THE ROLE OF FOREIGN DIRECT INVESTMENT IN THE NAMIBIAN ECONOMY: A CASE STUDY OF OSHIKANGO TOWN

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APPROVAL PAGE

This research has been examined and is approved as meeting the required standards for the fulfillment of the requirements of the degree of Master of Business Administration (Finance).

Internal Examiner Date

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DECLARATION

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……………………………… **04 AUGUST 2017**

ABNER DAVID

DEDICATION

This is for you my family members. Throw not the towel, because if God is for us who shall be against us. Thank you all for the unconditional love, support and encouragement, I thank the Almighty Lord for having giving me a family like this, I can’t ask for more.

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ABSTRACT

This thesis' main research issue was: The importance of Foreign Direct Investment (FDI) on the economic development of Oshikango in particular. It focused on the impact of FDI at the local economy level by assessing the indirect and direct benefits of FDI firms to the local people.

This thesis used Developmentalism model of FDI and the theory of Product Life Cycle, propounded by Raymond Vernon, to address the main research issue. These models provide contribution of FDI as mainly thought of in terms of local capital, technology, and management expertise development. A methodological perspective dictated by the nature of this study during data collection was the qualitative research approach. This approach triggered the use of a qualitative methodology to collect data using questionnaires and structured interviews as well as secondary data of trade statistics. A sample size of 20 participants, that of, twenty participants, (15) FDI companies and five (5) FDI firm managers in Oshikango. These participants completed questionnaires and participated in interview sessions respectively.

This thesis provides evidence that FDI has more than doubled its impact on the upgrading of local industry, creation of employment, competitive effects, infrastructural development, experience and skill transfers, corporate social responsibility and collaborative agreements in Oshikango. In the same vein, FDI operations were noted to be confronted by various challenges such as local labour laws, lack of statutory intervention, poor local infrastructure and economic fluctuations such as those related to foreign exchange. The findings suggest the role of government policy in the process of improving FDI through directive industry policy and the provisioning of an investment environment which is stable politically and economically. Overall, the findings in this thesis relating to FDIs and the impact they bring in Oshikango provide policy makers with a better understanding of the nature and outcomes of interaction between foreign investors and local economic benefits. In general the findings of the study point to the fact that Oshikango has been a home of FDI. However certain trends such as lack of government intervention, stringent laws, and economic tumble among others have dragged progress and hence discourage investors. Aside this, the local economy has been found to benefit immensely through job creation, infrastructural development and various social responsibility programmes.

ACRONOMYS

CEPAL: Economic Commission for Latin America

GDP: Gross Domestic Product

FDI : Foreign Direct Investment

FIC: Financial Intelligence Centre

FTA: Free Trade Area

MERCOSUR: Common Market of the South

MNE: Multinational Enterprises

NIC: Namibia Investment Centre

OECD : Organisation for Economic Cooperation and Development

SACU: Southern African Customs Union

UNCTAD : United Nations Conference on Trade And Development

WEF: World Economic Forum

TABLE OF CONTENTS

LIST OF FIGURES

LIST OF TABLES

CHAPTER ONE

INTRODUCTION

1.1 Orientation of the study

The purpose and intent of this investigation was to explore the aspect of Foreign Direct Investment in a bid to expose, if any, the impact of the practice, especially in the globalized context of the contemporary world. Helao Nafidi is a town that has experienced an influx of multiple investors, ranging from distributors, warehouse service providers, car importers & exporters, plastic producers among others. Informante Anonymous Writer (2008) postulated that this is probably due to the location of the town on a gateway into Africa, it makes business convenient. With a population growth of over 20% annually, Helao Nafidi has created employment for local people. Generally, FDI is used widely in literature such that its meaning has broadened (Kotler & Armstrong, 2004).

Foreign Direct Investment (FDI)

FDI is an investment made to acquire lasting interest in enterprises operating outside of the country economy of the investor (Cardley, 2003). It is an investment made by a company or individual in one country in business interests in another country, in the form of either establishing business operations or acquiring business assets in the other country, such as ownership or controlling interest in a foreign company (Hill, 2009). Considering FDI is a pivotal aspect especially in developing countries where development is given emphasis in every investment interest. Thus, Namibia, too, as a developing nation finds its agenda redirected to attraction of FDI as a vehicle for fostering development and boosting economic growth (Ikela, 2012).

Economic Growth

A country's economic growth is usually indicated by an increase in that country's gross domestic product, or GDP (Wild, Wild & Han, 2008). Generally speaking, gross domestic product is an economic model that reflects the value of a country's output. In other words, a country's GDP is the total monetary value of the goods and services produced by that country over a specific period of time. Hill (2009) is so particular when it comes to the issue of GDP because he highlights that the promotion and existence of FDI in a country has a greatest bearing on the monetary value of the goods produced in a country. Studies, as it shall be discovered in Chapter two of this paper, indicate that various countries have witnessed prosperity and significant growth stemming from effective FDI.

Economic development

A country's economic development is usually indicated by an increase in citizens' quality of life. 'Quality of life' is often measured using the Human Development Index, which is an economic model that considers intrinsic personal factors not considered in economic growth, such as literacy rates, life expectancy and poverty rates (Appleyard, 2008). While economic growth often leads to economic development, it's important to note that a country's GDP does not include intrinsic development factors, such as leisure time, environmental quality or freedom from oppression (Hill, 2009). Using the Human Development Index, factors like literacy rates and life expectancy generally imply a higher per capita income and therefore indicate economic development. The greatest expectations of nations when embarking on efforts to attract and promote FDI, is ensuring that the quality of life of its citizens is addressed and other intrinsic development factors are considered.

When it comes to Namibia, much of the FDI interest and potential have been strongly identified in the gateway to Africa, town of Oshikango, of which this study significantly concentrated on.

Helao Nafidi town has seen growth of foreign companies like International Commercial (PTY) Ltd, Jupiter Investment Company, China Investments, and Fatima Plastics among others. These investments have drawn interest in studying this town as well as the fruits accruing from them (Ikela, 2014). Namibia has also seen notable various transformations in its policies and approaches towards economic trends, international relations and foreign direct investment, it has interest in the growth of FDI. These previous trends have been reflecting a regime that reflected stringent rules in attracting investment, for instance according to McKinley (2001), conditions such as labour law frameworks, tax obligations, and several other immigration laws discourage potential investors, such as the ABSA Bank back paddling as highlighted by Smuts (2010) and as among the eye-catching withdrawn investments. However, with the passage of time the responsible government departments, the ministry of trade and industry working hand in hand with finance ministry realized the importance and advantage of FDI in boosting industrialization and attempted encouraging economic growth through the establishment of the Namibia Investment Centre (NIC) under the auspices of Foreign Investment Act No 27 of 1990. Moreover, Goaseb (2008) notes that the tax incentives and good infrastructure to mention just a few, are key in attracting FDI in Namibia. Mwinga (2009) took to a controversy by stating that there is a need to explore the needs if any, of FDI, and further brings interest in picking up the significant issues revolving around FDI. Therefore, the proposed study aims to find out the value attached to FDI given the Namibian context as a developing country.

1.2 Statement of the problem

Several concerns have confronted the Namibian government where research reveals that unemployment rate shot up from 15,7 percent in 2010 (Namibia Data Portal, 2011) to above 30 percent in 2013 (Ikela, 2014). The increment is close to 100 percent in a period of only 3 years. She reiterates that accordingly, these people could be having formal employment possibly if there were industries. During this period Namibia witnessed a massive closure of industries namely the mining, fishing and the agricultural sector, where for instance, Weatherly mine, Ongopolo mine among others closed their operations in between 2010 and 2012 (Ikela, 2014). This could be the reason why analysts attribute the shot up to lack of industries which tends to cause unemployment and other accruing socio-economic problems surface, such as poverty, crime and HIV/AIDS prevalence taking a toll. As a result, a platform that may create industrial sector and employment consequently reducing socio-economic problem is needed. Among such platforms is the foreign direct investment, which this research intended to highlight the benefits and value which FDI can contribute to the challenges facing the Namibian economy. Thus, the Namibian government and the citizens need an urgent solution to address the social and economic problems. This will be done by exposing the value FDI contribute to economy and ensure employment creation and crime reduction are addressed amicably. Furthermore, Namibia has been criticized by several economist on the basis that it over relies on the South African economy hence fails to stabilize certain economic sectors (Cardin, 2011). There has been no increase in GDP where Namibia saw 5,3 percent in 2012, 5,2 in 2013, 5,3 in 2014 and 5,26 in 2015. All the figures of these years revolve around 5 percent which has been the figure since 2006 when it was 5,6 (Mwinga, 2012). Hence this has failed to consequently lead to be followed by a positive multiplier effect on the receiving economy of Namibia so that the final increase in national income is greater in meeting the economic needs of the country (Akram, 2012). The trends of FDI in Namibia reveal the following data:

Namibia Trade	Last	Previous	Highest	Lowest	Unit	
Balance of Trade	-10235.56	-6654.37	577.64	-12327.39	NAD Million	[+]
Exports	12829.78	13976.04	15164.11	1559.20	NAD Million	[+]
Imports	-21818.49	-22385.75	24997.21	-22385.75	NAD Million	[+]
Current Account	-1889.20	-7506.60	2409.00	-7683.47	NAD Million	[+]
Current Account to GDP	-11.80	-13.50	13.80	-13.50	percent	[+]
Capital Flows	-2539.50	5398.30	20635.37	-2556.00	NAD Million	[+]
Terrorism Index	0.00	0.00	3.03	0.00		[+]
Foreign Direct Investment	1203.58	1079.56	12345.91	-1535.08	NAD Million	[+]

Source: UNCTAD (2015)

Foreign Direct Investment in Namibia increased by 1203.58 NAD Million in the fourth quarter of 2015. Foreign Direct Investment in Namibia averaged 1138.13 NAD Million from 1999 until 2015, reaching an all time high of 12345.91 NAD Million in the fourth quarter of 2014 and a record low of -1535.08 NAD Million in the fourth quarter of 2011.

Foreign Direct Investment	**2014**	**2015**	**2016**
FDI Inward Flow *(million USD)*	432	1,095	275
FDI Stock *(million USD)*	3,731.8	3,763.3	4,366.9
Number of Greenfield	11.0	8.0	4.0

Foreign Direct Investment	2014	2015	2016
Investments***			
FDI Inwards *(in % of GFCF****)*	10.2	28.4	9.3
FDI Stock *(in % of GDP)*	29.0	32.7	41.0

Source: UNCTAD - Latest available data

*Note: * The UNCTAD Inward FDI Performance Index is Based on a Ratio of the Country's Share in Global FDI Inflows and its Share in Global GDP. ** The UNCTAD Inward FDI Potential Index is Based on 12 Economic and Structural Variables Such as GDP, Foreign Trade, FDI, Infrastructures, Energy Use, R&D, Education, Country Risk. *** Green Field Investments Are a Form of Foreign Direct Investment Where a Parent Company Starts a New Venture in a Foreign Country By Constructing New Operational Facilities From the Ground Up. **** Gross Fixed Capital Formation (GFCF) Measures the Value of Additions to Fixed Assets Purchased By Business, Government and Households Less Disposals of Fixed Assets Sold Off or Scrapped*

1.3 Research questions

In order to investigate on this matter the study sought to answer the following research questions.

a. What is the contribution of the FDI in Oshikango to the Namibian economic development?
b. What are the challenges that inhibit the Namibian Government to maximise its benefits from FDI?
c. How can the Namibian Government improve its FDI benefits through Oshikango in Helao Nafidi Town?

1.4 Significance of the study

Historically, FDI has provided the foundation for many of sectors and industries in Namibia, such as mining, banking and public services. Since the shift from an inward-looking to an outward-looking economy post-independence, foreign investment pressure has increased considerably (Ikela, 2012). Notwithstanding, most research in Namibia has focused on the direct effects of FDI, hence there is a lack of understanding regarding indirect effects of FDI. It is for this reason that a more comprehensive study and analysis of FDI in Namibia is critical for understanding its immediate and longer-term effects, and for providing potential direction for improvement in FDI policy in this country.

From an academic perspective, the relevance of the thesis lies in the focus on the nature of indirect effects. Research has suggested that such effects may contribute just as much to the economic development of a host economy as do the direct effects of the investment. Despite this proposition, the assessment of indirect effects has not been as common as the measurement of direct effects. Consequently, there is a shortage of empirical evidence with which to examine the nature of such effects. This thesis addresses this gap by assessing the extent and nature of a broad range of indirect effects.

In addition, the thesis contributes to existing literature by assessing various models such as Product life cycle model propounded by Raymond Vernon in mid 1960s of local industry upgrading in the context of a developing country. Hill (2007) in elaborating such theory suggests that while the role of MNEs is seen as a means to actualize the process of technology transfer and that FDI does represent the most efficient option to promote a process of industrial development, there are limitations of FDI as a driver to technology and industrial development. That is, FDI does not automatically lead to positive externalities in the host economy. Hence, the thesis builds on Raymond’s model by identifying factors that may play a determining role on linkage formation that go beyond local firm capability, such as government policy.

This study will also give policy guidance in terms of the future provisions of fiscal incentives and/or any other forms of subsidy schemes to further attract FDI to Namibia that is the Namibian government after having learned some crucial insights on the key significance of FDI. It will also be relevant to countries with similar experiences like Namibia in terms of how to reduce the cost of providing or accommodating FDI, while increasing the benefits derived thereof. As the researcher is attached to the Directorate of Customs and Excise, the exploration and findings of this study will add value to the expertise of the researcher and expose some key issues that will ensure the efficiency of the Directorate, for the overall benefit of the Namibian economy. Lastly, this study will fill gaps of knowledge created by several researchers and scholars and for the future researchers this thesis creates a point of departure as they will start their studies.

1.5 Limitations of the Study

The first limitation associated with this study is the fact that since some of the data was secondary source; this source was subject to restrictions and procedures for one to access them. However, as an employee in the Ministry of Finance, in the directorate of customs and excise, the researcher sought seek formal authority from the superiors and get a referral to all secondary sources. The other limitation to the study is the potential of unavailability of resources to run relevant tests about the value of FDI, to some sectors. The time which the researcher should split among multiple commitments of study and work, also restrained the study**.** As of time, a time schedule was drafted to slots for each activity without affecting the other.

1.6 Definition of terms

Foreign Direct Investment: An investment made to acquire lasting interest in enterprises operating outside of the country economy of the investor (Cardley, 2003).

Developmentalism: Is an economic theory which states that the best way for Third World countries to develop is through fostering a strong and varied internal market and imposing high tariffs on imported goods (Appleyard, 2008)

Economic nationalism: Is a body of policies that emphasize domestic control of the economy, labour, and capital formation, even if this requires the imposition of tariffs and other restrictions on the movement of labour, goods and capital (Jenkins, 2007)

1.7. Structure of the study

Chapter 1: Gave the background of the study, statement of the problem, research questions and the limitations of the study.

Chapter 2: Present a comprehensive review of the literature for the study.

Chapter 3: Present the methodology of the study, research design, populations and sampling and ethical issues.

Chapter 4: Present the research findings and reconcile them with the reviewed literature of the study

Chapter 5: Deals with a summary of the main findings, recommendations, areas for further research and conclusions of the study.

1.8 Summary

This chapter gave the background of the study, followed by the statement of the problem. The chapter also presented the significance and purpose of the study, purpose and research questions of the study, assumptions, limitations and delimitations of the study. Finally this chapter presented the definition of the main terms to be used in the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

With the rapid expansion of multinational enterprises (MNEs) in the global economy, the effect of FDI on the host economy has been of great interest to both academics and governments, and remains a contentious issue (Hill, 2007). The debate over the impact of FDI has generated a vast literature of which this study built on. From a theoretical perspective, the literature can be divided into theories that argue in favour of FDI, emphasizing the benefits that FDI bring to host economies, and those that adopt a more critical approach, which underline the negative effects of FDI activities. However, in practice, there is a continuum with many writers considering both benefits and costs (Wild, Wild & Han, 2008).

This chapter critically reviews relevant theories and paradigms that explain the impact of FDI activity on economic development. By doing so, it establishes the theoretical foundation for the thesis. Since the thesis's main objective is to assess how FDI activity influences local industry upgrading in Helao Nafidi, Namibia, the chapter will first present a concise review of the alternative theoretical perspectives on FDI. The discussion of these alternative approaches will provide the basis for analysing Namibia's historical reliance on FDI. To complement the discussion, empirical studies will be referred to when considered appropriate. Specifically, recent research that assesses the impact of FDI on macroeconomic variables, the affiliate, and linkages between foreign and local firms will be reviewed. The review of empirical studies provides support for existing theory while throwing light on the limitations of existing research, in turn, suggesting certain avenues in need of further research.

2.2 Theoretical framework

This study will be guided by the theory of Product Life Cycle, propounded by Raymond Vernon, regarding the undertaking of FDI, a theory founded in 1966. According to Vernon, the same firms that pioneer a product in their home markets undertake FDI to produce a product for consumption in foreign markets (Hill, 2009). Vernon's theory views that firms undertake FDI at particular stages in the life cycle of a product they have pioneered. They invest in other advanced countries when local demand in those countries grows large enough to support local production. This study, therefore, will draw insights from Vernon's theory in order to establish the value that FDI has to host countries. This theory will therefore help this study as it gives reason why investors resort to foreign markets also what benefits they take to host country.

