The Influence of Zimbabwe's Export Profile on Foreign Investors Seeking FDI Opportunities in Post-crisis Zimbabwe

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Abstract: The Foreign Direct Investment-Exports nexus has been widely researched, however despite evidence of the bi-directional relationship, little is known about the reverse Exports-Foreign Direct Investment relationship. Thus, the study intended to examine the influence of Zimbabwe's *Exports profile* on the FDI decisions of foreign investors. The study set out to identify the export factors constituting Zimbabwe's *Exports profile* and then test the relationship between Zimbabwe's *Exports profile* and the four foreign direct investment market opportunity types. STATISTICA 2016 was utilised to apply Exploratory Factor Analysis, Principal Component Analysis and Multiple Regression to analyse the quantitative data generated from a purposive sample of *n*=305 foreign investors. Factors such as the existing global demand for Zimbabwe's export products, and the export processing zone status allocation to foreign manufacturers in Zimbabwe were found to be some of the more influential factors to foreign direct investment market entry motives. Importantly, the results indicate discernible statistically significant relationships between Zimbabwe's *Exports profile* and market-, resource-, efficiency-, and strategic asset-seeking market opportunities. Thus, this study is novel, providing valuable insights into the *Exports profile*-Foreign Direct Investment nexus – significantly contributing to the extent of the literature within the foreign direct investment and behavioural economic discourses.

Keywords: Exports profile; foreign direct investment; market entry motives; Zimbabwe

JEL Classification: F21; F23; P33; D03

1. Introduction

The importance of Foreign Direct Investment (FDI) to the development of African economies is widely acknowledged within contemporary literature (Abor, Adjasi & Hayford, 2008; Anafro, Agoba & Abebreseh, 2017; Hoxhaj, Marchal & Seric, 2016), and it is the significance of FDI as a vector for economic development that instigates global competition for foreign capital. Exports, on the other hand, are considered to be a catalyst for economic growth in most African countries (Abor et al., 2008; Clus-

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Rossouw, Viviers & Loots, 2015; Mafelane & Odhiambo, 2016). Despite this potentially symbiotic relationship between FDI and exports within an economy, a significant proportion of econometric studies within the contemporary literature (Abor et al., 2008; Barua, 2013; Mahmoodi & Mahmoodi, 2016; Mijiyawa, 2015; Yao, 2006) examine the relationship between FDI and exports from the perspective of the influence and potential impact FDI has on exports and the export orientation of host locations. Significantly less is, however, known about the reverse relationship – the potential influence/impact of exports or a country's export profile on FDI inflows. For the purposes of this study, *Exports profile* will be a proxy for the different export variables including export products and export-oriented policies.

The 1998-2008 Zimbabwe crisis was a particularly deleterious event in the recent history of Zimbabwe (Besada & Werner, 2010; Mlambo & Raftopoulos, 2010; Moyo, 2013). Prior to the 1998-2008 crisis, Zimbabwe enjoyed a favourable image as a net exporter of primary agricultural products such as quality tobacco and maize, as well an assortment of minerals, including gold, diamonds and platinum (Kaminski & Ng, 2013, p. 4). However, to a larger extent, the Zimbabwe crisis stagnated Zimbabwe's competitiveness as an exporter (ZimTrade, 2014). At the peak of the Zimbabwean crisis in 2008, Zimbabwe's total exports were valued at US$1.6 billion. Over the post-crisis period under review (2009-2015), Zimbabwe's exports significantly improved and averaged US$3.2 billion annually (Kaminski & Ng, 2011; United Nations, 2015). Relatedly, as a result of the decade long-crisis, Zimbabwe's reputation as an investment destination was compromised, to the extent that post-crisis Zimbabwe only managed to attract up to 3.5% of the total foreign direct investment (FDI) inflows to the Southern African region during the period (2009-2015) under review (United Nations Centre for Trade and Development, 2016). Despite a marked increase in exports from Zimbabwe between 2009 and 2015, FDI to Zimbabwe during the same period improved only marginally with Zimbabwe being generally uncompetitive as an investment destination.

Zimbabwe is a strategically located country, with direct access to multiple markets within the Southern Africa Development Community region (Botswana, Mozambique, South Africa, Zambia, Malawi) - making Zimbabwe a prime investment location for export-oriented investors eager to exploit Zimbabwe's natural resources, central location and access to multiple regional markets (United Nations Environment Programme, 2000; World Health Organisation, 2014). However, Zimbabwe's relative unattractiveness as an investment location may be considered to be symptomatic of the location-specific deficiencies arising from its protracted political crises, which may include an uncompetitive export profile. With this in mind, there is a discernible dearth of research into the influence of the country's export profile on the perceptions held by foreign investors of post-crisis African countries such as Zimbabwe as investment locations. Within the FDI discourse in general, little to no primary data-based empirical evidence exists of the

potential influence of a country's exports profile on the decision-making process and opportunities sought by investors both within the African and global context.

