

MBA THESIS

Thesis Title:

A quantitative analysis of the relationship between the 12 components of the Index of Economic Freedom (IEF) and the Human Development Index (HDI) scores within the 16 Southern African Development Community (SADC) nations.

By:

Brendon Peel

G13P5514

Rhodes University

Supervisor:

Evert Knoesen

ABSTRACT

Nations in Sub-Saharan Africa tend to experience some of the worst levels of human development and economic freedom in the world. Previous research has shown that there is a positive and significant correlation between these two macroeconomic facets. Further research has shown that if nations' policy-makers can manage their resources and capabilities appropriately, then this could improve their economic freedom and human development levels. This study aims to analyse the relationship between the scores of the 12 different components of the Index of Economic Freedom (IEF) and the overall Human Development Index (HDI) scores of Sub-Saharan African nations. The specific selection of nations utilised in the study are the 16 countries that make up the Southern African Development Community (SADC). Based on a review of the literature on human development, economic freedom, and the Resource Based Theory (RBT) on a macro-level, a correlational study was conducted to determine the relationship between the relevant variables. The information was collected from the Heritage Foundation and the United Nations Development Program (UNDP), respectively. The data and scores collected and used in the study are from the years 2015 to 2019. The correlational results demonstrated that nine of the 12 components of the IEF has a positive and significant correlation with HDI within the selected African nations. The strongest correlation being between 'Property Rights' and HDI. Therefore, it is likely that if the property rights within a nation are upheld, said nation would have higher levels of human development. The three components that proved to have an insignificant result with HDI were; 'Tax Burden', 'Government Spending', and 'Fiscal Health'. The results indicate that all components that fall under the category of 'Government Size' share no significant correlational relationship with human development. It is recommended that governments and policy-makers take this into consideration when managing their resources and capabilities to improve the nation's human development. Further research is required to identify the specifics on how this management and allocation of resources can be utilised effectively to improve the human development and economic freedom in Sub-Saharan Africa.

TABLE OF CONTENTS:

1. CHAPTER 1: NATURE AND SCOPE OF THE STUDY

- 1.1 Introduction – pg 1**
- 1.2 Background – pg 3**
- 1.3 Problem Statement – pg 7**
- 1.4 Objectives of the study – pg 8**
- 1.5 Scope of the Study – pg 8**
- 1.6 Research – pg 9**
 - 1.6.1 Literature Review – pg 9**
 - 1.6.2 Empirical Analysis – pg 9**
- 1.7 Delimitations, Limitations, and Assumptions – pg 9**
 - 1.7.1 Delimitations – pg 10**
 - 1.7.2 Limitations – pg 10**
 - 1.7.3 Assumptions – pg 11**
- 1.8 Rigour and Reliability – pg 12**
- 1.9 Research Ethics – pg 12**
- 1.10 Layout of the Study – pg 12**

2. CHAPTER 2: LITERATURE REVIEW

- 2.1 Introduction – pg 14**
- 2.2 Resource Based Theory (RBT) – pg 15**
 - 2.2.1 Background of RBT – pg 15**
 - 2.2.2 RBT in Macroeconomics – pg 17**
 - 2.2.2.1 Macroeconomic Resources – pg 21**
 - 2.2.3 Relevance of RBT in this Study – pg 23**
- 2.3 Southern African Development Community (SADC) – pg 25**
 - 2.3.1 Background of the SADC – pg 25**
 - 2.3.2 Governance in SADC Nations – pg 26**
- 2.4 Human Development – pg 27**
 - 2.4.1 Background of Human Development – pg 27**
 - 2.4.2 Human Development Index (HDI) methodology – pg 28**
 - 2.4.3 Strengths and Weaknesses of the HDI – pg 31**
 - 2.4.3.1 Strengths – pg 31**
 - 2.4.3.2 Weaknesses – pg 32**

2.4.4	HDI in Africa – pg 33
2.4.5	Global HDI context – pg 34
2.4.6	Overview of HDI in SADC nations – pg 34
2.5	Economic Freedom – pg 37
2.5.1	Background of Economic Freedom – pg 37
2.5.2	Methodology of the Index of Economic Freedom (IEF) – pg 38
2.5.2.1	The 12 Components of the IEF – pg 40
2.5.3	Strengths and Weaknesses of the IEF – pg 44
2.5.3.1	Strengths – pg 44
2.5.3.2	Weaknesses – pg 45
2.5.4	IEF in Africa – pg 46
2.5.5	Global IEF Context – pg 47
2.5.6	Overview of IEF in SADC Nations – pg 48
2.6	Relationship Between Human Development and Economic Freedom -pg 49
2.7	Chapter Conclusion – pg 56

3. CHAPTER 3: RESEARCH DESIGN AND METHODOLOGY

3.1	Introduction – pg 57
3.2	Research Aims, Objectives, and Goals – pg 57
3.2.1	Research Question – pg 57
3.2.2	Aims – pg 57
3.2.3	Objectives – pg 57
3.2.4	Goals – pg 58
3.2.4.1	Hypotheses – pg 58
3.3	Research – pg 58
3.3.1	Research Paradigms in this study – pg 59
3.3.1.1	Post-Positivist Paradigm – pg 59
3.3.1.1.1	Key Assumptions of the Post-Positivist Paradigm – pg 60
3.3.1.2	Reasons for Selecting the Post-Positivist Paradigm – pg 61
3.4	Research Methods – pg 61
3.4.1	Study Design – pg 61
3.4.2	Subjects – pg 61
3.4.2.1	Inclusion – pg 62
3.4.2.2	Exclusion – pg 62
3.5	Data Collection – pg 62

- 3.6 Data Analysis – pg 63
- 3.7 Reliability and Validity – pg 66
 - 3.7.1 Reliability – pg 66
 - 3.7.2 Validity – pg 67

- 4. CHAPTER 4: RESEARCH FINDINGS
 - 4.1 Introduction – pg 68
 - 4.2 Results – pg 68
 - 4.2.1 Linear Relationship Analysis – pg 68
 - 4.2.2 Tabulated Results – pg 75
 - 4.3 Chapter Conclusion – pg 76

- 5. CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS
 - 5.1 Introduction – pg 77
 - 5.2 Conclusions and Findings – pg 77
 - 5.2.1 Strong Correlations – pg 78
 - 5.2.2 Moderate Correlations – pg 78
 - 5.2.3 Weak Correlations – pg 79
 - 5.2.4 Very Weak Correlations – pg 79
 - 5.3 Hypotheses Results – pg 80
 - 5.4 Success of the Study – pg 80
 - 5.5 Policy Implications – pg 81
 - 5.6 Discussion – pg 83
 - 5.7 Recommendations for Further Research – pg 85
 - 5.8 Conclusion – pg 85
 - 5.9 References – pg 87

Figures and Titles:

Fig. 1.1: Prevalent variables in this study

Fig. 1.2: Nations of the SADC

Fig. 2.1: The Facets of HDI

Fig. 2.2: Economic Freedom and Human Development

Fig. 4.1: Property Rights vs. HDI (2015 – 2019)

Fig. 4.2: Government Integrity vs. HDI (2015 – 2019)

Fig. 4.3: Judicial Effectiveness vs. HDI (2015 – 2019)

Fig. 4.4: Tax Burden vs. HDI (2015 – 2019)

Fig. 4.5: Government Spending vs. HDI (2015 – 2019)

Fig. 4.6: Fiscal Health vs. HDI (2015 – 2019)

Fig. 4.7: Business Freedom vs. HDI (2015 – 2019)

Fig. 4.8: Labour Freedom vs. HDI (2015 – 2019)

Fig. 4.9: Monetary Freedom vs. HDI (2015 – 2019)

Fig. 4.10: Trade Freedom vs. HDI (2015 – 2019)

Fig. 4.11: Investment Freedom vs. HDI (2015 – 2019)

Fig. 4.12: Financial Freedom vs. HDI (2015 – 2019)

Tables and Titles:

2.1: Types of Resources

2.2: VRIO Framework

2.3: Porter's 5 Capitals

2.4: The Facets of HDI

2.5: 16 SADC nations ranked by their latest HDI results

2.6: Broad Categories of the IEF

2.7: The Components of IEF

2.8: IEF Scores in Africa vs. Global Averages

2.9: IEF Scores of the SADC Nations

3.1: The Strength of Relationship that r Determines

3.2: The Attributes of Reliability

3.3: The Types of Validity

4.1 Results

4.2 Rank of Each Component's Relational Strength

Appendix Tables and Titles:

A1.1: Government Integrity in SADC Nations

- A1.2: Property Rights in SADC Nations***
- A1.3: Judicial Effectiveness in SADC Nations***
- A1.4: Tax Burden in SADC Nations***
- A1.5: Government Spending in SADC Nations***
- A1.6: Fiscal Health in SADC Nations***
- A1.7: Business Freedom in SADC Nations***
- A1.8: Labour Freedom in SADC Nations***
- A1.9: Monetary Freedom in SADC Nations***
- A1.10: Trade Freedom in SADC Nations***
- A1.11: Investment Freedom in SADC Nations***
- A1.12: Financial Freedom in SADC Nations***

A2.1: HDI Scores in SADC Nations

- A3.1: Angola IEF scores***
- A3.2: Botswana IEF scores***
- A3.3: Comoros IEF scores***
- A3.4: DRC IEF scores***
- A3.5: Eswatini IEF scores***
- A3.6: Lesotho IEF scores***
- A3.7: Madagascar IEF scores***
- A3.8: Malawi IEF scores***
- A3.9: Mauritius IEF scores***
- A3.10: Mozambique IEF scores***
- A3.11: Namibia IEF scores***
- A3.12: Seychelles IEF scores***
- A3.13: South Africa IEF scores***
- A3.14: Tanzania IEF scores***
- A3.15: Zambia IEF scores***
- A3.16: Zimbabwe IEF scores***

CHAPTER 1: NATURE AND SCOPE OF THE STUDY

1.1 Introduction

Nations in Africa have some of the lowest levels of human development in the world, these same nations also have weakened economies and are largely economically unfree (Clark and D'Ambrosio, 2019). It has been proven that academic research can contribute to policy making decisions that could have a positive impact on numerous macroeconomic facets, including economic freedom and human development” (Embrett et al., 2021). Therefore it is possible for academic works to have a positive contribution to these as well as other socio-economic issues.

This study sets out to discuss the relationship between economic freedom and human development within Sub-Saharan Africa. This is done by analysing the relationship between scores from the Index of Economic Freedom (IEF), and comparing these to the Human Development Index (HDI). The IEF is an internationally recognised tool for measuring the levels of economic freedom in nations from around the world (Miller et al., 2021). It is calculated as the weighted average of 12 separate IEF components that are each scored independently and each contribute to the overall level of economic freedom (Heritage Foundation, 2021). The IEF was developed by the Heritage Foundation alongside the Wall Street Journal (WSJ) in 1995 and is largely considered the best form of measurement of economic freedom (Heritage Foundation, 2021). The HDI is one of the best tools for measuring the overall standard of living and well-being of a nation (Jahan, 2019). The HDI was developed by the United Nations Development Programme (UNDP) in 1990 and is published annually in the Human Development Report (HDR) (UNDP, 2020). The HDI score of a nation is calculated by observing a nation's education, health, and economic levels (Jahan, 2019).

This study concerns the 16 countries that make up the group of nations known as the Southern African Development Community (SADC). The reason that SADC nations have been selected as a key focus within this research is due to the fact that these nations are located within Sub-Saharan Africa and comprise countries that are in dire need of improving both their IEF and HDI results (UNDP, 2020; Heritage Foundation, 2021; Clark and D'Ambrosio, 2019). Another reason is that SADC nations also have strong relations among themselves, which makes policy decisions easily transferable from one SADC nation to

pg. 1

another (Chipeta and Schade, 2007). Should any policy improvement be made in one nation, it could have a beneficial impact for another of the other SADC nations to follow suit (Muntschick, 2018). Effective policy decisions and quality governance could potentially improve the quality of lives of all the populations within the SADC nations (Chipeta and Schade, 2007). In this research, SADC nations' average economic freedom and human development scores will be analysed and the relationship(s) between the variables will be discussed accordingly.

This is an important study to conduct, as understanding the relationship between components of economic freedom and human development can potentially carry policy implications (Embrett et al., 2021). By utilising the knowledge gained from this study, policy-makers may be able to improve the nations' overall economic freedom and human development (Miller, et al., 2021; UNDP, 2020; Heritage Foundation 2021). The key variables observed in this treatise are: each of the 12 components that form the overall IEF score; and the overall HDI scores of the 16 SADC nations. These variables are observed over a five-year time frame, specifically between the years 2015 to 2019. The methodologies as well as the benefits and weaknesses of how these scores are calculated are also discussed and critiqued. The layout of how the variables are observed in this treatise can be observed in Fig 1.1 below.

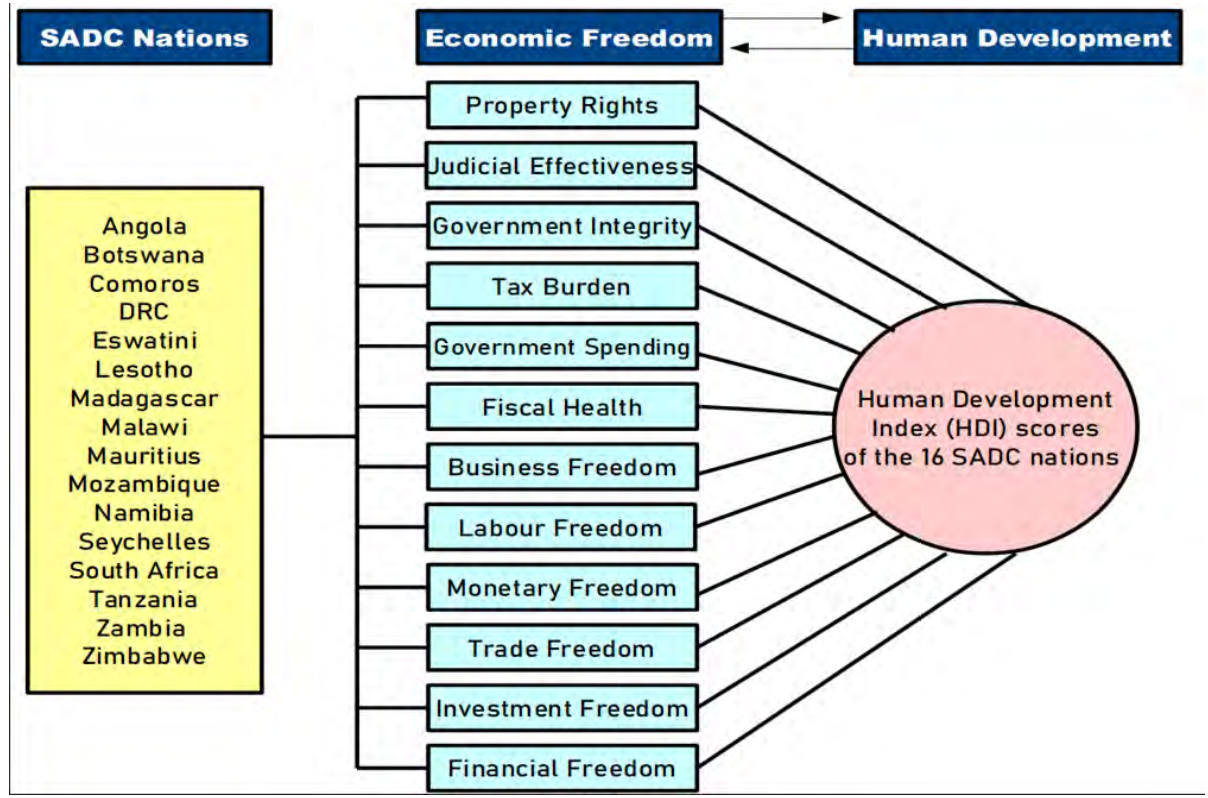


Fig. 1.1 – Prevalent variables in this study

Previous studies have proven that nations with more economic freedom tend to live better (Heritage Foundation, 2021; Nikolaev, 2014; Miller et al., 2021; Sušnik and Van der Zaag, 2017; Sharma, 2020; Grubel, 1998; Graafland, 2020a; Graafland, 2020b; Gropper et al., 2011). These research precedents are key to the relevancy of observing and testing the relationship between economic freedom and human development. Although there has been previous research carried out on the subject, there is room for further research to be conducted on this specific topic, especially with regard to the impact of the individual components of IEF on the overall human development. It should be the desire of every nation in the world to strive towards the best socio-economic development possible (Porter, 1990). Achieving good levels of socio-economic development means the people of said nation(s) are living better (Nikolaev, 2014). The key goal of the research is to assist policy makers in Sub-Saharan Africa to make positive and impactful decisions that could possibly improve their nation's HDI and IEF results.

1.2 Background

Governments from around the world play a vital role in nations achieving more prosperity and development for their respective populations (Porter, 1990)

The two key macroeconomic factors that have been selected to be analysed in this study are economic freedom, and human development. Institutions such as the United Nations Development Programme (UNDP) and the Heritage Foundation have created macroeconomic measurement tools that can be used by governments and researchers the world over (Miller et al., 2021; Jahan, 2019; UNDP, 2020). The tools utilised in this treatise are the Human Development Index (HDI) and the Index of Economic Freedom (IEF), respectively. The UNDP have noted that it is in every nation's government's best interest to achieve the highest possible HDI score. The key reason for this is that it means said nation's people are living longer more prosperous lives (Jahan, 2019). Miller et al. (2021) have stated it is also in a nation's best interest to strive for as much economic freedom as possible as there are a multitude of macroeconomic benefits from doing so. These positive impacts of economic freedom include effects on human development, standard of living, Gross Domestic Product (GDP) per capita, and it is even referred to as the 'antidote to poverty' (Miller et al., 2021, p. 11).

The key goal of this research is to analyse the 12 components of the Index of Economic Freedom and their relationships with the Human Development Index scores of all SADC nations. The IEF result of a nation is determined by the 12 IEF components' combined equally weighted scores (Heritage Foundation, 2021). This means that the improvement of the overall IEF result can be achieved by increasing any one (or more) of the 12 components (Heritage Foundation, 2021). Governments and policy-makers in any nation have the ability to shift the scores of practically all of the 12 components if they manage their resources appropriately as they have the ability and influence over these components (Miller and Kim, 2011). An understanding of the relationship between the 12 components of the IEF and HDI scores can assist policy-makers in making decisions on how to manage the various resources they have to them (Zungu et al., 2020; Yevdokimov et al., 2018; Miller et al., 2021).

Porter (1996) states that a nation's resources can be leveraged and exploited to create more socio-economic growth and development, if these resources are managed appropriately. It is therefore highly feasible that an increase in both economic and developmental factors can be achieved if improvements to the IEF components can be applied effectively (Miller et al., 2021). The utilisation of a nation's resources effectively creates a sustainable competitive advantage for the future (Porter, 1990). This means that if policy-makers in countries in Sub-Saharan Africa can start to strategically utilise their resources effectively, then it is possible that both their IEF and HDI scores could improve (UNDP, 2020; Heritage Foundation, 2021). This effective management of resources by the policy-makers can be achieved by applying the Resource Based Theory on a macro-scale (Antoniades and Haan, 2019; Dahan, 2005).

There has been research and studies that have shown a significantly strong positive correlation between economic freedom and human development (Sharma, 2020; Naanwaab, 2018; Grubel, 1998; Graafland, 2020a; Chodak and Kowal, 2011; Akhter, 2004). The aforementioned studies are paramount to this treatise, as without this groundwork there will be no real base point from which to build knowledge. It is thus a relevant study to analyse the relationship between the 12 components of IEF and the HDI results among the 16 SADC nations, as a link between economic freedom and human development has already been established. Analysing which IEF components possibly have the strongest correlation with the HDI scores may lead nation policy-makers to make decisions more effectively when it comes to improving their overall results (Zhao and Fan, 2018).

Governments from around the world have the ability to put certain interventions in place that can potentially improve many macroeconomic factors within the nation (Krug, 2017). To monitor and measure these types of macroeconomic factors, there have been a number of measurement instruments that have been created to observe and quantify these factors. These tools and instruments have the ability to assist these governments in making strategic decisions to better their respective nations (Zhao and Fan, 2018). All nations and their governments are extremely diverse, their differences in culture, leadership styles, and geographic locations leads each nation to create their respective long-term strategies in a unique manner (Muntschick, 2018). This fact makes it difficult for any single form of macroeconomic measure to be easily applied to every nation in the world. There are, however, certain standards that most nations agree upon, such as creating a decent standard of living, achieving development, improving the economy, and promoting education (Jahan 2019; Korankye et al., 2020). Nations that aim to obtain common objectives of overall development and economic improvement can often bring a set of nations together in an attempt to achieve these goals as well as assist partnered nations to do the same (Muntschick, 2018).

One such example of a group of nations working together for achieving common goals is the Southern African Development Community (SADC). The SADC was created with group sustainable strategies in mind for nations that are based in Southern Africa (Muntschick, 2018). The key objectives laid out by the SADC are “to achieve development, peace and security, and economic growth, to alleviate poverty, enhance the standard and quality of life of the people of Southern Africa, and support the socially disadvantaged through regional integration, built on democratic principles and equitable and sustainable development” (SADC, 2021, no pagination). The SADC consists of 16 member nations, each of which attempt to work with each other in an integrated manner. The close proximity of the 16 nations means it is easier for them to transfer products and resources. A map of all 16 SADC nations are depicted in *Fig. 1.2* below.



Fig 1.2: Nations of the SADC

(SADC, 2021)

Many of the 16 nations in the SADC have experienced some of the worst overall living conditions and economies in the world (Clark and D'Ambrosio, 2019). These nations tend to have some of the lowest gross national income (GNI) per capita, poorest education levels, and lowest life expectancies in the world (UNDP, 2020). If there is a possibility for these issues to be improved, then that should be a priority for the policy-makers to do so (Miller, et al., 2021). This research can also be used as a base for future researchers to do further in-depth studies from the results and findings of this research conducted.

There is a gap in knowledge within this topic, as there is insufficient research that has been done on the relationship(s) between the 12 individual components of the IEF and the overall HDI scores. This gap of knowledge within this topic also occurs specifically when looking at Sub-Saharan Africa, as traditionally, most of the research has been done on more developed nations (Sharma, 2020). Due to research proving a positive correlation between the overall IEF results and HDI scores, one can deduce that some, if not all, of the 12 IEF components may have a correlation with the HDI results as well. This takes up these parameters due to some African nations' policy-makers often making poor decisions, hampering improvement in favour of more wealthy individuals (Zungu et al., 2020; Koohi et al., 2017; Korankye et al., 2020). Thus, the overall goal of this treatise is to assist Sub-Saharan African policy-makers to improve their decisions in effective national development.

1.3 Problem Statement

As the world keeps evolving, the polarisation of human development in nations from around the globe continue to expand (United Nations, 2020). Upon observation of the research done by the Heritage Foundation (2021), it has been found that the levels of economic freedom in Africa are also some of the lowest in the world. These macroeconomic factors have been some of the lowest scores since the inception of the IEF and the HDI. These nations have some of the weakest economies in the world, as well as some of the lowest levels of quality of life (Clark and D'Ambrosio, 2019). There are a multitude of factors that could possibly be the reasons for this lack of socio-economic development (Zungu et al., 2020). Some of these reasons include poor leadership, mismanaged resources, a colonial history, corruption, and weakened economies (Morris and Fessehaie, 2014). These issues can create a cycle of perpetual problems that are difficult to alter. With this being said, it is still possible for policy-makers in these nations to manage their resources more efficiently and be able to improve the overall development in their respective nations (Porter, 1996). This is a challenging task.

It can be hypothesised that good management and policy-making decisions in regard to the 12 components of IEF could lead to the improvement of the HDI score (Miller et al., 2021; UNDP, 2020). Effective policy decisions as well as good management of resources is prevalent within the Resource Based Theory (RBT). The management of resources by policy-makers to obtain a comparative advantage is one of the reasons that the RBT is applied to the research. The RBT is traditionally applied to microeconomics, however many academics have shown that the theory can also be applied to a macroeconomic and governmental scale (Antoniades and Haan, 2018 & 2019; Childs and Hearn, 2017; Dahan, 2005; Lockett and Thompson, 2001; Bryson et al., 2007; Guillen, 2000; West et al., 2008; Porter, 1990 & 1996; McWilliams and Siegel, 2010).

This treatise sets out to create a study of the relationship of macroeconomic factors that could possibly be beneficial to nation policy-makers in Southern Africa. For this reason, this treatise is based in the macroeconomic spectrum and deals with nations and their governments' strategic decisions. Specifically, it examines how macroeconomic decisions can be potentially made in relation to economic freedom and human development within the SADC. Many African nations often seem to get left behind in terms of development, in comparison to other continents in the world. This provides the rationale for this study. Specifically, this research has the potential to be a base-line for future researchers to create

more work that can assist Sub-Saharan African nations' policy-makers. The main long-term aim is to attempt to make improvements on these highlighted nations' economic and human development results. If resources are poorly managed and regressive policies in these Sub-Saharan African countries are continued, then it may lead to worse development scores in the long-term.

1.4 Objectives of the study

This study's primary objective is to create an in-depth analysis of the relationship(s) between the 12 components of the IEF with that of the HDI scores of nations in the SADC. It will portray the strength of the correlation by using Pearson's Correlation Coefficient to measure the strength. The analysis of these linear relationships provide a base for future research. The objective after this is to rank the strength of the relationships of the 12 components and make commentary on the results. A core secondary objective is to be able to provide possible parameters for developmental economic freedom policies in Sub-Saharan African countries. This can be achieved by adding information and research to the policy formulation framework of SADC nations that will promote global sustainable development in the Sub-Saharan African region through correct management of resources.

The main research question is as follows:

What is the relationship between the scores of the 12 components of IEF and the overall HDI scores of the 16 SADC nations?

1.5 Scope of the Study

The study offers insight as to how resources and capabilities can be managed for strategic decision making in Sub-Saharan African governments. This management is observed from a macroeconomic perspective, and mainly focuses on the effect that management of the components of IEF may have on the HDI score, and vice versa. The study is grounded in the macroeconomic field and is based on potential socio-economic improvements based off government intervention.

1.6 Research

An analytical approach is taken in conducting the research. The overall research consists of two key parts which is a literature review and an empirical analysis of the data.

1.6.1 Literature Review

The literature review focuses on the key concepts and indices that are important to the overall treatise. This focus brings about an understanding as to the macroeconomic phenomena that are prevalent in the study, and explains the theory in which that the study is rooted. Previous research within the field is highlighted and applied to this current study. Many different types of sources have been used in this research, which include journal articles, books, academic papers, online resources, and interviews. These are discussed, critiqued, and reviewed to give an understanding of operational concepts.

1.6.2 Empirical Analysis

The research study is quantitative in nature and data for this empirical analysis was obtained from secondary data resources. This was namely from large institutions that conduct global research, such as The Heritage Foundation and The United Nations. The overall methodological approach for this analysis is a correlational analysis using Pearson's Correlation Coefficient Formula. This formula is used to determine the linear relationship strength between two variables.

