

## A Psychographic Analysis of Foreign Investors' Perceptions of the Non-Financial Factors Influencing Foreign Direct Investment to Zimbabwe

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**Abstract:** Understanding the role of psychographics in influencing financial consumer behaviour is an emerging discourse. There is a discernible gap in the literature relating to the psychographic profiling of foreign investors, more-so within the African context. This study examines the potential differences existing between investors in their rating of the non-financial factors influencing the consideration of FDI market opportunities in Zimbabwe (2009-2015) based on their psychographic profiles – investor status and investor motives. A quantitative cross-sectional deductive study was conducted. Data was generated via an online survey and was analysed utilising STATISTICA 12 software. The survey data from the sample of n=305 foreign investors was analysed by employing Multivariate Analysis of Variance, Post-hoc Scheffè test and the Cohen D's effect sizes techniques. As a result, six statistically significant psychographic-based differences were established. The findings of this study provide important empirical insights into the role of psychology in investment promotion, and more significantly provides empirical evidence of psychographic-based differences. Thus, this study expands on the extant of the literature within behavioural finance theory on the role of psychographics in foreign direct investment decision-making, as well as the feasibility of market segmentation in investment promotion for national governments by identifying heterogeneity within investor groups.

**Keywords:** Behavioural finance; psychographics; investment promotion; investor status; investor motive

**JEL Classification:** D03; D11; D12; F20

### 1. Introduction

Foreign direct investment (FDI) is a key internationalisation strategy for Multi-national enterprises (MNEs), and thus may be considered to be a key catalyst for the economic development of host economies (Eminovic, 2013; Kok & Ersoy, 2009). The resultant global competition for the financial and non-financial resources

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associated with FDI, has seen the governments of potential FDI host economies engaging in investment promotion activities. Investment promotion generally encompasses all the marketing-related government initiatives undertaken by government and quasi-government agencies to market a country as a location for investment in order to attract FDI and encourage foreign investors to invest and/or to re-invest in their economies (Ajaebgu, 2014; Pietersen, 2011; Trink, 2007). The need for national governments to be both proactive and reactive in their FDI attraction efforts due to competitive global forces necessitates an interventionist approach to investment promotion (Cotula, 2014; Trnik, 2007).

The interventionist approach to investment promotion is premised on the notion that the attraction of FDI involves the ‘marketing’ of a country as an attractive investment destination by managing market failure (perception and information gaps), and intervening in the market in order to promote FDI (Cotula, 2014; Miskinis & Byrka, 2014; Trnik, 2007). A key success factor for the interventionist approach to investment promotion is investor targeting - which seeks to address the perception and information gaps that may hinder or negatively influence the FDI location decision-making process for specific segments of foreign direct investors (Pietersen & Bezuidenhout, 2015). Therefore, more effective investor targeting requires specialised information relating to the segment of investors according to their predilections. This implies that factors influencing specific investors whom a particular country would like to target/attract become increasingly important within the investment promotion context. Thus, foreign investors represent a key “consumer segment” for national governments within the global political economy. It follows then that, marketing techniques such as market segmentation are critical within investment promotion practice, hence the increasingly significant role of psychographics in the attraction of FDI.

Market segmentation is a critical component in the competitiveness of products and services, more-so within the contemporary global business context, where the market is sub-divided into homogenous strata in-order to more efficiently identify the taxonomy of consumer behaviour (Baharun, 2011). Psychographics are one of the four traditional approaches to the segmentation of consumer markets based on the individual psychological characteristics of consumers and how they relate to their consumption behaviour (Larsen, 2010; Martins, 2007). Psychographic factors have conventionally been applied to market segmentation within the marketing discourse – particularly as an approach to the measurement of the predisposition of consumers to the consumption of certain products or services, as well as the particular influences that stimulate the consumers’ buying behaviour (Johansson, 2017; Mintz, 2017). To this end, psychographic segmentation is widely associated with the multivariate analyses of consumer characteristics which include consumer attitude, behaviour, value and perception in order to better manage consumer segments (Thomas, 2017). Hafner and Grabler (2015) advance the notion that psychographics have significant

predictive power in the formation and more pertinently, the assessment of consumer segments.