Therefore, the aim of this study was to examine the influence of Zimbabwe's *Exports profile* on the FDI market opportunities sought by foreign investors based on empirical primary data generated from foreign investors (2009 to 2015) who had invested, considered investing but did not invest, and would have considered investing in post-crisis Zimbabwe in the future at the time of the survey in 2016. Based on foreign investor perspectives, the objectives of this study were to identify the exports-oriented factors considered to constitute Zimbabwe's *Exports profile*, and to test the relationship between Zimbabwe's *Exports profile* construct and the four FDI market opportunity types. To the best of the authors' knowledge, this study represents the first comprehensive attempt to examine the *Exports profile*-FDI nexus from the perspective of foreign investors, particularly whether a country's *Exports profile* subjectively influences their FDI motives across all FDI opportunity types (market-, resource-, efficiency-, and strategic asset-seeking FDI). Hence, this study makes a significant contribution to the extent of FDI literature from a behavioural economics perspective.

2. Literature Review

2.1. The Relationship between Exports and FDI

The notion of the positive impact of FDI on export performance is well established within the contemporary literature. However, Mahmoodi and Mahmoodi (2016) allude to the lack of consensus and generalizability regarding the FDI-exports relationship as variations may be attributed to inconsistencies in timelines, panel data source countries and the econometric analyses methods applied. The general view does seem to be that FDI has a positive impact on exports and export competitiveness by mitigating some of the factors that restrain exports which include; infrastructure; resource; capital and; market information constraints (Clus-Rossouw et al., 2015; Mody & Yilmaz, 2002; Rangasamy, 2009).

Barua (2013) regresses and applies the Durbin-Watson test to analyse panel data from India (2000-2012) and finds a positive elasticity coefficient in the relationship between FDI inflows and export growth – a 1% increase in FDI translates to a 4.7% increase in exports. Mahmoodi and Mahmoodi (2016) analyse the panel data (1992-2013) of eight developing European countries (including Albania, Croatia and Romania) and panel data (1986-2013) from eight developing Asian countries (including India, Oman, Malaysia) utilising panel-VECM causality. Both cases provided evidence of long-run causality between FDI and exports (Mahmoodi & Mahmoodi, 2016). Wong and Tang (2007) apply the Granger-causation tests via a bivariate VAR approach to test the FDI-export nexus in the Malaysian context. After

analysing panel data FDI inflows and exports from the top five electronics exporters in Malaysia from between 1991 and 2000, a bi-directional causal relationship is found between FDI inflows and exports of electronics.

Within the under-researched African context, Bezuidenhout and Naudé (2008) utilise an adapted gravity model in conjunction with the Granger causality test to analyse the stacked panel data from SADC countries including Zimbabwe, South Africa, Tanzania and Mozambique. Based on three models with data ranging from between 1989 and 2004, Bezuidenhout and Naudé (2008) find a significant causal a positive relationship between FDI inflows to the SADC region and exports from SADC countries. More pertinently, Clus-Rossouw et al. (2016) observe and support the notion of a bi-directional relationship between FDI and exports. In the case of Ghana, Abor et al. (2008) apply a probit model to panel data from 1991 to 2002 and conclude that FDI has a positive influence on the export decisions of Ghanaian manufacturers. Within the West African context, Anyanwu and Yameogo (2015) apply Ordinary Least Squares regression (OLS) and the Generalized Method of Moments (GMM) techniques to panel data from West African countries between 1970 and 2010, and find that of the 17 West African countries sampled, FDI inflows were concentrated in economies that offered natural resource-based export products that were in demand globally. By applying Holtz-Eakin panel causality tests on panel data from Brazil, Russia, India, China(BRIC) and SADC countries from 2003-2011, Clus-Rossouw et al. (2016) conclude that there is a bi-directional BRIC FDI - SADC exports relationship. This suggests that there is a theoretical proposition for causality of the exports-FDI nexus within the African context.

2.2. Exports Profile Dimensions Influencing FDI Decisions

The export orientation of a country, including the existence of export-friendly policies and specific desirable export products, is significant in the attraction of FDI (Khan & Nawaz, 2011; Loots & Kabundi, 2012; Mafelane & Odhiambo, 2016). The reverse outcome of the country-of-origin effect is important in FDI, where the quality and appreciation of key products or brands originating from a particular country result in either a positive or negative transference, and so influence the image of the source country (Schlicher, 2012). According to Kalamova and Konrad (2009), exports in the FDI context relate to how the country-of-origin effect influences investor decisions in the selection of investment locations. This, they argue, is based on how locating within the host country, producing their products, and exporting their output from the FDI host country would represent positive brand equity for the foreign investor. Consumer perceptions of the quality of the host country's export products may thus indirectly influence investor perceptions (Kalamova & Konrad, 2009).

