resource-seeking FDI inflow opportunities* (H_{4.2a}), *efficiency-seeking FDI inflow opportunities* (H_{4.3a}), or *strategic asset-seeking FDI inflow opportunities* (H_{4.4a}) in Zimbabwe. This suggests that market-, resource-, efficiency-, and strategic asset-seeking foreign investors do not seem to be influenced by Zimbabwe's cultural norms, Zimbabwe's acceptance of foreign traders, having commonalities with Zimbabwe's culture, the availability of entrepreneurial opportunities in Zimbabwe and the acceptance of bribery in business transactions in Zimbabwe. Market-, resource-, efficiency-, and strategic asset-seeking foreign investors, therefore, do not view *Cultural values and practices* as playing a role in their consideration to invest in Zimbabwe.

Regulatory framework did not report a statistically significant relationship with *efficiency-seeking FDI inflow opportunities* (H_{6.3a}), nor *strategic asset-seeking FDI inflow opportunities* (H_{6.4a}) in Zimbabwe. This suggests that efficiency-seeking and strategic asset-seeking foreign investors do not seem to be influenced by Zimbabwe's favourable FDI regulations, Zimbabwe's business-friendly property rights, the country's respect for proprietary business rights and adherence to investor protection, Zimbabwe's favourable asset-ownership policies and the government's ability to ensure political stability, and guarantee foreign investment against nationalisation and/or indigenisation, as well as Zimbabwe's insurance of the provision of basic service utilities, reliable electricity supply and/or good quality water. Efficiency-seeking and strategic asset-seeking foreign investors, therefore, do not view *Regulatory framework* as playing a role in their consideration to invest in Zimbabwe.

In spite of the insignificance of the aforementioned relationships, it was deemed necessary to recommend the following:

- With regards to *Tourism*, the Zimbabwe Investment Authority in conjunction with the Zimbabwe Tourism Authority may host inward tourist missions by business leaders, travel agency owners and opinion leaders such as travel bloggers to canvass experiential marketing approaches that may be adopted by Zimbabwe as part of a broader investor awareness program to highlight the natural and man-made tourism resources Zimbabwe possesses and seeks to develop for tourism;

- With regards to *Government actions*, the Government of Zimbabwe should emphasize on improving its accountability structures and the good management of its public of institutions for the public good. This can influence how well Zimbabwe's market performs, as well as how efficiently and cost-effectively business processes and transactions are completed;
- With regards to *People*, the Government of Zimbabwe should target foreign investors who are employment creation-driven. Investors with labour intensive industries may be able to pay a more sustainable living wage to Zimbabwean employees and this will also increase the demand for products in the country;
- The Government of Zimbabwe may also seek to develop Zimbabwe's ICT sector (like in the case of Kenya) and encourage advanced research and development (like in the case of South Africa) in order for Zimbabwean employees and institutions respectively to be more skilled in the development and management of advanced technologies. This upskilling of the mostly unemployed population may potentially create a new technology-based sector in Zimbabwe, while making the Zimbabwean workforce more attractive to investors, particularly interested in knowledge-based strategic assets;
- With regards to *Cultural values and practices*, the Government of Zimbabwe considers creating entrepreneurship opportunities so that Zimbabwe can open itself up to market-, resource-, efficiency-, and strategic asset-seeking FDI entrepreneurs in multiple sectors. The development of FDI oriented entrepreneurial hubs can take place with the ZIA linking foreign venture capitalists with prospective entrepreneurs in Zimbabwe. Entrepreneurship hubs can be developed by creating innovation grants, offering tax incentives for entrepreneurs and offering concessionary rebates for local corporates developing and investing in entrepreneurial hubs. Other aspects such as Zimbabwe's cultural norms, acceptance of foreign traders, not expecting bribes to conclude transactions and public diplomacy issues can be used to promote FDI in Zimbabwe to re-integrate itself into the global community, and
- In general, the Zimbabwe Investment Authority in an advisory capacity should work with the Zimbabwean government to improve the regulatory framework of Zimbabwe by revising it in line with global best practices.

The following section presents conclusions and recommendations based on the practically significant relationships between the demographic profile of foreign investors and the valid and reliable non-financial nation brand image determinants influencing FDI inflow opportunities in Zimbabwe, including investor status and motive.

9.4.3 Conclusions and recommendations of practically significant differences for investor perception regarding the non-financial nation brand image determinants based on investor status

Significant relationships existed between *Investor status* and the non-financial nation brand image determinants *Tourism*, *People*, *Exports*, *Government actions* and *Regulatory framework* respectively. Based on the post-hoc Scheffé tests in conjunction with the Cohen D's effect size calculations, eight practically significant differences were found. *Investor status* reported a large practical significance with *Tourism*, *People* and *Government actions* as non-financial nation brand image determinants of FDI inflow opportunities in Zimbabwe.