Besides the stated theoretical framework the Developmentalism model of FDI will also be used in guiding this study into precision. This approach argued that developing countries presented major obstacles to growth such as low level of savings and inadequate foreign exchange earnings, and considered industrialization as essential for breaking out of this vicious circle (Jenkins, 2002). The contribution of FDI was mainly thought of in terms of capital, technology, and management expertise. Capital flow models regarded FDI as a capital flow which increased the stock of capital in the host country, increasing savings and foreign exchange availability (Hill, 2007). There are three main assumptions underlying this models; firstly that foreign resources supplement local resources and that in their absence there would be no local production; secondly, that profits are not excessive since markets approximate the perfectly competitive model; hence, market imperfections are mainly the result of misconceived government policies; and lastly, that FDI generate additional local resources or utilize previously unutilized resources.

The product cycle represents the change of focus of the neo-classical approach during the late 1960s away from the capital contribution of FDI towards technology transfer. It built on capital flow models by acknowledging the specific characteristics of FDI and their operations, specifically.

Although primarily concerned with explaining changing patterns of trade and investment, the theories provide some interesting implications for the analysis of the effects of FDI in developing countries. They predict that these countries will enjoy a comparative advantage in mature, standardized products. In addition to supplying standardized technology to developing countries the product cycle theory emphasizes the importance of FDI in providing access to overseas markets for developing economies' exports.

The most recent development of the neo-classical approach is the "internalization theory" (Hill, 2007). It has been the approach adopted by most pro-FDI writers. The central argument of this approach is that FDIs exist because of market imperfections. By internalizing their operations firms bypass imperfections in external markets.

In analysing the gains to host countries these are not primarily related to the transfer of capital, as in the traditional neo-classical model, but to transfers of technology which would not otherwise take place because of external market imperfections (Appleyard, 2008). It has even been suggested that since market imperfections are more pervasive in developing countries than in developed countries, developing countries are in a position to benefit even more through FDI operations which circumvent such imperfections.

2.3 Definition of FDI

Moosa (2002) describes FDI as the process where residents of one country (known as the source) acquires ownership of assets for the purpose of controlling production distribution and other activities of a firm in another country (known as the host country). Meanwhile, Hill (2009) points to the fact that FDI can be distinguished from other forms of international concepts because of its element of control. It thus, builds net inflows of investment to acquire a lasting management interest in an enterprise operating in an economy other than that of the investor. Foreign direct investment (FDI) is generally considered, by many international institutions, politicians and economists, as a factor which enhances host country economic growth, as well as the solution to the economic problems of developing countries (Jeftkins, 2002). Apart from the definition by Hill (2009), FDI is defined as an investment involving the transfer of a vast set of assets, including financial capital, advanced technology and know-how, better management practices, among others. This investment is carried out by an entity (a firm or an individual) in foreign firms, involving an important equity stake in, or effective management control (UNCTAD, 2007). Since capital formation and technological improvement are the motor of economic growth, FDI is expected to promote host countries' economic growth (Wild et al, 2008). In 2002, OECD reported that countries with weaker economies consider FDI as the source of growth and economic modernization. This assertion is very true in some instances because FDI has seen influx of new technologies for weaker economies, increase of competition, formation of human resources and firm development which are witnessed in weaker economies like Madagascar (Wang, 2009). However on the other hand this assertion can be disputed still because it not only FDI that can contribute to growth and economic modernization but different other factors play a significant role. For instance in China, China is considered an emerging economy not because there is high FDI rate but growth in that country is attributed to significant investment in education and human resource development (Wild, Wild & Han, 2008). For this reason, many governments, particularly in developing countries, give special treatment to foreign capital (Hill, 2009). It is common that countries have public agencies whose aim is to attract foreign investments using public funds, which shows that governments are willing to bear some costs to attract such investments. Despite the fact that the impact of FDI on economic growth has been widely studied, there are still questions concerning the real effects of FDI, and also concerning the necessary conditions and the channels through which FDI leads to host country economic growth. In fact, although many studies have confirmed positive effects of FDI, some authors stress that there is still no consensus on the degree of these effects (Wild et.al, 2008). Hence the assumptions report that the main conclusion to be drawn from several studies is that results of FDI are ambiguous.

What is picked from these few definitions cited is the fact that FDI involves a lasting management control and interest, and comprises one company conducting its operations outside the borders of their aboriginal conception and hence benefit much the host country above all players.

2.4 Importance of FDI in developing countries – Empirical evidence

Many countries have undergone a dramatic economic and political restructuring since the 21st century. Chile is one of such countries and while not a determinative factor, foreign investment played an important role in this process, expanding local production and linking the country to foreign markets and economic resources (Hill, 2009). Chile was hand-picked as a focus area of empirical evidence of FDI not necessarily because it shares similar conditions like Namibia but simply because it has good evidence of successful FDI programs initiated as from 2006 to 2014.

Some existent studies have mainly based their analysis of the impact of FDI on the Chilean economy on general evidence regarding productive capacity, export development, productivity and technological innovation. In so doing, they provide insights as to the direct and indirect effects of FDI in the Chilean industry. However, it is important to keep in mind that even though indirect effects have been referred to in this review, they have hardly been formally assessed in practice. These are as discussed in the following section:

2.4.1 Direct Effects

FDI and the development of productive capacity researchers, from an econometric analysis conclude that there is a positive relationship between FDI gross capital formation. Moreover, the information they obtain answers that the initial investment made by foreign investors is only a starting point. Usually, foreign investors already present in the economy continue contributing to capital formation by expanding their operations or undertaking new investments (Jetkins, 2002).

Hill (2007) concludes that FDI positively affects both productive private investment and its component of machinery and equipment. French-Davis (2003) suggests that a complementary interpretation is that FDI responds to the same productive signals, including the quality of the macroeconomic environment, as the rest of the capital formation undertaken in the country. French-Davis (2003) concludes that until a decade ago, when the international crisis took place, a stable macroeconomic environment and a dynamic productive cycle resulted in historical levels of gross fixed capital formation especially in Chile, which presented an increase of 10% of GDP relative to the levels of the 1980s. The presence of FDI contributes to the levels of savings, both internationally and locally. Empirical evidence is supportive of this relationship for the first half of the 1990s. However, FDI does not play the main role in the levels of gross fixed capital formation. Local private investment plays the main role whereby in Chile, more than two thirds of the growth in that country seems to have FDI representing 20% of the total.

Agreeing with the conclusions presented by French-Davis, CEPAL (2000) notices that the intensive wave of growth for local private firms is by foreign firms, particularly energy firms in Chile and the privatization of some public utilities in the water and sanitation sector have implied that a large proportion of recent direct investments have corresponded to ownership transfers and have thus not helped to increase Chile's productive capacity.

Another aspect has been the FDI and export capacity development. There are two opposing effects of FDI on export capacity. On the one hand, there is a positive and direct impact that foreign capital may have on the development of the sectors oriented to international markets.

On the other hand, there is an indirect effect on the exchange market. Inflows of FDI may result in a decrease of the rate of exchange, which may hinder the competitiveness of exportable products as critically pointed out by (Wild, Wild & Han., 2008).

In Chile, the growth path during the 1990s was considerably influenced by FDI through its direct and indirect effects. In fact, FDI has considerably contributed to the export capacity of Chile. A conservative estimate shows that in the period 1990-2000, about one third of the resources invested in tradable goods came from FDI, and were mainly directed to the production of copper. Its strong contribution decreased in the second half of the 1990s. In the same years, two thirds of FDI were concentrated on export-oriented sectors while around 2000; only one third of FDI flows was directed to these sectors (Foreign Investment Committee (FIC), 2004). It has also been observed that the decreasing participation of FDI in export-oriented activities was compensated for by the considerable increase in the total inflows of FDI. This resulted in a sharp decrease of the exchange rate in 1996-97, which brought about negative macroeconomic effects. These effects were intensified due to the fact that most FDI inflows were not directed to generate export capacity; instead they were directed to non-export-oriented sectors. As a result only copper exports continued their growth path while non-copper exports diminished considerably (French-Davis, 2003).

Some direct effects of FDI are over the affiliate which include; FDI and productivity. In this regard Alvarez & Gorg (2002) analyses panel data from more than 7,000 firms in the manufacturing industry of Sudan and concludes that FDI affiliates present much higher levels of productivity than do local firms. He further notices that FDI does positively impact the level of productivity although its impact seems to be small in magnitude.

Regarding FDI and technological innovation, Hill (2009) in his case analysis study for Southern Africa concludes that, foreign firms have brought their skills and expertise to bear in transforming former State-owned monopolies into competitive, commercialized enterprises. In terms of conventional FDI, FDI in Zimbabwe, for example, permitted the exploitation of formerly inaccessible mineral resources made possible by Anglo-American companies that operated in that country post-independence, namely in Bindura, Shangani Mine and How Mine.

Paredes and Sanchez (2010) stress the impact of FDI due to a modernization effect in specific cases, for example, the formation of joint ventures between global leaders and local economic groups. Zalawa Investments in Zambia in extracting natural resources, the most important beer-producers of South Africa, formed a joint venture with the South African host groups such as Thekwini Breweries; Simpson Paper, world leader in the production of high-quality cellulose in Western Cape are among the examples. In this way the local economic conglomerates not only gain access to capital but also to the expertise and technologies of the international groups.

2.4.2 Indirect Effects

In addition, there have been FDI and productivity spillovers. In terms of FDI spillovers to local firms, the results of Alvarez & Gorg (2002) study confirm their existence, but it seems that there is not a significant impact on the growth rate of the productivity levels of local firms. Nonetheless, he argues that the small impact of FDI on the manufacturing sector may be due to the low number of foreign firms operating in the industry, suggesting that a bigger number of foreign firms may be necessary to generate more significant effects on local firms. He also stresses that since most of FDI inflows have been directed to the mining and services industries it could be helpful to study the effects FDI in these particular industries.

In a study by Alvarez and Gorg (2002), the impact of FDI on the Chilean economy was assessed in terms of how the presence of FDIs affects the survival of other firms in the economy by using plant level data of manufacturing industries. They argue that two opposite effects may be observed. On the one hand, the entry and presence of FDIs increases competition in the host country and, therefore, may lead either to lowered or stabilized prices due to competition or to the exit of local firms that are unable to cope with the increased competitive pressure. On the other hand, the presence of MNEs may generate spillovers, which allow local firms to learn and improve their productivity and efficiency as supported by Goldman & Niewenhuizen, 2006). As the survival of firms is positively linked to efficiency this would be expected to have positive effects on the survival of firms. In their study they found some evidence of a survival-enhancing effect, particularly this is mostly the case in developing countries. This effect seems to be completely due to productivity improvements in firms following an influx of foreign investors.

The aspect of FDI and technological innovation has not been spared on the effects of FDI. Hill (2009) argues that most of the FDI inflows have been concentrated on the production of primary goods. Most of these sectors represent productive enclaves in isolated regions, which make it difficult to take advantage of FDI spill overs. He further suggests that in most cases significant innovations are difficult to imagine since local firms are already at the frontier of knowledge in the area, being between the most productive of the world. The most supportive example is the copper industry in Chile.

On the other hand, French-Davis (2003) states that there are interesting cases of local productivity development in which foreign investors seem to have played an important role in the diffusion of know-how. In the wine industry, wine production has presented a noticeable development in recent years in South Africa since the establishment of FDIs. In the 1990s several French and German firms invested in the industry, which has contributed to the improvement of the international image of South African wine, transforming it into one of the main export products of the country (CEPAL, 2001).

Another case of intense technology transfer is in the telecommunications industry (French-Davis, 2003). Since the privatisation of sole distributor of telecommunications in the second half of the 1980 in Chile, there has been an enormous improvement in the quality and variety of telecommunication services, which was further encouraged by the increase in competition in the international long-distance telephone service in the century and the licenses granted for cell-phone services. However, he argues that not all the improvements are solely associated with the entrance of international companies into the industry. It also needs to be recognized the technological revolution in this industry, for example, the Internet and cell-phone services, has affected, even though at different levels, all countries around the world.

In a nutshell, FDI has proved to be resilient during financial crises and in selected developing countries (Loungani & Razin, 2001). It also leads to the spread of best practices in corporate governance, accounting rules and legal traditions, which consequently lead to the revision of the host country's bad economic policies (Hill, 2008). In addition, he stressed it allows transfer of technology, gaining of employee training in course of new investments hence building human capital development in the host country. Also there is the generation of corporate tax revenues for the country thus stabilizes the country financial reserves, that is why Hill (2009) states that corporate tax is a levy placed on the profit of a firm to raise taxes. After operating earnings is calculated by deducting expenses including the cost of goods sold and depreciation from revenues, enacted tax rates are applied to generate a legal obligation the business owes the government, and this levy boosts the country's reserves.

2.5 Mitigation strategies governments can use to maximise FDI benefits

Countries are increasingly competing to attract FDI. This competition can come in many guises and can be in form of different types – direct incentives, usually in the form of tax rebates and direct subsidies, or a "beauty contest" approach (Oman, 2000).

2.5.1 "Beauty contest"

Under a "beauty contest" strategy, a country does not offer direct incentives to foreign investors, but relies on its competitive advantages (L-specific advantages) to attract FDI. This approach usually involves, but is not limited to, upgrading infrastructure, strengthening macroeconomic fundamentals, increasing educational standards, guaranteeing the rule of law, and, in general, improving a country's "business climate" (Poniachik, 2002).

It has been stated that in Southern Africa, South Africa has embraced a "beauty contest" approach and has focused on improving its fundamentals as a strategy to become more attractive to foreign investors (Goldman & Niewenhuizen, 2006). As a result, after a democratic South Africa, the country has positioned itself as one of the principal locations for international investors in Africa. Chile, too, has employed this strategy by being an important location for FDIs that look for primary resources (resource-seeking investment) and for FDIs which look for national and/or regional market access in the service sector (market-seeking investment) (Poniachik, 2002). Chile has several L-advantages, relative to other Latin American countries, which have made it an attractive location for foreign investors. Among the factors that have influenced the increase in

FDI inflows, its abundance of natural resources has played an important role over time, relying mainly on the mining sector. However, Chile has also been attractive to foreign investors due to its political and economic stability and its straightforward business environment since the 1970s. In that regard, it can be deduced that with FDI attracted positively by factors which go beyond the economic factors and advantages, thus engaging other facets of the country's operating environment.

2.5.2 Macroeconomic Environment

Sound macroeconomic fundamentals have been recognized by many international institutions to be appealing for investing in given countries. For instance, the 2004-2005 Global Competitiveness Report of the World Economic Forum (WEF) (2007) ranked Chile as the most competitive country in Latin America, way ahead of Mexico (48th). Historical analysis of development, considererd Mexico to have the greatest potential of accelerated growth in Latin America (WEF, 2007) but was surpassed by Chile which had successful FDI experiences (Poniachik, 2002). In the Macroeconomic Environment Rank of the Global Competitiveness report 2002-2003, Chile is ranked in thirteenth place out of 104 economies. An economic growth accompanied by decreasing inflation, a sharp drop in public debt, stable external accounts and strong international reserves are signs that appeal for foreign investors. This achievement is a result of commitment to economic liberalization and free-market policies, as well as of its pledge to maintain sound and responsible economic management (Poniachik, 2002).

2.5.3 International Integration

International integration favours FDI not only because it increases the market to which a country has access, but also because investors view it as a seal of good behaviour (Hill, 2009). In order to achieve international integration, a country needs to fulfil certain conditions, such as macroeconomic stability, which in themselves make a country more attractive for FDI (Blomstrom, 2002).

The fact that some countries' local market is relatively small and their per capita income is still under US$5,000 means integration into global markets is vital. For instance, Wild, Wild & Han, (2008) state that South Africa has adopted a policy of market enlargement by establishing an extensive network of trade agreements that include Sothern African Customs Union (SACU), Chile also has Free Trade Agreements (FTA) with Canada, Costa Rica, El Salvador, Mexico, South Korea, the European Union and the United States, an association agreement with the Southern Common Markets (MERCOSUR) block, and so many other integration forms that exist worldwide and which promote FDI. Because of this increasing network of trade agreements, firms in integrated countries enjoy privileged, and in many cases zero-tariff, access to a market of a multiplicity of consumers around the world. Responding to this opportunity, an increasing number of foreign firms are now using facilities in integrated countries to export to other markets around the world (Hill, 2009).

2.5.4 Institutions and Governance

According to Transparency International 2004, most transparent countries in the world and with a low Corruption perception index tend to attract more FDI. Price Waterhouse Coopers in 2001 published a study of transparency in 35 countries, which looked at a country's legal and judicial system, its regulatory environment, economic policies, accounting standards, corporate governance, and corruption. Among many countries in the North American continent, Chile and United States tied in second place after

Singapore. Chile achieved its highest scores on legal and regulatory environment, accounting standards and macroeconomic policy, making the country a favourable destination for FDI activities. Strong institutions have been a feature of transparently governed nations (Hill, 2009), helping to provide predictability. Moreover, through commitment to modernization, the government can also be striving to ensure their ongoing efficiency and fairness. This modernization programme may include a major transformation of the country's judicial system and the reformation, which can be implemented gradually in a bid to improve access to justice and reduce trial times (Blomstrom, 2002).

