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ABSTRACT

Purpose: The purpose of this study was to establish the relationship between National Image and FDI among Sub-Saharan Africa nations.

Methodology: This study was based on positivism approach and study used a descriptive cross-sectional design. The population of the study was all of SSA 46 countries and a census survey of all the countries in SSA was done hence no sampling was done. Both primary and secondary data were used in the study. A structured research questionnaire was used in collecting primary data. The questionnaire was administered to the Heads of Foreign Missions of each of the 46 SSA countries in Kenya. Secondary data was used for data on FDI obtained from the UNCTAD publications. Data was then analyzed using descriptive statistics and regression analysis. Testing of hypothesis was done through Adjusted R^2 F-ratio test (Analysis of Variance) and regression of the coefficient.

Results: The results revealed that the influence of national image on FDI among SSA countries was positive and statistically significant. The results further reveals that 71.8% of changes in FDI is as a result of the national image aspects selected in this study while the remaining 28.2% are elucidated by other aspects not pondered in this model. Independent indicators defining national image had mixed results. Results showed that political dimension influenced FDI positively but it was not statistically significant (B= .236, t= 1.490, sig= .146). Economic dimension influenced FDI positively but it was not statistically significant (B= .104, t= .461, sig= .648). Social dimension of national image influenced FDI positively and it was statistically significant (B=

.367, t= 2.368, sig= .024). Technological dimension influenced FDI positively and it was statistically significant (B= .859, t= 5.141, sig= .000).

Unique contribution to theory, practice and policy: The findings of this study support the need for Sub-Saharan Africa countries to create a national image individually as countries and as a block as this will go a long way in attracting FDI which will eventually translate to economic development. It is therefore prudent for countries in Sub-Saharan Africa to understand the national image dimensions in the regional context in order to carry out frequent analysis and develop strategic approaches relevant to their FDI competitiveness.

Keywords: *National Image, FDI, International Business, Sub-Saharan Africa Countries*

1.0 INTRODUCTION

1.1 Background to the Study

The research on national image is from 1950s during Cold War (Ji, 2016), when realism mainly concerning national power is prevailing globally. Research on modern Foreign Direct Investment (FDI) can be dated back from 1960s, focusing on the motion, determinants and conditions of multinational enterprises (MNEs) (Fang, 2003), which weighs heavily on global business, developed rapidly with the trend of MNEs (Blonigen, 2005). Research on technology transfer is initiated by Vannevar Bush in 1945 then defined by Brooks (1968) that it is process by which science and technology are diffused through human activity. Business climate research is initiated by the World Bank (WB) Report on ease of doing business and a business environment indicator system is introduced to assess the business environment of the global economy. Increasingly, research (Búrcio, 2014 and Young, 2017) links FDI to national image and another research related to national image links national brand to FDI (Kalamova & Konrad, 2009). Whilst some studies (Lahimer, 2007) link FDI to business climate, others (Doytch and Narayan, 2016) link FDI to renewable energy. Although the attractiveness of a country as an investment location is influenced by the country's image, business climate as weighed by a WB report and promotion of renewable energy do moderate this relationship.

Monopolistic Advantage Theory derived from Hymer's doctoral (1960) thesis has challenged traditional theories on FDI and opens a new area for FDI research, which demonstrates FDI is different from foreign finance capital investment and becomes one of five mainstream schools of FDI theory (Fang, 2003). National image equation from International Institute for Management Development (IMD) is selected as the theoretical foundation together with these most representative FDI theories. The traditional research on FDI is restricted within a single area and lack of systematic connection with related area. This study will leverage national image equation, Monopolistic Advantage Theory and Technology Gap Theory to better understand the relationships between FDI, national image and moderating effects of business climate and technology transfer.

Foreign direct investment (FDI) in Sub-Saharan Africa region has persistently averaged 1% of global flows (Bartels, Alladina & Lederer, 2009). According to Rodriguez-Pose and Cols (2017), FDI flows are increasing fast worldwide. Sub-Saharan Africa has fallen behind global level and covered less than two percent of global FDI. Moreover, the region tends to attract more commodity driven FDI. In addition, the countries from the Sub-Saharan region with more FDI flow is the commodity endowed area. In this regard, natural resources and size of national markets have generally been considered the main drivers of FDI in the Sub-Saharan Africa (SSA).