1.7 Delimitations, Limitations, and Assumptions

Delimitations, limitations, and assumptions are prevalent in practically any form of research study (De Vos et al., 2017). Delimitations are conscious decisions that have been made about the research to either include or exclude certain parameters to focus in on the scope of interest (Simon, 2011). Limitations refer to the influences, shortcomings, and conditions that cannot be controlled by the researcher (De Vos et al., 2017). Assumptions refer to the beliefs and opinions one may have about the topic as well as the assumption that the base-work that the study has been built on is true and valid (Simon, 2011).

1.7.1 Delimitations

- There are many macroeconomic factors that are relevant to policy-makers from around the world. The specific factors brought to the fore in this research are economic freedom and human development. This does not imply that other macroeconomic factors are of lesser importance.
- There are many nations from around the world that are struggling in both their overall IEF and HDI scores. This study specifically looks at nations in Sub-Saharan Africa, as there is a research lacuna on this topic in this geographical area. This choice does not imply that other nations from other regions are necessarily performing better in their IEF and HDI scores.
- The variables selected are the scores of the 12 components of the IEF and the HDI scores of the 16 nations listed in the SADC. There are different indices of economic freedom, however the Index of Economic Freedom created by the Heritage Foundation has been selected as their research on the subject is extensive and the data easily obtainable. The variable of the HDI has been used from the UNDP's Human Development Report (HDR). The HDR has been selected as the main source for the HDI data as it is widely regarded as the most prominent source on the topic of human development.
- The scores and values from the year 2015 up to the year 2019 define the study timeframe, so as to ensure the most recent results as possible.
- The data utilized within this thesis is assumed as normally distributed as there is not a large range difference in HDI and IEF scores from around the world.
- The core methodology used is the Pearson's Correlation Coefficient, so as to clearly determine the strength of correlation. The significant p-Value is determined to be <0.05 , where other researchers such as Nikolaev (2014) and Miller, Kim, and Roberts (2021) who conducted similar tests of correlation used the same benchmark of significance.
- Proof of causation has been omitted from the study; however, this work could possibly lay the groundwork for future research that may be able to prove the causality between the identified variables. The reason for this is that a correlational study does not imply causation, but can be an indicator of potential causation.

1.7.2 Limitations

- When dealing with determining a relationship between macroeconomic factors, there tends to be many external factors that may influence outcome. This means that determining the true relationship between these factors can become very difficult, as many other externalities may influence the strength of this relationship.
- There is a limitation in the accuracy of some of the data captured, especially with regards to some of the components of IEF. For example, a component such as 'Government Integrity' is difficult to quantify and apply to every nation in the world.
- Every nation in the world has a different culture and values, which makes broadly applying these macroeconomic measurements vulnerable to bias, in the sense that there is certain criteria selected about having good economic freedom or human development. This can be problematic, as some researchers, such as Cabello et al. (2021) and Feulner (2017) argue that The Heritage Foundation's evaluations come from a strictly capitalistic point of view, and may not be the best solution for every nation on earth.
- This study specifically uses two main sets of data that come from different sources. There are similar and different indices utilized in the field of macroeconomics. The two selected data sources are the Heritage Foundation and the UNDP.

1.7.3 Assumptions

- The study assumes that all previous research on the topic has been done in a calculated and ethical manner that makes the base-work for this research true and valid.
- It is also assumed that all data captured by The Heritage Foundation and the UNDP is done so in the most rigorous and unbiased manner.
- It is assumed that in most instances the government in each of the 16 SADC nations has a relevant control and impact in being able to alter and improve each of the components of the IEF. This is the case as all of the components involve government intervention and control to some degree.
- Another assumption is that all nations identified are striving to achieve the highest levels of human development as possible. This assumption is made noting that high human development scores mean that the nation's people are living longer and more prosperous lives. It ought to be the desire of every government in the world.

1.8 Rigour and Reliability

All research conducted has been done in the most reliable and rigorous manner possible. With this particular treatise, secondary data is used throughout. This secondary data has been measured and audited by professionals from major global institutions. In this case, the two major institutions are the United Nations and The Heritage Foundation. Both of these institutions have been cited in numerous research papers, articles, and academic works. For this reason, the information obtained and synthesised is deemed to be highly reliable. The research and methods conducted using this data are done in the most rigorous way possible, which will lead to comprehensive conclusions. The new information derived from these conclusions will be portrayed in the most transparent and reliable manner possible.

1.9 Research Ethics

Ethics in research is a vital part of creating new academic knowledge. There are certain standards that need to be adhered to in order for the research to be deemed both valid and ethical. For these reasons, the following ethical considerations have been adhered to:

- All sources have been cited and listed as per Harvard-Anglia referencing standards.
- A signed plagiarism declaration is included.
- Due to the nature of this research, only secondary data has been utilised in the study. This means that no ethical clearance is required for this research to take place, as all of the data and information used are freely available.

1.10 Layout of the study

- *Chapter 1: Nature and Scope of the Study*

This chapter gives the context and background to the study. It also lays out the problem statement and the reasoning and relevance for the study in question. This chapter also highlights the research question, as well as what the study goals and objectives are. Furthermore this chapter formulates the problem statement, as well as the methodology to be used. Finally, the delimitations, limitations, and assumptions of the study are also explained so as to give a full understanding to the reader about the perspective of the study.

- *Chapter 2: Literature Review*

In this chapter, all the key concepts and theory will be dissected in detail, and an analysis and review of the literature surrounding these concepts will be provided. The key points and literature that are highlighted and analysed are:

- The Resource Based Theory (RBT)
 - The application of RBT to government and nations
- The concept of human development
 - The methodology of HDI
- The concept of economic freedom
 - The methodology of the IEF
- The link between economic freedom and human development

- *Chapter 3: Research Design*

This chapter focuses on the design of the research within this treatise. Some of the salient points relevant in this chapter are the variables and measurements used within the study. This also highlights the instruments that were used in obtaining the data that is used in the study. Finally, the data analysis techniques are described, along with the reasoning for these particular choices.

- *Chapter 4: Results and Findings*

In this chapter, the tools and techniques described previously are conducted by applying the data to the relevant techniques and methodical approaches. The equations and results of such are laid out in clearly marked graphs sub-sections that is simple to read and understand.

- *Chapter 5: Conclusions and Recommendations*

In observing the results from the results and findings, this chapter draws out conclusions from the research conducted. All conclusions and recommendations that are made in this chapter are motivated by the factual results of the empirical studies carried out.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

Policy-makers that utilise their resources effectively can improve their nation's economic freedom, which has many macroeconomic benefits, including human development benefits (Miller et al., 2021).

This chapter presents and explains the study's operational concepts. The key concepts and macroeconomic measurements that are paramount to this research include: the Index of Economic Freedom (IEF), the Human Development Index (HDI), The Southern African Development Community (SADC), and the Resource Based Theory (RBT). These concepts are paramount and are proven to be linked. All concepts are analysed for a full understanding of why and how this research is relevant to the field of economics. Within this chapter, all of the concepts are unpacked, and key previous research conducted on the relation between economic freedom and human development are highlighted.

There is a plethora of research that has been conducted on the overall topic of the relation between economic freedom and human development (Miller et al., 2021; Sharma, 2020; Nikolaev, 2014; Naanwaab, 2018; Graafland 2020a; Graafland, 2020b; Guillen, 2000). However, there is a gap of knowledge on this subject that examines the relationship specifically between each of the 12 components of IEF with that of HDI. Previous studies, such as those by Naanwaab (2018) have unequivocally proven the relationship between economic freedom and human development. Thus, it is logical to continue in this vein of research by determining which components of economic freedom have the strongest relationship with human development. There has been much research on the individual key themes and measurement instruments used to calculate the HDI and IEF scores of nations, the methodologies and backgrounds of both the IEF and HDI are dissected and analysed in a global and African context. More research to explore the possible relationship between economic freedom and human development ought to be done in order to assist Sub-Saharan African governments to possibly make policies to improve the lives of the people in this region (Sharma, 2020).

2.2 Resource Based Theory (RBT)

2.2.1 Background of the RBT

The Resource Based Theory (RBT) states that in order for a long-term sustainable competitive advantage to be achieved, resources of firms should be managed appropriately (Barney et al., 2011). Formalised academic research is deemed scientifically valid when grounded in a pre-existing knowledge of the topic (De Vos et al., 2017). These theories have been tried and tested as well as peer-reviewed, which means that the theories are grounded in truth and previous academic research (De Vos et al., 2017). The key theory that is brought to the fore in this particular treatise is resource based theory (hereafter RBT). This theory is also sometimes referred to as the resource based view (hereafter RBV) (Barney, 2001). Barney's 1991 article, *Firm Resources and Sustained Competitive Advantage* has been highlighted as a pivotal article on the topic of RBT and is considered a seminal piece that lays the foundation of the idea of the RBT (Barney et al., 2011). Since this work was published, there have been many papers, journal articles, and books written on the subject of RBT as well as its application (Szymaniec-Mlicka, 2014).

The wide forms of application of the RBT is one of the reasons why the theory is considered to be one of the most prominent in the field of economics (Szymaniec-Mlicka, 2014). The theory concerns an entity being able to use its resources effectively and efficiently in order to gain a sustainable competitive advantage (Barney, 2001). The resources referred to can vary widely depending on the relevant sector, however, these resources are usually either tangible or non-tangible resources (Barney, 2001).

Table 2.1: Types of Resources

<i>Tangible resources</i>	These resources are physical resources that can be touched and quantified, such as; physical assets, equipment, cash, and property.
<i>Intangible resources</i>	These are the resources that are difficult to touch, see, or be quantified, resources as such these include; skills, knowledge, reputation, and culture.

(Barney et al., 2011)

The way in which these resources are managed by an entity determines its capabilities (McWilliams and Siegel, 2011). The more capabilities an entity has to exploit, the stronger its competitive advantage can potentially become (Lockett and Thompson, 2001). The theory states that if these tangible and intangible resources can be managed appropriately by decision-makers, then the entity will have capabilities that can create a sustainable competitive advantage (Barney, 2001). A competitive advantage is the ability of an entity or enterprise to carry out a particular activity more efficiently than other competitors (Barney, et al., 2011). The more capabilities are created over time by an entity, the more dynamic its capabilities will be (Alvarez and Barney, 2017). These dynamic capabilities can be beneficial to the entity carrying out this form of resource management as it can easily lead to a competitive advantage that can be created in a sustainably (Alvarez and Barney, 2017).

When identifying and categorising the types of resources available to an entity, there is a key framework that is applied. The framework that is prevalent in the internal analysing of resources within RBT is the VRIO framework (Pesic et al., 2013). VRIO is an acronym that stands for Value, Rarity, Inimitability, and Organisation (Barney et al., 2011). For an entity to fully take advantage of their resources within an RBT lens, it ought to ensure that its resource(s) meet all of the following components of VRIO:

Table 2.2: VRIO framework

<i>Value</i>	This refers to a resource and whether or not it adds value to the entity. Adding value can exploit a possible gap in the market or mitigate an external risk that may affect the entity. The more value a resource can add, the better it is for the entity with the resource(s).
<i>Rarity</i>	This refers to a how unique this resource may be. The rarer the resource, the better the competitive advantage becomes. If the resource is not able to be accessed by many other entities, then it can be described as a rare resource.
<i>Inimitability</i>	If a resource can be easily imitated or copied, then the competitive advantage created by said resource will not last for too long. The more difficult it is for a resource to be imitated by other entities, the more sustainable the competitive advantage created will be.
<i>Organisation</i>	This looks at how the resources are managed within the entity. If resources that are valuable, rare, and imitable can be properly exploited and managed by the entity, then a sustainable competitive advantage can be obtained.

(Pesic, et al., 2013)

An entity that can take full advantage of applying the VRIO framework to their products or services will more than likely gain a competitive advantage, which leads to growth (Barney et al., 2011). Traditionally, the RBT is set in a microeconomic context, with the 'entity' generally being a business or firm (Barney, 2001). Barney (2001) has pointed out that the RBT is a malleable theory that has the ability to be adapted to both governmental and macroeconomic practices. Researchers have also considered governance-RBT that goes beyond the firm and that well organised RBT strategies can have a long-term positive effect on the overall economy in which it is based (Barney et al., 2011).

2.2.2. RBT in macroeconomics:

The RBT has been proven time and time again to be interlinked with other prominent theories, and can be observed in the macroeconomic sphere (Barney et al., 2011). The concept of RBT as a whole is a fluid theory, which can and has been applied to different levels of business, governance, and practices. Due to this flexible nature of the theory, the RBT itself is still evolving and adapting as researchers continuously find new ways of applying this theory (Szymaniec-Mlicka, 2014). There have been many researchers that have expressed the fluidity of the RBT as a theory, and there have been many researchers in recent years that have expressly utilised RBT on a macroeconomic level (Szymaniec-Mlicka, 2014).

One of the key pieces of research that links the RBT to the macro-sphere is Szymaniec-Mlicka's (2014) journal, which lays out a review of key research on macro-RBT. This is a comprehensive review of all important literature that applies the RBT to strategic management of public organisations and institutions (Szymaniec-Mlicka, 2014). It provides a detailed layout of all salient work on the topic. Szymaniec-Mlicka (2014) also highlights that resources can be used to gain a competitive advantage on this macro-level. Researchers such as Antoniades and Haan (2019) observe the relationship between capabilities of a government and the impact these applications of capabilities have on a nation's population. Antoniades and Haan's (2019) study was conducted through the lens of the RBT on a macroeconomic scale. This study hypothesises that a nation's government's capabilities have an impact on higher governmental performance (Antoniades and Haan, 2019). In this same study, it was hypothesised that higher government performance leads to prosperity among the nation's population. Both hypotheses were discovered to be true (Antoniades and Haan, 2019). Dahan's 2005 research studies the idea of the RBT being

pg. 17

applied to governmental levels of decision-making. It highlights how resources can be managed appropriately by governments in order to achieve an improvement on overall economic performance (Dahan, 2005). Dahan (2005) discovers that an advantage can be obtained by a government, by applying the appropriate forms of public policy.

Antoniades and Haan's (2018) study proves that applying the RBT and utilising resources and capabilities effectively has a significant impact on political performance. This means that if politicians and policy-makers can utilise their resources and capabilities appropriately, they can obtain higher performance levels in governance. Bryson et al. (2007) identify distinctive competencies in the public sector, important to creating value for key stakeholders of the entity. A business model is laid out that is appropriate to use in the public sector that links these distinctive competencies to aspirations and goals (Bryson et al., 2007). Wu et al. (2018) focus on the capacity of policy within government. This book speaks to how governments from around the world ought to utilise the resources they have available to them in order to achieve the best outcome for the stakeholders involved. In the case of a nation, the key stakeholders are deemed as the general population of the nation in question (Wu et al., 2018). Wu et al. (2018) highlight how policy-makers can potentially manage their resources to and from various sectors in order to gain a comparative advantage, which is a sustainable way of building a more prosperous nation. In fact, one of the key focuses is on the general public's aspirations and expectations of the government's policy decisions and how it impacts them (Wu, et al., 2018). Another important facet within this book is showing how government's policies can be measured and monitored through various indices, this mainly points to measurements of economic freedom (Wu et al., 2018). Ramesh et al. (2016) observe the difficult nature of identifying and measuring a government's capacity. The current research identifies that the capacity of a government is the resources it has at its disposal to make effective policies (Ramesh et al., 2016). The research is grounded in the theory of RBT in macroeconomics and takes a resource based view of government's capacity and how to make policy decisions effectively (Ramesh et al., 2016).

Wu et al. (2015) prove that 'policy capacity' is all competencies and capabilities of policy-makers that are used when creating policies. The study formulates a conceptual framework for analysing and measuring the policy capacity of policy-makers (Wu et al., 2015). Wu et al. (2015) also state that part of what makes up the capabilities includes the resources that are at a government's disposal. The theory behind this research is largely based on RBT at the macro-level, where the overall conclusion of the study is that policy-makers that can

pg. 18

manage their capacity appropriately can lead to making good and effective policies that can have a positive impact on the nation's population (Wu et al., 2015).

Another salient work that portrays the relevance of RBT on a macro-level to this study is West et al. (2008), who observe the way in which emerging economies might apply the RBT in order to achieve economic development. West et al. (2008) admit that it is still unclear as to which exact resources are more important to achieving this development. However, they do find that notable intangible resources, such as entrepreneurial orientation, social networks, and knowledge, are key facets when the RBT is applied to the macroeconomic sphere (West et al., 2008). Zhao and Fan (2018) focus on how governments can have a positive social, economic, and political benefit on a nation through the lens of the RBT. This research was conducted using elements of tangible and intangible resources, as well as looking at the human resources a given nation's government may have (Zhao and Fan, 2018).

There is additional academic research that refers to RBT being applied at the macroeconomic level in some form or another, including such studies from Childs and Hearn (2017), who discuss the implications that an African government can have when managing the nation's natural resources. Morris and Fessehaie (2014) observe developing nations in Africa and how gaining a competitive advantage through industrialisation can have a positive benefit on national development. One of the key theories utilised and critiqued within Morris and Fessehaie's (2014) article regarding how economic growth can be obtained is through the lens of the RBT. McWilliams and Siegel (2011) demonstrate the importance of a firm's Corporate Social Responsibility (CSR) and how this can have a positive impact on the surrounding macro-environment. This was through the lens of the RBT as a key strategy to utilise CSR to better society, as well as to gain a sustainable competitive advantage (McWilliams and Siegel, 2011). The previous study is similar to the ideals of Jarvenpaa and Leidner (1997) that prove local organisations (including public ones) that can manage their resources using the RBT can have a positive influence on their surrounding society and environment. Guillen (2000) builds on this by highlighting the importance of the external macro-factors that can influence an organisation in its implementation of RBT strategies in emerging economies. Lockett and Thompson (2001) speak to the RBT being a dynamic theory, and discuss and critique how RBT can be used and applied to macroeconomics in various ways.

Porter has been highlighted as a prominent thought-leader within the RBT and competitive advantage space, and his 1990 work *The Competitive Advantage of Nations* is a seminal piece on macroeconomic strategy and macro-resource management (Madhani, 2010; Porter 1996). Porter states that “the only meaningful concept of competitiveness on a national level is productivity” (Porter, 1990: 84). He continues to state that all nations ought to strive to obtain a decent standard of living for their people, and this objective can be obtained by increasing productivity to its maximum potential (Porter, 1990). This goal of achieving increased productivity is one that can be driven by government policy and interventions (Porter, 1990). According to Porter (1990), a country that gains a competitive advantage has a higher chance of improving its economy and quality of life for the people within the country. This treatise defines national competitiveness in accordance with Porter’s work, which states that national competitiveness can be achieved by obtaining higher levels of national productivity and thereby having a higher standard of living for the nation’s people (Porter, 1990). This means that it is identified that nations with higher levels of standard of living have a better national competitive advantage (Porter, 1990). One of the best and most practical methods of measuring a nation’s standard of living is by measuring their human development levels (UNDP, 2021). This improvement of the standard of living and achievement of a national competitive advantage can be achieved through efficient and effective governance and policy decisions (Wu et al., 2018).

Porter (1990, 1996) as well as other researchers such as Wu et al. (2015), Ramesh et al. (2016), and Antoniadou and Haan (2019) have also stated that if a country’s policy makers could strategically manage and exploit their resources effectively, then this would lead to the country gaining a competitive advantage (Porter, 1990; Lockett and Thompson, 2001).

2.2.2.1 Macroeconomic Resources

According to Porter (1990 and 1996), some of the key macro-resources that a nation (and its policy-makers) has available include:

Table 2.3: Porter's 5 Capitals

<i>Macroeconomic Resource</i>	<i>Description</i>
Human Capital	This is an intangible resource and has to do with the people's skills, education, health, and experience. The more educated, skilled, and healthy a nation's workforce, the easier it is for that nation to be able to obtain a national competitive advantage.
Financial Capital	This is a tangible resource and refers to the money available to a nation at large. Porter does proclaim that money does not necessarily mean that a competitive advantage is obtained, however, if the financial capital can be exploited appropriately, then it can have a positive impact on being able to obtain a competitive advantage.
Physical Resources	These are tangible resources and can include anything physical of monetary value that is within the nation. This includes one of the most important assets any nation has, which is their land.
Industries	If a nation can exploit an industry that the nation in question can excel at and be a global market leader in that particular industry, then a level of national competitive advantage can be obtained. Policy-makers should aim to promote niche global markets as well as blue ocean markets in order to exploit industries in which the nation may be able to thrive.
Intellectual Capital	This is yet another intangible asset, and is one that is closely linked with the human capital resource, as it largely involves the knowledge and intellect of a nation's workforce. The more educated, creative, and skilled a nation is, the better its competitive advantage. Intellectual capital is defined as a knowledge-based resource that a nation can utilise.
Other Unique Resources	This set of nation's resources includes tangible and intangible resources. These resources, however, tend to be more unique to the nation than any other resource. Nations may have natural resource deposits that can be utilised in order to gain a competitive advantage. This may include rare and valuable natural resources such as oil, valuable metals, or unique farming conditions. Other unique resources can include inimitable physical locations that may create tourism as it is one of a kind in the world, examples of this are Table Mountain and The Great Barrier Reef.

(Porter, 1990)

If a nation's policy-makers can promote the expansion, growth, and protection of these resources within a nation, then said nation will be able to achieve a national competitive advantage (Wu et al., 2018). This national competitiveness can be obtained through correct usage or management of a nation's resources. If this level of effective management can be obtained, then the nation can achieve new capabilities that can lead said nation(s) to gain a competitive advantage in the economic and development sectors (West et al., 2008). This goal of national competitive advantage can come to fruition if public entities that are controlled by the government as well as the policy-makers themselves can exploit their resources appropriately and assist individuals in the nation to take full advantage of the resources available to them (Guillen, 2000). Research has shown that "implementing the logic of the resource-based view in the management of public organizations [sic] in a turbulent environment seems to be the right strategy" (Szymaniec-Mlicka, 2014, p.26). There are many ways in which a national competitive advantage can be obtained, some of the more salient examples of which include:

- Government interventions to allow the economy to continually 'upgrade itself'. This means that the productivity of the overall nation ought to strive for continual and consistent growth, so that a nation's economy does not stagnate over time.
- Companies within the nation should improve productivity in existing industries. Some of the ways in which this can be done is to improve the product quality that is offered within this industry, improving the product technology, adding desirable features to the product or service, and improving the efficiency of the production. Another key manner in which productivity can be improved is to apply the VRIO framework to these industries' products and services.
- Organisations within the nation should also attempt to compete in new and sophisticated industries that are generally untapped markets. These market segments can also be referred to as a blue ocean marketplace as the possibility of growth and production is high.
- Government intervention and strategic policy-making decisions are highlighted as a salient means of obtaining an overall national competitive advantage. Some of the ways in which these parties can achieve this goal is the following:

- The government should strive to support and promote national production, which can be done by supporting industries in which the nation traditionally has a competitive advantage.
- International trade and foreign investments when managed appropriately by the relevant parties involved can have a major beneficial impact on a nation's production levels. Policy-makers can make this happen by allowing entities to freely import and export the available resources and products.
- The resources available to any nation are scarce, so wasting these resources can be detrimental to the overall production levels of the nation. This is why it is important that the government should ensure that the nation's resources (for example human capital and financial capital) are utilised in the most productive manner.
- The government also has the ability to control the laws around labour, where wage laws should be regulated however a free market should determine the wages of employees in order to maximise productivity.

(Porter, 1990)

Overall, the government ought to assist the nation and its people in achieving the highest level of productivity in order for them to achieve highest standard of living (Porter, 1990). This being said, the government should also try to avoid having in place excessive bureaucratic measures that hinder the ease of business and transactions, as these phenomena tend to have an adverse impact on the productivity of the nation (Miller et al., 2021). The idea of governance in this manner is in line with the concept of economic freedom.

2.2.3. Relevance of RBT in this study

The theory applied to any academic research should always be relevant and appropriate with regards to the research topic at hand (De Vos et al., 2017). Applying the RBT in this study is relevant, as the key focus of the thesis is to possibly assist policy makers in managing their resources in a manner so as to gain a national competitive advantage. The study focuses on emerging or smaller economies, and it is important to do so because traditionally, economies that were highlighted when applying the RBT in the majority of

studies were based in already developed economies (Peng et al., 2008). It is further relevant as it is stated that one can extend the concept of “the resource-based view of the firm to a less developed country situation that is experiencing great turbulence and uncertainty” (Jarvenpaa and Leidner, 1997, p.33).

All the previous research examined in this chapter is very important for this treatise as it clearly shows that the RBT can be applied by policy-makers. It has also been proven that the correct application of RBT on a national level could lead to a nation's population starting to be more prosperous, as well as creating a better chance for a sustainable development among the people and the economy (Wu et al., 2018). This thesis observes governments and policy-makers in Southern Africa to consider how they can better manage their resources (either individually or collectively) so as to improve the nation's socio-economic results. The overall improvement of both the economic and social aspects of a nation can be achieved by applying the Resource Based Theory on a macro-level (Akhter, 2004). Using the RBT is relevant to this treatise, as the level of economic freedom is an outcome of correct usage of resources (Miller and Kim, 2011).

Having a nations' people more educated and living longer means that resources like human capital can work more efficiently for longer, and can create a better competitive advantage (Porter, 1990). According to the RBT, on a macro-perspective, if a nation can manage its resources effectively (in this case, the resources that influence the results of the 12 components of the IEF) then it would be able to strategically improve its IEF score (Miller et al., 2021; Akhter, 2004; Guillen, 2000). This improvement of the IEF result due to managing scarce resources effectively creates a path for nations to grow economically in a sustainable way (Barney et al., 2011). Identifying the relationships between the 12 components of IEF with the HDI score may be able to create a valid framework for a developmental socio-economic policy. Should it be possible to identify from IEF such critical drivers of development, these drivers could be prioritised for resourcing, in the fair expectation of a social return. This would allow for recommendations to be made on how SADC nations may potentially be able to manage their resources better from a RBT perspective, which could lead to the improvement of the nations' HDI score and their IEF component scores.

If the RBT on a macro-level can be applied by the policy makers within these SADC countries then this could possibly help these nations improve their people's standard of living, as well as their overall economy. For this reason, the guiding theory for this research is the Resource Based Theory (RBT) from a macro-level perspective. Work by all of the previously

pg. 24

mentioned academics has shown the links and applications to resource based theory on a macroeconomic level, this research argues that the application of the RBT among nations can have a positive effect, not only on the nation's economy, but on their overall human development as well.

2.3 Southern African Development Community (SADC)

2.3.1 Background of the SADC

The SADC is a collective group of 16 nations located in Southern Africa (also referred to as Sub-Saharan Africa). The SADC was formulated in 1980 in an attempt to create a sense of political and trade unity among the Southern African nations that exist in close proximity to one another (Umuhoza and Ataguba, 2018). One of the main goals of the group's inception is to be able to work together to improve the lives of everyone within the region (Umuhoza and Ataguba, 2018). Currently, there are 16 member nations of the SADC, viz.: Angola, Botswana, Comoros, Democratic Republic of Congo, eSwatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Tanzania, Zambia, and Zimbabwe (SADC, 2021). According to the SADC, the key reasons that the group was formulated is to “reduce economic dependence; to forge links among the nations; to create genuine and equitable regional integration; to mobilise resources for implementing national and interstate policies; and to take concerted action to secure international co-operation within the framework of the strategy of economic liberation” (SADC, 2021, no pagination).