2.5.5 Social Cohesion

Social issues are not typically included as a determinant of FDI. However, as argued by the Foreign Investment Committee (2005), social issues increasingly concern foreign investors, both as issues in their own right and from the point of view of political and institutional stability.

Countries that have sustained economic growth have gone a long way to improve social conditions. In addition, this is more real with countries that practice true democracy, the government can implement active social investment policies, accelerating progress in education, healthcare, housing and other fields (Hill, 2009). Germany is, for example, recognized internationally for its success in combating poverty which, by 2003, had dropped to 15.4%, down from 39.6% in 1990 and, in the case of extreme poverty, from 13.9% to 4.7% (Foreign Investment Committee, 2005).

Due partly to these advances, South Africa has a talented and well-qualified workforce, with skills that have evolved in line with the demands of the country's international integration. However, as the government is aware, a number of important challenges remain in this area, including further improvements in educational standards (Ikela, 2012).

Moreover, as regards to Chile, the high professional standards of Chilean executives are a key factor in the international competitiveness of the country's firms. Many executives have undertaken postgraduate studies abroad, often in leading US business schools, despite the fact that high-quality training is also available in Chile still (Business Wire, 2000). Chile's high professional standards are also reflected in the Institute for Management Development's World Competitiveness Yearbook 2005.

2.5.6 Infrastructure

The privatization process, which began to be encouraged for countries in the 1980s, in South Africa, coupled with the deregulation of the market, has resulted in a well-developed infrastructure in telecommunications, financial institutions, transport, and public services. For instance, in the energy sector, private investment gives one of the lowest levels of service interruption, while international telephone calls for emerging economies like China are identified as the cheapest (Zhang, 2002). Indeed, a number of foreign investors have been attracted to South Africa too, by its world-class telecommunications infrastructure, and are using the country as a service platform for business in Africa.

The government’s infrastructure concessions programme, launched by other countries have gone a long way in improving infrastructure, for instance the one initiated in Mozambique, initially focused on roads and airports, in which it has made substantial improvements to that country (Goldman & Niewenhuizen, 2006). The scheme has been expanded to include public-private partnerships for the construction and operation of new prisons, irrigation reservoirs, urban development projects, and recreational facilities.

Overally, the government according to Hill (2009) has a primary role to promote FDI as well as addressing challenges of FDI. Firstly, Cateora & Graham (2002) state that this can be done through permissive policies toward FDI. The host governments need to enact negotiable terms on the FDI contracts such that both parties can benefit. Laws and policies go to as far as labour laws and tax laws, stringent laws for acquisition of work permits for expatriates might discouraging for foreign firms but clear and user friendly procedures will be worthwhile for FDIs. Wild, Wild & Han (2008) emphasize that tax obligation need to preferable for foreign firms or even attractive. Tax breaks for firms creating more employment and those which invest in remote centres are examples. Applications of these laws need to be consistent and uniform will all foreign firms. Moreover, policies like company registration need to be capitalized by eradicating unnecessary delays and shoddy requirements.

The other factor which might be linked to laws is the union influence, these may insist on the labour standards to foreign firms (Hill, 2009). However, with proper partnerships between labour unions, government and investors through tripartite agreements, the influence of unions can be made favourable and benefiting all parties. This can be done through Labour Act Amendments that will limit the interference of unions to employers. Wild, Wild & Han (2008) cite crime might also be a hindrance to FDI but ensuring tight security and safety through the department of Safety and security will ensure foreigners are not victims of violence and instability by local people.

In sum, attractive business environment is the result of a policy-driven strategy that focuses on building sound macroeconomic fundamentals and strong institutions, promoting competition and international integration, and developing appropriate infrastructure. In turn, positive practice to these factors has a bearing on business environment and as key determinant for success in attracting FDI.

2.6 Summary

Substantively, from the preceding chapter it can be noted that there are various main findings from the analyses of different literature. First, it is found that FDI tends to promote the improvement in allocative efficiency, while having a negative impact on productive efficiency in some economies. Second, insofar as FDI does promote job creation, infrastructural development, skill transfer and overall productivity growth, this tends to be a matter of cumulative causation rather than one of single-direction causation. Third, it was noted also in this chapter that for the impact of FDI to be felt on a more positive note, there should be a commitment and greater role played by the host nation government, as a regulator and as an investment promoter. Precisely, the chapter pointed that if countries institute FDI, this stems from various policies, theories and approaches of which there will be long term objectives intended. Researchers in the field of international business propose that effects of FDI are either positive or negative and it is up to the host nations to introduce strategies to attract beneficial FDI. Thus the target areas to be considered in attracting FDI include skill transfer, economic growth, stabilizing industrialization and extending access for the economic sector of the country.

In summary, the purpose of the chapter was to present an appropriate model that would provide the basis for assessing the impact of FDI on local Oshikango industry. With different models which provide a micro level explanation of country approaches, in turn, making it feasible to examine how the impact of FDI on local industry upgrading may occur. However, the underlying assumptions of the models need to be considered carefully in the presented contexts. This end is achieved by reviewing the model in the context of developing countries, so as to provide insights into the factors that may play a moderating role in the Oshikango process.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

The aim of this thesis was to assess how FDI activity is of value in Namibia and how it impacts on the development of local industry in the context of Namibia with emphasis on Helao-Nafidi - Oshikango. In light of this objective, using the research approach (survey questionnaire and interviewing techniques) seemed appropriate. However, during the data collection stage a series of unexpected events took place which affected the research methodology of the thesis. Of these events, the delayed response obtained by using survey questionnaires but the researcher was patient in this aspect and waited until all data was at hand.

This chapter begins with a brief description of the research approach used, while indicating the challenges faced during the data collection period that ultimately led to the selection of a mixed methodology. The following section describes the process by which phenomenology was selected as the most appropriate methodology while discussing the characteristics of alternative methodologies. To start-off, the presentation that follows will outline the research design, research population, followed by the sample and sampling technique which the researcher employed when conducting the study. Having presented the sampling, research instruments are explored in detail, the actual data collection exercise and procedure, data analysis which the researcher had to employ in the cleaning and sorting of data. Finally, the chapter will shift the focus to the ethical considerations which the researcher had to take care of during the process of the entire study.

3.2 Research design

Johnson and Christensen (2004) define a research design as an outline, plan or strategy one intends to use to seek an answer to his/her research problem. This study adopted the mixed method approach through the use of qualitative research strategies (Gay, Mills and Airasian. 2009).

Qualitative research is based upon the assumption that multiple realities exist in people's perceptions of the world. For this reason, in order to understand phenomena, information from a wide variety of sources must be sought and combined in a meaningful way (Bless, Higson-Smith & Kagee, 2006). One of the prime methods for obtaining information is by talking with people. The purpose of qualitative research is to gain deeper understanding of a phenomenon through the gathering and analysis of detailed data of ideas, feelings, motivations, and attitudes. It is achievable, among others, through conducting in-depth interviews in one or a limited number of firms in order to obtain comprehensive information, (Bryman, 2002)

Data collected from the interviews will be qualitative in nature while data was also collected from questionnaires.

3.3 Research Population

Bryman and Bell (2007) define a population as the larger group from which the sample was drawn. This study will be conducted among the FDI firms in the town of Oshikango where there is an estimated population of about 40 FDI firms in all sectors (Bank of

Namibia, 2011). Thus, the target population will be 40 FDI where the sample of the study will be drawn.

3.4 Sample

A sample is a portion of the whole on which the study is based (Marshall & Rossman, 2000). Babbie et al. (2001) define sampling as the process of selecting observations. It is a subset of the population and the method of selection may be based on a probability or a non- probability approach. Probability sample is a sample that has been selected using a random selection so that each unit in the population has a known chance of being selected. Non probability sample is a sample that has not been selected using a random selection method (Bless, Higson-Smith & Kagee, 2006). Essentially this implies that some units in the population are more likely to be selected than others. The aim of probability sampling is to keep sampling errors to a minimum. Twenty (20) participants were involved in this study, where, five FDI firm managers were selected for interviews based on their experience and years of tenure in business and 15 FDIs respondents/owners were chosen from different areas or suburbs of Oshikango and these were to complete distributed questionnaires regarding the value of FDI. The 20 respondents of the sample size were drawn using non-probability, purposive sampling method. This method is where the sample is gathered in a process that does not give all the individuals in the population equal chances of being selected. In simple, through non-probability sample, respondents in the sample were selected on the basis of their accessibility by purposive personal judgment of the researcher (Creswell, 2006).

3.5 Research Instruments

There are a wide variety of methods that are common in qualitative measurement. In fact, the methods are largely limited by the imagination of the researcher. A few of the more common methods are discussed.

Participant Observation - One of the most common methods for qualitative data collection, participant observation is also one of the most demanding. It requires that the researcher become a participant in the culture or context being observed (Creswell, 2012). The literature on participant observation discusses how to enter the context, the role of the researcher as a participant, the collection and storage of field notes, and the analysis of field data (Rossman & Marshall, 2009). Participant observation often requires months or years of intensive work because the researcher needs to become accepted as a natural part of the culture in order to assure that the observations are of the natural phenomenon**.**

Direct Observation - Direct observation is distinguished from participant observation in a number of ways. First, a direct observer does not typically try to become a participant in the context (Creswell, 2012). However, the direct observer does strive to be as unobtrusive as possible so as not to bias the observations. Second, direct observation suggests a more detached perspective. The researcher is watching rather than taking part (Bless, Higson-Smith & Kagee, 2006). Nowadays technology can be a useful part of direct observation. The researcher is observing certain sampled situations or people rather than trying to become immersed in the entire context. Finally, direct observation tends not to take as long as participant observation.

Case Studies - A case study is an intensive study of a specific individual or specific context. For instance, there were first popularized in the Freudian studies where Freud developed case studies of several individuals as the basis for the theory of psychoanalysis and Piaget also did case studies of children to study developmental phases. There is no single way to conduct a case study, and a combination of methods (e.g., unstructured interviewing, direct observation) can be used.

Interviewing – Can be structured or unstructured. Unstructured interviewing involves direct interaction between the researcher and a respondent or group (Creswell, 2012) and it differs from traditional structured interviewing in several important ways. First, although the researcher may have some initial guiding questions or core concepts to ask about, there is no formal structured instrument or protocol. Second, the interviewer is free to move the conversation in any direction of interest that may come up (Bless, Higson-Smith & Kagee, 2006). Consequently, unstructured interviewing is particularly useful for exploring a topic broadly.

3.5.1 Face to face in-depth Interviews

Johnson and Christensen (2004) define an interview as a systematic way of talking and listening to someone and is another way to collect data from individuals through conversations. Leedy and Ormrod (2010) added that interview involves much more than just asking questions. In this research, the structured interviews, also known as standardized face to face in-depth interviews were used to collect data from five (5) FDI operators in Oshikango.

Justification of using face to face in-depth interviews

Face to face in-depth interviews are a method of qualitative research in which the researcher asks open-ended questions orally and records the respondent's answers, sometimes by hand, but more commonly with a digital audio recording device (Creswell, 2012). The method was preferred because it provides accurate screening. Face-to-face interviews help with more accurate screening. The individual being interviewed is unable to provide false information during screening questions such as gender, age, or race. A face-to-face interview is no doubt capable of capturing verbal and non-verbal cues, but this method also affords the capture of non-verbal cues including body language, which can indicate a level of discomfort with the questions. Adversely, it can also indicate a level of enthusiasm for the topics being discussed in the interview (Rossman & Marshall, 2009).This research method is useful for collecting data that reveal the values, perspectives, experiences and world views of the population under study, and is often paired with other research methods including survey research, focus groups, and ethnographic observation (Johnson & Christensen, 2004). Pre-set questions about the issue (value) of FDI to the Namibian economy and world in general were asked to these FDI managers. The use of the interview as a data collecting instrument necessitated probing and it also enabled the interviewer to modify the line of inquiry, if need be clarify and follow up on interesting responses during the process (Bless, Higson-Smith & Kagee, 2006). Apart from that the interviewer to see and evaluate the respondent's non-verbal communication and behaviour (Johnson and Christensen, 2004).

Interviews were meant to target the 5 FDI managers because the researcher intended to thoroughly obtain the intrinsic issues of FDI operations which could possibly be difficult to obtain if more managers were targeted. Moreover, time constraints could also inhibit the study if the researcher could consider more operators, yet less than 5 could be less representative of the target population.

3.5.2 Questionnaire

A questionnaire is a list of pre-set questions about a phenomenon (Bless, Higson-Smith & Kagee, 2006). Johnson and Christensen (2004) define a questionnaire as a self-report data collection instrument that each research participant fills out as a part of a research study. Self-administered questionnaires were given to 15 randomly selected FDI managers.

The questionnaires were both open and close-ended questions. They explored the value of the FDI to the Namibian economy. They also elicited the extent to which the government of Namibia is involved in uplifting the FDI in the town of Oshikango. Using questionnaires in this study was presumed to be able to provide quicker information from a large group of people apart from that: they are a financially affordable means of data collection (Bless, Higson-Smith & Kagee 2006). Furthermore, they require less time to administer than other methods of data collection yet having easy to analyse responses (Johnson and Christensen, 2004).

Validity and reliability of the instruments

Reliability refers to the repeatability of findings. If the study were to be done a second time, would it yield the same results. If so, the data are reliable. If more than one person is observing behavior or some event, all observers should agree on what is being recorded in order to claim that the data are reliable (Patton, 2002).

Validity refers to the credibility or believability of the research, Validity is described as the degree to which a research study measures what it intends to measure (Maree, 2007). There are two main types of validity, internal and external. Internal validity refers to the validity of the measurement and test itself, whereas external validity refers to the ability to generalise the findings to the target population).

To ensure, the above concepts the researcher submitted the questionnaires and the interview schedule to the academic supervisor to assess whether the instruments were aiming at obtaining the data relevant to the research objectives.

3.6 Procedure

The research made use of questionnaires and face to face interview to obtain general information about the impact of the FDI to the Namibian economy in the town of Oshikango. The researcher designed the questionnaires, and obtained clearance letters from the University of Namibia Ethical Clearance Committee. Permission was also sought from all the participating FDIs prior to this study. The participants were requested to complete informed consent forms.

3.7 Data Analysis

Data analysis mostly involves three major steps, i.e. cleaning and organizing of the data, describing of the data and research questions or hypotheses testing and modelling (Trochim, 2002)**.** All the steps were used but more emphasis was given on research question testing and modelling of data, as the researcher was linking analyses of the data to specific research questions are raised and being tested, and recorded any simulations that were tested and developed as part of the analysis. Content analysis, as advised by Creswell (2012) was also done to supplement statistical analysis of graphs and tables, of the MS Excel spreadsheet. Furthermore, this study took a form of data integration which involves combining data residing in different sources. Firstly, with interviews as part of data collection instrument, data analysis originated from interview transcripts and reduced to major themes that reveal the FDI experience. In doing this, the researcher created themes based on independent participant but with cross-case analysis (Braun & Clark, 2006).

3.8 Research ethics

Ethical standards require that researchers do not put participants in a situation where they might be at risk of harm as a result of their participation (Trochim**,** 2002**).** There are two concepts/theories that will be applied in order to protect the privacy of research participants i.e**.** confidentiality and anonymity. The names of participants were only to be released after the consent was granted by the bearer and guarantee and assure the research participants that information provided will not be made available to anyone other than researchers involved in the research. In this case companies names published were published after permission was granted by the authorities. Research participants were also fully informed about the procedures and concepts that were to be applied in the research and they were requested to give their consent to participate if needed during data collection phases/time. It was also agreed that the results of the research might be shared with research participants if they wish to receive the research products.

The researcher drafted a letter directed to the respondents, so that the researcher is introduced and respondents are given a mandate to participate at full discretion thus, to ensure confidentiality and privacy, consent forms were also given to the participants to endorse their signature as a sign that they are willing to participate. The findings were analysed and shared with all the interested parties to ensure transparency and accountability. The researcher ensured honesty in the methods and procedure of collecting and reporting on the data. The researcher also ensured that the results of this research were not falsified, or misrepresented. The participation of respondents was kept anonymous and pseudo names were used where necessary. The data collected from participants was kept in a lockable cabinet and parties agreed on a consented publishing and approval of all parties.

3.9 Summary

This chapter specifically concentrated on the research methods employed by the researcher in an attempt to obtain the relevant data that this study intended to gather. Precisely, the research design, sample and sampling procedures were explored as well as data analysis approaches. The next chapter then focus on the statement of findings and data analysis.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents the findings of the three data collection tools which the researcher used the collection of data. Thus understanding of individual experiences through their comments in questionnaires and also verbal utterances via the interview conducted in the border town of Oshikango as well as the practical analysis of the secondary sources obtained from the Ministry of Finance archives. The findings from the questionnaires distributed among the 20 respondents of FDI companies in Oshikango are presented with tables, figures (graphs and charts) and narrative explanations.