It seems as though investors who would consider investing in Zimbabwe in the future were not certain of the extent to which the non-financial nation brand image determinant *Tourism* influenced their consideration to invest in Zimbabwe, whereas those who had considered investing in Zimbabwe but did not do so, regarded it as slightly influential in their decision. It also seems as though investors who would consider investing in Zimbabwe in the future regard the non-financial nation brand image determinant *People* as being quite influential in making a decision to engage FDI in Zimbabwe. Whereas, investors who had considered investing in Zimbabwe but did not do so, were undecided as to the extent of the influence of their perceptions of the *People* residing in Zimbabwe in their decision-making process. Lastly, it also seems as though investors who would consider investing in Zimbabwe in the future regarded *Government actions* in Zimbabwe as quite influential in their FDI decisions, whereas investors who had considered investing in Zimbabwe but did not do so, seemed uncertain whether *Government actions* indeed played a role in their FDI decisions. It is evident that the significant mean practical differences in *Investor status* exist between investors who would consider investing in Zimbabwe in the future and those who had considered investing in Zimbabwe but did not do so.

Therefore it is recommended that:

- The ZIA conduct a fact-finding mission within the main FDI source countries from where a significant proportion of investors who had considered investing in Zimbabwe but did not do so originate in order to establish the deterrents associated with investing in Zimbabwe. Based on these findings, the ZIA may be able to engage with the Government of Zimbabwe on activities and policy to institute remedial action and mitigate the deterrents identified by foreign investors, and
- The ZIA and the ZTA harness Zimbabwe's tourism assets such as the Victoria Falls to positively influence investors who would consider investing in Zimbabwe in the future through experiential marketing - in an attempt to proactively influence their overall perception of Zimbabwe and possibly create a positive subjective preference for the country as an investment destination.

9.4.4 Conclusions and recommendations of practically significant differences for investor perception regarding the non-financial nation brand image determinants based on investor's demographic profile

The MANOVAs that were calculated to determine which demographic factors may predict the non-financial nation brand image determinants influencing FDI inflow opportunities in Zimbabwe, revealed twenty-nine statistically significant relationships. Based on the post-hoc Scheffé tests in conjunction with the Cohen D's effect size calculations, thirty-one practically significant relationships were found. Practical significant differences were reported between males and females regarding the non-financial nation brand image determinants influencing FDI inflow opportunities in Zimbabwe. Notably, female investors were more inclined to consider all non-financial nation brand image determinants more influential to FDI inflows than male investors. According to the literature (Aren & Aydemir, 2015:128; Ton & Nguyen, 2014:83) women tend to be more conservative and financial risk averse than men in their investment decision-making. This suggests women could be more circumspect when evaluating investment locations, hence their focus on non-financial aspects influencing the quality of the host country's business environment.

The age of foreign investors was practically significant to the perceptions of investors with regard to the influence of *Export* and *Government actions* to FDI inflows to Zimbabwe. The literature (Aren & Aydemir, 2015:128; Harvey *et al.*, 2016; Obamuyi, 2013:151), age is a significant factor in investment decision-making, with younger investors tending to be more cautious of political risk, and tend to become more risk averse with age. The qualifications possessed by the foreign investor, predicted the factors influencing their decision whether to invest in Zimbabwe or not. It was found that foreign investors with a formal education qualification were more inclined to be influenced by the non-financial nation brand image determinants *People*, *Government actions* and *Regulatory framework*, than those investors with a non-formal education. Higher education levels aid in the investment decision making, with education level considered to be a predictor for investment decisions (Aren & Aydemir, 2015:131; Jain & Mandot, 2012:89).

The current position (occupation) of foreign investors was found to be a predictor for the independent variables. As it emerged, practically significant mean differences existed relating to *Tourism*, *Exports*, *Government actions* and *Regulatory framework* as influential non-financial determinants influencing FDI in Zimbabwe. The sector in which foreign investors operate also predicted the independent variables. As it emerged, practically significant relationships existed between investor sector and *Tourism*, *Exports*, *Cultural values and practices* and *Government actions* respectively. The literature supports this finding, with the individual investor sector having a discernible influence on FDI decisions (Bhat & Dar, 2013:237).