National governments have the prerogative to implement either an export-oriented or import substitution strategy within their economies, with export promotion

approaches being particularly attractive to FDI (Lederman, Olarreaga & Zavala, 2016; Ojang & Arikpo, 2015). Regional integration is also a key factor in FDI location consideration where regional cooperation, commonality in investment rules and trade policy, as well as other policy initiatives related to regional and bi-lateral trade agreements, influence the export orientation of a potential investment location (Vinesh, Boopendra & Hemraze, 2014). The strategic location of an investment location in relation to developed markets also influences FDI inflows. To this end, Behar and Manners (2010) observe that Sub-Saharan African countries strategically located closer to Western and more significantly bi-lateral markets, tend to attract significantly more FDI. Relatedly, the allocation of an export-processing zone allows investors to exploit certain advantages and incentives provided by the host government as part of the export development and promotion and thus may be influential to investment decisions (Moreira, 2009).

Aspara (2013) advances the notion that how the products or brands within the export context are perceived by consumers, may influence investor perceptions and ultimately their decision-making process when considering investing internationally. Furthermore, the emotional significance of the particular product domain of a business to an investor, increases the confidence in return on investment and profitability of investing in the business, while significantly decreasing the propensity of investors to consider alternative investment options (Aspara, 2013). Loots and Kabundi (2012) advance that there is a significant relationship between the availability of export commodities (such as oil) and FDI inflows in the case of Africa. Relatedly, Kahai (2011) and Mijiyawa (2015) identify the promotion of an export policy as a positive determinant of FDI inflows to a country. The case of Ghana illustrates this view with Anafro *et al*. (2017) finding that Ghana's focus on export-led growth and export incentives for export-oriented industrial activity contributed to the country's trade openness and was key to the attraction of FDI to Ghana.

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

2.3. Investor FDI opportunities

The literature (Cui, Meyer & Hu, 2014; Fey, Nayak, Wu & Zhou, 2016; Han, Liang & Chan, 2016) identifies four principal opportunity types that motivate foreign investors to engage in FDI activity within a particular location, and these are market-, resource-, efficiency-, and strategic asset-seeking FDI market opportunities. Within the context of this study, each market entry motive is operationalised as follows,

- Market-seeking FDI opportunities

Market-seeking foreign investors engage in FDI activity to primarily exploit new market opportunities (Yu, Lee & Han, 2015). Market-seeking foreign investors are motivated by competitive forces (following competitors and new consumers), and opportunities for integration into adjacent markets (Fey et al., 2016)

- Resource-seeking FDI opportunities

Resource-seeking foreign investors engage in FDI activity in a host country to access raw materials and/or scarce resources that the particular investment location possesses (Li, 2016). Resource-seeking foreign investors are motivated by opportunities for lower cost of acquisition of natural resources, and access to scarce resources (Yu et al., 2015).

- Efficiency-seeking FDI opportunities

Efficiency-seeking foreign investors engage in FDI activity to exploit opportunities to complement and/or augment their short-term competitive advantage (Cui *et al*. 2014). Efficiency-seeking investors are motivated to exploit economies of scale, synergic advantages, tax incentives, tariff savings and cheaper factors of production such as labour and raw materials (Fey et al., 2016).

- Strategic asset-seeking opportunities

Strategic asset-seeking foreign investors engage in FDI activity to primarily acquire or exploit knowledge-based assets within a foreign location (Yoo & Reimann, 2017). Strategic asset-seeking investors are motivated to exploit best practice knowledge and other intangible assets, technologies, social/business networks and value chain integration opportunities (Fey et al., 2016).

With the working definitions of *Exports profile* and the FDI market opportunities in mind, the following null hypotheses were formulated and tested:

$H0_1$: The perception of Zimbabwe's *Exports profile* does not influence investor decisions regarding market-seeking opportunities in post-crisis Zimbabwe.

$H1_1$: The perception of Zimbabwe's *Exports profile* influences investor decisions regarding market-seeking opportunities in post-crisis Zimbabwe.

$H0_2$: The perception of Zimbabwe's *Exports profile* does not influence investor decisions regarding market-seeking opportunities in post-crisis Zimbabwe.

$H1_2$: The perception of Zimbabwe's *Exports profile* influences investor decisions regarding market-seeking opportunities in post-crisis Zimbabwe.

$H0_3$: The perception of Zimbabwe's *Exports profile* does not influence investor decisions regarding market-seeking opportunities in post-crisis Zimbabwe.

$H1_3$: The perception of Zimbabwe's *Exports profile* influences investor decisions regarding market-seeking opportunities in post-crisis Zimbabwe.