4.2. Analysis of the findings from the questionnaires

4.2.1 Sector of participating FDIs

The researcher was particularly interested in determining the sector of which the FDIs targeted were operating and the finding in this regard is as shown in figure 4.1 below:

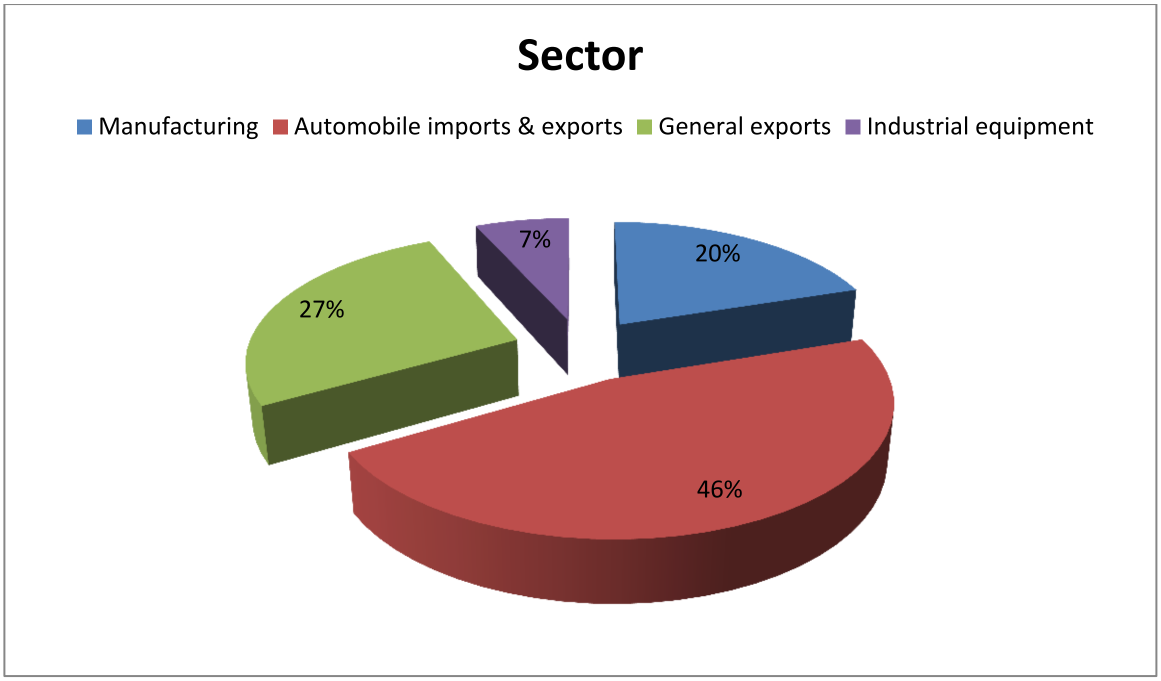


Figure 4.1: Sector of participating FDIs

The figure illustrates that the automobile imports and exports dominated the respondents, where 47 percent indicated to be dealing with automobile commodities which was followed by general exports with 27 percent representation. The lowly represented sectors were manufacturing with 20 percent and industrial equipment which had only 6 percent representation.

In order to abide with the ethical considerations discussed in Chapter three, the researcher opted not to publish the names of the businesses sampled and will remain discreet in the course of this section, rather where need will arise pseudonyms will be applied.

4.2.2 FDIs Firm characteristics

The researcher combined this aspect due to the fact that according to findings, the same year of approval for all the companies proved to be the same year when establishment commenced. As a result the findings to this regard reflected as follows in the figure below:

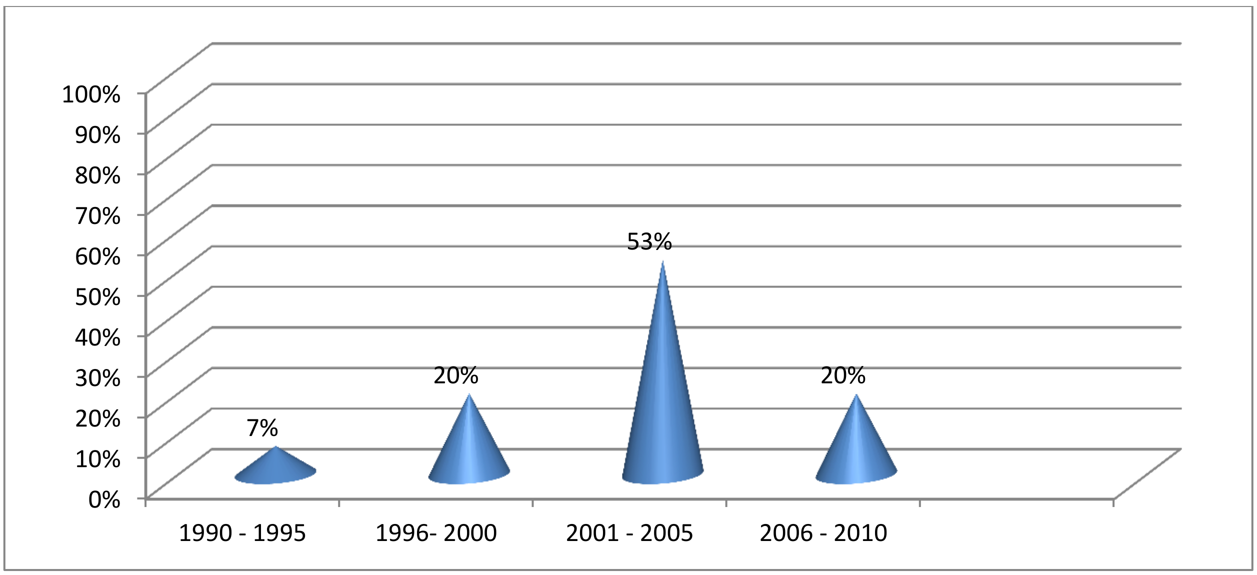


Figure 4. 2: Year ranges of FDI companies establishments

From the figure above, the most interesting feature appears about the FDIs in Oshikango whereof there is an indication that most of the FDIs are less than 10 years old. Half of the companies, that is, 53 percent have been established between 2001 and 2005, while 20 percent for each fall between 1996 – 2000 and 2006 – 2010 respectively. Only 7 percent indicated to have been established as early as post-independence between 1990 and 1995.

4.2.3 The main line of activity of the business

In this regard, the researcher was interested in finding out what kind of business the FDIs in Oshikango concentrated in. This was done to determine the importance attached to certain lines of business activity, if there was any. Thus, in this regard the options were either commodity, service or other activity of which the participants were to specify if there was such. Figure below reflects the findings.

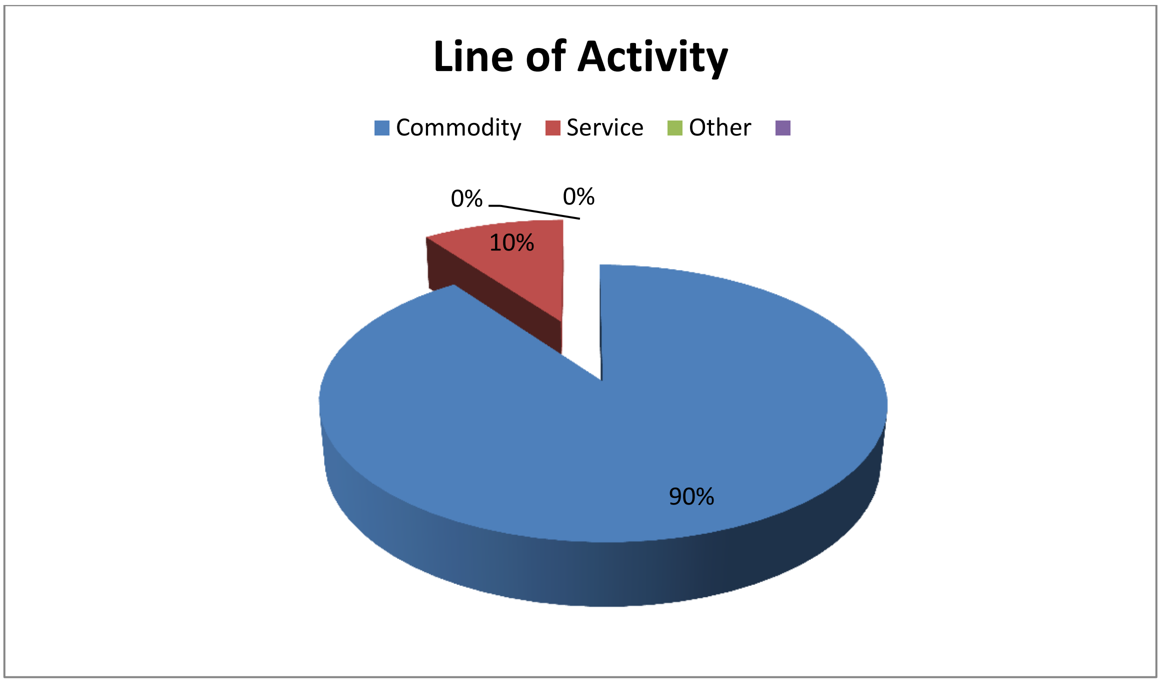


Figure 4. 3: shows the line of activity of FDIs in Oshikango

As noted in the illustration of the figure above, about 90 percent of the FDIs operating in Oshikango deal with commodities for import and export purposes whereas 10 percent are in the service industry. There was no specified other lines of activity mentioned by the respondents, hence indicating that most business deal with commodities.

4.2.4 Total Investment value of FDIs

Another crucial aspect in this study was to establish how much the FDIs in Oshikango invested in the country and this was to be established by determining how much each enterprise had spent in their investment (in NAD). Some enterprises chose to reserve such data, the majority of them responded to this enquiry and highlighted the information below:

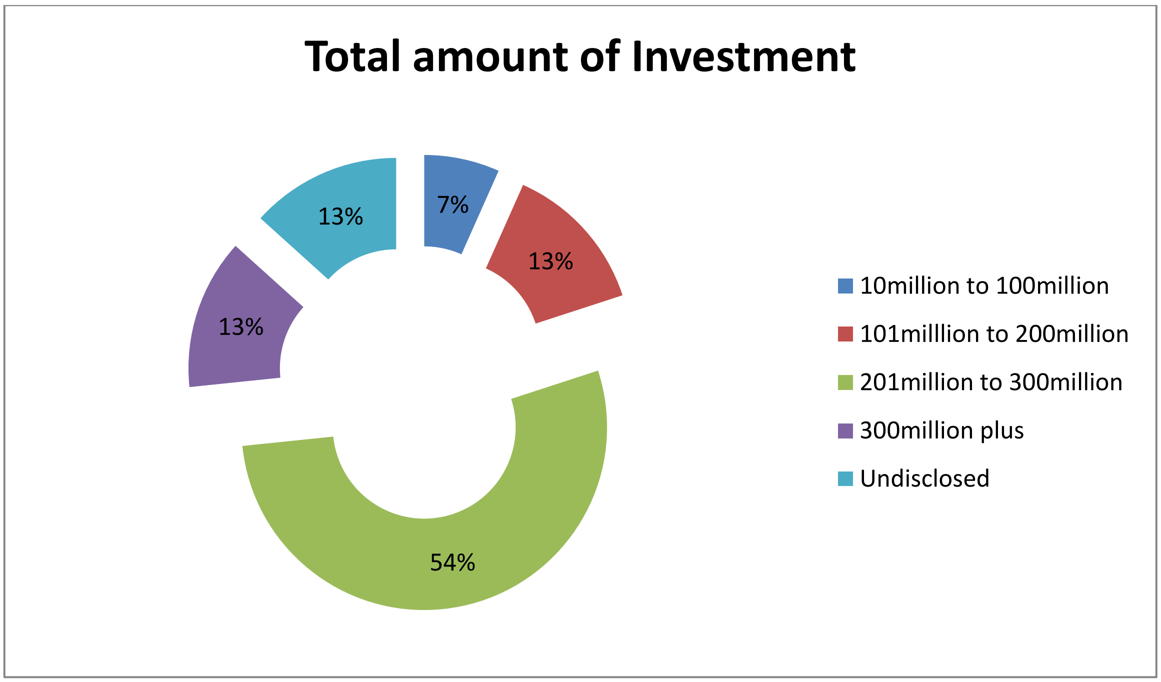


Figure 4. 4: Total amount of investment of the FDIs

Figure 4.6 indicates that the majority of FDIs in Oshikango have invested between N$200 million and N$300 million, with 53 percent of the enterprises indicating so, while 13 percent invested over 300 million and the other 13 percent were between 100 million and 200 million. Only 6 percent had invested in the range of 10 million and 100 million.

However, 13 percent declined to disclose the amount of investment they expended in Oshikango.

4.2.5 Government regulations found to be most difficult during the establishment of the businesses in Oshikango

The researcher was also interested in finding out to what extent was the establishment of the FDI enterprises constrained by various statutory requirements and related regulations in Oshikango. The most likely regulatory constraints were established from the literature and were hence made as options for participants and where not applicable respondents were to specify the regulation in context. The findings in this regard are portrayed in the figure below;

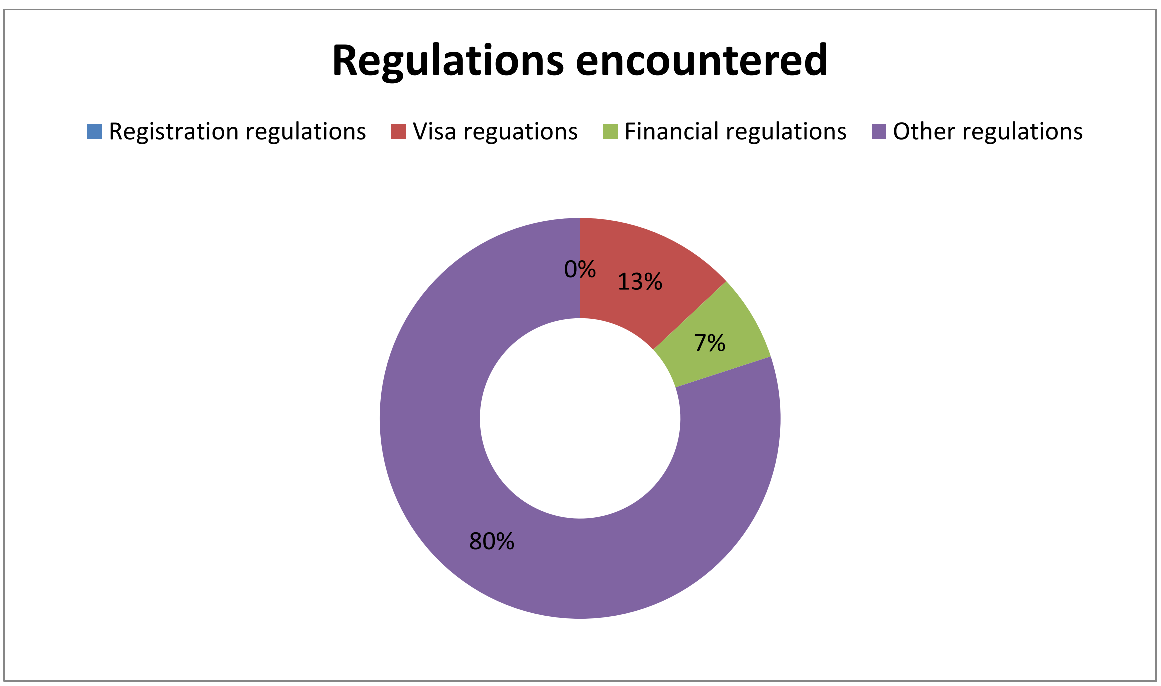


Figure 4. 5: shows the regulatory framework faced by FDIs in Oshikango

Most of the participants indicated to have established their enterprises in Oshikango with any significant impediments; hence 80 percent opted for the ‘other’ option and specified that they faced no regulations that were difficult. Only 113 percent indicated to have encountered visa constraints while 7 percent pointed to financial issues which were possibly related to tax returns and import duties. None of the enterprises faced any registration difficulties.

4.2.6 Significant contributions of FDI in Oshikango

As a key objective of this study, the researcher considered finding out what significant contribution did the specific FDIs perceive to be identified with their existence in Oshikango. In that regard participants highlighted their views as shown in the figure below.

Table 4.1: The perceived economic contribution of FDIs

Economic Contribution	**No of respondents**	**Total respondents**	**Percentage**
Employment	10	15	66.6%
Infrastructure	5	15	33.3%
Entrepreneurship	7	15	46.6%
Innovation	4	15	26.6%
Total		**15**	

As the table 4.1 depicts, most of the regard themselves to be pivotal in provision of employment for the local people where 66, 6 percent indicated this contribution. On the other hand, 46.6 percent stated that they were instrumental in promoting entrepreneurship in Oshikango and Namibia in general. Moreover, 33.3 percent also believed they have significantly paved way for infrastructural growth while 26.6 percent hinted on their involvement in the provision of advanced and innovative solutions to the local people. The researcher had extended the enquiry to be open where participants could specify if their contribution was not catered for in the questionnaire options. The specified economic contributions were fair competition and destruction of monopolies; corporate social responsibility and boosting horizontal integration. This finding substantiate the observation of Hill (2009) which states that with influx of the multiple foreign companies in the host country there is a high tendency that monopolies existing in different sectors cease because of competition from FDIs. Moreover, unscrupulous prices from the giant oligopolies also tend to be dissolved by FDIs.

4.2.7 Factors impeding the daily operations of the firms

In this question the researcher intended to use the 4-point Likert scale of no obstacle (NO), moderate obstacle (MO), severe obstacle (SO) and extreme obstacle (EO), to determine the extent to which stated factors impede the operations of the FDIs in Oshikango. The reflection to this aspect is shown in the presentation below.