The role of psychographics in influencing financial consumer behaviour is an emerging discourse in the segmentation of financial consumer markets (Matenge, Makgosa & Mburu, 2016). Within the broader economic theory, the role of psychographics in FDI decision-making is supported by the behavioural finance theory. The behavioural finance theory debunks traditional rationality-based economic models by positing that individual investors are in fact irrational and are predominantly influenced by their inherent psychological biases when making investment decisions (Aspara, 2013; Halaba, Iiguen & Halibegović, 2017). The two biases that are of particular relevance to the present study are, framing bias and heuristics, which are contextualised further in the review of the literature. Within the context of the present study, psychographics are applied to segment the sample of foreign investors in Zimbabwe (2009-2015) in-order to examine their heterogeneity in relation to the non-financial factors influencing FDI decisions.

Halaba et al. (2017) observe a discernible dearth of empirical evidence pertaining to the psychographic profile of foreign investors and how these psychographic characteristics may influence their investment decisions. Furthermore, there is a gap in the literature relating to the identification of heterogeneity within investor segments with regards to the factors influencing individual investor decisions in their selection of FDI location, as well as the prediction of foreign investor behaviour based on psychological factors. Therefore, the aim of the present study was to ascertain whether two significant psychographic factors - categorised as the psychographic variables investor status and investor motive - predisposed foreign investors' perceptions of the non-financial factors influencing the consideration of FDI market opportunities in Zimbabwe between 2009 and 2015. The period under review represents the post-2008 Zimbabwe crises period up to the time the study was conducted. This was achieved by examining the potential differences existing between investors in their rating of the non-financial factors influencing the consideration of FDI market opportunities in Zimbabwe between 2009 and 2015. To the best of the authors' knowledge, this is the first study to attempt to examine the differences in the relationship between investor status, as well as investor motive variables and the non-financial factors influencing foreign investor behaviour within both the African and global context. Thus, this study makes a novel contribution to the extant of the literature within both the behavioural finance and investment promotion discourses respectively, by examining investor heterogeneity within the investor framing (investors status and investor motives)-heuristics (cultural values and practices; human capital; export profile; government actions and regulatory framework) nexus.

## 2. Literature Review

The psychographic segmentation discourse predominantly focuses on individual consumer behaviour, interests and opinions (Baharun et al., 2011). Within the tourism context, psychographic factors were considered to be more insightful descriptors of tourist behaviour than socio-demographic factors (Hafner & Grabler, 2015). To this end, Stylidis, Kokho and Biran (2018) found that place image as a psychographic factor was an effective segmentation basis. While, within the finance context, Matenge et al. (2016) considered psychographic characteristics as being key to the identification of heterogeneity within financial consumer segments. Ghazali and Othman (2004) observe a correlation between investor preferences and psychographics, suggesting that investor behaviour may be predicted based on their interests, attitudes and opinions. For instance in Malaysia, “active” investors were found to be information intensive in their investment decision making, drawing their information symmetry regarding investment decisions from various sources including television, the internet and business news media (Ghazali & Othman, 2004). While, Foscht, Maloles, Schloffer, Chai and Sinha (2010) consider financial consumers’ level of interest and behavioural intentions to be key psychographic factors in the segmentation of financial consumer markets. The extant of the literature (Jadczakova, 2013; Larsen, 2010; Lynn, 2011; Martin, 2011; Matenge et al. 2016), also identifies psychographic factors to include characteristics such as motivation, perceptions, attitudes and values.

Behavioural finance theory proposes that an investor is susceptible to bias premised on both intrinsic and extrinsic influences (Phan & Zhou, 2014). Within the context of this study, the intrinsic factor is framing bias which is characterised by Halaba et al. (2017) as the preconceived notion exhibited by investors based on how they process information cognitively within the context of their own comprehension, inherent perspectives and/or subjective perceptions. Thus, framing bias implies that investors essentially make investment decisions premised on their own judgements, and within the context of the present study the intrinsic influences examined are the psychographic factors: *Investor status* and *Investor motive* respectively. The two psychographic factors examined in relation to the non-financial factors that foreign investors would consider in their investment decision making process are operationalised.

### 2.1. Investor Status

*Investor status* refers to the context within which the investor considered the non-financial determinants of FDI in the case of post-crisis Zimbabwe. The context of the decision-making is a significant psychographic factor as it is an insight into the heterogeneity of investors based on perspective from which the foreign investor makes their decisions. Within the context of the study, *Investor status* is akin to the perceptions and attitude of the foreign investors when rating the non-financial factors

they considered in their investment decisions. For the purposes of the study, three investor psychographic segments were examined: investors who had invested in Zimbabwe; investors who had considered investing in Zimbabwe but had decided not to do so and; investors who would have considered investing in Zimbabwe in the future at the time of the survey.