Investor motive was found to be a practically significant predictor for *People* and *Tourism* as non-financial nation brand image determinants of FDI in Zimbabwe. There is some supporting literature for this finding. Ussi and Wei (2011:109) point to the example of foreign investors that were influenced by the demand for tourism products and/or the existence of a tourism market. This confirms that market-seeking investors were more inclined to consider *Tourism* as influential since Zimbabwe is a world renowned tourist destination.

Therefore, the following is recommended:

- That the Government of Zimbabwe prioritise a gender equity-oriented business agenda, to include females who consider the non-financial nation brand image determinants of FDI inflow to promote Zimbabwe's image as a culturally progressive and gender equitable African country. The attraction of increased FDI from the more circumspect demographic (female foreign investors) would ultimately increase overall FDI in Zimbabwe as the herd phenomenon of investment decision-making amongst male investors will then influence the subjective preference of male investors;
- That the Government of Zimbabwe makes concrete improvements in its governance since its actions such as consistency in the transparency, accountability and the competent management of public institutions influence the risk perception of foreign investors across the age spectrum positively. By adhering to the implementation of its business-related policies, a more predictable and well managed business environment may assure younger (potentially more cautious) investors and reassure older (potentially more risk averse) investors of a stable business climate with regard to investing in Zimbabwe;
- That the Government of Zimbabwe formulates and implements effectively practical FDI-related policies that translate into actual reforms. The educational profile of foreign investors in the Zimbabwean context implies that the ZIA is promoting FDI in Zimbabwe to educated individuals and would therefore, be expected to be more analytical and circumspect of Zimbabwe's business environment. This suggests that only real structural improvements and policy implementation in Zimbabwe are critical in the attraction of FDI to Zimbabwe;
- That the ZIA focuses image-building activities on two demographic groups, namely entrepreneurs and individuals in senior management. Individual entrepreneurs make up the majority of foreign investors in the Zimbabwean context and targeted investor relations activities such as policy briefs and investor forums would be key for ZIA's image-building activities in order to maximise the utilisation of marketing-oriented resources by focusing on its two largest investor segments while trade missions, in particular economic sectors such as mining or manufacturing, would appeal to senior managers in MNEs;
- That the ZIA promote business linkages through private public partnerships since these are critical to the attraction of FDI in Zimbabwe. This is because a significant

proportion of the foreign investors surveyed seem to be in the private sector, hence, marketing the availability of such partnership opportunities in Zimbabwe is critical for the attraction FDI in Zimbabwe;

- The Government of Zimbabwe, in the short-term, focuses on market- and resource-seeking fundamentals respectively since these are the two main motives considered by foreign investors for FDI inflow to Zimbabwe, and lastly
- ZIA apportion a significant proportion of its image-building resources and activities towards targeting future foreign investors, focusing on positioning Zimbabwe within the global FDI market, based on the non-financial nation brand image determinants *Tourism, People and Government actions*.

The following section presents the contribution of the present study.

9.5 CONTRIBUTION OF THE STUDY

This study sought to contribute to the existing body of knowledge of the perceived non-financial nation brand image determinants influencing FDI, specifically in Zimbabwe, and the potential of establishing an explanatory framework for Zimbabwe and its investment promotion agency, ZIA. The following are the specific contributions that the present study has made:

- The present study has built a body of knowledge by identifying non-financial nation brand image determinants influencing FDI inflow within the Zimbabwean context. As it emerged, four nation brand hexagon dimensions (tourism, people, export and government actions) and one country specific (regulatory framework) dimension comprised Zimbabwe's explanatory framework as non-financial determinants of FDI. To the best of the researcher's knowledge, this is the first study within the African context to identify non-financial determinants for FDI inflow to a particular country. Therefore, the present study contributes to the body of knowledge of FDI attraction in the African context;
- This study may also be considered one of the first in Africa to examine empirically the influence of non-financial nation brand image determinants on each specific FDI opportunity (market-, resource-, efficiency- and strategic asset-seeking) presented to investors in Zimbabwe to indicate clearly what the focus of each strategic investment programme should be according to the purpose of the FDI

inflow sought. As it emerged, *Export* is a non-financial nation brand image determinant that influences market-, resource-, efficiency- and strategic asset-seeking FDI inflow opportunities in Zimbabwe. While, *Tourism* is unique to market-, efficiency-, and strategic asset-seeking FDI inflow opportunities; *Government actions* is unique to resource-, and strategic asset-seeking FDI inflow opportunities, *People* is unique to resource-, and efficiency-seeking FDI opportunities, and *Regulatory framework* is unique to market-, and resource-seeking FDI inflow opportunities respectively as non-financial nation brand image determinants influencing FDI inflow opportunities in Zimbabwe. Depending on which FDI opportunities Zimbabwe wishes to promote, these specific non-financial nation brand image determinants should be emphasised in their marketing campaign to encourage investors to take advantage of these specific FDI inflow opportunities;