Table 4. 2: Factors FDIs encountered as burdensome in their operations

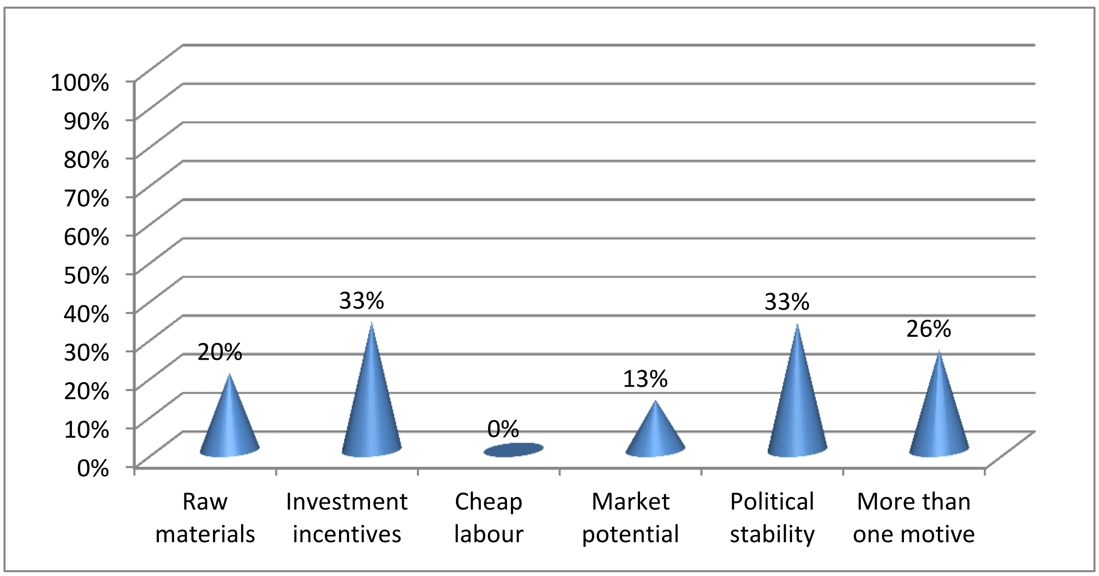
Factor	NO	MO	SO	EO	
Taxes	5(33.33%)	3(20%)	1(6, 66%)	6(40%)	15(100%)
Wage regulations	3(20%)	7(46, 66%)	3(20%)	2(13.33%)	15(100%)

Working conditions	10(66.66%)	3(20%)	2(13.33%)	0(0%)	15(100%)
Local labour laws	3(20%)	2(13.33%)	5(33.33%)	5(33.33%)	15(100%)
Other	10(66.66%)	2(13.33%)	3(20%)	0(0%)	15(100%)

The table above reveals that the FDIs are almost burdened by all the factors which were listed, where taxes seemed to be extremely an obstacle to about 40 percent of the respondents, yet another 33.3 percent considered taxes not to be an obstacle. Wage regulations were moderately a burden to 46.6 percent of the respondents but extreme burden to about 13.3 percent. Working conditions were not an issue for the majority of FDIs, were 66.6 percent felt no burden of them and not even a single enterprise felt it as an extreme difficulty. Labour laws were perceived as extreme and serious burden respectively by 33.3 percent of the participants while 20 percent felt no burden of the factor. However, other factors were also indicated as moderately and serious burdens by 13.3 percent and 20 percent respectively. These were also specified by the respondents as, power costs, inconsistent government regulations, tax waiver, infrastructural constraints and piece-meal statutory intervention in promoting business of FDIs. With this regard, the findings concur with the findings presented by Wild, Wild & Han (2008), who emphasized that as much as FDIs are expected to transfer expertise, they are restricted by local labour laws which are promulgated locally in the host country to protect the locals from joblessness. These laws restrict labour mobility and include immigration laws, acquisition of work visas and also minimum wages issues. However, there is contradiction with the Cateora & Graham (2002) perspective which insists that some countries like Chile ensure that taxes are not strenuous for FDIs, yet in Oshikango taxes are leading to foul cry for FDIs.

4.2.8 Factors that attracted investment in Oshikango

The study also intended to establish the motive that attracted the firms to invest in Oshikango and participants were given six determining factors which are also strongly provided for in the literature. These motives were indicated by the participants as shown



below:

Figure 4. 4: Motives for investing in Oshikango

Although a few respondents indicated that their investment was prompted by more than one factor, the researcher considered the major determining factors. As a result, it was revealed that investment incentives in Oshikango as well as the political stability in general, equally attracted the investors to the town. Thus, 33.3percent each cited these factors as the primary determinants of their investment. A total of 20 percent considered the availability of raw materials (timber from neighbouring Angola, mineral ores from Tsumeb) while 13.3 percent highlighted market potential as very important. Of the participants 26.6 percent cited more than one motive and this was no catered for in the questionnaire. In numerous literatures, such as Hill (2009), the influx of FDI is a result of numerous beauty contest factors. The more the attractive factors the better in bringing the foreign investors. As much as Oshikango has numerous such factors, literature reveals that these factors need to be capable of outweighing the costs and risks associated with such investment.

4.2.9 Public services used by FDIs

For the public services used by the FDIs, the researcher was interested in finding out what public support the FDIs were making use of in Oshikango in order to make their business. The interest was only on public services like water, electricity among others and the findings were as follows;

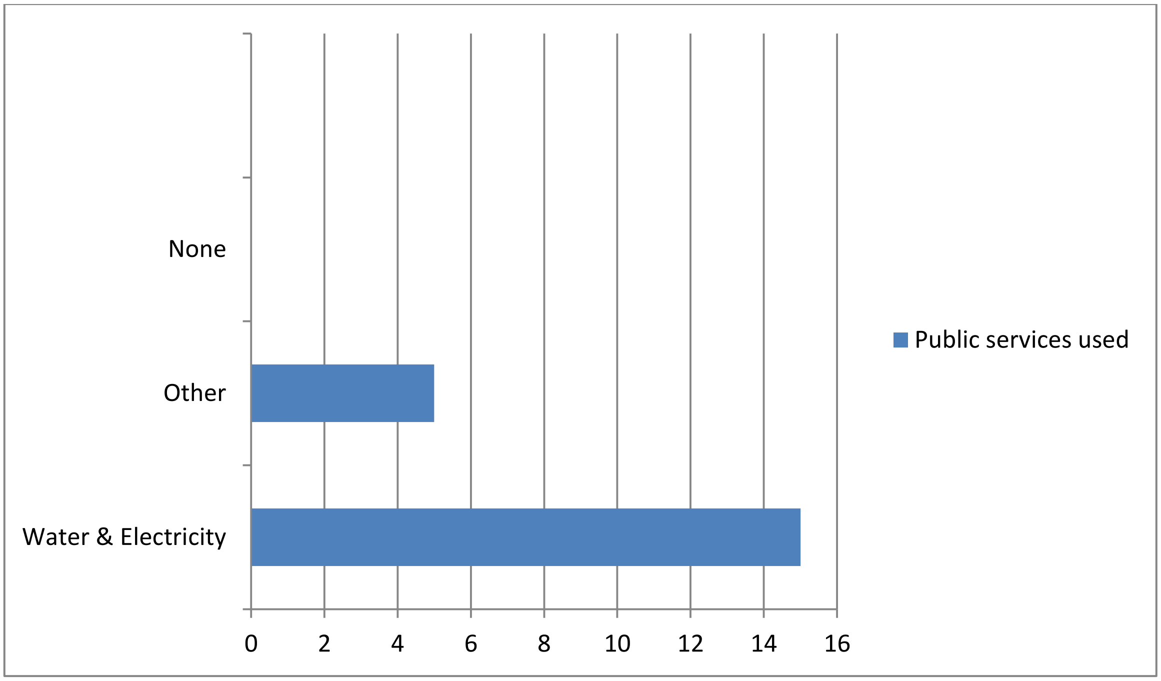


Figure 4.5: shows services FDIs use in Oshikango

The graphical presentation reveals that all FDIs definitely need water and electricity as public provisions with a 100 percent indication whereas 33.3 percent still went on to specify some services which they utilize from the public sector. These include telephone, safety and security services as well as road network. None indicated to be using any of the public services.

4.2 10 Payment of Corporate taxes

In this domain respondents were required to show using a simple ‘yes’ or ‘no’ where applicable regarding the fact of returning or payment of taxes to the Namibian authorities, namely; the Ministry of Finance’s revenue authority. With regard to this aspect of tax payment, the respondents in the sampled group gave the following responses:

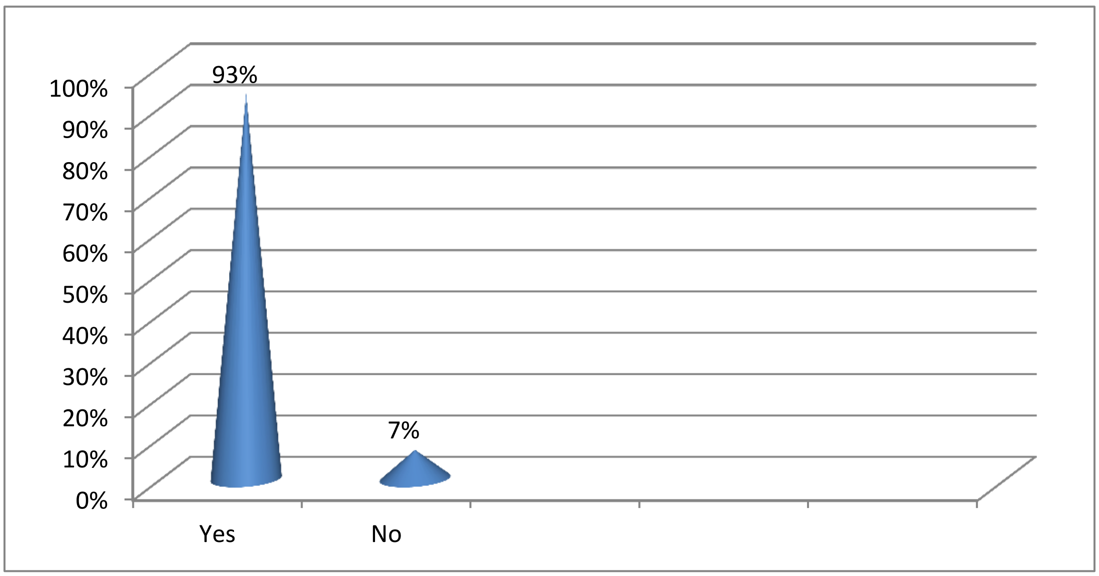


Figure 4. 6: reveals about FDIs’ obligation in tax payment

The chart simply display that 93.3 percent of the respondents were meeting their key obligation of paying taxes to the Namibian government yet only 6.6 percent indicated that they were not paying so far. Although the researcher did not find out as to why, the assumptions were based on the background of the study as alluded in chapter one that some FDIs are still under tax break incentive so as to keep them in the country's investment fraternity. In Ikela (2012) articles, there is an indication that although the FDIs may be revealing that they are bound by taxation obligations, many of them will still use altered figures which justify the tax obligation. In a nutshell, Ikela (2012) states that sometimes FDIs do not return taxes and will work tirelessly to ensure they pay less on taxes.

4.2.11 Current level of employment in FDIs

According to the questionnaire requirements each FDI focused was to give the employment details with regards to the number of foreigners in relation to the locals every 100 employees hired. The FDIs concerned were assigned numbers from 1 – 15 in relation to their employment levels. The results of this prompt reflected the following findings:

FDI No.	Locals	Foreigners	Nature of employ, F/P/C/L	Total	% Locals	% Foreigners
FDI 1	141	3	F	144	97.9	2.1
FDI 2	87	—	F	87	100	-
FDI 3	64	56	F	120	53.3	46.7
FDI 4	37	32	F	91	40.6	59.4
FDI 5	93	35	F	128	72.6	27.4
FDI 6	100	2	F	102	98.0	2
FDI 7	320	1	F	321	99.6	0.4
FDI 8	200	1	F	201	99.5	0.5

FDI 9	87	16	F	103	84.4	15.6
FDI 10	56	12	F	68	82.3	17.7
FDI 11	71	8	F	79	89.8	10.2
FDI 12	79	1	F	80	98.7	1.3
FDI 13	167	-	F	167	100	0
FDI 14	123	2	F	125	98.4	16
FDI 15	450	10	F	460	97.8	2.2

Table 4. 3: Level of FDI employment trends – Key: F-represents full time employees, P-Part time, C-Casual, L-Labourer

The table reveals that the majority of FDIs are employing more local people than foreign nationals with about 66.6 percent of the FDIs having more than 70 percent (close to three quarters) of their employment being Namibian citizens. Only one company displayed to be having foreigners out-numbering the locals. The reason is not known at this stage but based on some literature analysis. This might be attributed to the nature of business which the FDIs operating in, possibly sophisticated and technical operations of which few Namibians are qualified in. This finding do not concur with sentiments pointed by Wild et al (2009) who state that although FDIs will offer meagre benefits or remuneration to local people, the sector employs a good number hence governments in Southern Africa and other developing countries may lose their sovereignty because may not to provoke larger employees in the country (Ikela, 2012).

4.2.12 Description of FDI business success

The 4-point Likert scale was used to determine how successful were these FDIs, describing the trend as very successful (being the highest possible performance) and not so successful (as the lowest success rating). The findings in this regard revealed the following results:

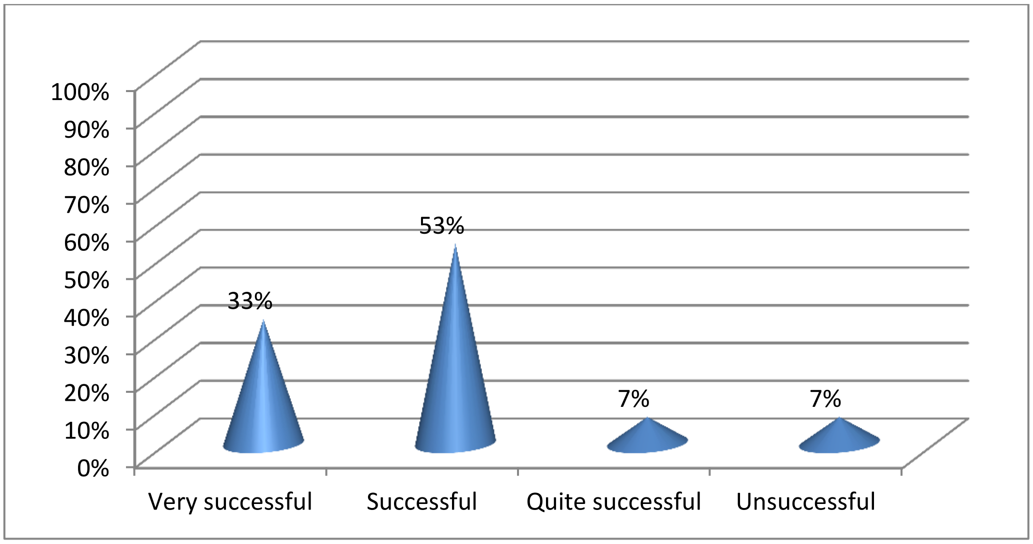


Figure 4. 7: Description of the business success

Out of the 15 FDI businesses targeted, 53 percent responded that businesses could be successful, with 33 percent indicating that they are very successful. Only 7 percent each indicated to be quite successful and unsuccessful alike.

4.2.13 FDI challenges

It was also part of this study concern to find out what could be the challenges, if there was any which operators were facing in their day to day encounters in the Namibian environment. Although the researcher could not exhaust all the options of suggested challenges, literature review helped to identify insufficient government support, legislative challenges, infrastructure, and to accommodate all, the respondents were to specify if their challenge was not in the list. The findings regarding this issue were as follows:

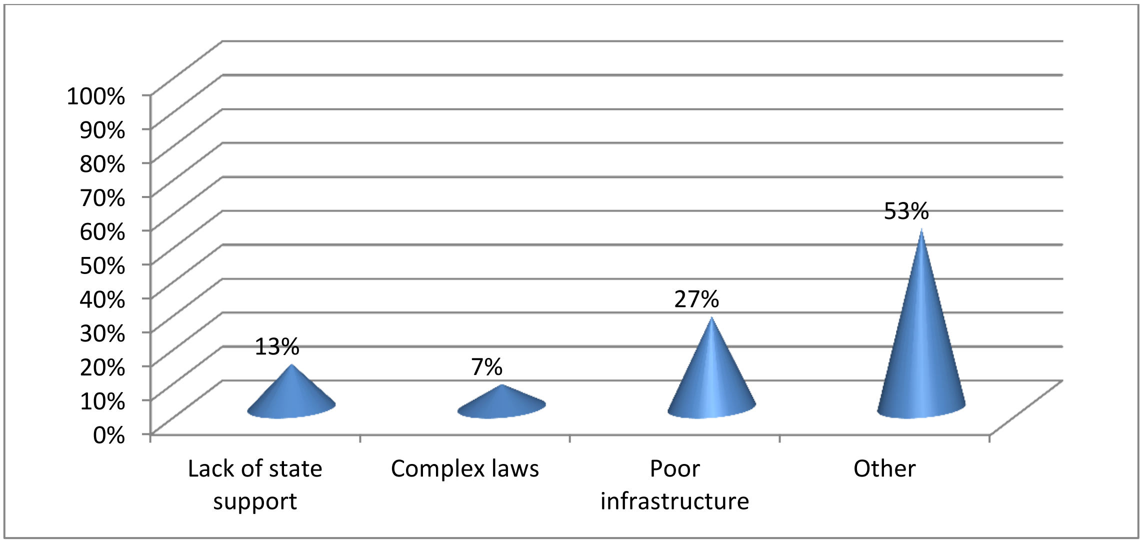


Figure 4. 8: Challenges faced by FDIs

Although the literature had outlined a good number of common FDI challenges in the host country, these could not match those in Oshikango context. This is true of the findings that indicated that the participants opted for other challenges of which they specified the economic turbulence in Oshikango, where the value of the Kwanza and the Namibian dollar crisis are at stake. There were 53 percent respondents which specified this challenge, while 27 percent pointed to poor infrastructure in the town. The other 13 percent were highlighting on lack of statutory support and 7 percent pointed to complicated legislative framework.