### **2.1.1. Investor Motive**

*Investor motive* refers to intention of the foreign investor for engaging in FDI activity in post-crisis Zimbabwe. The intention of the investor is a significant psychographic factor as it is an insight into the heterogeneity of investors based on the purpose for which a foreign investor makes their decision. Within the context of the study, *Investor motive* is akin to the interests, motivations and values of the foreign investors when rating the non-financial factors they considered in their investment decisions. For the purposes of the study, four investor psychographic segments were examined: market-; resource-; efficiency- and; strategic asset-seeking FDI motives.

The extrinsic influence considered in this study is heuristics, which is characterised by Kahneman (2011) as the external cues or mental shortcuts referenced by investors to inform their investment decisions to mitigate information asymmetry. By utilising heuristic cues, investors essentially infer certain decision-making information from extrinsic environmental cues, which for the purposes of the study are Zimbabwe's: Cultural values and practices; Human capital; Export profile; Government actions and Regulatory framework. With the psychographic factors in mind, each heuristic cue is operationalised and the following hypotheses were formulated.

## **2.2. Hypotheses tested**

### **2.2.1. Cultural Values and Practices and FDI**

Cultural values and practice 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, 2010). 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; Kalamova & Konrad, 2009; Keillor, Hauser & Griffin, 2009; Siegel, Litch & Schwartz, 2010). Cultural values and practices factors considered by foreign investors may include: propensity and acceptance of corruption and bribery (Osei & Gbadamosi, 2011; Smith, 2010); language and knowledge transfer systems (Alcacer & Ingram, 2008; Kalamova & Konrad, 2009); cultural dynamics such as the power distance index; individualism; masculinity, and the uncertainty avoidance index (Lausberg, 2010) and; acceptance of cultural diversity and attitude of the locals towards foreigners (Hlongwana, 2015). With the Zimbabwean context in mind, the following hypotheses were formulated:

H0<sub>1.1</sub>: There is no difference in how foreign investors rate Zimbabwe's Cultural values and practices based on Investor status.

H0<sub>2.1</sub>: There is no difference in how foreign investors rate Zimbabwe's Cultural values and practices based on Investor motive.

### **2.2.2. Human Capital and FDI**

Human capital refers to the perception of external stakeholders of a country's citizens regarding their reputation for competence, openness, friendliness, and other qualities such as tolerance (Belloso, 2010). According to Kalamova and Konrad (2009), within the FDI context, human capital as a determinant of FDI may be considered to be a qualitative measure of the enduring investor perception of the citizens and the biographical profile of a particular FDI location. Human capital factors considered by foreign investors may include: the availability of a skilled labour force (Vinesh, Boopendra & Hemraze, 2014); the percentage of the population with higher public education (Aziz & Makkawi, 2012; Gharaibeh, 2015); a large population indicating a potentially larger market (Kavita & Sudhakara, 2011); the total available productive labour force, based on gender and age (Mottaleb & Kalirajan, 2010) and; labour force growth rates (Gebrewold, 2012). With the Zimbabwean context in mind, the following hypotheses were formulated:

H0<sub>1.2</sub>: There is no difference in how foreign investors rate Zimbabwe's Human capital based on Investor status.

H0<sub>2.2</sub>: There is no difference in how foreign investors rate Zimbabwe's Human capital based on Investor motive.

### **2.2.3. Export Profile and FDI**

A county's Export profile within the FDI context may be viewed as a measure of the perception of external stakeholders of a nation, based on its export policies, as well as its branded products and services (Belloso, 2010; Khan & Nawaz, 2011). Export profile may also encompass aspects considered to be critical to the evaluation of the nation's key products, propensity for innovation, its science and technology capabilities, and key competencies of the nation in particular product/service categories (GfK Roper Public Affairs & Media, 2009). Export profile factors considered by foreign investors may include: implementation of export-friendly policies (Kahai, 2011); specific desirable export products (Loots & Kabundi, 2012); strategic location of an investment location in relation to developed markets (Campos & Kinoshita, 2006) and; export incentives for export oriented industrial activity (Khan & Nawaz, 2011). With the Zimbabwean context in mind, the following hypotheses were formulated:

H0<sub>1.3</sub>: There is no difference in how foreign investors rate Zimbabwe's Export profile based on Investor status.