- The present study provides a hypothesised model that fills the gap in knowledge with regards to the role of nation brand image management specific to the unique case of Zimbabwe, but could provide further insight for any other developing country presented with the same competitive image-building problems within the investment promotion context;
- The present study developed a measuring instrument suitable for the identification of the non-financial determinants of FDI to Zimbabwe. The present measuring instrument may be adapted in its present form, or in different forms (with some alterations) for sector specific FDI studies such as identifying specific non-financial nation brand image determinants of FDI in the tourism and mining sectors respectively. In its present form, the measuring instrument may also be adapted to the context of the countries' development status (developing or developed), and/or in different forms (with some alterations) to identify the non-financial nation brand image determinants specific to that country's development status;
- The present study developed and tested a hypothesised model of the non-financial national brand image determinants that influence FDI inflow opportunities in a country. The application of advanced statistical techniques, using a relatively large empirical sample size, presents a new discourse in the field of FDI theory and practice on which non-financial nation brand image determinants to consider when marketing and positioning a country's FDI opportunities;

- Notably, the identification of demographic factors that may be considered predictors for the non-financial nation brand image determinants of FDI inflow to Zimbabwe contributes to empirical evidence in the emerging field of behavioural finance. The present study specifically identified the statistically significant relationships and those of practical significance within the context of non-financial determinants for FDI inflows, where there is a discernible paucity of empirical data relating to the influence of demographic factors on FDI decision-making;
- The present study provides Zimbabwean policy-makers in government, quasi-government agencies and the ZIA management with a logical approach to investment promotion that informs and guides investment promotion strategy formulation, implementation and evaluation respectively based on the FDI-specific nation brand image determinants that investors perceive as influential in decisions related to each FDI inflow type (market-, resource-, efficiency-, strategic asset-seeking). As with the NBH, the explanatory framework for the present study may be used to formulate image-building strategy, as an implementation blueprint, and ultimately as an evaluation framework. More significantly, this approach may be adapted by other African governments and/or quasi-governmental organisations for the same purpose, and lastly
- While this study focused on the case of Zimbabwe, the theoretical implications of the findings are significant to both Zimbabwe and the growing body of knowledge in nation branding, foreign direct investment, and investment promotion in developing African countries. The idea of nation brand image elements as non-financial determinants influencing FDI attraction to an African country such as Zimbabwe is novel and has not previously been researched and thus magnifies the potential importance of the present study to the fields of nation branding, investment promotion and FDI.

The following section presents the self-reflection on the knowledge and insights gained, as well as the lessons learnt throughout the research process.

9.6 SELF-REFLECTION

Conducting advanced research is an enriching experience. The Zimbabwe situation provided the researcher with such an experience. The researcher had an opportunity

to explore the fields of nation branding, investment promotion and FDI in significant depth and formulate a hypothesised model that was tested empirically. The researcher gained significant theoretical knowledge in the aforementioned fields of study, considering in particular, that the present study represents the first attempt to merge the three distinct fields within the African context.

Practically, the research process also afforded the researcher an opportunity to gain invaluable experience in the planning, implementation and management of the research process. The researcher also developed his academic writing and analytical skills as a result of the in-depth literature review and empirical data analysis processes respectively. The researcher also enhanced and utilised his problem-solving and independent thinking skills to develop practical solutions to real-world problems, and while generating and gaining new knowledge respectively, the researcher potentially positioned himself as an emerging young African scholar in academia, as well as a future expert for the public sector in the fields of nation branding, investment promotion and FDI on the African continent.

9.7 LIMITATIONS OF THE STUDY AND OPPORTUNITIES FOR FUTURE RESEARCH

The present study attempted to contribute to the body of knowledge within the fields of nation branding and investment promotion (the attraction of FDI) by identifying the non-financial nation brand image determinants influencing FDI inflow opportunities (market-, resource-, efficiency-, strategic asset-seeking). In spite of meeting all objectives set in chapter one, the following limitations must be taken into consideration:

- The employment of non-probability sampling may be considered unconventional, however, quantitative studies in social sciences are increasingly employing purposive sampling. The main concern when employing non-probability sampling would have been the representativeness. To mitigate this concern, two measures were put in place, the present study applied the guidelines put forward by Sue and Ritter (2007:34) and the heuristics guidelines by Krejcie and Morgan (1970:607). As a result, the survey sample was deemed representative of the total population of the study;