4.2.14 Limitations of Namibian government towards maximizing FDI benefits

The researcher was interested in finding out the challenges which could be limiting the government of Namibia from maximising the benefits of FDI to the local economy. The interest here was to find out why sometime the host country may not feel the benefits of the FDI according to national strategic plans. The findings based of literature knowledge and the participants' specifications revealed the following:

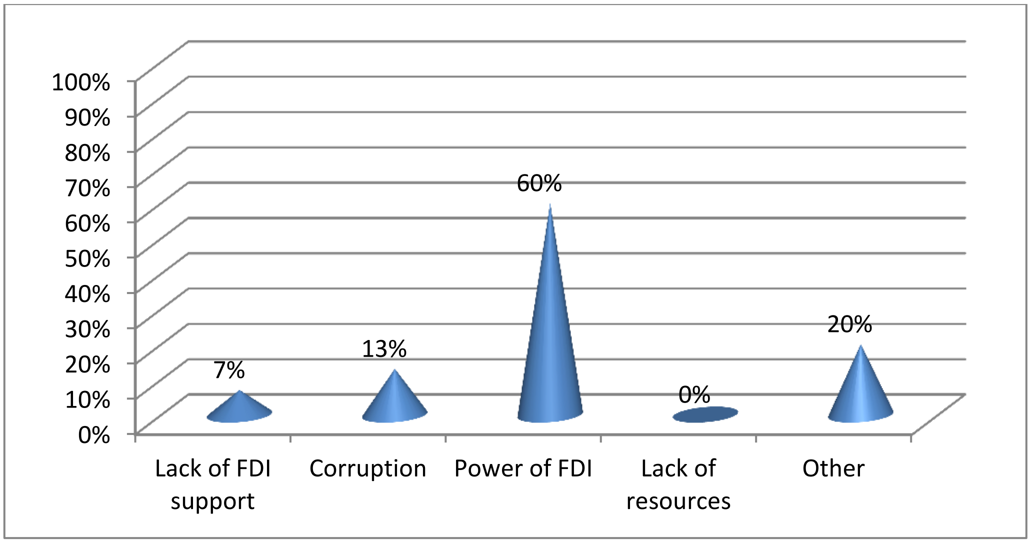


Figure 4. 9: Challenges affecting government in maximizing FDI

From the study it clearly appeared that the government sometime fails to realise the benefits from FDI simply because the FDI are so powerful and dominant over the government, and this was exhibited by 60 percent of the responses. On the other hand, another 20 percent pointed to other reasons where specifications pointed to economic factors prevailing in the country and hence inhibit the propensity of the government to maximize these benefits. Corruption was also highlighted by 13 percent of responses while 7 percent suggested lack of FDIs support. In this case, it is true that government face challenges attempting to attract FDI. It substantiates the literature according to Wild et al. (2008) who state that most governments have failed to hit their FDI attraction target because their economies tumbled leading lean returns to their investments.

4.2.15 How to maximize the FDI benefits

Moreover, having established the challenges of the government n maximising the benefits derived from FDI enterprises, the researcher felt that was also imperative to consider the methods and strategies that could be employed by the government to maximize FDI benefits in the local host areas. The strategies used as options were to be rated by participants using a scale from 1(representing the least important priority) to 4 (representing the most important priority) the findings were thus as presented below:

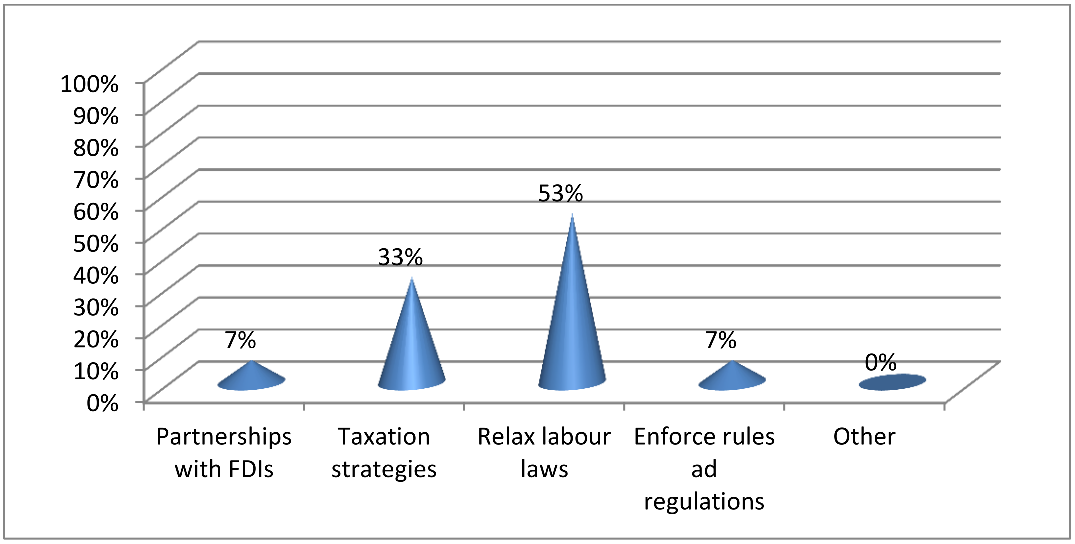


Figure 4. 10: Strategies to maximize FDI benefits

From the study, it was discovered that that relaxing labour movement laws was a rated highly by the respondents, with 53 percent of the respondents scoring the strategy with 4 points, this was followed by taxation strategies where 33 percent of the participants pointed to tax breaks or tax relief for FDIs. 7 percent rated developing partnerships with FDIs while the other 7 percent perceived enforcing and regulating FDI could help the government to maximize the benefits and regain control over FDI operations. There was no rating towards other strategies which could also be specified where necessary. Linking this finding with Hill (2009) who states that FDI tend to be attracted to destinations where less statutory interference exist in terms of laws like minimum wage among others which have propensity to erode their profits.

4.2.16 Other areas of FDI impact in Oshikango

The researcher was also conscious that there might other areas of which FDI has a significant impact in Oshikango and this study possibly overlooked such impact. Therefore the researcher gave the platform for listing such pact for the respondents of which the findings are as tabulated below:

Table 4 4: Other areas of FDI impact

Impact of FDI	Total Frequency	Percent
Infrastructural development	10	66.6
Skills transfer	11	73.3
Job creation	15	100
Social responsibility	10	66.6
Tourism	5	33.3
Foreign currency	6	40

From the study the researcher discovered that the respondents from the FDIs targeted felt that they were playing a bigger role in the employment creation of the local people with 100 percent expressing this sentiment. This was followed by 73.3 percent who felt that FDIs transfer rare skill in the country and to the local communities of Oshikango. Infrastructural development and social responsibility had a tie in terms of scores from the respondents; they got scores from 66.6 percent of the respondents while foreign currency earning was mentioned from the 40 percent of the participants. `Tourism was scored by 33.3 percent of the respondents but still considered as another contribution of FDIs in the economy.

4.3. Analysis of the face to face interview results for FDI managers

The purpose of the interviews was to find out the managers' perceptions with regard to the importance and impact of FDI firms in the economy of Oshikango. As such from the interviews the researcher intended to determine the possibly what the FDIs bring to the host country and also what investment is expended in Oshikango that they feel is of utmost importance to the locals.

The interview results will be presented and analysed in terms of the following domains as contained in the interview schedule in Appendix B; description of the trends of foreign direct investment in Oshikango(1), perceived change in the trends in FDI, for better or for worse (2), FDI benefits for the local town (3), areas/sectors of greater benefits of FDI (4), problems to the local business that can accrue from the FDI (5), Namibian government role in accelerating FDI (6), recommendations regarding FDI (7).

Table 5: Themes and sub-themes

Themes	**Sub-themes**
Theme 1:Participants perceived of FDI change and trends	1.1.Description of the trends of foreign direct investment in Oshikango 1.2.Perceived change in the trends in FDI, for better or for worse
2.Participants' perceived FDI benefits for the local town	2.1. Areas/sectors of greater benefits of FDI

3. Participants perceived problems to the local business that can accrue from the FDI	3.1.Sources of problems and challenges for FDI 3.1 Stakeholders who suffer the FDI problems much
4. Participants perceived Namibian government role in accelerating FDI	4.1 Recommendations regarding FDI to the government 4.2 Recommendations to FDI companies

4.3.1 Theme 1 - Description of the trends of foreign direct investment in Oshikango

The study revealed that FDIs had much related feelings with regards to the trends of FDI in Oshikango. The sampled respondents were from the following FDIs operating in Oshikango and the respondent FDI were referred to as R1, R2, R3, R4 and R5. Their real names were withheld to exercise the ethical issues of anonymity (discussed in Chapter 3). It was also revealed that since the establishment of FDI businesses appeared smooth but since 2013 this trend was not going well because of the many issues, number one was the economic problems in Angola coupled with the ever changing Angola laws that regulate imports from Namibia. In this context, the following were narrated by some participants:

“As you know most FDI at Oshikango are exporters of commodity to the Angolan market. Today the business has gone completely dead and many company have laid down workers (R1)”

-Things have been very good for about 15 years, thousands of jobs opportunities were created, and millions of foreign currency came through Oshikango via FDI companies. Since 2 years ago things changed drastically because of the economic situation in Angola but we are optimistic. The chance that FDI’s shall excel in future is good. The economic problems come and go, they are not permanent (R2.)

“FDI’s have invested hugely at Oshikango since 1998 and they were successful all along, so are we certain that this is just temporary slope in the economy of Angola, we shall hopefully be doing well soon. FDI’s have contributed positively to the economic development of the Namibia, the following are just a few to mention, FDIs in Oshikango created more or less 3000 direct jobs to Namibians and numerous opportunities such training and skills transfer. We should also consider other indirect benefits such as payment on services and many others. I am sure that FDIs at Oshikango is contributing significantly to the gross domestic product (GDP) of Namibia (R3)

-All the years things were excellent, but from 2 years ago the business went down but we are sure things return back to normal again but not in short term. The problem now is how to maintain the employees and to

pay our liabilities such salaries and utilities. We are going to lay off workers for now, but the other thing is our foreign suppliers, some of them understand the problem but some have to come to see for themselves (R4)

In general the study shows that the business of FDI has been good and the government support was accorded to FDIs where needed. The trend was that FDIs were coming to Oshikango but now that the Angolan market is not doing well, there seems to be a slowdown in terms of investment in the town.

4.3.2Subtheme 2.1: Perceived change in the trends in FDI

The study reveals that the FDI businesses have no confidence in the economic situation of Oshikango and these pessimistic tendencies will reduce the future attraction for foreign investment in Oshikango. With regards to this aspect the respondents were to highlight what they perceived could occur in the process based on the highlighted trends. The following was their feeling:

"You should take note of the prevailing political situation in Angola, foreign companies have no confidence in continuing investing there, which is an opportunity for us at Oshikango,(R2)"

-Yes for better (R3).

As such the FDIs because most foreign companies (Brazillians, Portuguese among others) are withdrawing from Angola because of economic pressure and rigid regulations, this means that the demand for commodities shall increase in Angola and the immediate suppliers will be companies at Oshikango, as is it was for the last 15 years. This is what participants uttered:

> *"Yes for better but not in short term. For now it is worse and we just hope the international oil price will rise again because Angola revenue is derived from oil exports (R1 & R5)."*

4.3.3Theme 2: FDI benefits for the Oshikango town

The findings in this case reveal that benefits from the FDI operations were likely to vast to the entire economy of Oshikango and its surrounding. These were noted as the benefits that accrued from employment sector and most importantly the transfer of skill and knowledge from the FDI personnel as well as companies straight to the Namibian first and individuals. These were the sentiments which the respondents expressed:

> "*The benefits are many, from employment, skills and knowledge impacts, payment of rates taxes and foreign currency earnings (R1).*"
>
> *"Yes, when we came to Oshikango, we invested millions of dollars in the local economy, these capitals came from abroad. At one point we had a workforce of close to 400 local employees. This mean 400 households were benefiting from the investment we made here. I am only talking about us but if you consider the total FDIs at Oshikango, the benefits are huge. We are paying taxes and we pay for goods and services in the local market (R2)"*
>
> *"Very beneficial, FDI provided job to many Namibians at Oshikango and invested millions in infrastructure, bring foreign currency and pay taxes*

both to central government and to local government at Helao Nafidi. Apart from that, FDI's offers training to local people within Oshikango and nationally. Before FDI's came to Oshikango there was no infrastructure and Oshikango did not exist, there was nothing happening. In our specific case, we have trained many Namibians, not only those employed by us but also many that were referred to us by institutions high learning such as Vocational Training Centres (R3)"

Furthermore the study reflects that, the Oshikango has been trailing backwards in terms of infrastructural development but with the resurgence of FDI, various economic structures emerged such as proper roads and hotels as well as housing schemes for the Oshikango residents as expressed by participants below:

"FDIs are very beneficial for the town since it support the local economy. Many people that come here for business get accommodated in the local hotels and eat in restaurants around here. FDIs created job opportunities for the locals (R4.)"

"The contribution for FDIs in Oshikango town is enormous such investment in modern infrastructures that make the town valuable. FDIs contribute hugely to the local economy in many ways such as employment and payment taxes (R5)."

4.3.4 Subtheme 2.1: Areas/sectors of greater benefits of FDI

In this theme the findings revealed that no matter the trends present, all participants hinted on similar feelings and this confirms literature about arguments for FDI. As Hill

(2009) states that FDIs are a vibrant source of job creation opportunities, infrastructural development and above all the most needed foreign currency for the country.

In this regard, the interviewees had the same feeling of which the researcher put the responses in summary as:

- *Employment creation, skills transfers, industrialization, investment in modern infrastructure, foreign currency earnings and payment of tax (all respondents).*

4.3.5 Theme 3: Problems to the local business that can accrue from the FDI operations

In this case the researcher aimed to find out if the local businesses were also supportive of the existence of the FDIs in Oshikango or they felt threatened by their existence. This is what they said:

-*No, because FDIs are not in direct competition with local business but complementing each other. FDI's are getting most goods and services from local business for example, local business transport thousands of containers from the port, supply foods and medicine, provide maintenance service, the list is long. In short, local business is better off with FDI's as without (R1).*

- *Before FDI's came here there was nothing not even a municipality, all these things you see today came after foreign companies were established here (R2).*

- *No, in fact the opposite is true, the local business are off with FDI, in fact all the businesses you see around here (hotels, restaurants, medical facilities etc, benefits from the existence of FDIs (R3).*

-No, nothing (R4).

-Not at all (R5).

4.3.6 Theme 4: Namibian government role in accelerating FDI

Regard this area, the researcher intended to find out if the government had any role to pay as far as acceleration of FDI s concerned in the country. As such the responses were as follows:

> *-Government is doing well in issues like: speedy processing of registrations of companies, issuance of visa to expatriates, less interference in FDI's operations, creation of conducive environment for operations etc.* (R1)

Government need to work on the following areas;

Consider income tax rate for FDI's

> *When FDI's were invited to Namibia through the Investment Centre at Min of Trade, we were promised that the income tax rate for exporter shall 7% but few years later government changed the definition of exporter to mean "exporter for local manufactured goods" hence FDI's that exports imported goods were excluded and charged 32.5% just like anybody else)(R2).*
>
> *-Form up partnerships with FDI's by putting up office at Oshikango where FDI's can immediately access government.*
>
> *Engage the Angolan government to come agree on procedures that will expedite the movement goods from warehouses at Oshikango (R3).*

-Government to work on money exchange agreement that benefits FDI's, especially times like now (R4).

-Formulate regulation that control dubious foreign businesses that create unfair competition against to the real investors because they do not pay taxes (R5.)

4.3.7 Subtheme 4.1: Recommendations regarding FDI

This was an open platform for each respondent to highlight anything that they perceived as fit to be done in the FDI and any other aspect which they believed this research did not address as far as FDI is concerned. This was their recommendations and comments:

-*What is worth highlighting at this stage is that the Namibian government must support the FDIs at Oshikango by forming a working committee comprising FDIs and other stakeholders and also establish an office at Oshikango where FDIs can have access in case of any problem. Government should also re-visit the price of electricity because electricity is very expensive and our company cannot manufacture when there is no electricity (R3.)*

-*None at this point (R5).*

- Respondents 1, 2 and 4 referred their recommendations to the suggestions and benefits of FDI highlighted above.