H0<sub>2.3</sub>: There is no difference in how foreign investors rate Zimbabwe's Export profile based on Investor motive.

#### **2.2.4. Government Actions and FDI**

Government actions within the FDI context refer to how governments manage the macro environment of an economy, and is therefore, critical to the development and predictability of the business environment (Naude & Krugell, 2007:1228). Government actions therefore, influence the perception held by external stakeholders of a country's government and its activities (Belloso, 2010). Government actions factors considered by foreign investors may include: the effective or ineffective management of public resources and the macro environment (Kalamova & Konrad, 2009; Naude & Krugell, 2007); political stability (Kariuki, 2015); application of the rule of law (Ajide, 2014) and; the level of interventionist behaviour and bureaucracy (Kalamova & Konrad, 2009; Ojong, Aripko & Ogar, 2015). With the Zimbabwean context in mind, the following hypotheses were formulated:

H0<sub>1.4</sub>: There is no difference in how foreign investors rate Zimbabwe's Government actions based on Investor status.

H0<sub>2.4</sub>: There is no difference in how foreign investors rate Zimbabwe's Government actions based on Investor motive.

#### **2.2.5. Regulatory Framework and FDI**

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). Some authors (Anyanwu, 2012; Busse & Groizard, 2008), suggest that the more highly regulated a potential foreign investment location is, the less willing investors would be to invest in that location. The literature (Aveh & Krah, 2013; Erdogan & Unver, 2015; Kariuki, 2015) confirms that the regulation framework of a country influences FDI inflows to a specific location significantly. Regulatory framework factors considered by foreign investors may include: the protection of intellectual property rights (Hailu, 2010); the enforcement of earnings remittance policies (Ajayi, 2006; Campos & Kinoshita, 2006); transparency within the investment location's business environment (Bartels, Kratzsch & Eicher, 2008) and; government guarantees of investment against nationalisation and expropriation through bilateral and multilateral agreements (Senkunku & Gharleghi, 2015). With the Zimbabwean context in mind, the following hypotheses were formulated:

H0<sub>1.5</sub>: There is no difference in how foreign investors rate Zimbabwe's Regulatory framework based on Investor status.

H0<sub>2.5</sub>: There is no difference in how foreign investors rate Zimbabwe's Regulatory framework based on Investor motive.

The following section outlines the research methodology of the study.

### 3. Research Methodology

A quantitative cross-sectional deductive study was conducted to generate the data for this study as part of a broader study to explore the non-financial factors influencing the consideration of FDI market opportunities in post-crisis Zimbabwe (2009-2015). From a sample of 640 foreign investors with valid e-mail contact details an effective sample  $n=305$  investors participated in the online survey, resulting in a response rate of 47.66%. This sample was deemed to be adequate for the purposes of the study based on the empirical guidelines (Krejcie & Morgan, 1970; Sue & Ritter, 2007). An online survey was utilised to generate the data from respondents, with responses being recorded on an ordinal 5-point Likert scale Toepoel (2016), with predetermined responses ranging from (1) not at all influential; (2) slightly influential; (3) undecided; (4) influential to; (5) extremely influential. STATISTICA 12 software was used to analyse the data. Exploratory Factor Analysis, Principle Component Analysis (Eigenvalue - EV), was employed to determine validity, while the Cronbach's alpha test ( $\alpha$ ) was employed to determine reliability, and Pearson product-moment correlation coefficients ( $r$ ) was employed to determine the correlation of the heuristic cues examined in this study. A summary of these results is presented in Table 1.

**Table 1. Summary of Results for the Determination of the Heuristic Cues Examined in this study**

Factor	Factor Loading		Items retained	(E V)	( $\alpha$ )	(r)				
	Min	Max				(C VP)	(H C)	(E P)	(G A)	(RF )
Cultural values and practices (CVP)	0.503	0.622	5	1.99	0.723	<b>1.00</b>				
Human capital (HC)	0.706	0.835	5	2.67	0.861	0.316	<b>1.00</b>			
Export profile (EP)	0.512	0.712	10	3.11	0.904	0.338	0.397	<b>1.00</b>		
Government actions (GA)	0.500	0.821	17	26.27	0.952	0.485	0.428	0.622	<b>1.00</b>	
Regulatory framework (RF)	0.516	0.670	12	5.87	0.907	0.321	0.485	0.576	0.636	<b>1.00</b>