National image has been defined by various scholars in recent years, however there is still no unified definition. The simplest and one of the earliest definitions of national image maybe from Lippman (1922) who defines it as the ideas created in people's brain on an overseas nation. Boulding (1959) states that national image refers to a cognitive, emotional, and assessment on the overall behavior unit, which in this case is a nation. In order to have a quantifiable indicator of national and city brand image, National Brands Index NBI) has been created by Anholt (2011) with a set of proven methods called Anholt-GFK Roper as well as City Brands Index (CBI).

Only 50 countries (regions) have been included in this index currently for measuring the nation brands including general questions and substantive questions. Anholt (2011) designed general questions to measure respondents' awareness of a country including three parts: familiarity with the country, love for the country, and experience and opinions about the country. Familiarity with the country is classified into very familiar, familiar, not so familiar, only heard the name and knew nothing.

The degree of love for a country is a 7-point Likert scale, in which 7 points are very like, 4 points are neither love nor hate, and 1 point is very dislike. The experience and opinions of dealing with the country are classified into the following: vacations in the country, business travel in the country, purchase of goods or services in the country, and deal with the current economic recession. Substantive issues include six columns: commodities, culture, governance, residence, tourism, immigration and investment. There are specific questions under each section. Respondents' responses were grouped into a 7-point Likert scale, with 7 point being strongly agreed, 4 point being neither agreeing or disagreeing, and 1point being strongly disagreeing.

1.2 Research Problem

Foreign Direct Investment (FDI) is one of the most widely used measures of macroeconomic performance of a nation. Nations are, therefore, always seeking strategies for enhancing favorable net FDI position. Theory and practice demonstrates that national image is a key antecedent of FDI. Boulding (1959), for instance, holds that national image can determine the choice of investment destination. Bartels, Alladina and Lederer (2009) argue that Sub-Saharan Africa's foreign direct investment (FDI) has persistently averaged 1% of global flows. Others such as Rodriguez-Pose and Cols (2017) posit that FDI flows have escalated exponentially worldwide. Sub-Saharan Africa, nevertheless, falls behind and only attracts less than 2% of global FDI. In spite of this, subsequent literature such as Andoh and Cantah (2020), Wako (2018) and Okafor (2015) propose that heterogeneity among the SSA countries in Africa in terms of FDI is attributable to factors such as national image.

Various studies have been done on FDI and national image. However, there are still knowledge gaps. Jiang (2017) did a study between China's national image and FDI which showed Enterprises are the mainstay of foreign investment. The study further determined that the practice of public diplomacy involved in the process of foreign investment is diverse. According to the study, these activities can effectively enhance the understanding of foreign companies on the host country, thus affecting the goodwill of foreign citizens to the host country and enhancing the host country international image. Although the study make remarkable contribution to knowledge, China's national image is different from that of the countries in SSA. It is evident that most of the previous studies have been in this area has been done in foreign, hence little has been done in the countries in SSA. Moreover, there still exist a debate as to whether it is national image that attracts of FDI or it is indeed FDI that leads to improved national image (Lu & Zhang, 2014).

1.3 Research Objective

The objective of the study was to determine the relationship between National Image and FDI among Sub-Saharan Africa nations.

2.0 LITERATURE REVIEW

2.1 Theoretical Review

2.1.1 Soft Power Theory

Joseph Nye (1990) believes that comprehensive national power is divided into two forms: hard power and soft power. Hard power refers to dominant power, including basic resources (such as land area, population, and natural resources), military power, economic power, and scientific and technological power; soft power is divided into national cohesion, culture. The degree of general acceptance and participation in international institutions. Nye summarized soft power as guiding force, attractiveness and imitating force. It is an assimilating power--the attractiveness of a country's thoughts and its politically oriented ability.

Robert Keohane (2013) and Joseph Nye (2000) refer that the attractiveness of soft power comes from ideas, culture, or the ability to set standards, systems, or agendas that affect other countries' preferences. Huntington (2002) pointed out that the growth of hard economic and military power will enhance self-confidence and sense of ego, and firmly believe that compared with other peoples, their own culture or soft power is superior, and will greatly enhance the culture and ideology of other National attraction. Pang (1997) argues that a country with soft power radiates influence, which makes relevant external actors affected by this radiation, so that this country can use it to achieve international strategic goals.

Soft power research is on the rise in both developed and developing countries which have contributed to a great deal of interest on this topic, because soft power theory not only has a big impact in guiding the national economy development, but also pave the way on its International influence. National image is an aspect of soft power of the country. The theory of soft power and the national image have the effect of complementing and promoting each other. The soft power theory is relevant to this study as it explains the importance of soft power in a country and therefore provides a good foundation to establish the influence of national image on FDI.