$H0_4$: The perception of Zimbabwe's *Exports profile* does not influence investor decisions regarding market-seeking opportunities in post-crisis Zimbabwe.

$H1_4$: The perception of Zimbabwe's *Exports profile* influences investor decisions regarding market-seeking opportunities in post-crisis Zimbabwe.

3. Methodology

The data for the purposes of this paper was generated as part of a broader survey for a quantitative cross-sectional deductive study on the factors influencing the uptake of FDI opportunities in post-crisis Zimbabwe. From the survey data, it was possible to infer the causality between Zimbabwe's *Exports profile* and the nature of the FDI market opportunities in the country.

3.1. Sample

Data was generated from a purposive sample of foreign investors from a database of foreign investors who had made investment applications to the Zimbabwe Investment Authority (ZIA) between 2009 and 2015. The Zimbabwean quasi-government organisation provided access to the sample database of 1073 investors. A total of 751 investors with email addresses were contacted for participation of which 111 e-mails were returned as invalid addresses. Of the 640 e-mails sent and delivered, 305 foreign investors completed the survey, implying a response rate of about 48%. The sample consisted of foreign investors who had invested, considered investing in post-crisis Zimbabwe but had decided not to, and investors who indicated they would consider investing in post-crisis Zimbabwe in the future. The final survey sample was deemed suitable for the generalisation of the findings of the study based on the purposive sample guidelines of a justifiable non-probabilistic sample of between 30 and 500 respondents (Sue & Ritter, 2007), and simplified heuristics for the generalisation of samples - a sample of at least 285 respondents for a population of up to 1100 respondents (Krejcie & Morgan, 1970).

3.2. Measuring Instrument

Data was collected by way of an online survey. The web survey facilitated the remote administration of self-complete questionnaires for the completion by respondents and catalogued their responses automatically (Leeuw & Hox, 2008). Respondents were invited to participate in the survey via e-mail and were prompted to follow the provided link to complete the survey. Section A of the questionnaire solicited demographic information using nominal and ordinal scales. Section B solicited information on the influence of *Exports profile* aspects. For Section B, an interval scale (Khalid, Hilman & Kumar, 2012; Mathers, Fox & Hunn, 2007), based on predetermined sequential responses, typically based on magnitude was developed. Responses were coded on a 5-point Likert scale, which ranged from (1) not at all influential; (2) slightly influential; (3) undecided; (4) influential to; (5) extremely influential.

3.3. Data analysis

STATISTICA 12 (2016) software was utilised to analyse the data. Exploratory Factor Analysis (EFA) was employed to extract and then cluster (at Varimax raw) the correlated independent and dependent (observed) variables from the set of raw data (Larsen & Warne, 2010). Based on the guidelines posited by Hair, Black, Babin, Anderson and Tatham (2006), only items with a factor loading coefficient of statistical significance (>0.50) were deemed to be valid for further analysis. Principal Components Analysis (PCA) was employed to establish the factor model for the data (Hair, Black, Babin & Anderson, 2010). The PCA generated the value (Eigenvalues - EV) underlying the *Exports profile* factor and four FDI market opportunities through dimension reduction, with factors being deemed valid at EV>1 (Reio & Shuck, 2015).

To establish the inter-item consistency (reliability) of the measuring instrument, the Cronbach's alpha (α) test was conducted. A minimum cut off $\alpha \geq 0.7$ was deemed to be acceptable for the purposes of this study (George & Mallery, 2003). Pearson product-moment correlation coefficients were calculated to determine the linear associations between the five continuous variables of the study at a cut off of $r \geq 0.30$ (Cohen, 1988) – that is, the *Exports profile* factor and each of the four dependent variables, market-, resource-, efficiency-, and strategic asset-seeking FDI market entry motives.

Multi-collinearity analysis was conducted to confirm the absence of high factor correlations between the dependent variables denoted by a Tolerance value of >0.1 and VIF of <10 (Nimon, Henson & Gates, 2010). The confirmation of the absence of multi-collinearity allowed for the testing of the hypotheses put forward by this study through a Multiple Regression Analysis (Orwa & Njeri, 2014). Hypotheses were accepted at the critical t-values of >3.09 at $p<0.001$ and between 1.96 and 3.09

at $p<0.05$ for statistical significance (Mugenda & Mugenda, 2003:142). Beta values (β) were categorised as either a weak effect ($\beta < 0.20$), moderate effect (β between 0.20 and 0.50), or strong effect ($\beta > 0.50$) (Acock, 2008).

4. Findings

More males (n=178) comprised the sample of *n*=305 respondents. A significant proportion of the respondents were between 31 and 50 years of age (n=223). Nearly half of the respondents possessed a post-graduate qualification (n=142) while, many were entrepreneurs (n=99) and employed in senior management positions (n=93). More than two-thirds of the respondents were employed in the private sector (n=235) and were operating in the African continent at the time of the survey (n=231). Significantly, the respondent profile was comprised of n=144 who had invested in Zimbabwe at the time of the survey, while n=115 had considered investing in Zimbabwe but had decided not to, and n=46 would at the time, have considered investing in Zimbabwe in the future.