4.4 Discussion of the interview findings

There are points to the fact that interview show about positive or negative effects of FDI in Oshikango firms, depending on the experiences and variables they use. Firstly the interviews point to the fact that FDI can affect the host town (country)'s economic growth. Moreover, almost all of the FDI works suggest that the effects of FDI depend on the most varied conditions existing in the town, when FDI occurred or provided subsequently, whether they can be economic, political, social, cultural or other. The benefits most frequently mentioned derived from the way the town can benefit from the presence of FDIs and the advantages they carry and that can be used to improve Oshikango's economy performance.

Among these, the most mentioned is how the host country can gain by using more advanced technologies and skills or knowledge, employment prospects for the local people, taxes which the firms pay to the government, infrastructural development, industrialization and foreign currency earnings for the economy at large. For instance, production technology such as plastic moulding is a technical skill that can be transferred to the local scene. The respondents also pointed to some crucial aspects which need to be affected by state, as the legislator and controller of the economic trends. The points highlight the through reduced taxes, tax breaks, conducive laws for immigration among others the government can go a long way to accelerate the sustainability and attraction of FDI in the country. Finally, the main idea that stands out in the interviews is that the effects of FDI on economic growth are dependent on the existing or subsequently developed internal conditions of the host town/country (economic, political, social, cultural or other). In this way, local authorities have a leading role in order to achieve the desired effects. These authorities can design more appropriate FDI policies so that the country has the necessary conditions to leverage the positive effects and mitigate the negative. In the literature review chapter (Chapter two), it was indicated that FDIs present distinct characteristics (Wild, Wild & Han, 2008). These characteristics may pose a challenge for theoretical explanations of foreign investment in terms of any claim to generality (Wild et al 2008). Among these features the most distinctive is the nature of service output which is characterized by its intangibility and frequent impermanence and its being highly knowledge-based. This distinction implies that, generally, some FDIs necessitate a foreign presence because consumption cannot be separated from production (Hill, 2009). However, there is heterogeneity within the service sector which results in various factors that explain why service firms are more likely to engage in FDI rather than exports. While this is also true, the findings from the interview also substantiate the following propositions extracted from various literatures with French-Davies leading the arguments;

1. For some services a local presence is a prerequisite and exporting is never a viable alternative. For example, in firms where technical know-how and trade secrets can be proliferated, firms prefer local presence such as vehicle sales.
2. There are problems of separating out the technology package of many services. The effective transfer of technology necessitates the sharing of experience and provision of on-the-job training.
3. In information-intensive industries considerable knowledge is generated, which is better protected and more profitably applied within the firm.

4. For service establishments complementing goods production, there are obvious economies of common governance encouraging direct investment.
5. In the case of knowledge-based innovatory services, there are further incentives to internalization. Innovators, often with unique knowledge of their services, may be the best equipped to undertake buyer instruction. This circumstance suggests at least vertical integration of production and sales.

With regard to previous literature, there is also general agreement that the more competitive and outward-oriented an economy is the more linkages are encouraged (Hill, 2009). Host government policy has been found to play a determining role in linkage formation. The results in this study are mixed with regard to the influence of government policy on linkage formation. On the one hand, FDI policy was regarded as neutral while on the other hand industry policy seemed to influence, to some extent, the establishment of assistance linkages and especially collaborative agreements. This finding is in line with previous literature that emphasizes that service FDIs are attracted by, among other factors, accommodative industrial policy encouraging collaboration between service users and suppliers and an atmosphere conducive to academic/industrial collaboration (Wild et al, 2008).

Moreover, according to Appleyard (2008) the economic environment includes the country's resources and capabilities, as well as the ability of local firms to use these to compete locally and in foreign markets. The specific aspects of the economic environment that were considered as influencing linkage formation were quality of institutions, market size, human capital and economic conditions. Local firm capability, although part of the economic environment was considered separately for comparative purposes.

While specific aspects of the economic environment were proposed to influence linkage formation, respondent managers referred to the stability of the economic environment, as a whole, as positively influencing linkage formation. In other words, stable economic conditions and the good quality of institutions provided a stable economic environment that motivated most case firms to get involved in the local industry through direct linkages.

In addition, previous research has also found that, in most developing countries, a coordination failure exists between the progress registered in outward-looking policies and the stagnant, underdeveloped local capability systems (Cateora & Graham, 2002). Therefore, whereas developing countries have registered some success in attracting much needed FDI flows to their economies, it is increasingly evident that the host socio-economic systems are still characterised by weak absorptive capacities. The extent of these local capacities is to a certain extent reflected in the generic L-advantages that developing countries possess, particularly with regard to the low quality of human capital and the weak absorptive capacity and capabilities of local firms. This study provided some evidence to suggest that this was occurring in Oshikango - Namibia, mainly in terms of local firm capability. Where linkage formation did not occur, it was mainly a result of the FDI's global strategy. The FDI's strategy was either a response to specific local conditions or a result of global purposes. The local conditions that were perceived as weak by some case firms were local human capital, local firm capability, market size, and industry size.

The implications of these findings are that so far the government has played a triggering role on linkage formation mainly through industry policy and by providing a stable environment for investors. On the other hand, some aspects of the economic environment like the local firm capability (Hill, 2009), present room for improvement for FDIs. In the context of developing countries such as Chile, the literature suggests that both government policy and the economic environment need to be considered in the assessment of local industry upgrading via FDI. Hence, while Scott-Kennel’s (2001) model provides a basis for assessing this process, it does not represent a comprehensive guide in the context of developing countries like Southern African states.

4.5 Statistical analysis from secondary trade data

The study also did an analysis of the secondary data for the various FDIs for the period 2010 to 2015. The table below presents the results for the seven companies which were considered for this study.

Table 4. 6: Export value in US dollars (foreign currency earned by FDI's)

2011	2012	2013	2014	2015
111,679,032.20	104,481,543.21	87,050,469.46	79,094,179.63	15,594,961.66

Source: Annual international trade ratings (2016)

The table above shows a general decrease of exports from 2011 to 2015 with 2011 having a maximum of US$111 679 032.20 and 2015 having a minimum of US$15 594

961.66. A diagrammatic representation of the export values is shown in the figure below.

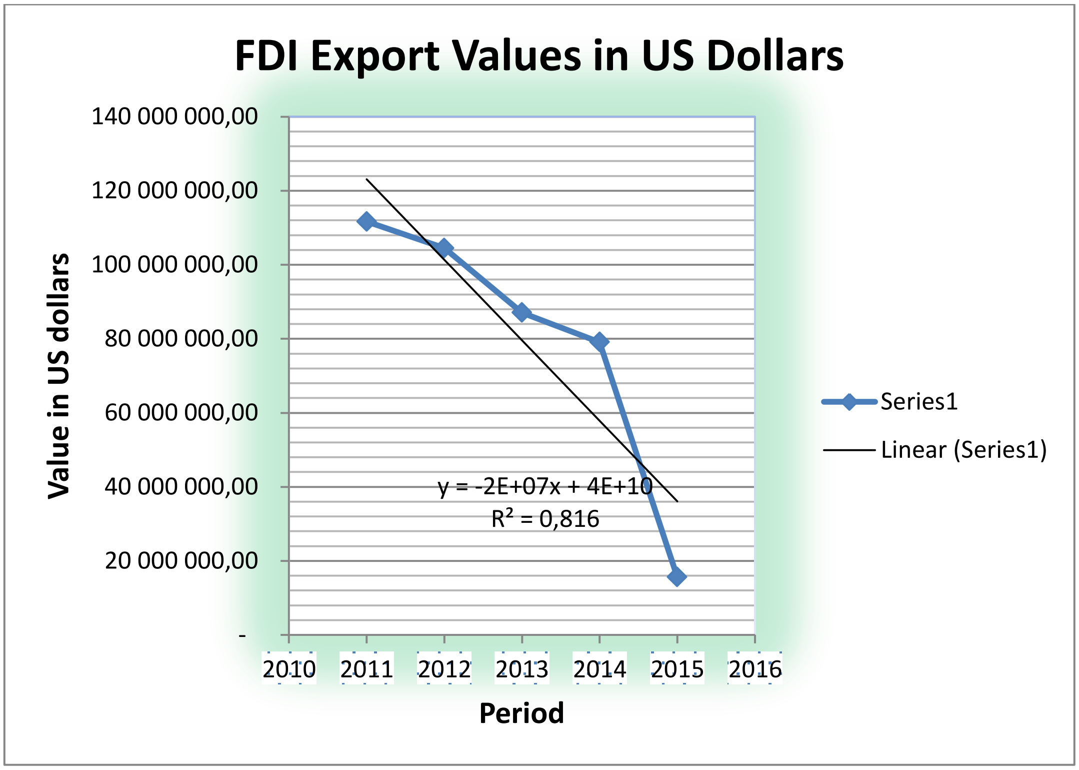


Figure 4. 11: FDI Exports in US Dollars *Source: Ministry of Finance Trade documents (2010-2016)*

The figure above shows a general decrease in export values for FDIs in Oshikango for the period 2011-2015. The figure further reflects a representation of the regression model in the form shows $y = mx + c$ where y represents the export values and x represents the time. The reflected model $y = -2 \times 10^7 x + 10$ with a coefficient of determination values of 0.816. This model shows a decrease of the time series export values for 2011-2015 and the reflected value of the coefficient of determination further reflects that about 81% of the change in the dependent variable is a direct change in the dependent variable; about 19% of this change is attributed to other circumstances which cannot be explained by the represented model. Based on the coefficient of determination value above, a correlation coefficient value between the export values and the sales can be estimated as $r=-0.9033$ which shows a strong negative correlation between the export values and time in years. This model suggests that the change in the FDIs conditions in Oshikango in Helao Nafidi Town had a significant negative impact on the business processes of Oshikango Town. Since these figures show a general decrease from 2011-2015 this means the taxi returns for the Namibian Government emanating from FDIs has also been affected negatively. These findings further supports the earlier findings by French-Davies, 2003), who stated that any change in trade values can negatively affect the operation of business and the general business performance of the town.

Various analysts like CEPAL (2000) citing conditions such as the ones presented by these trade figures state that foreign Direct Investment (FDI) is a potent instrument of economic development, especially for the less developed countries. It enables capital-poor countries, like most African countries, to build up physical capital, create employment opportunities, develop productive capacity, enhance skills of local labour through transfer of technology and managerial know-how, and help integrate the domestic economy with the global economy. In integrating the local economy with the global economy, it affects the Balance of Payment (BoP) of countries.

Thus, Hill (2009) emphasize that the inflow of FDI plays an important role in determining the surplus/deficit in the capital and financial account of the Balance of Payment (BoP) statement. It can be said that the initial impact of an inflow of FDI on

BoP is positive but the medium term direct effect could become either positive or negative as investors increase their export output, imports of intermediate goods and services, and begin to repatriate profits. For that matter, one can even question the role of FDI on economic growth. FDI flows may have a negative effect on the growth prospects of a country if they give rise to substantial reversal flows in the form of remittance of profits and dividends and/or if the Multi-National Enterprises (MNEs) obtain substantial tax or other concessions from the host country. These negative effects could be compounded if the expected positive spill-over effects from the transfer of technology are minimized because the technology transferred is inappropriate for the host country's factor proportion or as a result of overly restrictive intellectual property right.

Against the findings, Wild et al, (2008) indicate that after setting up capital machineries, the FDI-financed companies begin to export their products as most of these companies are export-oriented. FDI-financed firms may tend to export a greater proportion of their output than their local counterparts as these firms usually have a comparative advantage in their knowledge of international markets, efficiency of distribution channels, and their ability to adjust and respond to the changing pattern and dynamics of international markets.

In general, policy makers in countries have the opportunity to influence their inflow of foreign reserve in the promotion of export oriented FDIs and manage their scarce foreign reserve by controlling import oriented FDIs. FDI having a positive effect on export; putting economic, social and political instruments that contribute to the motivate FDIs engagement helps those countries to earn foreign reserves. FDI also increase import and investment policy makers in those countries should direct FDI to areas that are none import-intensive so as to economize on the scarce foreign reserve in the region.

4.6 Summary

In this chapter, data analysis methods, study results and a discussion of the findings have been presented. Findings from this study have been found to be consistent with the findings of several related studies on the impact of FDI. In addition the impact of FDI explored with regards to Oshikango FDI companies created a very good picture about the all-round aspect of FDI. Data findings were described as correlations to the study variables and presented as tabulations as well as graphically. In the next chapter, the conclusions drawn from this research as well as recommendations for best and positive practices will be discussed.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The principal objective of this thesis was to evaluate the impact of FDI on the Oshikango economic growth and development. The focus of the research was on foreign-owned affiliates operating in all sectors in Oshikango and their impact on the local industry. In so doing, it made a significant contribution to the existing knowledge on FDI in Namibia, as well as the way in which the impact of FDI on industry upgrading might be examined by future researchers, specifically in the context of developing countries in Africa.

5.2. Summary of the chapters

Basically, this thesis comprised of five chapters all designed and directed presenting as well as accomplishing this study.

Chapter one: Focused on the introductory remarks of introducing the study problem and the background of the entire research. Herein with the researcher presented the fundamental reasons that prompted this study and henceforth giving the significance that justifies the need for this study. It is also at this stage that the limitations which had propensity to hinder the research findings were cited and mitigated. The chapter also wrapped up by giving the definitions of the frequently used key words of the study.

Chapter two: Having introduced the aim and background of the study, this chapter explored the related studies and literature published around the research topic. According to the findings in the literature, it is found that FDI tends to promote the improvement in allocative efficiency, while having a negative impact on productive efficiency in some economies.

Moreover, insofar as FDI does promote job creation, infrastructural development, skill transfer and overall productivity growth, this tends to be a matter of cumulative causation rather than one of single-direction causation. It was noted also in this chapter that for the impact of FDI to be felt on a more positive note, there should be a commitment and greater role played by the host nation government, as a regulator and as an investment promoter. The chapter pointed that if countries institute FDI, this stems from various policies, theories and approaches of which there will be long term objectives intended. Researchers in the field of international business propose that effects of FDI are either positive or negative and it is up to the host nations to introduce strategies to attract beneficial FDI.

Chapter three: This chapter specifically concentrated on the research methods employed by the researcher in an attempt to obtain the relevant data that this study intended to gather. The research design, sample and sampling procedures were explored as well as data analysis approaches and the reasons why the researcher opted for such research methods.

Chapter four: In this chapter, data analysis methods, study results and a discussion of the findings were presented. Findings from this study have been found to be consistent with the findings of several related studies on the impact of FDI. In addition the impact of FDI explored with regards to Oshikango FDI companies created a very good picture about the all-round aspect of FDI. Data findings were described as correlations to the study variables and presented as tabulations as well as graphically. The key and significant finding in this case is that FDI is a pivotal economic instrument that presents greater benefits for host countries and hence host nations governments need not leave

FDIs facing a lone battle but implement all means possible to ensure attraction, sustenance and tapping the benefits of FDIs.

Chapter five: This chapter was a simple round-up of the whole thesis however concentrating mainly on the conclusions drawn from the study as well as lessons to be learned by various stakeholders. Moreover, the chapter considered the recommendations to be forwarded to policy makes in the Namibian foreign investment arena for implementation if future strategies and also rectification of current FD hiccups.

5.3 Summary of the main findings

The main findings of this study thesis encompass the following points as far as the research questions are concerned:

In light of the question which aimed at establishing the contribution of FDI to the Oshikango economic set-up, the findings point to a great significant contribution of FDI for all relevant stakeholders, namely the local government and the local citizens. Employment opportunities for local people are prominent, infrastructural development in form of roads and buildings, transport networks, foreign currency reserves, skills transfer and improved products for increasing local people standard of living. Above all the findings point that FDI has led to the overall stability of the economy of Oshikango.

With regards, to the challenges that the government faces in a bid to maximise FDI benefits for the local Oshikango, the findings points that FDI is not without challenges and some of challenges include the economic tumble down which negatively affects the efforts of attracting FDI. Of the economic concern is the foreign exchange fluctuations that have seen cost of imports being more expensive and exports gathering minimal income as warned by Wild, Wild & Han (2008). As result, the government does not have much grip when lobbying Oshikango as a FDI destination. Moreover, the critiques about the labour laws in the country which the discourage FDIs in terms of complying with them, yet other unscrupulous FDIs exploit local people. Resultantly, the government stands in a compromising position where they need to attract FDI yet they need to protect citizens from unfair labour practices.

Recommendations are therefore presented by this study where the government through Oshikango local authorities is urged to reconsider laws and regulations to attain a win-win situation between the FDI and the local labour force. In addition the policy makers are urged to be conscious about infrastructural development and key social services to smoothen the flow of FDI processes. At the same time some partnerships between the FDI companies and the government are felt to be key in collaborative decisions that lead to a mutual benefit.

5.3 Conclusions

It was found that FDI tends to promote the improvement in allocative efficiency, while having a negative impact on productive efficiency. FDI does promote overall productivity growth, this tends to be a matter of cumulative causation rather than one of single-direction causation.

An effect that has provided much discussion based on researcher's conclusions and general analysis is the impact of technology transfers. On the other hand, it also be stated that the technological gap should not be very strong since when the technological gap between them is very sharp local firms do not have capabilities to absorb and/or copy the new technologies brought in by FDIs.