As is summarised in Table 1 each factor retained more than the three variables, with a minimum factor loading coefficient of  $>0.500$  and EV of  $<1.0$  as per guidelines provided by Hair, Black, Babin, Anderson and Tatham (2006), and Larsen and Warne (2010) for validity. All factors reported  $\alpha > 0.700$  which was the cut-off for reliability (George & Mallery, 2003). All factors were found to be cognate with a



coefficient of  $r > 0.30$  being preferable as it implied that the factor association was not weak (Yong & Pearce, 2013). In order to examine whether statistically significant differences occurred between the two psychographic investor profile categories with regards to Zimbabwe's cultural values and practices; human capital; export profile; government actions and regulatory framework as influential foreign direct investment decision-making determinants, the following data analysis techniques were employed. Multivariate Analysis of Variance (MANOVA) was employed to determine if differences exist based on investor- status and motive when considering the non-financial determinants influencing FDI to Zimbabwe (Grice & Iwasaki, 2007). A Post-hoc Scheffè test followed and was completed to identify where the specific significant differences occurred between the different categories (Lund Research, 2013). Cohen D's values were then calculated to determine the effect sizes of the specific mean differences identified from the post-hoc Scheffè tests for practical significance (Grice & Iwasaki, 2007; Warne, 2014). Effect sizes were categorised according to the recommendations by Cohen (1988) 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.

#### 4. Data Analysis and findings

Table 2 summarises the psychographic profile of the foreign investors surveyed.

**Table 2. Psychographic Profile of the Foreign Investors Surveyed**

(%) of $n=305$		
<b>Investor status</b>	Had invested in Zimbabwe	47
	Had considered investing in Zimbabwe but had decided not to do so	38
	Would consider investing in Zimbabwe in the future	15
<b>Investor motive</b>	Market seeking	43
	Efficiency seeking	10
	Resource seeking	25
	Strategic asset seeking	22

With regards to the psychographic factor segments of the foreign investors surveyed most of the surveyed investors (47%) had invested in Zimbabwe at the time of the survey, while the remainder (38% and 15%) had considered investing but had not done so and reported considering investing in Zimbabwe in the future respectively. A significant proportion of the investors surveyed (43%) reported having market-

seeking motives for engaging in FDI activity in Zimbabwe. While the remainder (25%, 22% and 10%) reported having resource-, strategic asset- and efficiency-seeking motives for engaging in FDI activity in Zimbabwe respectively.

The results of the MANOVA on *Investor status* and *Investor motive* regarding the influence of Zimbabwe's cultural values and practices, human capital, export profile, government actions and regulatory framework in the consideration of engaging in FDI activity in Zimbabwe are presented in Tables 3 and 4 respectively.

#### 4.1. Investor Status

Table 3 presents the findings of the MANOVA for investor status.

**Table 3. Results of the MANOVA for Investor Status**

Psychographic factor	Independent variables	F-value	P-value	Hypothesis No.	Practically significant differences
Investor status	Cultural values and practices	2.124	0.121	H0 <sub>1.1</sub>	-
	Human capital	9.306	0.000*	H0 <sub>1.2</sub>	Large (one group) Average (one group)
	Export profile	7.097	0.001**	H0 <sub>1.3</sub>	Average (one group) Small (one group)
	Government actions	11.684	0.000*	H0 <sub>1.4</sub>	Large (one group)
	Regulatory framework	6.050	0.003**	H0 <sub>1.5</sub>	Average (one group)

\* $p < 0.001$  \*\* $p < 0.05$

As is evident in Table 3, no statistically significant difference could be established between *Investor status* (0.121;  $p < 0.05$ ) and Zimbabwe's *Cultural values and practices*. Thus null hypothesis H0<sub>1.1</sub> was accepted. Table 3 also presents evidence that statistically significant differences could be established with regards to investors' perceptions of Zimbabwe's *Human capital* (0.000;  $p < 0.001$ ), *Export profile* (0.001;  $p < 0.05$ ), *Government actions* (0.000;  $p < 0.001$ ) and *Regulatory framework* (0.003;  $p < 0.05$ ) in Zimbabwe based on their *Investor status*. Thus, the null hypotheses H0<sub>1.2</sub>, H0<sub>1.3</sub>, H0<sub>1.4</sub>, and H0<sub>1.5</sub> were rejected. Each statistically significant psychographic-based difference is discussed in more detail.