- The target population for the present study may be considered a limitation. This study only sampled foreign investors who had provided their e-mail addresses. This was due to the nature of the data generation instrument and data collection method. To mitigate costs and potential geographical dispersion challenges, data was collected via an online survey. However, total population sampling ensured all foreign investors who qualified to participate in the study and could be contacted via email, were afforded the opportunity to participate;
- The present study was also limited to quantitative data although the integration of both quantitative and qualitative research has become increasingly common in contemporary research. Although the study may have benefited from qualitative insights, the exploratory nature of the hypothesised model did not necessitate the generation of in-depth qualitative data for establishing an explanatory framework for non-financial nation brand image determinants influencing FDI in Zimbabwe, and
- The findings of the present study are subjective, as they may only be limited to Zimbabwe. This is, however, consistent with the FDI theory that suggests that determinants of FDI are extremely context-based and hence subjective to the particular country, given the uniqueness of countries, their business environments and the FDI opportunities they offer. It is, however, important to note that the measuring instrument developed by the present study, by virtue of its design, may be applied to any country, with minor adaptations where necessary.

Despite the aforementioned limitations, the present study contributed significantly to the development of an explanatory framework of the non-financial nation brand image determinants of FDI inflow opportunities in Zimbabwe. Zimbabwe presented a unique opportunity for empirical research in this respect due to its negative global nation brand image as a result of the protracted 1998 to 2008 Zimbabwe crises. More significantly, the case of Zimbabwe required the application of nation branding theory to investment promotion practice in order to manage Zimbabwe's image as an investment promotion strategy. With this in mind, the opportunities for future research are as follows:

- In future studies, a qualitative component may be added to the non-financial nation brand image determinants influencing FDI inflow opportunities in Zimbabwe. Focus

group discussions with investors from different sectors would add a significant subjective aspect to future studies;

- The measuring instrument developed for the present study can be applied to studying the non-financial determinants of sector specific FDI. That it is to say, with minor adjustments, a study may be conducted to identify the non-financial nation brand image determinants influencing FDI in Zimbabwe's tourism, mining sector, or manufacturing sectors in particular, and
- More significantly, the present study may be replicated in different countries - a similar study may be conducted on South Africa for instance, to generate an explanatory framework of the non-financial nation brand image determinants influencing FDI inflow opportunities in South Africa.

The following section presents the concluding remarks for the present study.

9.8 CONCLUDING REMARKS

The importance and roles of FDI in the economic growth of developing countries are well documented. Apart from the economic benefits of FDI, developing countries also benefit from the non-economic spill overs such as skills development, technology transfer, employment creation and global value chain integration. The present study focused on post-crisis Zimbabwe, and acknowledges the image challenges Zimbabwe faces, as well as the potential impact the negative image with which Zimbabwe is associated has on FDI inflows. The challenge for Zimbabwe in the attraction of FDI does not seem to be economic in nature, but rather an issue of the perceived quality of the country's business environment. The present study identified the non-financial nation brand image determinants influencing FDI inflow opportunities in Zimbabwe. The resultant explanatory framework may be utilised to promote Zimbabwe effectively as an attractive investment destination based on the empirically established non-financial nation brand image determinants.

By reviewing and benchmarking the non-financial nation brand image determinants of FDI in Zimbabwe in relation to its competitors and global best practices, the government of Zimbabwe and the Zimbabwe Investment Authority will be able to manage Zimbabwe's identity as an investment destination through a concerted image-

building process. These non-financial determinants will aid Zimbabwe in being perceived as more competitively both as a country and as an investment destination by providing information symmetry to its external stakeholders. To this end, it can be concluded that nation branding may be applied as a potential FDI promotion approach for Zimbabwe

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1 June 2016

Dear Respondent

THE INFLUENCE OF NON-FINANCIAL NATION BRAND IMAGE DIMENSIONS ON FOREIGN DIRECT INVESTMENT INFLOW IN ZIMBABWE

I am a PhD student registered with the Nelson Mandela Metropolitan University, Port Elizabeth, South Africa. I am currently (2016) conducting an empirical study on: *The influence of non-financial nation brand image dimensions on foreign direct investment inflows in Zimbabwe*. I would like to invite you to participate in an online survey which seeks to canvass for information on the non-financial factors considered by foreign investors to be influential in the attraction of foreign direct investment inflows in the case of Zimbabwe. I would like to establish the nation brand image dimensions which influence the investor decision-making process when considering Zimbabwe as a current or potential investment destination. Within the context of this study, nation brand image dimensions refer to the various non-financial country specific factors that contribute to the overall perception held of a country. It is anticipated that this study will provide critical insight into the nation brand image factors considered by foreign investors to be influential to the attraction of foreign direct investment to Zimbabwe.