The SADC has been compared in many regards to the European Union (EU) due to its many similar goals and long-term objectives (Muntschick, 2018). There are of course many differences between the EU and the SADC, key amongst them the standard of living in the EU versus that in SADC nations (Muntschick, 2018). Many of the nations that form the SADC have some of the lowest human development levels globally, with some of the nations in the group even being in a critical category with regards to a lack of development (UNDP, 2021). Above and beyond this, the overall economies of the nations within the SADC also tend to be quite weak, which means people are not able to live prosperous lives with ease (Miller et al., 2021). The concept of governance and regulation within these African nations also tend to be traditionally lacking, which is also one of the reasons why the levels of economic freedom in these nations also tends to be quite low (Heritage Foundation, 2021). The SADC

pg. 25

is attempting to collectively improve these issues, which is a step in the right direction in terms of good governance (Muntschick, 2018). The exchange of policy ideas between the nations is one aspect that could possibly improve all nations' productivity and standard of living, which in turn would achieve a higher level of competitive advantage for possibly all 16 SADC nations (Porter, 1990; Muntschick, 2018).

2.3.2 Governance in SADC nations

Governance and policy making decisions are highly important for any nation as the decisions made can have a large impact on the society at large (Muminov et al., 2020). Research has indicated that policy-makers have the ability to positively impact many facets of a population's lives, where in particular, it is possible for these decisions to have a positive impact on the overall standard of living (Krug, 2017). The SADC nations have low levels of standard of living and human development (Chipeta and Schade, 2007). In many economic and societal aspects, some of these nations are falling behind the rest of the world in terms of development, and are losing their global competitive edge when it comes to the strength of their economy and their development (Godsater, 2015). There are numerous reasons for these macroeconomic and socioeconomic failings in Southern Africa. Some of the more salient reasons include a past filled with colonial exploitation and long-term and systemic socioeconomic injustice, high levels of unemployment, frequent political shifts and conflicts, high levels of wealth polarisation, governmental corruption, poor policy making and implementation, a history of structural oppression and economic depression, as well as poorly organised infrastructure (Clark and Ambrosio, 2019; Chipeta and Schade, 2007; Godsater, 2015; Zungu et al., 2020). There are a multitude of other reasons for the socioeconomic shortfalls of Africa, however the above are highlighted as some of the more salient reasons according to the research provided.

It is for this reason that observing the SADC in this study is relevant, as good governance and policy-making decisions need to be improved in many African nations (Chipeta and Schade, 2007). Many African nations' governments tend to make poor and redundant policy-making decisions, so it is paramount that these decisions and policy implementations can be improved in order for Africa to experience higher levels of development in the future (Mbaku, 2020). Phenomena such as greed, corruption, cronyism, nepotism, patronage, lobbying, graft, and bribery within a government undoubtedly has a negative impact on the nation's people, economy, and future prospects (Krug, 2017; Muminov et al., 2020). These

aforementioned phenomena are common occurrences within many African nations, which makes the overall development of these nations a tedious process (Mbaku, 2020). Therefore it is important that governments and policy-makers within Africa implement political practices that have the population's best interest at its core (Krug, 2017). Understanding and analysing the relationship between the HDI and IEF components in SADC nations is important in this aspect, as these African nations can start to analyse the impacts their uses of resources may have on their people and their economy as a whole (Morris and Fessehaie, 2014).

2.4 Human Development

2.4.1 Background of Human Development

Human development is a process of expanding opportunities and freedoms that people have, this process also involves expanding their overall well-being (Alkire, 2002). The concept of human development was developed by Mahbub ul Haq at the World Bank in the 1970s (Jahan, 2019). The reason for its inception was due to the fact that there were no real measures of being able to account for the core purpose of development, which is to improve the lives of people (UI Haq, 1995). Though human development was a concept of measurement, there was no real robust methodology in being able to quantify human development in a holistic way until the creation of the Human Development Index (HDI) (Jahan, 2019).

The Human Development Index (HDI) is an index measured and created by the United Nations Development Program (UNDP). The HDI is a measure of function in society, and is also a measure of capabilities of the people in a population (Jahan, 2019). This index is all about measuring the achievement of human development within a nation's population (UNDP, 2020). Development is about enhancing peoples' achievements, freedoms, and capabilities (Anad and Sen, 1994). Human development has also been closely linked to the quality of life that a population may have, as well as the standard of living that a nation's population experiences (Koochi et al., 2017; Korankye et al., 2020).

The HDI, however, goes beyond a mere standard of living test, as it also highlights how democratically free the people are in a nation to make their own choices, as well as what capabilities they may have in order to prosper, grow, and succeed in life (UNDP, 2020). Prior to the inception of human development, the measurement of standard of living in a nation

would be based on economic development only (Jahan, 2019). Prior to the HDI's implementation, the economic growth paradigm was the main way used to measure the standard of living and human development (Jahan, 2019). The UNDP wished to create a more holistic and encompassing way of measuring development of a population and in 1990 they implemented the HDI for the first time (Ravallion, 2010).

The index was created such that there could be a measurement of development beyond that of an economic nature (Hou et al., 2014). The creation of the HDI occurred because of structural adjustments occurring in Asia and Africa (Jahan, 2019). This new form of measurement mainly focuses on people-centred development and tries to measure how humans are on a broad perspective and not just focusing on the economic paradigm (Jahan, 2019). As a definition, the HDI is a tool that is used in macroeconomics to measure countries' social and economic development in a holistic and understandable manner (UNDP, 2020).

2.4.2 HDI methodology

The method of measuring the human development of every person in a population of a nation is an extremely difficult task, as there are so many external factors that may have an impact on the macroeconomic result (Hou et al., 2014). This being said, the most precise measurement instruments possible have been utilised when attempting to measure the human development of nations (UNDP, 2020). The way in which this measurement is obtained by the UNDP is by using three key dimensions, with each of these dimensions having core salient indicators, measured by three separate dimension indices (UNDP, 2020). These dimensions, indicators, and indices can be observed as follows:

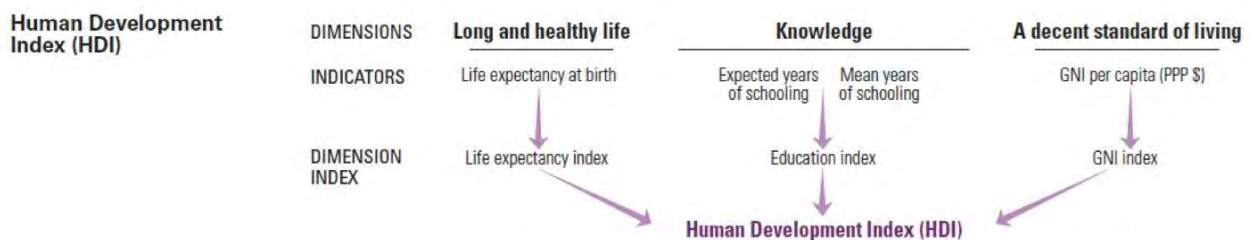


Fig 2.1: The Facets of HDI

(UNDP, 2020)

The key methods to determine a nation's HDI is to determine a populations' "ability to lead a long and healthy life, measured by life expectancy at birth; the ability to acquire knowledge, measured by mean years of schooling and expected years of schooling; and the ability to achieve a decent standard of living, measured by gross national income per capita" (United Nations, 2018:1). This means that the three major measurements used when determining the HDI of a nation are: the nations' life expectancy, education, and gross national income (GNI) per capita (UNDP, 2020).

All these aforementioned facets of the HDI can be described and understood in the following manner:

Table 2.4: The Facets of HDI

Dimension	Indicator(s)	Dimension Index	Description
<i>Long and healthy life</i>	i) Life expectancy at birth	Life Expectancy Index	This dimension of the HDI focuses on how long the average person in a particular nation is most likely to live. This can specifically be defined as the average age of a nation of which death occurs among men and women. This is obtained by combining the overall ages of deaths that occur in a nation and dividing it by the population of said nation. The result of this is the average age members of the population die. The higher this age average age is, the better it is for society as a high age life expectancy means that the population is experiencing long and healthy lives.
<i>Knowledge</i>	i) Expected years of schooling ii) Mean years of schooling	Education Index	This dimension focuses on knowledge and education within a population. In order for a nation to achieve its maximum potential, it is important that there is a decent level of education within said

			nation. This dimension observes the overall enrollment ratio of the country and the net attendance ratio. This is specifically measured by two key indicators of education, namely: the average number of schooling years of the nation's population, and their expected number of schooling years.
<i>A decent standard of living</i>	i) GNI per capita	GNI Index	This dimension is determined by the average income earned per person in a year. The GNI per capita is calculated by taking the sum of the country's total income and dividing it by its population size. This is usually a good indicator as to what economic standard of living a nation's population may have.

(UNDP, 2020)

The HDI is calculated as the equally weighted result of all three dimensions. The 'Long and Healthy Life' and 'Decent Standard of Living' dimensions are each determined by a singular indicator. Whereas the dimension of 'Knowledge' is determined by two indicators that determine the result of the Education Index value, this is done by calculating the arithmetic mean of the two indicators (UNDP, 2020). The end result is three index values, from the three indices, namely: the Life Expectancy Index, the Education Index, and the GNI index (Jahan, 2019).

This means that the equally weighted average of the combined three indices of a particular nation results in the total HDI score of said nation. This HDI result is positioned on a scale between 0 and 1, with 0 being the lowest possible score and 1 being the absolute highest possible HDI score (Jahan, 2019).

2.4.3 Strengths and Weaknesses of the HDI

2.4.3.1 Strengths

There are a multitude of benefits of using of the HDI measurement in modern macroeconomic practices (Jahan, 2019; Anand and Sen, 1994; Hou et al., 2014; Ravillion, 2010; UNDP, 2020). According to these aforementioned researchers, some of the key strengths and reasons for utilising the HDI as a macroeconomic means to measure human development are:

- The HDI as a measurement is that which goes beyond merely evaluating the economic factors of a nation's population, and incorporates a more social aspect. This makes it a more well-rounded and realistic instrument to measure development (Jahan, 2019).
- Another strength is that the index itself is simple to read and understand. This means that practically anyone that goes through the results of the HDI can quite comfortably know what the index is trying to indicate (Hou et al., 2014). Many indices and measurements are quite convoluted and complicated in nature, which makes it difficult for a lay-person to understand what these indices may truly mean (Ravillion, 2010). The HDI, however, does not have this problem, which is a benefit.
- Similar to the previous strength, another benefit of the HDI is that the methodology of determining HDI results is straightforward in nature (Anand and Sen, 1994). This ultimately means that the HDI template of methodology can be quite comfortably applied by researchers to any nation's population, where the results ought to be aligned, no matter who applied the methodical procedure (Hou et al., 2014).
- A great strength of the HDI is the fact that the index can be applied to any nation in the world with no segregation. The variables for determining the HDI result are universal, and can be used to measure in any nation (Jahan, 2019).
- Another key strength of using the HDI as a measurement is the fact that it can be used for advocacy purposes (UNDP, 2020; Hou, et al., 2014; Jahan, 2019). This means that politicians and national policy-makers can utilise their nation's HDI results and make informed based decisions using this information. This particular strength is pivotal to this study, as the idea of this treatise revolves around assisting policy-makers in making national decisions that can improve the lives of the people that live

in Southern African nations.

2.4.3.2 Weaknesses

With regards to practically any macroeconomic index or measurement, criticisms and/or weaknesses always exist (Hou et al., 2014). The HDI is no different, as there have been a series of issues and criticisms around the index as a whole. This can often happen due to the fact that it is quite difficult to define measurements on such a large scale (Jahan, 2019). A selection of the key criticisms and weaknesses of the HDI are:

- the HDI is what is known as a composite index, which means that there is an overall average taken from a large data set. Thus there could be an unknown variance or data set bias when applying these statistical averages on such a large scale (Jahan, 2019). This means that the application of the HDI isn't the most robust type of measurement application and there may possibly be errors in the results (Hou, et al., 2014).
- Another weakness of the HDI is the fact that the result is determined from very broad averages, which means that the overall values change very little over time (Jahan, 2019). This makes it extremely difficult to decipher what policy-making decisions have the best and most positive impact(s) on the overall HDI score (Jahan, 2019).
- Another issue with the HDI is that it gives equal weighting to the different dimensions that are involved when measuring the overall results (Anand and Sen, 1994). Not everyone in society may personally weigh each of the factors of the HDI on the same level (Ravillion, 2010). Due to this subjective nature of weighting the variables involved, it becomes difficult to create a truly objective standard when measuring human development. The HDI measurement however assumes that all the factors of the HDI are weighted equally, which may lead to a possible statistical bias (Hou et al., 2014).

All this being said, the HDI is still one of the best and foremost ways of calculating human development in nations around the world (UNDP, 2020). There may be certain concerns and criticisms, but that is expected, especially due to the fact that the index sets out to measure on such large scales, such as that of nations and continents (UNDP, 2020). Many researchers such as Hou et al. (2014), Jahan (2019), Anand and Sen (1994), Ravillion (2010), Akhter (2004), and Sušnik and Van der Zaag (2017) have proven the validity of using the UN's HDI measurement when calculating human development within nations from

around the world.

2.4.4 HDI in Africa

Nations in Africa, and in particular in Sub-Saharan Africa, tend to have the lowest average Human Development Index (HDI) scores out of any group of nations in the world (United Nations, 2020). Therefore, on average, these nations have fewer years of schooling, lower standards of living, and shorter life expectancies than anywhere else in the world (Sharma, 2020; Muntschick, 2018). Research has shown various reasoning as to why Africa's HDI results tend to lack, and one of the salient phenomena in this regard is the concept of global inequality (Mbaku, 2020). The world has grown toward the idea of being a single global community, however the polarisation in measurements such as wealth, healthcare, and education levels continue to grow further and further apart (UNDP, 2020). It is suggested that these prevalent inequalities can have a negative impact on things like social cohesion and aspirations of a society as a whole, which in turn has an adverse effect on the overall HDI result (Jahan, 2019).

Nations from around the world tend to have unequal capabilities, which means that certain nations are at an economic vantage point where they can develop as a nation a lot quicker than nations that are struggling with the fundamental stepping-stones towards development (such as education, economy, and health) (Porter, 1990; Godsater, 2015; Sharma, 2020). Nations that have better capabilities can develop at an exponential rate, compared to nations that lack in offering basic needs to their population. Many African nations tend to have less capabilities than other nation groups identified by the UN (Muntschick, 2018). Therefore, on average, African nations have less of a competitive advantage than any other nation group (Porter, 1990). The reasons for this are numerous, however researchers have pointed out that it is due to the nature of the history of Africa (Zungu et al., 2020; Muntschick, 2018).

It has been highlighted that many nations that were colonised by European countries ended up getting left behind after gaining independence (Mbaku, 2020). A multitude of African democracies are some of the newest democracies in the world, so their economies, healthcare, and education systems tend to have been more under-developed than older democracies (or autonomous) nations from around the world (UNDP, 2020). It is difficult for researchers to give precise reasons as to why African nations are by and large some of the most under-developed nations on earth, but the fact of the matter is that currently they are (UNDP, 2020). Ideally, this notion needs to be altered for the betterment of the development

pg. 33

of these African nations. If all African nations can start improving upon their HDI results, this would mean that the people in these areas will on average will start to live a more healthy and prosperous life, it would also see the world average score of development increase (Zungu et al., 2020).

2.4.5 Global HDI context

The UN did a study to show the disparity between nations' populations that fall into the category of 'very high HDI' and 'low HDI' (UNDP, 2020). The 'very high' HDI category consists of nations that have a 0.8 HDI score or higher. These nations are identified as the most developed nations in the world. The 'low HDI' category is one that consists of nations that have an HDI score of 0.55 or less,. These nations tend to lack in national development and often experience some of the worst living conditions and economies in the world (UNDP, 2020). The UNDP study observed people born in the year 2000 and reveals the vast difference of what life is like on average between 'very high' and 'low' HDI scoring countries (UNDP, 2018). Some of the key findings and results within the study are as follows:

- 17% of people in low HDI countries died before the age of 20 years old, whereas only 1% of people in very high HDI countries died before the age of 20;
- People born in the year 2000 in very high HDI countries are also far more likely to be enrolled in some form of higher education, with 55% being enrolled in higher education in very high HDI countries and only 3% enrollment in very low HDI countries;
- On average, very high HDI countries out-perform low HDI nations in measurements including: life expectancy, primary education, tertiary education, mobile subscriptions, as well as broadband and internet access.
- The good news however is that low HDI countries are starting to catch up with regards to the basic capabilities. This study has shown that very low HDI countries have had a larger increase over the last five years with regards to; life expectancy, primary education, and mobile subscriptions than that of the higher HDI countries.

(UNDP, 2018).



2.4.6 Overview of HDI in SADC nations

It is beneficial to any nation in the world to strive to achieve the highest HDI score as possible as this would mean that the people within this nation have been well developed (Sharma, 2020). On average nations within the SADC tend to have lower HDI results especially

compared to countries in Northern Europe, who have some of the highest HDI results in the world (Muntschick, 2018). This treatise focuses on African countries, in particular it is focused on a set of countries within the SADC. These SADC nations vary in HDI results, but are overall on the lower spectrum of the HDI scale when compared to world averages of HDI variables.

Table 2.5: 16 SADC nations ranked by their latest HDI results

<i>NATION</i>	<i>WORLD RANK (2019)</i>	<i>HDI SCORE</i>
Mauritius	66	0.804
Seychelles	67	0.796
Botswana	100	0.735
South Africa	114	0.709
Namibia	130	0.646
Eswatini (Swaziland)	138	0.611
Zambia	146	0.584
Angola	148	0.581
Zimbabwe	150	0.571
Comoros	156	0.554
United Republic of Tanzania	163	0.529
Madagascar	164	0.528
Lesotho	165	0.527
Malawi	174	0.483
Democratic Republic of Congo (DRC)	175	0.480
Mozambique	181	0.456

Category	Score	Colour
Very high human development	>0.8	
High human development	0.7 – 0.799	
Medium human development	0.550 – 0.699	
Low human development	<0.550	

(UNDP, 2020)

Observing the data for SADC nations from the 2020 Human Development Report, one can see that these nations do not perform very well in the global rankings of HDI scores. The highest ranked nation among the SADC nations is Mauritius, which ranks 66th out of 189 nations worldwide. Mauritius is also the only country out of all 16 nations that is considered to have a “very high human development” score (UNDP, 2020). Currently, the lowest HDI ranking of the SADC nations is Mozambique which is in the 181st position in the world. This means that Mozambique has one of the worst HDI results not only among the SADC nations, but also globally (UNDP, 2020). The HDI scores within the SADC nations vary from the lowest score of 0.456 to the highest score of 0.804. This means that there is a range of 0.348, which is quite a large range considering the overall range of the HDI is from 0 to 1.

According to the UNDP's data (2020) on the entire world's HDI, the world's mean HDI is 0.731. When calculating the mean of the SADC nations' HDI scores, it is found to be 0.599. This average HDI result is substantially lower than the world average. Only three of the SADC nations are above the global average HDI score, namely Mauritius, the Seychelles, and Botswana (UNDP, 2020). Six nations within the SADC are considered to have low human development levels, seven nations fall into the medium development category, three fall into the high development category and only one nation is placed into the very high development category (UNDP, 2020).

There are 189 nations listed by the United Nations rankings of HDI results. This means that 14 out of the 16 SADC nations are ranked in the lower half of all HDI rankings in the world. Furthermore, 10 of the 16 nations observed are in the lowest quartile (lowest 25%) of HDI rankings in the world. This means that on average, these SADC nations are some of the most under-developed nations on earth (Muntschick, 2018; UNDP, 2020; Jahan, 2019). This is one of the reasons why it is important to discuss and dissect the HDI results in Africa, as this could possibly assist with finding new ways to improve the overall human development in these Southern African nations.

2.5 Economic Freedom

2.5.1 Background of Economic Freedom

Economic freedom refers to the level of freedom individuals have to invest, produce, consume, and work in a society in whichever way they wish to without excessive intervention (Miller et al., 2021). Economic Freedom is defined by The Heritage Foundation as, “the fundamental right of every human to control his or her own labour and property” (Miller et al., 2021, p.1). In societies that are considered economically free, governments allow for capital, goods, and labour to move freely, and do not control or intervene this process unnecessarily (Yevdokimov et al., 2018). Governments should also avoid any constraints of liberty as well as any form of coercion (Miller et al., 2021). Researchers such as Nikolaev (2014), Miller et al. (2021), Yevdokimov et al. (2018) and Naanwaab (2018) have shown that more economic freedom brings prosperity and development to the people in a nation in a variety of ways.

There has been a multitude of measurements and instruments that have set out to measure the macroeconomic phenomenon of economic freedom. These include indices formulated by the World Bank, The Fraser Institute, and The Heritage Foundation (Lawson et al., 2020). The key index identified to be relevant for this study is the Index of Economic Freedom (IEF) that has been developed by the Heritage Foundation. The reason for this is that the Heritage Foundation's IEF is one of the most extensive and robust forms of economic freedom measurement available (Miller et al., 2021; Yevdokimov et al., 2018; Cabello et al., 2021).

The Index of Economic Freedom (IEF) is a measurement that is implemented by The Heritage Foundation to determine the level of economic freedom nations of the world have (Miller et al., 2021). The IEF, as a macroeconomic measurement tool, is beneficial for various parties, including: academics, journalists, students, teachers, people in finance, businesses, and most importantly policy-makers and governmental decision-makers (Yevdokimov et al., 2018). Academics such as Yevdokimov et al. (2018), Angulo-Guerrero et al. (2017), Lawson, et al. (2020) and Cabello et al. (2021) have stated that economic freedom should be an important goal for nations to aim to obtain. Some of the reasons for this is that, “The ideals

of economic freedom are strongly associated with healthier societies, cleaner environments, greater per capita wealth, human development, democracy, and poverty elimination.” (Heritage Foundation, 2021, no pagination).

Utilising the IEF (or indices of a similar nature) is important for governments, as it can assist them in making policies that promote more economic freedom for the population (Cabello, et al., 2021). The IEF has been used to prove the positive relationship between economic freedom and a number of positive social and macro-economic goals, where it is important for nations from around the world to strive to obtain economic freedom (Yevdokimov et al., 2018). Most nations' policy-makers should aim to improve their nation's economic freedom scores, as it yields a multitude of positive macroeconomic results (Heritage Foundation, 2021).

2.5.2 Methodology of IEF

The overall IEF score of a nation is measured on a scale of 0 to 100, where the score of the nation reflects on how economically free a country is (Miller et al., 2021). The higher the IEF value is, the more economically free the nation is (The Heritage Foundation, 2021). If the value is low on the scale between 0 and 100, then the nation is deemed to be economically unfree (Miller et al., 2021). In order to determine the result of the overall IEF score of any nation, the components of economic freedom must also be measured (Heritage Foundation, 2021). There are 12 components that comprise the overall IEF score, and each one of these are individually measured and averaged in an equally weighted manner in order to give the overall IEF result (Miller et al., 2021). The 12 components of the IEF are: Property Rights, Judicial Effectiveness, Government Integrity, Tax Burden, Government Spending, Fiscal Health, Business Freedom, Labour Freedom, Monetary Freedom, Trade Freedom, Investment Freedom, and Financial Freedom (Heritage Foundation, 2021).

Each of these 12 components are selected for various reasons, however the core reasoning for each component's selection is that it contributes to more economic freedom within a nation (Angulo-Guerrero et al., 2017). The 12 IEF components are measured individually in an objective manner carried out by the Heritage Foundation's research team. The 12 components within IEF vary between a number of quantitative and qualitative factors. These components are grouped into four broad categories, namely: rule of law, government size, regulatory efficiency, and open markets (Miller et al., 2021). There are three components

that are categorised in each of the four broad categories, which can be listed out as the following:

Table 2.6: Broad Categories of the IEF

<i>Rule of Law</i>	<i>Government Size</i>	<i>Regulatory Efficiency</i>	<i>Open Markets</i>
Property Rights	Government Spending	Business Freedom	Trade Freedom
Government Integrity	Tax Burden	Labour Freedom	Investment Freedom
Judicial Effectiveness	Fiscal Health	Monetary Freedom	Financial Freedom

(Heritage Foundation, 2021)

Each of these 12 components are individually scored on a scale from 0 to 100, and a nation's overall IEF result is determined by averaging the 12 components of economic freedom with equal weighting (Miller et al., 2021). The above 12 components are all deemed as equally important as each of them contribute to achieving positive economic freedom benefits. This is why each of these components is weighted equally when determining a country's overall Index of Economic Freedom score. The IEF tool has been created in an objective manner and The Heritage Foundation uses it to analyse 178 different countries and their economies. The index takes an in-depth look into each of the 178 nations allowing for strong academic analyses to be done on the nation in question. The overall IEF score of any nation can be improved as these nations may “find significant opportunities for improving economic performance in those factors in which they score the lowest” (Miller et al., 2021, p.12). Improving upon any or all of these components may significantly improve the overall growth and prosperity of the nation (Sharma, 2020). To fully comprehend how the overall IEF score is influenced and created, it is paramount to have an understanding of each of the 12 components that make up the IEF.

2.5.2.1 The 12 Components of IEF

Table 2.7: The Components of IEF

Property Rights
<p>In a standard market economy, the capability of an individual being able to accrue wealth and own private property is a major motivation factor. This means that having an effective rule of law to protect these rights are important in having the economy function effectively. Having laws around property rights in place give individuals a sense of confidence to start a business, save money, and make long-term investment plans. These individuals have the confidence to do such actions, because with good property laws in place they know that “their income, savings, and property (both real and intellectual) are safe from unfair expropriation or theft” (Miller et al., 2021, p.13). Having good property laws also avoids societies playing out the phenomenon known as the 'tragedy of the commons'. This phenomenon is one that “leads to the degradation and exploitation of property that is held communally and for which no one is accountable” (Miller et al., 2021, p.13). One of the key factors observed when scoring the property rights component is contractual agreements between parties, as these ensure equity and integrity within the economy in question.</p>
Judicial Effectiveness
<p>A well-functioning legal system is something that most nations ought to strive for as it is there to protect the rights of all individuals. These rights are to protect citizens against any violation of the law by other people as well as by the government or any external party. According to the Heritage Foundation, this component is highlighted as an essential component to the rule of law. Judicial effectiveness should aim to be as fair and efficient as possible, and should be respected by all members of the community. There has been a lot of evidence from around the world that proves that a fair and effective judicial system is a salient factor in “empowering individuals, ending discrimination, and enhancing competition” (Miller et al., 2021, p.14).</p>
Government Integrity
<p>Bribery and corruption within a government can have an adverse effect on the overall economy. This is why it is paramount for governments to hold a certain level of integrity and best practice so that the economy can run in the most free and fair way possible. This world is so culturally diverse that some practices (especially when it comes to gift giving) may be seen as corrupt in some parts of the world, yet culturally appropriate in other parts. These practices might unknowingly have a negative impact on individuals’ economic freedom. Some of the worst practices when it comes to the integrity of the government is a systematic form of corruption within government institutions. This systematic</p>

corruption largely includes bribery, nepotism, cronyism, patronage, embezzlement, and graft (The Heritage Foundation, 2021). All of these aforementioned practices lead to an overall unfair and unequal economy as it favours only some members of society and not the others. Miller et al. (2021) have stated that nations that conduct these sorts of nefarious practices “are detrimental to economic growth and development” (p.14).