The post-hoc Scheffé test for the significant differences related to *Investor status* and Zimbabwe's *Human capital* (0.000;  $p < 0.001$ ) revealed two specific 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 ( $\bar{x} = 3.390$ ). This implies that at the time of the survey, investors who had invested in Zimbabwe, as well as investors who considered investing in Zimbabwe in the future, regarded Zimbabwe's human capital to be quite influential in their FDI decisions, while those who had considered investing in Zimbabwe but did not, tended to be undecided about to the extent of its influence. The Cohen d-effect size values for the specific mean differences were 2.307 and 0.618 representing an average and a large practical significance respectively.

The post-hoc Scheffé test for the significant relationship between *Investor status* and Zimbabwe's *Export profile* (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 and did not do so ( $\bar{x} = 2.943$ ). This implies that investors who would consider investing in Zimbabwe in the future, regarded Zimbabwe's export profile 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 Cohen d-effect size value was 0.610, representing an average practical significance.

The post-hoc Scheffé test for the significant differences related to *Investor status* and Zimbabwe's *Government actions* (0.000;  $p < 0.001$ ) revealed two specific mean differences. At the time of the survey, investors who would have considered investing in Zimbabwe in the future ( $\bar{x} = 3.702$ ) and those who had invested ( $\bar{x} = 3.300$ ), scored higher mean scores than investors who had considered investing in Zimbabwe but did not do so ( $\bar{x} = 2.885$ ). This implies 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 Cohen d-effect size values were 0.857 and 0.413 a large and a small practical significance respectively.

The post-hoc Scheffé test for the significant differences related to *Investor status* and Zimbabwe's *Regulatory framework* (0.003;  $p < 0.05$ ) revealed that at the time of the survey, investors who would have considered 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 ( $\bar{x} = 3.568$ ). This implies that although investors who would have considered investing in Zimbabwe regarded the regulatory framework

in Zimbabwe to be quite influential in their FDI decisions, they also regarded it to be more influential than those who had considered investing in Zimbabwe, but did not do so. The Cohen d-effect size value was 0.594, representing an average practical significance.

#### 4.2. Investor Motives

Table 4 presents the findings of the MANOVA for investor motives.

**Table 4. Results of the MANOVA for Investor Motives**

Psychographic factor	Independent variables	F-value	P-value	Hypothesis No.	Practically significant differences
Investor motives	Cultural values and practices	0.941	0.421	H0 <sub>2,1</sub>	-
	Human capital	6.486	0.000*	H0 <sub>2,2</sub>	Average
	Export profile	3.304	0.021*	H0 <sub>2,3</sub>	-
	Government actions	1.981	0.117	H0 <sub>2,4</sub>	-
	Regulatory framework	0.634	0.594	H0 <sub>2,5</sub>	-

\* $p < 0.001$  \*\* $p < 0.05$

As is evident in Table 4, no statistically significant differences could be established between *Investor motives* and Zimbabwe's *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, null hypotheses H0<sub>2,1</sub>, H0<sub>2,4</sub> and H0<sub>2,5</sub> were accepted respectively. Relatedly, statistically significant differences could also be established with regards to investors' perceptions of Zimbabwe's *Human capital* (0.000;  $p < 0.001$ ) and *Export profile* (0.021;  $p < 0.05$ ) and in Zimbabwe based on their *Investor motives*. Thus, the null hypotheses H0<sub>2,2</sub> and H0<sub>2,3</sub> were rejected. The statistically significant psychographic-based differences are discussed in more detail.

The post-hoc Scheffé test for the statistically significant differences related to *Investor motive* and Zimbabwe's *Human capital* (0.000;  $p < 0.001$ ) revealed two specific 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 ( $\bar{x} = 3.291$ ). This implies that resource- and efficiency-seeking investors regarded Zimbabwe's human capital to be quite influential in their FDI decisions, while strategic asset-seeking investors were undecided as to the extent of its influence. The Cohen d-effect size values were 0.663 and 0.623 respectively, representing average practical significance. The post-hoc Scheffé test for the statistically significant differences related to *Investor motive* and Zimbabwe's *Export profile* (0.021;

$p < 0.05$ ), reported that the statistically significant differences were not powerful enough to detect any specific mean differences.