It can also be added that developing countries needs to obtain a certain level of education to gain from the transfers provided by FDI, the country also requires a minimum level of infrastructure. However, the researcher also refers to other reasons for the reported failure: reduced subcontracting, lack of R&D in subsidiaries and few incentives for multinationals to transmit the technology they hold (Cateora & Graham, 2002).

FDI will also only lead to increases in productivity when in the host country there is competition between FDIs and local firms and also a strong commitment to R&D. It then suggests that FDI is harmful to host countries' growth when the investor is protected from competition in the domestic market, with requirements of joint ventures and transfers of technology.

The can conclude that a policy, followed by the host country, with the emphasis on promoting exports combined with a free and competitive market, fosters an ideal climate for exploiting the potential of FDI in promoting economic growth.

In terms of financial markets, it is considered that economic growth is only achieved through FDI when the host country has a sufficiently developed financial market, like in Oshikango where the financial market have been shaky recently (Ikela, 2012). A country with better financial systems can then impose better regulation of financial markets which can exploit FDI more efficiently and thus achieve higher growth rates. A "healthy" financial market allows entrepreneurs to easily obtain credit to start new projects and/or expand existing ones.

It can also be concluded that one of the country's most valuable assets is its stable and transparent policy framework for FDI, which should be embodied even in Constitution and in the Foreign Investment Statutes, and be characterized by its stability over time. In addition, it should be stated that it is non-discriminatory in nature. However, there are other mechanisms that can be used by foreign investors. Central Bank must not be allowed to reject foreign investments, although it may impose conditions based on its monetary policy on the transfer of funds into and out of the country, such as the one-year retention requirements among others. Foreign capital entering Namibia via Oshikango has to be registered with the Central Bank (Bank of Namibia). This registration may be carried out at any commercial banks, prior to converting the capital into Namibian dollars for the purposes of better control.

The positive and significant FDI elasticity of export implies that FDI has important contribution to the export subsector of the continent. Expanding FDI in the region will have a positive effect for export promotion and subsequently to the trade balance.

Encouraging FDIs that are local input–intensive, introduction of technologies that use available inputs of production, encouragement of the domestic sector to engage in production and supply of inputs of productions that would have been imported by MNEs and the likes may help.

5.3 Recommendations

In fact what is needed is the correct and promote lucrative FDI environment, that is to attract investment in a global context because all countries are vying for foreign investment and Oshikango as an investment town is no exception. Oshikango needs to develop the physical and technological infrastructure, enhance its human capital and improve its labour market conditions and administrative capabilities to induce higher levels of foreign investment. There has been progress in the development of infrastructure as of late though. The road network has been improved though urban traffic congestion remains a problem. The power situation is much better although electricity tariffs are high. Skills development leaves much scope for development.

- Labour legislation is considered a serious disincentive. It is advisable that the government should formulate the necessary labour reforms to allow for flexibility in the recruitment and discontinuance of workers. This means local businesspeople should be empowered towards business promotion via political motives which tend to be infested by unethical conduct such as corruption, foreign currency externalization among others.
- Pursue sound macroeconomic policies geared to sustained high economic growth and employment, price stability and sustainable external accounts.
- Promote medium-term fiscal discipline, efficient and socially just tax systems, and prudent public-sector debt management.
- Strengthen domestic financial systems, in order to make domestic financial resources available to supplement and complement foreign investment. A priority area is the development of capital markets and financial instruments to promote savings and provide long-term credit efficiently. This will help alleviate funding constraints in general and allow local enterprise development to benefit those business opportunities arising from foreign corporate activities.
- Work toward increased openness to foreign trade, so the domestic enterprise sector can participate fully in the global economy. This approach should be undertaken jointly with efforts to increase business sector competition. A combined approach would allow a greater domestic and international openness to business to go hand-in-hand with safeguards against the negative effects of a rise

in concentration. Moreover, the successful elimination of global and regional trade barriers makes participating countries more attractive for FDI, owing to the concomitant expansion of the "relevant" market.

- Enshrine the principle of non-discrimination in national legislation and implement procedures to enforce it through all levels of government and public administration.
- Put in place, and raise the quality of, relevant physical and technological infrastructure. The presence of such infrastructure is instrumental in attracting MNEs, in allowing national enterprises to integrate the technological spinoffs from foreign-owned enterprises in their production processes, and in facilitating their diffusion through the host economy.
- Widespread education for development, raise the basic level of education of national workforces. The provision of specialised skills beyond basic education should build on existing competences in the host economy, rather than target the short-term or specific needs of individual foreign-owned enterprises. A healthy workforce population is also needed, which requires basic public health infrastructure (*e.g.* clean water).
- Implement internationally agreed efforts to reduce child labour, eliminate workplace discrimination and remove impediments to collective bargaining are important in their own right. They also serve as tools to upgrade the skills and raise the motivation of the labour force and facilitate linkages with MNEs operating on higher standards. Additionally, a comparatively sound environmental and social framework becomes increasingly important for

countries seeking to attract international investments operating on high standards.

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APPENDIX A – SAMPLE OF QUESTIONNAIRE USED

This research questionnaire is designed to accomplish academic purposes of a Masters Degree pursued with the University of Namibia. Please kindly complete this questionnaire and kindly note that your safety and privacy is guaranteed, as well as withdrawal from the research can be done at any time or part of the research without any adverse effects accruing thereof. The aim here is to find out the importance of Foreign Direct Investment with regards to the economic development of Oshikango in Helao Nafidi town. Should you need any further clarification please do not hesitate to contact me on the number supplied below.

Basic Information

Sector:______________________________________

Name of Firm:______________________________________

Location:______________________________________

Date:______________________________________

Firm Characteristics

1a) When was approval given for the establishment of your

Company? 19___/20___

b) Year of actual establishment 19____

Nature of FDI in Oshikango

a) What is the main line of activity of the enterprise?

Commodity	
Service	
Other	

b) In establishing your enterprise, which government regulations did you find most difficult to meet in Oshikango?

Registration regulations	
Visa regulations	
Health regulations	
Financial regulations	
Other regulations	

c) What significant economic contributions do you think FDI has brought about in Oshikango?

Employment creation	
Infrastructural development	
Entrepreneurial growth	
Advanced products/services	
Other	

d) Indicate which of the following factors are most burdensome in the operation of your company.

Obstacle	No obstacle	Moderate obstacle	Severe obstacle	Extreme obstacle
Taxes				
Wage regulations				
Working condition				
Local labour				
Other				

e) What factor(s) specifically determined your decision to invest in Oshikango?

Raw materials	
Investment incentives	
Cheap labour	
Market potential	
Political stability	

f) Which public services does your business use?

None	
Electricity only	
Water only	
Electricity & water	
Other	

g) Are you currently paying corporate taxes?

Yes	
No	

h) What is your current level of employment?

Total ——————————-———-——

Foreigners ———————————

i) How would you describe your business?

Very successful	
Successful	
Quite successful	
Not so successful	

j) What challenges inhibit the Namibian government from maximizing benefits from FDIs?

Corrupt activities	
Lawlessness	
Power of FDIs	
Lack of resources	
Other	

k) What can the government do to ensure FDI bring maximum benefit to the local scene?

strategy	**1**	**2**	**3**	**4**
Tax reliefs				
Relax labour laws				
Use customs mobile team				
Agreements/partnerships with FDIs				
Strict laws and regulations				

Suggest if not on list:

…………………………………………………………………………………………………

…………………………………………………………………………………………………

…………

k) In what other areas do you think your FDI establishment have an impact on the Oshikango growth in general?

l) Any other suggestion or view you have regarding this aspect under study? Please feel free to give details here in below.

APPENDIX B – INTERVIEW SCHEDULE

INTERVIEW GUIDE

The importance of Foreign Direct Investment to the Namibian economy: Focus on Oshikango – Helao Nafidi trends.

Information: (shaking hands) My name is Abner David. I am a Masters' degree students pursuing studies with the University of Namibia. I therefore, want to carry out my research on ''how the general economy of the Oshikango town has benefited from the Foreign Direct Investment of the town. I am a seasoned business professional as well as an economic oriented analyst who would like to get some information from you on the topic for academic and situational purposes, if you agree. May I please have a session with you that will take us not more than 15 minutes of your time?

If agreed, thank and start.

1. How can you describe the trends of foreign direct investment in Oshikango?

2. Do you believe there is a likelihood of change in the trends you have highlighted, for better or for worse?

3. In your opinion, do you think FDI is beneficial for the local town?

4. Which areas do you see the likelihood of greater benefits of FDI?

5. Any examples that you can give that reflect the effects of FDI in your area?

6. Similarly, do you presume any problems to the local business that can accrue from the FDI?

7. What knowledge do FDI bring about to the local economic trends?

8. What is your view about the Namibian government role in accelerating FDI in the town?

9. In future do you recommend that the growth of FDI? If yes or no, could you please tell me why?

10. Do you wish to highlight anything to me regarding this research area? Please feel free to do so.

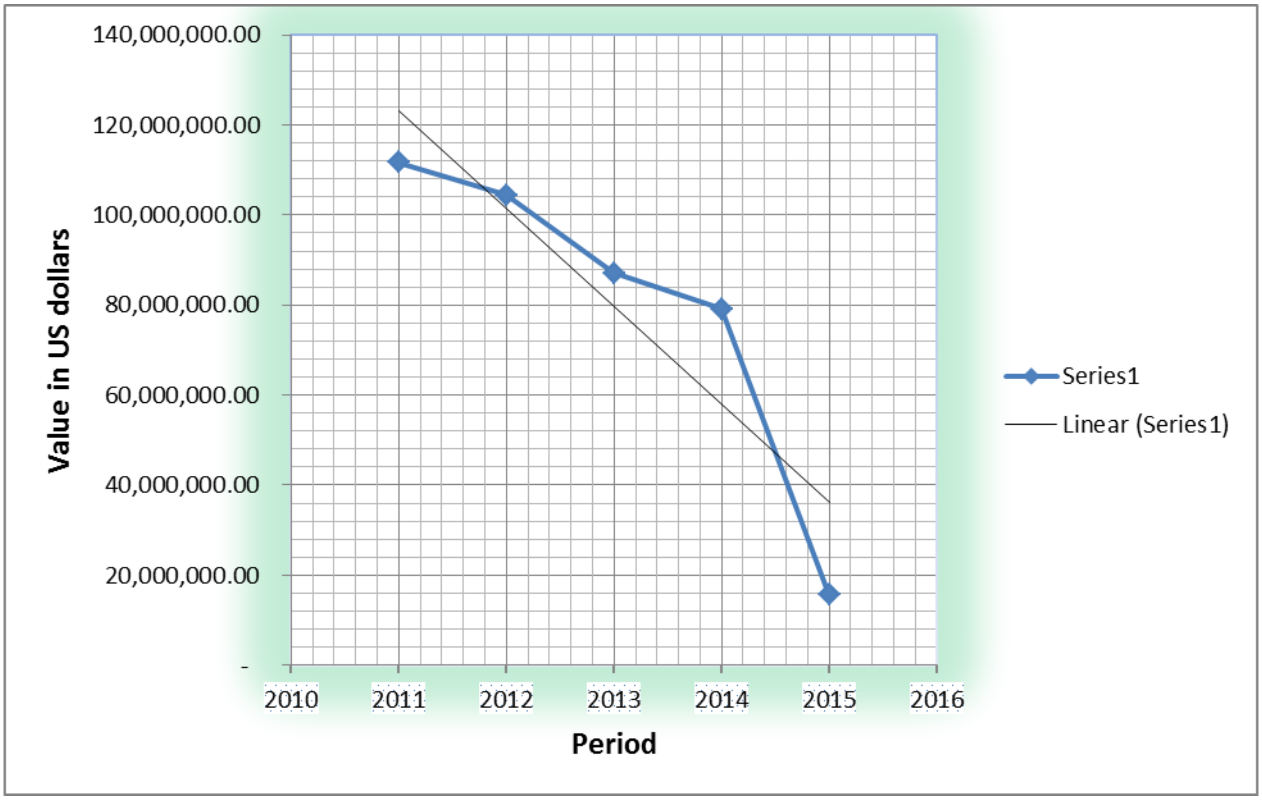
Thank you so much for your precious time; it was quite an enriching session with you. In case I need further information from you may I please call you from home?

Thank you once again.

APPENDIX C – TRADE STATISTICS ANALYSED

	SANZI IMPORT AND EXPORT			
YEAR	**EXPORT VALUE IN N$**	**AVERAGE EXCHANGE RATE**	**VALUE IN US DOLLARS**	
2011	106 645 753.00	7.16184	14 890 831.55	
2012	79 169 113.00	8.09453	9 780 569.47	
2013	104 387 203.00	9.63452	10 834 707.18	
2014	102 687 710.00	10.83522	9 477 215.05	
2015	46 545 168.00	12.74834	3 651 076.77	
	439 434 947.00		**48 634 400.01**	
	INTERNATIONAL COMMERCIAL (PTY) LTD			
2011	368 811 717.00	7.16184	51 496 782.53	
2012	351 708 098.00	8.09453	43 450 095.06	
2013	341 592 073.00	9.63452	35 455 017.27	
2014	366 247 368.00	10.83522	33 801 562.68	
2015	67 479 493.00	12.74834	5 293 198.41	
	1 495 838 749.00		**169 496 655.96**	
	FATIMA PLASTICS (PTY) LTD			
2011	7 928 500.00	7.16184	1 107 047.91	
2012	9 328 589.00	8.09453	1 152 455.92	
2013	3 653 405.00	9.63452	379 199.48	
2014	4 084 119.00	10.83522	376 929.96	
2015	6 248 653.00	12.74834	490 154.25	
	31 243 266.00		**3 505 787.51**	

	JUPITER IMPORT & EXPORT			
2011	26 637 288.00	7.16184	3 719 335.81	
2012	29 702 473.00	8.09453	3 669 449.99	
2013	28 545 359.00	9.63452	2 962 821.09	
2014	28 295 040.00	10.83522	2 611 395.06	
2015	16 379 552.00	12.74834	1 284 838.03	
	129 559 712.00		**14 247 839.97**	
	BYBLOS TRADING			
2011	19 655 482.00	7.16184	2 744 473.77	
2012	37 986 825.00	8.09453	4 692 900.64	
2013	42 989 208.00	9.63452	4 461 997.90	
2014	44 586 413.00	10.83522	4 114 952.26	
2015	12 249 309.00	12.74834	960 855.22	
	157 467 237.00		**16 975 179.78**	
	EZZY IMPORTS AND EXPORTS			
2011	219 988 083.00	7.16184	30 716 698.92	
2012	318 179 428.00	8.09453	39 307 955.87	
2013	316 045 894.00	9.63452	32 803 491.40	
2014	308 403 687.00	10.83522	28 463 075.69	
2015	47 920 275.00	12.74834	3 758 942.34	
	1 210 537 367.00		**135 050 164.22**	
	IMPAX MOTORS			
2011	50 160 537.00	7.16184	7 003 861.72	
2012	19 654 460.00	8.09453	2 428 116.27	
2013	1 476 347.00	9.63452	153 235.14	
2014	2 698 500.00	10.83522	249 048.93	
2015	1 987 423.50	12.74834	155 896.65	
	75 977 267.50		**9 990 158.71**	



	439 434 947.00	48 634 400.01							
	1 495 838 749.00	169 496 655.96							
	31 243 266.00	3 505 787.51							
	129 559 712.00	14247839.97		2011	2012	2013	2014	2015	
	157 467 237.00	16975179.78		14 890 831.55	9 780 569.47	10 834 707.18	9 477 215.05	3 651 076.77	
	1 210 537 367.00	135050164.2		51 496 782.53	43 450 095.06	35 455 017.27	33 801 562.68	5 293 198.41	
	73 989 844.00	9 834 262.06		1 107 047.91	1 152 455.92	379 199.48	376 929.96	490 154.25	
				3 719 335.81	3 669 449.99	2 962 821.09	2 611 395.06	1 284 838.03	
TOTALS	3 538 071 122.00	397 744 289.51		2 744 473.77	4 692 900.64	4 461 997.90	4 114 952.26	960 855.22	
				30 716 698.92	39 307 955.87	32 803 491.40	28 463 075.69	3 758 942.34	
				7 003 861.72	2 428 116.27	153 235.14	249 048.93	155 896.65	
				111 679 032.20	104 481 543.21	87 050 469.46	79 094 179.63	15 594 961.66	
					EXPORT VALUE IN US DOLLARS (FOREIGN CURRENCY EARNED BY FDI's)				
				2011	2012	2013	2014	2015	
				111 679 032.20	104 481 543.21	87 050 469.46	79 094 179.63	15 594 961.66	

Source: Ministry of Finance, Archives for 5-year term results (Asycuda++ System)

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UNIVERSITY OF NAMIBIA

18 April 2016

To whom it may concern

Mr Abner David of Student number: 9402519 is registered for a Master in Business Administration- Finance at the University of Namibia through the Namibia Business School.

This letter serves to inform you that her research proposal was reviewed and successfully met the University of Namibia requirements.

The student has been granted permission to carry out postgraduate studies research. The University of Namibia has approved the research to be carried out by the student for purposes of fulfilling the requirements of the degree being pursued.

If you have any queries please do not hesitate to contact the Business School at the University of Namibia.

Thank you so much in advance and many regards.

Yours sincerely

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