Tax Burden

Tax is something that is prevalent in practically every single economy around the world, and though it is important for government budgeting and spending, it is preferable to be implemented in an economically free manner. It is said that governments that allow individuals and businesses to manage a larger portion of their wealth contributes to economic freedom. The Heritage Foundation notes that higher tax rates lead to a lower reward to individuals for their work and may lower the incentive for the individual to work at all (2021). Individual and corporate tax rates are salient factors in measuring the tax burden within the index, however there are other indirect taxes that are also of importance. These other indirect taxes include value added tax (VAT), sales tax, payroll tax, excise tax, and tariffs. In the IEF, all of these taxes are taken into consideration and the manner in which they are measured is to take “the overall tax burden from all forms of taxation as a percentage of total gross domestic product (GDP)” (Miller et al., 2021, p.14).

Government Spending

The size and cost of a government are issues that are central to measuring the economic freedom of a nation. Government spending comes in many forms, not all of which have a negative impact on economic freedom. Government do spend on things that benefit society, such as providing infrastructure, improving human lives, funding vital research, and providing public servants. In order for this government spending to occur on higher levels, it means that higher taxation burdens will need to be implemented. This is the main opportunity cost. The Heritage Foundation points to the fact that excessive levels of government spending run the risk of cutting off the private sector within the economy. Government funded projects also tend to lead to lower productivity, inefficiency, and also leads to an accumulation of public debt that may have a burden for future members of society (Miller et al., 2021)

Fiscal Health

A government's budget is a good indicator of those areas in which they have decided to make an intervention. The budget shows how the financial management of resources will take place. This is important for long term sustainable economic growth and is paramount to the improvement of

economic freedom. Poorly managed budgets tend to lead to growing debt for a nation as well as a widening of deficits, these factors lead to a decline in the nation's fiscal health. Anything that may hinder or have a negative impact on the fiscal health of a nation leads to a limitation of economic freedom. A nation's debt is something that if managed correctly can have a positive contribution to the overall economic growth and freedom of a nation. On the other hand, if the debt is not managed correctly, then it can have a multitude of negative impacts on the overall economy such as limitation of private businesses and creating higher interest rates. It is important for a nation's fiscal health to be as good as possible at avoiding economic stagnation and contribute to a higher possibility of economic freedom (Miller, et al., 2021).

Business Freedom

A fundamental component of economic freedom is a member of society's ability to start a business without external interference from the government. Unnecessary regulations and red tape are prime examples of barriers that many entrepreneurs are obliged to deal with. Obtaining a license to practice business is yet another issue that can be tedious, time-consuming, and even expensive. In many instances, these types of issues make it difficult for start-up businesses to thrive in the marketplace. Even when the tedious process is done of starting a business, government regulation still may interfere with the business. This is usually with regards to price settings, business decision-making, as well as other business practices. If these regulations are applied in a fair and transparent manner, then it can positively contribute to the overall business freedom score of a nation. However, if the regulations imposed are unnecessary and applied in a covert manner by the government the, it has an adverse effect on the overall economic freedom score of a nation (Miller, et al., 2021).

Labour Freedom

Another important component of economic freedom is the potential for individuals to find opportunities of employment in a free and fair manner. The Heritage Foundation also states that it is equally fair for the employer to be able to dismiss redundant workers and is essential to promoting productivity, as well as an overall economic growth. The most important concept when it comes to labour freedom is the idea of a voluntary exchange, which is similar in ideology to that of the market for goods and services. Too many government interventions and regulations can have a negative effect on the overall economic freedom. Labour regulations vary in many forms, however some of the prominent ones include: minimum wage, limits on working hours, workplace conditions, and restrictions on hiring and firing. In many nations it is the unions that play a large role in regulation of labour rules. These unions can vary between being a positive force and promoting labour freedom, or they may be a hindrance to efficient practices. Nations should strive to have a labour environment that is negotiable and avoids a mismatch of labour supply and demand (Miller, et al., 2021).

Monetary Freedom

Individuals in any society require a reliable form of currency as a method of exchange. If there is no monetary freedom it becomes difficult to accrue wealth and create long-term value. The value of a nation's currency is influenced by the government's monetary policy. A policy that sets out to promote price stability, fight inflation, and maintain the nation's wealth will give individuals confidence to rely on future market prices. If there is an inflationary policy that is implemented then market prices can very easily get distorted, it alters how resources are used, and can increase the cost of conducting business. Monetary policies tend to vary from country to country and there is no one set theory or law that is put in place. Usually nations that enjoy a decent level of monetary freedom are those who have an independent central bank and also are in favour of low inflation (Miller, et al., 2021).

Trade Freedom

Many nations restrict individuals from freely buying and selling in the international marketplace. The restrictions that are usually put into place take the form of phenomena such as export taxes, trade bans, tariffs, trade quotas, licensing requirements, standard-settings, and other regulating requirements. A consistent and stable approach in trade policy is one that promotes economic freedom. If uncertainty is created by the government then this has a negative impact on trade freedom in a nation. Too many restrictions implemented by government can have a direct negative impact on people's potential to achieve their economic goals as well as on their well-being. Too many regulations can increase prices of foreign imports that the local consumers need to pay for. This can also hinder incentives of production for local consumers, which causes, "them to produce either a good in which they lack a comparative advantage or [produce] more of a protected good than is economically ideal" (Miller et al., 2021, p.16). This limits economic growth and has a negative impact on local businesses productive development (Miller, et al., 2021).

Investment Freedom

An investment environment that promotes free and open investment options is one that allows for the most entrepreneurial opportunities. This usually tends to also lead to more job creation, better productivity, and economic growth. Some of the key facets of an effective investment framework is supporting competition and innovation, supporting all scales of firms and businesses, and doing so in an environment that is transparent and supports equity. When local and/or international restrictions are placed on the movement of capital then it is said to, "undermine the efficient allocation of resources and reduce productivity, distorting economic decision-making" (Miller et al., 2021, p.17). This means that markets can shrink and opportunities for economic growth can easily decline. In

nations that support the free flow of capital and investments, capital can flow easily to sectors where it may be most needed and to where prospective returns are greatest. Ultimately, the more restrictions that are put into place by a nation, the lower the levels of entrepreneurial activity, as well as overall economic freedom (Miller, et al., 2021).

Financial Freedom

A functional form of a financial system ensures that individuals have access to credit, investment services, savings, payments, and an operational platform to manage it. An open banking environment promotes a level of competition that leads to more efficiency in financial transactions between individuals, businesses, and investors. There needs to be a transparent process of supply and demand and should be upheld with integrity from all parties involved. Even though an open banking environment promotes economic freedom, it is also important to have these systems audited and regulated. It is in the government's best interest to play the role of regulator within this system, however it should be done in a manner that is transparent and promotes integrity. If these requirements are not met then the nation runs the risk of increasing the cost of financing, limiting competition, hindering efficiency (Miller et al., 2021).

(The Heritage Foundation, 2021; Miller et al., 2021, p.11-21)

2.5.3 Strengths and Weaknesses of the IEF

Much like many other macroeconomic tools and measurements, there are a number of criticisms as well as benefits in utilising the IEF as a measurement methodology (Cabello, et al., 2021; Angulo-Guerrero et al., 2017). It is important to understand what these criticisms and limitations of a methodology may be (De Vos, et al., 2017). The IEF has strengths as well as weaknesses, which can be identified as follows:

2.5.3.1 Strengths

(Miller et al., 2021)

- The IEF is one of the best measurements that is available to economists when determining the level of economic freedom from around the world.
- The IEF is a measurement that can be used by governments and researchers from practically any nation as the template methodology of calculating IEF scores is easily replicated.
- The information that can be examined and dissected from the IEF measurement(s) can be used by policy-makers and national decision-makers to implement policies

that can positively impact the population.

- Many governments opt to use The Heritage Foundation's IEF as a basis and benchmark for how economically free they are, as the IEF has a reputation of being one of the most valid measurements of global economic freedom.
- The Heritage Foundation has also done an in-depth analysis of each of the 178 nations that they have evaluated. This leads to a great database that researchers can use when wanting to learn more about economic freedom from various nations in the world.
- Yet another strength of the IEF as a measurement is the simplicity in understanding the results, the final IEF score of a nation is simply given as a number from 0 to 100. The higher the nation's score is out of 100, the more economic freedom the nation enjoys. This straightforward way of showing the results makes it easy for researchers and governments to rank and compare all of the 178 nations.
- The IEF has the ability to compare nations, which in turn can lead said nations to be able to make policy decisions that could lead to the nation gaining a competitive advantage in the aspect of economic freedom. This is one of the main reasons why the IEF was selected as a main method of measurement, as it has the potential to inform policy-makers to implement new policies.

2.5.3.2 Weaknesses

(Miller et al., 2021)

- With any macroeconomic phenomena, it is difficult to create a measurement that can be perfectly applicable to every nation in the world. When dealing with every nation and every population in the world, it is difficult to compromise across the entire globe to find a 'one-size fits all' approach.
- Some nations differ quite vastly culturally and may see something as a non-issue, where other cultures may agree with everything the Heritage Foundation has laid out as 'right' and 'wrong'.
- Some researchers have indicated the possibility that the Heritage Foundation may be biased in their views and also created the IEF in such a manner that they are promoting a global capitalist agenda.
- Some of the methods that the components of IEF are scored have also been highlighted as subjective in the way in which it is measured. This is due to the fact that it is difficult to objectively score some of the 12 components of IEF, as some are of a more qualitative nature

- It is impossible for the overall index model to be 100% robust, as there are so many external factors and influences that may have an impact on the valuations of calculating the overall IEF score (Miller et al., 2021).

That being said, the IEF created by the Heritage Foundation is still one of the most prominent and relevant means of measuring and monitoring the levels of economic freedom from around the world as they attempt to take as much into consideration as possible.

2.5.4 IEF in Africa

According to the Heritage Foundation (2021) the average IEF scores of Sub-Saharan African countries are lower than that of any other group of countries (such as Europe, Northern Africa/Middle East, The Americas, Asia, and Oceania). The reasons for this are plentiful, but some of the more salient reasons are: poor governance, low levels of socioeconomic development, unnecessary red-tape and protocols, high level corruption, and a history of colonial rule (Zungu et al., 2020). Eighteen of the 178 nations listed by the Heritage Foundation fall into the 'repressed' category of economic freedom. The repressed category means that these nations have an IEF score ranging from 0 to 49.9, which means they are the economically unfree nations in the world (The Heritage Foundation, 2021). When observing these repressed nations, it is found that nine of these 18 nations are in Africa. The current average of IEF scores from around the world is 61.6 points. The current average (2021) of Sub-Saharan African nations is 55.7 points. The Sub-Saharan African countries also have the lowest average out of any geographical group of nations in the world (Miller, et al., 2021). This has been the case since the inception of the IEF in 1995 (The Heritage Foundation, 2021). One can observe the differences between IEF in Sub-Saharan Africa and the global average since 2015 as follows:

Table 2.8: IEF Scores in Africa vs Global Averages

<i>Year</i>	<i>Sub-Saharan Africa IEF score average</i>	<i>Global IEF score average</i>
2015	54.9	60.4
2016	55.5	60.7
2017	55	60.9
2018	54.4	61.1
2019	54.2	60.8
2020	55.1	61.6
2021	55.7	61.6

(The Heritage Foundation, 2021)

Researchers (Mbaku, 2020; Wu et al., 2015; Jahan, 2019) have argued that Africa is in dire need of development when it comes to their economic freedom. A positive aspect is that many African nations on average find themselves being the fastest growing on an annual basis in terms of their economic freedom scores. Nations such as The Republic of Congo growing by 8.9 IEF points from 2020 to 2021, which is the largest positive shift in IEF score in the world for that time period (Miller, et al., 2021).

2.5.5 Global IEF Context

The Heritage Foundation has compartmentalised all the nations on earth into six regions or sectors. These designated regions are assigned by geographical locations. All the regions listed by the Heritage Foundation (2021) are: Asia & the Pacific, Europe, North Africa & Middle East, Sub-Saharan Africa, and The Americas. Out of all these groups' averages, Sub-Saharan Africa is the region with the lowest IEF. The region with the highest IEF average is Europe, which contains many nations that have a higher IEF score than the global average. There are only five nations in the world that are categorised as 'economically free', which means they scored an IEF result of 80 to 100 and are in the top tier of experiencing economic freedom. These five nations, in order from 5th to 1st, are: Ireland, Switzerland, Australia, New Zealand, and Singapore (Miller et al., 2021).

Since 1995, the global IEF scores have generally increased on average as each year goes by. The global average of 61.6 points is currently the highest global average that there has ever been. Therefore economic freedom is more prominent in our world than ever and more people are experiencing the benefits of economic freedom (Miller et al., 2021). In 2021, seven of the 12 components' global averages increased from the previous year. The components that decreased in their global averages are; property rights, business freedom, trade freedom, investment freedom, and financial freedom. Even though these decreases have a negative impact on the overall global average IEF score, the total still maintained at 61.6 which is the same result as 2020's global average (The Heritage Foundation, 2021). On average, the trajectory of the overall IEF scores from around the world is heading in the right direction as overall global economic freedom continues to grow (Miller et al., 2021).

2.5.6 Overview of IEF in SADC nations

The current average IEF score for the entire world is 61.6, and is the highest world average that has been recorded since the inception of the IEF in 1995 (Miller et al., 2021). Though this is something to celebrate, one can observe that the majority of the SADC nation's scores are below that global average. In fact, only four of the 16 nations observed achieved an IEF score above the global average. When observing the data of IEF scores of the SADC nations, one can see that only one nation is considered economically 'mostly free' (70-79.9 points), that nation is Mauritius. Four of the nations observed fall into the 'moderately free' category which is in the range of 60 to 69.9 points. The bulk of the nations within SADC falls within the 'mostly unfree' category, which are nations with a score between 50 and 59.9 points. Nine of the SADC nations fall into this category. Finally, two of the SADC nations fall into the repressed category, which are nations with scores between 0 and 50 points. These repressed nations are considered to be some of the most economically unfree nations in the world. The most recent categorisation of the 16 SADC nations and their IEF scores and global IEF rankings can be observed in the table below:

Table 2.9: IEF Scores of the SADC Nations

<i>NATION</i>	<i>CATEGORY</i>	<i>IEF SCORE</i>	<i>WORLD IEF RANKING</i>
Mauritius	Mostly Free	77	13
Botswana	Moderately Free	67.6	51
Seychelles	Moderately Free	66.3	60
Namibia	Moderately Free	62.6	83
Tanzania	Moderately Free	61.3	93
South Africa	Mostly Unfree	59.7	99
Madagascar	Mostly Unfree	57.7	112
Comoros	Mostly Unfree	55.7	132
Eswatini	Mostly Unfree	55.1	137
Angola	Mostly Unfree	54.2	140
Lesotho	Mostly Unfree	53.5	142
Malawi	Mostly Unfree	53	145
Mozambique	Mostly Unfree	51.6	153
Zambia	Mostly Unfree	50.4	159
DRC	Repressed	49	165
Zimbabwe	Repressed	39.5	174

(The Heritage Foundation, 2021)

All 16 of the SADC nations are represented, dissected and discussed in great detail within the Heritage Foundation's breakdown of the Index of Economic Freedom. This allows for an in-depth analysis to be conducted on each of the 16 SADC nations highlighted in the study. The use of the index can assist in pointing out possible flaws and potential score improvements that can be made from a political and economic development perspective (Miller et al., 2021). The information laid out in the index allows for researchers to understand the fundamentals of prosperity and growth in every nation observed within the index. Overall the IEF scores within the SADC nations are starting to improve over time, however there is still much that can be done in terms of further improvement (Sharma, 2020).

2.6 Relationship between human development and economic freedom

A key facet to this treatise is understanding the identified relationship between economic freedom and human development in some form or another. There have been previous studies that have demonstrated and proven a relationship of some form between economic freedom and human development (Graafland, 2020a; Chodak and Kowal, 2011; Madan, 2002; Medina-Moral and Montes-Gan, 2018; Akhter, 2004; Haller, 2011; Naanwaab, 2018; Da Silva et al., 2015). Although many of these academics have stated that there is still room for more academic work on the links between economic freedom and human development, there are a plethora of researchers that have proven correlation and relationships between the two factors (see for example Naanwaab, 2018; Medina-Moral and Montes-Gan, 2018; (Akhter, 2004; Miller, et al., 2021; and Madan, 2002).

Many previous studies have demonstrated the positive impacts that economic freedom can have on a multitude of macroeconomic factors within a nation. A prime example of a macroeconomic benefit that can be achieved by improving economic freedom is the strong link between economic freedom and economic growth (Dawson, 1998; and Akhter, 2004). Other socio-macroeconomic factors that have been highlighted such as by Gropper, Lawson, and Thorne (2011) in a paper investigating the relation between the Economic Freedom of a nation and the nation's Happiness Index. The conclusion made in this study is that there is a positive relationship between the Happiness level and economic freedom, and that the more economically free a nation is the happier said nation will be (Gropper et al., 2011). Nikolaev (2014). notes that the Human Development Index and Quality of Life are closely interwoven and, on the surface, seem very similar in nature (Hou et al., 2014), as well as there is a positive relationship between Economic Freedom and Quality of Life, where the

pg. 49

more economic freedom a nation has, the better the quality of life. This is just some of the relevant research that prove that a strong economic freedom score can have a benefit on the social aspects of a nation. Most nations' leaders should strive to promote economic freedom for the people in the nation, as well as for the nation's economy and the population at large to benefit (Porter, 1996).

There have also been a series of researchers, articles, and books that highlight the direct link between economic freedom and its impact it can have on the human development, or the components thereof. The most salient research on this topic is Graafland (2020a) that directly observes the link of what influence economic freedom has on human development. Graafland (2020a) utilises the HDI scores provided by the UNDP and the Economic Freedom of the World Index (EFWI) from 29 Organisation for Economic Co-operation and Development (OECD) nations. This data was collected over a 15 year time frame. Graafland (2020a) concludes that although there are a number of external factors that may have an influence on the HDI for a nation, there is overwhelming evidence that economic freedom can have an impact on the betterment of human development. He goes on to state that policy-makers and governments can make and alter national decisions in order to improve not only the economic freedom of the nation, but the overall human development as well. Graafland (2020a) does, however, point out that his study largely focuses on 29 OECD nations, which are generally more developed in nature. He continues by stating that nations with lower development may have to alter their strategies in order to obtain improved human development through the means of sustainable policy decisions. One key improvement in less developed nations that Graafland (2020a) notes is the improvement of the property rights laws within the nation. His final thoughts also cover the fact that there is still additional important research needed for nations' decision-makers and policy-makers all over the world to utilise in their leadership.

Grubel's (1998) research is one of the earliest works on the relationship between economic freedom and human development. Grubel also showed the correlation and relationships between economic freedom and various factors that are part of the concept of human development. The correlation between economic freedom and literacy rates were identified. Grubel (1998) also showed the correlation between the Human Poverty Index (HPI) and economic freedom, observing that nations with higher economic freedom tend to have less poverty in their nation. Overall, this research is a foundation for future research that prove conclusively that there is a positive correlation between economic freedom and human

pg. 50

development. Another key work portraying the link between human development and economic freedom is Naanwaab (2018). This article is salient in the research of identifying the effects of improvement of economic freedom on human development. Naanwaab (2018) discovers that nations that have the lowest HDI scores in the world have the most potential to gain by improving upon their economic freedom. The article looks at how nations with low HDI can increase their population's life span, as well as decrease the child mortality rate drastically more than high HDI countries by increasing the economic freedom scores of the nation. Naanwaab (2018) also speaks about how these findings can assist nations with low HDI scores in order to improve the development within the nation. The article states, "The policy implication of these findings is that countries that have the least human development have the most to gain from improvement in economic freedom" (Naanwaab, 2018, p.183).

Sharma (2020) observes the effect that improvement of economic freedom can have on health outcomes in Sub-Saharan African nations. Sharma (2020) discovers that the increase of economic freedom as a whole has a positive impact on the overall health and well-being of a population. One of the key indicators observed is life expectancy, which is also one of the key indicators in calculating the HDI of a nation. Sharma (2020) finds that all but one of the areas of economic freedom (listed by the Fraser Institute) have a positive effect on health outcomes in Sub-Saharan Africa. The one area that does not have a noticeable effect on the health outcomes is government size. Sharma (2020) suggests that policy decisions can be made based of the research done as it may lead to an improvement of health in Sub-Saharan Africa (Sharma, 2020). Miller et al. (2021) considers many of the positives of having a high level of economic freedom, identifying and proving the benefits and positive macroeconomic functions that high levels of economic freedom can bring. Some of the key benefits highlighted throughout the book demonstrate the positive correlations between economic freedom and standard of living (Miller et al., 2021). Beyond this, a direct relationship is proven between economic freedom and human development. This notion is continued by stating that governments and policy-makers should strive to implement effective policies in order to improve their economic freedom and thereby create a positive impact on said nation's overall human development (Miller et al., 2021).

Madan (2002) focuses on determining whether economic freedom has a significant enough relationship with socio-economic development in order for policy decisions to be made. This study also focuses on observing the strength of some of the components of economic freedom directly in relation to the overall HDI of nations. It is found that components property

pg. 51

rights, trade freedom, and government regulation leads have a strong positive and significant relationship with socio-economic development. This strength is measured to a point that policy decisions can be made based off the strength of the relationships of these components. Not only that, but the study also proves the positive correlation between the overall IEF and HDI scores of nations. Madan (2002) concludes by stating that the research shows that there are a multitude of macro-economic benefits that can be had when a nation can improve their IEF scores. These macro-benefits can be obtained by governments and policy-makers making efficient decisions in improving the components of economic freedom (Madan, 2002).

Akhter (2004) sets out to determine a few hypotheses surrounding economic improvements and its benefits on human development, proving that there is a positive and significant relationship between economic freedom scores and human development scores in all measured nations in the world. This is backed up by a multitude of tests to prove strength of relationship as well as significance. The study also proves a negative and significant relationship between corruption and human development, where higher the levels of corruption there are, the lower the level of human development (Akhter, 2004). Akhter (2004) goes beyond this to state that it is of paramount importance for governments to create policies that prevent corruption and aim to increase economic freedom as it can improve the overall human development of a nation.

Medina-Moral and Montes-Gan (2018) test a number of number of macroeconomic factors and their relationships with human development. The study uses empirical evidence and a several tests to determine the results. The research discovers that the strongest and most important macroeconomic factor that is observed in this study is economic freedom (Medina-Moral and Montes-Gan, 2018). The research shows that economic freedom is relevant and important on all levels of development and can even potentially be pivotal in obtaining an improvement in the overall human development within a nation. The study goes further by also identifying the strength of relationships of many of the components of economic freedom to that of the overall HDI scores (Medina-Moral and Montes-Gan, 2018). These relationships are tested in two categories of nations, one set being defined as less-developed countries, and the other defined as intermediate countries. This study finds that the most relevant components with the most significance in less-developed countries are property rights, trade freedom, government regulation, and regulatory quality (Medina-Moral and Montes-Gan, 2018). The research finds that the economic freedom components with

pg. 52

the most significant correlation with the HDI in 'intermediate countries' are: size of government, government regulation, government accountability, regulatory quality, and rule of law. The study suggests that government's improvements of these and other facets of economic freedom are bound to have a positive impact on the human development of a population (Medina-Moral and Montes-Gan, 2018).

Da Silva et al. (2015) aim to observe previous studies on the topic of economic freedom and development. It also sets out to analyse whether it is rational to accept that there is a positive correlation between economic freedom scores and human development scores from around the world. The researchers find that a vast majority of previous studies note a positive and significant relationship between economic freedom and human development (Da Silva, et al., 2015). This was founded by observing and analysing 198 articles examining the effects that economic freedom has on a nation's overall development. This research shows graphs and data of the correlation between EFW scores and HDI scores from different geographical areas from around the world (Da Silva et al., 2015). The study shows that a global R-squared score of 0.49 is found between economic freedom scores and human development scores from around the world. They conclude by stating that there is indeed a positive relationship that can be found between these aspects, however, there is still some room for further evaluations and research (Da Silva et al., 2015). Haller (2011) focuses on the relationship between the IEF and the HDI of nations. It is argued that if nations can open up international trade and ease national restrictions on trade then it can have a positive effect on the overall development of a nation. This research finds that there is indeed a plausible determination that economic freedom can lead to an improved development. The article states that if a nation's IEF score can increase, then it is more than likely that the nation's HDI in turn could increase over time (Haller, 2011).

Graafland (2020b) observes the way in which economic freedom can increase and/ or improve well-being. In many cases, HDI scores are used as a measurement when attempting to determine a nation's overall well-being. Graafland (2020b) states that the best way to measure well-being is to use the HDI. It is for this reason that this particular research is relevant, as Graafland (2020b) demonstrates the strong link between economic freedom and well-being. This means that there is more evidence that economic freedom could indeed have a positive impact on the overall development and well-being of a nation (Graafland, 2020b). Chodak and Kowal (2011) also examine the effects that increased economic freedom on a variety of macroeconomic factors, key amongst which is human development.

The researchers use the Pearson's correlation co-efficient to show the relationship between human development and economic freedom, they find that there is indeed a positive and significant correlation between the two factors. Their findings conclude that it is difficult to truly find a causal effect using a correlation coefficient on a macroeconomic level. However they do conclude by stating that it is highly probable that the reason that there is such a strong and relevant correlation between economic freedom and human development is that economic freedom has been proven to influence economic growth and wealth in a nation. They state that this wealth (due to improved economic freedom) can allow for better healthcare, education, and better paying jobs, which in turn has a positive impact on the overall human development of a nation (Chodak and Kowal, 2011). Labrie and Doucet (2015) focuses on many macro-benefits of a strong economic freedom score. The key macroeconomic factor highlighted in this study is economic freedom's influence on well-being. These findings are similar to that of Graafland (2020b), who finds that there is a strong and relevant relationship between economic freedom and well-being. This study adds to the overall literature and findings that economic freedom can have a positive and beneficial influence on the overall well-being of a nation's population (Labrie and Doucet, 2015).