The following are the findings of the study.

4.1. Results of the EFA, PCA and Cronbach's Alpha Tests

Table 1 presents the validity and reliability of the ten items extracted with valid (>0.50) factor loadings for the independent variable - *Exports profile.*

Table 1. Validity and reliability of the independent variable - *Exports profile*

Eigenvalue: 3.11 % of variance = 3.84	**Cronbach's alpha = 0.904**		
Variables	**Factor loading**	**Item correlation**	**Cronbach's alpha after deletion**
Communalities in export promotion policy	0.626	0.643	0.896
Business friendly trade policy	0.512	0.517	0.903
Consumer perception of the quality of export products	0.648	0.669	0.894
Availability of distribution channels for export markets	0.647	0.539	0.906
Global demand for Zimbabwe's export products	0.637	0.697	0.892
Known as global exporter of primary agricultural products	0.712	0.702	0.892
Business cooperation between different regions within Zimbabwe	0.598	0.700	0.892
Bi-lateral trade agreements sanctioned between Zimbabwe and western countries	0.688	0.750	0.889
Attractiveness of export incentives such as tax holidays for exporters	0.678	0.676	0.894
Export processing zone status allocation to foreign manufacturers	0.599	0.693	0.892

Table 1 presents the factor loadings for the retained ten items of the *Exports profile* construct which ranged between 0.512 and 0.688. The *Exports profile* construct had an Eigenvalue of EV>1 (3.11) and explained 3.84% of the variance in the data. The *Exports profile* returned a Cronbach's alpha coefficient of $\alpha \geq 0.7$ ($\alpha = 0.904$), indicating that the items measuring this construct can be regarded as highly reliable. Table 2 presents the validity and reliability of the dependent variables.

Table 2.Validity and reliability of the dependent variables – FDI market opportunities

Dependant variable	Items loaded	Factor loading		EV	Item correlation		Cronbach's alpha
		Min	Max		Min	Max	
Market-seeking FDI market opportunities	7	0.554	0.804	10.91	0.587	0.765	0.885
Resource-seeking FDI market opportunities	11	0.553	0.726	3.52	0.426	0.731	0.884
Efficiency-seeking FDI market opportunities	6	0.520	0.715	1.88	0.523	0.689	0.819
Strategic asset-seeking FDI market opportunities	6	0.524	0.830	2.42	0.531	0.812	0.849

As is evident in Table 2, the dependent variables reported factor loadings above the minimum factor loading coefficient of >0.50. The FDI market opportunities all retained six or more items each - Market-seeking (7); Resource-seeking (11); Efficiency-seeking (6) and; Strategic asset-seeking (6) - after the EFA and reported factor loadings ranging between 0.520 and 0.830. All the dependent variables reported Eigenvalues of EV>1 - Market-seeking (10.91); Resource-seeking (3.52); Efficiency-seeking (1.88) and; Strategic asset-seeking (2.42), and returned a Cronbach's alpha coefficients of $\alpha \geq 0.7$ ranging between $\alpha = 0.819$ and $\alpha = 0.885$, indicating that the items measuring the dependent variables can be regarded as highly reliable.

4.2. Descriptive Statistics of the *Exports Profile* Variables

Table 3 presents the descriptive statistics of the *Exports profile* variables.

Table 3.Descriptive Statistics for the *Exports profile* variables influencing FDI market opportunities in post-crisis Zimbabwe

Variables	N	Mean	Std Deviation
Communalities in export promotion policy	305	2.93	1.65
Business friendly trade policy	305	3.81	1.27
Consumer perception of the quality of export products	305	3.29	1.48
Availability of distribution channels for export markets	305	3.95	1.25
Global demand for Zimbabwe's export products	305	3.73	1.39
Known as global exporter of primary agricultural products	305	3.18	1.51

Variables	N	Mean	Std Deviation
Business cooperation between different regions within Zimbabwe	305	2.90	1.55
Bi-lateral trade agreements sanctioned between Zimbabwe and western countries	305	2.90	1.58
Attractiveness of export incentives such as tax holidays for exporters	305	3.04	1.54
Export processing zone status allocation to foreign manufacturers	305	3.56	1.44

As is evident in Table 3, respondents seem to be undecided about the influence of the communalities in export promotion policy; the consumer perception of the quality of export products; Zimbabwe known as global exporter of primary agricultural products; existing business cooperation between different regions within Zimbabwe; existing bi-lateral trade agreements sanctioned between Zimbabwe and western countries as well as; the attractiveness of export incentives such as tax holidays for exporters (mean score tending towards 3) when considering Zimbabwe's *Export profile* variables. Relatedly, Table 3 shows evidence that foreign investors considered Zimbabwe's business-friendly trade policy; the availability of distribution channels for export markets; existing global demand for Zimbabwe's export products, as well as; the export processing zone status allocation to foreign manufacturers to be quite influential (mean score tending towards 4) when considering Zimbabwe's *Export profile* variables. Respondents seem to differ much in their opinions (standard deviations between 1 and 2) regarding how influential they perceived each of the *Exports profile* variables were when considering engaging in FDI activity in Zimbabwe.