The data you provide will be treated in the strictest confidence and will only be utilised for academic research purposes. Your anonymity is guaranteed and no reference to any particular respondent will be made within the research report. I look forward to your favourable consideration with regards to participating in the online survey and your completed survey response at your earliest convenience. Please follow the link to complete the survey. The questionnaire is comprised of four sections:

- **Section A** explores the general perception of the motivation for foreign direct investment activity into Zimbabwe;
- **Section B** explores to what extent various non-financial factors influence investor perception of Zimbabwe as an investment destination;
- **Section C** explores which market entry opportunities exist in Zimbabwe as an investment destination, and
- **Section D** canvasses general demographic information of respondents.

Your cooperation is appreciated.

Sincerely

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SECTION A: GENERAL PERCEPTION OF THE MOTIVATION FOR FOREIGN DIRECT INVESTMENT ACTIVITY

Instructions: Please indicate your choice by means of an X.

1. Which statement best describes you in relation to investment in Zimbabwe?

I have invested	1	I have considered investing	2	I would consider future investment	3
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2. Which statement best describes why you are or would consider investing in Zimbabwe?

Market seeking	1	Efficiency seeking	2	Strategic-asset seeking	3	Resource seeking	4
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3. Which factors do you regard as favourable for foreign direct investment into Zimbabwe? You may indicate more than one option.

Factors	
Tourism profile (such as tourist facilities, attractions)	1
Governance (including politics, institutions)	2
Investment and immigration policies	3
Culture and heritage	4
People profile	5
Export profile (including key export products, market access)	6
Factor endowments (such as natural resources)	7
Legal and regulation frameworks	8
Infrastructure (including transport network, ICT infrastructure)	9

4. Please indicated the most significant factor for foreign direct investment in Zimbabwe.

Factors	
Tourism profile (such as tourist facilities, attractions)	
Governance (including politics, institutions)	
Investment and immigration policies	
Culture and heritage	
People profile	
Export profile (including key export products, market access)	
Factor endowments (such as natural resources)	
Legal and regulation frameworks	
Infrastructure (including transport network, ICT infrastructure)	

SECTION B: NON-FINANCIAL FACTORS INFLUENCING FOREIGN DIRECT INVESTMENT INFLOW TO ZIMBABWE

Instructions: Please indicate the level of influence that each factor may have on your decision in considering Zimbabwe as a foreign direct investment location by means of an X.

No.	NON-FINANCIAL FACTORS INFLUENCING FDI INFLOW TO ZIMBABWE					
		Not at all influential	Slightly influential	Undecided	Quite Influential	Extremely influential
T1	Many natural tourist attractions	1	2	3	4	5
T2	Availability of essential tourism-related facilities such as accommodation and event-hosting facilities	1	2	3	4	5
T3	Demand for their tourism products	1	2	3	4	5
T4	Tropical climate	1	2	3	4	5
T5	Close proximity of regional tourist markets from each other	1	2	3	4	5
T6	Quality of travel agent services offered	1	2	3	4	5
T7	Adherence to global business standards of the General Agreement of Trade in Services (GATS)	1	2	3	4	5
T8	Close proximity to and from other major African tourist countries	1	2	3	4	5
G1	Efficiency of the government to ensure political stability	1	2	3	4	5
G2	Minimal government interference in foreign businesses	1	2	3	4	5
G3	Consistent enforcement of the rule of law	1	2	3	4	5
G4	Government officials being held accountable for their actions	1	2	3	4	5
G5	Transparency of the government's business transactions	1	2	3	4	5
G6	Competent management of public institutions	1	2	3	4	5
G7	Control of institutional corruption by government	1	2	3	4	5
G8	Respect for the proprietary rights of businesses	1	2	3	4	5
P1	Increasing population size	1	2	3	4	5
P2	Availability of a sustainable workforce	1	2	3	4	5
P3	High productivity levels of the workforce	1	2	3	4	5
P4	Availability of a skilled workforce	1	2	3	4	5
P5	Cheap cost of labour	1	2	3	4	5
P6	High literacy level of citizens	1	2	3	4	5
P7	Ability to retain talented/skilled citizens	1	2	3	4	5
C1	Societal equality	1	2	3	4	5
C2	Colonial heritage	1	2	3	4	5
C3	Opportunities for entrepreneurship	1	2	3	4	5
C4	Likewise business culture with same norms	1	2	3	4	5
C5	Acceptance of business bribes in trading agreements	1	2	3	4	5
C6	Commonality in cultural values	1	2	3	4	5
C7	Acceptance of foreigner traders	1	2	3	4	5
C8	Society's openness to cultural change	1	2	3	4	5
C9	Tolerance of cultural diversity	1	2	3	4	5
C10	Lack of business language barriers for foreign traders	1	2	3	4	5
C11	Propensity for business innovation	1	2	3	4	5
E1	Communalities in export promotion policy	1	2	3	4	5
E2	Business friendly trade policy	1	2	3	4	5
E3	Consumer perception of the quality of export products	1	2	3	4	5
E4	Strategically located to access SADC markets	1	2	3	4	5
E5	Availability of distribution channels for export markets	1	2	3	4	5