These highlighted studies observe and analyse the correlation and relationship between economic freedom and human development. Observing the previous research on the topic, it is evident that there are strong relationships and correlations between economic freedom and various social benefits. The key prevalent relationship studied being between economic freedom and human development. Research from Miller et al. (2021), Naanwaab (2018), Sharma (2020), The Heritage Foundation (2021), Graafland (2020a), Feldmann (2017), Georgiou (2015), Nikolaev (2014), and Hall and Lawson (2013) has that there is a positive and significant correlation between economic freedom and human development of nations from around the world. Miller et al. (2021) created a bar graph representing nations categorised in their five categories of economic freedom, namely; Free, Mostly Free, Moderately Free, Mostly Unfree, and Repressed. The average Human Development Index score of each nation within each category is given on the x-axis.

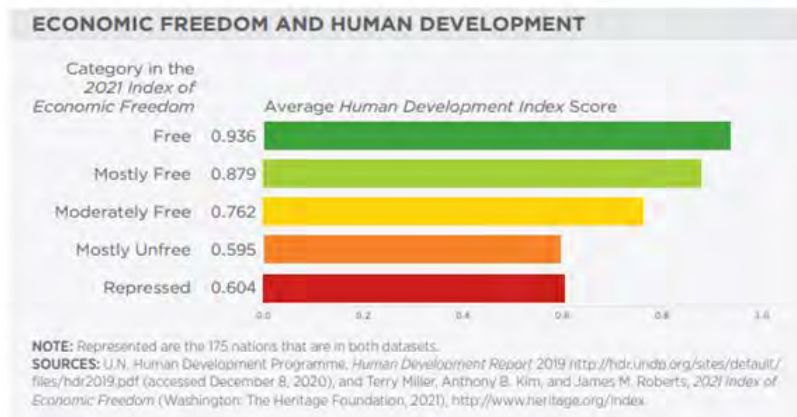


Fig. 2.2: Economic Freedom and Human Development

(Miller et al., 2021)

As one may be able to deduce from the above graph, nations with higher economic freedom also tend to have higher levels of human development. Miller et al. (2021) argue that nations that can improve their IEF score will obtain a higher HDI score over time. A higher HDI would lead to an increase in the average nation length of schooling, the average life expectancy and the average GDP per capita, which also contributes to the nation's overall competitive advantage (United Nations, 2020). Miller et al. (2021) state that countries that can manage their resources effectively to positively influence the 12 components of the IEF would more than likely result in a positive correlation with the HDI score.

Based on the literature surveyed, there will more than likely be a noticeable relationship between the 12 components of IEF and the HDI of all nations from around the world. RBT is also a prevalent guiding theory within this research, as many of these previous studies speak on these variables being influenced by correct usage of resources and becoming more competitive sustainably as a nation (Miller and Kim, 2011).

Understanding the strength of this relationship may lead to knowing which (if any) of a nation's resources can possibly be used more appropriately in order to gain a competitive advantage by obtaining a higher HDI score. In order for any nation to achieve a higher score of HDI, it is paramount that the nation's policy-makers use the resources available to them appropriately (Porter, 1990). This research examines how the various nations' policy-makers (usually governments) can influence the 12 components of IEF in order to possibly improve the overall IEF scores of their respective nations. The relationships between the 12

components of IEF and the HDI scores are also analysed and discussed. There are still gaps in knowledge in this topic when it comes to proving causality between IEF and HDI. However, this being said, there have been many researchers that have proven that there is a strong correlation between these two factors which makes this a relevant study. This treatise sets out to assist in solving a problem that has been prevalent in Sub-Saharan Africa for decades, viz. low HDI scores. If policy-makers can improve each of the components of the IEF, then this may prove to have a positive result on the population's health, education, and economy.

2.7 Chapter Conclusion

This chapter presents relevant concepts and theories that underpin this research, while underscoring its importance. There appears to be a valid and positive relationship between economic freedom and human development. This is based on the many works cited within this chapter. It has also been highlighted that the RBT can be applied on a macro-level. The aforementioned articles and journals prove the likelihood that if nations' policy-makers could apply RBT in good practice when making governmental decisions, it is more than likely to lead to an improvement of both the economic freedom levels and the human development levels within a given nation.

CHAPTER 3 : RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This study aims to contribute to policy making decisions in Southern African nations. This is done by comparing the strength of the relationships between the 12 different components of the IEF to that of the overall HDI scores in the 16 nations that make up the SADC. Based on the previous studies highlighted within the literature review, this is a valid observation and is relevant to policy-makers. This chapter highlights the academic and methodical research steps taken in order to conduct this study in the most rational and academically sound manner.

3.2 Research Aims, Objectives and Goals

3.2.1 Research Question

The core research question for this study is:

RQ1 – What is the relationship between each of the 12 components of IEF and the overall HDI scores of the 16 SADC nations?

3.2.2 Aims

This research aims to add to the growing body of literature in the field of the positive effects that economic freedom has on a macro (national) level. The specific aim is to shed light on the benefits improvement of economic freedom levels can have on improvement of the lives of people within a nation, specifically the relationship it has with the human development within said nation. Another key aim of this research is to be able to contribute to the body of existing work that can assist policy-makers in Sub-Saharan Africa to create policies more effectively. This aim is to be achieved by demonstrating the different strengths in correlation between the 12 components of IEF. It is possible to observe which, if any, of the 12 components have the strongest correlation with human development.

3.2.3 Objectives

The key objectives of this study was to conduct a comparative analysis of each of the 12

components of the IEF and the strength of their relationships with the overall HDI scores of the 16 SADC nations. The analysis was conducted by comparing the 12 components' correlational strengths between each other. The strengths and significance thereof can potentially be used by policy-makers in making future decisions.

3.2.4 Goals of the Research

Because a relationship between human development and economic freedom has already been proven and discussed in Chapter 2, it is therefore hypothesised that there will be a correlation between each of the 12 individual components of IEF and the overall HDI scores. This research will delve into the relationship, if any, between the 12 components of IEF and the HDI scores of SADC nations and rank the relationships by strength, accordingly.

3.2.4.1 Hypotheses

H1 (0): The 12 components of IEF of SADC nations will not have a positive and statistically significant correlation with the HDI of said nations.

H1 (A): The 12 components of IEF of SADC nations will have a positive and statistically significant correlation with the HDI of said nations.

H2 (0): The correlation between each of the 12 components of IEF and HDI will be the same in SADC nations and therefore cannot be ranked in order of strength of correlation.

H2 (A): The correlation between each of the 12 components of IEF and HDI in SADC nations will vary and therefore can be ranked in order by strength of correlation from 1 to 12.

3.3 Research

In any type of formalised research, having a paradigm that guides the entire process of carrying out the study is of paramount importance (De Vos et al., 2017). A research paradigm is a philosophy or set of guidelines that leads the overall research, where there are different forms of paradigms that can be applied, depending on what research needs to be done (Collis and Hussey, 2013). Some of the key paradigms identified when carrying out research are: positivism, post-positivism, constructivism, transformative, and postcolonial indigenous

paradigms (Kawulich, 2012). In contemporary times, there have been many more hyper-specific paradigms that have emerged in the field of business and economics; however, these can often be based on the aforementioned paradigms (Collis and Hussey, 2013).

3.3.1 Research Paradigm for this study

The guiding research paradigm relevant to this study is the post-positivist paradigm. This is due to the fact that this research is in line with many of the salient factors that are prevalent in the post-positivist paradigm (De Vos et al., 2017).

3.3.1.1 Post-positivist paradigm

A post-positivist paradigm, also known as logical empiricism, is one that is objective in nature and is grounded in rationality. It states that the reason for the research being conducted is to discover laws that can be used globally and can also be deemed as generalised. Post-positivism is largely informed by first and foremost critical realism, as well as realism, and idealism (Kawulich, 2012). The reason for this is that critical realism holds that errors may occur within observations and that theories can be flexible and even modified (Kawulich, 2012).

The post-positivist paradigm also assumes that there is a reality or truth that can be known and/or defined by using probability and reasoning. Post-positivist research relies on precise observation as well as verified forms of measurement, where using these is what can be defined as truth (Kawulich, 2012). All major research paradigms have at least one main form of methodology that is salient within the over-arching paradigm (Collis and Hussey, 2013). The key methodologies relevant to the post-positivist paradigm are: survey, quantitative, experimental, quasi-experimental, causal comparative, and correlational (Kawulich, 2012). The key methodology in this research is correlational. The data collecting techniques of research that is conducted within the post-positivist paradigm that are identified as most prevalent include: experiments, tests, questionnaires, and observations (Kawulich, 2012).

One of the core differences between positivism and post-positivism is that the post-positivist paradigm refers to the idea of probability, rather than absolute truth. The post-positivist paradigm emerged because, “no matter how faithfully the scientist adheres to scientific method research, research outcomes are neither totally objective, nor unquestionably

certain” (Crotty and Crotty, 1998: 40). Post-positivists understand that people are different and may understand the same event or occurrence in a different manner. Within practically any paradigm, there are three key assumptions that are identified: ontology, epistemology, and axiology (Kawulich, 2012).

3.3.1.1.1 Key assumptions of the post-positivist paradigm

Ontology

This is the nature of reality in which the paradigm is grounded (Kawulich, 2012). Post-positivists state that a reality can be defined, however it can only be known on an imperfect level (De Vos et al., 2017). This reality can only be known imperfectly, because of the researchers' human limitations. It is for this reason that post-positivism claims that research can discover reality within a realm of probability (Kawulich, 2012).

Epistemology

This is the knowledge held to be true within a field of research. This specifically involves the nature, sources, possibilities, and limitations of knowledge within this field (Crotty and Crotty, 1998). Ultimately, epistemology focuses on studying the criteria of what the researcher(s) do and do not constitute as knowledge (De Vos et al., 2017). Post-positivists do not believe that true objectivity can ever truly be obtained, however the paradigm does state that objectivity is approachable (Kawulich, 2012). According to the post-positivist paradigm, the nearest researchers can get to objectivity is to utilise hard data as a knowledge source (Collis and Hussey, 2009). Post-positivist research approaches are quantitative in nature and include methodical approaches such as causal comparative, experimental, quasi-experimental, surveys, and correlational research (Kawulich, 2012).

Axiology

This refers to core values that lay within the entire research project, that can include the aims of the research being conducted (De Vos et al., 2017). Each paradigm seeks to make sense of the world, or otherwise predict outcomes, where it is this philosophy that brings about value to the research (Kawulich, 2012). Post-positivists believe that research conducted ought to be as objective as possible, though this paradigm does not hold that true objectivity is possible (Kawulich, 2012). Post-positivism recognises that the theories, background knowledge, and hypotheses a researcher can have a strong influence on what is observed within the research as well as how the outcomes are perceived thereafter (Collis
pg. 60

and Hussey, 2009).

3.3.1.2 Reasoning for selecting the post-positivist paradigm

The post-positivist paradigm had been selected here as most suitable to scope and nature of the study. The post-positivist paradigm is largely quantitative in nature (De Vos, et al., 2017). Post-positivism tends to be objective in nature, where results, and recommendations are brought about based on objective secondary data (Kawulich, 2012). This treatise aims to assist policy-makers in making potential decisions that can have a positive impact on society as a whole. This is in line with the reasoning for conducting post-positivist research, as it seeks to discover laws that govern the universe (Kawulich, 2012).

The philosophical underpinnings are also the same, as this treatise, much like the ideology of post-positivism, is based on realism and idealism (Collis and Hussey, 2009). The end of the study, idealistically, will be to assist in policy making decisions, which is informed by realistic data, information, and theory. This treatise also assumes that reality can be known by utilising probability (Kawulich, 2012). Another main reason why the post-positivist paradigm is applicable to this study is that the methodical approach used is both quantitative and a correlational study, which is prevalent within this paradigm (De Vos et al., 2017).

3.4 Research methods

3.4.1 Study Design

This study is quantitative in nature, whereas quantitative approach has been taken in the study design. The hypothesised relationships laid out in this study will be tested statistically. Within this study, inferential statistics will be used in analysing and interpreting the data. The study assesses secondary data that has been obtained from reputable and reliable sources.

3.4.2 Subjects

The subjects of this study are the Sub-Saharan African countries belonging to the Southern African Development Community (SADC).

3.4.2.1 Inclusion

The nations include the 16 countries that form the SADC. In particular, these 16 nations have been observed by the UNDP as well as the Heritage Foundation and have statistics for their HDI and IEF scores, respectively. All subjects included for this study have the relevant IEF and HDI data for the years between 2014 to 2019 (The Heritage Foundation, 2021; UNDP, 2020). All 16 of the SADC nations are included as this data is available for all subjects (SADC, 2021). The key reason for these inclusions is that this set of nations is in much need of improvement in both relevant variables (Sharma, 2020). The SADC nation group was also selected, as these nations can potentially work together to improve all included nations overall economic freedom and development (Muntschick, 2018).

3.4.2.2 Exclusion

Geographic locations with traditionally high HDI and IEF scores were excluded from this study. The key area examined by this study is defined in both the Heritage Foundation and the UNDP's sets of data is the Sub-Saharan African section (The Heritage Foundation, 2021; UNDP, 2020). However, not all Sub-Saharan African nations have been selected. Nations in the area that had a lack of data were not selected for this study as it may have skewed results. Furthermore, nations within Sub-Saharan Africa that had little internal diplomatic relationship(s) were also excluded. Hence, the 16 nations that comprise the SADC were the key selection to this study.

3.5 Data Collection

All data used in conducting this study falls into the category of secondary data as it has already been collected, compiled, and measured by other researchers. Secondary data is publicly and widely available data with permission for use by researchers (De Vos et al., 2017). In this particular study, the data collected has come from highly reliable and valid international sources (The Heritage Foundation, 2021; UNDP, 2020). The first section of data acquired is all HDI scores for the 16 SADC nations from the years 2015 to 2019 (UNDP, 2020). This means that each nation has five points of HDI scores, which is one point of information for each of the five years. All of the HDI scores and data is published in the Human Development Report (HDR), published on an annual basis by the United Nations Development Programme (UNDP) (Jahan, 2019). The UNDP is a sub-section of the United

pg. 62

Nations (UN), and is globally recognised as a valid and reputable source when it comes to gathering data from nations from around the world (UNDP, 2020).

The IEF data collected includes all 12 components of IEF for the years of 2015 to 2019. Each of the 16 SADC nations have five data points for each of the 12 components, this being one data point for each of the five years observed. All twelve components of IEF are calculated and weighed up by the Heritage Foundation's report *The Index of Economic Freedom*, which is released annually (Miller et al., 2021). The Heritage Foundation is a reputable source on economic freedom (Miller et al., 2021; Cabello et al., 2021; Yevdokimov et al., 2018; Angulo-Guerrero, 2017). All data conveyed by the Heritage Foundation is up-to-date and is as accurate and unbiased as possible (The Heritage Foundation, 2021). Many policy-makers and nation leaders from across the world utilise both the Heritage Foundation and the United Nations' information and put it in high regard when making possible decisions (Cabello et al., 2021). It is for these reason that these particular resources were selected for data collection.

The key independent variables of this study were, the 12 components of the IEF as described by the Heritage Foundation (hereafter HF), namely: property rights; judicial effectiveness; government integrity; tax burden; government spending; fiscal health; business freedom; labour freedom; monetary freedom; trade freedom; investment freedom; and financial freedom (HF, 2021). These 12 components' scores had been collected from the 16 SADC nations for the years of 2015, 2016, 2017, 2018, and 2019, respectively (HF, 2021). The dependent variable utilised in this study is the HDI scores given by the UNDP for these same 16 SADC nations for each of the years from 2015 to 2019 (UNDP, 2020).

3.6 Data Analysis

The statistical analysis was designed to determine the strength of relationship (if any) between each of the individual twelve components of IEF with the total HDI scores of the 16 nations that make up the SADC. The way in which this is laid out succinctly is that a simple linear regression was conducted with the assumption that all data is normal data and distributed evenly. This quantitative research study set out to determine the correlational strength of each of these components with the HDI. According to Weisstein (2006), Kim, Kim and Ergün (2015), and Wilkinson and Pickett (2008), one of the most comprehensive methods of calculating the strength of correlation using normally distributed data is to use

the Pearson Correlation Coefficient Formula.

This equation is depicted as follows:

$$r = \frac{\sum (x_i - \bar{x})(y_i - \bar{y})}{\sqrt{\sum (x_i - \bar{x})^2 \sum (y_i - \bar{y})^2}}$$

r = correlation coefficient

x_i = values of the x-variable in a sample

\bar{x} = mean of the values of the x-variable

y_i = values of the y-variable in a sample

\bar{y} = mean of the values of the y-variable

(Weisstein, 2006)

The Pearson Correlation Coefficient is expressed as 'r'. This r -value portrays the correlational strength between two variables (Weisstein, 2006). The r -squared value can in turn be derived by utilising the r -value (Moore et al., 2013). The r -squared is the square of the coefficient and accurately depicts and explains the percentage of variation in the regression line (Zou et al., 2003). The values of possible r -values vary from -1 to 1. -1 being a perfect negative correlation and 1 being a perfect positive correlational relationship (Montgomery, et al., 2021). The closer the r value gets to 0, the weaker the correlational strength becomes. A result of zero determines that there is no correlation whatsoever (Montgomery et al., 2021). R -squared values vary between 0 and 1, and are sometimes also expressed as a percentage number. The closer to 1 this value is, the lower the variance there is between the two variables (Zou et al., 2003).

Moore et al. (2013) have stated that when observing the correlational results for macroeconomic variables, researchers can categorise r -values in the following manner:

Table 3.1: The Strength of Relationship that r Determines

<i>Value of r</i>	<i>Strength of relationship</i>
$r < 0.3$	Very weak
$0.3 < r < 0.5$	Weak
$0.5 < r < 0.7$	Moderate
$r > 0.7$	Strong

(Moore et al., 2013)

The p-value is also determined within this study, as the p-value is the probability of rejecting the null hypothesis (Moore et al., 2013). The smaller the p-value is, the higher the likelihood of the alternative hypothesis being accepted and the null hypothesis being rejected. In this study a p-value of < 0.05 has been determined as significant. A p-value higher than 0.05 is deemed as insignificant (Moore et al., 2013).

The T-test was also identified as a relevant calculation to conduct within this study as it is an inferential statistic that determines the significant difference between the means of two variables (Kim, 2015). The T-test is one of the most popular calculations used within hypothesis testing. The T-test formula is expressed in the following manner:

$$t = \frac{r_{xy} \sqrt{n - 2}}{\sqrt{1 - r_{xy}^2}}$$

(Kim, 2015)

There is a high probability that the null hypothesis is true if the T-test result is between -2 and 2 (Kim, 2015). The T-test and the p-value together give a good indication of the significance of the correlational test applied. It is for this reason that both T-test and p-value are used within the study (Kim, 2015). In this study, there were 12 correlational studies conducted, that were each visualised on a scatter graph. A line of best fit was also added to the graph for ease of representation. All equations were run through an online platform for statistical analyses found at <https://www.socscistatistics.com>.

Each of the correlational analyses conducted had two key variables over five data points, one for each year between 2015 to 2019. The independent variable was a score from one of the 12 components of the IEF over the five years. The dependent variable of each of the correlational analyses was the HDI scores obtained over the same five year period. Across all 12 correlational analyses, the data had been specifically selected from the set of the 16 nations that make up the SADC countries (The Heritage Foundation, 2021; UNDP, 2020). All data utilised within this study is depicted in the annexure segment of this study.

3.7 Reliability and Validity

In any form of higher educational research work, reliability and validity is of paramount importance (De Vos et al., 2017). When a researcher conducts research, it must be ensured that the data and methodical procedures utilised are conducted in the most reliable and upstanding manner. It is also in the researchers' best interests to ensure that the data and methods carried out when conducting the research are valid to the field of study and to the hypotheses in question (Kawulich, 2012).

3.7.1 Reliability

According to Heale and Twycross (2015), reliability in quantitative research relates to the consistency of a measure. Depending on the subject, there is often not a perfectly consistent outcome for every instrument utilised. However, it is up to the researcher(s) to get the closest to true reliability as possible (Heale and Twycross, 2015). There are three core attributes of reliability which can be laid out in the following manner:

Table 3.2: The Attributes of Reliability

<i>Attributes of reliability</i>	<i>Description</i>
Homogeneity	This is also sometimes referred to as the internal consistency and relates to how one construct can be measured by all items on the scale.
Stability	This is how consistent the results are using an instrument with repeated testing.
Equivalence	This is observing the consistency of multiple users of an instrument or among alternative forms of instruments.

(Heale and Twycross, 2015)

The research conducted can be deemed as reliable, as all sources of data used are regarded as highly reliable in the field of macroeconomics. Many other similar instruments that measure the various facets of economic freedom, i.e. instruments implemented by the Fraser Institute or the World Bank, have similar values and outputs as the ones utilised in the Heritage Foundation's IEF instrument of obtaining data on the topic (Cabello et al., 2021; Miller et al., 2021). This shows that there is consistency across the board if looking at any of these institutions' instruments on the subject of economic freedom.

3.7.2 Validity

Validity refers to the accuracy of measurement within a quantitative study (Heale and Twycross, 2015). It is important in any research to have data, techniques, and methodologies that can be deemed as valid to the research topic at hand (De Vos et al. 2017). Heale and Twycross (2015) highlight three key types of validity in research, these are described as follows:

Table 3.3: The Types of Validity

<i>Types of validity</i>	<i>Description</i>
Content validity	This is the extent of the accuracy of measurement of all aspects of a construct.
Construct validity	This is the extent that the intended construct is measured by an instrument or tool.
Criterion validity	This refers to the extent that a research instrument is related to other instruments that measure the same variables.

(Heale and Twycross, 2015)

This research is valid, as all datasets used within the study come from reliable sources that have been used in a plethora of past researchers' works. Both the UNDP and the Heritage Foundation are highly regarded and are utilised sources in the field of macroeconomics as well as in other similar fields of study (Cabello et al., 2021; Miller et al., 2021; Jahan, 2019). The datasets used in the study are some of the most accurate and valid measurements in the field (The Heritage Foundation, 2021; UNDP, 2020).

CHAPTER 4: RESEARCH FINDINGS

4.1 Introduction

Chapter 3 focused on the methodical approaches used to conduct this research. This chapter presents the findings. Taking the data, a correlational analysis has been conducted between each of the 12 different components of IEF and the overall HDI scores of the 16 nations over the years of 2015 to 2019. This will identify which of the 12 IEF components have a significant correlational relationship with the overall HDI scores among the SADC nations.

4.2 Results

4.2.1 Linear relationship analyses

The core equations utilised within this study observe the correlational relationship between different sets of variables. The independent variables in this study are the 12 respective components of the IEF that had been listed out by the Heritage Foundation as: property rights; judicial effectiveness; government integrity; tax burden; government spending; fiscal health; business freedom; labour freedom; monetary freedom; trade freedom; investment freedom; and financial freedom (HF, 2021). The dependent variable is the HDI scores of the sample group. The same HDI scores, of the years 2015-2019 are used in each of the 12 regression analyses conducted within this study (UNDP, 2020). Below are the scatter-plot graphs with relational lines, as well as all the relevant equations for each of the 12 components of the IEF in relation to the overall HDI scores. These have been created and the equations run through the online statistical programme that can be found online at www.scoscistatistics.com. The below graphs and equations of the 12 components have been broken down in the same order listed above. These graphs and equations have also been labelled appropriately. After all scatter-plots have been laid out and all equations given and calculated, all findings from the research has been tabulated in an easy-to-read table. Each of the 12 components of the IEF have been ranked in terms of the correlational strength from strongest to weakest. A brief description of the outcomes from the research is summarised in a succinct manner. Below is each of the 12 correlational strength tests that were ran within this study as well as the relevant tests of significance that was discussed in Chapter 3.