Table 4 presents the correlation matrix of the *Exports profile* factor and FDI market opportunities.

Table 4. Correlation matrix of Exports and FDI market opportunities in post-crisis Zimbabwe

Variables	EXP	MKT	RES	EF	SA
Exports (EXP)	**1.000**				
Market-seeking (MKT)	0.633	**1.000**			
Resource-seeking (RES)	0.605	0.570	**1.000**		
Efficiency-seeking (EF)	0.436	0.564	0.752	**1.000**	
Strategic asset-seeking (SA)	0.552	0.464	0.650	0.491	**1.000**

($p<0.05$)

As can be seen in Table 4, The *Exports profile* reported a moderate correlation with Efficiency-seeking ($r = 0.436$) FDI market opportunities in post-crisis Zimbabwe. The *Exports profile* also reported strong significant ($p<0.05$) correlations with Market-seeking ($r = 0.633$); Resource-seeking ($r = 0.605$) and; Strategic asset-seeking ($r = 0.552$) FDI market opportunities in post-crisis Zimbabwe. This notion draws discernible strong correlations that are supported by the literature. For instance, Bhatt (2013) who suggests the market-seeking investors engage in exports

to circumvent protectionist trade barriers and regulations in the host economy in order to access the market (tariff jumping). Relatedly, Mahembe and Odhiambo (2013) found that a new policy on the beneficiation and export of diamonds influenced DeBeers as a resource seeking investor, to invest in diamond processing in Botswana in order to export the resource in the form required by the Botswana government. While, Hornberger, Battat & Kusek (2011) associate the acquisition of distribution channels with strategic asset seeking investors and thus, imply that foreign investors are motivated to engage in FDI by the acquisition of export distribution channels.

4.3. Multiple Regression Analysis Results

A Multi-collinearity diagnostics test was conducted for the *Exports profile* and the dependent variables (Market-, Resource-, Efficiency- and Strategic asset-seeking FDI market opportunities). The Multi-collinearity diagnostics test reported a Tolerance value of more than 0.1 at 0.558 and a VIF below the threshold of 10 at 1.792 for *Exports profile*. While, the dependent variables reported Tolerance values of more than 0.1, ranging between 0.602 and 0.668 and VIF values below the threshold of 10, ranging between 1.497 and 1.661. These results suggest that the *Exports profile* factor and the dependent variables were free from collinearity and that multiple regression analysis could be conducted.

Four sets of regression analyses were conducted. To avoid bias and ambiguity in the results, the assumptions associated with linear relationships were observed. The following can be confirmed:

- Outliers were removed during data cleaning using Cook's distance method;
- The mean of the probability distribution of the residuals is approximately 0 for *Exports profile* as the independent variable;
- The variances of the probability distribution of the residuals appear to be constant for all four models fitted and;
- The probability distribution of the residuals is a normal distribution for all four models

Table 5 summarises the empirical results of the multiple regression analysis for the null hypotheses.

Table 5. Summary of the results of the Multiple Regression Analysis

Independent variable: *Exports profile*					Hypothesis Number	Hypotheses
Dependent variable	Adjusted R^2	β	T-value	Sig. (p)		
Market-seeking FDI market opportunities	0.469	0.477	8.693	0.000*	$H0_1$	Rejected
Resource-seeking FDI market opportunities	0.581	0.156	4.194	0.000*	$H0_2$	Rejected
Efficiency-seeking FDI market opportunities	0.369	0.133	2.623	0.009**	$H0_3$	Rejected
Strategic asset-seeking FDI market opportunities	0.581	0.142	2.942	0.004**	$H0_4$	Rejected