## 5. Discussion and Conclusions

Market segmentation enhances the effectiveness of marketing activity by providing information symmetry through the identification of the key behavioural cues of consumers (Dolnicar and Kemp, 2008). Hence, by effectively identifying the differences (heterogeneity) in investors by segmenting foreign investor markets based on psychographic factors, national governments such as that of Zimbabwe, can better manage the attraction of foreign investors and position their economies as competitive investment locations. The findings of this study support this assertion.

From a behavioural finance perspective the findings of the study provide empirical evidence of the heterogeneity within foreign investor segments in the case of the non-financial factors influencing their FDI decisions relating to engaging in FDI activity in Zimbabwe (2009-2015). For instance, statistically significant differences were identified between investors who had invested in Zimbabwe, as well as investors who considered investing in Zimbabwe in the future, regarding rating the influence of Zimbabwe's human capital compared to those who had considered investing in Zimbabwe but did not - the latter tending to be undecided about to the extent of its influence. While, foreign investors motivated by resource and efficiency FDI opportunities in Zimbabwe rated Zimbabwe's human capital higher than strategic asset-seeking investors in the country. This notion is partially supported by the literature, where the availability of skilled, cost-effective and productive labour is essential to the profitability of resource and efficiency-seeking investors (Bhatt, 2013; Sarna, 2005). Thus, it can be concluded that there was heterogeneity within the sample of investors, segmented based on *Investor status* and *Investor motive* and that to some extent, psychographic factors may be utilised to predict the factors influencing foreign investor behaviour. The extant of the contemporary literature generally substantiates the assertion that psychographics play an increasingly significant in consumer decision-making across various and diverse consumer segments including tourism (Stylidis et al. 2018), retail services (Otaibi and Yasmien, 2014) and more pertinently investor markets (Gamel, Menrad and Decker, 2017; Kumar, Goyal and Basu, 2017; Laksiri and Silva, 2013).

However, while differences in the rating of the influence of the non-financial factors within the Zimbabwean context point to heterogeneity in the sample of investors - supporting the role of individual psychological characteristics in the investment decision-making process within the FDI context – there is paucity in supporting literature. The findings of this study provide important empirical insights into the role of psychology in investment promotion, and more significantly provide

empirical evidence of a relationship between two behavioural finance concepts – investor framing bias and heuristics, thus expanding on the extant of the literature within behavioural finance theory on the role of psychographics in the framing (interpretation) of heuristic cues in FDI decisions, as well as the feasibility of market segmentation in investment promotion for national governments. Therefore, the absence of specific empirical evidence to support *Investor status* and *Investor motive* differences as related to specific non-financial determinants influential for FDI consideration, suggests that the findings of this study are a novel contribution to both behavioural finance and investment promotion literature respectively.

It is recommended that the Government of Zimbabwe cognisant of the psychographic differences that exist within its investor market and actively segment its investors to improve the effectiveness of their investment promotion initiatives. For instance based on the findings of this paper, by initiating targeted segment-specific marketing promotion activities such as newsletters/policy briefs or investor forums, the Government of Zimbabwe may focus on showcasing the comparative and competitive advantages of investing in Zimbabwe based on its human capital profile of highly-skilled, productive, and cost-effective labour force to the resource- and efficiency-seeking investor segment. Relatedly, from a policy perspective, this suggests that the Government of Zimbabwe must benchmark its labour laws in line with global standards in order to better attract human-capital oriented investors who had indicated considering investing in Zimbabwe in the future as they regarded Zimbabwe's human capital to be quite influential in their FDI decisions, as well as those investors who had considered investing in Zimbabwe but did not, since they appeared to be undecided about Zimbabwe's human capital. This recommendation is relevant to other African countries in particular as they transcend into the interventionist paradigm of investment promotion (Ajaebgu, 2014; Pietersen, 2011; Trnik, 2007).

The authors are cognisant to limitations of the study. Particularly the generalisability of the findings to other African countries and globally. Given the subjective nature of FDI location decision-making, it is recommended that a comparative study of the psychographic factors influencing the consideration of non-financial factors in FDI decisions be conducted as part of a broader study on the qualitative factors influencing FDI into the African region in particular. The African context is of particular academic interest due to the dearth in Afro-centric studies focusing on emerging discourses such as behavioural finance and investment promotion. These new insights would be beneficial to African governments in their policy making agenda towards the attraction of FDI to their economies.

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