No.	NON-FINANCIAL FACTORS INFLUENCING FDI INFLOW TO ZIMBABWE	Not at all influential	Slightly influential	Undecided	Quite Influential	Extremely influential
E6	Global demand for Zimbabwe's export products	1	2	3	4	5
E7	Known as global exporter of primary agricultural products	1	2	3	4	5
E8	Business cooperation between different regions within Zimbabwe	1	2	3	4	5
E9	Bi-lateral trade agreements sanctioned between Zimbabwe and western countries	1	2	3	4	5
E10	Attractiveness of export incentives e.g. tax exemption for first five years of export business	1	2	3	4	5
I1	Export processing zone status allocation to foreign manufacturers	1	2	3	4	5
I2	Government national plan for sector development in our country's business domain	1	2	3	4	5
I3	Few regulations needed for starting a business	1	2	3	4	5
I4	Relative quick turnaround time for business start-up	1	2	3	4	5
I5	Availability of e-government online investment platform for investment applications and processing	1	2	3	4	5
I6	Good quality human living standards	1	2	3	4	5
I7	Excellent health system	1	2	3	4	5
I8	Superior education system	1	2	3	4	5
I9	Availability of efficient basic service utilities such as access to water and electricity	1	2	3	4	5
F1	Abundance of available natural primary resources	1	2	3	4	5
F2	Capacity to extract its natural resources	1	2	3	4	5
F3	Technical capacity to market products within the global value chain	1	2	3	4	5
F4	Well-developed financial systems	1	2	3	4	5
F5	Being a member of the international financial and banking institutions affiliated to the World Bank	1	2	3	4	5
F6	Ease of access to business loan capital	1	2	3	4	5
F7	Availability of critical skilled human resources across all sectors	1	2	3	4	5
F8	Favourable foreign asset ownership policy	1	2	3	4	5
IN1	Well-developed warehouse distribution network	1	2	3	4	5
IN2	Availability of desirable industrial locations	1	2	3	4	5
IN3	Suitable business premises	1	2	3	4	5
IN4	Reliable transport infrastructure that ensures prompt delivery	1	2	3	4	5
IN5	Availability of government funding for future transport infrastructure development	1	2	3	4	5
IN6	Availability of government funding for transport infrastructure maintenance	1	2	3	4	5
IN7	Reliable electricity supply	1	2	3	4	5
IN8	Good quality water supply	1	2	3	4	5

No.	NON-FINANCIAL FACTORS INFLUENCING FDI INFLOW TO ZIMBABWE	Not at all influential	Slightly influential	Undecided	Quite Influential	Extremely influential
IN9	Well-developed information and communication technology infrastructure to provide fast internet communication	1	2	3	4	5
IN10	Availability of government funding for new public utilities buildings	1	2	3	4	5
IN11	Availability of government funding for public utilities building maintenance	1	2	3	4	5
L1	Transparency of government's business regulations	1	2	3	4	5
L2	Protection by business-friendly property rights	1	2	3	4	5
L3	Fairness of business legal frameworks	1	2	3	4	5
L4	Favourable FDI-specific regulations	1	2	3	4	5
L5	Strict adherence to intellectual rights laws	1	2	3	4	5
L6	Adherence to investor protection policy	1	2	3	4	5
L7	Fair appeal procedures available	1	2	3	4	5
L8	Ability of government to guarantee foreign investment against nationalisation	1	2	3	4	5
L9	Ability of government to guarantee foreign investment against indigenisation	1	2	3	4	5

SECTION C: MARKET ENTRY OPPORTUNITIES

Instructions: Please indicate to which extent the following will influence you to invest or consider investment in Zimbabwe by means of an X.