2.1.2 Monopolistic Advantage Theory

Hymer (1960) postulates that monopolistic advantages of the enterprises come from the incomplete advantages of the product market and the factor market, who trusts the firms can gain and keep various monopolistic advantages in FDI to get higher profits than local companies due to the existence of imperfect competition. Advantages of management skills and economy of scale lead to low-cost operating advantages (Gillen & Lall, 2004). The monopolistic advantage theory has built the basement for the later study and development of FDI.

Pei and Zheng (2011) argues that the advantage of the enterprises comes from both domestic region and overseas area. Active intervention in the home country's industrial organization and policy incentives can enhance the international competitive capability. Industrial advantage, scale advantage, home country's national image and cultural advantage promote the domestic enterprise's advantage. In this sense, national image consists of the important elements to build monopolistic advantage of the mother land, which will lead the country to focus more on shaping the national image.

The Monopolistic Advantage Theory is applied in the proposal because it does not only open up the research field of international direct investment, but also breaks through the analysis model of FDI from the perspective of capital flow, and proposes that imperfect competition in the production factor market is the fundamental cause of FDI (Barney, 1986). Monopolistic advantages possessed by multinational companies generally have technological advantages, fund raising advantages, economies of scale advantages, management advantages, and monopolistic advantages resulting from incomplete product markets. The theory is relevant as it relates national image with FDI inflows in a given country.

2.2 Empirical Review

A study by Rashmi (2003) found that some fiscal incentives implemented by the government have affected FDI inflow positively, but the effect is not significant; in contrast, the abolition of some restrictive measures will significantly increase FDI inflow. He classified factors to attract FDI into a nation including labor costs, labor productivity, educational attainment and infrastructure, et cetera. However, the study did not consider the influence of confounding variables such as business climate and technology transfer since other studies have alluded to the influence of other extraneous variables.

Kalamova and Konrad (2009) studied the effect of country reputation on the attraction of FDI quantity. The study applied EUROSTAT data with introduction of the model of knowledge-capital (KC) and it adduced evidence in support of the claims that the Anholt Nation Brand has influenced FDI flows greatly in a multivariate analysis. The results suggest that the nation brands weighs heavily on FDI decisions which fail to be detected as to basic data. However, there is no evidence that nation brand index theory has been tested in the SSA region.

Wei (2013) used both quantitative and qualitative approaches to investigate the effect of FDI on national image. The study determined that there is relativeness, and that FDI have a certain contribution on reshaping national image. However, the study also established that relativeness was not strong with involvement of other interference factors. For example, in Africa, it was

found that FDI and national image had positive correlation. On the other hand, a weak positive correlation between FDI and national image was found in Asia. The divergence in findings between the two continents points at a possible confounding effect of third variables such as business climate and technology transfer. This requires further investigation.

Jiang (2017) did a study between China's national image and FDI which showed Enterprises are the mainstay of foreign investment. According to the study, these activities can effectively enhance the understanding of foreign companies on the host country, thus affecting the goodwill of foreign citizens to the host country and enhancing the host country international image. Although the study make remarkable contribution to knowledge, China's business climate and national image is different from that of the countries in SSA.

3.0 METHODOLOGY

This study was based on positivism approach and study used a descriptive cross-sectional design. The population of the study was all of SSA 46 countries and a census survey of all the countries in SSA was done hence no sampling was done. Both primary and secondary data were used in the study. A structured research questionnaire was used in collecting primary data. The questionnaire was administered to the Heads of Foreign Missions of each of the 46 SSA countries in Kenya. Secondary data was used for data on FDI obtained from the UNCTAD publications. Data was then analyzed using descriptive statistics and regression analysis. Testing of hypothesis was done through Adjusted R^2 F-ratio test (Analysis of Variance) and regression the coefficient. The analysis was conducted using Statistical Package for Social Sciences while results were presented in tables followed by pertinent discussions.

4.0 FINDINGS AND DISCUSSIONS

4.1 Descriptive Statistics

National Image

This study classified the national image as political, economic, social and technological. To capture data on the various national image dimensions, descriptive statements derived from literature were presented to respondents on a 5-point Likert scale. The 5-point Likert scale was from 1(not at all) to 5 (very large extent). They were presented to respondents and were requested to indicate the extent to which the statements applied in their countries.