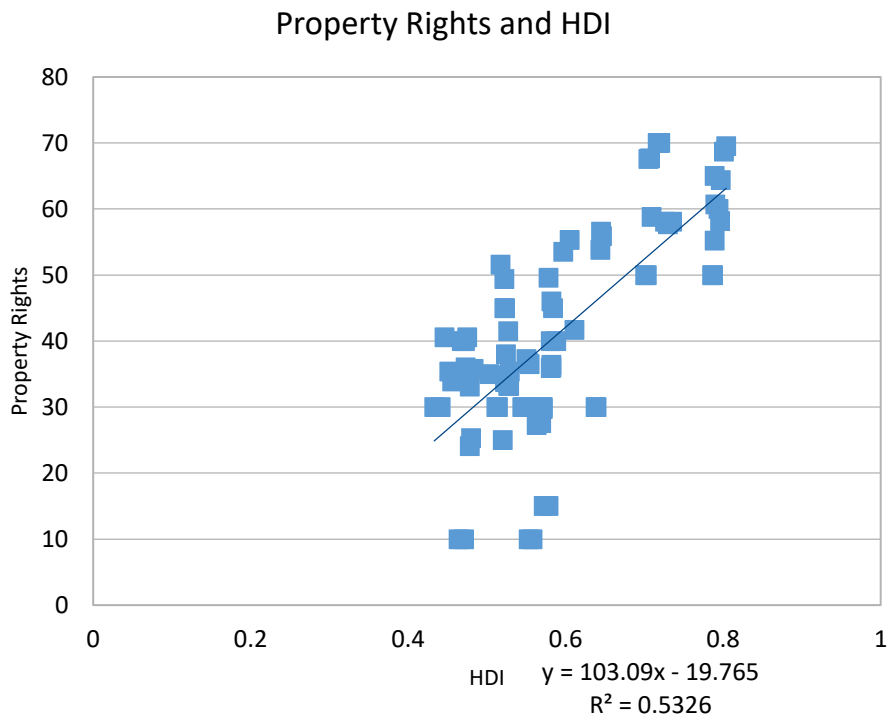


Fig 4.1: Property Rights vs. HDI (2015 – 2019)

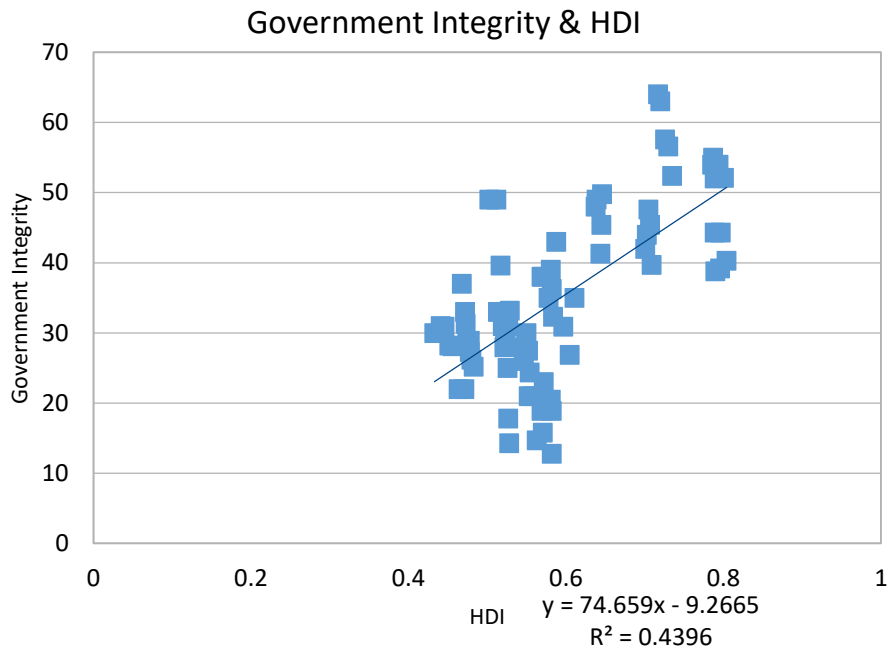


Fig 4.2: Government Integrity vs. HDI (2015 – 2019)

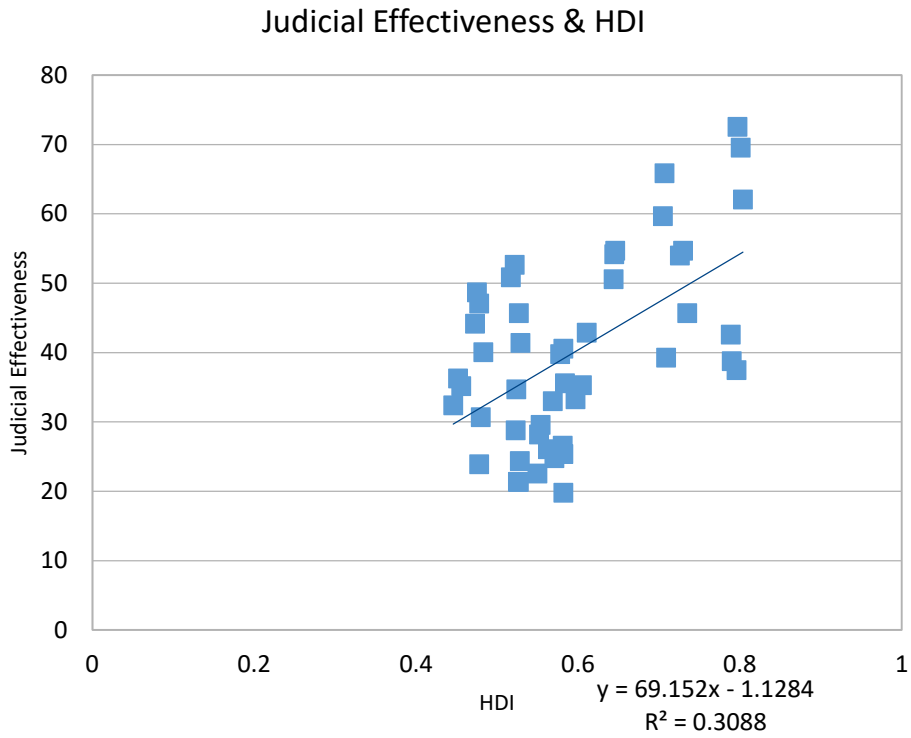


Fig. 4.3: Judicial Effectiveness vs. HDI (2015 – 2019)

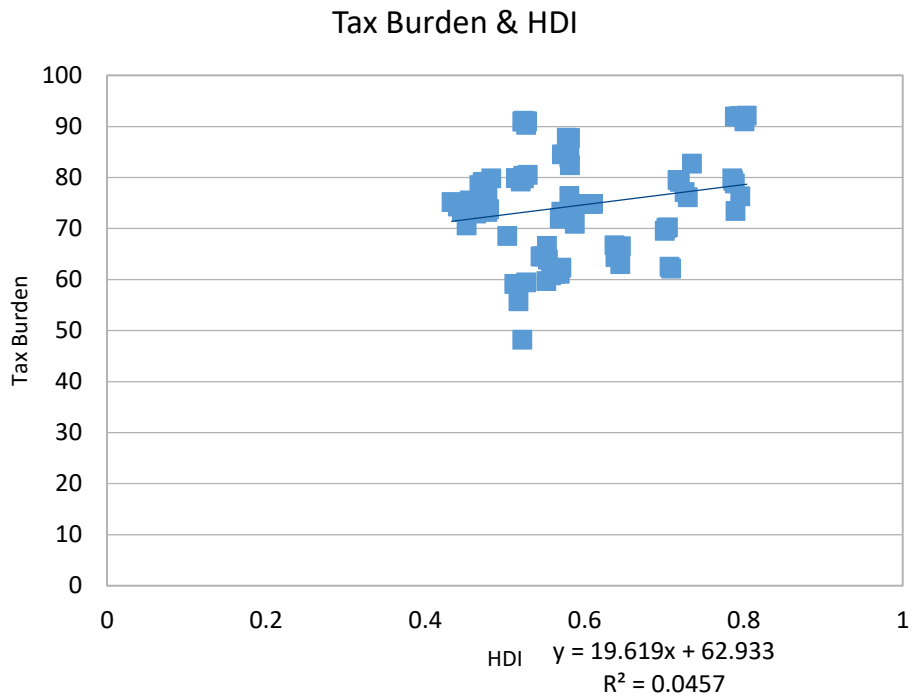


Fig 4.4: Tax Burden vs. HDI (2015 – 2019)

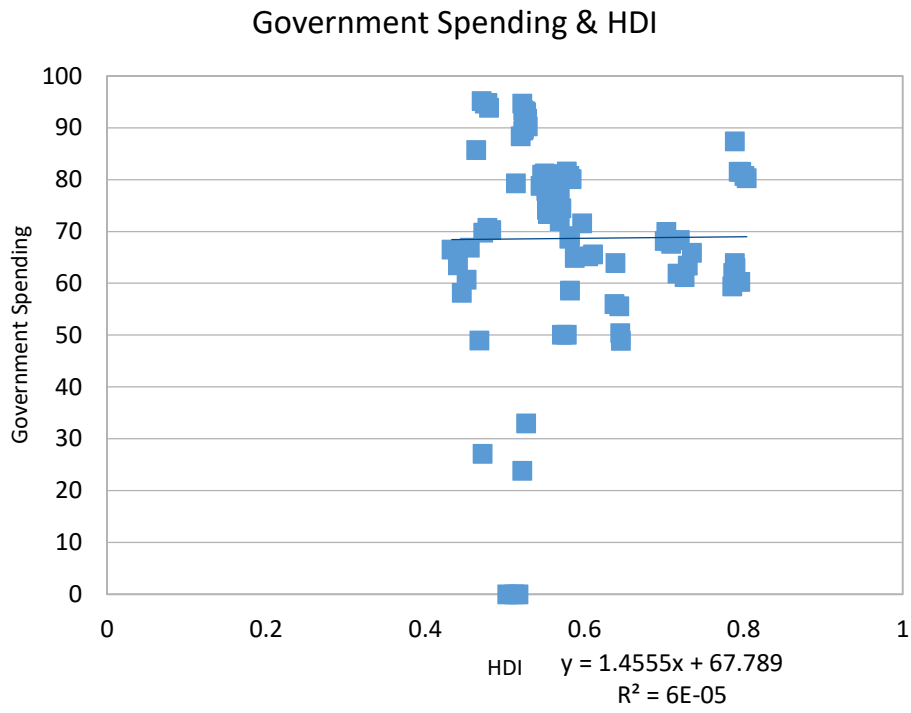


Fig 4.5: Government Spending vs. HDI (2015 – 2019)

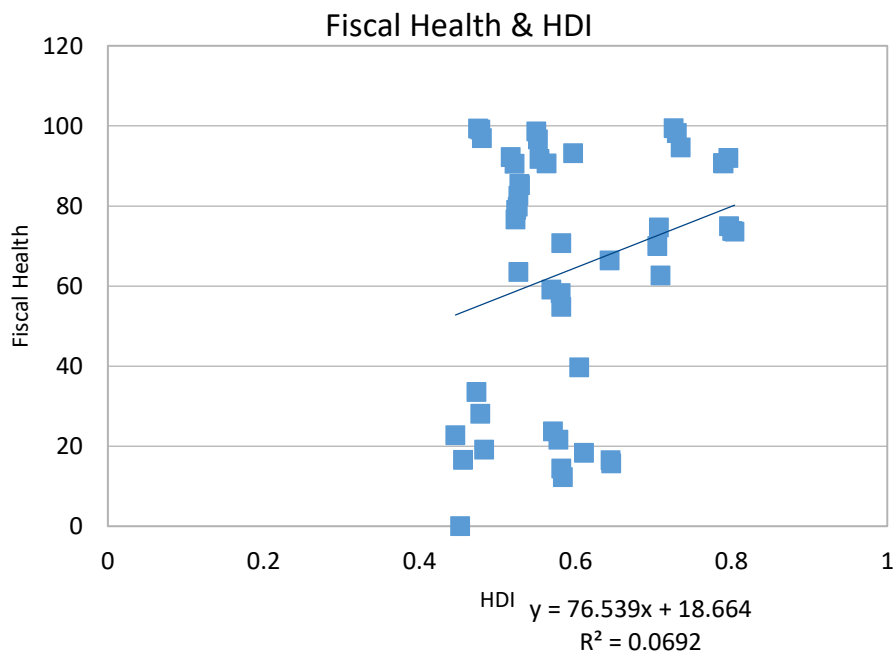


Fig. 4.6: Fiscal Health vs. HDI (2015 – 2019)

Business Freedom & HDI

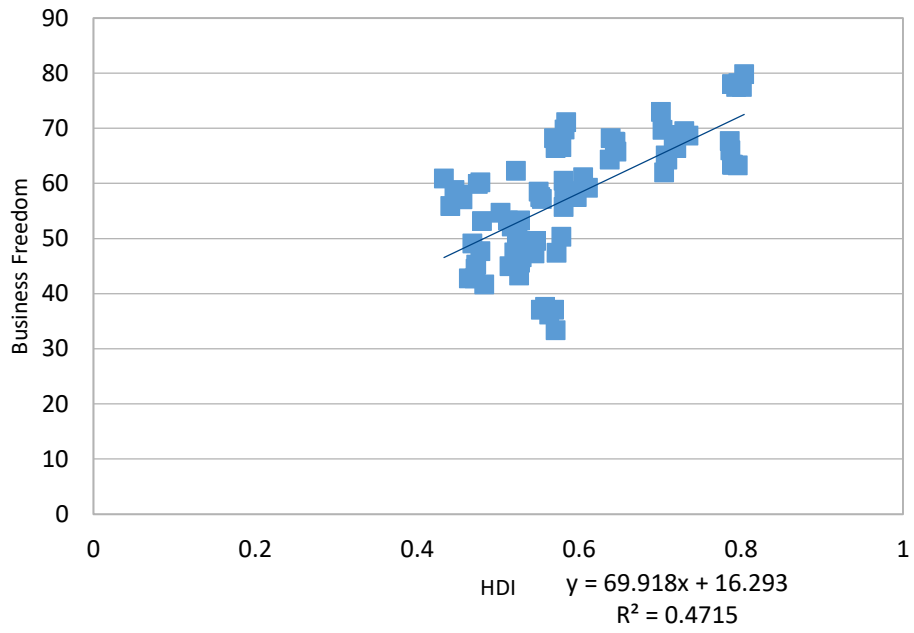


Fig. 4.7: Business Freedom vs. HDI (2015 – 2019)

Labour Freedom & HDI

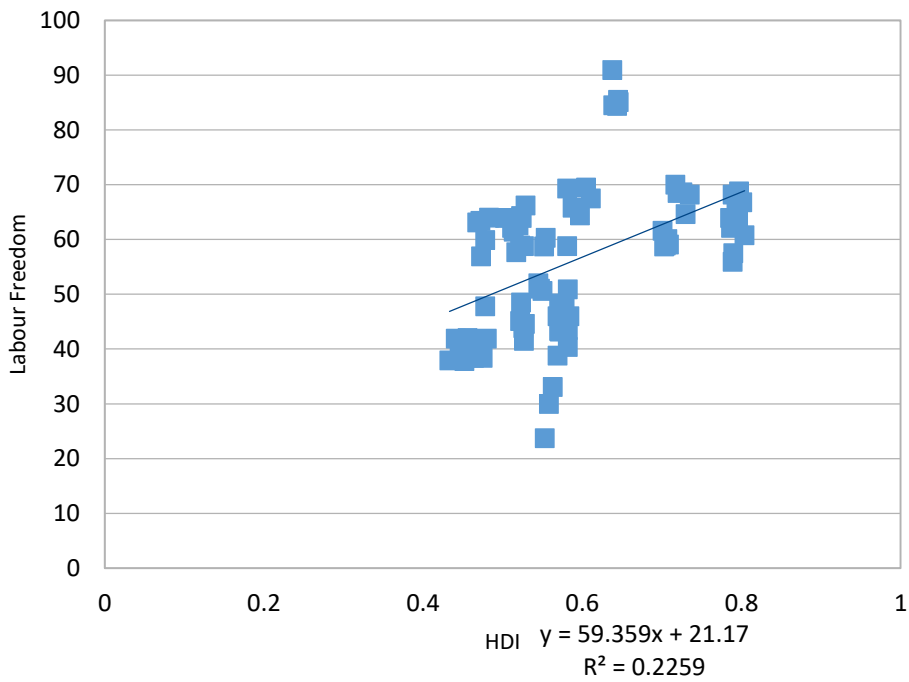


Fig. 4.8: Labour Freedom vs. HDI (2015 – 2019)

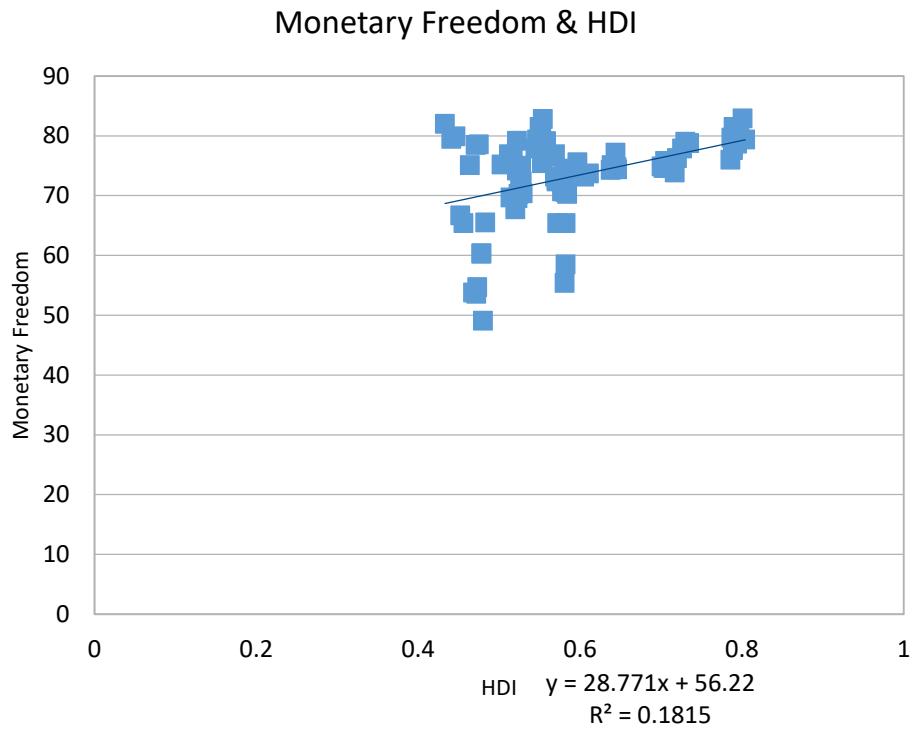


Fig. 4.9: Monetary Freedom vs. HDI (2015 – 2019)

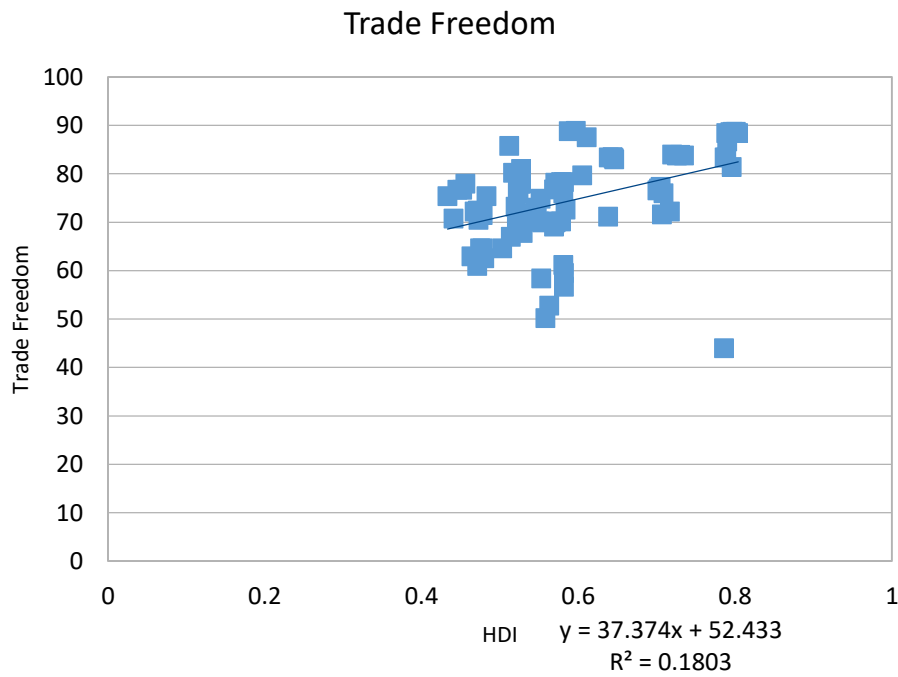


Fig. 4.10: Trade Freedom vs. HDI (2015 – 2019)

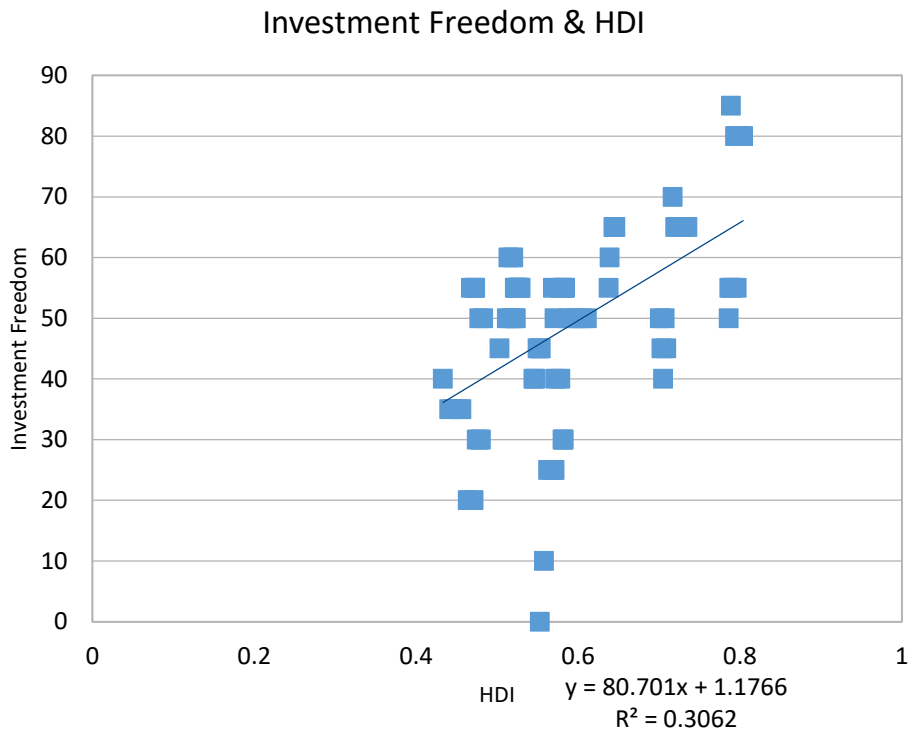


Fig. 4.11: Investment Freedom vs. HDI (2015 – 2019)

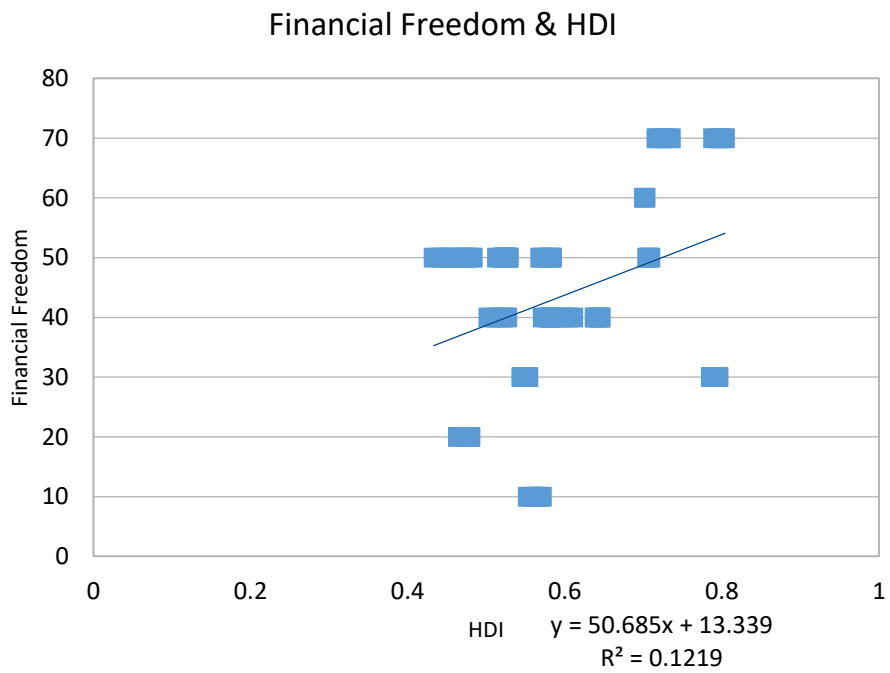


Fig. 4.12: Financial Freedom vs. HDI (2015 – 2019)

4.2.2 Tabulated results

Table 4.1: Results

IEF components	N	Degrees of Freedom	r value	R ²	t-Test	P-value (sig. at < .05)
Property Rights	80	78	0.7298	0.5326	9.4278	< .00001
Government Integrity	80	78	0.6631	0.4397	7.8238	< .00001
Judicial Effectiveness	48	46	0.5557	0.3088	4.5333	0.00011
Tax Burden	80	78	0.2137	0.0457	1.9320	0.05699
Government Spending	80	78	0.0077	0.0001	0.0680	0.94595
Fiscal Health	48	46	0.2630	0.0692	1.8488	0.07091
Business Freedom	80	78	0.6867	0.4716	8.3428	< .00001
Labour Freedom	80	78	0.4753	0.2259	4.7711	< .00001
Monetary Freedom	80	78	0.4261	0.1816	4.1597	0.000081
Trade Freedom	80	78	0.4246	0.1803	4.1419	0.000087
Investment Freedom	80	78	0.5533	0.3061	5.8664	< .00001
Financial Freedom	80	78	0.3492	0.1219	3.2912	0.0015

4.2.3 IEF components ranked in strength of correlation

Table 4.2: Rank of Each Component's Relational Strength

<i>Ranking</i>	<i>IEF Component</i>	<i>R-Value</i>	<i>Strength of correlation</i>
1	Property Rights	0.7298	Strong
2	Business Freedom	0.6867	Moderate
3	Government Integrity	0.6631	Moderate
4	Judicial Effectiveness	0.5557	Moderate
5	Investment Freedom	0.5533	Moderate
6	Labour Freedom	0.4753	Weak
7	Monetary Freedom	0.4261	Weak
8	Trade Freedom	0.4246	Weak
9	Financial Freedom	0.3492	Weak
10	Fiscal Health	0.2630	Very weak
11	Tax Burden	0.2137	Very weak
12	Government Spending	0.0077	Very weak

4.3 Chapter Conclusion

The research conducted shows that one of the 12 components tested as a strong correlation. four of the components tested as correlations with 'moderate' strength and another four tested with a 'weak' correlational strength. All of these nine aforementioned components that tested for a 'weak' correlation or higher also had a P value of lower than 0.05. thus giving a statistically significant result. The remaining three components all tested with a 'very weak' correlational strength outcome. These three components also tested with a P value of higher than 0.05. Therefore, with these three components, the null hypotheses were rejected, which means that the results are deemed as statistically insignificant for those three components.

CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The primary objective of this particular study was to identify the strength of relationships between components of economic freedom and the overall human development of nations in Southern Africa. A literature review was conducted on the dynamics of economic freedom, as well as its role and importance in Sub-Saharan African nations. A breakdown of the 12 components of economic freedom according to the Index of Economic Freedom was also laid out and explained in detail. Beyond this, the breakdown of the importance of the UN's Human Development Index was also explained. The importance of the improvement of human development in Sub-Saharan Africa was also highlighted (Sharma, 2020; Jahan, 2019; Zungu, et al., 2020). The literature then focused on the key theory that the study derives from which is the resource based theory that is set in a macroeconomic setting (Zhao and Fan, 2018; Porter, 1990; Wu et al., 2018; Szymaniec-Mlicka, 2014). Chapter 3 focused on the research methodology and highlighted the post-positivist nature of the study as well as the key method to the study being a correlational study using Pearson's coefficient formula a series of times (Zou et al., 2003; Moore et al., 2013). Chapter 4 revealed all results, equations, and graphs that was discovered when running the correlational studies on the selected variables (Socscistatistics, 2021). In this chapter, the results are dissected and the success of the study is highlighted. Furthermore, potential policy implications are noted in this section and recommendations for further research on the topic are discussed. Conclusions drawn from the entire study is also prevalent in this chapter.

5.2 Conclusions and Findings

The results from Chapter 4 aimed to show the correlational strength between each of the 12 components of IEF and the overall HDI scores of the 16 nations that form the SADC. The methodical approach taken was to calculate the Pearson's correlation coefficient 12 times (Moore et al., 2013). This was run separately for each of the 12 components of IEF, using the HDI scores as the dependent variable. All of the tests (except Judicial Effectiveness and Fiscal Health) conducted consisted of 80 x-data points and 80 y-data points. The x-data points consisted of an IEF component's scores for the years 2015 to 2019 for all of the 16 SADC nations (The Heritage Foundation, 2021). The y-data points were consistent in each

pg. 77

of the 12 correlational tests that were ran and consisted of the HDI scores for all of the 16 SADC nations over the years between 2015 to 2019 (UNDP, 2020). Using the same time frame was necessary so that the best and most valid result could be obtained. The results found that nine out of the 12 components of IEF have a positive and significant correlational relationship with HDI. Three out of the 12 components' test that were run turned out to have an insignificant result. Of the nine significant results, it was found that they had an *r*-value results that can be categorised as strong, moderate, weak, or very weak correlations (Moore et al., 2013).

5.2.1 Strong Correlation

There was only one of the 12 tests that resulted in a strong positive correlation, this is the 'Property Rights' component of IEF. This is deemed to be a strong correlation as it resulted in an *r*-value that is higher than 0.7 (Moore et al., 2013). Strong correlations do not necessarily mean that this particular relationship is causal, however it does give reasonable grounds for further research to be conducted into possible causation, as in order for a causal link to be proved, there must be a significant correlation (Weisstein, 2006). A strong correlation does mean that there is a close association between the two variables involved, in this instance when the Property Rights scores increase then so do the HDI scores (Weisstein, 2006). A strong correlation cannot determine the precise cause of either one of the variables on the other. However, the strong correlation between the Property Rights and HDI scores does mean that they have a strong positive relationship that has been proven as significant (Montgomery et al., 2021).