	We will invest/consider investing in Zimbabwe as....	Not at all influential	Slightly influential	Undecided	Quite Influential	Extremely influential
M1	There are opportunities for economies of scale for production of one product	1	2	3	4	5
M2	The input cost of production factors is low	1	2	3	4	5
M3	There are promising market growth prospects	1	2	3	4	5
M4	The import regulations are favourable	1	2	3	4	5
M5	There are incentives for international business start-ups	1	2	3	4	5
M6	They are a member of the African Union inter-governmental organisation	1	2	3	4	5
M7	They are a member of the regional trading blocs	1	2	3	4	5
M8	There are multiple marketing channels to choose from	1	2	3	4	5

	We will invest/consider investing in Zimbabwe as....	Not at all influential	Slightly influential	Undecided	Quite Influential	Extremely influential
M9	Without much effort products can be distributed to many markets located close by	1	2	3	4	5
R1	Government is transparent about technology transfer regulations	1	2	3	4	5
R2	All factors of production are available	1	2	3	4	5
R3	There are few restrictions in the local resource market	1	2	3	4	5
R4	A sustainable supply of production factors is ensured	1	2	3	4	5
R5	There is potential for joint ventures for natural resource extraction	1	2	3	4	5
R6	Their logistics networks are cost efficient	1	2	3	4	5
R7	There is a clear policy dictating the completion for process form prior to export	1	2	3	4	5
R8	There are many unemployed skilled labour available	1	2	3	4	5
R9	When leaving the country, foreign owned businesses have the right for repatriation of resources	1	2	3	4	5
R10	There is access to specialised advanced production-oriented technology	1	2	3	4	5
EF1	Cost saving can be obtained through production of multiple products	1	2	3	4	5
EF2	Businesses related processes are located close to each other	1	2	3	4	5
EF3	There is an opportunity for value chain integration	1	2	3	4	5
EF4	There is the potential for economies of products/business processes specialisation	1	2	3	4	5
EF5	Capital equipment can be imported for free	1	2	3	4	5
EF6	It is possible to reduce business transaction costs	1	2	3	4	5
EF7	Their exchange rate is in our country's favour	1	2	3	4	5
EF8	They function on a multi-currency system	1	2	3	4	5
S1	There are opportunities for cross-border acquisitions or mergers	1	2	3	4	5
S2	There are opportunities for backward integration through obtaining supplier value chains	1	2	3	4	5
S3	There are brand equity opportunities available	1	2	3	4	5
S4	There are government private-public partnerships opportunities	1	2	3	4	5
S5	Their capital gains tax rates are favourable	1	2	3	4	5
S6	Their property tax rates are favourable	1	2	3	4	5
S7	Their research and development (intangible knowledge-based assets) is complementing our country's	1	2	3	4	5

SECTION D: BIOGRAPHICAL DATA

1. Gender

Male	1	Female	2
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2. Age group

20-30	1	31-40	2	41-50	3	51-60	4	60+	5
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3. Highest qualification

Non-formal education	1	High School Diploma	2	Certificate	3
Tertiary Diploma	4	Bachelor's Degree	5	Post graduate Degree	6

4. Current position

Entrepreneur	1	Government official	2	Junior Management	3	Senior Management	Investment Practitioner	4
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5. Sector in which you operate

Private sector	1	Government	2	Quasi-government	3	Non-Governmental Organisation	4
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6. Region currently based in

Africa	1
North America	2
South America	3
Asia Pacific (Incl. Australasia-Asia)	4
South East Asia	5
Central Europe	6
Eastern Europe	7
Middle East	8

THANK YOU FOR YOUR PARTICIPATION

ANNEXURE 2



Ref: H-16-BES-BMa-012 [Approved]

Chairperson: Faculty RTI Committee
Faculty of Business and Economics Sciences
Tel. +27 (0)41 504 2906

20 June 2016

Prof S Perks
NMMU
Department Business Management
South Campus

Dear Prof Perks

PROJECT PROPOSAL: THE INFLUENCE OF NON-FINANCIAL NATION BRAND IMAGE DIMENSIONS ON FOREIGN DIRECT INVESTMENT INFLOWS IN ZIMBABWE (PHD: BUSINESS MANAGEMENT)

PRP: Prof S Perks
PI: Mr T Matiza

Your above-entitled application for ethics approval served at Fac RTI.

We take pleasure in informing you that the application was approved by the Committee. However, please note that the approval is on condition that permission to conduct the study is also obtained from the other relevant individuals, parties, organisations and/or role players to which the study pertains.

The ethics clearance reference number is **H-16-BES-BMa-012**, and is valid for three years. Please inform the Faculty RTI Committee, via the faculty representative, if any changes (particularly in the methodology) occur during this time.

Please inform your co-investigators of the outcome.

Yours sincerely

Prof C Rootman
Faculty of Business and Economic Sciences