Table 1: Descriptive Statistics for Political

Political	N	Mean	Std. Dev	CV
My country has strong justice system	38	2.158	1.089	0.505
My country has independent parliament	38	2.842	1.268	0.446
My country has an effective executive	38	2.579	1.091	0.423
My country's leadership respects the constitution	38	2.632	1.037	0.394
My country has strong electoral system	38	2.737	1.250	0.457
Average		**2.589**	**0.907**	**0.350**

The average mean score of the statements depicting the manifestations of politics in national image among the surveyed countries is 2.589, standard deviation of 0.907 and coefficient of variation of 0.350. This implies that politics manifests moderately among Sub-Saharan Africa countries. The study further revealed that the responses varied at low level with coefficient of variation (CV) ranging from 39% to 51% implying that the manifestation of politics was on equal level across the countries surveyed.

Table 2: Descriptive Statistics for Economic

Economic	N	Mean	Std. Dev	CV
My country's financial system is well developed	38	2.579	1.311	0.508
My country has clear inflation policies	38	2.263	0.965	0.426
My country has high foreign remittances generally	38	2.895	1.252	0.433
My country has reliable Forex system	38	3.000	0.973	0.324
Average		**2.684**	**0.706**	**0.263**

The average mean score for the statements of how economics manifests among the Sub-Saharan Africa countries implies it exists to a moderate extent (Mean=2.684, SD=0.706 and CV=0.263). On overall, the coefficient of variation ranged from 32% to 51%, which implies that there was a low variation of responses as far as the statements are concerned across the surveyed countries.

Table 3: Descriptive Statistics for Social

Social	N	Mean	Std. Dev	CV
My country has flexible work culture	38	3.368	1.037	0.308
My country has robust and diverse human resources	38	3.368	1.179	0.350
My country has country has less religious barriers to integration	38	3.395	1.226	0.361
My country has country has less cultural barriers to integration	38	3.368	0.871	0.259
Average		**3.375**	**0.771**	**0.228**

The average mean score for the social dimension of national image among the surveyed countries (Mean=3.375, SD=0.771 and CV=0.228) imply they statements manifest to a moderate extent. However, the low range of CV of 26% to 36% implies that the responses varied less among all the countries surveyed. This depicts that the social dimension of national image is common among the Sub-Saharan Africa countries.

Table 4: Descriptive Statistics for Technological

Technological	N	Mean	Std. Dev	CV
My country has clear policies on ICT	38	2.684	1.126	0.420
My country has robust internet supply	38	2.947	1.234	0.419
My country has high supply of ICT skills	38	3.211	1.239	0.386
Average		**2.947**	**1.010**	**0.343**

The average mean score for the technological dimension of national image among the surveyed countries (Mean=2.947, SD=1.010 and CV=0.343) imply they statements manifest to a moderate extent. However, the low range of CV of 26% to 36% implies that the responses varied less among all the countries surveyed. This depicts that the technological dimension of national image is common among the Sub-Saharan Africa countries.

Foreign Direct Investments

Table 5: Descriptive Statistics for Foreign Direct Investments

	N	Minimum	Maximum	Mean	Std. Deviation
FDI ($)	46	-1297748899	5376210860	828982503.13	1205867119.586
Valid N (listwise)	46				

The results of the study reveal that the average FDI for the last 10 years (2009 to 2018) in Sub-Saharan Africa countries was 828,982,503.13 dollars with a standard deviation of 1,205,586, 119.586 dollars implying variability from one country to another. The lowest FDI recorded was -1,297,748,899 dollars implying that the outflows are more than the inflows while the highest value of FDI recorded was 5,376, 210,860 dollars.

4.2 Regression Analysis

A corresponding hypothesis H_{o1}; national image and FDI among countries in Sub-Saharan Africa have no relationship was affirmed and tested and findings showed on Table 6.

Table 6: Influence of National Image on FDI

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.865[a]	.748	.718	.704460
a. Predictors: (Constant), Technological, Social , Political, Economic				

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	48.640	4	12.160	24.503	.000[b]

	Residual	16.377	33	.496		
	Total	65.017	37			

a. Dependent Variable: FDI

b. Predictors: (Constant), Technological, Social , Political, Economic

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	15.350	.650		23.611	.000
	Political	.236	.159	.164	1.490	.146
	Economic	.104	.226	.056	.461	.648
	Social	.367	.155	.216	2.368	.024
	Technological	.859	.167	.663	5.141	.000

a. Dependent Variable: FDI

Overall, findings established that national image had strong relationship with FDI which was positive (R= 0.865). The results further reveals that 71.8% of changes in FDI is as a result of the national image aspects selected in this study while the remaining 28.2% are elucidated by other aspects not pondered in this model.