*** p<0.001 **p<0.05**

Table 5 presents evidence of significant (p<0.001) statistical relationships between the *Exports profile* and Market-seeking (p=0.000), as well as Resource-seeking (p=0.000) FDI market opportunities. Table 5 also presents evidence of significant (p<0.05) statistical relationship between the *Exports profile* and Efficiency-seeking (p=0.009), as well as Strategic asset-seeking (p=0.004) FDI market opportunities. Therefore, the *Exports profile* seems to influence the dependent variables Market-, Resource-, Efficiency- and, Strategic asset-seeking FDI market opportunities in post-crisis Zimbabwe. The t-values of the *Exports profile* exceed the critical value of 3.09 at p<0.001 significance level and between 1.96 and 3.09 at p<0.05 significance levels respectively, and therefore hypotheses $H0_1$, $H0_2$, $H0_3$ and $H0_4$ were rejected. Therefore, the alternative affirmative hypotheses: $H1_1$, $H1_2$, $H1_3$ and $H1_4$ were accepted respectively. These results suggest foreign investors perceived Zimbabwe's *Exports profile* to be influential to their consideration of across the four FDI market opportunities types. Thus, the perception of Zimbabwe's *Exports profile* as a determinant of FDI does influence the decision-making process of market-, resource-, efficiency- and strategic asset- opportunity seeking investors. The magnitude of the path coefficients (β) for *Exports profile* was a weak positive for Resource-, Efficiency- and Strategic asset-seeking FDI market opportunities in post-crisis Zimbabwe, while the magnitude of the path coefficients (β) for *Exports profile* was a moderate positive for Market-seeking FDI market opportunities in Zimbabwe. The regression results are supported by the empirical findings of Barua (2013); Clus-Rossouw *et al*., (2016) and; Mahmoodi and Mahmoodi (2016) which all found a bi-directional nexus in the FDI-export relationship.

5. Discussion of the Results

The first objective of this study was to identify the variables foreign investors considered to constitute Zimbabwe's *Export profile*. As it emerged, Zimbabwe's business-friendly trade policy; the availability of distribution channels for export markets; existing global demand for Zimbabwe's export products, as well as; the export processing zone status allocation to foreign manufacturers in Zimbabwe were

found to be quite influential factors to FDI market entry motives. The extant to the literature (Abor et al., 2008; Anafro et al., 2017; Aspara, 2013 Behar & Manners, 2010; Khan & Nawaz, 2011; Mafelane & Odhiambo, 2016; Moreira, 2009; Vinesh et al., 2014) supports this finding alluding to the various factors that constitute a country's exports profile.

The second objective of the study was to test the relationship between Zimbabwe's *Exports profile* construct and the four distinct FDI market opportunities in post-crisis Zimbabwe. As it emerged from the results, all the null hypotheses were rejected. The *Exports profile* presented a moderate statistically significant relationship with market-seeking FDI market opportunities in post-crisis Zimbabwe ($H1_1$). There is literature supporting this finding. Research (Abor et al., 2008; Hornberger et al., 2011; Wadhwa & Sudhakara, 2011) identifies the need to exploit new and existing export markets as a motive for foreign investors engaging in market-seeking FDI. While, Abor *et al*., 2008 found that in the case of a developing country (Ghana), the possibility of exploiting existing marketing channels open to the country (such as the US-led African Growth and Opportunities Act – AGOA) as a potential investment location could be considered significant market-seeking FDI inflow opportunities. Relatedly, Kudina (1999) found that market-seeking investors invested in Ukraine (a developing country) particularly to service the Ukrainian market with the added advantage of accessing the Central and Eastern European export markets. Relatedly, Gomez-Mera *et al*. (2015) support this conclusion, ascertaining that developing countries which are signatories to international economic agreements are particularly attractive to export-oriented market-seeking foreign investors.

The *Exports profile* also presented a weak statistically significant relationship with resource-seeking FDI market opportunities in post-crisis Zimbabwe ($H1_2$). There, however, is literature supporting this finding. For instance, the Economic Commission for Latin America and the Caribbean (2003) that found that resource endowment was the most significant antecedent for export-oriented FDI in Trinidad and Tobago (classified as a developed country). Interestingly, Anafro *et al*. (2017) suggest that the availability of vertical export-platforms influences FDI into resource-rich economies. A finding supported by Anyanwu and Yameogo (2015), who conclude that West African countries with competencies in exporting natural resources (agricultural and mineral-based products) attracted significantly more FDI than those that did not. While, Ramasamy and Yeung (2014) also substantiate this conclusion, having found empirical evidence to the effect that Chinese foreign investors were more likely to invest in a country with existing bi-lateral trade agreements with mainland China, which despite being the world's second-largest economy is considered to be a developing country.