5.2.2 Moderate Correlation

Four of the tests ran resulted in a moderate positive correlation between the two variables. A moderate positive correlation was defined as an *r*-value that is between 0.5 and 0.7 (Moore et al., 2013). The four IEF components that resulted in a positive moderate correlation with the HDI scores were: Business Freedom, Government Integrity, Judicial Effectiveness, and Investment Freedom. These aforementioned components have a positively correlated relationship with the HDI, which had also been calculated to be significant (Socscistatistics, 2021; Kim, 2015). There is a linear relationship between some of the variables that can be the base of future studies on causal links (Zou et al., 2003).

5.2.3 Weak Correlation

Four of the tests that were conducted resulted in positive correlations that can be deemed as a 'weak positive correlation'. A weak positive correlation is one that results in an r -value between 0.3 and 0.5 (Moore et al., 2013). The IEF components that were calculated to have a weak correlational relationship with the HDI scores were: Labour Freedom, Monetary Freedom, Trade Freedom, and Financial Freedom. These weak correlations were all calculated as significant and could be the base of future research to prove causation (Zou et al., 2003). The reason for this is that in the field of macroeconomics there are many variables that could have a possible influence on another macroeconomic variable (Collis and Hussey, 2009). Therefore, even correlations that are labelled as weak could still have a potential causal effect in this field, however, further research would need to be conducted (Montgomery et al., 2021).

5.2.4 Very Weak Correlation

Any r -value resulted test below 0.3 can be considered as a very weak positive correlation (Moore et al., 2013). In this studies results it found that three of the 12 tests conducted resulted in an r -value of less than 0.3. The IEF components that have the weakest correlation with the HDI scores were: Fiscal Health, Tax Burden, and Government Spending. All three of these tests also resulted in a p -value higher than 0.05, which means that the relationships between these variables and the HDI scores are deemed as insignificant (Kim, 2015; Moore et al., 2013). Government Spending had the lowest r -value of all the tests conducted, with an r -value of 0.0077. This was the only test that proved to have no correlation whatsoever with the HDI scores (Weisstein, 2006; Socscistatistics, 2021). Discovering the insignificant and very weak correlations in this study is valid, as it can potentially assist policy-makers in making decisions (Collis and Hussey, 2009). This is especially true when governments have control over such variables as Government Spending (Miller et al., 2021).

5.3 Hypotheses results

The 2 hypotheses that were set out in Chapter 3 were:

H1 (0): Not all of the 12 components of IEF of SADC nations will have a positive and statistically significant correlation with the HDI of said nations.

H1 (A): All of the 12 components of IEF of SADC nations will have a positive and statistically significant correlation with the HDI of said nations.

H2 (0): The correlation between each of the 12 components of IEF and HDI do not vary among the SADC nations and therefore cannot be ranked in order of strength of correlation.

H2 (A): The correlation between each of the 12 components of IEF and HDI in SADC nations vary and therefore can be ranked in order by strength of correlation from 1 to 12.

In evaluating the results, it was discovered that *H1(A)* is rejected and *H1 (0)* is accepted. The reason for this is that three of the 12 tests conducted resulted in an insignificant result, therefore not all 12 of the IEF components have a positive correlation of significance. Furthermore *H2(A)* is accepted as a hypothesis as it is discovered that the strength of relationship between each of the 12 components of IEF and HDI can be ranked from 1 to 12 in terms of the value of *r*.

5.4 Success of the study

The main hypothesis of the study was that all 12 of the components of the IEF would have a positive and significant correlation with the overall HDI scores for the 16 SADC nations over the years 2015 to 2019. This hypothesis however is rejected, as three of the 12 tests conducted resulted in an insignificant correlation. This does not, however, mean that the study is a failure, as the information gained and explained within this study can be of great value. Especially for potential policy makers in Sub-Saharan Africa, and possibly beyond. The main aim of the study was to lend insight into the relationships between the aforementioned variables (Wu et al., 2018). This was successfully done, as the reader has a clear and succinct view of what linear relationships each IEF component has with the HDI result. This study could also be a potential backbone for future researchers doing similar

studies on the topic of economic freedom and human development. In order to truly determine whether this study was a success or not, we need to observe whether the core research question of this study has been answered. The key research question for this particular study was:

RQ1 – What is the relationship between each of the 12 components of IEF and the overall HDI scores of the 16 SADC nations?

RQ1 is successfully answered by this study, as the results determined what the degree of the relationships (or lack thereof) are for each of the 12 components of IEF and the overall HDI scores of the 16 SADC nations. Understanding the strength of these relationships could allow policy-makers to decide on how to manage and utilise their available resources in order to improve the overall economic freedom and human development in their respective nations (Lawson et al., 2020; Yevdokimov, 2018).

5.5 Policy implications

In the field of macroeconomics, it is extremely difficult to accurately determine which isolated macro-variable may have a relationship or impact on another (Fischer, 1993). The reason for this is that there tend to be a complexity of macroeconomic variables that can influence one another in equally complex ways (Fischer, 1993). It is for this reason that it is difficult to furnish precise policy implications of the research conducted (Muntschick, 2018). This being said, it is possible to make some logical deductions from all the research conducted, as well as the results laid out. For example, we see that the strongest relationship of all the 12 components was the 'Property Rights' component. The *r*-value of this test was over the 0.7 mark, which represents a strong correlation, where in macroeconomics, strong correlational relationships can often mean there is some form of influence of one of the variables onto the other (Fischer, 1993; Yevdokimov, 2018). Further research needs to be conducted on such; however, we have discovered there is a likelihood that a causal link could be proven between the two variables of Property Rights and the HDI score. Of the 16 nations observed, we see that most of the nations that have the lowest HDI results, such as the DRC, Malawi, and Mozambique, also tend to have some of the lowest Property Rights scores. In fact, according to Miller et al. (2021), the reason why South Africa was downgraded from a 'moderately free' to a 'mostly unfree' nation on the IEF scale was due to their major constitutional shifts with regards to property rights. In the case of South Africa, we also

pg. 81

observe that the HDI scores over the five years observed have only marginally improved. The margin of improvement in percentage form is the smallest improvement of all 16 SADC nations over the years of 2015 to 2019 (HF, 2021).

Beyond identifying very strong relationships among the 12 components of IEF and the HDI, this research can be of great value to policy-makers in understanding which of these components have no correlation, or even one that is insignificant (Mbaku, 2020; Muntschick, 2018; Porter, 1990). The two components that have a very weak correlation with HDI and are considered as statistically insignificant are Tax Burden, and Fiscal Health. The third component Government Spending has no correlation at all with the HDI score. All three of these IEF components fall into the over-arching category laid out by the Heritage Foundation as 'Government Size' (The Heritage Foundation, 2021). This is a fascinating finding, as the other three over-arching categories, namely: 'Rule of Law', 'Regulatory Efficiency', and 'Market Openness' all contain components that have a statistically significant positive correlation with the HDI scores.

This study discovered that a nation's Tax percentage that is burdened on their individuals and companies, as well as other forms of tax, such as VAT, have no significant correlation with the HDI score of a given nation. This information could be important for policy-makers to take into consideration, as the 'Tax Burden' is a component that government has a direct control over, and is therefore an independent variable that can be shifted if required (Miller et al., 2021).

The next 'Government Size' component that was found to be insignificant was Fiscal Health. This study discovered that the national debt, financial surplus (or deficit), and overall national financial well-being has no significant correlation with the HDI of said nations. This can aid policy-makers, who both draft and manage the budgets towards a reasonable level of fiscal health (Wu et al., 2018; Muntschick, 2018). Even though there is no correlation detected between these variables, it is not to say that Fiscal Health is of little importance overall. But rather, the study shows that there is no significance when observing the relationship between fiscal health and human development within the nations observed (Miller et al., 2021).

The final 'Government Size' component of IEF, Government Spending, was found to have absolutely no correlation at all with the HDI scores of the selected nations. This is fascinating,

as Government Spending has to do with how the government of a nation spends its money. This broadly includes providing infrastructure, social benefits, improving human capital, funding research, and many more (HF, 2021). This study proves that Government Spending in the 16 SADC nations observed has no linear correlation with the overall HDI scores of said nations. Government Spending is something that policy-makers and the government at large has a large control over as they are the ones to decide how money is being spent to supposedly improve the nation (Miller et al., 2021). It may be assumed that Government Spending might see a possible strong correlation with the human development of a nation. This is because, in many regards, Government Spending is there to attempt to improve the lives of the people of its nation in the way of development, however, this study proves otherwise. Government Spending is still an important facet that ought to be conducted with precision in nations around the world, however, as proven when it comes to the impact that government spending could possibly have on the overall HDI scores of SAC nations, it is found that there is no correlation whatsoever (Miller et al., 2021).

5.6 Discussion

Before conducting this study, the elements of economic freedom may have been assumed to harbour some form of relationship with human development. The reason for this is that many researchers have shown the macroeconomic benefits of improving economic freedom (Miller et al., 2021; Cabello et al., 2021; Lawson et al., 2020; Yevdokimov et al., 2018). Researchers have proved a significant link between economic freedom and human development in nations across the world (Cabello et al., 2021). It had been discovered that governments indeed have the capability and potential to improve a nation's economic freedom, as well as their human development (Porter, 1990; Wu et al., 2018). Among the components of economic freedom, government spending is one that the government has direct control over (Miller et al., 2021). Government Spending has to do with how money is spent on things such as infrastructure, social grants, community development, and other improvements (The Heritage Foundation, 2021). This is why it could be believed that the component of government spending may have one of the strongest relationships with human development out of all the components. However in reality, government spending has been proven to have no linear correlation with human development, which is a surprising find. This is quite an interesting finding, as it means that the manner in which a government spends their money to benefit the community and improve infrastructure has no correlation with the overall human development in the nation, which is surprising given that

pg. 83

governments spend tax money to improve the overall economy and livelihoods of people (Zungu et al., 2020). Further research on this particular facet would be required to determine what variables account for this.

In fact, the other two components that proved to be insignificant were Tax Burden and Fiscal Health. All three of these components make up the overarching economic freedom sub-section of 'Government Size'. This means that none of the IEF components that make up government size were found to be significant at all. This shows too that some of the components that the government has the most direct control over show no correlation with human development. This is not to say that the government ought not to focus on these components, as they are important for the nation in other aspects.

Many of the top researchers in the field of economic freedom speaks to the importance of property rights as a component of economic freedom (Miller et al., 2021; Wu et al., 2015; and Chodak and Kowal, 2011). This is why there is no real surprise that this component turns out to have the strongest correlation with human development. Much like in any correlational analysis, it is difficult to determine which of these aspects has an influence on the other, however it is good for governments to know that nations with higher property rights scores tend to have higher HDI scores.

I argue here that there is a relationship between IEF components and the HDI scores, because economic freedom promotes entrepreneurial behaviour that can increase a nation's overall GDP, as well as increasing the number of available jobs. Hypothetically, if everyone in a nation was a business owner or had a job, then naturally the nation's people would have a better standard of living, have access to better healthcare, and also be able to afford education. If that could happen, then the nation's overall HDI score would also increase. Other researchers have echoed this similar sentiment as to why there is an extant link between economic freedom and human development (Miller et al., 2021; Naanwaab, 2018; Graafland, 2020b; Nikolaev, 2014). Further research may add detail and depth to this assertion.

5.7 Recommendations for further research

The topic of economic freedom and human development lends itself to wide ranging research. There are a few recommendations for future research:

- Proving the causation of all the variables that proved to have a significant correlation. This in particular might focus on the possible causal link between the scores of Property Rights and that of HDI.
- Further research can be conducted on the possible correlational relationships between each of the 12 components of IEF with that of each of the three facets that make up the HDI. These facets are, namely: Life Expectancy, Years of Schooling, and GNI per capita. It would be a relevant study to identify which of the 12 components of IEF have the strongest and most significant relationships with those facets of HDI as it could assist in further possibly policy recommendations.
- Research ought to be conducted on the relationship between the 12 components of IEF and the overall HDI score for all nations in the world, not just focusing on SADC nations.
- Further research and investigations can take place, looking into what precise actions can be taken by governments to improve each of the 12 components of IEF.

5.8 Conclusion

In conclusion, this study set out to discover whether there was a relationship of a linear form between economic freedom and human development. The geographic area of Southern Africa was selected, as nations within this area tend to have the lowest overall economic freedom scores, as well as some of the worst human development in the world. It was also selected as I reside in South Africa so it was of relevance and importance to me as I would love to see my nation, as well as our surroundings flourish and thrive economically and developmentally. Within this study it was discussed that it is important and possible for governments, as well as policy-makers, to utilise their resources efficiently in order to possibly improve their respective nations' levels of economic freedom and human development. The key theory highlighted in the treatise was the Resource Based Theory (RBT) from a macroeconomic perspective. When observing the key principals through the lens of a macro RBT perspective, it was discovered that the best metrics and data to be used in the study was each of the 12 components that make up the Index of Economic Freedom (IEF)

pg. 85

and the overall Human Development Index (HDI) scores coming from the 16 nations that make up the SADC. The study set out to discover whether there were correlational relationships between the 12 components of IEF and the overall HDI scores. It was hypothesised that there would be a positive and significant correlation between each of the 12 components, when paired with the HDI scores.

When the tests were run and the results were finalised, this study found that the majority of the components of IEF have a significant positive correlational relationship with the overall HDI scores in the 16 nations that make up the SADC. There were nine out of the 12 that tested significant, the correlational strengths of these nine IEF components can be ranked in order as follows: Property Rights, Business Freedom, Government Integrity, Judicial Effectiveness, Investment Freedom, Labour Freedom, Monetary Freedom, Trade Freedom, and Financial Freedom. There were three of the IEF components tested that resulted in an insignificant result, these were: Tax Burden, Fiscal Health, and Government Spending. Of these, it was found that the component of Government Spending had no correlation whatsoever with the HDI scores of the SADC nations. These findings can contribute to further possible policy and governmental decision making, specifically for when governments are aiming to improve their HDI scores. Correlation does not necessarily mean causation, however variables that have a significant correlation between them is a good basis to prove possible causality. Equally correlational relationships can still be highly useful in the field of macroeconomics, as this demonstrates that there is some form of association between the variables, which could prove to be important to policy-makers. This study has the potential to contribute in aiding Southern African nations to improve in their overall economic freedom and human development results, which is much needed within this geographic location. It could open new doors to researchers discovering more information that can assist the process of improving the lives of people in not only Africa, but also globally.

5.9 REFERENCES

Akhter, S. H. 2004. Is Globalization What It's Cracked Up to Be? Economic Freedom, Corruption, and Human Development. *Journal of World Business*, 39(3), pp. 283-295.

Alvarez, S.A. and Barney, J.B. 2017. Resource-based theory and the entrepreneurial firm. *Strategic entrepreneurship: Creating a new mindset*, pp.87-105.

Alkire, S. 2002. Dimensions of human development. *World Development*, 30(2), pp.181-205.

Anand, S. and Sen, A., 1994. *Human Development Index: Methodology and Measurement*. New York: Human Development Report Office, United Nations.

Angulo-Guerrero, M.J., Pérez-Moreno, S. and Abad-Guerrero, I.M. 2017. How economic freedom affects opportunity and necessity entrepreneurship in the OECD countries. *Journal of Business Research*, 73(1), pp.30-37.

Antoniades, N. and Haan, P. 2019. Government capabilities as drivers of performance: Path to prosperity. *Heliyon*, 5(2), p.e01180.

Antoniades, N. and Haan, P. 2018. Facilitating Political Performance in the USA. *Economics Bulletin*, 38(4), pp. 1762-1768.

Barney, J. B. 2001. Resource-based theories of competitive advantage: A ten year retrospective on the resource-based view. *Journal of Management*, 27(1), pp. 643–650.

Barney, J. B., Ketchen, D. J. and Wright, M. 2011. The Future of Resource-Based Theory: Revitalization or Decline? *Journal of Management*, 37(5), pp. 1299-1315.

Bryson, J.M., Ackermann, F. and Eden, C., 2007. Putting the resource-based view of strategy and distinctive competencies to work in public organizations. *Public Administration Review*, 67(4), pp.702-717.

Cabello, J.M., Ruiz, F. and Pérez-Gladish, B. 2021. An alternative aggregation process for composite indexes: An application to the Heritage Foundation Economic Freedom Index. *Social Indicators Research*, 153(2), pp.443-467.

Clark, A.E. and D'Ambrosio, C. 2019. Living Conditions and Basic Needs: Evidence from African Countries. *South African Journal of Economics*, 87, pp. 91-109.

Childs, J. and Hearn, J. 2017. 'New' nations: resource-based development imaginaries in Ghana and Ecuador. *Third World Quarterly*, 38 (4), pp. 844-861.

Chipeta, C. and Schade, K. eds. 2007. *Deepening Integration in SADC: Macroeconomic Policies and Social Impact - A Comparative Analysis of 10 Country Studies and Surveys of Business and Non-state Actors*. Botswana: Friedrich Ebert Foundation Botswana Office.

Chodak, G. and Kowal, K. 2011. Degree of Economic Freedom and Relationship to Economic Growth and Human Development. *MPRA*, 36712 (1), pp. 1-11.

Collis, J. & Hussey, R., 2009. *Business Research: A Practical Guide for Undergraduate & Postgraduate Students*. 3rd ed. Basingstoke: Palgrave Macmillan.

Crotty, M. and Crotty, M.F., 1998. *The foundations of social research: Meaning and perspective in the research process*. London: Sage Publications Inc.

Da Silva, D.A., Sumares, E.F. and Da Silveira Filho, J.A. 2015. *Economic Freedom and Development*.

Dahan, N., 2005. Can there be a resource-based view of politics?. *International Studies of Management & Organization*, 35(2), pp. 8-27.

Dawson, J.W., 1998. Institutions, investment, and growth: New cross-country and panel data evidence. *Economic Inquiry*, 36(4), pp. 603-619.

De Vos, A. S., Strydom, H., Fouche, C. B., and Delport, C. S. L. 2017. *Research at grass roots: For the social sciences and human service professions* 4th ed. Pretoria: Van Schaik Publishers.

Feldmann, H., 2017. Economic freedom and human capital investment. *Journal of Institutional Economics*, 13(2), pp.421-445.

Feulner, E., 2017. The Heritage Foundation. *Think tanks & civil societies* (pp. 67-86). City: Routledge.

Fischer, S. 1993. The role of macroeconomic factors in growth. *Journal of Monetary Economics*, 32(3), pp. 485-512.

Georgiou, M. N. 2015. Economic Freedom and Human Development Index - A Panel Data Analysis (2000- 2012). Available at
SSRN: <https://ssrn.com/abstract=2601736> or <http://dx.doi.org/10.2139/ssrn.2601736>

Graafland, J. 2020a. Contingencies in the relationship between economic freedom and human development: the role of generalized trust. *Journal of Institutional Economics*, 16(3), pp. 271-286.

Graafland, J. 2020b. When Does Economic Freedom Promote Well Being? On the Moderating Role of Long-Term Orientation. *Social Indicators Research*, 149(1), pp. 127-153.

Godsäter, A. 2015. Civil society and regional governance: Knowledge production and issue-framing around SADC. *Journal of civil Society*, 11(1), pp.100-116.

Gropper, D. M., Lawson, R. A. and Thorne, J. T. 2011. Economic Freedom and Happiness. *Cato Journal*, 31(2), pp. 237-255.

Grubel, H. 1998. Economic Freedom and Human Welfare. *Cato Journal*, 18(2), pp. 287-295.

Guillen, M. F. 2000. Business Groups in Emerging economies: A Resource-Based View.
pg. 89

Academy of Management Journal, 43(3), pp. 362-380.

Haller, T. 2011. Challenges with context. *Bulletin of the American Society for Information Science and Technology*, 37(3), pp. 49.

Hall, J. C. and Lawson, R. A. 2013. Economic Freedom of the World: an accounting of the literature. *Contemporary Economic Policy*, 32(1), pp. 1-19.

Heale, R. and Twycross, A. 2015. Validity and reliability in quantitative studies. *Evidence-based Nursing*, 18(3), pp. 66-67.

Hou, J., Walsh, P. P. and Zhang, J. 2014. The Dynamics of Human Development Index. *The Social Science Journal*, 52 (2015), pp. 331-347.

Jahan, S. 2019. Human Development and Universalism: From Ideas to Policies. *Journal of Human Development and Capabilities*, 20(2), pp.233-250.

Jarvenpaa, S. and Leidner, D. 1997. An information company in Mexico: extending the resource-based view of the firm. *ICIS 1997 Proceedings*, p.26.

Kawulich, B. 2012. Collecting data through observation. *Doing social research: A global context*, pp.150-160.

Kim, T. K. 2015. T test as a parametric statistic. *Korean Journal of Anaesthesiology*, 68(6), pp. 540-541.

Kim, Y., Kim, T.H. and Ergün, T. 2015. The instability of the Pearson correlation coefficient in the presence of coincidental outliers. *Finance Research Letters*, 13, pp.243-257.

Korankye, B., Wen, X., Nketia, E.B. and Kweitsu, G. 2020. The Impact of Human Development on the Standard of Living in Alleviating Poverty: Evidence from Africa. *European Journal of Business and Management Research*, 5(5).

Koohi, F., Nedjat, S., Yaseri, M. and Cheraghi, Z. 2017. Quality of life among general populations of different countries in the past 10 years, with a focus on human development index: a systematic review and meta-analysis. *Iranian Journal of Public Health*, 46(1), p.12.

Krug, W., 2017. *Improving Our Standard of Living: The Science, Politics, and Economics of Global Betterment*. Lulu Press, Inc.

Labrie, Y. and Doucet, B. 2015. *Economic freedom improves Human well-being*. Montreal: Montreal Economic Institute.

Lawson, R.A., Murphy, R. and Powell, B. 2020. The determinants of economic freedom: A survey. *Contemporary Economic Policy*, 38(4), pp.622-642.

Lockett, A. and Thompson, S. 2001. The resource-based view and economics. *Journal of Management*, 27 (1), pp. 723–754.

Madan, A. 2002. The Relationship between Economic Freedom and Socio-Economic Development. *The Park Place Economist*, 10(1).

Madhani, P. M. 2010. Resource based view (RBV) of competitive advantage: an overview. *Resource Based View: Concepts and Practices*, Pankaj Madhani, ed., pp.3-22.

Mbaku, J. M. 2020. Deepening Good Governance: Inclusion, Democracy, and Security. *Foresight Africa*, pp. 23-33.

McWilliams, A. and Siegel, D. S. 2010. Creating and Capturing Value: Strategic Corporate Social Responsibility, Resource-Based Theory, and Sustainable Competitive Advantage. *Journal of Management*, 37(5), pp. 1480-1495.

Medina-Moral, E. and Montes-Gan, V.J. 2018. Economic freedom, good governance and the dynamics of development. *Journal of Applied Economics*, 21(1), pp.44-66.

Miller, A. T. and Kim, A. B. 2011. *Index of Economic Freedom*. Ch.2. Heritage Foundation:

Heritage.org

Miller, A. T., Kim, A. B. and Roberts, J. M. 2021. *Index of Economic Freedom*. New York: Heritage Foundation.

Montgomery, D.C., Peck, E.A. and Vining, G.G. 2021. *Introduction to linear regression analysis*. John Wiley & Sons.

Moore, D. S., Notz, W. I, & Flinger, M. A. (2013). *The basic practice of statistics (6th ed.)*. New York, NY: W. H. Freeman and Company.

Morris, M. and Fessehaie, J. 2014. The Industrialisation Challenge for Africa: Towards a commodities based industrialisation path. *Journal of Africa Trade*, 1(1), pp. 25-36.

Muminov, N., Kim, T., Egamberdiyev, F. and Ambartsumyan, A. 2020. The ways of improvement of living standards. *International Journal of Psychosocial Rehabilitation*, 24(4), pp.1965-1980.

Muntschick, J. 2018. *The Southern African Development Community (SADC) and the European Union (EU)*. Palgrave Macmillan.

Naanwaab, C. 2018. Does economic freedom promote human development? New evidence from a cross-national study. *The Journal of Developing Areas*, 52(3), pp.183-198.

Nikolaev, B. 2014. Economic Freedom and Quality of Life: Evidence from the OECD's Your Better Life Index. *The Journal of Private Enterprise*, 29(3), pp. 1-35.

Peng, M.W., Wang, D.Y. and Jiang, Y. 2008. An institution-based view of international business strategy: A focus on emerging economies. *Journal of International Business Studies*, 39(5), pp.920-936.

Pesic, M.A., Milic, V.J. and Stankovic, J. 2013. Application of VRIO framework for analyzing human resources' role in providing competitive advantage. *Tourism & Management Studies*, pp.575-586.

Porter, M. E. 1990. Competitive Advantage of Nations. *Harvard Business Review*, March-April edition, pp. 73-93.

Porter, M. E. 1996. Competitive Advantage, Agglomeration Economies and Regional Policy. *International Regional Science Review*, 19(1), pp. 85-94.

Ramesh, M., Saguin, K., Howlett, M. P., and Wu, X. 2016. Rethinking Government Capacity as Organizational and Systematic Resources. *Lee Kuan Yew School of Public Policy*. Working Paper No.: LKYSPP, pp. 12-16.

Ravallion, M., 2010. *Troubling tradeoffs in the human development index*. City: The World Bank.

SADC, 2021. *SADC International* Available at: <https://www.sadc.int/> [accessed 23 July 2021]

Socscistatistics, 2021. *Social Science Statistics* Available at: <https://www.socscistatistics.com/> [Accessed 12 Dec 2020]

Sharma, A. 2020. Does economic freedom improve health outcomes in sub-Saharan Africa? *International Journal of Social Economics*.

Simon, M. 2011. Assumptions, limitations and delimitations.

Sušnik, J. and Van der Zaag, P. 2017. Correlation and causation between the UN Human Development Index and national and personal wealth and resource exploitation. *Economic research-Ekonomska istraživanja*, 30(1), pp.1705-1723.

Szymaniec-Mlicka, K. 2014. Resource-based view in strategic management of public organizations—a review of the literature. *Management*, 18(2), pp.19-30.

The Heritage Foundation (HF). 2019. *Heritage Foundation* Available at: <http://www.Heritage.org/index/>> [accessed 25 July 2019]

HF. 2021. *Heritage Foundation* Available at: <http://www.Heritage.org/index/>> [accessed 13 June 2021]

The United Nations. 2010-2020. *The United Nations* Available at: <http://www.hdr.undp.org/en/content/human-development-index-hdi/>> [accessed 23 July 2019]

UI Haq, M. 1995. *Reflections on human development*. Oxford University Press.

Umuhoza, S.M. and Ataguba, J.E. 2018. Inequalities in health and health risk factors in the Southern African Development Community: evidence from World Health Surveys. *International Journal for Equity in Health*, 17(1), pp.1-15.