Independent indicators defining national image had mixed results. Results showed that political dimension influenced FDI positively but it was not statistically significant (B= .236, t= 1.490, sig= .146). Economic dimension influenced FDI positively but it was not statistically significant (B= .104, t= .461, sig= .648). Social dimension of national image influenced FDI positively and it was statistically significant (B= .367, t= 2.368, sig= .024). Technological dimension influenced FDI positively and it was statistically significant (B= .859, t= 5.141, sig= .000).

The equation describing the relationship would thus be:

FDI = 15.350 + 0.236P + 0.104E + 0.367S + 0.859T, Where, P= Political; E= Economic; S=Social; T= Technological. In the equation, positive influences were reported for all the four dimensions of national image on FDI.

5.0 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

The descriptive results for national image reveal that the sub-variables for political dimension of national image were practiced to a moderate extent. That is, the study revealed that the Sub-Saharan African countries have independent parliaments to a moderate extent. The countries have a strong electoral system to a moderate extent; the country's leadership respects the constitution and has an effective executive to a moderate extent. The results also revealed that the countries have a strong justice system to a less extent. In regards to the economic dimension, results revealed that the Sub-Saharan Africa countries have high foreign remittances generally; and the financial system is well developed. To a less extent, the countries were found to have clear inflation policies. In regards to the social dimension, the results revealed that Sub-Saharan Africa countries has less religious barriers to integration and that to a moderate extent, Sub-Saharan African countries have flexible work culture, robust and diverse human resources and has less cultural barriers to integration. In terms of technological dimension, it was revealed that to a moderate extent, Sub-Saharan Africa countries has a high supply of ICT skills, have robust internet supply and has clear policies on ICT.

5.2 Conclusion

The study reported statistically significant independent effects of the national image social and technological dimensions on FDI among Sub-Saharan Africa countries. The results therefore support the soft power theory which was the anchoring theory. The soft power theory views national image as a soft power that enables the host country to attract FDI.

5.3 Recommendations for Theory, Practice and Policy

The findings of this study demonstrate that the approach on the variables is important in Sub-Saharan Africa countries and that it helps in identifying theories unique to developing countries and increase the national image validity of theories developed in industrialized countries. The study has demonstrated that Sub-Saharan Africa countries do operate in competitive environments and their FDI inflows is subject to national image in its various paradigms.

Manifestation of national image dimensions had varied and mixed results on FDI. The findings of this study offer suggestions that are beneficial to policy makers in the Sub-Saharan Africa countries. Sub-Saharan Africa countries have previously lacked best strategic management practices to attract FDI and hence with proper understanding of the regional dynamics, the study helps to bridge the gap. Foreign direct investments are very crucial to SSA economic development and contribution to the gross domestic product.

National image dimensions manifest differently in the Sub-Saharan Africa. Some dimensions are significant while others are not on the different levels of FDI. It is therefore prudent for countries in Sub-Saharan Africa to understand the national image dimensions in the regional context in order to carry out frequent analysis and develop strategic approaches relevant to their FDI competitiveness. The results of this study are helpful to management practitioners in making long term national image and to address constraints faced by the Sub-Saharan Africa countries that could have led to low capacity utilization and productivity in the countries. They could be able to make their countries attractive to competitive FDIs. The managers may also be able to address their internal weakness for example, the inefficient and capacity to assess use of national image.

5.4 Suggestions for Further Research

Future research should also focus on countries outside the SSA market and asses other African countries and how they attract FDIs within their respective regions. This will determine whether the conclusions reached in this study are applicable in the context of other geographical areas in Africa and how they relate to SSA's business environment vis-avis the African market. Future research should also classify countries according to their regions such as EAC, COMESA among others. The researcher suggests future research to focus on FDI flows in specific sectors of the economies such as manufacturing, trade in services, agribusiness, SMEs, energy and infrastructure which all contribute critically to the countries' GDP.

The present study relies on a single informant who had knowledge of the country's activities and their level of national image. However, the use of multiple respondents from each country is preferable and would cure aspects of bias and possibly provide fairly more credible data. Multiple respondents could be chosen from several ministries and from various sectors, so that the analysis could be extended to assess how respondents in separate ministries and at various sectors perceive with respect to the major variables in the study.

Further, this study used multivariate analysis to test this study's proposition, future studies could use different statistical techniques (such as path analysis, structural equation modeling -SEM) that can provide better insights and understanding of the relationships among the study variables. Future studies should also consider utilizing multiple methodologies (i.e. quantitative and qualitative) to help identify the key factors behind FDI performance. The aim behind using different statistical techniques and /or plural methodologies is to validate and further strengthen the existing research findings.

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