The *Exports profile* presented a weak statistically significant relationship with efficiency-seeking FDI market opportunities in post-crisis Zimbabwe ($H1_3$). This

conclusion may be substantiated by the literature. According to Lintunen (2011) and Wilson *et al*. (2014), efficiency-seeking investors may take advantage of government local production incentives facilitated by a reasonable, favourable, and transparent incentivised business environment. Moghaddam *et al.* (2014) state that foreign enterprises pursuing efficiency will invest in a host country with lower production costs if their motivation is cost reduction and improved efficacy. Relatedly, several authors (Ajayi, 2006; Engel & Procher, 2012; Shepherd, 2014; Sichei & Kinyondo, 2012), note that the agglomeration of economies is a significant consideration for foreign investors, as the close proximity of critical resources such as factors of production or production processes and other foreign investors allows investors to exploit the positive externalities associated with streamlining and global value chain integration. While Anyanwu (2006) views the creation of EPZs and incentive frameworks as effective instruments in the promotion of FDI to African economies. The *Exports profile* also presented a weak statistically significant relationship with strategic asset-seeking FDI market opportunities in post-crisis Zimbabwe ($H1_4$). The literature (Wilson *et al.*, 2014) identifies market access as a general determinant for strategic asset-seeking FDI. While, Hornberger *et al*. (2011) associate the acquisition of distribution channels with strategic asset-seeking investors and thus, imply that foreign investors are motivated to FDI by the acquisition of export distribution channels. Relatedly, Tham, Goh, Wong and Fadhli (2018) suggest that assets accruing from bi-lateral export trade influence both inward and outward FDI.

Based on the empirical evidence, this study supports the *Export profile*-FDI nexus, concluding that Zimbabwe's *Export profile* has an influence on the FDI market opportunities considered by foreign investors in post-crisis Zimbabwe. These conclusions across the FDI market opportunity spectrum represent novel contributions to the body of knowledge relating to a country's and more significantly post-crisis country's *Exports profile* influencing the consideration of market-, resource-, efficiency-, and strategic asset-seeking FDI market opportunities in a potential host economy. These contributions are particularly insightful within the fields of FDI, investment promotion and behavioural economics respectively.

6. Implications and Future Research

The findings of this study seem to suggest that foreign investors who had invested, had considered investing but had decided not to do so or would consider investing in post-crisis Zimbabwe in the future were influenced by Zimbabwe's *Exports profile* in their investment decision-making. Given the recent socio-political developments in Zimbabwe, where the new political dispensation has ignited an economic paradigm shift, albeit perceived, for the country. It is therefore important for the *new* Zimbabwean government to be cognisant of the influence the country's export profile and draw on export profile-based experiential positioning to build the

image of Zimbabwe as an investment destination. That is, the quality and brand equity of Zimbabwe's key branded export products and/or goods and services exported from Zimbabwe, as well as the export-oriented policy, could be harnessed to influence foreign investors' perceptions of the country.

Importantly, the results imply Zimbabwe's existing trade agreements to export its products to various global markets indicate the existence of potentially profitable export distribution channels. The export orientation of Zimbabwe may also potentially be a positive indicator of the openness of Zimbabwe as an FDI destination. Zimbabwe's competitive advantage may be of the country as an export hub with inherent quality export products. Therefore, it is recommended that the Government of Zimbabwe consolidate the country's unique geographical advantage by formulating and implementing favourable globally benchmarked business-friendly export policies enabled by the country's membership of SADC, particularly offering foreign investors access to five distinct export markets - namely South Africa, Botswana, Namibia, Mozambique and Zambia. Zimbabwe's location translates into access to multiple distribution and marketing channels which may significantly reduce regional distribution costs for exporters and hold promising market growth prospects for foreign investors who can access the multiple SADC markets.

It is also recommended that, the Zimbabwe Investment Authority (ZIA) promote and publicise the opportunities for joint ventures available for extraction and processing within Zimbabwe's mining and agricultural sectors, as well as the export incentives such as the tax concessions offered by the Government of Zimbabwe for capital goods targeted at the re-mechanisation of Zimbabwe's rural agricultural and mining sectors offered by initiatives such as Zimbabwe's Agricultural Competitiveness Program (ZimACP). ZIA can then reposition Zimbabwe as a producer and global exporter of primary agricultural products such as sugar cane, tobacco, cotton and livestock-related products, and mineral beneficiated resources such as diamonds, gold, or steel. Lastly, it is also recommended that the Government of Zimbabwe continue to foster its bi-lateral trade and business cooperation agreements, as a signatory to multiple regional, continental and international trade agreements in SADC, COMESA and the AU since it, in part, reduces the costs associated with international business transactions and integrates Zimbabwe in the global value chain.

A limitation of this study is that it focused exclusively on the perceptions of foreign investors within Zimbabwe's post-economic crises context. This suggests that for greater generalizability of the Exports profile-FDI nexus, future research may need to focus on multiple developing countries as part of a broader, possibly regional comparative study. Relatedly this study only focused on the perspectives of foreign investors. Future research focusing on Zimbabwean investment practitioners may

yield valuable insights into the Exports profile-FDI nexus from the host country perspective. It is also recommended that there be a paradigm shift in future studies, by prioritising the generation of primary data from the perspectives of investors, thereby further growing the extent of literature within the behavioural economics discourse.

7. References

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