United Nations Development Programme. 2018. Human Development Indices and Indicators. *Human Development Report: United Nations*. UNDP.

United Nations Development Programme. 2020. Human Development Indices and Indicators. *Human Development Report: United Nations*. UNDP.

Weisstein, E.W. 2006. *Correlation coefficient*. Available at: <https://mathworld.wolfram.com/>

West, G. P., Bamford, C. E. and Marsden, J. W. 2008. Contrasting Entrepreneurial Economic Development in Emerging Latin American Economies: Applications and Extensions of Resource Based Theory. *Entrepreneurship Theory and Practice*, 32(1), pp. 15-36.

Wilkinson, R.G. and Pickett, K.E. 2008. Income inequality and socioeconomic gradients in mortality. *American Journal of Public Health*, 98(4), pp.699-704.

Wu, X., Ramesh, M. and Howlett, M. 2015. Policy capacity: A conceptual framework for pg. 94

understanding policy competences and capabilities. *Policy and Society*, 34(3-4), 165-171.

Wu, X., Howlett, M., and Ramesh, M. 2018. Policy Capacity and Governance: Assessing Governmental Competencies and Capabilities in Theory and in Practice. *Studies in the Political Economy of Private Policy*. City: Palgrave Macmillan.

Yevdokimov, Y., Melnyk, L., Lyulyov, O., Panchenko, O. and Kubatko, V. 2018. Economic freedom and democracy: Determinant factors in increasing macroeconomic stability. *Problems and Perspectives in Management*, 16(2), pp.279-290.

Zhao, Y. and Fan, B. 2018. Exploring open government data capacity of government agency: Based on the resource-based theory. *Government Information Quarterly*, 35(1), pp.1-12.

Zou, K.H., Tuncali, K. and Silverman, S.G. 2003. Correlation and simple linear regression. *Radiology*, 227(3), pp.617-628.

Zungu, L.T., Greyling, L. and Sekome, M.S. 2020. Government expenditure and economic growth: Testing for nonlinear effect among SADC countries, 1994-2017. *African Journal of Business and Economic Research*, 15(3), pp.37-96.

APPENDIX:

1. Components of the Index of Economic Freedom data:

Table A1.1: Government Integrity in SADC Nations (2015-2019)

Government Integrity					
Nation	2015	2016	2017	2018	2019
Angola	23	19	12.8	18.9	20.5
Botswana	64	63	57.6	56.6	52.4
Comoros	28	26	30	27.5	24.4
DRC	22	22	28.6	27.3	26.2
Eswatini	39	43	30.9	26.9	35
Lesotho	49	49	39.6	32.9	30.9
Madagascar	28	28	25	17.8	14.3
Malawi	37	33	31.3	28.9	25.2
Mauritius	52	54	44.3	52.1	40.3
Mozambique	30	31	30.9	28.2	28.1
Namibia	48	49	41.3	45.4	49.8
Seychelles	54	55	44.3	38.8	39.2
South Africa	42	44	47.6	45.4	39.7
Tanzania	33	31	29.2	31.8	33.2
Zambia	38	38	35	36.3	32.3
Zimbabwe	21	21	14.7	18.9	18.9

Table A1.2: Property Rights in SADC Nations (2015-2019)

Property Rights					
Nation	2015	2016	2017	2018	2019
Angola	15	15	36.4	36	35.9
Botswana	70	70	58.1	57.7	58.1
Comoros	30	30	37.3	36.7	36.5
DRC	10	10	40.6	24.1	25.3
Eswatini	40	40	53.5	55.3	41.7
Lesotho	35	30	51.6	49.4	41.5
Madagascar	45	45	34.8	33.2	33.2
Malawi	40	40	36	33.1	35.8
Mauritius	65	60	64.4	68.7	69.5
Mozambique	30	30	40.6	35.4	33.9
Namibia	30	30	53.8	56.6	55.9
Seychelles	50	50	55.2	60.7	58.2
South Africa	50	50	67.6	67.7	58.8
Tanzania	30	25	33.8	38	35.4
Zambia	30	30	49.6	46	45
Zimbabwe	10	10	27.3	27.6	29.7

Table A1.3: Judicial Effectiveness in SADC Nations (2015-2019)

Judicial Effectiveness					
Nation	2015	2016	2017	2018	2019
Angola	N/A	N/A	19.8	25.4	26.6
Botswana	N/A	N/A	54	54.7	45.7
Comoros	N/A	N/A	22.6	28.2	29.6
DRC	N/A	N/A	48.7	23.9	30.7
Eswatini	N/A	N/A	33.3	35.3	42.9
Lesotho	N/A	N/A	50.9	52.7	45.7
Madagascar	N/A	N/A	21.4	21.4	24.4
Malawi	N/A	N/A	44.2	47.1	40.1
Mauritius	N/A	N/A	72.6	69.6	62.1
Mozambique	N/A	N/A	32.4	36.3	35.2
Namibia	N/A	N/A	50.6	54.2	54.7
Seychelles	N/A	N/A	42.6	38.8	37.5
South Africa	N/A	N/A	59.7	65.9	39.3
Tanzania	N/A	N/A	28.8	34.7	41.4
Zambia	N/A	N/A	39.8	40.6	35.6
Zimbabwe	N/A	N/A	26.1	33	24.8

Table A1.4: Tax Burden in SADC Nations (2015-2019)

Tax Burden					
Nation	2015	2016	2017	2018	2019
Angola	84.5	87.8	87.7	82.4	83.9
Botswana	79.5	79.1	77.1	76.1	82.7
Comoros	64.5	64.5	64.6	59.7	63.9
DRC	72.9	73.3	73.4	73.2	73.8
Eswatini	76.4	70.9	74.8	74.8	74.8
Lesotho	68.5	59.1	55.7	48.2	59.4
Madagascar	90.9	91.1	91	90.3	91
Malawi	78.5	79	79.1	76.9	79.8
Mauritius	91.9	92	92	91	92.1
Mozambique	75.2	74.3	73.2	70.6	75.5
Namibia	66.7	64.4	65.2	63	66.5
Seychelles	79.8	79.3	78.8	73.4	76.3
South Africa	69.5	70.1	70.2	62.5	62.1
Tanzania	79.9	79.2	80.3	79.8	80.5
Zambia	71.9	73.3	73.1	72.1	72.3
Zimbabwe	66.6	60.8	61.1	61.1	62.3

Table A1.5: Government Spending in SADC Nations (2015-2019)

Government Spending					
Nation	2015	2016	2017	2018	2019
Angola	50.1	50.1	58.6	69.1	80.7
Botswana	61.9	68.4	61.2	63.4	65.9
Comoros	78.8	81	81.2	77.8	73.4
DRC	85.7	95.2	94.7	94.8	93.9
Eswatini	68.6	64.9	71.6	65.2	65.6
Lesotho	0	0	0	23.8	33
Madagascar	94.7	93.4	93.2	92.9	91.8
Malawi	49	27.1	69.8	70.7	70.3
Mauritius	87.4	81.5	81.5	80.7	80.3
Mozambique	66.5	63.5	58.2	60.7	66.9
Namibia	56	63.9	55.6	50.4	48.9
Seychelles	59.4	62	63.9	63	60.3
South Africa	68.2	69.9	68.4	68.1	67.6
Tanzania	79.3	88.4	89.5	89.8	90.3
Zambia	78	81.1	81.6	80.2	80.1
Zimbabwe	74.2	73.6	75.2	72	74.5

Table A1.6: Fiscal Health in SADC Nations (2015-2019)

Fiscal Health					
Nation	2015	2016	2017	2018	2019
Angola	N/A	N/A	70.7	54.8	58.2
Botswana	N/A	N/A	99.4	98.2	94.6
Comoros	N/A	N/A	98.6	96.6	91.7
DRC	N/A	N/A	99.3	99.1	96.9
Eswatini	N/A	N/A	93.2	39.7	18.3
Lesotho	N/A	N/A	92.2	90.5	63.5
Madagascar	N/A	N/A	79.8	82.5	85.5
Malawi	N/A	N/A	33.5	28.1	19.1
Mauritius	N/A	N/A	74.9	73.7	73.6
Mozambique	N/A	N/A	22.7	0	16.6
Namibia	N/A	N/A	66.4	16.5	15.7
Seychelles	N/A	N/A	90.7	90.6	92
South Africa	N/A	N/A	70	74.6	62.6
Tanzania	N/A	N/A	76.6	79	85.2
Zambia	N/A	N/A	21.6	14.4	12.3
Zimbabwe	N/A	N/A	90.6	59.1	23.7

Table A1.7: Business Freedom in SADC Nations (2015-2019)

Business Freedom					
Nation	2015	2016	2017	2018	2019
Angola	47.4	50.3	58.5	58.3	55.7
Botswana	66.8	66.4	68.8	69.5	68.7
Comoros	47.3	49.6	58.5	57.5	57.2
DRC	42.8	42.8	59.9	60.2	53.2
Eswatini	60.5	58.6	57.5	61.1	59.2
Lesotho	54.7	53.3	52.2	52.9	53.3
Madagascar	62.3	52.9	43.3	45.6	47.3
Malawi	49.1	44.5	45.3	47.7	41.7
Mauritius	78	77.5	78.2	77.5	79.8
Mozambique	60.9	55.9	58.8	58	57.1
Namibia	64.3	68.2	67.6	67.5	65.8
Seychelles	67.7	66	63.4	63.4	63.3
South Africa	73	69.7	62	65.1	64.3
Tanzania	45	47.5	50.1	50	46.6
Zambia	68.2	66.4	66.6	69.8	71.1
Zimbabwe	37.1	37.6	36.2	37.1	33.4

Table A1.8: Labour Freedom in SADC Nations (2015-2019)

Labour Freedom					
Nation	2015	2016	2017	2018	2019
Angola	43.2	44.8	40.4	50.9	58.8
Botswana	70	68.5	68.6	64.6	68.2
Comoros	52	51	50.6	58.7	60.3
DRC	38.4	41	38.4	47.8	41.9
Eswatini	69.3	65.8	64.4	69.5	67.5
Lesotho	63.9	62.1	57.7	58.9	58.8
Madagascar	45.1	48.5	43.8	41.5	44.6
Malawi	63.1	63.4	56.9	59.9	64
Mauritius	68.2	65	68.8	66.8	60.8
Mozambique	37.9	41.9	41	37.8	42
Namibia	90.9	84.5	84.4	85.5	85.1
Seychelles	63.9	62.1	55.9	57.5	63.2
South Africa	61.6	58.7	58.9	60.1	59.1
Tanzania	61.4	62.6	64.3	63.9	66.2
Zambia	46	48.3	48.2	43.5	46
Zimbabwe	23.7	30	33.1	38.8	43.3

Table A1.9: Monetary Freedom in SADC Nations (2015-2019)

Monetary Freedom					
Nation	2015	2016	2017	2018	2019
Angola	65.4	72.2	70.6	58.5	55.4
Botswana	73.9	76.3	77.9	79	78.8
Comoros	77.9	79.4	81.5	81.2	82.8
DRC	75.1	78.5	78.6	60.3	49.1
Eswatini	73.9	74.5	75.6	73.2	73.7
Lesotho	75.2	76.9	76.4	74.2	75
Madagascar	79.2	74.5	73.3	73.4	72.4
Malawi	53.8	53.6	54.7	60.4	65.5
Mauritius	77.6	78.7	81.1	82.9	79.4
Mozambique	82	79.5	79.9	66.7	65.4
Namibia	74.3	75.1	77.2	74.8	74.4
Seychelles	76	79.7	78.3	81.5	80
South Africa	74.9	74.6	75.8	74.6	75.2
Tanzania	69.7	67.7	69.6	70.3	70.4
Zambia	73.2	72.6	70.7	65.4	70.3
Zimbabwe	75.4	79.1	76.5	76.9	72.4

Table A1.10: Trade Freedom in SADC Nations (2015-2019)

Trade Freedom					
Nation	2015	2016	2017	2018	2019
Angola	70.2	70.2	56.7	59.5	61.2
Botswana	72.2	84	83.8	83.9	83.8
Comoros	73	72	70.2	74.9	70
DRC	63	61	64.6	64.6	62.6
Eswatini	76	88.8	88.9	79.7	87.6
Lesotho	64.6	85.8	80.2	68.5	81
Madagascar	71.8	77.2	78	78	69.2
Malawi	72.2	72.4	70.5	71.5	75.4
Mauritius	88.4	88.6	88.7	88.7	88.4
Mozambique	75.4	70.8	76.7	76.7	78
Namibia	71.2	83.4	83.5	83.3	83
Seychelles	44	83.4	83.4	86.7	81.4
South Africa	76.6	77	77.3	71.6	76
Tanzania	67	73.2	76	76.9	67.8
Zambia	76.8	78.2	78.3	78.3	72.6
Zimbabwe	58.4	50.2	52.8	69.1	70

Table A1.11: Investment Freedom in SADC Nations (2015-2019)

Investment Freedom					
Nation	2015	2016	2017	2018	2019
Angola	40	40	30	30	30
Botswana	70	65	65	65	65
Comoros	40	40	45	45	45
DRC	20	20	30	30	30
Eswatini	55	50	50	50	50
Lesotho	45	50	50	55	55
Madagascar	50	50	55	55	55
Malawi	55	55	55	50	50
Mauritius	85	80	80	80	80
Mozambique	40	35	35	35	35
Namibia	55	60	65	65	65
Seychelles	50	55	55	55	55
South Africa	50	45	40	50	45
Tanzania	60	60	55	55	55
Zambia	55	50	55	55	55
Zimbabwe	0	10	25	25	25

Table A1.12: Financial Freedom in SADC Nations (2015-2019)

Financial Freedom					
Nation	2015	2016	2017	2018	2019
Angola	40	40	40	40	40
Botswana	70	70	70	70	70
Comoros	30	30	30	30	30
DRC	20	20	20	20	20
Eswatini	40	40	40	40	40
Lesotho	40	40	40	40	40
Madagascar	50	50	50	50	50
Malawi	50	50	50	50	50
Mauritius	70	70	70	70	70
Mozambique	50	50	50	50	50
Namibia	40	40	40	40	40
Seychelles	30	30	30	30	30
South Africa	60	60	50	50	50
Tanzania	50	50	50	50	50
Zambia	50	50	50	50	50
Zimbabwe	10	10	10	10	10

2. Human Development Index (HDI) score data:

Table A2.1: HDI scores in SADC Nations

Human Development Index (HDI) scores					
Nation	2015	2016	2017	2018	2019
<i>Angola</i>	0.572	0.578	0.582	0.582	0.581
<i>Botswana</i>	0.717	0.72	0.726	0.73	0.735
<i>Comoros</i>	0.545	0.547	0.55	0.552	0.554
<i>DRC</i>	0.464	0.471	0.475	0.478	0.48
<i>Eswatini</i>	0.581	0.588	0.597	0.605	0.611
<i>Lesotho</i>	0.503	0.512	0.517	0.522	0.527
<i>Madagascar</i>	0.522	0.523	0.526	0.527	0.528
<i>Malawi</i>	0.468	0.472	0.473	0.478	0.483
<i>Mauritius</i>	0.789	0.794	0.797	0.801	0.804
<i>Mozambique</i>	0.433	0.441	0.446	0.452	0.456
<i>Namibia</i>	0.638	0.639	0.644	0.645	0.646
<i>Seychelles</i>	0.786	0.787	0.789	0.79	0.796
<i>South Africa</i>	0.701	0.703	0.705	0.707	0.709
<i>Tanzania</i>	0.514	0.52	0.523	0.524	0.529
<i>Zambia</i>	0.569	0.571	0.578	0.582	0.584
<i>Zimbabwe</i>	0.553	0.558	0.563	0.569	0.571

3. A breakdown of each nations IEF components scores from 2015-2019

Table A3.1: Angola IEF scores

Year	Overall Score	Property Rights	Government Integrity	Judicial Effectiveness	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labour Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
2019	50.6	35.9	20.5	26.6	83.9	80.7	58.2	55.7	58.8	55.4	61.2	30	40
2018	48.6	36	18.9	25.4	82.4	69.1	54.8	58.3	50.9	58.5	59.5	30	40
2017	48.5	36.4	12.8	19.8	87.7	58.6	70.7	58.5	40.4	70.6	56.7	30	40
2016	48.9	15	19	N/A	87.8	50.1	N/A	50.3	44.8	72.2	70.2	40	40
2015	47.9	15	23	N/A	84.5	50.1	N/A	47.4	43.2	65.4	70.2	40	40

Table A3.2: Botswana IEF scores

Year	Overall Score	Property Rights	Government Integrity	Judicial Effectiveness	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labour Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
2019	69.5	58.1	52.4	45.7	82.7	65.9	94.6	68.7	68.2	78.8	83.8	65	70
2018	69.9	57.7	56.6	54.7	76.1	63.4	98.2	69.5	64.6	79	83.9	65	70
2017	70.1	58.1	57.6	54	77.1	61.2	99.4	68.8	68.6	77.9	83.8	65	70
2016	71.1	70	63	N/A	79.1	68.4	N/A	66.4	68.5	76.3	84	65	70
2015	69.8	70	64	N/A	79.5	61.9	N/A	66.8	70	73.9	72.2	70	70

Table A3.3: Comoros IEF scores

Year	Overall Score	Property Rights	Government Integrity	Judicial Effectiveness	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
2019	55.4	36.5	24.4	29.6	63.9	73.4	91.7	57.2	60.3	82.8	70	45	30
2018	56.2	36.7	27.5	28.2	59.7	77.8	96.6	57.5	58.7	81.2	74.9	45	30
2017	55.8	37.3	30	22.6	64.6	81.2	98.6	58.5	50.6	81.5	70.2	45	30
2016	52.4	30	26	N/A	64.5	81	N/A	49.6	51	79.4	72	40	30
2015	52.1	30	28	N/A	64.5	78.8	N/A	47.3	52	77.9	73	40	30

Table 3.4: Democratic Republic of Congo (DRC) IEF scores

Year	Overall Score	Property Rights	Government Integrity	Judicial Effectiveness	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
2019	50.3	25.3	26.2	30.7	73.8	93.9	96.9	53.2	41.9	49.1	62.6	30	20
2018	52.1	24.1	27.3	23.9	73.2	94.8	99.1	60.2	47.8	60.3	64.6	30	20
2017	56.4	40.6	28.6	48.7	73.4	94.7	99.3	59.9	38.4	78.6	64.6	30	20
2016	46.4	10	22	N/A	73.3	95.2	N/A	42.8	41	78.5	61	20	20
2015	45	10	22	N/A	72.9	85.7	N/A	42.8	38.4	75.1	63	20	20

Table A3.5: Eswatini IEF scores

Year	Overall Score	Property Rights	Government Integrity	Judicial Effectiveness	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
2019	54.7	41.7	35	42.9	74.8	65.6	18.3	59.2	67.5	73.7	87.6	50	40
2018	55.9	55.3	26.9	35.3	74.8	65.2	39.7	61.1	69.5	73.2	79.7	50	40
2017	61.1	53.5	30.9	33.3	74.8	71.6	93.2	57.5	64.4	75.6	88.9	50	40
2016	59.7	40	43	N/A	70.9	64.9	N/A	58.6	65.8	74.5	88.8	50	40
2015	59.9	40	39	N/A	76.4	68.6	N/A	60.5	69.3	73.9	76	55	40

Table A3.6: Lesotho IEF scores

Year	Overall Score	Property Rights	Government Integrity	Judicial Effectiveness	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
2019	53.1	41.5	30.9	45.7	59.4	33	63.5	53.3	58.8	75	81	55	40
2018	53.9	49.4	32.9	52.7	48.2	23.8	90.5	52.9	58.9	74.2	68.5	55	40
2017	53.9	51.6	39.6	50.9	55.7	0	92.2	52.2	57.7	76.4	80.2	50	40
2016	50.6	30	49	N/A	59.1	0	N/A	53.3	62.1	76.9	85.8	50	40
2015	49.6	35	49	N/A	68.5	0	N/A	54.7	63.9	75.2	64.6	45	40

Table A3.7: Madagascar IEF scores

Year	Overall Score	Property Rights	Government Integrity	Judicial Effectiveness	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
2019	56.6	33.2	14.3	24.4	91	91.8	85.5	47.3	44.6	72.4	69.2	55	50
2018	56.8	33.2	17.8	21.4	90.3	92.9	82.5	45.6	41.5	73.4	78	55	50
2017	57.4	34.8	25	21.4	91	93.2	79.8	43.3	43.8	73.3	78	55	50
2016	61.1	45	28	N/A	91.1	93.4	N/A	52.9	48.5	74.5	77.2	50	50
2015	61.7	45	28	N/A	90.9	94.7	N/A	62.3	45.1	79.2	71.8	50	50

Table A3.8: Malawi IEF scores

Year	Overall Score	Property Rights	Government Integrity	Judicial Effectiveness	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
2019	51.4	35.8	25.2	40.1	79.8	70.3	19.1	41.7	64	65.5	75.4	50	50
2018	52	33.1	28.9	47.1	76.9	70.7	28.1	47.7	59.9	60.4	71.5	50	50
2017	52.2	36	31.3	44.2	79.1	69.8	33.5	45.3	56.9	54.7	70.5	55	50
2016	51.8	40	33	N/A	79	27.1	N/A	44.5	63.4	53.6	72.4	55	50
2015	54.8	40	37	N/A	78.5	49	N/A	49.1	63.1	53.8	72.2	55	50

Table A3.9: Mauritius IEF scores

Year	Overall Score	Property Rights	Government Integrity	Judicial Effectiveness	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
2019	73	69.5	40.3	62.1	92.1	80.3	73.6	79.8	60.8	79.4	88.4	80	70
2018	75.1	68.7	52.1	69.6	91	80.7	73.7	77.5	66.8	82.9	88.7	80	70
2017	74.7	64.4	44.3	72.6	92	81.5	74.9	78.2	68.8	81.1	88.7	80	70
2016	74.7	60	54	N/A	92	81.5	N/A	77.5	65	78.7	88.6	80	70
2015	76.4	65	52	N/A	91.9	87.4	N/A	78	68.2	77.6	88.4	85	70

Table A3.10: Mozambique IEF scores

Year	Overall Score	Property Rights	Government Integrity	Judicial Effectiveness	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
2019	48.6	33.9	28.1	35.2	75.5	66.9	16.6	57.1	42	65.4	78	35	50
2018	46.3	35.4	28.2	36.3	70.6	60.7	0	58	37.8	66.7	76.7	35	50
2017	49.9	40.6	30.9	32.4	73.2	58.2	22.7	58.8	41	79.9	76.7	35	50
2016	53.2	30	31	N/A	74.3	63.5	N/A	55.9	41.9	79.5	70.8	35	50
2015	54.8	30	30	N/A	75.2	66.5	N/A	60.9	37.9	82	75.4	40	50

Table A3.11: Namibia IEF scores

Year	Overall Score	Property Rights	Government Integrity	Judicial Effectiveness	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
2019	58.7	55.9	49.8	54.7	66.5	48.9	15.7	65.8	85.1	74.4	83	65	40
2018	58.5	56.6	45.4	54.2	63	50.4	16.5	67.5	85.5	74.8	83.3	65	40
2017	62.5	53.8	41.3	50.6	65.2	55.6	66.4	67.6	84.4	77.2	83.5	65	40
2016	61.9	30	49	N/A	64.4	63.9	N/A	68.2	84.5	75.1	83.4	60	40
2015	59.6	30	48	N/A	66.7	56	N/A	64.3	90.9	74.3	71.2	55	40

Table A3.12: Seychelles IEF scores

Year	Overall Score	Property Rights	Government Integrity	Judicial Effectiveness	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
2019	61.4	58.2	39.2	37.5	76.3	60.3	92	63.3	63.2	80	81.4	55	30
2018	61.6	60.7	38.8	38.8	73.4	63	90.6	63.4	57.5	81.5	86.7	55	30
2017	61.8	55.2	44.3	42.6	78.8	63.9	90.7	63.4	55.9	78.3	83.4	55	30
2016	62.2	50	55	N/A	79.3	62	N/A	66	62.1	79.7	83.4	55	30
2015	57.5	50	54	N/A	79.8	59.4	N/A	67.7	63.9	76	44	50	30

Table A3.13: South Africa IEF scores

Year	Overall Score	Property Rights	Government Integrity	Judicial Effectiveness	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
2019	58.3	58.8	39.7	39.3	62.1	67.6	62.6	64.3	59.1	75.2	76	45	50
2018	63	67.7	45.4	65.9	62.5	68.1	74.6	65.1	60.1	74.6	71.6	50	50
2017	62.3	67.6	47.6	59.7	70.2	68.4	70	62	58.9	75.8	77.3	40	50
2016	61.9	50	44	N/A	70.1	69.9	N/A	69.7	58.7	74.6	77	45	60
2015	62.6	50	42	N/A	69.5	68.2	N/A	73	61.6	74.9	76.6	50	60

Table A3.14: Tanzania IEF scores

Year	Overall Score	Property Rights	Government Integrity	Judicial Effectiveness	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
2019	60.2	35.4	33.2	41.4	80.5	90.3	85.2	46.6	66.2	70.4	67.8	55	50
2018	59.9	38	31.8	34.7	79.8	89.8	79	50	63.9	70.3	76.9	55	50
2017	58.6	33.8	29.2	28.8	80.3	89.5	76.6	50.1	64.3	69.6	76	55	50
2016	58.5	25	31	N/A	79.2	88.4	N/A	47.5	62.6	67.7	73.2	60	50
2015	57.5	30	33	N/A	79.9	79.3	N/A	45	61.4	69.7	67	60	50

Table A3.15: Zambia IEF scores

Year	Overall Score	Property Rights	Government Integrity	Judicial Effectiveness	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
2019	53.6	45	32.3	35.6	72.3	80.1	12.3	71.1	46	70.3	72.6	55	50
2018	54.3	46	36.3	40.6	72.1	80.2	14.4	69.8	43.5	65.4	78.3	55	50
2017	55.8	49.6	35	39.8	73.1	81.6	21.6	66.6	48.2	70.7	78.3	55	50
2016	58.8	30	38	N/A	73.3	81.1	N/A	66.4	48.3	72.6	78.2	50	50
2015	58.7	30	38	N/A	71.9	78	N/A	68.2	46	73.2	76.8	55	50

Table A3.16: Zimbabwe IEF scores

Year	Overall Score	Property Rights	Government Integrity	Judicial Effectiveness	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
2019	40.4	29.7	15.8	24.8	62.3	74.5	23.7	33.4	43.3	72.4	70	25	10
2018	44	27.6	18.9	33	61.1	72	59.1	37.1	38.8	76.9	69.1	25	10
2017	44	27.3	14.7	26.1	61.1	75.2	90.6	36.2	33.1	76.5	52.8	25	10
2016	38.2	10	21	N/A	60.8	73.6	N/A	37.6	30	79.1	50.2	10	10
2015	37.6	10	21	N/A	66.6	74.2	N/A	37.1	23.7	75.4	58.4	0	10