DETERMINANTS OF FOREIGN DIRECT INVESTMENT IN SWAZILAND

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ABSTRACT

During the decade 1984-1994, Swaziland recorded impressive economic growth rates. This has been attributed to the economic sanctions imposed on South Africa during that period as well as the civil war in Mozambique. Swaziland acted as one of the main hosts for foreign investment in that time for companies wanting to access the large South African and Sub-Saharan Africa. Following the political change in South Africa in 1994 and the end of the civil war in Mozambique, Swaziland has faced unprecedented competition for foreign investment. With the specific location advantage of the country no longer being a main attraction, factors for foreign investment in Swaziland may have changed in the new regional landscape.

The study investigated the importance rating of determinants that foreign investors considered prior to investing in Swaziland post-1994. The investors were also asked to rate post-start up and current satisfaction ratings of the determinants. The findings are being compared with the country's strategies for attracting foreign direct investment.

The main findings are that political stability, economic stability and the country's overseas export partnership are in the upper quartile of the importance ranking for investors prior to investing. All these factors were rated as currently "very satisfactory". Investors view the country's political stability, its overseas export partnership and its openness to trade as the most important for their continued stay in Swaziland.

The country's specific location, local and regional markets appeared in the lowest quartile of importance ranking. This suggests that most of the investors are "export-seeking" rather than "market-seeking." Though human capital development also featured in the lowest quartile of the importance rankings, it was the most frequently mentioned factor that can help Swaziland increase its FDI competitive advantage and its current state was viewed as a deterrent for foreign investment.

DECLARATION

I, Phindile C. Masangane, declare that this research report is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

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Phindile C. Masangane   Date

DEDICATION

This work is dedicated to my husband, Themba Tsela, who always encourages me to persevere in my journey to being the best I can be. His financial support towards my studies will never be forgotten.

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